



CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED
中國能源開發控股有限公司*

(incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 00228

ANNUAL REPORT 年報
2017



* For identification purposes only 僅供識別

CONTENTS

目 錄

| | |
|-----|--|
| 2 | Corporate Information 公司資料 |
| 4 | CEO's Statement and Management Discussion and Analysis 行政總裁報告與管理層討論及分析 |
| 18 | Biographical Details of Directors 董事之履歷 |
| 21 | Corporate Governance Report 企業管治報告 |
| 39 | Report of the Directors 董事會報告 |
| 49 | Independent Auditor's Report 獨立核數師報告 |
| 55 | Consolidated Statement of Comprehensive Income 綜合全面收益表 |
| 57 | Consolidated Statement of Financial Position 綜合財務狀況表 |
| 59 | Consolidated Statement of Changes in Equity 綜合權益變動表 |
| 60 | Consolidated Statement of Cash Flows 綜合現金流量表 |
| 62 | Notes to the Consolidated Financial Statements 綜合財務報表附註 |
| 152 | Five-Year Financial Summary 五年財務概要 |

Corporate Information

公司資料

Board of Directors

Executive Directors

Mr. Zhao Guoqiang (*Chief Executive Officer and alternate director to Dr. Gu Quan Rong*)

Non-executive Directors

Dr. Gu Quan Rong
Ms. Ngan Mei Ying (*Appointed on 10 April 2017*)

Independent Non-executive Directors

Mr. Zong Ketao
Mr. Cheng Chun Ying
Mr. Lee Man Tai

Audit Committee

Mr. Lee Man Tai (*Chairman of Audit Committee*)
Dr. Gu Quan Rong
Mr. Zong Ketao
Mr. Cheng Chun Ying
Ms. Ngan Mei Ying (*appointed on 10 April 2017*)

Nomination Committee

Mr. Cheng Chun Ying (*Committee Chairman*)
Dr. Gu Quan Rong
Mr. Zong Ketao
Mr. Lee Man Tai
Ms. Ngan Mei Ying (*Appointed on 10 April 2017*)

Remuneration Committee

Mr. Cheng Chun Ying (*Committee Chairman*)
Dr. Gu Quan Rong
Mr. Zong Ketao
Mr. Lee Man Tai
Ms. Ngan Mei Ying (*Appointed on 10 April 2017*)

Company Secretary

Mr. Chan Chun Kau

Company's Website

<http://www.cnenergy.com.hk>

董事會

執行董事

趙國強先生 (*行政總裁及
顧全榮博士之替任董事*)

非執行董事

顧全榮博士
顏美瑩女士 (*於二零一七年四月十日獲委任*)

獨立非執行董事

宗科濤先生
鄭振鷹先生
李文泰先生

審核委員會

李文泰先生 (*審核委員會主席*)
顧全榮博士
宗科濤先生
鄭振鷹先生
顏美瑩女士 (*於二零一七年四月十日獲委任*)

提名委員會

鄭振鷹先生 (*委員會主席*)
顧全榮博士
宗科濤先生
李文泰先生
顏美瑩女士 (*於二零一七年四月十日獲委任*)

薪酬委員會

鄭振鷹先生 (*委員會主席*)
顧全榮博士
宗科濤先生
李文泰先生
顏美瑩女士 (*於二零一七年四月十日獲委任*)

公司秘書

陳振球先生

公司網址

<http://www.cnenergy.com.hk>

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

Units 5611–12, 56th Floor
The Center
99 Queen's Road Central
Central
Hong Kong

Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
Royal Bank House — 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Legal Advisers to the Company

As to Hong Kong law

C.L. Chow & Mackson Chan, Solicitors
Cheung & Choy

As to Cayman Islands law

Conyers Dill & Pearman, Cayman
Priestleys

Auditor

BDO Limited

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (HK) Limited

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

總辦事處及主要營業地點

香港
中環
皇后大道中99號
中環中心
56樓5611–12室

股份過戶登記總處

SMP Partners (Cayman) Limited
Royal Bank House — 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

香港股份過戶登記分處

卓佳登捷時有限公司
香港
皇后大道東183號
合和中心
22樓

本公司之法律顧問

有關香港法律

周卓立陳啓球陳一理律師事務所
張世文蔡敏律師事務所

有關開曼群島法律

Conyers Dill & Pearman, Cayman
Priestleys

核數師

香港立信德豪會計師事務所有限公司

主要往來銀行

香港上海滙豐銀行有限公司
星展銀行(香港)有限公司

CEO's Statement and Management Discussion and Analysis

行政總裁報告與管理層討論及分析

To Shareholders:

On behalf of the board of directors (the "Board"), I hereby present the results of China Energy Development Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2017.

Operating Results

During the year, the Group recorded a revenue in the amount of approximately HK\$13,039,000 (2016: HK\$1,117,000). The Group's revenue was derived from the money lending business segment of HK\$409,000 (2016: HK\$1,103,000) and the exploration, production and distribution of natural gas segment of HK\$12,630,000 (2016: Nil). The sales of food and beverages segment did not contribute any revenue to the Group (2016: HK\$14,000).

The Group recorded a loss attributable to the owners of the Company in the amount of approximately HK\$235,510,000, compared to a loss of approximately HK\$162,688,000 during last year. The increase in loss was mainly due to the increase in impairment losses of (1) intangible assets and (2) exploration and evaluation assets of the Group's exploration, production and distribution of natural gas segment in the amounts of HK\$162,000,000 (2016: HK\$100,000,000) and HK\$39,000,000 (2016: HK\$24,000,000) respectively. Loss per share attributable to the owners of the Company was 2.48 HK cents (2016: 1.71 HK cents).

Business Review

Exploration, Production and Distribution of Natural Gas Segment

During the year, the Group acquired a subsidiary which owns an operating entity which is principally engaged in investment in natural gas pipeline and distribution of natural gas in Xinjiang. The operation contributed revenue of approximately HK\$12,630,000 since acquisition. The acquisition is intended to diversify our natural resources business to the downstream distribution. The diversified operations is hoped to enable our Group to better cope with the changing environment in the natural resources segment.

致各位股東：

本人謹代表董事會(「董事會」)提呈中國能源開發控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零一七年十二月三十一日止年度之業績。

經營業績

於本年度，本集團錄得收益約13,039,000港元(二零一六年：1,117,000港元)。本集團來自放債業務分部之收益為409,000港元(二零一六年：1,103,000港元)及來自天然氣勘探、生產及分銷分部之收益為12,630,000港元(二零一六年：零)。銷售食品及飲料分部並無為本集團貢獻任何收益(二零一六年：14,000港元)。

本集團錄得本公司擁有人應佔虧損約235,510,000港元，而去年則錄得虧損約162,688,000港元。虧損增加乃主要由於(1)無形資產及(2)本集團天然氣勘探、生產及分銷分部之勘探及評估資產減值虧損分別增加162,000,000港元(二零一六年：100,000,000港元)及39,000,000港元(二零一六年：24,000,000港元)。本公司擁有人應佔每股虧損為2.48港仙(二零一六年：1.71港仙)。

業務回顧

天然氣勘探、生產及分銷分部

於年內，本集團收購一間附屬公司，該附屬公司擁有一個營運實體，其主要在新疆從事天然氣管道投資及天然氣分銷。自收購以來，該營運貢獻約12,630,000港元的收益。本集團擬藉該收購事項將我們的天然資源業務多元化擴展至下游分銷。多元化的營運旨在使本集團能更有效地應對天然資源分部不斷變更的環境。

CEO's Statement and Management Discussion and Analysis 行政總裁報告與管理層討論及分析

The Group's wholly-owned subsidiary, Totalbuild Investments Group (Hong Kong) Limited and its subsidiaries ("Totalbuild Investments Group") entered into petroleum contract with China National Petroleum Corporation ("CNPC") for the drilling, exploration, exploitation and production of oil and/or natural gas within the specified site located in North Kashi Block, Tarim Basin, Xinjiang, PRC (the "Petroleum Contract"). The term of the Petroleum Contract is for a term of 30 years commencing 1 June 2009.

On 27 December 2017, the Company reached settlement with the vendor of Totalbuild Investments Group pursuant to which the Company is applying to the Cayman Court for discontinuance of the Litigation (as defined below). Details of the Litigation are further disclosed in the section headed "Litigation" in this Annual Report.

Under the Petroleum Contract, the Group shall apply its appropriate and advanced technology and management expertise and assign its competent experts to perform exploration, development, and production of natural gas and/or oil within the site. Under the Petroleum Contract, in the event that any oil field and/or gas field is discovered within the site, the development costs shall be borne by CNPC and the Group in the proportion of 51% and 49%, respectively.

According to the original Petroleum Contract, the exploration period covers 6 years. The managements have devoted much of its resources during the period in exploration and research studies.

The development period of any oil/gas field will start from the date of the completion of the Overall Development Program ("ODP"). ODP is a document that is required to be approved by the relevant government authorities before the development can commence. ODP comprises a formal development engineering plan, backed up by survey results and relevant studies, together with a full economic analysis and time schedule of the development operations. However, there was delay in finalising the ODP documentation. The production period should start immediately after obtaining relevant government approval on ODP.

本集團之全資附屬公司共創投資集團(香港)有限公司及其附屬公司(「共創投資集團」)已與中國石油天然氣集團公司(「中國石油集團」)團訂立了石油合約，以於中國新疆塔里木盆地喀什北區塊之指定區塊鑽探、勘探、開發及生產石油及／或天然氣(「石油合約」)。石油合約年期自二零零九年六月一日起，為期30年。

於二零一七年十二月二十七日，本公司與共創投資集團之賣方達成和解，據此，本公司正向開曼群島法院申請終止訴訟(定義見下文)。訴訟詳情於本年報「訴訟」一節詳細披露。

根據石油合約，本集團將採用適當及先進的技術及管理專才，並指派稱職的專家在該地盤進行勘探、開發及生產天然氣及／或石油。根據石油合約，倘在該區塊內發現任何油田及／或氣田，中國石油集團及本集團將分別按51%及49%的比例承擔開發成本。

根據原有的石油合約，勘探期為6年。管理層在期內在勘探和研究方面投入大量資源。

任何油氣田的開發期將由總體開發方案(「總體開發方案」)完成之日起開始。總體開發方案乃須於開發工程展開前經由有關政府機關批准的文件。總體開發方案包括以調查結果和相關研究作依據的正式發展工程計劃，以及完整的經濟分析和開發工程的運作時間表。然而，敲定總體開發方案文件有所延遲。生產期將於總體開發方案取得有關政府的批准後立即啟動。

CEO's Statement and Management Discussion and Analysis 行政總裁報告與管理層討論及分析

The ODP which signifies the transition from exploration period into the development period of Kashi Project and the required reserve report on the cooperation site has not been finalized. The Group issued formal application to CNPC to apply for a two-year extension of the exploration period of Kashi Project beyond the original deadline of 31 May 2015. On 6 December 2017, China Era Energy Power Investment (Hong Kong) Limited (“China Era”) (an indirectly wholly owned subsidiary of the Company) and CNPC entered into a supplemental and amendment contract to the Petroleum Contract (the “Supplemental Contract”) extending the First Phase exploration period to 5 December 2017 (i.e. the day immediately preceding the date of the Supplemental Contract). The terms of the Supplemental Contract further provided that (inter alia): (1) China Era has satisfied the investment commitment in respect of the First Phase exploration period; (2) The Petroleum Contract shall proceed to the Second Phase exploration period on the effective date of the Supplemental Contract of 6 December 2017; and (3) the costs incurred by CNPC on Kashi Project between 1 June 2009 and 5 December 2017 shall be aggregated with the pre-contract costs incurred by CNPC on the project. The costs incurred between 1 June 2009 and 31 December 2015 was in the amount of RMB651,653,000 (mainly including three completed wells, reconstruction of natural gas processing plant and the operating costs incurred during the period), and the costs incurred by CNPC between 1 January 2016 and 5 December 2017 shall be confirmed by both parties within 12 months after the effective date of the Supplemental Contract. All the costs incurred by CNPC shall be recovered in kind out of the crude oil/natural gas produced from any oil/gas field inside the cooperation site. Save as the changes expressly stated in the Supplemental Contract, the other terms and conditions of the Petroleum Contract shall remain unchanged.

Since the acquisition of Totalbuild Investments Group, pilot productions were carried out at the site. 186,040,000 (2016: 180,930,000) cubic meters of gas was extracted during the year. The information obtained from research and pilot production will form part of the information to be contained in the application of the ODP. The gas so produced during the pilot productions has been sold to the local customers near the site area.

標誌喀什項目由勘探階段進入開發階段的總體開發方案及所需的合作區塊儲量報告尚未落實，本集團向中國石油集團提出正式申請，將喀什項目之勘探期限從原訂的二零一五年五月三十一日延長兩年。於二零一七年十二月六日，本公司之間接全資附屬公司中國年代能源投資(香港)有限公司(「中國年代」)與中國石油集團訂立一份石油合約的補充及修訂協議(「補充協議」)，將勘探期第一階段延長至二零一七年十二月五日(即緊接補充協議日期前一日)。補充協議的條款進一步規定(其中包括)：(1)中國年代已完成有關勘探期第一階段的投資；(2)補充協議將其生效日期二零一七年十二月六日定為進入勘探期第二階段的起始日；及(3)中國石油集團就喀什項目於二零零九年六月一日至二零一七年十二月五日產生的費用視為中國石油集團就該項目產生的前期費用。其中自二零零九年六月一日至二零一五年十二月三十一日產生的前期費用為人民幣651,653,000元(主要由三口完鑽井，天然氣處理站的改建以及期間的生產作業費等產生)，而中國石油集團自二零一六年一月一日至二零一七年十二月五日產生的前期費用將於補充合約生效日期後12個月內由雙方確認後計入。中國石油集團的所有前期費用應從合作區塊內的任何油／氣田生產的原油／天然氣以實物形式收回。除補充協議明確說明的變動外，石油合約的其他條款及條件將維持不變。

收購共創投資集團後，已在區塊進行試點生產。於本年度已開採186,040,000(二零一六年：180,930,000)立方米天然氣。研究及試產所獲得的信息將構成提交審批之總體開發方案所載資料的一部分。試點生產過程中所產生的天然氣已售予區塊鄰近區域的當地客戶。

CEO's Statement and Management Discussion and Analysis 行政總裁報告與管理層討論及分析

As at 31 December 2017, the acquired oil/gas field has approximately estimated contingent resources of 47.4 (31 December 2016: 47.4) thousand barrels ("Mbbl") of oil and 11,453 (2016: 11,544) million cubic metres ("MMm³") of natural gas (based on Group's 49% net entitlement interests in Petroleum Contract). These contingent resources are quantities of oil and gas estimated, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. The risks associated with these contingent resources included the following matters: (i) there is no definitive GSA or accurate information on likely future sales prices; (ii) the future overall development program is still to be developed and approved; and (iii) the field is situated in a remote location. During the year, this operation did not contribute any revenue and the Group is still negotiating with CNPC regarding the price term. No development and production activity was carried out under the Petroleum Contract. The pilot-production is not regarded as production activities as the Petroleum Contract is still in its exploration stage and ODP has yet to be approved.

The segment loss before income tax was approximately HK\$216,136,000 (2016: HK\$140,456,000). Impairment losses on intangible assets and exploration and evaluation assets in the amounts of HK\$162,000,000 (2016: HK\$100,000,000) and HK\$39,000,000 (2016: HK\$24,000,000) respectively were recognised during the current year as the carrying amounts of the intangible assets and exploration and evaluation assets of the Kashi Project exceeds the recoverable amount. The recoverable amount was determined with reference to the valuation report produced by an independent valuer.

於二零一七年十二月三十一日，已收購油氣田蘊藏的概約估計後備資源包含47.4(二零一六年十二月三十一日：47.4)千桶石油(「千桶石油」)及11,453(二零一六年：11,544)百萬立方米(「百萬立方米」)天然氣(根據本集團於石油合約的49%淨所有權權益計算)。該等後備資源為估計石油及天然氣數量，可藉著進行開發工程而可能從已知儲量開採獲得，然而目前由於一項或更多之或然因素，而不認為可進行商業性開採。有關該等後備資源之風險包括以下事項：(i)尚未確定具體的售氣協議或缺乏未來售價的準確資料；(ii)日後總體開發方案仍有待制定及批准；及(iii)油氣田位於偏遠地區。年內，該業務並無貢獻任何收入，而本集團仍在就價格條款與中國石油集團磋商。概無根據石油合約進行開發及生產活動。試點生產並不視作生產活動，因為石油合約仍處於勘探階段，且總體開發方案尚未獲批准。

分部除所得稅前虧損約為216,136,000港元(二零一六年：140,456,000港元)。由於無形資產及勘探及評估資產之賬面值超過其可收回金額，本年度已確認喀什項目的無形資產及勘探及評估資產減值虧損分別為162,000,000港元(二零一六年：100,000,000港元)及39,000,000港元(二零一六年：24,000,000港元)。可收回金額乃參考獨立估值師編製之估值報告釐定。

CEO's Statement and Management Discussion and Analysis 行政總裁報告與管理層討論及分析

The results of operations in exploration, production and distribution of natural gas segment and costs incurred for exploration and evaluation assets acquisition and exploration activities are shown as below:

天然氣勘探、生產及分銷分部之經營業績，以及勘探及評估資產收購及勘探活動產生之成本載列如下：

(a) Results of operations in exploration, production, and distribution of natural gas segment

(a) 天然氣勘探、生產及分銷分部之經營業績

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|-------------|----------------------------------|----------------------------------|
| Revenue | 收益 | 12,630 | - |
| Cost of inventories sold | 已售存貨成本 | (6,793) | - |
| Other income | 其他收入 | 147 | 785 |
| Operating expenses | 經營開支 | (12,083) | (16,038) |
| Depreciation | 折舊 | (2,485) | (503) |
| Impairment of intangible assets | 無形資產減值 | (162,000) | (100,000) |
| Impairment of exploration and evaluation assets | 勘探及評估資產減值 | (39,000) | (24,000) |
| Impairment of goodwill | 商譽減值 | (6,000) | - |
| Finance cost | 融資成本 | (552) | (700) |
| Results of operations before income tax expenses | 除所得稅開支前經營業績 | <u>(216,136)</u> | <u>(140,456)</u> |

(b) Costs incurred for exploration and evaluation assets acquisitions and exploration activities

(b) 勘探及評估資產收購及勘探活動產生之成本

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|------------------|------|----------------------------------|----------------------------------|
| Exploration cost | 勘探成本 | <u>-</u> | <u>-</u> |

CEO's Statement and Management Discussion and Analysis

行政總裁報告與管理層討論及分析

Information on oil/gas field and gross contingent resources

Under the Petroleum Contract (as further supplemented and amended by the Supplemental Contract), the First Phase exploration period was extended to 5 December 2017 (i.e. the day immediately preceding the date of the Supplemental Contract) and the Petroleum Contract shall proceed to the Second Phase of exploration period on the effective date of the Supplemental Contract of 6 December 2017. As at 31 December 2017, the Group has 5 exploration wells and the carrying amounts of the exploration and evaluation assets were approximately HK\$369,087,000. Since the acquisition of Totalbuild Investments Group, the exploration activities were carried out under the Petroleum Contract. During the year, the Group incurred operating expenses of approximately HK\$12,083,000 and 186,040,000 cubic meters natural gas was extracted through the pilot-production. No development and production activity was carried out under the Petroleum Contract, the pilot production is not regarded as production activities as the Petroleum Contract is still in its exploration stage and the ODP has yet to be approved.

The reserve evaluation was conducted in accordance with Petroleum Resources Management system, an internationally recognised reserve standards and guideline, the details of information were set out in the Appendix V of Competent Person's Report to the Company's circular dated 3 December 2010. There is no material change of assumption as compared with previous disclosed in the Competent Person's Report, except for the delay in the production schedules due to the delay in the ODP finalisation and approval and the signing of the GSA.

The following table summarised the estimates of Group's 49% net entitlement interests of the gross contingent resources in the Petroleum Contract:

油氣田及後備資源總量的資料

根據石油合約(經補充協議作進一步補充及修訂), 勘探期第一階段延長至二零一七年十二月五日(即緊接補充協議日期前一日), 且將二零一七年十二月六日補充協議生效日期定為進入勘探期第二階段的起始日。於二零一七年十二月三十一日, 本集團有5個勘探井。勘探及評估資產的賬面值約為369,087,000港元。收購共創投資集團後, 勘探活動已根據石油合約進行。於本年度, 本集團已產生約12,083,000港元之經營開支, 以及在試點生產中開採186,040,000立方米天然氣。概無根據石油合約進行開發及生產活動, 而試點生產並不視作生產活動, 因為石油合約仍處於勘探階段, 且總體開發方案尚未獲批准。

儲備評估乃根據石油資源管理系統(國際認可儲備標準及指引)作出, 有關資料詳情載於本公司日期為二零一零年十二月三日之通函附錄五的合資格人士之報告。相比先前於合資格人士之報告的披露, 除生產時間表因落實總體開發方案以及批准及簽署售氣協議而延後外, 假設方面概無重大改變。

下表概述石油合約中本集團佔後備資源總量的49%淨所有權權益的估計數字:

| | | Oil 石油 (MbbI) (千桶) | Natural gas 天然氣 (MMm3) (百萬立方米) |
|---|-----------------------------|-----------------------------|---|
| As at 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及 二零一七年一月一日 | 47.4 | 11,544 |
| Pilot-production activity during the year | 年內之試產活動 | - | (91) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 47.4 | 11,453 |

CEO's Statement and Management Discussion and Analysis

行政總裁報告與管理層討論及分析

Sales of Food and Beverages Business

During the year, the Group did not record any revenue from the sales of food and beverages business segment (2016: HK\$14,000). The segment loss before tax expenses was approximately HK\$1,939,000 (2016: HK\$914,000). We will continue to conduct business development campaigns to look for new orders from new customers.

Money Lending Business

During the year, the Group generated revenue from the money lending business operated by its indirect wholly owned subsidiary, Zhong Neng Finance Ltd., a licensed money lender under the Money Lenders Ordinance (Cap.163, Laws of Hong Kong) of HK\$409,000 (2016: HK\$1,103,000). The segment profit before tax expenses was approximately HK\$207,000 (2016: HK\$1,090,000). The Group continued to adopt a stringent credit policy to mitigate the credit risk arising from the money lending business, resulting in a decrease in the revenue when compared to last year.

銷售食品及飲料業務

年內，本集團並無從銷售食品及飲料業務分部錄得任何收益(二零一六年：14,000港元)。除稅項開支前分部虧損約為1,939,000港元(二零一六年：914,000港元)。本公司將繼續進行商業發展活動，以從新客戶取得新訂單。

放債業務

於本年度，本集團透過其間接全資附屬公司中能財務有限公司所營運的放債業務產生收益409,000港元(二零一六年：1,103,000港元)，該公司為根據香港法例第163章《放債人條例》註冊之持牌放債人。除稅項開支前分部溢利為約207,000港元(二零一六年：1,090,000港元)。本集團繼續採納嚴格信貸政策以減輕放債業務產生的信貸風險，導致收益較上一年度減少。

CEO's Statement and Management Discussion and Analysis

行政總裁報告與管理層討論及分析

Auditor's modified opinion

Our auditors do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2017. Our auditors are of the view that because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of the independent auditor's report as set out on pages 49 to 54, they have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance in the areas below:

1. *Impairment of intangible assets and exploration and evaluation assets*

Included in the consolidated statement of financial position as at 31 December 2017 are intangible assets and exploration and evaluation assets with carrying amounts of HK\$1,523,512,000 and HK\$369,087,000 respectively (collectively referred to as the "Assets"). As disclosed in Notes 16 and 17 to the consolidated financial statements, the intangible assets represent interests in a petroleum contract, which was entered between a subsidiary of the Company, and CNPC in relation to a project for the drilling, exploration, exploitation and production of oil and natural gas in North Kashi Block, Tarim Basin in the People's Republic of China ("PRC") (the "Project"). Exploration and evaluation assets represents costs directly associated with exploratory wells (drilling cost and others) that are capitalised.

As detailed in Note 17 to the consolidated financial statements, as at 31 December 2017, an impairment assessment was carried out by the directors of the Company on the Assets. At the end of the reporting period, the carrying amounts of the intangible assets and exploration and evaluation assets exceeded the recoverable amount of the cash generating unit to which these assets were assigned. Accordingly, impairment losses of HK\$162,000,000 and HK\$39,000,000 were recognised for the year ended 31 December 2017 on intangible assets and exploration and evaluation assets respectively. The recoverable amount of the intangible assets and exploration and evaluation assets has been determined by the directors

核數師經修訂意見

我們的核數師對本集團截至二零一七年十二月三十一日止年度之綜合財務報表不發表意見。我們的核數師認為由於載於第49頁至第54頁之獨立核數師報告「不發表意見之基準」一節所述之事宜，彼等未能取得足夠適當的審核憑證，以就此等綜合財務報表及綜合財務報表是否已遵守香港公司條例之披露規定妥為編製提供審核意見基準如下：

1. 無形資產及勘探及評估資產之減值

於二零一七年十二月三十一日之綜合財務狀況表包括賬面值分別為1,523,512,000港元及369,087,000港元之無形資產及勘探及評估資產(統稱為「該等資產」)。誠如綜合財務報表附註16及17所披露，無形資產指於石油合約之權益，該合約由本公司一間附屬公司與中國石油集團訂立，當中涉及中華人民共和國(「中國」)塔里木盆地喀什北區塊之石油及天然氣鑽井、勘探、開採及生產業務之項目(「該項目」)。勘探及評估資產指已撥作資本的勘探井之直接相關成本(鑽探成本及其他)。

誠如綜合財務報表附註17所詳述，於二零一七年十二月三十一日，本公司董事就該等資產進行減值評估。於報告期末，無形資產及勘探及評估資產的賬面值均超出該等資產所屬現金產生單位之可收回金額。因此，已就截至二零一七年十二月三十一日止年度之無形資產及勘探及評估資產分別確認減值虧損162,000,000港元及39,000,000港元。無形資產及勘探及評估資產的可收回金額由董事根據使用價值計算法釐定。該等計算包括於編製現金產生單位的現金流量預測時應用若

CEO's Statement and Management Discussion and Analysis 行政總裁報告與管理層討論及分析

based on value-in-use calculations. These calculations included applying certain assumptions in preparing cash flows projections for the cash generating unit. In preparing these projections, the directors assumed that, amongst other factors, the ODP will be submitted and approved by relevant government authority before 31 December 2018, the development stage and commercial production of the oil and natural gas field will start after obtaining the relevant approval, and CPNC will pay the proceeds as agreed in the preliminary gas sharing proposals before 31 December 2018 (the "Proceeds").

Given the Project has been delayed for a number of years, it indicates the existence of a material uncertainty as to when the commercial production can be started. Furthermore, despite having various discussions with CNPC to fix the settlement of the Proceeds, no confirmation from CNPC on the timing of the settlement. The directors are unable to provide our auditors with sufficient supporting documents to the above assumptions.

There were no other satisfactory audit procedures that our auditors could adopt to assess the reasonableness of the assumptions in the impairment assessment. As a result, our auditors were unable to determine whether the recoverable amounts and impairment provisions of the Assets were appropriately stated. Any adjustments to the carrying amounts of the Assets as described above would have a consequential effect on the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended, and the elements making up the consolidated statement of changes in equity and consolidated statement of cash flows.

2. *Uncertainties relating to going concern*

As at 31 December 2017, the Group had net current liabilities of HK\$258,872,000 (2016: HK\$177,727,000) and incurred a loss of HK\$234,853,000 (2016: HK\$162,688,000) for the year ended 31 December 2017. These conditions in the current year, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

干假設。編製該等預測時，董事假設多項因素，其中包括總體開發方案將於二零一八年十二月三十一日前提交並獲相關政府部門於取得相關批准後開展，石油及天然氣田的發展階段及商業生產，以及中國石油集團於二零一八年十二月三十一日前支付天然氣初步共享方案所協定之款項（「所得款項」）。

鑑於該項目已延遲多年，顯示該項目何時開始商業生產存在重大不明朗因素。此外，儘管已就釐定所得款項的結算方式與中國石油集團進行多次討論，惟尚未就結算時間取得中國石油集團之確認。董事無法向我們核數師的核數師提供上述假設的充分佐證文件。

我們的核數師並無其他可採用的適當審核程序，以評估減值評估中所用假設之合理性。因此，我們的核數師未能釐定該等資產之可收回金額及減值撥備是否已適當地列述。上述該等資產賬面值的任何調整均會對本集團於二零一七年十二月三十一日之財務狀況及本集團截至該日止年度之財務表現以及綜合權益變動表及綜合現金流量表之組成部分構成相應的影響。

2. *有關持續經營的不明朗因素*

於二零一七年十二月三十一日，本集團之流動負債淨額為258,872,000港元（二零一六年：177,727,000港元），並於截至二零一七年十二月三十一日止年度產生虧損234,853,000港元（二零一六年：162,688,000港元）。該等狀況於本年度反映存在重大不明朗因素，可能對本集團能否持續營運構成重大疑問。

CEO's Statement and Management Discussion and Analysis 行政總裁報告與管理層討論及分析

Notwithstanding the foregoing, the directors of the Company have prepared the consolidated financial statements on a going concern basis, the appropriateness of which largely depends upon the outcome of the underlying assumptions, as detailed in Note 3(b)(ii) to the consolidated financial statements, which in particular include (i) the assumptions regarding the timing of the Project and the Proceeds as discussed in point (1) above; (ii) the Group will be able to successfully persuade the contractors not to insist on repayment of the construction cost payables before the Company receives the Proceeds from CNPC; and (iii) the group will be able to raise adequate funding through bank borrowings.

However, the Company has not obtained any written confirmation that CNPC will pay the Proceeds before 31 December 2018 and the contractors will not insist on payment of the construction cost payables until the Company receives the Proceeds from CNPC, and has not provided evidence to support the likelihood that the ODP will be submitted and approved as expected.

There were no alternative audit procedures that our auditors could perform to satisfy themselves as to whether the Group can continue as a going concern. Accordingly, our auditors were unable to determine whether it is appropriate for the directors to prepare the consolidated financial statements for the year ended 31 December 2017 on the going concern basis. Should the going concern basis be considered inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable amount, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The directors of the Company also have prepared the consolidated financial statements for the year ended 31 December 2016 on a going concern basis. In the audit on the Group's consolidated financial statements for the year ended 31 December 2016, our auditors were also unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the application of the going concern basis and among other matters that exist in last year, and did not express an opinion in the report.

儘管上文所述，本公司董事已按持續經營基準編製綜合財務報表，此舉是否合適主要取決於綜合財務報表附註3(b)(ii)所述的相關假設結果，特別包括：(i)就上文第(1)點所討論的該項目時間及所得款項的假設；(ii)本集團將能成功說服承建商在本公司接獲中國石油集團結付所得款項前，不堅持要求償付建築費用；及(iii)本集團將能夠從銀行貸款籌集足夠資金。

然而，本公司尚未取得任何書面確認，稱中國石油集團將於二零一八年十二月三十一日前支付所得款項及在本公司接獲中國石油集團的所得款項前承建商不會堅持要求支付應付建築費用，且尚未提供憑證以支持總體開發方案有可能如期提交及獲批准。

我們的核數師並無可執行的替代性審核程序，以令我們的核數師信納本集團能夠按持續基準經營。因此，我們的核數師無法釐定董事按持續經營基準編製截至二零一七年十二月三十一日止年度之綜合財務報表是否恰當。倘認為持續經營基準並不恰當，則須進行調整，將本集團資產的賬面值撇減至其可變現金額，並就可能產生之任何額外負債作出撥備，以及將非流動資產及非流動負債分別重新歸類為流動資產及流動負債。該等調整之影響並無於綜合財務報表內反映。

本公司董事亦按持續經營基準編製截至二零一六年十二月三十一日止年度之綜合財務報表。在我們的核數師對本集團截至二零一六年十二月三十一日止年度的綜合財務報表的審核中，我們的核數師亦無法取得充份適當的審核憑證，以評估應用持續經營基準的合理性及去年存在的其他事宜，且並無於該報告發表意見。

CEO's Statement and Management Discussion and Analysis

行政總裁報告與管理層討論及分析

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 31 December 2017, the Group had no outstanding interest bearing borrowings (2016: Nil). The cash and cash equivalents of the Group were approximately HK\$171,926,000 (2016: HK\$203,719,000). The Group's current ratio (current assets to current liabilities) was approximately 55.7% (2016: 62.5%). The ratio of total liabilities to total assets of the Group was approximately 27.6% (2016: 22.7%).

As at 31 December 2017, the convertible notes outstanding principal amount of HK\$679,670,000 due in 2041 not carrying any interest with right to convert the convertible notes into ordinary shares of the Company. The conversion price is HK\$0.168 per share (subject to adjustments) and a maximum number of 4,045,654,761 shares may be allotted and issued upon exercise of the conversion rights attached to the convertible notes in full. During the year, no convertible note was converted to ordinary shares of the Company.

In June 2015, the Group commenced legal actions against the holder(s) of the convertible notes. On 27 December 2017, the Company reached settlement with the vendor of Totalbuild Investments Group pursuant to which the Company is applying to the Cayman Court for discontinuance of the Litigation (as defined below). Details of the Litigation are further disclosed in the section headed "Litigation" in this Annual Report.

Charge of Assets

None of the assets of the Group were pledged as security for any banking facilities and borrowings as at 31 December 2017 and 2016.

Exchange Exposure

The Group mainly operates in Hong Kong and PRC and the exposure in exchange rate risks mainly arises from fluctuations in the HK dollar and Renminbi exchange rates. Exchange rate fluctuations and market trends have always been the concern of the Group. The policy of the Group for its operating entities operates in their corresponding local currencies to minimize currency risks. The Group, after reviewing its exposure for the time being, did not enter into any derivative contracts aimed at minimizing exchange rate risks during the year. However, management will monitor foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

財務回顧

流動資金、財務資源及資本架構

於二零一七年十二月三十一日，本集團並無未償還計息借款（二零一六年：無）。本集團之現金及等同現金約為171,926,000港元（二零一六年：203,719,000港元）。本集團之流動比率（流動資產比流動負債）約為55.7%（二零一六年：62.5%）。本集團總負債與總資產之比率約為27.6%（二零一六年：22.7%）。

於二零一七年十二月三十一日，未償還可換股票據之本金額為679,670,000港元，於二零一四年到期及不計息，並且附有權利可將可換股票據兌換為本公司普通股。兌換價為每股0.168港元（受制於調整），而倘可換股票據附帶之兌換權獲悉數行使，可配發及發行最多4,045,654,761股股份。年內並無可換股票據兌換為本公司普通股。

於二零一五年六月，本集團向可換股票據之持有人開展法律訴訟。於二零一七年十二月二十七日，本公司與共創投資集團之賣方達成和解，據此，本公司正在向開曼群島法院申請終止訴訟（定義見下文）。有關訴訟之更多詳情載於本年報「訴訟」一節。

資產抵押

於二零一七年及二零一六年十二月三十一日，概無將本集團之資產抵押為任何銀行信貸及借款之擔保。

外匯風險

本集團的主要營運地區為香港和中國，其面對的匯兌風險主要來自港元兌人民幣匯率的波動。匯率波幅及市場動向一向深受本集團關注。本集團的一貫政策是讓經營實體以其相關地區貨幣經營業務，盡量降低貨幣風險。在檢討當前承受的風險水平後，本集團年內並無為降低匯兌風險而訂立任何衍生工具合約。然而，管理層將密切留意外幣風險，必要時會考慮對沖重大外幣風險。

CEO's Statement and Management Discussion and Analysis

行政總裁報告與管理層討論及分析

Capital Commitments

The Group had capital commitments of approximately HK\$141,254,000 and HK\$123,900,000 as at 31 December 2017 (2016: HK\$131,677,000 and HK\$115,500,000) in respect of exploration and evaluation expenditures and capital contributions in a subsidiary respectively.

Litigation

Reference is made to the announcements of the Company (a) dated 16 September 2013 in relation to media reports about Mr. Wang Guoju; (b) dated 7 June 2015 in relation to charges against Mr. Wang Guoju for illegal operation crime involving allegations about improper conduct during the obtaining of the Petroleum Contract (the **"Illegal Operation Charge"**); (c) dated 17 June 2015 in relation to the commencement of the litigation (the **"Litigation"**) in the Grand Court of the Cayman islands (the **"Cayman Court"**) against (inter alia) the defendants (including Mr. Wang Guoju and UK Prolific, collectively as the **"Defendants"**) with the view to obtaining Cayman Court's order to have the Totalbuild Transaction declared void or rescinded and have damages awarded to the Company; (d) dated 25 June 2015 in relation to the obtaining by the Company of the Injunction Order from the Cayman Court restraining the Defendants from disposing of, transferring, dealing in, diminishing the value of or exercising voting rights in respect of 1.86 billion issued Shares (the **"Restrained Shares"**), and restraining the Defendants from converting convertible bonds representing 13,366,190,476 underlying Shares (the **"Restrained CBs"**); (e) dated 18 August 2015 in relation to the continuation of the injunction order (the **"Injunction Order"**) against the Company's undertaking not to issue or deal with additional Shares or securities without leave of the Cayman Court until the conclusion of the trial relating to the Litigation or further order by the Cayman Court (the **"Company's Undertaking"**); and (f) dated 6 December 2017 in relation to the signing of the Supplemental Contract between the Group and CNPC to extend the First Phase exploration period by way of supplement and amendment to the original Petroleum Contract.

資本承擔

於二零一七年十二月三十一日，本集團就勘探及評估開支以及對一間附屬公司之注資分別有資本承擔約141,254,000港元及123,900,000港元（二零一六年：131,677,000港元及115,500,000港元）。

訴訟

茲提述本公司分別(a)日期為二零一三年九月十六日的公佈，內容有關王國巨先生的傳媒報道；(b)日期為二零一五年六月七日的公佈，內容有關王國巨先生被起訴非法經營罪，其中涉及其於獲得石油合約時有不當行為的指控（「非法經營罪」）；(c)日期為二零一五年六月十七日的公佈，內容有關開曼群島大法院（「開曼群島法院」）開展對（其中包括）被告（包括王國巨先生及UK Prolific，統稱「被告」）的訴訟（「訴訟」），以就共創交易事項被宣告無效或被撤銷以及本公司獲得賠償取得開曼群島法院的命令；(d)日期為二零一五年六月二十五日的公佈，內容有關本公司向開曼群島法院取得禁制令，以禁制被告出售、轉讓、買賣1,860,000,000股已發行股份（「受限制股份」）或減損有關股份價值或行使投票權，以及禁制被告轉換涉及13,366,190,476股相關股份之可換股債券（「受限制可換股債券」）；(e)日期為二零一五年八月十八日的公佈，內容有關禁制令（「禁制令」）獲得延續，有關禁制令涉及本公司承諾直至有關訴訟的審訊完結或開曼群島法院的進一步命令之前，本公司不會在未取得開曼群島法院許可的情況下發行或處理額外股份或證券（「本公司的承諾」）；及(f)日期為二零一七年十二月六日的公佈，內容有關本集團與中國石油集團簽訂補充協議，透過補充及修訂原訂石油合約，將勘探期第一階段延長。

CEO's Statement and Management Discussion and Analysis

行政總裁報告與管理層討論及分析

In December 2017, the Company was informed by Mr. Wang Guoju and his legal representative that the Illegal Operation Charge against Mr. Wang Guoju was acquitted. On that basis and after taking legal advice from the Company's legal advisers, the Company has on 27 December 2017 reached settlement with the Defendants pursuant to which the Company is applying to the Cayman Court for discontinuance of the Litigation, as a result of which the Injunction Order and the Company's Undertaking would be discharged such that the Defendants should no longer be restrained in respect of the Restrained Shares and the Restrained CBs. The Board will update shareholders and the public on any material development of the Litigation by way of announcement if and when appropriate.

Contingent Liabilities

Save as any contingent liabilities which may arise from any of the litigations disclosed in this announcement, the Group had no other material contingent liabilities as at 31 December 2017.

Employee Information

As at 31 December 2017, the Group had a total workforce of 35 (2016: 18). The Group remunerates its employees based on their work performance, working experiences, professional qualifications and the prevailing market practice.

Prospects

Exploration, Production and Distribution of Natural Gas

The acquisition of the distribution of natural gas business in Karamay, Xinjiang is intended to strengthen our natural resources operation. We are hopeful that the exploration, production and distribution of natural gas business would continue to grow and make contribution to the revenue of the Group. Further to the signing of the Supplemental Contract and the settlement reached between the Company and the Defendants to discontinue the Litigation in relation to the Kashi Project, the Company will continue to focus on the development of the Kashi Project with the view to achieving sustainable growth for the benefit of our shareholders.

於二零一七年十二月，本公司獲王國巨先生及其法律代表告知，王國巨先生非法經營罪的指控不成立。有鑒於此，向本公司法律顧問諮詢法律意見後，本公司已於二零一七年十二月二十七日與被告和解，據此本公司正在向開曼群島法院申請終止訴訟，據此，禁制令及本公司的承諾將被解除，致使被告不再於受限制股份及受限制可換股債券方面受到限制。董事會將於適當時候以公佈方式向股東及公眾提供有關訴訟任何重大事態發展的最新消息。

或然負債

除本公佈披露之任何訴訟可能產生之任何或然負債外，於二零一七年十二月三十一日，本集團並無任何其他重大或然負債。

僱員資料

於二零一七年十二月三十一日，本集團共有35名(二零一六年：18名)員工。本集團僱員之薪酬與彼等之工作表現、工作經驗、專業資格及現行市場慣例掛鉤。

展望

天然氣勘探、生產及分銷

收購新疆克拉瑪依的天然氣分銷業務旨在加強我們的天然資源營運。我們希望天然氣勘探、生產及分銷業務繼續成長，並為本集團貢獻收益。簽立補充合約及本公司與被告就終止喀什項目訴訟達成和解後，本公司將繼續專注喀什項目的發展，旨在為股東利益達成可持續發展。

CEO's Statement and Management Discussion and Analysis

行政總裁報告與管理層討論及分析

Sales of Food and Beverages Business

The food and beverages business of the Group did not perform well in recent years. The Group will continue to conduct business development campaigns to look for new orders from new customers.

Money Lending Business

The management will continue to look for high quality borrowers to achieve business growth while keeping risk to controllable level.

Appreciation

Looking forward, we will continue our proven strategy of fostering opportunity for sustainable growth with the aim of enhancing return for our shareholder. Finally, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to a team of devoted staff for their outstanding service and to our shareholders for your continued support.

Zhao Guoqiang

Chief Executive Officer & Executive Director

Hong Kong, 28 March 2018

銷售食品及飲料業務

本集團的食品及飲料業務近年來表現欠佳。本集團將繼續進行業務發展活動以向新客戶取得新訂單。

放債業務

管理層將繼續尋找優質借款方，以在達致業務增長的同時保持風險於可控水平。

致謝

展望未來，本集團將繼續施行能促進可持續發展業務機會之既定策略，務求提升股東之回報。最後，本人謹此代表董事會，對熱誠投入為本集團服務之出色員工及股東之不斷支持致以衷心感謝。

趙國強

行政總裁兼執行董事

香港，二零一八年三月二十八日

Biographical Details of Directors 董事之履歷

Executive Directors

Mr. Zhao Guoqiang, aged 60, joined the Company as an executive director in December 2009 and was elected as the chief executive officer on 29 December 2009. He graduated from his study for Physics at Qufu Normal University. He has nearly 35 years of working experience in exploration and exploitation of petroleum industry. He acted as senior engineer in Sinopec Shengli Oilfield Company (the “**Shengli Oilfield**”) and was awarded the Top-notch talent from China Petroleum & Chemical Shengli Oilfield. Mr. Zhao was appointed as an alternative director to Dr. Gu Quan Rong on 29 June 2015.

Non-Executive Directors

Dr. Gu Quan Rong, aged 53, joined the Company as a non-executive director in September 2014. He obtained a bachelor degree and a post-doctoral degree in Organic Chemistry from Nanjing University in 1987 and 1996, respectively, and a doctorate degree in mineral processing from China University of Mining & Technology, Beijing in 1993. He is an expert in chemistry, energy, biodiesel and oil and gas. Between 1996 and now, he held the positions of Associate Professor, Professor and Vice Dean for Scientific Research in Nanjing University, and had been a Visiting Scholar in Wayne State University, United States and University of Regina, Canada and a Senior Research Fellow in University of Alberta, Canada. He had worked with leading oilfields in China such as Daqing Oilfield, Shengli Oilfield and Dagang Oilfield, and been the Chief Scientist of energy companies in North America.

Ms. Ngan Mei Ying, aged 36, joined the Company as a non-executive director in April 2017. She graduated from Lingnan University, Hong Kong in 2003 with a bachelor’s degree in accountancy. She is a fellow member of the Association of Chartered Certified Accountants and has over 10 years of professional experience of auditing in international audit firms and accounting experience in public listed companies.

執行董事

趙國強先生，現年60歲，於二零零九年十二月加入本公司出任執行董事，並於二零零九年十二月二十九日獲選任為行政總裁。彼畢業於曲阜師範大學物理專業，在石油開採及勘探行業有近35年的工作經驗。彼曾在中國石化勝利油田公司（「**勝利油田**」）擔任高級工程師，並榮獲中國石化勝利油田技術拔尖人才稱號。於二零一五年六月二十九日，趙先生獲委任為顧全榮博士之替任董事。

非執行董事

顧全榮博士，53歲，於二零一四年九月加入本公司出任非執行董事。彼先後於一九八七年及一九九六年取得南京大學有機化學專業學士學位及博士後學位，並於一九九三年獲中國礦業大學（北京）頒授礦物加工博士學位。顧博士為化學、能源、生物柴油及油氣專家。自一九九六年至今，顧博士先後出任南京大學副教授、教授及科研處副院長，並為美國韋恩州立大學及加拿大里賈納大學客席學者以及加拿大阿爾伯塔大學高級研究員。彼曾於大慶油田、勝利油田及大港油田等中國領先油田工作，歷任北美多家能源公司之首席科學家。

顏美瑩女士，36歲，於二零一七年四月加入本公司為非執行董事。彼於二零零三年畢業於香港嶺南大學，獲頒會計學學士學位。彼為英國特許公認會計師公會資深會員，於國際會計師行累積逾十年專業審計經驗及於上市公司累積會計經驗。

Biographical Details of Directors 董事之履歷

Independent Non-executive Directors

Mr. Zong Ketao, aged 51, joined the Company as an independent non-executive director in July 2015. He is a lawyer qualified to practice law in the People's Republic of China (the "PRC"). He holds a master degree in law from University of International Business and Economics, China and a bachelor degree in law from Lanzhou University, China. He has extensive experience in litigation and arbitration, company law and laws relating to investment, finance, energy, mining and capital market. From 1989 to 2000, he joined Sinopec Shengli Oilfield Company Limited, an associate of China Petroleum & Chemical Corporation ("Sinopec"), as a member of their in-house legal department. From 2003 to 2004, he was appointed as the senior legal supervisor of another group company of Sinopec. Since 2005, he started his own private legal practice and joined various law firms in the PRC as a partner.

Mr. Cheng Chun Ying, aged 49, joined the Company as an independent non-executive director in January 2016. He is an associate member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Certified Practising Accountants Australia. He holds a master's degree in business law from Monash University, Australia and a bachelor's degree in commerce accounting from The Curtin University of Technology, Australia. He has extensive experience in finance and accounting, and has worked as financial controller in various private and public listed companies in Hong Kong, Singapore and the United States.

獨立非執行董事

宗科濤先生，51歲，於二零一五年七月加入本公司出任獨立非執行董事。彼為中華人民共和國（「中國」）之認可執業律師。彼持有中國對外經濟貿易大學法律碩士學位及中國蘭州大學法律學士學位。彼於訴訟與仲裁、公司法以及有關投資、金融、能源、礦業及資本市場之法律方面具備豐富經驗。於一九八九年至二零零零年，彼加入中國石油化工股份有限公司（「中國石化」）之聯營公司中國石化勝利油田有限公司，擔任其內部法律部門人員。自二零零三年至二零零四年，彼獲委任為中國石化另一集團公司之高級法務主管。自二零零五年起，彼展開其私人法律執業業務，與中國多間律師事務所結成夥伴。

鄭振鷹先生，49歲，於二零一六年一月加入本公司出任獨立非執行董事。彼為香港會計師公會會員及澳洲註冊執業會計師公會會員。彼持有澳洲蒙納許大學(Monash University)商業法碩士學位及澳洲科廷大學(The Curtin University of Technology)商務會計學士學位。彼於金融及會計方面擁有豐富經驗，曾於香港、新加坡及美國多間私人及公眾上市公司出任財務總監。

Biographical Details of Directors 董事之履歷

Mr. Lee Man Tai, aged 41, joined the Company as an independent non-executive director in January 2016. He graduated from Lingnan University, Hong Kong in 2000 with a bachelor's degree in business administration and obtained a master's degree in business administration in financial services from The Hong Kong Polytechnic University in 2010. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. He has over 15 years of professional experience in accounting and auditing. He worked as an audit assistant of Victor W.N. Ngai & Co., an accountancy firm in Hong Kong, between June 2000 and July 2001. Between September 2001 and April 2006, he worked as an audit supervisor of Grant Thornton CPA, a member of Grant Thornton International Ltd (now known as BDO Limited). Between October 2006 and October 2012, he acted as the chief financial officer and company secretary of China Yuanbang Property Holdings Limited, whose shares are listed on Main Board of the Singapore Exchange Securities Trading Limited with stock code BCD. Between October 2012 and May 2014, he acted as the chief financial officer and company secretary of China 33 Media Group Limited, whose shares are listed on the GEM with stock code 8087. Between August 2014 and April 2015 and July 2014 and April 2015, he acted as the chief financial officer and company secretary respectively of Flying Financial Service Holdings Limited, whose shares are listed on GEM with stock code 8030. Between April and September 2015, he acted as the company secretary of Chanco International Group Limited (with its name changed to Ascent International Holdings Limited effective from 14 June 2016), whose shares are listed on the Main Board of the Stock Exchange with stock code 264 ("**Chanco**"); and between April 2015 and January 2016, he acted as the financial controller of Chanco. He is an independent non-executive director of Progressive Path Group Holdings Limited (Stock code: 1581) which is listed on the Main Board of The Stock Exchange. He is also a representative for type 1 and 6 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

李文泰先生，41歲，於二零一六年一月加入本公司出任獨立非執行董事。彼於二零零零年畢業於香港嶺南大學並取得工商管理學士學位，及於二零一零年取得香港理工大學工商管理(金融服務)碩士學位。彼為香港會計師公會資深會員及英國特許公認會計師公會資深會員。彼於會計及審計方面擁有逾15年專業經驗。彼於二零零零年六月至二零零一年七月於一間香港會計師行魏穎楠會計師事務所擔任助理審計師。於二零零一年九月至二零零六年四月，彼於均富會計師行，即均富國際有限公司的成員所(現稱香港立信德豪會計師事務所有限公司)任職審計主管。於二零零六年十月至二零一二年十月，彼擔任中國元邦房地產控股有限公司(其股份於新加坡證券交易所有限公司主板上市，股份代號：BCD)之首席財務官兼公司秘書。於二零一二年十月至二零一四年五月，彼曾出任中國三三傳媒集團有限公司(其股份於創業板上市，股份代號：8087)的首席財務官兼公司秘書。於二零一四年八月至二零一五年四月及二零一四年七月至二零一五年四月，彼曾分別出任匯聯金融服務控股有限公司(其股份於創業板上市，股份代號：8030)的首席財務官及公司秘書。於二零一五年四月至九月，彼曾出任卓高國際集團有限公司(其名稱由二零一六年六月十四日起更改為中璽國際控股有限公司，其股份於聯交所主板上市，股份代號：264) ("**卓高**")的公司秘書，並於二零一五年四月至二零一六年一月出任卓高的財務總監。彼亦為進昇集團控股有限公司(股份代號：1581)的獨立非執行董事，該公司於聯交所主板上市。根據香港法例第571章證券及期貨條例，彼亦為第1類及第6類受規管活動的代表。

Overview

The Company is committed to maintain good corporate governance standard and procedures. The Board recognizes the importance of and benefit from good corporate governance practices. We believe that improvement in corporate governance not only assists the Company in effective supervision and control on its business operation, but also attracts investment from international institutional investors, thereby creating and enhancing shareholder value.

The Stock Exchange has promulgated the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 14 of the Listing Rules.

1. Corporate Governance Practices

The Company is committed to maintain good corporate governance standard and procedures.

The Stock Exchange has promulgated the code provisions on Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules (the “CG Code”). Throughout the year ended 31 December 2017, the Group has complied itself with all CG Code and Report except for the following:

- (a) In relation to A.2.1 of the CG Code, the roles of chairman and Chief Executive Officer (the “CEO”) should be separate and should not be performed by the same individual and the division of responsibilities between the chairman and CEO should be clearly established and set out in writing. During the year, Mr. Zhao Guoqiang is the CEO of the Company. During the year, the position of chairman is vacated and the Board intends to identify satisfiable candidate to fill the vacancy.
- (b) In relation to E.1.2 of the CG Code, the chairman of the Board should attend the AGM. During the year, the position of chairman is vacated and the Board intends to identify satisfiable candidate to fill the vacancy.

概覽

本公司致力維持良好之企業管治水平及程序。董事會確認良好企業管治守則之重要性及成效。我們相信提高企業管治不單有助本公司有效監督及控制其業務運作，亦可吸引國際機構投資者，為股東締造更大價值。

聯交所頒佈上市規則附錄十四所載之企業管治守則及企業管治報告（「企業管治守則」）。

1. 企業管治常規

本公司致力維持良好之企業管治標準及程序。

聯交所已公佈上市規則附錄十四所載《企業管治守則及企業管治報告》（「企業管治守則」）的守則條文。於截至二零一七年十二月三十一日止年度，本集團一直遵守全部企業管治守則及報告，惟下列各項除外：

- (a) 根據企業管治守則第A.2.1條，主席及行政總裁（「行政總裁」）之角色應予以區分並不應由同一人擔任，以及主席及行政總裁之職責應以書面清楚界定。年內，趙國強先生擔任本公司行政總裁。年內，主席一職懸空，董事會有意物色合適的人選以填補空缺。
- (b) 根據企業管治守則第E.1.2條，董事會主席應出席股東週年大會。於年內，主席一職懸空，董事會有意物色合適的人選以填補空缺。

- (c) In relation to A.4.1 and A.4.2 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election while all directors should be subject to retirement by rotation at least once every three years. For the year under review, all independent non-executive directors of the Company have not been appointed for a specific term but they are subject to retirement by rotation in accordance with the Company's articles of association.

Internal Control and Internal Audit

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and assets of the Company at all times. The system of internal controls aims to help achieving the Group's business objectives, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. However, the design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought. Management has conducted regular reviews during the year on the effectiveness of the internal control system covering all material controls in area of financial, operational and compliance controls, various functions for risks management as well as physical and information systems security. The chief financial officer (the "CFO") has reported to the audit committee from time to time during the year, in conjunction with key findings identified by the external auditors, findings and actions or measures taken in addressing those internal controls. The audit committee in turn reports any material issues to the Board. The Board, through the audit committee, also sets targets for and reviews plan and progress on continuous improvement work of the Company's internal control system with the CFO on a periodic basis.

- (c) 根據企業管治守則第A.4.1及A.4.2條，非執行董事須按指定任期委任，並須膺選連任，而全體董事須至少每三年輪值告退一次。於回顧年度，本公司所有獨立非執行董事均非按指定任期委任，惟須按照本公司組織章程細則之規定輪值告退。

內部監控及內部審核

董事會知悉其職責乃維持行之有效之本集團內部監控制度，全面保障股東之投資及本公司資產。內部監控制度旨在協助本集團達成其業務目標，保障資產，以及妥為存置提供可靠財務資料之會計記錄。然而，制度之設置乃就財務報表之重大錯誤聲明或資產損失提供合理而非絕對之保證，以及管理而非減低無法尋求業務目標之風險。管理層於年內已定期審閱內部監控制度之成效，包括財務、營運及遵守監控、不同風險管理功能以及實際及資料系統保安等各個重大監控領域。財務總監（「財務總監」）於年內不時向審核委員會匯報外部核數師提出之重大發現，以及在進行內部監控時之發現、行動或措施。審核委員會則向董事會報告任何重大事宜。董事會亦透過審核委員會與財務總監定期制訂本公司內監控制度之目標，檢討有關計劃，以及對有關制度進行持續改善工作。

- (d) With respect to the compliance with paragraph D of the CG Code, the Company has carried out the following corporate governance practices:

When the Board delegates aspects of its management and administration functions to management, it has given clear directions as to the powers of management, in particular, with respect to the circumstance where management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Company has set up three committees, details of which are set out in the relevant sections below.

- (e) With respect to the compliance with paragraph E of the CG Code, the chairman of the Board should attend the annual general meeting (“AGM”) to answer questions raised up in the meeting. During the year, the position of the chairman is vacated and the Board intends to identify satisfiable candidate to fill the vacancy. The procedures for demanding a poll by the shareholders were incorporated in every circular issued during the financial year ended 31 December 2017.

Throughout the year ended 31 December 2017 and up to the date of this Annual Report, the Group has complied with the provisions of the CG Code except for the following deviations:

- (a) In relation to A.2.1 of the CG Code, the roles of chairman and Chief Executive Officer (the “CEO”) should be separate and should not be performed by the same individual and the division of responsibilities between the chairman and CEO should be clearly established and set out in writing. During the year, Mr. Zhao Guoqiang is the CEO of the Company. During the year, the position of chairman is vacated and the Board intends to identify satisfiable candidate to fill the vacancy.

- (d) 就遵守企業管治守則第D段而言，本公司已採納以下企業管治守則：

倘董事會向管理層授出其管理及行政職能，董事會已就管理層之權力發出清晰指引，其中有關管理層須向董事會作出匯報，以及管理層在代表本公司作出決定或訂立任何承諾前須取得董事會事先批准之情況。本公司已成立三個委員會，詳情載於下文相關章節。

- (e) 就遵守企業管治守則第E段而言，董事會主席應出席股東週年大會（「股東週年大會」），並於會議上回答提問。於本年度，主席一職懸空，而董事會有意物色合適的人選以填補空缺。股東要求投票表決之程序已載於截至二零一七年十二月三十一日止財政年度刊發之各份通函內。

於截至二零一七年十二月三十一日止整個年度內及至本年報日期，本集團已遵守所有企業管治守則條文，惟以下偏離事項除外：

- (a) 根據企業管治守則第A.2.1條，主席及行政總裁（「行政總裁」）之角色應予以區分並不應由同一人擔任，以及主席及行政總裁之職責應以書面清楚界定。年內，趙國強先生擔任本公司行政總裁。年內，主席一職懸空，董事會有意物色合適的人選以填補空缺。

Corporate Governance Report

企業管治報告

- (b) In relation to E.1.2 of the CG Code, the chairman of the Board should attend the AGM. During the year, the position of chairman is vacated and the Board intends to identify satisfiable candidate to fill the vacancy.
- (c) In relation to A.4.1 and A.4.2 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election while all directors should be subject to retirement by rotation at least once every three years. For the year under review, all independent non-executive directors of the Company have not been appointed for a specific term but they are subject to retirement by rotation in accordance with the Company's articles of association.

2. Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own Code of conduct regarding securities transactions by the directors of the Company. All incumbent Directors have confirmed following specific enquiry by the Company that they have complied with the required standard set out in the Model Code through the year.

3. Board of directors

- (a) Up to the date of this Annual Report, the Board comprises a total of six members including one executive director, two non-executive directors and three independent non-executive directors. Members of the Board have different professional and relevant industry experiences and background so as to bring in valuable contributions and advices for the development of the Group's business. Up to the date of this Annual Report, the Company has three independent non-executive directors representing not less than one-third of the Board, and two of them are qualified accountants.

- (b) 根據企業管治守則第E.1.2條，董事會主席應出席股東週年大會。於年內，主席一職懸空，董事會有意物色合適的人選以填補空缺。
- (c) 根據企業管治守則第A.4.1及A.4.2條，非執行董事須按指定任期委任，並須膺選連任，而全體董事須至少每三年輪值告退一次。於回顧年度，本公司所有獨立非執行董事均非按指定任期委任，惟須按照本公司組織章程細則之規定輪值告退。

2. 上市發行人董事進行證券交易之標準守則

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」），作為其本身對於本公司董事進行證券交易之行為守則。全體現任董事已於整個回顧年度內一直遵守標準守則所載之規定標準。

3. 董事會

- (a) 截至本年報日期，董事會由合共六名成員組成，包括一名執行董事、兩名非執行董事及三名獨立非執行董事。董事會成員具備不同專業及相關行業經驗及背景，可為本集團之業務發展提供寶貴貢獻及意見。截至本年報日期，本公司有三名獨立非執行董事，佔董事會不少於三分之一，其中兩人為合資格會計師。

Corporate Governance Report

企業管治報告

- (b) The Company has received written annual confirmation from each incumbent independent non-executive director of their independence to the Group. The Group considered that all independent non-executive directors meets the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The names of the directors and their respective biographies are set out on pages 18 to 20 of this Annual Report.
- (c) The Board meets periodically with the management to discuss the Group's strategies development and to review the business operation. The Board also monitors and controls financial performance in pursuit of the Group's strategic objectives. The names of the directors during the financial year and their individual attendance of are set out below:

- (b) 本公司已接獲各現任獨立非執行董事就彼等之獨立性而向本集團發出之年度確認書。本集團認為全體獨立非執行董事符合上市規則第3.13條之獨立指引，且根據該指引範圍彼等具獨立地位。董事姓名及彼等各自之履歷載於本年報第18至20頁。
- (c) 董事會定期與管理層會面，討論本集團之策略發展及檢討業務運作。董事會亦監察及監控本集團在達致策略性目標時之財務表現。本財政年度之董事姓名及其個別之會議出席率如下：

| Name | Board | Attendance/number of meetings entitle to attend | | | Annual/ Extraordinary General Meeting | |
|---|------------------------------|---|---------------------------|-------------------------|--|-----|
| | | Audit Committee | Remuneration Committee | Nomination Committee | | |
| 姓名 | 董事會 | 審核委員會 | 薪酬委員會 | 提名委員會 | 股東週年/ 特別大會 | |
| Mr. Zhao Guoqiang (CEO) | 趙國強先生 (行政總裁) | 6/6 | N/A 不適用 | N/A 不適用 | N/A 不適用 | 0/1 |
| Dr. Gu Quanrong | 顧全榮博士 | 5/6 | 2/2 | 1/2 | 2/2 | 0/1 |
| Ms. Ngan Mei Ying (appointed on 10 April 2017) | 顏美瑩女士 (於二零一七年四月十日 獲委任) | 4/4 | 1/1 | 1/1 | 1/1 | 0/1 |
| Mr. Zong Ketao | 宗科濤先生 | 6/6 | 2/2 | 2/2 | 2/2 | 0/1 |
| Mr. Cheng Chun Ying | 鄭振鷹先生 | 6/6 | 2/2 | 2/2 | 2/2 | 0/1 |
| Mr. Lee Man Tai | 李文泰先生 | 6/6 | 2/2 | 2/2 | 2/2 | 1/1 |

Corporate Governance Report 企業管治報告

- | | |
|--|---|
| (d) The Board members have no financial, business, family or other material/relevant relationships with each other. Each of the independent non-executive directors have confirmed in writing their independence from the Company in accordance with the guidelines on director independence of the Listing Rules. On this basis, the Company considers all such directors to be independent. | (d) 董事會成員之間並無財務、業務、家族或其他重大／相關關係。各獨立非執行董事已根據上市規則董事獨立性指引向本公司發出書面獨立性確認函。據此，本公司認為所有董事誠屬獨立。 |
| (e) The Board oversees the Group's strategic development and determines the objectives, strategies and policies of the Group. | (e) 董事會監督本集團之策略性發展，並決定本集團之目標、策略及政策。 |
| (f) The major issues which were brought before the Board for their decisions during the year include: (i) Proposals related to potential acquisition, investments, or any significant capital expenditures; and (ii) Formulation of operational strategies and review of its financial performance and results and the internal control system. | (f) 年內提呈董事會決議之主要事項包括： (i) 有關潛在收購、投資或任何重大資本開支之建議；及 (ii) 制訂經營策略及審閱其財務表現、業績以及內部監控制度。 |
| (g) The Board has the overall responsibility to ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investments and the Company's assets. | (g) 董事會之整體責任為確保本公司維持行之有效之內部監控，保障股東之投資及本公司資產。 |
| (h) Three Board committees, namely, the audit committee, the remuneration committee and the nomination committee, have been established to oversee particular aspect of the Group's affairs. | (h) 已成立三個董事委員會，即審核委員會，薪酬委員會及提名委員會，以監督本集團特定範圍之事務。 |
| (i) The Board also has delegated the day-to-day management and operations of the Group's businesses to management of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of financial statements for Board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations. | (i) 董事會亦已指派本集團之管理層處理本集團之日常業務管理及運作。董事會特別指派管理層處理之主要企業事宜包括：編製財務報表供董事會於刊發前審批、履行董事會採納之業務策略及目標、推行適當之內部監控及風險管理程序制度，以及遵守相關法定規定、規則及規例。 |

- (j) In relation to A.6.5 of the CG Code, all directors have participated their own professional training by attending seminar/programme/reading relevant materials in relation to the business on directors' duties.
- (k) The Company has attached much importance to the risk management about directors' liabilities and has arranged appropriate liability insurance for Directors and senior management of the Company. The insurance coverage is reviewed on an annual basis.

4. Board diversity policy

On 27 August 2013, the Company adopted the Board diversity policy (the "**Board Diversity Policy**") in accordance with the requirement set out in the CG Code. On 31 March 2016, the Company revised the Board Diversity Policy. The Company recognizes that the Board diversity is an essential element contributing to the sustainable development of the Company. In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to the skills, knowledge, gender, age, cultural and educational background or professional experience. All Board appointments are based on merits and considered against a variety of objective criteria, having due regard for the benefits of diversity on the Board.

5. Chairman and Chief Executive Officer

- (a) As at the date of this Annual Report, the Chairman of the Board is vacated. Mr. Zhao Guoqiang was elected as the CEO on 29 December 2009.
- (b) The CEO provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the CEO is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meeting.

- (j) 根據企業管治守則第A.6.5條，所有董事已藉出席研討會／課程／閱讀有關董事的業務職責相關資料，參與其自身的專業訓練。
- (k) 本公司十分重視涉及董事責任的風險管理，並已為本公司董事及高級管理人員投購合適的責任保險。保險保障範圍會按年進行檢討。

4. 董事會成員多元化政策

於二零一三年八月二十七日，本公司根據企業管治守則所載之規定，採納董事會成員多元化政策（「**董事會成員多元化政策**」）。於二零一六年三月三十一日，本公司對董事會成員多元化政策作出修訂。本公司視董事會成員多元化為支持其維持可持續發展的關鍵元素。於設計董事會組成時，本公司從多方面考慮董事會成員多元化，包括但不限於技能、知識、性別、年齡、文化及教育背景或專業經驗。董事會所有委任以用人唯才為原則，並在考慮人選時以多個客觀條件充分顧及董事會成員多元化的裨益。

5. 主席及行政總裁

- (a) 截至本年報日期，董事會主席職位懸空。趙國強先生於二零零九年十二月二十九日被選任為行政總裁。
- (b) 行政總裁為本集團領導，須就董事會按照良好企業管治守則有效運作負責。在高級管理層之支持下，行政總裁亦負責確保董事及時獲得足夠、完整及可靠資料，並就董事會會議提呈之事宜獲得適當簡報。

- (c) The directors focus on implementing objectives, policies and strategies approved and delegated by the Board. Directors are in charge of the Company's day-to-day management and operations. The directors are also responsible for assisting the CEO in developing strategic plans and formulating the company practices and procedures, business objectives, and risk assessment for the Board's approval.

6. Non-executive Directors

All non-executive directors, including independent non-executive directors, of the Company, have not been appointed for a specific term, but are subject to retirement by rotation and eligible for re-election in the AGM in accordance with the articles of association of the Company.

7. Remuneration of Directors

- (a) The Company has established a remuneration committee since 23 September 2005 with written terms of reference and revised on 27 March 2012 as disclosed on the Company's website. The primary duties of the remuneration committee include the following:
- to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
 - to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payment, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;

- (c) 董事專注於推行董事會批准及指派之目標、政策及策略。董事負責本公司之日常管理及營運。董事亦負責協助行政總裁發展策略性計劃，制訂本公司常規及程序、業務目標以及風險評估以供董事會批准。

6. 非執行董事

本公司所有非執行董事(包括獨立非執行董事)均非按指定任期委任，惟須按照本公司組織章程細則之規定於股東週年大會上輪值告退及膺選連任。

7. 董事薪酬

- (a) 本公司已於二零零五年九月二十三日成立薪酬委員會，具有書面職權範圍，並於二零一二年三月二十七日修訂，且已於本公司網站披露。薪酬委員會之主要職責包括下列各項：
- 就本公司董事及高級管理人員的全體薪酬政策及架構，及就設立正規而具透明度的程序制訂此等薪酬政策，向董事會提出建議；
 - 獲轉授以下職責，即釐訂全體執行董事及高級管理人員的特定薪酬待遇，包括非金錢利益、退休權利及賠償金額(包括喪失或終止職務或委任的賠償)，並就非執行董事的薪酬向董事會提出建議。委員會應考慮的因素包括同類公司支付的薪酬、董事須付出的時間及董事職責、集團內其他職位的僱用條件及是否應按表現釐訂薪酬等；

- | | |
|---|---|
| <p>iii. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;</p> <p>iv. to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;</p> <p>v. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and</p> <p>vi. to ensure that no director or any of his associates is involved in deciding his own remuneration.</p> | <p>iii. 透過參照董事會不時通過的公司目標，檢討及批准按表現而釐定的薪酬；</p> <p>iv. 檢討及批准向喪失或終止職務或委任的執行董事及高級管理人員支付賠償，確保該等賠償按有關合約條款釐定；若未能按有關合約條款釐定，賠償亦須公平合理，不會對本公司造成過重負擔；</p> <p>v. 檢討及批准因董事行為失當而解僱或罷免有關董事所涉及的賠償安排，確保該等安排按有關合約條款釐定；若未能按有關合約條款釐定，有關賠償亦須合理適當；及</p> <p>vi. 確保任何董事或其任何聯繫人不得自行釐訂薪酬。</p> |
| <p>(b) Up to the date of this Annual Report, the members of the remuneration committee comprised Mr. Cheng Chun Ying who acts as the chairman of the remuneration committee, Dr. Gu Quan Rong, Ms. Ngan Mei Ying, Mr. Zong Ketao and Mr. Lee Man Tai. The majority of members of the remuneration committee is comprised of independent non-executive directors of the Company.</p> | <p>(b) 直至本年報日期，薪酬委員會之成員包括鄭振鷹先生（薪酬委員會主席）、顧全榮博士、顏美瑩女士、宗科濤先生及李文泰先生。薪酬委員會大部分成員為本公司之獨立非執行董事。</p> |
| <p>(c) The number of remuneration committee meeting held during the year and record of individual attendance of members, on a named basis, at meetings held during was set out in section headed “Corporate Governance Report” on page 25 of this Annual Report. The remuneration committee had reviewed and approved the management’s remuneration proposals with reference to the Board’s corporate goals and objectives.</p> | <p>(c) 薪酬委員會於年內舉行之會議次數及以記名方式記錄之個別成員會議出席率，載於本年報第25頁「企業管治報告」一節。薪酬委員會經參考董事會的企業目標後，檢討及批准管理層的薪酬建議。</p> |
| <p>(d) The emolument policy of the employees of the Group was set up by the remuneration committee on the basis of their merit, qualification and competence.</p> | <p>(d) 本集團僱員之酬金政策由薪酬委員會根據彼等之長處、資格及競爭力而制定。</p> |

Corporate Governance Report

企業管治報告

(e) The emolument of the directors of the Company is determined by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics.

(f) The Group's share option scheme as described on page 43 of this Annual Report is adopted as the Group's long-term incentive scheme.

(e) 本公司董事之酬金由薪酬委員會參考本集團之經營業績、個別表現及比較市場統計數字而釐定。

(f) 本集團採納本年報第43頁所述之購股權計劃作為其長期獎勵計劃。

8. Nomination of Directors

The Company has established a nomination committee since 27 March 2012 with written terms of reference and amended on 27 August 2013 as disclosed on the Company's website. The primary functions of the nomination committee include the following:

- i. to review the structure, size and composition (including but not limited to the skills, knowledge, gender, age, cultural and educational background or professional experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- ii. to identify individuals suitably qualified to become the members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships on merits and against objective criteria, with due regard on the benefits of diversity on the Board, especially to ensure that the independent non-executive Directors comprise at least one-third of the Board;
- iii. to assess the independence of independent non-executive Directors;
- iv. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for directors, in particular the chairman of the Board and the CEO, taking into account the Company's corporate strategy and the mix of skills, knowledge, diversity and experience in the future; and

8. 董事提名

本公司已自二零一二年三月二十七日成立提名委員會。提名委員會的書面職權範圍及於二零一三年八月二十七日之修改已於本公司網站披露。提名委員會的主要職能包括下列各項：

- i. 至少每年檢討董事會的架構、人數及組成(包括但不限於技能、知識、性別、年齡、文化及教育背景或專業經驗)，並就任何為補充本公司的企業策略而擬對董事會作出的變動提出建議；
- ii. 物色具備合適資格可擔任董事的人士，以用人唯才為原則，並以客觀條件充分顧及董事會成員多元化的裨益，挑選提名有關人士出任董事或就此向董事會提供意見，特別是確保獨立非執行董事必須佔董事會成員人數至少三分之一；
- iii. 評核獨立非執行董事的獨立性；
- iv. 就董事委任或重新委任以及董事(尤其是董事會主席及行政總裁)繼任計劃向董事會提出建議，當中考慮本公司企業策略及日後董事會之技能、知識、多元化及經驗組合；及

- v. to review the Board Diversity Policy, as appropriate, and to review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually.

Up to the date of this Annual Report, the members of the nomination committee comprised Mr. Cheng Chun Ying who acts as the chairman of the nomination committee, Dr. Gu Quan Rong, Ms. Ngan Mei Ying, Mr. Zong Ketao and Mr. Lee Man Tai. The majority of members of the nomination committee is comprised of independent non-executive directors of the Company.

The number of nomination committee meeting held during the year and record of individual attendance of members, on a named basis, at meetings held during was set out in section headed "Corporate Governance Report" on page 25 of this Annual Report. The nomination committee had reviewed the structure, size and composition of the Board, made recommendations on the changes to the Board to complement the Company's corporate strategy and assessed the independence of independent non-executive directors.

9. Auditors' remuneration

For the financial year, BDO Limited, the auditor of the Company, received HK\$1,070,000 in respect of audit service provided to the Group. The auditors' remuneration has been duly approved by the audit committee and there was no disagreement between the Board and the audit committee on the selection and appointment of auditor.

- v. 審閱董事會成員多元化政策，(倘適合)及審閱董事會就執行董事會成員多元化政策制定之可計量目標，及達成目標之進度；及每年於企業管治報告披露審閱結果。

直至本年報日期，提名委員會之成員包括鄭振鷹先生(提名委員會主席)、顧全榮博士、顏美瑩女士、宗科濤先生及李文泰先生。提名委員會大部分成員為本公司之獨立非執行董事。

提名委員會於年內舉行會議的次數及以記名方式記錄各成員的出席率載於年報第25頁「企業管治守則」一節。提名委員會已檢討董事會之結構、規模及組成；就董事會的變動提出建議，以配合本公司的企業策略，以及審核獨立非執行董事的獨立性。

9. 核數師薪酬

於本財政年度，本公司核數師香港立信德豪會計師事務所有限公司已就向本集團提供之核數服務收取1,070,000港元。核數師酬金已經審核委員會正式批准，而董事會與審核委員會在甄選及委任核數師上並無分歧。

10. Audit Committee

- (a) The audit committee of the Company was established on 30 January 2002. The written terms of reference of the audit committee were revised on 27 March 2012 and 31 March 2016 as disclosed on the Company's website. As at the date of this Annual Report, the audit committee comprises two non-executive director and three independent non-executive directors, namely Mr. Lee Man Tai (chairman of the audit committee), Ms. Ngan Mei Ying, Dr. Gu Quan Rong, Mr. Zong Ketao and Mr. Cheng Chun Ying. Mr. Lee Man Tai and Mr. Cheng Chun Ying are certified public accountants for many years. In the opinion of the Board, the members of the audit committee have sufficient financial management expertise to discharge their duties.
- (b) The number of audit committee meetings held during the year and record of individual attendance of members, on a named basis, at meetings held was set out in section headed "Corporate Governance Report" on page 25 of this Annual Report.
- (c) The audit committee is delegated by the Board to assess matters related to the financial statements of accounts and to provide recommendations and advices, including but not limited to the followings:
- to consider, and to make recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the audit fee and other terms of engagement of the external auditor, and any questions of resignation or dismissal of the external auditor;
 - to review and monitor the external auditor's independence and objectively and the effectiveness of the audit process in accordance with applicable standard;
 - to discuss with the external auditors before the audit commences, the nature and scope of the audit and reporting obligations and ensure co-ordination where more than one audit firm is involved;

10. 審核委員會

- (a) 本公司於二零零二年一月三十日成立審核委員會，具有書面職權範圍，並於二零一二年三月二十七日及二零一六年三月三十一日修訂，且已於本公司網站披露。直至本年報日期，審核委員會由兩名非執行董事及三名獨立非執行董事組成，即李文泰先生（審核委員會主席）、顏美瑩女士、顧全榮博士、宗科濤先生及鄭振鷹先生。李文泰先生及鄭振鷹先生為富多年經驗之執業會計師。董事會認為，審核委員會成員具備足夠之財務管理專長履行其職責。
- (b) 審核委員會於年內舉行之會議次數及以記名方式記錄之個別成員會議出席率，載於本年報第25頁「企業管治報告」一節。
- (c) 審核委員會獲董事會指派處理有關賬目財務報表之事宜，並就包括但不限於下列各項提供建議及意見：
- 就外聘核數師的委任、重新委任及罷免作出考慮及向董事會提供建議，批准外聘核數師的核數費用及聘用條款、辭職或罷免的問題；
 - 按適用的標準檢討及監察外聘核數師是否獨立客觀及核數程序是否有效；
 - 在外聘核數師開始核數工作以前，與其討論工作性質、範疇以及匯報責任；如多於一間外聘核數師參與核數工作時，確實它們的互相配合；

- | | |
|---|---|
| <p>iv. to develop and implement policy on the engagement of an external auditor to supply non-audit services. For this purpose, external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement needed and making recommendations as to the steps to be taken;</p> | <p>iv. 就外聘核數師提供非核數服務制定政策，並予以執行。就此規定而言，外聘核數師包括與負責核數的公司處於同一控制權、所有權或管理權之下的任何實體，或一個合理知悉所有有關資料的第三方，在合理情況下會斷定該實體屬於該負責核數的公司的本土或國際業務的一部分的任何實體。委員會應就其認為必須採取的行動或改善的事項向董事會報告，並建議有哪些可採取的步驟；</p> |
| <p>v. to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;</p> | <p>v. 監察本公司的財務報表及年度報告及賬目、半年度報告及(若擬刊發)季度報告的完整性，並審閱報表及報告所載有關財務申報的重大意見；</p> |
| <p>vi. in reviewing, the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board, the Committee should focus particularly on:</p> | <p>vi. 委員會向董事會提交本公司的年度報告及賬目、半年度報告及(若擬刊發)季度報告之前，應特別針對下列事項加以審閱：</p> |
| <p>a. any changes in accounting policies and practice;</p> | <p>a. 任何會計政策及處理方法的改變；</p> |
| <p>b. major judgmental areas;</p> | <p>b. 涉及重大判斷性的領域；</p> |
| <p>c. significant adjustments resulting from the audit;</p> | <p>c. 因核數出現的重大調整；</p> |
| <p>d. the going concern assumption and any qualifications;</p> | <p>d. 持續經營的假設及任何保留意見；</p> |
| <p>e. compliance with accounting standards;</p> | <p>e. 是否遵守會計準則；</p> |
| <p>f. compliance with the Listing Rules and other legal requirements in relation to financial reporting;</p> | <p>f. 是否遵守上市規則及其他適用法律對於財務報告的要求；</p> |

Corporate Governance Report 企業管治報告

- | | |
|---|--|
| g. the fairness and reasonableness of any connected transaction and the impact of such transaction on the profitability of the Group; | g. 任何關連交易安排是否公平合理及該交易對本集團盈利的影響； |
| h. whether all relevant items have been adequately disclosed in the Group's financial statements and whether the disclosures give a fair view of the Group's financial conditions; | h. 本集團財務報表有否充分披露所有相關事項及該等披露有否公平反映本集團的財務狀況； |
| i. any significant or unusual items that are, or may need to be, reflected in such reports and accounts; and | i. 該等報告及賬目中所反映或需反映的任何重大或不尋常項目；及 |
| j. the cashflow position of the Group. | j. 本集團現金流量的狀況。 |
| and to provide advice and comments thereon to the Board; | 並就此向董事會提供建議及意見； |
| vii. in regard to vi. above: | vii. 就上述vi項而言： |
| a. members of the Committee must liaise with the Board and senior management. The Committee must meet, at least twice a year, with the Company's auditors; and | a. 委員會成員須與董事會及高層管理人員聯絡。委員會須至少每年與本公司的核數師開會兩次；及 |
| b. the Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's accountant, compliance officer or auditors. | b. 委員會應考慮於該等報告及賬目中所反映或需反映的任何重大或不尋常事項，並須適當考慮任何由本公司的會計師、監察主任或核數師提出的事項。 |
| viii. to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary); | viii. 與核數師討論中期及年度審核所遇上的問題及保留意見，及核數師認為應當討論的其它事項(管理層可能按情況而須避席此等討論)； |

- | | |
|--|---|
| <p>ix. to discuss with the management the risk managements and internal control systems and ensure the management has discharged its duty to have effective risk management and internal control systems and to review the Company's statements on risk management and internal control systems (which are included in the annual report) prior to endorsement by the Board;</p> | <p>ix. 與管理層討論風險管理及內部監控系統及確保管理層已履行職責建立有效的風險管理及內部監控系統及(已載入年報)在董事會確認前，審核本公司風險管理及內部監控系統的聲明；</p> |
| <p>x. to consider any findings of major investigations on risk management and internal control matters as delegated by the Board or on its own initiative and management's response;</p> | <p>x. 應董事會的委派或主動，就有關風險管理及內部監控事宜的重要調查結果及管理層的回應進行研究；</p> |
| <p>xi. (where an internal audit function exists) to review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review monitor, the effectiveness of the internal audit function;</p> | <p>xi. (如果設有內部核數功能)評審集團內部核數程序、確保內部核數師與外聘核數師工作得到協調及確保公司內部核數部門有足夠資源運作；並且有相當的地位；以及檢討及監察內部核數功能是否有效；</p> |
| <p>xii. to conduct exit interviews with any director, manager, financial controller or internal audit control manager upon their resignation in order to ascertain the reasons for his departure;</p> | <p>xii. 於董事、經理、財務總監或內部核數部門經理離職時，接見有關人員並瞭解其離職原因；</p> |
| <p>xiii. to prepare work reports for presentation to the Board and to prepare summary of work reports for inclusion in the Group's interim and annual reports;</p> | <p>xiii. 就期內的工作草擬報告及概要報告；前者交董事會審閱，後者刊於本集團的中期及年度報告；</p> |
| <p>xiv. to consider the appointment of any person to be a Committee member, a company secretary, auditors and accounting staff (including internal control department) either to fill a casual vacancy or as an additional Committee member, company secretary, auditors and accounting staff or dismissal of any of them;</p> | <p>xiv. 考慮委任、增加、更換及罷免委員會成員、公司秘書、核數師及會計(包括內部監控部門)工作人員的建議；</p> |
| <p>xv. to consider the major findings of internal investigations and management's response;</p> | <p>xv. 考慮內部調查報告之重大發現及管理層回應；</p> |

Corporate Governance Report 企業管治報告

- | | |
|--|--|
| <p>xvi. to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;</p> <p>xvii. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;</p> <p>xviii. to report to the Board on the matters set out in the code provisions contained in the Code on Corporate Governance Practices set out in (and as amended from time to time) Appendix 14 to the Listing Rules; and</p> <p>xix. to consider other matters, as defined or assigned by the Board from time to time.</p> | <p>xvi. 檢查外聘核數師給予管理層的《審核情況說明函件》、核數師就會計紀錄、財務賬目或監控系統向管理層提出的任何重大疑問及管理層作出的回應；</p> <p>xvii. 確保董事會及時回應於外聘核數師給予管理層的《審核情況說明函件》中提出的事宜；</p> <p>xviii. 就於上市規則附錄十四內列明（及不時修定）的《企業管治常規守則》內載有的守則條文所載的事宜向本董事會匯報；及</p> <p>xix. 不時考慮董事會界定或委派的其他事項。</p> |
| <p>(d) In addition to the above tasks regarding to the Company's financial statement, the audit committee should also to consider any other matters, as defined by the Board from time to time; and to conduct interviews with any director, manager, financial controller upon their resignation in order to ascertain the reasons for his departure.</p> | <p>(d) 除上述有關本公司財務報表之事項外，審核委員會亦須考慮董事會不時界定之其他事宜；及在任何董事、經理或財務總監辭任時與彼等進行諮詢，確切了解彼等離任之原因。</p> |
| <p>(e) The audit committee acknowledges its responsibility in maintaining sound and effective internal control system of the Group to safeguard investments of the shareholders and assets of the Company at all times.</p> | <p>(e) 審核委員會知悉其職責乃維持本集團行之有效之內部監控制度，全面保障股東之投資及本公司資產。</p> |
| <p>(f) The Group's interim report for the year ended 30 June 2017 and annual report for the year ended 31 December 2017 have been reviewed by the audit committee.</p> | <p>(f) 本集團截至二零一七年六月三十日止年度之中期報告及截至二零一七年十二月三十一日止年度之年報已由審核委員會審閱。</p> |

11. Company Secretary

Mr. Chan Chun Kau has been the Company Secretary of the Company since June 2014. Mr. Chan is a solicitor in Hong Kong. He is responsible to the Board for ensuring the Board procedures and all applicable law, rules and regulations are followed. During the year, Mr. Chan undertook over 15 hours of professional training to update his skills and knowledge.

12. Shareholder Rights and Investor Relations

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's articles of association. Details of such rights to demand a poll and the poll procedures are included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results will be published on the websites of the Company and the Stock Exchange on or before the business day following the shareholders' meeting.

The general meetings of the Company provide a forum for communication between the shareholders and the Board. The chairman of the Board as well as the chairmen of the audit committee, the remuneration committee and the nomination committee, or in their absence, other members of the respective committees, is available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors. During the year, there was no significant change in the constitutional documents.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

11. 公司秘書

陳振球先生自二零一四年六月起擔任本公司的公司秘書。陳先生為香港執業律師。彼須向董事會負責，以確保董事會程序及所有適用法律、規則及規例均獲得遵守。於本年度，陳先生已進行超過15小時的專業培訓，以提升其技術及知識。

12. 股東權利及投資者關係

股東之權利及於股東大會上就決議案進行投票表決之要求載於本公司之組織章程細則。有關要求投票表決之權利及投票表決之程序詳情載於致股東之各通函內，並將於大會議程中闡述。

投票表決之結果將於股東大會後之營業日或之前於本公司網站及聯交所網站登載。

本公司之股東大會提供股東與董事會溝通之平台。董事會主席及審核委員會、薪酬委員會及提名委員會之主席(若彼等缺席，則為各委員會之其他成員)將可回答於股東大會上之提問。

各重大事宜(包括推選個別董事)以獨立決議案形式於股東大會上提呈。於本年度，憲法文件並無重大變動。

本公司不斷加強與投資者之溝通及關係。獲委派之高級管理層定期與投資者進行對話，並向彼等作出分析，讓其了解本公司之最新發展狀況。投資者之質詢均會詳盡及即時作出處理。

13. Right to convene extraordinary general meeting

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the written requisition (the “**Requisitionists**”) to the Board or the Secretary of the Company (as the case may be) pursuant to Article 58 of the Articles of Association. Such Requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company’s principal place of business in Hong Kong.

Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company’s principal place of business in Hong Kong.

By the order of the Board

Zhao Guoqiang

Chief Executive Officer & Executive Director

Hong Kong, 28 March 2018

13. 召開股東特別大會之權利

股東特別大會可由董事會按持有不少於本公司實繳股本十分之一之股東，或根據組織章程細則第58條向董事會或本公司秘書（視情況而定）提出書面呈請之股東（「呈請人」）之呈請予以召開。有關呈請須列明大會上將處理之事務，由呈請人簽署，並交回本公司註冊辦事處或本公司香港主要營業地點。

股東須按照有關章程細則所載召開股東特別大會之規定及程序。股東可於本公司股東大會上提呈動議，有關動議須送交本公司之香港主要辦事處。

股東可將彼等向董事會提出之任何查詢以書面形式郵寄至本公司。股東可將有關其權利之查詢或要求郵寄至本公司之香港主要營業地點。

承董事會命

趙國強

行政總裁兼執行董事

香港，二零一八年三月二十八日

The directors present herewith the Annual Report and the audited financial statements of the Group for the year ended 31 December 2017.

Principal Activity and Business Review

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries involves sales of food and beverages and money lending business in Hong Kong, and exploration, production and distribution of natural gas in PRC, the details of which are set out in note 6 to the consolidated financial statements.

Further discussion and analysis of these activities as regular by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "**Company Ordinance**"), including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2017, and an indication of likely future development in the Group's business, can be found in the section headed "CEO's Statement and Management Discussion and Analysis" of this Annual Report. The above section forms part of this report of the Directors.

Financial Statements and Dividends

The results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income on pages 55 to 56.

The state of the Group's affairs as at 31 December 2017 is set out in the Consolidated Statement of Financial Position on pages 57 to 58.

The directors do not recommend the payment of final dividend in respect of the year ended 31 December 2017.

Five-Year Financial Summary

A summary of the consolidated financial results and consolidated assets and liabilities of the Group for the past five financial years is set out on page 152.

Property, Plant and Equipment

Movements in property, plant and equipment during the year are set out in Note 15 to the consolidated financial statements.

董事謹此提呈本年度報告及截至二零一七年十二月三十一日止年度本集團之經審核財務報表。

主要業務及業務回顧

本公司之主要業務為投資控股，而本公司主要附屬公司之主要業務為於香港銷售食品及飲料及借貸業務及於中國勘探、生產及分銷天然氣。有關詳情載於綜合財務報表附註6。

公司條例附表5(香港法例第622章)(「**公司條例**」)規定關於該等活動之進一步討論及分析，包括業務回顧及本集團面臨的主要風險和不確定因素的討論、自二零一七年財政年度結束起已發生且對本集團有影響的重要事件詳情，和集團業務的可能未來發展的指示，可參閱本年報「行政總裁報告與管理層討論及分析」一節。上一節內容是本董事會報告的一部分。

財務報表及股息

本集團於年內之業績載於第55至56頁之綜合全面收益表。

截至二零一七年十二月三十一日，本集團之財務狀況分別載於第57至58頁之綜合財務狀況表。

董事並不建議派發截至二零一七年十二月三十一日止年度之末期股息。

五年財務概要

本集團過去五個財政年度各年之綜合財務業績以及綜合資產及負債概要，列載於第152頁。

物業、廠房及設備

於本年度之物業、廠房及設備之變動詳情載於綜合財務報表附註15。

Report of the Directors

董事會報告

Subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2017 are set out in Note 19 to the consolidated financial statements.

Share Capital and Share Options

Movements in share capital of the Company during the year, together with reasons thereof, and of the Company's share options, are set out in Note 27 and Note 28 to the consolidated financial statements respectively.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the Laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 59 and Note 30 to the consolidated financial statements respectively.

Distributable Reserves

Distributable reserves of the Company at 31 December 2017 are set out in Note 30 to the consolidated financial statements.

附屬公司

截至二零一七年十二月三十一日，本公司主要附屬公司之詳情載於綜合財務報表附註19。

股本及購股權

本公司於本年度股本之變動詳情及變動原因，連同有關本公司購股權之詳情分別載於綜合財務報表附註27及附註28。

優先購股權

根據本公司之組織章程細則或開曼群島（本公司註冊成立之司法權區）之法例並無有關本公司須按比例向現有股東發售新股之優先購股權之規定。

儲備

本集團及本公司於本年度之儲備變動詳情分別載於第59頁之綜合權益變動表及綜合財務報表附註30。

可分派儲備

本公司於二零一七年十二月三十一日之可分派儲備，載列於綜合財務報表附註30內。

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

| | |
|-------------------------------------|---------|
| The largest customer | 最大客戶 |
| Five largest customers in aggregate | 五大客戶總計 |
| The largest supplier | 最大供應商 |
| Five largest suppliers in aggregate | 五大供應商總計 |

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

Composition of the Board

The directors who held office during the year and up to the date of this Annual Report as follows:

Executive Directors

Mr. Zhao Guoqiang (*Chief Executive Officer and alternate director to Dr. Gu Quan Rong*)

Non-executive Director

Dr. Gu Quan Rong
Ms. Ngan Mei Ying (*Appointed on 10 April 2017*)

Independent Non-executive Directors

Mr. Zong Ketao
Mr. Cheng Chun Ying
Mr. Lee Man Tai

主要客戶及供應商

於財政年度內，主要客戶及供應商分別佔本集團之銷售額及採購額如下：

| Percentage of the Group's total 佔本集團之總額百分比 | |
|--|------------------|
| Sales 銷售額 | Purchases 採購額 |

| | | |
|--|------|------|
| | 97% | |
| | 100% | |
| | | 100% |
| | | 100% |

於年內任何時間，本公司概無任何董事或彼等之聯繫人士或任何股東（據董事所知擁有本公司已發行股本5%以上）持有本集團主要客戶及供應商之任何權益。

董事會組成

於本年度及截至本年報日期之在任董事名列如下：

執行董事

趙國強先生（行政總裁及顧全榮博士之替任董事）

非執行董事

顧全榮博士
顏美瑩女士（於二零一七年四月十日獲委任）

獨立非執行董事

宗科濤先生
鄭振鷹先生
李文泰先生

Report of the Directors 董事會報告

Pursuant to the articles of association of the Company, Mr. Zhao Guoqiang, Mr. Zong Ketao and Ms. Ngan Mei Ying, will retire at the upcoming AGM and be eligible for re-election.

Director's Biographies

Biographical details of the directors of the Company are set out on pages 18 to 20 of this Annual Report.

Directors' Service Contracts

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

Management Contracts

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

Directors' Interests in Contracts

No other contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interest and Short Position in Shares

As at 31 December 2017, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

根據本公司組織章程細則，趙國強先生、宗科濤先生及顏美瑩女士將於應屆股東週年大會上退任，並合資格膺選連任。

董事之履歷

本公司董事之履歷詳情已載列於本年報第18至第20頁。

董事之服務合約

獲提名於應屆股東週年大會重選之其他董事概無與本公司訂立不得於一年內予以終止而不給予賠償(法定賠償除外)之服務合約。

管理合約

本年度並無訂立或存在任何有關本集團業務全部或任何重大部分之管理及行政合約。

董事於合約中之權益

於年終或本年度任何時間概無存在由本公司或其任何附屬公司所訂立，涉及本集團之業務且本公司董事直接或間接於其中擁有重大權益之其他合約。

董事於股份之權益及淡倉

於二零一七年十二月三十一日，本公司董事或主要行政人員概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債權證中擁有須根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所之權益或淡倉(包括根據該等證券及期貨條例條文被視為或當作擁有之權益或淡倉)，亦無擁有須根據證券及期貨條例第352條列入本公司須存置之登記冊之權益或淡倉，或根據標準守則須知會本公司及聯交所之權益或淡倉。

Directors' Right to Acquire Shares or Debentures

Apart from the share option scheme disclosures in the section "Share Option Scheme" below, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Equity-linked Agreements

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

Share Option Scheme

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 25 June 2013 and the Stock Exchange granting approval of the listing of and permission to deal in the shares to be issued under the share option scheme (the "Share Option Scheme") on 26 June 2013, the Company has adopted the Share Option Scheme to replace the expired share option scheme adopted 28 January 2002 and as amended on 2 November 2006.

Under the terms of the Share Option Scheme adopted, the Board of the Company may, at its discretion, grant options to eligible participants to subscribe for shares of the Company.

No share option was granted and exercised during the year under review and there was no outstanding share option as at 31 December 2017 and 2016.

Substantial Shareholders' interests and Short Position

As at 31 December 2017, the interests or short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

董事購入股份或債券之權利

除於下文「購股權計劃」一節披露之購股權計劃外，本公司或其任何附屬公司於本年度內並無訂立任何安排促使本公司之董事可透過購入股份或債券獲得本公司或其任何其他公司實體之該等權利。

股權關連協議

本年度訂立或於年末仍有效之股權關連協議詳情載列如下：

購股權計劃

根據本公司於二零一三年六月二十五日舉行的股東特別大會上通過的普通決議案，以及聯交所於二零一三年六月二十六日對根據購股權計劃（「購股權計劃」）將會發行的股份上市及買賣的批准，本公司已採納購股權計劃，以代替已屆滿的購股權計劃（於二零零二年一月二十八日採納及於二零零六年十一月二日修訂）。

根據採納的購股權計劃的條款，本公司董事會可酌情向合資格參與者授出購股權，以認購本公司股份。

於回顧年內，並無購股權已獲授出及行使。於二零一七年及二零一六年十二月三十一日，並無尚未行使之購股權。

主要股東之權益及淡倉

於二零一七年十二月三十一日，本公司董事或高級行政人員以外之人士於本公司之股份及相關股份中持有證券及期貨條例第336條規定本公司須載入記錄冊之權益或淡倉如下：

Report of the Directors

董事會報告

Long Positions in the Shares and Underlying Shares of the Company 於本公司股份及相關股份之好倉

| Name of Shareholders | Nature of interests | Number of shares | Number of underlying shares | Total number of shares and underlying shares | Approximate percentage of issued share capital |
|---|--|------------------|-----------------------------|--|--|
| 股東姓名／名稱 | 權益性質 | 股份數目 | 相關股份數目 | 相關股份總數 | 佔已發行股本概約百分比 |
| U.K. Prolific Petroleum Group Company Ltd. ¹ | Interest of controlled corporation 受控制法團之權益 | 1,860,000,000 | 4,045,654,762 | 5,905,654,762 | 62.13% |
| Wang Guoju ¹ 王國巨 ¹ | Beneficial Owner 實益擁有人 | 1,860,000,000 | 4,045,654,762 | 5,905,654,762 | 62.13% |
| Harvest Fund Management Co., Ltd. ² 嘉實基金管理有限公司 ² | Investment manager 投資經理 | 1,134,772,000 | 0 | 1,134,772,000 | 11.94% |
| China Credit Trust Co., Ltd ² 中誠信託有限責任公司 ² | Interest of controlled corporation 受控制法團之權益 | 1,134,772,000 | 0 | 1,134,772,000 | 11.94% |

Notes:

附註：

- U.K. Prolific Petroleum Group Limited (“**UK Prolific**”) is interested in 1,860,000,000 shares of the Company (“**Shares**”) and convertible notes (the “**Convertible Notes**”) in the principal amount of HK\$679,670,000 due in 2041 not carrying any interest with right to convert the Convertible Notes into 4,045,654,762 Shares at a conversion price of HK\$0.168 per Share. As at the date of this Annual Report, UK Prolific is wholly owned by Mr. Wang Guoju.
- These shares were held an asset management product managed by Harvest Fund Management Co., Ltd. (“**Harvest Fund**”), namely China Guangfa Bank-JS FUND-QDII2. Based on the DI filings made by the relevant shareholder(s) to the Company, Harvest Fund is 40% owned by China Credit Trust Co., Ltd. As such, China Credit Trust Co., Ltd. is deemed to be interested in all the shares of the Company owned by Harvest Fund.

- U.K. Prolific Petroleum Group Limited (“**UK Prolific**”) 於 1,860,000,000 股本公司股份 (“**股份**”) 及本金額為 679,670,000 港元二零四一年到期可換股票據 (“**可換股票據**”) 中擁有權益，該等可換股票據不計息及附有權利可轉換為最多 4,045,654,762 股股份，轉換價每股股份 0.168 港元。於本年報日期，UK Prolific 由王國巨先生全資擁有。
- 該等股份乃持作嘉實基金管理有限公司 (“**嘉實基金**”) 管理的一項資產管理產品 (即廣發銀行境外紅利資產管理計劃 (ChinaGuangfaBank-JSFUND-QDII2))。根據相關股東向本公司作出之權益披露申報，嘉實基金由中誠信託有限責任公司擁有 40% 權益。因此，中誠信託有限責任公司被視為於嘉實基金持有的所有本公司股份中擁有權益。

Directors' Interests in a Competing Business and Conflict of Interests

None of the directors were interested in any business apart from the Group's business which competed or were likely to compete, either directly or indirectly, with the business of the Group during the year.

Related and Connected Party Transactions

Details of the significant related party and connected transaction of the Group under the Listing Rules are set out in Note 32 to the financial statements.

Purchase, Sale or Redemption of Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2017.

Bank Borrowings and Banking Facilities

The Group had no outstanding bank borrowings as at 31 December 2017 and 2016.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 December 2017.

Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 21 to 38 of this Annual Report.

董事於競爭業務之權益及利益衝突

年內，概無董事於與本集團業務直接或間接競爭或可能競爭之業務(本集團業務除外)中擁有權益。

關聯人士及關連交易

根據上市規則本集團的重大關聯人士及關連交易詳情載於財務報表附註32。

購買、出售或贖回本公司證券

於截至二零一七年十二月三十一日止年度內，本公司及其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

銀行借貸及銀行融資

於二零一七年及二零一六年十二月三十一日，本集團並無尚未償還之銀行借貸。

足夠公眾持股量

本公司於截至二零一七年十二月三十一日止年度內一直維持足夠公眾持股量。

企業管治

本公司之企業管治原則及慣例詳情載於本年報第21至38頁之企業管治報告中。

Report of the Directors

董事會報告

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own Code of conduct regarding securities transactions by the directors of the Company. All incumbent directors have confirmed that they have complied with the required standard set out in the Model Code through the year under review.

Environmental, Social and Governance

The Group is committed to contributing to the sustainability of the environment and maintaining a high standard of corporate social governance essential for creating a framework for motivating staff, and contributes to the community in which we conduct our businesses and creating a sustainable return to the Group.

Working Conditions

The Company adopted the Board Diversity Policy in accordance with the requirement set out in the CG Code. The Company recognizes that the Board diversity is an essential element contributing to the sustainable development of the Company. In designing the Board’s composition, the Board diversity has been considered from a number of aspects, including but not limited to the skills, knowledge, gender, age, cultural and educational background or professional experience. A Board Diversity Policy, with the aim of enhancing the quality of the Board’s performance by diversity, was adopted on 27 August 2013 and revised on 31 March 2016.

The Group encourages its staff to participate in external seminars and lectures to keep abreast of changes and updates on areas of legal, compliance, financial accounting and reporting, and market industry practices. Through these types of training, we believe that the Group can increase its efficiency and productivity while overall reduction of risk and uncertainties of the Group can be reduced.

The Company encourages continuous professional development training for the Directors and senior management to develop and refresh their knowledge and skills which includes seminars and workshops, updates on regulatory requirements and development and corporate governance practices.

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易之標準守則(「**標準守則**」)，作為本公司董事進行證券交易之行為守則。所有現任董事確認於回顧年度彼等已遵守標準守則所載之規定準則。

環境、社會及管治

本集團致力為環境的可持續性出一分力，並維持高水準的企業社會管治，其對營造激勵員工的環境極為重要，而我們於經營業務同時回饋社會，為本集團創造持續回報。

工作環境

本公司根據企業管治守則所載的規定採納董事會成員多元化政策。本公司肯定董事會多元化是公司可持續發展的一個關鍵要素。本公司在設定董事會成員組合時，會從多個方面考慮董事會成員多元化，包括但不限於技能、知識、性別、年齡、文化及教育背景或專業經驗。董事會成員多元化政策於二零一三年八月二十七日經採納並於二零一六年三月三十一日經修訂，旨在藉此提升董事會表現質素。

本集團鼓勵員工參加外部座談會及演講，以緊貼法律、合規、財務會計及申報和市場行業慣例等範疇的變更及最新資訊。我們相信，透過該等類型的培訓可改善本集團的效益及生產力，降低本集團整體的風險及不確定性。

本公司鼓勵董事及高級管理層參與持續專業發展培訓，以發展及更新彼等的知識及技能，包括座談會及工作坊、有關監管規定、發展及企業管治常規的最新資訊。

Health and Safety

The Group strives to provide a healthy and safe working environment to the employees. In order to maintain a healthy and safe working environment, the Group has upgraded and maintained tools, office and IT equipment.

Environment Protection

Conservation of the environment is a key focus for the Group. The Group complies with environmental legislation, encourages environmental protection and promotes environmental protection awareness to all employees of the Group.

Community Involvement

The Group is committed to participating in community events from time to time, and to the improvement of community well-being and social services. The Group supports and encourages staff to actively participate in a wide range of charitable events outside working hours, to raise awareness and concern for the community, and to inspire more people to take part in serving the community.

Compliance with Laws and Regulations

The Group has compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing responsibility to monitor adherence and compliance with all significant legal and regulatory requirements.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries.

Relationship with Stakeholders

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group.

健康與安全

本集團致力為僱員提供健康及安全的工作環境。為保持健康及安全的工作環境，本集團升級及維護工具、辦公室及資訊科技設備。

環境保護

保護環境是本集團首要任務。本集團遵守環保法例，鼓勵環境保護並向本集團全體僱員推廣環保意識。

社區參與

本集團致力參與不時舉辦的社區活動，以改善社區福祉及社會服務。本集團支持及鼓勵員工於工餘時間積極參與各類慈善活動，以提升社區意識及對社區的關注，並激發更多力量參與社區服務。

遵守法律與法規

本集團已制訂合規及風險管理政策及程序，委派高級管理人員負責持續監督對於一切重大法律及監管規定的遵守及遵循情況。

據本公司所知，其已於各重大方面遵循對本公司及其附屬公司之業務及營運構成重大影響的有關法律法規。

與權益持有人的關係

本集團致力長遠經營，平衡各權益持有人(包括客戶、供應商及僱員)的利益。權益持有人獲鼓勵透過不同渠道定期參與表達對本集團環境、社會及管治的政策意見。

Report of the Directors 董事會報告

This includes providing quality services to customers, developing effective and mutual beneficial working relationships with its suppliers, and offering competitive remuneration package with safety working environments to employees.

The details of environmental, social and governance policies and performance of the Group will be disclosed in a standalone Environmental, Social and Governance Report, which will be issued in or before July 2017.

Indemnity of Directors

A permitted indemnity provision that provides for indemnity against liability incurred by directors and chief executives of the Group is currently in force and was in force throughout the year ended 31 December 2017.

Audit Committee

The audit committee comprises two non-executive directors and three independent non-executive directors of the Company. The audit committee has adopted terms of reference which are in line with the CG Code. The Group's audited financial statements for the year ended 31 December 2017 have been reviewed by the audit committee, who is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

Auditor

The consolidated financial statements for the year ended 31 December 2017 have been audited by BDO Limited, who shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of BDO Limited as auditor of the Company is to be proposed at the forthcoming AGM.

ON BEHALF OF THE BOARD

Zhao Guoqiang

Chief Executive Officer & Executive Director

Hong Kong, 28 March 2018

這包括向客戶提供高質服務、與其供應商建立有效互惠的關係，並向僱員提供可觀的薪酬組合及安全工作環境。

本集團環境、社會及管治政策及表現之詳情將於單獨刊發之環境、社會及管治報告中披露，該報告將於二零一七年七月或之前刊發。

董事彌償

為本集團董事及主要行政人員所產生的負債提供彌償之獲准彌償條款現時有效且於截至二零一七年十二月三十一日止年度一直生效。

審核委員會

審核委員會由本公司兩名非執行董事及三名獨立非執行董事組成。審核委員會已採納職責條款，其與企業管治守則一致。本集團截至二零一七年十二月三十一日止年度之經審核財務報表已由審核委員會審閱，其認為該等報表已符合適用會計準則、上市規則及其他法例規定，並已作出充分披露。

核數師

截至二零一七年十二月三十一日止年度之綜合財務報表已由香港立信德豪會計師事務所有限公司審核，其將退任並符合資格續聘。續聘香港立信德豪會計師事務所有限公司為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

趙國強

行政總裁兼執行董事

香港，二零一八年三月二十八日



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

**TO THE SHAREHOLDERS OF CHINA ENERGY DEVELOPMENT
HOLDINGS LIMITED**

(中國能源開發控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

致中國能源開發控股有限公司全體股東

(於開曼群島註冊成立之有限公司)

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of China Energy Development Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 55 to 151, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the “Basis for Disclaimer of Opinion” section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

不發表意見

本核數師已獲委聘審核刊於第55頁至第151頁中國能源開發控股有限公司(「**貴公司**」)及其附屬公司(統稱「**貴集團**」)之綜合財務報表，此綜合財務報表包括於二零一七年十二月三十一日之綜合財務狀況表與截至該日止年度之綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

吾等不會就 貴集團綜合財務報表發表意見。鑒於吾等報告內「不發表意見之基準」一節所述事宜之重要性，吾等尚未能取得足夠及適當的審核憑證，以就該等綜合財務報表以及綜合財務報表是否已遵守香港公司條例之披露規定妥為編製提供審核意見基準。

Independent Auditor's Report

獨立核數師報告

Basis for Disclaimer of Opinion

1. Impairment of intangible assets and exploration and evaluation assets

Included in the consolidated statement of financial position as at 31 December 2017 are intangible assets and exploration and evaluation assets with carrying amounts of HK\$1,523,512,000 and HK\$369,087,000 respectively (collectively referred to as the “**Assets**”). As disclosed in Notes 16 and 17 to the consolidated financial statements, the intangible assets represent interests in a petroleum contract, which was entered between a subsidiary of the Company, and China National Petroleum Corporation (“**CNPC**”) in relation to a project for the drilling, exploration, exploitation and production of oil and natural gas in North Kashi Block, Tarim Basin in the People's Republic of China (“**PRC**”) (the “**Project**”). Exploration and evaluation assets represents costs directly associated with exploratory wells (drilling cost and others) that are capitalised.

As detailed in Note 17 to the consolidated financial statements, as at 31 December 2017, an impairment assessment was carried out by the directors of the Company on the Assets. At the end of the reporting period, the carrying amounts of the intangible assets and exploration and evaluation assets exceeded the recoverable amount of the cash generating unit to which these assets were assigned. Accordingly, impairment losses of HK\$162,000,000 and HK\$39,000,000 were recognised for the year ended 31 December 2017 on intangible assets and exploration and evaluation assets respectively. The recoverable amount of the intangible assets and exploration and evaluation assets has been determined by the directors based on value-in-use calculations. These calculations included applying certain assumptions in preparing cash flows projections for the cash generating unit. In preparing these projections, the directors assumed that, amongst other factors, the Overall Development Program (“**ODP**”) will be submitted and approved by relevant government authority before 31 December 2018, the development stage and commercial production of the oil and natural gas field will start after obtaining the relevant approval, and CPNC will pay the proceeds as agreed in the preliminary gas sharing proposals before 31 December 2018 (the “**Proceeds**”).

不發表意見之基準

1. 無形資產及勘探及評估資產之減值

於二零一七年十二月三十一日之綜合財務狀況表包括賬面值分別為1,523,512,000港元及369,087,000港元之無形資產及勘探及評估資產(統稱為「**該等資產**」)。誠如綜合財務報表附註16及17所披露，無形資產指於石油合約之權益，該合約由 貴公司一間附屬公司與中國石油天然氣集團公司(「**中國石油集團**」)訂立，當中涉及中華人民共和國(「**中國**」)塔里木盆地喀什北區塊之石油及天然氣鑽井、勘探、開採及生產業務之項目(「**該項目**」)。勘探及評估資產指已撥作資本的勘探井之直接相關成本(鑽探成本及其他)。

誠如綜合財務報表附註17所詳述，於二零一七年十二月三十一日，貴公司董事就該等資產進行減值評估。於報告期末，無形資產及勘探及評估資產的賬面值均超出該等資產所屬現金產生單位之可收回金額。因此，已就截至二零一七年十二月三十一日止年度之無形資產及勘探及評估資產分別確認減值虧損162,000,000港元及39,000,000港元。無形資產及勘探及評估資產的可收回金額由董事根據使用價值計算法釐定。該等計算包括於編製現金產生單位的現金流量預測時應用若干假設。編製該等預測時，董事假設多項因素，其中包括總體開發方案(「**總體開發方案**」)將於二零一八年十二月三十一日前提交並獲相關政府部門於取得相關批准後開展，石油及天然氣田的發展階段及商業生產，以及中國石油集團將於二零一八年十二月三十一日前支付天然氣初步共享方案所協定之款項(「**所得款項**」)。

Basis for Disclaimer of Opinion (Continued)

1. Impairment of intangible assets and exploration and evaluation assets (Continued)

Given the Project has been delayed for a number of years, it indicates the existence of a material uncertainty as to when the commercial production can be started. Furthermore, despite having various discussions with CNPC to fix the settlement of the Proceeds, no confirmation from CNPC on the timing of the settlement. The directors are unable to provide us with sufficient supporting documents to the above assumptions.

There were no other satisfactory audit procedures that we could adopt to assess the reasonableness of the assumptions in the impairment assessment. As a result, we were unable to determine whether the recoverable amounts and impairment provisions of the Assets were appropriately stated. Any adjustments to the carrying amounts of the Assets as described above would have a consequential effect on the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended, and the elements making up the consolidated statement of changes in equity and consolidated statement of cash flows.

2. Uncertainties relating to going concern

As at 31 December 2017, the Group had net current liabilities of HK\$258,872,000 (2016: HK\$177,727,000) and incurred a loss of HK\$234,853,000 (2016: HK\$162,688,000) for the year ended 31 December 2017. These conditions in the current year, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the foregoing, the directors of the Company have prepared the consolidated financial statements on a going concern basis, the appropriateness of which largely depends upon the outcome of the underlying assumptions, as detailed in Note 3(b)(ii) to the consolidated financial statements, which in particular include (i) the assumptions regarding the timing of the Project and the Proceeds as discussed in point (1) above; (ii) the Group will be able to successfully persuade the contractors not to insist on repayment of the construction cost payables before the Company receives the Proceeds from CNPC; and (iii) the group will be able to raise adequate funding through bank borrowings.

不發表意見之基準(續)

1. 無形資產及勘探及評估資產之減值(續)

鑑於該項目已延遲多年，顯示該項目何時開始商業生產存在重大不明朗因素。此外，儘管已就釐定所得款項的結算方式與中國石油集團進行多次討論，惟尚未就結算時間取得中國石油集團之確認。董事無法向吾等提供上述假設的充分佐證文件。

吾等並無其他可採用的適當審核程序，以評估減值評估中所用假設之合理性。因此，吾等未能釐定該等資產之可收回金額及減值撥備是否已適當地列述。上述該等資產賬面值的任何調整均會對 貴集團於二零一七年十二月三十一日之財務狀況及 貴集團截至該日止年度之財務表現以及綜合權益變動表及綜合現金流量表之組成部分構成相應的影響。

2. 有關持續經營的不明朗因素

於二零一七年十二月三十一日，貴集團之流動負債淨額為258,872,000港元(二零一六年：177,727,000港元)，並於截至二零一七年十二月三十一日止年度產生虧損234,853,000港元(二零一六年：162,688,000港元)。該等狀況於本年度反映存在重大不明朗因素，可能對 貴集團能否持續營運構成重大疑問。

儘管上文所述，貴公司董事已按持續經營基準編製綜合財務報表，此舉是否合適主要取決於綜合財務報表附註3(b)(ii)所述的相關假設結果，特別包括：(i)就上文第(1)點所討論的該項目時間及所得款項的假設；(ii)貴集團將能成功說服承建商在 貴公司接獲中國石油集團結付所得款項前，不堅持要求償付建築費用；及(iii)貴集團將能夠從銀行貸款籌集足夠資金。

Independent Auditor's Report

獨立核數師報告

Basis for Disclaimer of Opinion (Continued)

2. Uncertainties relating to going concern (Continued)

However, the Company has not obtained any written confirmation that CNPC will pay the Proceeds before 31 December 2018 and the contractors will not insist on payment of the construction cost payables until the Company receives the Proceeds from CNPC, and has not provided evidence to support the likelihood that the ODP will be submitted and approved as expected.

There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the Group can continue as a going concern. Accordingly, we were unable to determine whether it is appropriate for the directors to prepare the consolidated financial statements for the year ended 31 December 2017 on the going concern basis. Should the going concern basis be considered inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable amount, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The directors of the Company also have prepared the consolidated financial statements for the year ended 31 December 2016 on a going concern basis. In our audit on the Group's consolidated financial statements for the year ended 31 December 2016, we were unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the application of the going concern basis and among other matters that exist in last year, and did not express an opinion in the report.

不發表意見之基準(續)

2. 有關持續經營的不明朗因素(續)

然而，貴公司尚未取得任何書面確認，稱中國石油集團將於二零一八年十二月三十一日前支付所得款項及在貴公司接獲中國石油集團的所得款項前承建商不會堅持要求支付應付建築費用，且尚未提供憑證以支持總體開發方案有可能如期提交及獲批准。

吾等並無可執行的替代性審核程序，以令吾等信納貴集團能夠按持續基準經營。因此，吾等無法釐定董事按持續經營基準編製截至二零一七年十二月三十一日止年度之綜合財務報表是否恰當。倘認為持續經營基準並不恰當，則須進行調整，將貴集團資產的賬面值撇減至其可變現金額，並就可能產生之任何額外負債作出撥備，以及將非流動資產及非流動負債分別重新歸類為流動資產及流動負債。該等調整之影響並無於綜合財務報表內反映。

貴公司董事亦按持續經營基準編製截至二零一六年十二月三十一日止年度之綜合財務報表。在吾等對貴集團截至二零一六年十二月三十一日止年度的綜合財務報表的審核中，吾等無法取得充份適當的審核憑證，以評估應用持續經營基準的合理性及去年存在的其他事宜，且並無於本報告發表意見。

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

董事就綜合財務報表須承擔之責任

董事須負責根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則及香港公司條例之披露規定，編製表達真實及公平意見之綜合財務報表，並且對其認為對於為使編製不存在由於欺詐或錯誤而導致之重大錯誤陳述的綜合財務報表份屬必要之內部監控負責。

編製綜合財務報表時，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準，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。

董事亦負責監察 貴集團的財務申報程序。審核委員會協助董事履行彼等在此方面之責任。

Independent Auditor's Report

獨立核數師報告

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

BDO Limited
Certified Public Accountants
Lam Pik Wah
Practising Certificate no. P05325

Hong Kong, 28 March 2018

核數師就審核綜合財務報表須承擔之責任

吾等之責任是根據香港會計師公會頒佈之香港審計準則(「香港審計準則」)對 貴集團之綜合財務報表進行審核，並出具核數師報告。根據吾等之委聘條款，本報告僅為 閣下(作為一個整體)編製，且別無其他目的。吾等概不就本報告之內容，向任何其他人士承擔責任或負責。

然而，基於本報告「不發表意見之基準」一節所述事宜，吾等未能取得足夠適當的審核憑證，以為吾等就此等綜合財務報表發表審核意見提供基礎。

根據香港會計師公會《專業會計師職業道德守則》(「守則」)，吾等獨立於 貴集團，且吾等已根據守則履行其他道德責任。

香港立信德豪會計師事務所有限公司
執業會計師
林碧華
執業證書號碼 P05325

香港，二零一八年三月二十八日

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | Notes | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|-----------------------|-------|----------------------------------|----------------------------------|
| | | 附註 | | |
| Revenue | 收益 | 6 | 13,039 | 1,117 |
| Cost of inventories sold | 已售存貨成本 | | (6,793) | (14) |
| Other income | 其他收入 | 7 | 399 | 807 |
| Staff costs | 員工成本 | 9 | (11,299) | (9,366) |
| Operating lease rentals | 經營租賃租金 | | (4,524) | (4,396) |
| Depreciation of property, plant and equipment | 物業、廠房及設備之折舊 | 15 | (2,761) | (749) |
| Fuel costs and utility expenses | 燃油費及水電費 | | (151) | (172) |
| Fair value gain/(loss) of financial assets held for trading | 持作買賣之金融資產之公平價值收益/(虧損) | | 15,678 | (1,434) |
| Impairment of exploration and evaluation assets | 勘探及評估資產減值 | 16 | (39,000) | (24,000) |
| Impairment of intangible assets | 無形資產減值 | 17 | (162,000) | (100,000) |
| Impairment of goodwill | 商譽減值 | 18 | (6,000) | - |
| Gain on disposal of subsidiaries | 出售附屬公司之收益 | 35 | - | 776 |
| Other operating expenses | 其他經營開支 | | (31,213) | (21,553) |
| Finance costs | 融資成本 | 8 | (7,002) | (6,505) |
| Loss before income tax | 除所得稅前虧損 | 9 | (241,627) | (165,489) |
| Income tax credits | 所得稅抵免 | 10 | 6,774 | 2,801 |
| Loss for the year | 本年度虧損 | | (234,853) | (162,688) |

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------------|---|---|
| Other comprehensive income | 其他全面收益 | | |
| Items that may be reclassified subsequently to profit or loss: | 其後可能重新分類至損益之項目： | | |
| Exchange differences arising on translation of foreign operations attributable to: | 下列應佔換算境外業務產生之匯兌差額： | | |
| Owners of the Company | 本公司擁有人 | 119,307 | (127,749) |
| Non-controlling interests | 非控股權益 | (761) | — |
| | | 118,546 | (127,749) |
| Total comprehensive income for the year | 本年度全面收益總額 | (116,307) | (290,437) |
| (Loss)/profit attributable to: | 下列應佔(虧損)/溢利： | | |
| Owners of the Company | 本公司擁有人 | (235,510) | (162,688) |
| Non-controlling interests | 非控股權益 | 657 | — |
| | | (234,853) | (162,688) |
| Total comprehensive income attributable to: | 下列應佔全面收益總額： | | |
| Owners of the Company | 本公司擁有人 | (116,203) | (290,437) |
| Non-controlling interests | 非控股權益 | (104) | — |
| | | (116,307) | (290,437) |
| Loss per share attributable to owners of the Company for the year | 本公司擁有人應佔本年度每股虧損 | | |
| — Basic and diluted | — 基本及攤薄 | HK(2.48) cents 港仙 | HK(1.71) cents 港仙 |

12

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2017 於二零一七年十二月三十一日

| | | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------|-------------|----------------------------------|----------------------------------|
| | | Notes 附註 | | |
| Non-current assets | 非流動資產 | | | |
| Property, plant and equipment | 物業、廠房及設備 | 15 | 31,178 | 3,396 |
| Exploration and evaluation assets | 勘探及評估資產 | 16 | 369,087 | 380,420 |
| Intangible assets (other than goodwill) | 無形資產(不包括商譽) | 17 | 1,523,512 | 1,571,240 |
| Goodwill | 商譽 | 18 | 1,151 | – |
| Deferred tax assets | 遞延稅項資產 | 20(a) | 99,673 | 86,373 |
| | | | 2,024,601 | 2,041,429 |
| Current assets | 流動資產 | | | |
| Accounts receivable | 應收賬款 | 21 | – | 26,235 |
| Financial assets held for trading | 持作買賣之金融資產 | 22 | 74,540 | 58,862 |
| Other receivables, deposits and prepayments | 其他應收款項、訂金及預付款項 | 23 | 78,412 | 6,798 |
| Cash and bank balances | 現金及銀行結餘 | | 171,926 | 203,719 |
| | | | 324,878 | 295,614 |
| Total assets | 總資產 | | 2,349,479 | 2,337,043 |
| Current liabilities | 流動負債 | | | |
| Other payables and accruals | 其他應付款項及應計款項 | 24 | 536,902 | 432,939 |
| Amount due to a shareholder | 應付一名股東款項 | 25 | 40,626 | 40,402 |
| Amounts due to non-controlling interests | 應付非控股權益款項 | 25 | 6,222 | – |
| | | | 583,750 | 473,341 |
| Net current liabilities | 流動負債淨值 | | (258,872) | (177,727) |
| Total assets less current liabilities | 資產總值減流動負債 | | 1,765,729 | 1,863,702 |

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2017 於二零一七年十二月三十一日

| | | Notes 附註 | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---------------------------------------|--------------|-------------|----------------------------------|----------------------------------|
| Non-current liabilities | 非流動負債 | | | |
| Convertible notes | 可換股票據 | 26 | <u>64,489</u> | <u>58,039</u> |
| | | | <u>64,489</u> | <u>58,039</u> |
| Net assets | 資產淨值 | | <u>1,701,240</u> | <u>1,805,663</u> |
| Equity | 權益 | | | |
| Share capital | 股本 | 27 | <u>475,267</u> | 475,267 |
| Reserves | 儲備 | | <u>1,214,193</u> | <u>1,330,396</u> |
| Attributable to owners of the Company | 本公司擁有人應佔 | | <u>1,689,460</u> | 1,805,663 |
| Non-controlling interests | 非控股權益 | | <u>11,780</u> | – |
| Total equity | 總權益 | | <u>1,701,240</u> | <u>1,805,663</u> |

These consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2018.

董事會於二零一八年三月二十八日批准及授權刊發該等綜合財務報表。

Zhao Guoqiang

趙國強
Director
董事

Gu Quan Rong

顧全榮
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | Attributable to owners of the Company | | | | | | | | |
|---|------------------------|---------------------------------------|---------------------|---------------|---------------------------|---------------------|--------------------|-----------|---------------------------|--------------|
| | | 本公司擁有人應佔 | | | | | | | | |
| | | Issued capital | Contributed surplus | Share premium | Convertible notes reserve | Translation reserve | Accumulated losses | Sub-total | Non-controlling interests | Total equity |
| | | 已發行股本 | 股本盈餘 | 股份溢價 | 股票儲備 | 換算儲備 | 累計虧損 | 小計 | 非控股權益 | 權益總值 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| | | | (note 30(a)) | (note 30(b)) | (note 30(c)) | | | | | |
| | | | (附註 30(a)) | (附註 30(b)) | (附註 30(c)) | | | | | |
| Balance at 1 January 2016 | 於二零一六年一月一日之結餘 | 475,267 | 30,004 | 1,679,187 | 695,828 | (95,270) | (688,916) | 2,096,100 | 753 | 2,096,853 |
| Loss for the year | 本年度虧損 | - | - | - | - | - | (162,688) | (162,688) | - | (162,688) |
| Other comprehensive income: Exchange differences on translation of foreign operations | 其他全面收入： 換算海外業務的匯兌差異 | - | - | - | - | (127,749) | - | (127,749) | - | (127,749) |
| Total comprehensive income for the year | 本年度全面收益總額 | - | - | - | - | (127,749) | (162,688) | (290,437) | - | (290,437) |
| Disposal of subsidiaries (Note 35) | 出售附屬公司(附註 35) | - | - | - | - | - | - | - | (753) | (753) |
| Balance at 31 December 2016 | 於二零一六年十二月三十一日之結餘 | 475,267 | 30,004 | 1,679,187 | 695,828 | (223,019) | (851,604) | 1,805,663 | - | 1,805,663 |
| (Loss)/profit for the year | 本年度(虧損)/溢利 | - | - | - | - | - | (235,510) | (235,510) | 657 | (234,853) |
| Other comprehensive income: Exchange differences on translation of foreign operations | 其他全面收入： 換算海外業務的匯兌差異 | - | - | - | - | 119,307 | - | 119,307 | (761) | 118,546 |
| Total comprehensive income for the year | 本年度全面收入總額 | - | - | - | - | 119,307 | (235,510) | (116,203) | (104) | (116,307) |
| Acquisition of subsidiaries (Note 36) | 收購附屬公司(附註 36) | - | - | - | - | - | - | - | 11,884 | 11,884 |
| Balance at 31 December 2017 | 於二零一七年十二月三十一日之結餘 | 475,267 | 30,004 | 1,679,187 | 695,828 | (103,712) | (1,087,114) | 1,689,460 | 11,780 | 1,701,240 |

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|-------------------------|----------------------------------|----------------------------------|
| Cash flows from operating activities | 經營業務現金流量 | | |
| Loss before income tax | 除所得稅前虧損 | (241,627) | (165,489) |
| Adjustments for: | 就以下項目作出調整： | | |
| Interest expenses | 利息開支 | 7,002 | 6,505 |
| Depreciation of property, plant and equipment | 物業、廠房及設備之折舊 | 2,761 | 749 |
| Interest income | 利息收入 | (25) | (25) |
| Dividend income from financial assets held for trading | 持作買賣之金融資產之股息收入 | (325) | – |
| Fair value (gain)/loss of financial assets held for trading | 持作買賣之金融資產之公平價值(收益)/虧損 | (15,678) | 1,434 |
| Exchange gain, net | 匯兌收益淨值 | (49) | (782) |
| Impairment of exploration and evaluation assets | 勘探及評估資產減值 | 39,000 | 24,000 |
| Impairment of intangible assets | 無形資產減值 | 162,000 | 100,000 |
| Impairment of goodwill | 商譽減值 | 6,000 | – |
| Gain on disposal of subsidiaries | 出售附屬公司之收益 | – | (776) |
| Operating cash flows before working capital changes | 計入營運資本變動前經營現金流量 | (40,941) | (34,384) |
| Decrease in accounts receivable | 應收款項減少 | 26,951 | 20,568 |
| Increase in other receivables, deposits and prepayments | 其他應收款項、訂金及預付款項增加 | (70,655) | (210) |
| Increase in other payables and accruals | 其他應付款項及應計款項增加 | 90,977 | 5,612 |
| Cash generated from/(used in) operations | 經營業務所得/(所動用)之現金 | 6,332 | (8,414) |
| Income tax paid | 已付所得稅 | (6) | (9) |
| Net cash generated from/(used in) operating activities | 經營業務所得/(所動用)現金淨額 | 6,326 | (8,423) |

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|-----------------------------|----------------------------------|----------------------------------|
| | | Notes 附註 | |
| Cash flows from investing activities | 投資業務現金流量 | | |
| Acquisition of property, plant and equipment | 收購物業、廠房及設備 | (630) | (33) |
| Disposal of subsidiaries, net of cash received | 出售附屬公司，已收現金淨額 | 35 | 43 |
| Acquisition of subsidiaries, net of cash paid | 收購附屬公司，已支付現金淨額 | 36 | - |
| Acquisition of financial assets held for trading | 收購持作買賣之金融資產 | - | (115) |
| Cash proceeds from disposal of financial assets held for trading | 出售持作買賣之金融資產之現金所得款項 | - | 8,261 |
| Interest received | 已收利息 | 25 | 25 |
| Dividend income from financial assets held for trading | 持作買賣之金融資產之股息收入 | 325 | - |
| Net cash (used in)/generated from investing activities | 投資業務(動用)/所產生現金淨額 | (9,741) | 8,181 |
| Cash flows from financing activities | 來自融資活動的現金流 | | |
| Advance from a shareholder | 來自一名股東的墊款 | 224 | - |
| Advance from non-controlling interests | 來自非控股權益的墊款 | 6,222 | - |
| Net cash generated from financing activities | 融資活動所產生的現金淨額 | 6,446 | - |
| Net increase/(decrease) in cash and cash equivalents | 現金及等同現金增加/(減少)淨額 | 3,031 | (242) |
| Cash and cash equivalents at beginning of year | 年初之現金及等同現金 | 203,719 | 204,278 |
| Effects of foreign exchange rate changes | 匯率變動之影響 | (34,824) | (317) |
| Cash and cash equivalents at end of year, comprising cash and bank balances | 年終之現金及等同現金，包括現金及銀行結餘 | 171,926 | 203,719 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

1. ORGANISATION AND OPERATIONS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 4 April 2001 under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, Cayman Islands. Its principal place of business is located at Units 5611-12, The Center, 99 Queen's Road Central, Central, Hong Kong.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") with effect from 18 February 2002.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are described in Note 19 to the consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 January 2017

| | |
|---|---|
| Amendments to HKAS 7 | Disclosure Initiative |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Annual Improvements to HKFRSs 2014-2016 Cycle | Amendments to HKFRS 12, Disclosure of Interests in Other Entities |

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement, Note 38.

1. 組織及營運

本公司於二零零一年四月四日根據開曼群島公司法於開曼群島註冊成立為受豁免有限公司。註冊辦事處之地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, Cayman Islands。主要營業地點位於香港中環皇后大道中99號中環中心5611-12室。

本公司股份由二零零二年二月十八日起於香港聯合交易所有限公司(「香港聯交所」)主板上市。

本公司之主要業務為投資控股，而本公司附屬公司之主要業務於綜合財務報表附註19詳述。

2. 採納香港財務報告準則(「香港財務報告準則」)

(a) 採納新訂／經修訂香港財務報告準則 — 於二零一七年一月一日生效

| | |
|----------------------------|----------------------------|
| 香港會計準則第7號之修訂 | 披露計劃 |
| 香港會計準則第12號之修訂 | 確認未變現虧損之遞延稅項資產 |
| 二零一四年至二零一六年週期之香港財務報告準則年度改進 | 香港財務報告準則第12號之修訂，披露於其他實體之權益 |

香港會計準則第7號之修訂 — 披露計劃

該等修訂引入一項額外披露，讓財務報表之使用者得以評估融資活動產生之負債變動。

採用該等修訂已導致於現金流量表附註(附註38)中呈列額外披露。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(a) Adoption of new/revised HKFRSs — effective 1 January 2017 (Continued)

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the Group do not have interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(a) 採納新訂／經修訂香港財務報告準則 — 於二零一七年一月一日生效(續)

香港會計準則第12號之修訂 — 確認未變現虧損之遞延稅項資產

有關修訂與確認遞延稅項資產有關，並澄清若干必要考量，包括與按公平價值計量之債務工具有關之遞延稅項資產之會計處理方法。

採納此等修訂並無對該等財務報表造成任何影響，原因為澄清後的處理方式與本集團先前確認遞延稅項資產的方式一致。

二零一四年至二零一六年週期之香港財務報告準則年度改進 — 香港財務報告準則第12號之修訂，披露於其他實體之權益

根據年度改進過程頒佈的該等修訂對現時並不明確的多項準則作出微細及不急切的修改。其中包括對香港財務報告準則第12號，披露於其他實體之權益之修訂，以釐清香港財務報告準則第12號的披露規定(披露財務資料概要除外)亦適用於實體根據香港財務報告準則第5號，持作出售的非流動資產及已終止經營業務分類為持作出售的其他實體或已終止經營業務的權益。

採納香港財務報告準則第12號之修訂對該等財務報表並無影響，原因是本集團並無持有根據香港財務報告準則第5號分類為持作出售的其他實體或已終止經營業務的權益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

| | |
|---|---|
| Annual Improvements to HKFRSs 2014-2016 Cycle | Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards ¹ |
| Annual Improvements to HKFRSs 2014-2016 Cycle | Amendments to HKAS 28, Investments in Associates and Joint Ventures ¹ |
| Amendments to HKFRS 2 HKFRS 9 | Classification and Measurement of Share-Based Payment Transactions ¹ Financial Instruments ¹ |
| HKFRS 15 | Revenue from Contracts with Customers ¹ |
| Amendments to HKFRS 15 | Revenue from Contracts with Customers (Clarifications to HKFRS 15) ¹ |
| Amendments to HKAS 40 | Transfer of Investment Property ¹ |
| HK(IFRIC)-Int 22 | Foreign Currency Transactions and Advance Consideration ¹ |
| Amendments to HKFRS 9 HKFRS 16 | Prepayment Features with Negative Compensation ² Leases ² |
| HK(IFRIC)-Int 23 | Uncertainty over Income Tax Treatments ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則

以下新訂／經修訂香港財務報告準則可能與本集團之綜合財務報表相關，屬已頒佈但尚未生效及並無獲本集團提早採納。本集團目前擬於該等更改生效時應用該等更改。

| | |
|----------------------------|--|
| 二零一四年至二零一六年週期香港財務報告準則之年度改進 | 香港財務報告準則第1號之修訂，首次採納香港財務報告準則 ¹ |
| 二零一四年至二零一六年週期香港財務報告準則之年度改進 | 香港會計準則第28號之修訂，聯營公司及合營公司之投資 ¹ |
| 香港財務報告準則第2號之修訂 | 以股份為基礎付款交易之分類及計量 ¹ |
| 香港財務報告準則第9號 | 金融工具 ¹ |
| 香港財務報告準則第15號 | 客戶合約收益 ¹ |
| 香港財務報告準則第15號之修訂 | 客戶合約收益(釐清香港財務報告準則第15號) ¹ |
| 香港會計準則第40號之修訂 | 投資物業的轉讓 ¹ |
| 香港(國際財務報告詮釋委員會)－詮釋第22號 | 外幣交易及預付代價 ¹ |
| 香港財務報告準則第9號之修訂 | 提早還款特性及負補償 ² |
| 香港財務報告準則第16號 | 租賃 ² |
| 香港(國際財務報告詮釋委員會)－詮釋第23號 | 所得稅處理的不確定性 ² |
| 香港財務報告準則第10號及香港會計準則第28號之修訂 | 投資者及其聯營公司或合營公司之間出售或注入資產 ³ |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

- ¹ Effective for annual periods beginning on or after 1 January 2018
- ² Effective for annual periods beginning on or after 1 January 2019
- ³ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

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 significant impact on the Group’s result of operations and financial positions. Specially, the Group assesses the impact of HKFRS9, HKFRS 15 and HKFRS 16 as follows:

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

- ¹ 於二零一八年一月一日或其後開始之年度期間生效
- ² 於二零一九年一月一日或其後開始之年度期間生效
- ³ 該等修訂原訂於二零一六年一月一日或其後開始之期間生效。生效日期現已遞延／取消，惟仍可提早應用該等修訂。

本集團現正評估該等修訂在首次應用期間預期將產生的影響，且迄今認為採納該等修訂不大可能對本集團的經營業績及財務狀況造成重大影響。具體而言，本集團就香港財務報告準則第9號、香港財務報告準則第15號及香港財務報告準則第16號之影響進行之評估如下：

二零一四年至二零一六年週期香港財務報告準則之年度改進—香港財務報告準則第1號之修訂，首次採納香港財務報告準則

根據年度改進過程頒佈的該等修訂對現時並不明確的多項準則作出微細及不急切的修改。其中包括對香港財務報告準則第1號首次採用香港財務報告準則的修訂，該修訂刪去了與已結束會計期間有關的因而不再適用的過渡條文豁免。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation’s permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

二零一四年至二零一六年週期香港財務報告準則之年度改進—香港會計準則第28號之修訂，聯營公司及合營公司之投資

年度改進過程中頒佈的修訂是對多項準則目前尚不明確的部分進行小幅的、非緊急的修訂。其中包括對香港會計準則第28號於聯營公司及合營公司的投資的修訂，該修訂澄清風險資本組織可選擇按公平價值計量聯營公司或合營公司，而該選擇以逐間聯營公司或合營公司為基礎作出。

香港財務報告準則第2號之修訂—以股份為基礎付款交易之分類及計量

該等修訂對歸屬及非歸屬條件對計量以現金結算以股份為基礎付款項的影響；為履行預扣稅責任而具有淨額結算特徵的以股份為基礎付款之交易；以及使交易類別由現金結算變更為股權結算之以股份為基礎付款之條款及條件的修訂，提供會計處理方法之規定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit and loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第9號 — 金融工具

香港財務報告準則第9號引進金融資產分類及計量之新規定。按業務模式持有資產而目的為收取合約現金流的債務工具(業務模式測試)以及具產生現金流之合約條款且僅為支付本金及未償還本金利息的債務工具(合約現金流特徵測試)，一般按攤銷成本計量。倘實體業務模式的目的同時為持有及收取合約現金流以及出售金融資產，則符合合約現金流特徵測試的債務工具以按公平價值計入其他全面收益(「按公平價值計入其他全面收益」)計量。實體可於初步確認時作出不可撤銷的選擇，以按公平價值計入其他全面收益計量並非持作買賣的股本工具。所有其他債務及股本工具以按公平價值計入損益(「按公平價值計量計入損益」)的方式計量。

香港財務報告準則第9號對並非按公平價值計入損益的所有金融資產引入新的預期虧損減值模式(取代香港會計準則第39號之已產生虧損模式)以及新的一般對沖會計規定，以讓實體於財務報表內更清楚反映風險管理活動。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 — Financial Instruments (Continued)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors of the Company have reviewed the Group’s financial assets as at 31 December 2017 and anticipate that the application of HKFRS 9 in the future may result in early recognition of credit losses based on expected loss model in relation to the Group’s financial assets measured at amortised cost and is not likely to have other material impact on the result and financial position of the Group based on an analysis of the Group’s existing business model.

HKFRS 15 — Revenue from Contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第9號 — 金融工具(續)

香港財務報告準則第9號貫徹香港會計準則第39號有關金融負債確認、分類及計量的規定，惟指定按公平價值計入損益之金融負債除外，其因負債信貸風險變動而產生之公平價值變動金額於其他全面收入確認，惟會引致或擴大會計錯配問題者除外。此外，香港財務報告準則第9號保留香港會計準則第39號有關終止確認金融資產及金融負債的規定。

本公司董事已審閱本集團於二零一七年十二月三十一日的金融資產，並預期於未來應用香港財務報告準則第9號可能會造成提早確認信貸虧損，信貸虧損乃以有關按攤銷成本計量的本集團金融資產的預期虧損模式為基礎。根據本集團現有業務模式，不會對本集團的業績及財務狀況帶來其他重大影響。

香港財務報告準則第15號 — 客戶合約收益

新準則設立單一收益確認框架。框架主要原則為實體應確認收益，以說明實體按反映交換商品及服務預期可收取金額的代價向客戶轉讓所承諾商品或服務的交易事實。香港財務報告準則第15號取代現有收益確認指引，現有收益確認指引包括香港會計準則第18號「收益」、香港會計準則第11號「建築合約」及相關詮釋。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 15 — Revenue from Contracts with customers (Continued)

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Based on the preliminary assessment conducted, the Group does not expect the adoption of HKFRS 15 would have a material impact on the results and financial position of the Group other than additional disclosures. However, the Group will perform a more detailed analysis to determine the amounts and impacts for the Group on adoption of HKFRS 15.

Amendments HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第15號 — 客戶合約收益 (續)

香港財務報告準則第15號要求採用五個步驟確認收益：

- 步驟1：識別與客戶訂立的合約
- 步驟2：識別合約之履約責任
- 步驟3：釐定交易價格
- 步驟4：分配交易價格至各履約責任
- 步驟5：於履行各履約責任後確認收益

香港財務報告準則第15號載有對可能改變目前根據香港財務報告準則所採納方法之特定收益相關事宜的特定指引，亦顯著加強有關收益之定性及定量披露。

根據所進行的初步評估，本集團預期採用香港財務報告準則第15號除額外披露資料外，不會對本集團的業績及財政狀況造成重大影響。然而，本集團在採納香港財務報告準則第15號時，將會履行更為詳細的分析，藉此釐定金額及對本集團的影響。

香港財務報告準則第15號之修訂 — 客戶合約收益(釐清香港財務報告準則第15號)

香港財務報告準則第15號之修訂包括對識別履約責任、委託人與代理人的應用；知識產權許可；及過渡規定的澄清。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HK(IFRIC)-Int 22 — Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港(國際財務報告詮釋委員會)－詮釋第22號－外幣交易及預付代價

該詮釋對用於確定涉及以外幣支付或收取預付代價及確認非貨幣性資產或非貨幣性負債的交易匯率的交易日提供了指引。該詮釋指出，用於確定初始確認相關資產、費用或收益(或其中一部分)時的匯率的交易日，是實體由於支付或收取預付代價而初始確認非貨幣性資產或非貨幣性負債的日期。

香港財務報告準則第9號的修訂－反向補償提前還款特徵

該修訂澄清，在附合特定條件的情況下，具有反向補償提前還款特徵的金融資產可按攤銷成本或以公平價值計量且其變動計入其他全面收益的方式計量，而不是按以公平價值計量且其變動計入損益的方式計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第16號 — 租賃

香港財務報告準則第16號由生效當日起將取代香港會計準則第17號「租賃」及相關詮釋，引入單一承租人會計處理模式，並規定承租人就為期超過12個月之所有租賃確認資產及負債，除非相關資產為低價值資產則作別論。具體而言，根據香港財務報告準則第16號，承租人須確認可使用相關租賃資產之權利為租賃資產(即有使用權資產)及代表須支付租賃款項之責任為租賃負債。因此，承租人應確認有使用權資產折舊及租賃負債利息，並將租賃負債之現金還款分類為本金部分及利息部分，並於現金流量表內呈列。此外，有使用權資產及租賃負債初步按現值基準計量。計量包括不可撤銷租賃付款，亦包括承租人合理地肯定將行使選擇權延續租賃或行使選擇權終止租賃之情況下，將於選擇權期間內作出之付款。此會計處理方法與承租人會計法顯著不同，後者適用於根據前準則香港會計準則第17號分類為經營租賃之租賃。

就出租人會計處理而言，香港財務報告準則第16號大致繼承了香港會計準則第17號之出租人會計處理規定。因此，出租人繼續將其租賃分類為經營租賃或融資租賃，並且對兩類租賃進行不同之會計處理。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 16 — Leases (Continued)

At 31 December 2017, the Group, as lessee, has non-controllable operating lease commitment of HK\$13,069,000. A preliminary assessment indicate that these arrangement will meet the definition of a lease under HKFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value of short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第16號 — 租賃(續)

於二零一七年十二月三十一日，本集團(為承租人)具有不可控制經營租賃承擔13,069,000港元。初步評估顯示有關的安排符合香港財務報告準則第16號對租賃的定義，因此採用香港財務報告準則第16號後，本集團將會就所有該等租賃確認使用權資產及相應負債，除非該等租約為低值或屬短期租約。

香港(國際財務報告詮釋委員會) – 詮釋第23號 — 所得稅處理的不確定性

該詮釋是針對香港會計準則第12號所得稅的規定，就如何反映所得稅會計處理中的不確定性影響提供指引。根據該詮釋，實體必須確定是單獨考慮每項稅務處理的不確定性，還是結合一項或多項其他稅務處理的不確定性一併考慮，這取決於哪種方法能夠更好地預測不確定性的解決方式。實體還應假設稅務機關會核查其有權核查的金額並在核查時完全知悉所有相關資料。倘實體釐定稅務機關很可能會接受不確定的稅務處理，則實體應按與其稅務申報一致的方式計量即期及遞延稅項。否則，釐定稅項涉及的不確定性應採用「最可能金額」或「預期值」兩種方法中能更好地預測不確定性解決方式的方法來反映。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

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 result of operations and financial positions, except for those preliminary assessments disclosed above.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance which concern to preparation of financial statement. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第10號及香港會計準則第28號之修訂 — 投資者及其聯營公司或合營公司之間出售或注入資產

該等修訂釐清了當實體向其聯營公司或合營公司出售或注入資產時將予確認的收益或虧損之範圍。當交易涉及一項業務則收益或虧損悉數確認，反之當交易涉及不構成業務之資產，則僅就非關聯投資者於合營公司或聯營公司權益確認收益或虧損。

本集團現正評估初次採用後，該等修訂在期內預期產生的影響。迄今結論為除上述披露的初步評估外，不會對本集團的經營業績及財政狀況造成重大影響。

3. 編製基準

(a) 合規聲明

此綜合財務報表乃根據所有適用香港財務報告準則(「香港財務報告準則」)、香港會計準則(「香港會計準則」)及詮釋(以下統稱「香港財務報告準則」)以及因應編製財務報表的香港公司條例的披露規定編製。此外，綜合財務報表載有香港聯合交易所有限公司證券上市規則(「上市規則」)所規定的適用披露內容。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

3. BASIS OF PREPARATION (Continued)

(b) Basis of measurement and going concern assumption

(i) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

(ii) Going concern basis

During the year ended 31 December 2017, the Group has incurred a loss of HK\$234,853,000 (2016: HK\$162,688,000) and at the end of reporting period, its current liabilities exceeded its current assets by HK\$258,872,000 (2016: HK\$177,727,000). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

As at 31 December 2017, the directors are still negotiating the Gas Sales Agreements ("GSA") with China National Petroleum Corporation ("CNPC") and expect that the negotiation will complete in the year 2018. The GSA with CNPC covers a number of provisions, such as terms of the GSA, quantity of volume commitments, gas quality, price terms, delivery obligations and delivery point, etc. The key outstanding point which the Group has yet to agree with CNPC is the unit price of gas. The natural gas pricing reform which reformed pricing mechanism on natural gas is a major reference point for the Group to negotiate the pricing terms with CNPC.

3. 編製基準(續)

(b) 計量基準及持續經營假設

(i) 計量基準

綜合財務報表乃根據歷史成本基準編製，惟若干金融工具除外，該等金融工具乃按公平價值計量。

(ii) 持續經營基準

截至二零一七年十二月三十一日止年度，本集團產生虧損234,853,000港元(二零一六年：162,688,000港元)，而於報告期末，本集團流動負債較其流動資產多出258,872,000港元(二零一六年：177,727,000港元)。該等狀況反映存在重大不明朗因素，可能對本集團能否持續營運構成重大疑問，因此，本集團或不能於日常業務過程中變現其資產及解除其負債。

於二零一七年十二月三十一日，董事與中國石油天然氣集團公司(「中國石油集團」)仍在磋商售氣協議(「售氣協議」)，預期磋商將於二零一八年完成。與中國石油集團訂立之售氣協議包含多項條文，例如售氣協議條款、數量承諾、天然氣質素、價格條款、交付責任及交付點等。本集團與中國石油集團有待磋商的重點是天然氣單位價格。天然氣價格改革調整了天然氣定價機制，是本集團與中國石油集團磋商定價條款之主要參考點。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

3. BASIS OF PREPARATION (Continued)

(b) Basis of measurement and going concern assumption (Continued)

(ii) Going concern basis (Continued)

The Group has been carrying out exploration and evaluation activities at the site and working with professional parties to prepare the data and information that are required for the Overall Development Program (“ODP”) for government approval before full production could be started. As at 31 December 2017, the approval of ODP from National Development and Reform Commission has not yet been obtained. The delay in finalising the ODP is the major reason for the delay in government approval. Based on current information available to the directors, the directors expect that the ODP should be ready by 2018. The development and production period should start immediately after obtaining relevant government approval.

3. 編製基準(續)

(b) 計量基準及持續經營假設(續)

(ii) 持續經營基準(續)

本集團已在現場進行勘探及評估活動，並與專業人士合作編製總體開發方案(「總體開發方案」)所需數據及資料，以供政府審批，其後方可正式開展全面生產。於二零一七年十二月三十一日，尚未取得國家發展和改革委員會之批文。延遲敲定總體開發方案是尚未取得政府批文之主因。根據董事現時可得之資料，董事預期總體開發方案將於二零一八年準備就緒。開發及生產期將於取得有關政府批文後立刻開展。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

3. BASIS OF PREPARATION (Continued)

(b) Basis of measurement and going concern assumption (Continued)

(ii) Going concern basis (Continued)

As an interim measures to strengthen the Group's cash flow before the signing of the GSA, a preliminary natural gas sharing proposal was discussed and agreed by the joint management committee of Kashi project which comprised representatives from CNPC and the Group on 18 February 2014 ("the Proposal"). Based on the Proposal, the Group will receive the proposed distribution of natural gas from pilot-production which was extracted and delivered before 1 January 2014. A second natural gas sharing proposal was discussed and agreed by the joint management committee on 3 March 2015 (the "2nd Proposal") which covered the natural gas from pilot-production which was extracted and delivered during the year ended 31 December 2014. Up to the date of approval of these consolidated financial statements, the Company has yet to sign another proposal with CNPC which covers the natural gas from pilot-production which was extracted and delivered after 31 December 2014. However, the unit price in the preliminary sharing proposals is only a preliminary unit price used for preliminary sharing. The final unit price is still subject to change and could only be confirmed after the formal GSA signed. Up to the date of approval of these consolidated financial statements, the Group has not yet received the proceeds as agreed in the preliminary sharing proposals, and the directors have yet to fix the payment schedule with CNPC.

3. 編製基準(續)

(b) 計量基準及持續經營假設(續)

(ii) 持續經營基準(續)

作為簽署售氣協議前加強本集團現金流量的臨時措施，喀什項目聯合管理委員會於二零一四年二月十八日討論及協定天然氣初步共享方案(「該方案」)，聯合管理委員會由中國石油集團與本集團之代表組成。根據該方案，本集團將收取於二零一四年一月一日前開採及付運的試點生產的天然氣建議分派。聯合管理委員會於二零一五年三月三日討論及協定天然氣第二個共享方案(「第二個方案」)，涵蓋截至二零一四年十二月三十一日止年度開採及付運的試點生產的天然氣。截至此等綜合財務報表獲批准日期，本公司尚未與中國石油集團簽署另一份涵蓋於二零一四年十二月三十一日後開採及付運的試點生產的天然氣共享方案。然而，該等初步共享方案之單位價格僅用作初步分配的初步單位價格，最終單位價格仍會作出變動，並僅將於售氣協議獲正式簽訂後，方會確定。截至批准此等綜合財務報表日期，本集團尚未獲得初步共享方案協定的款項，而董事尚未與中國石油集團釐定付款時間表。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

3. BASIS OF PREPARATION (Continued)

(b) Basis of measurement and going concern assumption (Continued)

(ii) Going concern basis (Continued)

The Group's current liabilities as at 31 December 2017 are mainly attributable to exploration and evaluation cost payables amounting to HK\$421,119,000 (2016: HK\$392,569,000). The directors of the Company confirm that these contractors are aware of the fact that the Company has yet to receive the proceeds from preliminary gas sharing proposals, and that the Group will be able to successfully persuade these contractors not to insist on repayment of the construction costs until CNPC has settled the proceeds as agreed in the preliminary gas sharing proposals. However, there is no certainty that these contractors will not demand repayment before the Company receive the proceeds from CNPC.

In view of the net current liabilities position, the directors have carried out a detailed review of the cash flow forecast of the Group covering a period of not less than twelve months from the end of the reporting period based on certain underlying assumptions including (i) the ODP will be approved before 31 December 2018 and the development stage and commercial production of the natural gas field will be commenced after obtaining relevant approval; (ii) CNPC will pay the proceeds as agreed in the preliminary gas sharing proposals before 31 December 2018; (iii) the Group will be able to successfully persuade contractors not to insist on repayment of the construction cost payables before the Company receives the proceeds from the preliminary gas sharing proposals from CNPC; and (iv) the Group will be able to raise adequate funding through bank borrowings. Taking into account the above assumptions, the directors of the Company consider the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 December 2017.

3. 編製基準(續)

(b) 計量基準及持續經營假設(續)

(ii) 持續經營基準(續)

本集團於二零一七年十二月三十一日之流動負債主要源於應付勘探及評估費用，金額為421,119,000港元(二零一六年：392,569,000港元)。本公司董事確認，該等承建商知悉本公司尚未收取天然氣初步共享方案之款項，而本集團將成功說服該等承建商，在中國石油集團結付天然氣初步共享方案協定之所得款項前，不堅持償付建築費用。然而，無法保證該等承建商將不會於本公司收取中國石油集團之所得款項前要求還款。

鑑於流動負債淨額狀況，董事根據下列若干相關假設，對本集團由報告期末起計不少於十二個月期間的現金流量預測進行詳細審閱：(i)總體開發方案將於二零一八年十二月三十一日前獲批，而天然氣田的發展階段及商業生產將於取得相關批文後開展；(ii)中國石油集團將於二零一八年十二月三十一日之前支付天然氣初步共享方案內所協定的款項；(iii)本集團將能成功說服承建商在本公司收到中國石油集團天然氣初步共享方案之所得款項前，不堅持償付建築費用；及(iv)本集團將以銀行貸款籌集充足資金。經考慮上述假設，本公司董事認為本集團於二零一七年十二月三十一日止十二個月內將有足夠營運資金，滿足其財務責任。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

3. BASIS OF PREPARATION (Continued)

(b) Basis of measurement and going concern assumption (Continued)

(ii) Going concern basis (Continued)

There is material uncertainty related to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the consolidated financial statements be determined to be not appropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable value, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

3. 編製基準(續)

(b) 計量基準及持續經營假設(續)

(ii) 持續經營基準(續)

有關上述事件或條件的結果涉及重大不肯定性，可能對本集團持續經營的能力構成重大疑問，因此，本集團可能無法於正常業務過程中變現資產及清償債務。倘使用持續經營基準編製綜合財務報表被釐定為並不恰當，則須進行調整，將本集團資產之賬面值撇減至可變現價值，並就可能產生之任何額外負債作出撥備，以及將非流動資產及非流動負債分別重新歸類為流動資產及流動負債。該等調整之影響並未於綜合財務報表中反映。

(c) 功能及呈報貨幣

此等綜合財務報表以港元(「港元」)呈列，港元亦為本公司的功能貨幣。

4. 重大會計政策

(a) 業務合併及綜合基準

綜合財務報表包括本公司及其附屬公司(「本集團」)的財務報表。集團公司間的交易及結餘連同未變現溢利於編製綜合財務報表時全面抵銷。未變現虧損亦予以抵銷，除非交易提供所轉讓資產的減值證據，在此情況下，則於損益確認虧損。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(a) Business combination and basis of consolidation (Continued)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4. 重大會計政策(續)

(a) 業務合併及綜合基準(續)

年內所收購或出售之附屬公司之業績乃由收購日期起或直至出售日期止(如適用)計入綜合全面收益表。如有需要，會對附屬公司之財務報表作出調整，以使其會計政策與本集團其他成員公司所採用者一致。

收購附屬公司或業務乃以收購法入賬。收購成本按本集團(作為收購方)所轉移之資產、產生之負債及發行之股權於收購日期之公平價值總額計量。所收購之可識別資產及承擔之可識別負債主要按收購日期之公平價值計量。本集團先前持有被收購方之股權按收購日期之公平價值重新計量，所產生之盈虧於損益確認。本集團可按每宗交易選擇按公平價值或按應佔被收購方可識別資產淨值之比例計量屬目前於附屬公司擁有權權益之非控股權益。所有其他非控股權益均按公平價值計量，除非香港財務報告準則規定使用其他計量基準，則作別論。所產生之收購相關成本一概列作開支，除非有關成本於發行股本工具時產生而自權益中扣除，則作別論。

收購方將予轉移之任何或然代價按收購日期之公平價值計量。倘其後對代價作出調整，僅於調整乃由於計量期間(最長為收購日期起計12個月)內所取得有關於收購日期之公平價值之新資料而作出時，方通過商譽確認。分類為資產或負債之或然代價之所有其他其後調整均於損益確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(a) Business combination and basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

4. 重大會計政策(續)

(a) 業務合併及綜合基準(續)

倘本集團失去附屬公司之控制權，出售損益乃按下列兩者之差額計算：(i) 所收取代價之公平價值與任何保留權益之公平價值之總額，與(ii) 該附屬公司之資產(包括商譽)及負債與任何非控股權益過往之賬面值。先前就該附屬公司於其他全面收益確認之款額按出售相關資產或負債時所規定之相同方式列賬。

收購後，屬目前於附屬公司擁有權益之非控股權益之賬面值之金額為該等權益於初步確認時之金額加上非控股權益應佔權益其後變動之部分。全面收益總額乃歸屬於非控股權益，即使這會導致非控股權益出現虧絀亦屬如此。

(b) 附屬公司

附屬公司為被投資方，本公司可對其行使控制權。倘下列三項因素全部出現時，本公司可控制被投資方：對被投資方的權力、風險承擔，或有權收取被投資方的可變回報及有能力利用權力影響該等可變回報。當事實及情況顯示該等控制權的任何因素可能發生變動，控制權將會進行重新評估。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(b) Subsidiaries (Continued)

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

4. 重大會計政策(續)

(b) 附屬公司(續)

倘本公司擁有實際能力引導投資對象相關活動，而毋須持有大多數投票權，則存在實際控制權。釐定實際控制權是否存在時，本公司考慮所有相關事實及情況，包括：

- 相對其他持有投票權人士的數量及分散情況，本公司投票權的數量多少；
- 本公司及其他持有投票權人士所持有的實際潛在投票權；
- 其他合同安排；及
- 過往參與投票的出席記錄。

於本公司財務狀況表中，投資附屬公司按成本減任何減值虧損列賬。本公司按已收及應收股息之基準，將附屬公司之業績列賬。

(c) 聯合安排

本集團為聯合安排的一方，合約安排賦予本集團與至少一名其他方聯合控制相關活動安排。聯合控制根據控制附屬公司的相同原則進行評估。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(c) Joint arrangements (Continued)

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

The Company's interests in joint ventures are stated at cost less impairment losses, if any. Results of joint ventures are accounted for by the Company on the basis of dividends received and receivable.

4. 重大會計政策(續)

(c) 聯合安排(續)

本集團將下列兩項分類為聯合安排：

- 合營公司：倘本集團僅有權享有聯合安排的資產淨值；或
- 共同經營：倘擁有聯合安排的資產權力及負債義務。

評估聯合安排的權益分類時，本集團考慮：

- 聯合安排的結構；
- 聯合安排的法律形式為一個獨立載體結構；
- 聯合安排協議之合約條款；及
- 任何其他事實及情況(包括任何其他合約安排)。

任何就於合營公司之投資支付高於本集團應佔所收購可識別資產、負債及或然負債公平價值之溢價會撥充資本，並計入於合營公司投資的賬面值。倘有客觀證據表明於合營公司之投資已減值，則有關投資的賬面值按與其他非金融資產相同之方式測試減值。

本集團根據合約所賦予的權利及義務，透過確認其分佔資產、負債、收入及支出，將其共同經營權益列賬。

本公司於合營公司之權益按成本減減值虧損(如有)列賬。本公司會按已收及應收股息基準將合營公司之業績入賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Goodwill

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 4(o)), and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4. 重大會計政策(續)

(d) 商譽

倘可識別資產及負債之公平價值高於已付代價之公平價值、於已收購資產任何非控股權益之金額及於收購日期收購方過往所持已收購資產權益公平價值之總和，則超出部分經重新評核後於收購日期在損益確認。

商譽按成本減減值虧損計量。就減值測試而言，因收購而產生之商譽獲分配至預期受惠於收購所產生協同效益之各個相關現金產生單位。現金產生單位為很大程度上獨立於其他資產或資產類別所產生之現金流量並可賺取現金之最小可識別之資產類別。獲分配商譽之現金產生單位可通過比較賬面值及其可收回金額(見附註4(o))，每年及於有跡象顯示單位可能出現減值時測試減值。

就某財政年度內進行收購所產生之商譽而言，於該財政年度結束前就獲分配商譽之現金產生單位進行減值測試。倘現金產生單位之可收回金額少於單位賬面值，則首先將減值虧損分配至該單位所獲分配之任何商譽以減少其賬面值，其後以該單位內各資產賬面值為基準按比例分配至該單位之其他資產。然而，分配至各項資產之虧損將不會導致獨立資產之賬面值減至低於其公平價值減出售成本(如可計量)或其使用價值(如可釐定)(以較高者為準)。商譽任何減值虧損於損益確認，不會於其後期間撥回。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

| | |
|------------------------|---|
| Leasehold improvements | 3–6 years or over the term of the lease; if shorter |
| Furniture and fixtures | 4–8 years |
| Motor vehicles | 6–8 years |
| Natural gas pipeline | 10 years |

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the assets estimated recoverable amounts.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sales proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. 重大會計政策(續)

(e) 物業、廠房及設備

物業、廠房及設備按歷史成本減累計折舊及任何累計減值虧損列賬。

物業、廠房及設備之成本包括其購買價及購置項目直接應佔成本。

其後成本僅在與項目有關的未來經濟利益可能流入本集團且項目成本能可靠計量情況下，方會計入資產的賬面值或確認為另一項資產(如適用)。替換部分之賬面值終止確認。所有其他維修保養費用在產生的財政期間計入損益。

物業、廠房及設備按直線法於估計可使用年期內撇銷其成本或扣除預計剩餘價值後之估值。可使用年期、剩餘價值及折舊方法於各報告期末檢討，並於適當時候調整。可使用年期如下：

| | |
|--------|-----------------|
| 租賃物業裝修 | 3至6年或按租期(以較短為準) |
| 傢俬及裝置 | 4至8年 |
| 汽車 | 6至8年 |
| 天然氣管道 | 10年 |

倘資產的賬面值高於其估計可收回金額，則資產會即時撇減至其可收回金額。

出售物業、廠房及設備項目所產生的盈損以出售淨所得款項與資產賬面值的差額釐定，並於出售時在損益確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Costs directly associated with an exploratory wells (drilling cost and others) are capitalised pending a determination of whether sufficient quantities of potentially economic gas reserves have been discovered. If it is determined that commercial discovery has not been achieved, these costs are charged to profit or loss.

Expenditure incurred in the preliminary exploration stage are written off as expense as incurred.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, relevant previously recognised exploration and evaluation assets are reclassified as gas properties under property, plant and equipment. These assets are assessed for impairment before reclassification.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. When one or more of the following events or changes in circumstances indicate that the carrying amount may not be recoverable, the Group shall perform an impairment test in accordance with HKAS 36.

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of natural resources in the specific area is neither budgeted nor planned.

4. 重大會計政策(續)

(f) 勘探及評估資產

於初步確認時，勘探及評估資產均以成本確認。於初步確認後，勘探及評估資產均以成本減任何累計減值虧損列賬。勘探井之直接相關成本(鑽探成本及其他)將予資本化，以待釐定是否發現充足具潛在經濟效益之氣儲量。倘確定所發現的儲量並不具商業效益，該等成本將於損益扣除。

勘探初期產生的開支將於產生時作為開支撇銷。

當證實開採天然資源在技術上及商業上均屬可行，則任何先前確認之相關勘探及評估資產，將重新分類為物業、廠房及設備項下之天然氣資產。此等資產會在重新分類前就減值作出評估。

勘探及評估資產減值

當出現任何事實及情況，顯示勘探及評估資產之賬面值可能超出其可收回金額，則勘探及評估資產之賬面值將會進行檢討。倘發生或出現以下一項或多項事件或情況變動，顯示賬面值可能無法收回時，本集團將根據香港會計準則第36號進行減值測試。

- 本集團有權於特定範圍勘探之期限，已於期內屆滿或將於可見將來屆滿，並預期不會續期。
- 於特定範圍進一步勘探或評估天然資源產生之重大支出，並非在預算或計劃內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Exploration and evaluation assets (Continued)

Impairment of exploration and evaluation assets (Continued)

- exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the Group has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

(g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

4. 重大會計政策(續)

(f) 勘探及評估資產(續)

勘探及評估資產減值(續)

- 於特定範圍勘探及評估天然資源，並未導致發現足夠達成商業效益之天然資源，而本集團已決定終止特定範圍進行該等活動。
- 現存之足夠數據顯示，雖然有極大可能於特定範圍進行開發，惟勘探及評估資產之賬面值不大可能透過成功開發或出售而收回全部金額。

當資產賬面值超過其可收回金額時，將於損益確認減值虧損。

(g) 租賃

當租賃的條款將擁有權的絕大部分風險及回報轉移予承租人時，租賃分類為融資租賃。所有其他租賃分類為經營租賃。

本集團為承租人

根據融資租賃持有之資產初步按其公平價值或最低租賃付款之現值(如金額較低)確認為資產。相應之租賃承擔以負債列示。租賃付款分析為資本及利息。利息部分於租期內於損益扣除，並以於租賃負債中佔固定比例方式計算。資本部分減去欠出租人之餘額。

經營租賃應付之租金總額於租期內以直線法在損益扣除。已收取之租賃獎勵於租期內確認為租金開支總額之一部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Leasing (Continued)

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

(h) Intangible assets (other than goodwill)

(i) **Acquired intangible assets**

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The interests in petroleum production sharing contracts were amortised on unit of production method.

(ii) **Impairment**

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see the accounting policies in respect of impairment of assets (other than financial assets) below). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

4. 重大會計政策(續)

(g) 租賃(續)

本集團作為出租人

根據融資租賃應收承租人的款項記錄作為應收款項，金額按本集團對租賃的淨投資額而定。融資租賃收入分配至各會計期間，以反映本集團就有關租賃之未收回投資淨額之固定定期回報率。

經營租賃的租金收入於相關租賃期內以直線基準於損益確認。磋商及安排經營租賃所產生的初步直接成本加入租賃資產的賬面值並於租賃期內以直線基準確認為開支。

(h) 無形資產(不包括商譽)

(i) **已收購無形資產**

獨立收購之無形資產初步按成本確認。於業務合併中所收購無形資產之成本為收購日期之公平價值。其後，具有限可使用年期之無形資產按成本減累計攤銷及累計減值虧損列賬。石油產量分成合約之權益按單位產量法進行攤銷。

(ii) **減值**

當有跡象顯示資產可能出現減值時，會對具有限可使用年期的無形資產進行減值測試，而具無限可使用年期的無形資產及未可使用的無形資產則會每年進行減值測試，不論是否存在跡象顯示資產可能出現減值。無形資產透過比較其賬面值與可收回金額進行減值測試(見下文有關資產(不包括金融資產)減值之會計政策)。倘資產之可收回金額估計會低於其賬面值，則該資產之賬面值將調低至其可收回金額。

減值虧損會即時確認為開支，除非相關資產以經重估金額列值，此時減值虧損撥回為一項重估增加金額。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial Instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

4. 重大會計政策(續)

(i) 金融工具

(i) 金融資產

本集團視乎收購資產之目的而定，於初步確認時將其金融資產分類。按公平價值於損益列賬之金融資產初步按公平價值計量，而所有其他金融資產則初步按公平價值加收購該等金融資產直接應佔之交易成本計量。從一般途徑購買或出售之金融資產按交易日基準確認及終止確認。從一般途徑購買或出售指金融資產按合約購買或出售，其條款規定須按市場慣例或慣例普遍訂立之時限內交付資產。

按公平價值於損益列賬之金融資產

該等資產包括持作買賣之金融資產及初步確認時指定為按公平價值於損益列賬之金融資產。倘金融資產之購入目的是於短期內出售，則列為持作買賣。

於初步確認後，按公平價值於損益列賬之金融資產按公平價值計量，其公平價值變動於產生期間在損益內確認。

貸款及應收款項

該等資產為有固定或可確定付款之非衍生金融資產，在活躍市場上並無報價，主要來自向客戶提供貨品及服務(貿易應收賬款)，亦包括其他種類的合約現金資產。初步確認後，彼等以實際利率法按攤銷成本減任何已識別減值虧損計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial Instruments (Continued)

(i) Financial assets (Continued)

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment of financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

4. 重大會計政策(續)

(i) 金融工具(續)

(i) 金融資產(續)

可供出售金融資產

該等資產乃界定為可供出售或不計入金融資產其他分類的非衍生金融資產。經初步確認後，該等資產按公平價值列賬，其公平價值變動於其他全面收益確認，惟減值虧損及貨幣工具的匯兌收益及虧損除外。減值虧損及貨幣工具的匯兌收益及虧損於損益內確認。

於活躍市場上並無市場報價且其公平價值無法可靠計量的可供出售股本投資以及與交付相關無報價股本工具掛鉤及須藉此結付的衍生工具須按成本減任何已確認減值虧損後予以計量。

(ii) 金融資產減值

本集團於各報告期末評估金融資產有否出現減值之任何客觀跡象。倘因初步確認資產後發生之一項或多項事件而出現客觀減值跡象，且該事件對金融資產之估計未來現金流量具有影響而該影響能可靠地估計，該項金融資產即出現減值。減值跡象可包括：

- 債務人有重大財務困難；
- 違反合約，如拖欠或逾期償還利息或本金；
- 因債務人有財務困難而授予寬免；
- 債務人很可能宣佈破產或其他財務重組。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial Instruments (Continued)

(ii) Impairment of financial assets (Continued)

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

For Available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

4. 重大會計政策(續)

(i) 金融工具(續)

(ii) 金融資產減值(續)

就貸款及應收款項而言

倘客觀跡象顯示資產減值，即於損益中確認減值虧損，計量方式為資產賬面值與按原實際利率貼現之估計未來現金流量現值的差額。金融資產之賬面值透過使用撥備賬調減。若釐定金融資產有任何部分不能收回，則於有關金融資產之撥備賬撇銷。

就可供出售金融資產而言

倘公平價值減少構成減值的客觀憑證，虧損金額於股本中移除並於損益確認。

(iii) 金融負債

本集團視乎產生負債之目的為其金融負債分類。按公平價值於損益列賬之金融負債初步按公平價值計量，而按攤銷成本計量之金融負債初步按公平價值計量並須扣除所產生的直接應佔成本。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial Instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including other payables and accruals, amount due to a shareholder, amount due to non-controlling interests and the debt element of convertible note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Convertible notes

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes reserve).

4. 重大會計政策(續)

(i) 金融工具(續)

(iii) 金融負債(續)

按攤銷成本列賬之金融負債

按攤銷成本列賬之金融負債包括其他應付款項及應計費用、應付非控股權益款項、應付控股股東款項及本集團發行的可換股票據的債務部分，其後以實際利率法按攤銷成本計算。相關利息開支於損益中確認。

當有關負債終止確認及透過攤銷程序攤銷成本時，其收益或虧損於損益中確認。

(iv) 可換股票據

本集團發行的可換股票據包括負債及轉換權部分，乃於初步確認時各自分類為負債及股權部分。將以固定金額現金或另一項金融資產交換本公司本身固定數目的股權工具方式結清的轉換權乃分類為股權工具。

於初步確認時，負債部分的公平價值乃按類似不可轉換債務的現行市場利率釐定。發行可換股票據的所得款項與撥往負債部分的公平價值的差額(代表讓持有人將票據轉換為股本的轉換權)應列入股本(可換股票據儲備)內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial Instruments (Continued)

(iv) Convertible notes (Continued)

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry dates, the balance stated in convertible notes reserve will be released to the retained earnings. No gain or loss is recognised upon conversion or expiration of the option.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. 重大會計政策(續)

(i) 金融工具(續)

(iv) 可換股票據(續)

於往後期間，可換股票據的負債部分乃以實際利率法按已攤銷成本列賬。股本部分(代表可將負債部分轉換為本公司普通股的選擇權)將保留於可換股票據儲備，直至嵌入式轉換權獲行使為止(於此情況下，可換股票據權益儲備的結餘將轉撥至股本及股份溢價)。倘轉換權於到期日尚未獲行使，可換股票據儲備的結餘將解除至累計溢利。轉換權獲轉換或到期時不會於損益中確認任何盈虧。

(v) 實際利率法

實際利率法為用於計算金融資產或負債攤銷成本及於有關期間內分配利息收入或利息開支之方法。實際利率為於金融資產或負債預計期限或於較短期間(如適用)內準確折現估計未來現金收入或支出之利率。

(vi) 股本工具

本公司發行之股本工具乃按已收所得款項(扣除直接發行成本)入賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial Instruments (Continued)

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Revenue recognition

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

- (i) Revenue from sales of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and title is passed to customer.

4. 重大會計政策(續)

(i) 金融工具(續)

(vii) 終止確認

當有關金融資產之未來現金流量之合約權利屆滿時，或當已轉讓金融資產而有關轉讓符合香港會計準則第39號之終止確認準則，本集團便終止確認該項金融資產。

當合約中規定之義務解除、取消或到期時，便會終止確認該項金融負債。

(j) 現金及等同現金

現金及等同現金包括手頭現金、銀行通知存款以及原定到期日為三個月或以下隨時可轉換為已知數額現金且價值變動風險不大之其他短期高流通投資。銀行透支須應要求償還，屬於本集團現金管理一部分，亦作為現金流量表內現金及等同現金之一部分。

(k) 收益確認

若經濟利益可能流入本集團，而其收益及成本(如適用)能可靠計量，收益將按以下方式於綜合全面收益表確認：

- (i) 售賣貨品之收益乃於貨品之擁有權風險及回報轉移予買方時，即於貨品交付及業權轉移予客戶時確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(k) Revenue recognition (Continued)

- (ii) Interest income is recognised on a time-apportioned basis, taking into account the principal amounts outstanding and the interest rates applicable.
- (iii) Revenue from sales of natural gas is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and title is passed to customer, and when the amount of revenue can be estimated reliably.
- (iv) Distribution income from pipeline represents income recognised based on usage of the pipeline for distribution of natural gas.

(l) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

4. 重大會計政策(續)

(k) 收益確認(續)

- (ii) 利息收入按時間分配基準根據未償還本金及適用利率確認。
- (iii) 售賣天然氣之收益於擁有權風險及回報轉移予買方時，即於交付及業權轉移予客戶時確認，及收益金額亦可準確估計時確認。
- (iv) 管道的分銷收入指就根據分銷天然氣而使用管道所確認的收入。

(l) 所得稅

年內所得稅包括當期稅項及遞延稅項。

當期稅項乃按已就毋須就所得稅課稅或不可扣減所得稅之項目作出調整之日常業務溢利或虧損，按報告期末已頒佈或實際頒佈之稅率計算。

遞延稅項乃就財務報告之資產與負債之賬面值與就稅務所用相應數值間之暫時性差額確認。除不影響會計或應課稅溢利之商譽及已確認資產與負債外，會就所有暫時差額確認遞延稅項負債。遞延稅項資產於有可能動用應課稅溢利抵銷可扣減暫時差額之情況下確認。遞延稅項按預期適用於變現資產或清償負債賬面值且報告期末已頒佈或實際頒佈之稅率計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(l) Income taxes (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(m) Foreign currencies

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. 重大會計政策(續)

(l) 所得稅(續)

於附屬公司及共同控制實體之投資產生之應課稅暫時差異均確認遞延稅項負債，惟本集團能控制暫時差異撥回，以及暫時差異很大可能不在可見將來撥回之情況除外。

所得稅乃於損益確認，惟所得稅與於其他全面收益中確認之項目有關則除外，在此情況下，所得稅亦於其他全面收益確認，其中與直接於權益確認之項目有關的稅項亦直接於權益確認。

(m) 外幣

本集團各實體以其經營所在主要經濟環境之貨幣(「功能貨幣」)以外之貨幣進行交易，乃以進行交易時之現行匯率記賬。外幣貨幣資產及負債按報告期末之現行匯率換算。按公平價值以外幣計值之非貨幣項目按釐定公平價值當日之匯率重新換算。按歷史成本以外幣計量之非貨幣項目不作重新換算。

結算及換算貨幣項目所產生之匯兌差額於其產生期間於損益中確認。重新換算非貨幣項目所產生之匯兌差額按公平價值計入該期間之損益，惟重新換算有關盈虧在其他全面收益確認之非貨幣項目所產生之差額除外，在此情下，有關匯兌差額亦於其他全面收益確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(m) Foreign currencies (Continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

4. 重大會計政策(續)

(m) 外幣(續)

於綜合賬目時，境外業務之收支項目乃按年度平均匯率換算為本集團之呈列貨幣(即港元)，惟倘匯率於期內大幅波動則除外，在此情下，則按進行交易時採用之概約匯率換算。境外業務之所有資產及負債按報告期末之適用匯率換算。由此產生之匯兌差額(如有)於其他全面收益確認，並於權益累計為外匯儲備(歸屬於非控股權益(如適用))。於集團實體之獨立財務報表中就換算組成本集團境外業務投資淨額一部分之長期貨幣項目而於損益確認之匯兌差額，重新分類至其他全面收益，並於權益累計為外匯儲備。

出售境外業務時，在匯兌儲備中已確認有關直至出售當日該項業務之累計匯兌差額，重新分類為損益作為出售損益之一部分。

於二零零五年一月一日或之後因收購海外業務而產生之已收購可識別資產之商譽及公平價值調整將視為海外業務之資產及負債，並按報告期末之匯率進行換算。所產生之匯兌差額於匯兌儲備中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Employment Ordinance long service payments

Certain employees of the Group have completed the required number of years of service under the Employment Ordinance of Hong Kong (the “**Employment Ordinance**”) to be eligible for long service payments upon termination of their employment. The Group is only liable to make such payments where the termination meets the required circumstances specified in the Employment Ordinance.

(iii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iv) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. 重大會計政策(續)

(n) 僱員福利

(i) 短期僱員福利

短期僱員福利指離職福利以外的僱員福利，預期於僱員提供相關服務的年度報告期間結束後十二個月內結清。短期僱員福利於本年僱員提供相關服務時確認。

(ii) 僱傭條例長期服務金

根據香港僱傭條例(「**僱傭條例**」)，本集團若干僱員已達到所規定符合資格於終止僱傭時候獲取長期服務金之年資。本集團僅須負責作出符合僱傭條例所列明的規定情況之終止僱傭款項。

(iii) 定額供款退休計劃

定額供款額退休計劃之供款於僱員提供服務時在損益確認為開支。

(iv) 離職福利

離職福利於本集團不再能撤回福利或本集團確認涉及支付離職福利的重組費用時(以較早者為準)確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (see note 4(d)), 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 or cash generating unit.

4. 重大會計政策(續)

(o) 資產(不包括金融資產)減值

於各報告期末，本集團檢討在附屬公司之投資之賬面值，以確定是否有跡象顯示該等資產已蒙受減值虧損或以往確認之減值虧損不再存在或已減少。

倘資產之估計可收回金額(即公平價值減出售成本及使用價值之較高者)低於其賬面值，則將該資產之賬面值減低至其可收回金額。減值虧損即時確認為開支，除非相關資產根據另一項香港財務報告準則按重估金額列賬，在該情況下，減值虧損被視為根據該香港財務報告準則的重估價值減少處理。

倘減值虧損於其後撥回，資產之賬面值增加至其可收回金額之重新估計值，惟增加後之賬面值不能超過倘該資產過往年度並無確認減值虧損而原應釐定之賬面值。減值虧損之撥回即時確認為收入，除非相關資產根據另一項香港財務報告準則按重估金額列賬，在該情況下，減值虧損撥回被視為根據該香港財務報告準則的重估價值增加處理。

使用價值根據資產預期產生的估計未來現金流量或現金產生單位(見附註4(d))，採用能夠反映當前市場對貨幣時間值的評估及該資產或現金產生單位的特定風險的稅前貼現率貼現至其現值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probably will result in an outflow of economic benefits that can be reliably estimated.

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, the existence of which 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.

(q) 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 key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (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).

4. 重大會計政策(續)

(p) 撥備及或然負債

對於期限或款額不明確之負債，或本集團因過往事件負有法律或推定責任而可能引致可以可靠估計之經濟利益流出之數額，均會確認撥備。

凡不可能需要經濟利益流出，或數額不能可靠估計時，則此責任將披露為或然負債，除非經濟利益流出之機會甚微。有可能之責任，倘其存在僅可由一項或多項未來事件之出現與否確定，亦披露為或然負債，除非經濟利益流出之機會甚微。

(q) 關聯人士

- (a) 倘屬以下人士，即該人士或該人士之近親與本集團有關聯：
 - (i) 對本集團有控制權或共同控制權；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本集團或本公司母公司的主要管理層成員。
- (b) 倘符合下列任何條件，即實體與本集團有關聯：
 - (i) 該實體與本集團屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關聯)。
 - (ii) 一間實體為另一實體的聯營公司或合營公司(或另一實體為集團旗下成員公司之聯營公司或合營公司)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(q) Related parties (Continued)

- (iii) Both entities are joint ventures of the same third party.
- (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 the employees of 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 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 or to the Group's parent.

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 and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. 重大會計政策(續)

(q) 關聯人士(續)

- (iii) 兩間實體均為同一第三方的合營公司。
- (iv) 一間實體為第三方實體的合營公司，而另一實體為該第三方實體的聯營公司。
- (v) 實體為本集團或與本集團有關連之實體就僱員利益設立的離職福利計劃。
- (vi) 實體受(a)所識別人士控制或受共同控制。
- (vii) 於(a)(i)所識別人士對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
- (viii) 實體或其所屬集團的任何成員，向本集團或本集團母公司提供主要管理人員服務。

該名人士之近親為預期將會影響與實體進行交易之該名人士或受其影響之該等家族成員和包括：

- (i) 該名人士之子女及配偶或同居伴侶；
- (ii) 該名人士之配偶或同居伴侶之子女；及
- (iii) 該名人士或該名人士之配偶或同居伴侶之受養人。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results 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.

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimates uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows.

(i) Impairment of loans and receivables

The Group makes impairment provision for loans and receivables based on an assessment of the recoverability of the balance. Provisions are applied to loans and receivables where events or changes in circumstances indicate that the balance may not be collectible. The identification of impaired loans and receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of loans and receivables and provision for loans and receivables in the year in which such estimate has been changed. If the financial condition of the debtors were to deteriorate, impairment loss may be required.

5. 關鍵會計判斷及估計不明朗因素之主要來源

於應用本集團的會計政策時，董事須就從其他來源不顯而易見之資產和負債賬面值作出判斷、估計及假設。估計及相關假設乃以過往經驗及認為屬有關之其他因素為基礎。實際結果可能有別於該等估計。

估計及相關假設會持續檢討。倘若會計估計修訂只影響該期間，則有關修訂會在修訂估計期間確認。倘若有關修訂影響當期及未來期間，則有關修訂會在修訂期間及未來期間確認。

除此等綜合財務報表其他地方披露之資料外，有重大風險可在下個財政年度導致資產及負債有重大調整之其他估計不明朗因素之主要來源如下。

(i) 貸款及應收款項之減值

本集團根據就貸款及應收款結餘額之可收回程度作出評估而對貸款及應收款項作出減值撥備。一旦有事件或情況變動顯示餘額有可能無法收回時，便會就貸款及應收款項作出撥備。識別已減值之貸款及應收款項須要作出判斷及估計。倘預期之金額與原先估計不同，差額將會影響於該估計改變之年度內貸款及應收款項之賬面值及貸款及應收款項之撥備。倘債務人之財政狀況惡化，則有需要作出減值虧損。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Estimation of oil and gas resources and/or reserves

Engineering estimates of the Group's oil and gas reserves and resources as inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated oil and gas reserves can be designated as "proved". Proved reserves estimates will be updated at least annually and take into account recent production and technical information about each field. In addition, as prices and cost levels change from year to year, the estimate of proved reserves also changes. The change will be considered as a change in estimation for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expense, impairment expense and future dismantlement costs. Depreciation rates are determined based on estimated proved reserve quantities (the denominator) and capitalised costs of producing properties (the numerator). Producing properties' capitalised costs are amortised based on the unit-of-production method.

(iii) Recognition of deferred income tax assets

According to the accounting policy as stated in Note 4(l) to the consolidated financial statements, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised, and it is measured at the tax rates that are expected to apply when the related deferred income tax assets are realised. In determining the deferred income tax assets to be recognised, management is required to estimate the future applicable tax rate for each subsidiary of the Company at each tax jurisdiction and the profitability of each subsidiary, so as to estimate the future utilisation of tax losses. Any difference between these estimates and the actual outcome will impact the Group's result in the period in which the actual outcome is determined.

5. 關鍵會計判斷及估計不明朗因素之主要來源(續)

(ii) 油氣資源及／或儲量估計

鑒於編製這些資料涉及主觀的判斷，本集團油氣及資源儲量的工程估計存有內在的不精確性，並僅屬相若數額。估計油氣儲量可確定為「探明儲量」之前，需要遵從若干有關工程標準的權威性指引。探明儲量的估計將至少每年更新一次，並計入各個油田最近的生產和技術資料。此外，由於價格及成本水平按年變更，因此，探明儲量的估計也會出現變動。就會計目的而言，這些變動將視為估計變更處理，並按預期基準反映在相關的折舊率中。

儘管工程估計存有內在的不精確性，這些估計被用作釐定折舊費用、減值開支及未來的拆除費用的基準。折舊率按估計探明儲量(分母)和生產資產的已資本化成本(分子)計算。生產資產的已資本化成本按單位產量法攤銷。

(iii) 確認遞延所得稅資產

根據綜合財務報表附註4(l)所載會計政策規定，遞延所得稅資產於有可能出現未來應課稅溢利以抵銷可扣稅暫時差額及稅項虧損時方予以確認，且按變現相關遞延所得稅資產時預計應用之稅率計量。釐定將予確認之遞延所得稅資產時，管理層須為本公司位於各稅務權區之附屬公司估算日後適用之稅率及各附屬公司之盈利能力，以預計稅項虧損之日後使用情況。該等估計與實際結果間的任何差異均將影響本集團於釐定實際結果期間內之業績。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(iv) Revenue

Pursuant to the Petroleum Contract disclosed in Note 17 to the consolidated financial statements, China Era Energy Power Investment (Hong Kong) Limited (“**China Era**”) is entitled to gas generated from the Akemomu Gas Field during the exploration period in accordance to the entitlement method stated on the Petroleum Contract. During the year ended 31 December 2017, 186,040,000 (2016: 180,930,000) cubic meters of gas was produced by the jointly controlled operation. According to the Petroleum Contract, all gas produced from the Akemomu Gas Field should be sold to CNPC, unless otherwise agreed and a GSA should be entered into by CNPC and China Era to specify the unit price charged by CNPC to the jointly controlled operation. As at 31 December 2017, the GSA has not yet been signed between the Group and CNPC. In the absence of the GSA, the Group considered that there is material uncertainty of the unit price and hence relevant gas revenue could not be estimated reliably and no revenue can be recognised during the year. Based on the current information available to the directors, the directors expected that the GSA could be finalised in the year of 2018. As disclosed in Note 3(b)(ii) to the consolidated financial statements, the unit price in the preliminary sharing proposals is only a preliminary unit price used for preliminary sharing, and the final unit price are still subject to change and would only be confirmed after the formal GSA signed. Therefore, the relevant revenue could not be estimated reliably and no revenue can be recognised during the year.

5. 關鍵會計判斷及估計不明朗因素之主要來源(續)

(iv) 收益

根據綜合財務報表附註17所披露的石油合約，中國年代能源投資(香港)有限公司(「**中國年代**」)有權根據石油合約列明的權益法，於勘探期內獲得產自阿克莫木氣田的天然氣。於截至二零一七年十二月三十一日止年度，共同控制業務產出186,040,000(二零一六年：180,930,000)立方米的天然氣。根據石油合約，除另有協定者外，所有產自阿克莫木氣田的天然氣，應售予中國石油集團，而中國石油集團應與中國年代訂立天然氣銷售協議，列明就中國石油集團向共同控制業務所收取的單位價格。於二零一七年十二月三十一日，本集團尚未與中國石油集團簽訂天然氣銷售協議。由於尚未訂立天然氣銷售協議，本集團認為單位價格存在重大不明朗因素，因此未能可靠估計相關天然氣收益，亦概無有關收益可於年內確認。根據董事所得之資料，董事預期天然氣銷售協議將於二零一八年落實。誠如綜合財務報表附註3(b)(ii)所披露，初步共享方案之單位價格僅用作初步分配的初步單位價格，而最終單位價格仍會作出變動，並僅將於售氣協議獲正式簽訂後，方會確定。因此，相關收益不能準確估計，而年內概無可確認之收益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(v) Impairment on exploration and evaluation assets and intangible assets

The Group tests the exploration and evaluation assets and intangible assets for impairment according to accounting policies stated in Notes 4(f) and 4(h) to the consolidated financial statements. The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates. While conducting an impairment review of the assets, the Group makes judgement in applying certain assumptions including the timing in commencing the commercial production, future gas prices and production costs, changes in these estimates may result in significant variance to the consolidated statement of comprehensive income. As disclosed in Note 3(b)(ii) to the consolidated financial statements, the unit price to be shared is not yet determined and will be confirmed upon signing the formal GSA. In estimating the value in use of exploration and evaluation assets and intangible assets, the Group has made reference to prevailing gas prices in the relevant markets. As at 31 December 2017, the carrying amount of exploration and evaluation assets and intangible assets was approximately HK\$369,087,000 and HK\$1,523,512,000 respectively (2016: approximately HK\$380,420,000 and HK\$1,571,240,000 respectively). Impairment losses on exploration and evaluation assets and intangible assets of approximately HK\$39,000,000 and HK\$162,000,000 (2016: approximately HK\$24,000,000 and HK\$1,000,000,000 respectively) were recognised during the year ended 31 December 2017 respectively.

5. 關鍵會計判斷及估計不明朗因素之主要來源(續)

(v) 勘探及評估資產及無形資產減值

本集團根據綜合財務報表附註4(f)及4(h)所述的會計政策，對勘探及評估資產及無形資產進行減值測試。當發生任何事件或情況有變，顯示資產的賬面值超出其可收回金額時，則會對資產進行減值檢討。資產或現金產生單位的可收回金額乃根據使用價值計算法釐定，當中需要運用假設及估計。當為資產進行減值檢討時，本集團須就日後商業投產時機、天然氣價格及生產成本等應用若干假設而作出判斷，而該等估計的任何變化，或會導致綜合全面收益表出現重大變動。誠如綜合財務報表附註3(b)(ii)披露，將予分成之最終單位價尚未釐定，並將於簽訂正式天然氣銷售協議時確定。於估計勘探及評估資產及無形資產之在用價值時，本集團參考相關市場之現行天然氣價格。於二零一七年十二月三十一日，勘探及評估資產以及無形資產之賬面值分別為約369,087,000港元、1,523,512,000港元(二零一六年：分別約380,420,000港元及1,571,240,000港元)。勘探及評估資產以及無形資產減值虧損分別約39,000,000港元及162,000,000港元(二零一六年：分別約24,000,000港元及1,000,000,000港元)已於截至二零一七年十二月三十一日止年度內確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(vi) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(vii) Going concern

The directors of the Company have prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the foreseeable future, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement and estimations made by the directors, about the future outcome of events or conditions which are inherently uncertain. The directors consider that, after taking into account of all major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption as set out in Note 3(b)(ii) to the consolidated financial statements, the Group has the capability to continue as a going concern.

(viii) Determination of control of subsidiaries

Judgement is required to determine whether the Group has control over an entity. This requires an assessment of the relevant activities of the entity and whether the decision in relation to these activities are under the control of the Group. Differing conclusions around these judgements and evaluation, may materially impact how the entity is presented in the consolidated financial statements.

5. 關鍵會計判斷及估計不明朗因素之主要來源(續)

(vi) 商譽減值

本集團至少每年釐定商譽是否減值。這要求評估獲分配商譽之現金產生單位之使用價值。估計使用價值時，本集團須估計現金產生單位之預期未來現金流量，亦須選擇合適之折現率，以計算該等現金流量之現值。

(vii) 持續經營

本公司董事編製綜合財務報表時已假設本集團在可見將來將能持續經營，其為一項關鍵判斷，對綜合財務報表內確認的款項影響最大。持續經營假設之評估涉及董事對本身具不確定性的未來事件結果或狀況作出判斷及假設。經考慮可能產生業務風險而個別或共同對綜合財務報表附註3(b)(ii)所載持續經營假設造成重大質疑之所有主要事項或狀況後，董事認為本集團有能力持續經營。

(viii) 釐定附屬公司的控制權

釐定本集團是否對一個實體有控制權需要作出判斷，就此須評估實體的有關活動及關於該等活動的決定是否受本集團控制。關於該等判斷及評估的不同結論，可能對實體如何在綜合財務報表呈列有重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

6. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on the internal reports that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance. In accordance with the Group's internal organisation and reporting structure, the operating segments are based on nature of business.

The Group has the following three reportable segments:

The Exploration, Production and Distribution of Natural Gas segment is engaged in the exploration, development and production of natural gas and the usage of pipeline for distribution of natural gas.

The Sales of Food and Beverages Business segment is engaged in the sales of food and beverages.

The Money Lending Business segment is engaged in provision of loans to third parties.

6. 收益及分部資料

本集團根據主要營運決策者定期審閱的內部報告，釐定其經營分部，以向分部調配資源並評估其表現。根據本集團的內部組織及報告架構，經營分部乃按業務性質劃分。

本集團有下列三個可呈報分部：

天然氣勘探、生產及分銷分部，從事天然氣勘探、開發及生產及使用管道分銷天然氣業務。

銷售食品及飲料業務分部，從事銷售食品及飲料之業務。

放債業務分部，從事提供貸款予第三方。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

6. REVENUE AND SEGMENT INFORMATION

(Continued)

The segment information provided to the directors of the Company for the reportable segments for the years ended 31 December 2017 and 2016 are as follows:

(a) Information about reportable segment revenue, profit or loss and other information

6. 收益及分部資料(續)

截至二零一七年及二零一六年十二月三十一日止年度，就可呈報分部向本公司董事提供的分部資料如下：

(a) 有關可呈報分部收益、溢利或虧損的資料及其他資料

| | | Exploration, Production and Distribution of Natural Gas 天然氣勘探、 生產及分銷 HK\$'000 千港元 | Sales of Food and Beverages Business 銷售食品 及飲料業務 HK\$'000 千港元 | Money Lending Business 放債業務 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|-------------------------------|--|--|---|--------------------------------|
| For the year ended 31 December 2017 | 截至二零一七年 十二月三十一日止年度 | | | | |
| Revenue from external customers | 外部客戶收益 | 12,630 | - | 409 | 13,039 |
| Reportable segment (loss)/profit before income tax | 除所得稅前可呈報分部(虧損)/溢利 | (216,136) | (1,939) | 207 | (217,868) |
| Other segment information: | 其他分部資料： | | | | |
| Impairment of intangible assets | 無形資產減值 | (162,000) | - | - | (162,000) |
| Impairment of exploration and evaluation assets | 勘探及評估資產減值 | (39,000) | - | - | (39,000) |
| Impairment of goodwill | 商譽減值 | (6,000) | - | - | (6,000) |
| Interest income | 利息收入 | 5 | 16 | - | 21 |
| Interest expense | 利息開支 | (552) | - | - | (552) |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | (2,485) | (245) | - | (2,730) |
| Income tax credits | 所得稅抵免 | 6,774 | - | - | 6,774 |
| Deferred tax assets | 遞延稅項資產 | 99,673 | - | - | 99,673 |
| Additions to non-current assets | 非流動資產添置 | 630 | - | - | 630 |
| Reportable segment assets | 可呈報分部資產 | 2,041,921 | 31,924 | 20 | 2,073,865 |
| Reportable segment liabilities | 可呈報分部負債 | (506,373) | (46) | - | (506,419) |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

6. REVENUE AND SEGMENT INFORMATION

(Continued)

(a) Information about reportable segment revenue, profit or loss and other information (Continued)

6. 收益及分部資料(續)

(a) 有關可呈報分部收益、溢利或虧損的資料及其他資料(續)

| | | Exploration, Production and Distribution of Natural Gas 天然氣勘探、 生產及分銷 HK\$'000 千港元 | Sales of Food and Beverages Business 銷售食品 及飲料業務 HK\$'000 千港元 | Money Lending Business 放債業務 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|-----------------------|--|--|---|--------------------------------|
| For the year ended 31 December 2016 | 截至二零一六年 十二月三十一日止年度 | | | | |
| Revenue from external customers | 外部客戶收益 | - | 14 | 1,103 | 1,117 |
| Reportable segment (loss)/profit before income tax | 除所得稅前可呈報分部 (虧損)/溢利 | (140,456) | (914) | 1,090 | (140,280) |
| Other segment information: | 其他分部資料： | | | | |
| Impairment of intangible assets | 無形資產減值 | (100,000) | - | - | (100,000) |
| Impairment of exploration and evaluation assets | 勘探及評估資產減值 | (24,000) | - | - | (24,000) |
| Interest income | 利息收入 | 3 | - | - | 3 |
| Interest expense | 利息開支 | (700) | - | - | (700) |
| Depreciation of property, plant and equipment | 物業、廠房及 設備折舊 | (503) | (246) | - | (749) |
| Income tax credits | 所得稅抵免 | 2,801 | - | - | 2,801 |
| Deferred tax assets | 遞延稅項資產 | 86,373 | - | - | 86,373 |
| Additions to non-current assets | 非流動資產添置 | 33 | - | - | 33 |
| Reportable segment assets | 可呈報分部資產 | 2,045,126 | 15,578 | 26,235 | 2,086,939 |
| Reportable segment liabilities | 可呈報分部負債 | (429,252) | (3) | - | (429,255) |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

6. REVENUE AND SEGMENT INFORMATION

(Continued)

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

6. 收益及分部資料(續)

(b) 可呈報分部溢利或虧損、資產及負債之對賬

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|-----------------------|----------------------------------|----------------------------------|
| Loss before income tax | 除所得稅前虧損 | | |
| Reportable segment loss before income tax | 可呈報分部除所得稅前虧損 | (217,868) | (140,280) |
| Other income | 其他收入 | 236 | 22 |
| Fair value gain/(loss) of financial assets held for trading | 持作買賣之金融資產之公平價值收益/(虧損) | 15,678 | (1,434) |
| Finance costs | 融資成本 | (6,450) | (5,805) |
| Unallocated head office and corporate expenses | 未分配總辦事處及公司開支 | (33,223) | (17,992) |
| | | <u>(241,627)</u> | <u>(165,489)</u> |
| Loss before income tax | 除所得稅前虧損 | <u>(241,627)</u> | <u>(165,489)</u> |
| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
| Assets | 資產 | | |
| Reportable segment assets | 可呈報分部資產 | 2,073,865 | 2,086,939 |
| Other receivables, deposits and prepayments | 其他應收款項、按金及預付款項 | 64,553 | 1,885 |
| Financial assets held for trading | 持作買賣之金融資產 | 74,540 | 58,862 |
| Cash and bank balances | 現金及銀行結餘 | 136,521 | 189,357 |
| | | <u>2,349,479</u> | <u>2,337,043</u> |
| Total assets | 總資產 | <u>2,349,479</u> | <u>2,337,043</u> |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

6. REVENUE AND SEGMENT INFORMATION

(Continued)

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

(Continued)

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--------------------------------|-------------|----------------------------------|----------------------------------|
| Liabilities | 負債 | | |
| Reportable segment liabilities | 可呈報分部負債 | 506,419 | 429,255 |
| Convertible notes | 可換股票據 | 64,489 | 58,039 |
| Amount due to a shareholder | 應付一名股東款項 | 40,402 | 40,402 |
| Other payables and accruals | 其他應付款項及應計費用 | 36,929 | 3,684 |
| | | <u>648,239</u> | <u>531,380</u> |
| Total liabilities | 總負債 | <u>648,239</u> | <u>531,380</u> |

(c) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than deferred tax assets ("Specified non-current assets").

6. 收益及分部資料(續)

(b) 可呈報分部溢利或虧損、資產及負債之對賬(續)

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--------------------------------|-------------|----------------------------------|----------------------------------|
| Liabilities | 負債 | | |
| Reportable segment liabilities | 可呈報分部負債 | 506,419 | 429,255 |
| Convertible notes | 可換股票據 | 64,489 | 58,039 |
| Amount due to a shareholder | 應付一名股東款項 | 40,402 | 40,402 |
| Other payables and accruals | 其他應付款項及應計費用 | 36,929 | 3,684 |
| | | <u>648,239</u> | <u>531,380</u> |
| Total liabilities | 總負債 | <u>648,239</u> | <u>531,380</u> |

(c) 地區資料

下表載列本集團有關來自外部客戶之收益及非流動資產(遞延稅項資產除外)(「指定非流動資產」)的分析。

| | Revenue from external customers 來自外部客戶之收 | | Specified non-current assets 益指定非流動資產 | |
|--|---|----------------------------------|--|----------------------------------|
| | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
| Hong Kong (place of domicile) 香港(註冊地點) | 409 | 1,117 | 2,063 | 1,711 |
| PRC 中國 | 12,630 | - | 1,922,865 | 1,953,345 |
| | <u>13,039</u> | <u>1,117</u> | <u>1,924,928</u> | <u>1,955,056</u> |

Notes to the Consolidated Financial Statements 綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

7. OTHER INCOME

7. 其他收入

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Bank interest income | 銀行利息收入 | 25 | 25 |
| Exchange gain, net | 匯兌收益淨額 | 49 | 782 |
| Dividend income from financial assets held for trading | 來自持作買賣之金融資產之股息收入 | 325 | — |
| | | <u>399</u> | <u>807</u> |

8. FINANCE COSTS

8. 融資成本

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|--------------------|----------------------------------|----------------------------------|
| Interest on convertible notes (Note 26) | 可換股票據利息(附註26) | 6,450 | 5,805 |
| Interest on other payables (Note 24(ii)) | 其他應付款項利息(附註24(ii)) | 552 | 700 |
| | | <u>7,002</u> | <u>6,505</u> |

9. LOSS BEFORE INCOME TAX

9. 除所得稅前虧損

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Loss before income tax is arrived at after charging: | 除所得稅前虧損已扣除： | | |
| Auditor's remuneration | 核數師酬金 | <u>1,070</u> | <u>990</u> |
| Staff costs (including directors' remuneration) | 員工成本 (包括董事酬金) | | |
| — Wages and salaries and other benefits | — 工資及薪金及其他福利 | <u>11,238</u> | <u>9,289</u> |
| — Pension fund contributions | — 退休計劃供款 | <u>61</u> | <u>77</u> |
| | | <u>11,299</u> | <u>9,366</u> |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

10. INCOME TAX CREDITS

The amount of taxation in the consolidated statement of comprehensive income represents:

| | |
|---|------------------------|
| Current tax | 即期稅項 |
| — tax for the year | — 本年度稅項 |
| Deferred tax | 遞延稅項 |
| — Origination and reversal of temporary difference (Note 20(a)) | — 臨時差異之產生及撥回 (附註20(a)) |
| Total income tax credits | 所得稅抵免總額 |

No provision for Hong Kong profits tax has been made as the Group had unused tax losses brought forward for both periods. No provision for enterprise income tax in the People's Republic of China (the "PRC") as the Group utilised the tax losses carried forward.

The income tax credits for the year can be reconciled to the loss before income tax in the consolidated statement of comprehensive income as follows:

10. 所得稅抵免

綜合全面收益表內的稅額代表：

| | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|----------------------------------|----------------------------------|
| | (6) | (9) |
| | <u>6,780</u> | <u>2,810</u> |
| | <u>6,774</u> | <u>2,801</u> |

概無就香港利得稅計提撥備，因為本集團於兩個期間均有結轉的未動用稅項虧損。概無就中華人民共和國(「中國」)企業所得稅計提撥備，因為本集團已動用結轉的稅項虧損。

本年度所得稅抵免可與綜合全面收益表內之除所得稅前虧損對賬如下：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------------------------|----------------------------------|----------------------------------|
| Loss before income tax | 除所得稅前虧損 | <u>(241,627)</u> | <u>(165,489)</u> |
| Effect of tax at Hong Kong profits tax rate of 16.5% (2016: 16.5%) | 按香港利得稅稅率 16.5% (二零一六年：16.5%) 之稅務影響 | (39,868) | (27,306) |
| Effect of different tax rate of subsidiaries operating in other jurisdiction | 於其他司法權區經營之附屬公司稅率不同之影響 | (2,834) | (964) |
| Tax effect of income not taxable for tax purposes | 非課稅收入之稅務影響 | (6) | (133) |
| Tax effect of expenses not deductible for tax purposes | 不可扣稅開支之稅務影響 | 35,778 | 25,022 |
| Tax effect of unused tax losses not recognised | 未確認之未動用稅項虧損之稅務影響 | <u>156</u> | <u>580</u> |
| Income tax credits for the year | 年內所得稅抵免 | <u>(6,774)</u> | <u>(2,801)</u> |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

11. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2017 (2016: Nil), nor has any dividend been proposed since the end of reporting period (2016: Nil).

11. 股息

截至二零一七年十二月三十一日止年度並無派付或擬派任何股息(二零一六年：無)，自報告期末起亦無擬派任何股息(二零一六年：無)。

12. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

12. 每股虧損

(a) 基本

每股基本虧損乃由本公司擁有人應佔虧損除以年內已發行普通股加權平均數計算。

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|-------------|------------------------------------|------------------------------------|
| Loss attributable to owners of the Company | 本公司擁有人應佔虧損 | <u>(235,510)</u> | <u>(162,688)</u> |
| | | Number of shares 股數 | Number of shares 股數 |
| Weighted average number of ordinary shares in issue | 已發行普通股加權平均數 | <u>9,505,344,000</u> | <u>9,505,344,000</u> |
| | | HK Cents 港仙 | HK Cents 港仙 |
| Basic loss per share | 每股基本虧損 | <u>(2.48)</u> | <u>(1.71)</u> |

(b) Diluted

Diluted loss per share is the same as basic loss per share for the years ended 31 December 2017 and 2016 as the potential ordinary shares on convertible notes are anti-dilutive.

(b) 攤薄

截至二零一七年及二零一六年十二月三十一日止年度之每股攤薄虧損與每股基本虧損相同，此乃由於涉及可換股票據之潛在普通股具反攤薄性質。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

13. DIRECTORS' EMOLUMENTS

Directors' emoluments is disclosed as follows:

Year ended 31 December 2017

13. 董事之酬金

董事之酬金披露如下：

截至二零一七年十二月三十一日止年度

| | | Directors' fees | Salaries, allowances and benefits in kind | Retirement scheme contributions | 2017 Total |
|--|----------------|-----------------|---|---------------------------------|--------------|
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 |
| Executive directors | 執行董事 | | | | |
| Zhao Guoqiang | 趙國強 | 1,092 | 144 | - | 1,236 |
| Non-executive directors | 非執行董事 | | | | |
| Ngan Mei Ying (i) | 顏美瑩 (i) | 135 | - | - | 135 |
| Gu Quan Rong | 顧全榮 | 120 | - | - | 120 |
| Independent non-executive directors | 獨立非執行董事 | | | | |
| Cheng Chun Ying | 鄭振鷹 | 120 | - | - | 120 |
| Lee Man Tai | 李文泰 | 120 | - | - | 120 |
| Zong Ketao | 宗科濤 | 120 | - | - | 120 |
| | | 1,707 | 144 | - | 1,851 |

(i) Ms. Ngan Mei Ying appointed as a non-executive director on 10 April 2017.

(i) 顏美瑩女士於二零一七年四月十日獲委任為非執行董事。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

13. DIRECTORS' EMOLUMENTS (Continued)

Year ended 31 December 2016

| | | Salaries, allowances and benefits in kind 薪金、津貼 及實物利益 | Retirement scheme contributions 退休計劃供款 | 2016 Total 二零一六年 總額 |
|--|---|--|---|------------------------------|
| | Directors' fees 董事袍金 HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Executive directors | 執行董事 | | | |
| Chui Kwong Kau (i) | 崔光球 (i) | – | 210 | 9 |
| Zhao Guoqiang | 趙國強 | 1,351 | – | – |
| Non-executive directors | 非執行董事 | | | |
| Gu Quan Rong | 顧全榮 | 120 | – | – |
| Wang Yongguang (ii) | 汪永光 (ii) | 90 | – | – |
| Independent non-executive directors | 獨立非執行董事 | | | |
| Fu Wing Kwok (iii) | 傅榮國 (iii) | 12 | – | – |
| Cheng Chun Ying (iv) | 鄭振鷹 (iv) | 112 | – | – |
| Lee Man Tai (iv) | 李文泰 (iv) | 112 | – | – |
| Zong Ketao | 宗科濤 | 120 | – | – |
| | | <u>1,917</u> | <u>210</u> | <u>9</u> |
| | | | | <u>2,136</u> |

(i) Mr. Chui Kwong Kau retired on 30 June 2016.

(ii) Mr. Wang Yongguang re-designated and resigned as a non-executive director on 25 January 2016 and 27 July 2016, respectively.

(iii) Mr. Fu Wing Kwok retired on 26 January 2016.

(iv) Mr. Cheng Chun Ying and Mr. Lee Man Tai appointed as independent non-executive directors on 26 January 2016.

None of the directors waived or agreed to waive any emoluments during the year ended 31 December 2017 (2016: Nil). No emoluments were paid by the Company to the directors as an inducement to join or upon joining the Company or as compensation for loss of office during the year ended 31 December 2017 (2016: Nil).

13. 董事之酬金(續)

截至二零一六年十二月三十一日止年度

| | Salaries, allowances and benefits in kind 薪金、津貼 及實物利益 | Retirement scheme contributions 退休計劃供款 | 2016 Total 二零一六年 總額 |
|--|--|---|------------------------------|
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Executive directors | 執行董事 | | |
| Chui Kwong Kau (i) | 崔光球 (i) | 210 | 9 |
| Zhao Guoqiang | 趙國強 | – | – |
| Non-executive directors | 非執行董事 | | |
| Gu Quan Rong | 顧全榮 | – | – |
| Wang Yongguang (ii) | 汪永光 (ii) | – | – |
| Independent non-executive directors | 獨立非執行董事 | | |
| Fu Wing Kwok (iii) | 傅榮國 (iii) | – | – |
| Cheng Chun Ying (iv) | 鄭振鷹 (iv) | – | – |
| Lee Man Tai (iv) | 李文泰 (iv) | – | – |
| Zong Ketao | 宗科濤 | – | – |
| | | <u>210</u> | <u>9</u> |
| | | | <u>2,136</u> |

(i) 崔光球先生於二零一六年六月三十日退休。

(ii) 汪永光先生於二零一六年一月二十五日調任為非執行董事及於二零一六年七月二十七日辭任非執行董事。

(iii) 傅榮國先生於二零一六年一月二十六日退休。

(iv) 鄭振鷹先生及李文泰先生於二零一六年一月二十六日獲委任為獨立非執行董事。

截至二零一七年十二月三十一日止年度，概無董事放棄或同意放棄任何酬金(二零一六年：無)。截至二零一七年十二月三十一日止年度，本公司並無向董事支付酬金以吸引彼加入本集團或作為加入獎金或離職補償(二零一六年：無)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

14. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, one (2016: one) was director of the Company whose emolument is included in the disclosures in Note 13 above. The emoluments of the remaining four (2016: four) individuals who were senior management of the Group were as follows:

| | |
|---------------------------------------|-------------|
| Wages and salaries and other benefits | 工資及薪金以及其他福利 |
| Pension fund contributions | 退休金供款 |

| 2017 二零一七年 <i>HK\$'000</i> 千港元 | 2016 二零一六年 <i>HK\$'000</i> 千港元 |
|---|---|
| 4,008 | 3,468 |
| 36 | 36 |
| <u>4,044</u> | <u>3,504</u> |

Their emoluments were within the following bands:

| | |
|--------------------------------|-------------------------|
| Nil to HK\$1,000,000 | 零至1,000,000港元 |
| HK\$1,000,001 to HK\$1,500,000 | 1,000,001港元至1,500,000港元 |

14. 五名最高薪酬人士

在本集團五位最高薪酬人士當中，一位（二零一六年：一位）本公司董事之薪酬於上文附註13披露。其餘四位（二零一六年：四位）人士（為本集團高級管理人員）之薪酬如下：

彼等之薪酬均介乎下列範圍：

| 2017 二零一七年 <i>No. of employees</i> 僱員人數 | 2016 二零一六年 <i>No. of employees</i> 僱員人數 |
|--|--|
| 2 | 3 |
| 2 | 1 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

| | | Leasehold improvements 租賃物業裝修 HK\$'000 千港元 | Furniture and fixtures 傢俬及裝置 HK\$'000 千港元 | Motor vehicles 汽車 HK\$'000 千港元 | Natural gas pipeline 天然氣管道 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|---------------------------------------|----------------|--|---|--|---|--------------------------------|
| Cost | 成本 | | | | | |
| At 1 January 2016 | 於二零一六年一月一日 | 708 | 674 | 6,416 | - | 7,798 |
| Additions | 添置 | - | 33 | - | - | 33 |
| Exchange differences | 匯兌差額 | (48) | (47) | (302) | - | (397) |
| | | <u>660</u> | <u>660</u> | <u>6,114</u> | <u>-</u> | <u>7,434</u> |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 660 | 660 | 6,114 | - | 7,434 |
| Additions | 添置 | 222 | 124 | 284 | - | 630 |
| Acquisition of a subsidiary (Note 36) | 收購一間附屬公司(附註36) | - | 68 | 440 | 27,791 | 28,299 |
| Exchange differences | 匯兌差額 | 55 | 54 | 332 | 1,488 | 1,929 |
| | | <u>937</u> | <u>906</u> | <u>7,170</u> | <u>29,279</u> | <u>38,292</u> |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 937 | 906 | 7,170 | 29,279 | 38,292 |
| Accumulated depreciation | 累計折舊 | | | | | |
| At 1 January 2016 | 於二零一六年一月一日 | 708 | 503 | 2,335 | - | 3,546 |
| Charge for the year | 本年度費用 | - | 41 | 708 | - | 749 |
| Exchange differences | 匯兌差額 | (48) | (36) | (173) | - | (257) |
| | | <u>660</u> | <u>508</u> | <u>2,870</u> | <u>-</u> | <u>4,038</u> |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 660 | 508 | 2,870 | - | 4,038 |
| Charge for the year | 本年度費用 | - | 80 | 839 | 1,842 | 2,761 |
| Exchange differences | 匯兌差額 | 48 | 39 | 198 | 30 | 315 |
| | | <u>708</u> | <u>627</u> | <u>3,907</u> | <u>1,872</u> | <u>7,114</u> |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 708 | 627 | 3,907 | 1,872 | 7,114 |
| Carrying amount | 賬面值 | | | | | |
| At 31 December 2017 | 於二零一七年十二月三十一日 | <u>229</u> | <u>279</u> | <u>3,263</u> | <u>27,407</u> | <u>31,178</u> |
| At 31 December 2016 | 於二零一六年十二月三十一日 | <u>-</u> | <u>152</u> | <u>3,244</u> | <u>-</u> | <u>3,396</u> |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

16. EXPLORATION AND EVALUATION ASSETS

16. 勘探及評估資產

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|-------------------------------|-------------|----------------------------------|----------------------------------|
| Cost | 成本 | | |
| At 1 January | 於一月一日 | 643,064 | 689,832 |
| Exchange differences | 匯兌差額 | 46,768 | (46,768) |
| | | <hr/> | <hr/> |
| At 31 December | 於十二月三十一日 | 689,832 | 643,064 |
| | | <hr/> | <hr/> |
| Accumulated impairment | 累計減值 | | |
| At 1 January | 於一月一日 | 262,644 | 256,000 |
| Impairment loss | 減值虧損 | 39,000 | 24,000 |
| Exchange differences | 匯兌差額 | 19,101 | (17,356) |
| | | <hr/> | <hr/> |
| At 31 December | 於十二月三十一日 | 320,745 | 262,644 |
| | | <hr/> | <hr/> |
| Carrying amount | 賬面值 | | |
| At 31 December | 於十二月三十一日 | 369,087 | 380,420 |
| | | <hr/> | <hr/> |

The exploration and evaluation assets represents costs directly associated with exploratory wells (drilling cost and others) that are capitalised and pending a determination of whether sufficient quantities of potentially economic gas reserves have been discovered.

For the year ended 31 December 2017, provision for impairment loss of HK\$39,000,000 (2016: HK\$24,000,000) was recognised in profit or loss as the carrying amount of the related cash generating unit ("CGU") exceeds its recoverable amount due to delay in the production schedules of Kashi project as the approval of ODP has been delayed (Note 17).

勘探及評估資產指勘探井之直接相關成本(鑽探成本及其他)，其將資本化，而尚待釐定是否已發現足夠數量的具潛在經濟效益的天然氣儲備。

截至二零一七年十二月三十一日止年度，由於相關現金產生單位(「現金產生單位」)之賬面值超過其可收回金額，減值虧損撥備39,000,000港元(二零一六年：24,000,000港元)已於損益確認，因為尚未取得總體開發方案之批文，導致喀什項目生產時間表出現延誤(附註17)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

17. INTANGIBLE ASSETS (OTHER THAN GOODWILL)

17. 無形資產(不包括商譽)

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|-------------------------------|-------------|----------------------------------|----------------------------------|
| Cost | 成本 | | |
| At 1 January | 於一月一日 | 2,656,579 | 2,849,785 |
| Exchange differences | 匯兌差額 | 193,206 | (193,206) |
| | | <u>2,849,785</u> | <u>2,656,579</u> |
| At 31 December | 於十二月三十一日 | <u>2,849,785</u> | <u>2,656,579</u> |
| Accumulated impairment | 累計減值 | | |
| At 1 January | 於一月一日 | 1,085,339 | 1,057,000 |
| Impairment loss (Note) | 減值虧損(附註) | 162,000 | 100,000 |
| Exchange differences | 匯兌差額 | 78,934 | (71,661) |
| | | <u>1,326,273</u> | <u>1,085,339</u> |
| At 31 December | 於十二月三十一日 | <u>1,326,273</u> | <u>1,085,339</u> |
| Carrying amount | 賬面值 | | |
| At 31 December | 於十二月三十一日 | <u>1,523,512</u> | <u>1,571,240</u> |

The intangible assets represent the interests in the Petroleum Contract which were amortised on unit of production method. Details of the contract as described as below:

On 22 December 2008, China Era entered into the Petroleum Contract with CNPC in relation to the drilling, exploration, exploitation and production of oil and/or natural gas in North Kashi Block, Tarim Basin in the PRC. CNPC is a stated-owned company established in the PRC.

Pursuant to the Petroleum Contract signed in December 2008, China Era agreed to provide funds and apply its advanced technology and managerial experience to cooperate with CNPC for the development and production of crude oil and/or natural gas in North Kashi Block on Tarim Basin in Xinjiang, the PRC. The maximum term of the Petroleum Contract is 30 years from 1 June 2009, subject to extension.

Pursuant to Petroleum Contract, China Era shall bear all costs required for the evaluation operations, and the development costs shall be borne by CNPC and China Era in the proportions of 51% and 49%, respectively. In addition, CNPC's portion of operating costs shall be advanced by China Era and recovered from the production of crude oil.

無形資產指石油合約權益，其權益乃按單位產量法攤銷。合約之詳情載述如下：

於二零零八年十二月二十二日，中國年代與中國石油集團訂立了石油合約，以於中國塔里木盆地喀什北區塊鑽探、勘探、開發及生產石油及／或天然氣。中國石油集團為於中國成立的國有企業。

根據於二零零八年十二月簽訂之石油合約，中國年代同意提供資金及應用其先進科技及管理經驗與中國石油集團合作，以於中國新疆塔里木盆地喀什北區塊開發及生產原油及／或天然氣。石油合約之最長年期為自二零零九年六月一日起計30年，期限可予延展。

根據石油合約，中國年代須承擔評估業務所需所有成本，而開發成本須由中國石油集團及中國年代分別按51%及49%之比例承擔。此外，中國石油集團所佔經營成本部分應由中國年代墊付，並透過生產原油收回。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

17. INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

Under the terms of the Petroleum Contract, the evaluation costs, development costs and operating costs are to be recovered according to a mechanism of cost recovery oil and investment recovery oil. Remaining oil, after cost recovery, all applicable taxes and royalty that might apply in the PRC, is share oil, which is apportioned between 51% by CNPC and 49% by China Era.

In March 2015, the Group has issued formal application to CNPC to apply for a two-year extension of the exploration period of Kashi project beyond the original deadline of 31 May 2015, as the exploration efforts in the cooperation site has not been completed. On 6 December 2017, the Group and CNPC enter into an supplement agreement to extend the exploration period.

The Group has been carrying out exploration and evaluation activities at the site and working with professional parties to prepare data and information that are required for the ODP for relevant parties' approval before full production could be started. As at 31 December 2017, the approval of ODP has not yet been obtained.

Based on current information available to the directors, the directors expected that the ODP should be ready by 2018. The development and production period should start immediately after obtaining approval.

Note:

Impairment loss of intangible assets in the amount of HK\$162,000,000 was recognised during the year ended 31 December 2017 (2016: HK\$100,000,000) as the carrying amount of the CGU for the exploration and production of natural gas exceeds its recoverable amount. The recoverable amount of the CGU for the exploration and production of natural gas was HK\$1,894,000,000 (2016: HK\$1,954,000,000) based on value in use calculation and by reference to the valuation report produced by an independent valuer.

17. 無形資產(不包括商譽)(續)

根據石油合約之條款，評估成本、開發成本及經營成本須根據成本回收油及投資回收油機制收回。就收回成本、繳納中國適用的所有適用稅項及專利稅後剩餘之石油而言，為分成油，由中國石油集團及中國年代分別分佔51%及49%。

於二零一五年三月，本集團向中國石油集團正式提出如下申請：由於合作區塊內的勘探任務沒有全部完成，因此喀什項目之勘探期限原訂於二零一五年五月三十一日到期而步入開發期，現在向中國石油集團申請將勘探期限延長兩年。於二零一七年十二月六日，本集團與中國石油集團訂立補充協議，以延長勘探期限。

本集團一直在地盤開展勘探及評估活動，現正與專業人士合力制定總體開發方案所需之數據及資料，以供有關方面審批，其後方能開展全面生產。於二零一七年十二月三十一日，尚未獲得總體開發方案批文。

根據董事目前可得資料，董事預期總體開發方案將於二零一八年前準備就緒。開發及生產期將於取得批文後隨即展開。

附註：

於截至二零一七年十二月三十一日止年度，因勘探及生產天然氣之現金產生單位之賬面值超過其可收回金額而確認無形資產減值虧損162,000,000港元(二零一六年：100,000,000港元)。勘探及生產天然氣之現金產生單位之可收回金額為1,894,000,000港元(二零一六年：1,954,000,000港元)，金額乃根據使用價值計算及參考獨立估值師的估值報告釐定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

17. INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

The review on the reduction in the recoverable amount of the CGU related to the exploration and production of natural gas. The impairment loss of HK\$162,000,000 (2016: HK\$100,000,000) is resulted. The impairment loss was due to delay in the production schedules of Kashi project as the approval of ODP has been delayed. The Company's management expect that the development and production period should start immediately after obtaining approval on the ODP. As a result, it is necessary and appropriate to revise the production forecast of Kashi project for the remaining contract period.

The pre-tax discount rate used for value in use calculations is 23.1% (2016: 21.7%) for the year ended 31 December 2017.

Set out below is the summary of assets, liabilities and results for the year recognised in the consolidated financial statements in relation to the Group's interest in the Petroleum Contract:

(a) Result for the year

As the project was still under the evaluation period and commercial production had not yet commenced for the year ended 31 December 2017 and 2016, there is no result recognised in the consolidated statement of comprehensive income.

(b) Assets and liabilities

| | |
|-----------------------------------|----------|
| Property, plant and equipment | 物業、廠房及設備 |
| Exploration and evaluation assets | 勘探及評估資產 |
| Intangible assets | 無形資產 |
| Deferred tax assets | 遞延稅項資產 |
| Current assets | 流動資產 |
| Current liabilities | 流動負債 |
| Net assets | 資產淨值 |

17. 無形資產(不包括商譽)(續)

現金產生單位可收回金額減少的審閱關乎勘探及生產天然氣。就此產生減值虧損162,000,000港元(二零一六年: 100,000,000港元)。減值虧損乃由於尚未取得總體開發方案之批文, 導致喀什項目生產時間表出現延誤。本公司管理層預期發展及生產期將於總體開發方案取得批文後立刻開展。因此, 修訂於餘下合約期喀什項目之產量預測為有必要及合適。

截至二零一七年十二月三十一日止年度, 計算使用價值所採用的稅前貼現率為23.1%(二零一六年: 21.7%)。

下文載列綜合財務報表於年內確認之資產、負債及業績概要, 內容與本集團於石油合約之權益有關:

(a) 本年度業績

由於該項目於截至二零一七年及二零一六年十二月三十一日止年度仍處於評估階段, 尚未展開商業生產, 故此綜合全面收益表並無確認有關業績。

(b) 資產及負債

| 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 1,743 | 1,821 |
| 369,087 | 380,420 |
| 1,523,512 | 1,571,240 |
| 99,673 | 86,373 |
| 6,538 | 5,272 |
| (392,935) | (429,252) |
| 1,607,618 | 1,615,874 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

17. INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

(c) Commitments

Capital commitments:

Contracted but not provided for in respect of:
— Exploration and evaluation expenditures

資本承擔

已訂約但未就下列事項撥備：
— 勘探及評估開支

| 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
|----------------------------------|----------------------------------|

| | |
|----------------|----------------|
| 141,254 | 131,677 |
|----------------|----------------|

18. GOODWILL

Cost
At 1 January
Business acquisition (Note 36)

At 31 December

Accumulated impairment

At 1 January
Impairment loss (Note)

At 31 December

Carrying value

At 31 December

成本
於一月一日
業務收購(附註36)

於十二月三十一日

累計減值

於一月一日
減值虧損(附註)

於十二月三十一日

賬面值

於十二月三十一日

| 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
|----------------------------------|----------------------------------|

| | |
|--------------|---|
| — | — |
| 7,151 | — |
| 7,151 | — |
| — | — |
| 6,000 | — |
| 6,000 | — |
| 1,151 | — |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

18. GOODWILL (Continued)

Impairment testing on goodwill

In accordance with HKAS 36 “Impairment of assets”, management of the Group performed impairment test for goodwill allocated to the Group’s CGUs by comparing their recoverable amounts to their carrying amounts at the end of the reporting period. The recoverable amount of a CGU is determined based on value-in-use calculation.

Impairment loss of HK\$6,000,000 was recognised during the year ended 31 December 2017 as the carrying amount of relevant CGU attributable to the Group exceeds its recoverable amount. The estimated recoverable amount of the CGU is RMB24,500,000 (equivalent to approximately HK\$28,910,000) and determined from value-in-use calculation based on cash flow projections approved by the directors. The pre-tax discount rate of 20.4% per annum is used in the calculation of cash flow projections which was performed by an independent valuer.

On 24 April 2017, the Group completed the acquisition of 100% of the equity interest of Di Maria Limited and its subsidiaries (the “**Di Maria Group**”) at an aggregated consideration of HK\$11,276,000. Di Maria Limited is principally engaged in investment holding which holds 51% equity interest of Karamay Fuhai Petroleum Chemical Engineering Co., Limited (克拉瑪依富海石油化工有限公司) (“**Fuhai**”), whose principal activity is investment holding. Fuhai holds 51% of the voting equity instruments of Karamay Weirun Gas Co., Limited (克拉瑪依偉潤燃氣有限公司), a company whose principal activity is distribution of natural gas using pipeline.

18. 商譽(續)

商譽減值測試

根據香港會計準則第36號「資產減值」，本集團管理層已為分配至本集團現金產生單位的商譽進行減值測試，方法是於報告期末比較其可收回金額與其賬面值。現金產生單位的可收回金額按使用價值計算法釐定。

減值虧損6,000,000港元於截至二零一七年十二月三十一日止年度確認為相關現金產生單位之賬面值超出其可收回金額。現金產生單位的估計可收回金額為人民幣24,500,000元(相當於約28,910,000港元)，並根據使用價值計算法，基於董事批准的預測現金流量釐定。現金流量預測使用每年20.4%貼現率乃由一名獨立估值師計算得出。

於二零一七年四月二十四日，本集團完成收購Di Maria Limited及其附屬公司(「**Di Maria Group**」)之100%股權，總代價為11,276,000港元。Di Maria Limited主要從事投資控股，持有克拉瑪依富海石油化工有限公司(「**富海**」)之51%股權，該公司的主要業務為投資控股。富海持有克拉瑪依偉潤燃氣有限公司之51%投票權益票據，該公司以管道分銷天然氣為主要業務。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

19. INTERESTS IN SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2017 are as follows:

19. 於附屬公司之權益

本公司於二零一七年十二月三十一日之主要附屬公司詳情如下：

| Name 公司名稱 | Form of business structure 營業結構形式 | Country/place of incorporation/ establishment 註冊成立/ 成立國家/地點 | Country/place of operation 經營國家/ 地點 | Principal activities 主要業務 | Issued and fully paid share capital 已發行及繳足股本 | Percentage of interests held 持有權益百分比 | |
|---|--------------------------------------|---|---|--|---|---|------------------|
| | | | | | | Directly 直接 | Indirectly 間接 |
| China Energy Resources Holdings Ltd 中西能源控股有限公司 | Limited liability company 有限公司 | Hong Kong 香港 | Hong Kong 香港 | Sales of food and beverages and investment holding 銷售食品及飲料業務及投資控股 | Ordinary share HK\$1 普通股1港元 | 100% | - |
| Totalbuild Investments Group (Hong Kong) Limited 共創投資集團(香港)有限公司 | Limited liability company 有限公司 | British Virgin Islands 英屬處女群島 | Hong Kong 香港 | Investment holding 投資控股 | Ordinary share US\$1 普通股1美元 | 100% | - |
| China Era Energy Power Investment (Hong Kong) Limited 中國年代能源投資(香港)有限公司 | Limited liability company 有限公司 | Hong Kong 香港 | PRC 中國 | Oil and gas exploration 油氣勘探 | Ordinary share HK\$1 普通股1港元 | - | 100% |
| Zhong Neng Finance Limited 中能財務有限公司 | Limited liability company 有限公司 | Hong Kong 香港 | Hong Kong 香港 | Money lending 放債 | Ordinary share HK\$1 普通股1港元 | - | 100% |
| Di Maria Limited 迪瑪利亞有限公司 | Limited liability company 有限公司 | Hong Kong 香港 | Hong Kong 香港 | Investment holding 投資控股 | Ordinary share HK\$10,000 普通股10,000港元 | - | 100% |
| Karamay Fuhai Petroleum Chemical Engineering Co., Limited 克拉瑪依富海石油化工有限公司 | Limited liability company 有限公司 | PRC 中國 | PRC 中國 | Investment holding 投資控股 | Ordinary share RMB5,000,000 普通股人民幣5,000,000元 | - | 51% |
| Karamay Weirun Gas Co., Limited 克拉瑪依偉潤燃氣有限公司 | Limited liability company 有限公司 | PRC 中國 | PRC 中國 | Distribution of natural gas 分銷天然氣 | Ordinary share RMB130,000,000 普通股人民幣130,000,000元 | - | 26.01% |

None of the subsidiaries had issued any debt securities at the end of the year.

該等附屬公司於年末概無發行任何債務證券。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

20. DEFERRED TAXATION

- (a) The components of deferred tax assets in the consolidated statement of financial position are as follows:

Deferred tax assets arising from:

| | | Exploration costs (note) 勘探成本 (附註) HK\$'000 千港元 | Accelerated tax depreciation 加速稅項 折舊 HK\$'000 千港元 | Tax losses 稅項虧損 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|----------------------------------|---------------|---|---|---------------------------------------|--------------------------------|
| At 1 January 2016 | 於二零一六年一月一日 | 89,796 | (568) | 515 | 89,743 |
| Disposal (Note 35(a)) | 出售(附註35(a)) | - | 568 | (515) | 53 |
| Movements for the year (Note 10) | 年度變動(附註10) | 2,810 | - | - | 2,810 |
| Exchange differences | 匯兌差額 | (6,233) | - | - | (6,233) |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 86,373 | - | - | 86,373 |
| Movements for the year (Note 10) | 年度變動(附註10) | 6,780 | - | - | 6,780 |
| Exchange differences | 匯兌差額 | 6,520 | - | - | 6,520 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | <u>99,673</u> | <u>-</u> | <u>-</u> | <u>99,673</u> |

Note: Deferred tax assets represented deductible temporary difference in relation to exploration and evaluation activities in the PRC and the recoverability depends on the future profitability of the Kashi project.

The following is the analysis of the deferred tax balances for financial reporting purposes:

| | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---------------------|----------------------------------|----------------------------------|
| Deferred tax assets | <u>99,673</u> | <u>86,373</u> |

20. 遞延稅項

- (a) 於綜合財務狀況表之遞延稅項資產組成部分如下：

遞延稅項資產產生自：

| | | Exploration costs (note) 勘探成本 (附註) HK\$'000 千港元 | Accelerated tax depreciation 加速稅項 折舊 HK\$'000 千港元 | Tax losses 稅項虧損 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|----------------------------------|---------------|---|---|---------------------------------------|--------------------------------|
| At 1 January 2016 | 於二零一六年一月一日 | 89,796 | (568) | 515 | 89,743 |
| Disposal (Note 35(a)) | 出售(附註35(a)) | - | 568 | (515) | 53 |
| Movements for the year (Note 10) | 年度變動(附註10) | 2,810 | - | - | 2,810 |
| Exchange differences | 匯兌差額 | (6,233) | - | - | (6,233) |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 86,373 | - | - | 86,373 |
| Movements for the year (Note 10) | 年度變動(附註10) | 6,780 | - | - | 6,780 |
| Exchange differences | 匯兌差額 | 6,520 | - | - | 6,520 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | <u>99,673</u> | <u>-</u> | <u>-</u> | <u>99,673</u> |

附註：遞延稅項資產代表關於在中國之勘探及評估活動之臨時可扣減差額，而可收回性取決於喀什項目之未來盈利能力。

就財務申報目的之遞延稅項結餘分析如下：

| | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---------------------|----------------------------------|----------------------------------|
| Deferred tax assets | <u>99,673</u> | <u>86,373</u> |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

20. DEFERRED TAXATION (Continued)

(b) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative Hong Kong and the PRC tax losses of approximate HK\$17,226,000 and HK\$136,900 as at 31 December 2017 respectively (2016: HK\$18,171,000 and HK\$nil) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction of the entity. The Hong Kong tax losses will not expire under the current relevant tax legislation while the PRC tax losses will expire in five years.

10% PRC dividend withholding tax would be payable on the distribution of undistributed profits of the Group's subsidiaries established in the PRC. As at 31 December 2017, no deferred tax liabilities have been recognised as the Group's PRC subsidiaries have no undistributed profits (2016: Nil).

21. ACCOUNTS RECEIVABLE

20. 遞延稅項(續)

(b) 未確認遞延稅項資產

本集團並無就於二零一七年十二月三十一日累計香港及中國稅項虧損分別約17,226,000港元及136,900港元(二零一六年: 18,171,000港元及零港元)確認遞延稅項資產, 原因為於實體之相關稅項司法權區不大可能有可動用該等虧損之未來應課稅溢利。根據現行相關稅法, 香港稅項虧損將不會到期, 而中國稅項虧損將於五年內到期。

本集團須按10%就分派於中國成立之附屬公司之未分派溢利繳納中國股息預扣稅。於二零一七年十二月三十一日, 因為本集團之中國附屬公司並無尚未分派溢利(二零一六年: 無), 概無確認有關遞延稅項負債。

21. 應收賬款

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Loan and interest receivables | 應收貸款及利息 | | |
| — money lending business (Note a) | — 放債業務(附註a) | — | 26,235 |
| — others (Note b) | — 其他(附註b) | <u>37,100</u> | <u>37,100</u> |
| | | 37,100 | 63,335 |
| Less: Provision for impairment of loan receivables from others | 減: 應收其他人士貸款之減值撥備 | <u>(37,100)</u> | <u>(37,100)</u> |
| | | <u>—</u> | <u>26,235</u> |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

21. ACCOUNTS RECEIVABLE (Continued)

Movement in the provision for impairment of loan receivables is as follows:

At 1 January and 31 December 於一月一日及十二月三十一日

Note:

- (a) During the year ended 31 December 2017, the Group has advanced a loan of HK\$27,500,000 to China Harvest HK Investment Limited (“**China Harvest**”), which has defaulted in payment. The loan is secured by a legal charge over the entire issued share capital of China Harvest. To protect the interest of the Group, due to the default in payment by the borrower, the shares of China Harvest transferred to the Group during the year ended 31 December 2017. Based on the information available to the Company, the principal assets of China Harvest are two advances made to two independent third parties totalling HK\$61 million, and its principal liabilities are an amount due to the former shareholder and the amount due to the Group. These balances have been recognised under other receivables and other payables in this consolidated financial statements.

As at 31 December 2016, the loan receivable with principal amount of HK\$26,000,000 and related interest receivable of approximately HK\$235,000 was due from one independent third party. The loan is interest-bearing at 3% per annum. The loan was neither past due nor impaired, and was fully settled in January 2017.

- (b) Loan receivable from an independent third party, Sing Pao Media Enterprises Limited (“**Sing Pao**”), which was unsecured, interest-bearing at 1% per month and repayable within 1 year have been fully impaired during the year ended 31 December 2011. The loan receivable from Sing Pao is secured by a personal guarantee of a third party.

Sing Pao’s shares were listed on the SEHK but was delisted on 18 August 2015. During the year ended 31 December 2015, a winding-up order was made against Sing Pao and the Group has already submitted proof of debt form to liquidator of Sing Pao on 7 January 2016. On 2 November 2017, the Group’s legal advisor was informed by the liquidator that the process of realisation of assets of Sing Pao was completed and there was unlikely to be any surplus assets for distribution to creditors (including the Company) after payment of the costs of the liquidation.

21. 應收賬款(續)

應收貸款減值撥備變動如下：

| 2017 | 2016 |
|----------|----------|
| 二零一七年 | 二零一六年 |
| HK\$’000 | HK\$’000 |
| 千港元 | 千港元 |

| | |
|---------------|---------------|
| 37,100 | 37,100 |
|---------------|---------------|

附註：

- (a) 於截至二零一七年十二月三十一日止年度，本集團已向中興香港投資發展有限公司(「**中興**」)貸款墊付27,500,000港元，惟中興拖欠還款。貸款以中興的全部已發行股份的法定押記為抵押。由於借款人拖欠付款，為保障本集團的利益，中興股份已於截至二零一七年十二月三十一日止年度轉至本集團。根據本公司可取得之資料，中興的主要資產為向兩名獨立第三方作出的兩項墊款，總額為61,000,000港元，而其主要負債為應付前股東款項及應付本集團款項。該等結餘於本綜合財務報表的其他應收款項及其他應付款項確認。

於二零一六年十二月三十一日，本金額為26,000,000港元之應收貸款及約235,000港元之相關應收利息乃由一名獨立第三方結欠。該貸款按年利率3%計息。貸款尚未到期或減值，並於二零一七年一月全數結清。

- (b) 應收一名獨立第三方成報傳媒集團有限公司(「**成報**」)貸款為無抵押、按每月利率1%計息，並須於一年內償還，該款項已於截至二零一一年十二月三十一日止年度悉數減值。應收成報貸款由一名第三方的個人擔保作抵押。

成報股份之前於香港聯交所上市，然後於二零一五年八月十八日除牌。截至二零一五年十二月三十一日止年度，成報被頒下清盤令，而本集團亦已於二零一六年一月七日向成報的清盤人提交債權證明表。於二零一七年十一月二日，本集團的法律顧問獲清盤人告知，成報的資產變現已完成，支付清盤成本後存在盈餘資產可供分派予債權人(包括本公司)的可能性極低。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

22. FINANCIAL ASSETS HELD FOR TRADING

22. 持作買賣之金融資產

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|----------------------|----------------------------------|----------------------------------|
| Trading securities listed in Hong Kong, at fair value | 於香港上市之買賣證券， 按公平價值 | <u>74,540</u> | <u>58,862</u> |

The fair value of financial assets held for trading are based on their current bid price in an active market.

持作買賣之金融資產之公平價值乃基於其於活躍市場之現時標價。

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

23. 其他應收款項、訂金及預付款項

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|---------------------------|----------------------------------|----------------------------------|
| Other receivables, deposits and prepayments (Note (a)) | 其他應收款項、訂金及預付款項 (附註(a)) | 90,295 | 18,681 |
| Refundable deposits | 可退回訂金 | | |
| — Mr. Wang Jian Guo (Note (b)) | — 王建國先生(附註(b)) | <u>20,725</u> | <u>20,725</u> |
| | | <u>111,020</u> | <u>39,406</u> |
| Less: Provision for impairment: | 減：減值撥備： | | |
| — Refundable deposit (Note (b)) | — 可退回訂金(附註(b)) | (20,725) | (20,725) |
| — Other receivables and deposits | — 其他應收款項及按金 | <u>(11,883)</u> | <u>(11,883)</u> |
| | | <u>(32,608)</u> | <u>(32,608)</u> |
| | | <u>78,412</u> | <u>6,798</u> |

Note:

- (a) As at 31 December 2017, as detailed in note 21(a), included in other receivables are two advances made to two independent third parties totalling HK\$61 million recognised by the Group as a results of default in payment by China Harvest.

附註：

- (a) 於二零一七年十二月三十一日，誠如附註21(a)所詳述，其他應收款項包括向兩名獨立第三方作出的兩項墊款，總額為61,000,000港元，而本集團因中興拖欠付款已確認該等款項。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Note: (Continued)

- (b) On 24 September 2007, Mr. Wang Jian Guo, an independent third party and Joy Even International Limited (“**Joy Even**”), a subsidiary of the Group, entered into the agreement in relation to the proposed acquisition of the 51% equity interest in each of the target companies, Bu Tuo County Wu Zhou Minerals Limited Liability Company (布拖縣五洲礦產有限公司) and Hui Li County Wan Feng Mining Limited Liability Company (會理縣萬豐礦業有限公司) of an aggregate consideration of RMB498 million (equivalent of HK\$516 million) (the “**Agreement**”). Both companies are limited liability companies established in the PRC. The principal activities of both companies are in the development of mines in the PRC. A refundable deposit of HK\$20,725,000 was paid (equivalent to RMB20,000,000) to Mr. Wang Jian Guo upon signing of the agreement. On 31 July 2008, the Company executed the Deed of termination regarding the proposed acquisitions, whereby subject to the return of the refundable deposit, both parties shall be released and discharged from their respective obligations under the Agreement. On 10 March 2011, Joy Even issued a Writ of Summons against Mr Wang Jian Guo claiming the principal and interest on the refundable deposits. On 18 June 2013, the Court of First Instance adjudged that Mr. Wang Jian Guo shall pay to Joy Even the sum of RMB22,723,287 or Hong Kong Dollar equivalent. The Group is now considering actions to recover the said amount from Mr. Wang Jian Guo. As at 31 December 2017 and 2016, all of the refundable deposits were impaired and there is no provision for impairment (2016: Nil) charged to profit or loss for the year.

24. OTHER PAYABLES AND ACCRUALS

| | | | |
|--|---------------------|----------------|---------|
| Exploration and evaluation cost payables (Note(i)) | 勘探及評估應付成本(附註(i)) | 421,119 | 392,569 |
| Other payables and accruals (Note(ii)) | 其他應付款項及應計款項(附註(ii)) | 115,783 | 40,370 |

Note:

- (i) Exploration and evaluation cost payables represents balances payable to sub-contractors engaged by the Group to perform exploration and evaluation works on the area designated in the Petroleum Contract as disclosed in Note 17 to the consolidated financial statements.
- (ii) Included above is other payables bearing fixed interest rates ranging from 4% to 6% (2016: ranging from 4% to 6%) per annum amounted to HK\$11,000,000 (2016: HK\$10,450,000).

23. 其他應收款項、訂金及預付款項(續)

附註：(續)

- (b) 於二零零七年九月二十四日，王健國先生(獨立第三方)與悅順國際有限公司(「悅順」)(本集團之附屬公司)訂立協議(「該協議」)，內容有關建議收購目標公司布拖縣五洲礦產有限公司及會理縣萬豐礦業有限公司各自之51%股權，總代價為人民幣498,000,000元(相等於516,000,000港元)。兩間公司均為於中國成立之有限公司，主要業務均為於中國開發礦場。本集團已於簽訂協議時向王健國先生支付可退回訂金20,725,000港元(相等於人民幣20,000,000元)。於二零零八年七月三十一日，本公司簽立關於建議收購事項之終止契據，據此，須退回可退回訂金。雙方解除各自於該協議之責任。於二零一一年三月十日，悅順向王健國先生發出傳訊令狀，追討可退回按金之本金連利息。於二零一三年六月十八日，原訟法庭判決王健國先生須向悅順支付金額人民幣22,723,287元或等價港元。本集團現正考慮採取行動，向王健國先生收回上述金額。於二零一七年及二零一六年十二月三十一日，全部可退回按金均已減值，且並無於本年度之損益扣除減值撥備(二零一六年：無)。

24. 其他應付款項及應計款項

| | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|----------------------------------|----------------------------------|
| Exploration and evaluation cost payables (Note(i)) | 421,119 | 392,569 |
| Other payables and accruals (Note(ii)) | 115,783 | 40,370 |
| | 536,902 | 432,939 |

附註：

- (i) 如綜合財務報表附註17所披露，應付勘探及評估成本指應付予本集團委聘、按石油合約指定之區域進行勘探評估工作之分包商的結餘。
- (ii) 上述項目包括按固定年利率介乎4%至6%(二零一六年：介乎4%至6%)計息之其他應付款項，金額為11,000,000港元(二零一六年：10,450,000港元)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

25. BALANCES WITH RELATED PARTIES

Amounts due to a shareholder and non-controlling interests

The amounts due are unsecured, interest free and repayable on demand.

26. CONVERTIBLE NOTES

On 22 January 2009, the Company, Totalbuild Investments Holdings Group Limited (the “**Vendor**”), Mr. Wang Guoju, as guarantor and beneficial owner of the entire issued share capital of the Vendor, China Era, as a guarantor for the Vendor, entered into the agreement (the “**Agreement**”) in relation to proposed acquisition of 100% equity interest in Totalbuild Investments Group (Hong Kong) Limited (“**Totalbuild Investments**”). Totalbuild Investments holds the entire issued share capital of China Era which has entered into the Petroleum Contract with CNPC as disclose in Note 17 to the consolidated financial statements.

On 3 January 2011, all the conditions of the acquisition of the first designated area of the Akemomu Gas Field (the “**First Designated Area**”) and the entire issued share capital (the “**Acquisition**”) of Totalbuild Investments and its subsidiaries (the “**Totalbuild Investments Group**”) have been fulfilled.

As a result of completion of the Acquisition and the First Designated Area, the Tranche 1 consideration in the sum of HK\$2,558,000,000 was paid by the Company with Tranche 1 convertible notes of HK\$2,558,000,000 at the conversion price of HK\$0.168 each, to the Vendor including the shortfall amount of HK\$1,279,000,000 which was deposited with an escrow agent pursuant to the Agreement. The sale loan consideration payable by the Company in the sum of HK\$906,299,000 was satisfied by deducting the deposit in the sum of HK\$804,000,000 and with the balance of HK\$102,299,000 to be settled in cash or otherwise agreed.

25. 與關聯人士之結餘

應付一名股東及非控股權益款項

該等款項為無抵押、免息及應要求償還。

26. 可換股票據

於二零零九年一月二十二日，本公司、共創投資控股有限公司（「賣方」）及王國巨先生（作為賣方之擔保人及賣方全部已發行股本之實益擁有人）、中國年代（作為賣方之擔保人）就建議收購共創投資集團（香港）有限公司（「共創投資」）之100%股本權益而訂立協議（「該協議」）。共創投資持有中國年代全部已發行股本，而中國年代與中國石油集團訂立了石油合約（如綜合財務報表附註17所披露）。

於二零一一年一月三日，收購於阿克莫木氣田之第一指定地區（「第一指定地區」）及共創投資及其附屬公司（「共創投資集團」）之全部已發行股本（「收購事項」）之所有條件已獲達成。

由於完成收購事項及第一指定地區，故本公司已按每股轉換價0.168港元向賣方發行第一批2,558,000,000港元之可換股票據，以支付第一批代價2,558,000,000港元（包括已根據協議存放於託管代理的差額1,279,000,000港元）。本公司應付之銷售貸款代價906,299,000港元已透過扣減按金804,000,000港元而償付，而餘額102,299,000港元則以現金或協定之其他方式償付。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

26. CONVERTIBLE NOTES (Continued)

According to the Agreement, the shortfall amount of HK\$1,279,000,000 convertible notes (“**Shortfall Notes**”) should only be released to the Vendor upon the Company having received a written certificate issued by the competent evaluator confirming that the First Designated Area be evaluated on the basis of unrisks economic evaluation on or before 31 May 2015 (the “**Relevant Period**”). No such written certificate was received by the Company on or before 31 May 2015. Under the terms of the Agreement, the Shortfall Notes have been returned to the Company for cancellation. During the year ended 31 December 2015, a gain of HK\$92,459,000 was recognised in profit or loss, and approximately HK\$1,309,405,000 related to equity component of the convertible notes have been transferred from convertible notes reserve to accumulated losses as the result of the cancellation of convertible notes.

In addition, according to the Agreement, the Group is not entitled to the benefits and interests of the second designated area in the Akemomu Gas Field. A separate shareholders’ approval will be required for the Acquisition of the second designated area by issuing additional convertible notes of not more than HK\$7,442,000,000 subjected to the fulfillment of certain conditions as stipulated in the Agreement within the Relevant Period.

The Tranche 1 zero coupon convertible notes with principal amount of HK\$2,558,000,000 with maturity in 30 years was issued on 3 January 2011. The convertible notes do not bear any interest and are freely transferable, provided that where the convertible notes are intended to be transferred to a connected person (as defined in the Listing Rules) of the Group (other than the associates of the note holder) such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the SEHK, if any.

26. 可換股票據(續)

根據該協議，差額1,279,000,000港元之可換股票據(「**差額票據**」)僅可於本公司已收取專利估值師發出書面證書確認第一指定地區已於二零一五年五月三十一日或之前(「**有關期間**」)根據無風險經濟評估基準評估後，方可解除。本公司於二零一五年五月三十一日或之前並無接獲有關書面證書。根據該協議之條款，差額票據已退回公司作註銷。截至二零一五年十二月三十一日止年度，本公司因註銷可換股票據而於損益確認收益92,459,000港元，可換股票據權益部分相關之約1,309,405,000港元已由可換股票據儲備轉移至累積虧損。

此外，根據該協議，本集團並無獲授阿克莫木氣田第二指定地區之利益及權益。於有關期間達成該協議指明之若干條件後發行不超過7,442,000,000港元之額外可換股票據以收購第二指定地區，須於取得獨立股東批准後，方可作實。

第一批零票息可換股票據本金額為2,558,000,000港元。可換股票據之到期日為發行日期二零一一年一月三日起計三十年屆滿。可換股票據不計息及可自由轉讓，惟倘可換股票據擬轉讓予票據持有人聯繫人士以外之本集團關連人士(定義見上市規則)，則有關轉讓須符合上市規則之規定及／或聯交所實施之規定(如有)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

26. CONVERTIBLE NOTES (Continued)

The noteholders may at any time during the 30 years from the issue date convert the whole or part of the principal amount of the convertible notes into new ordinary shares of the Company at the conversion price of HK\$0.168 per share, provided that (i) no conversion rights attached to the convertible notes may be exercised, to the extent that following such exercise, a holder of the convertible notes and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 30% or more of the entire issued shares of the Company (or in such percentage of the issued share capital of the Company as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer); and (ii) no holder of the convertible notes shall exercise the conversion right attached to the convertible notes held by such holders if immediately after such conversion, the public float of the shares fall below the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules as required by the SEHK. The conversion price of HK\$0.168 per share is subject to adjustment for consolidation, sub-division or re-classification of shares, capital reduction, rights issues and other events which have diluting effects on the issued share capital of the Company.

The fair values of the liability component and the equity component were determined at the issuance of the convertible notes. The fair value of the liability component, included in the non-current liabilities, was calculated using a market interest rate of equivalent non-convertible notes. The effective interest rate of the liabilities component is 11% and the interest expenses will be charged to profit or loss over the loan periods. The equity component of the convertible notes, representing the difference of the fair value of the convertible notes and the fair value of the liabilities component, was included in the owner's equity and denoted as convertible notes reserves.

26. 可換股票據(續)

票據持有人可於發行日期起計三十年內，隨時按換股價每股0.168港元將全部或部分可換股票據本金額兌換為本公司新普通股，惟(i)倘有關行使後，可換股票據持有人及與其一致行動人士將合共直接或間接控制或擁有30%或以上本公司全部已發行股份權益(或香港公司收購及合併守則可能不時訂明會引發強制性全面收購建議之本公司已發行股本之百分比)，則不得行使可換股票據所附兌換權；及(ii)倘緊隨兌換後，股份之公眾持股量降至低於上市規則第8.08條所訂明聯交所規定之最低公眾持股量規定，則可換股票據持有人不得行使該等持有人所持可換股票據所附兌換權。換股價每股0.168港元可因應股份合併、拆細或重新分類、削減股本、供股及其他對本公司已發行股本具攤薄影響之事項作出調整。

負債部分及權益部分之公平價值於發行可換股票據時釐定。負債部分之公平價值(包括於非流動負債)使用同等非可換股票據之市場利率計算。負債部分之實際利率為11%，而利息開支將於貸款期內在損益扣除。可換股票據之權益部分(代表可換股票據公平價值與負債部分公平價值之差額)計入擁有人之權益內及表示為可換股票據儲備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

26. CONVERTIBLE NOTES (Continued)

The movement of the principal amount, liability component and equity component of the convertible notes are as follows:

| | | | |
|----------------------------|---------------|---------------|----------------|
| At 1 January 2016 | 於二零一六年一月一日 | | |
| Interest expenses (Note 8) | 利息開支(附註8) | 52,234 | 695,828 |
| | | 5,805 | – |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 58,039 | 695,828 |
| Interest expenses (Note 8) | 利息開支(附註8) | 6,450 | – |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 64,489 | 695,828 |

Up to 31 December 2017, convertible notes with principal amount of HK\$599,330,000 have converted into ordinary shares of the Company. No convertible notes have been converted during the years ended 31 December 2017 and 2016.

The convertible notes with outstanding principal amount of HK\$679,670,000 as at 31 December 2017 and 2016 have maturity date falling 30 years from the date of issue on 3 January 2011.

26. 可換股票據(續)

可換股票據本金額、負債部分及權益部分之變動如下：

| | | Carrying amount 賬面值 | |
|----------------------------|---------------|---|--|
| | | Liability component 負債部分 HK\$'000 千港元 | Equity component 權益部分 HK\$'000 千港元 |
| At 1 January 2016 | 於二零一六年一月一日 | 52,234 | 695,828 |
| Interest expenses (Note 8) | 利息開支(附註8) | 5,805 | – |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 58,039 | 695,828 |
| Interest expenses (Note 8) | 利息開支(附註8) | 6,450 | – |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 64,489 | 695,828 |

直至二零一七年十二月三十一日，本金額為599,330,000港元之可換股票據已兌換為本公司普通股。截至二零一七年及二零一六年十二月三十一日止年度，並無可換股票據獲兌換。

於二零一七年及二零一六年十二月三十一日，可換股票據之未償還本金額為679,670,000港元，而到期日為發行日(即二零一一年一月三日)起計滿三十年。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

27. SHARE CAPITAL

27. 股本

| | | 2017 二零一七年 | | 2016 二零一六年 | |
|--|-------------------------------------|-----------------------------|---------------------------------|-----------------------------|---------------------------------|
| | | Number of shares 股份數目 | Amount 金額 HK\$'000 千港元 | Number of shares 股份數目 | Amount 金額 HK\$'000 千港元 |
| Authorised: | 法定： | | | | |
| Ordinary shares of HK\$0.05 each At 1 January and 31 December | 每股面值0.05港元之普通股 於一月一日及 十二月三十一日 | <u>25,000,000,000</u> | <u>1,250,000</u> | <u>25,000,000,000</u> | <u>1,250,000</u> |
| Issued and fully paid: | 已發行及繳足： | | | | |
| Ordinary shares of HK\$0.05 each At 1 January and 31 December | 每股面值0.05港元之普通股 於一月一日及 十二月三十一日 | <u>9,505,344,000</u> | <u>475,267</u> | <u>9,505,344,000</u> | <u>475,267</u> |

28. SHARE OPTION SCHEME

28. 購股權計劃

Under the terms of the share option scheme (the "Scheme") adopted conditionally by the Company on 25 June 2013, the directors of the Company may, at its discretion, grant options to the directors, employees and consultants of the Company and its subsidiaries to subscribe for shares of the Company.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their associates are subject to approval in advance by the independent non-executive directors. In addition, any share option granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within 12 months period, are subject to shareholders' approval in advance in a general meeting.

根據本公司於二零一三年六月二十五日有條件採納之購股權計劃(「該計劃」)條款，本公司董事可酌情向本公司及其附屬公司之董事、僱員及顧問授出購股權以認購本公司之股份。

根據該計劃本公司現行可授予之未行使購股權之上限數目等同於該等購股權獲行使時，本公司於任何時間已發行股份之30%。任何超過此上限進一步授出之購股權必須於股東大會上得到股東批准。

授予本公司董事、行政總裁或主要股東或其任何聯繫人士之購股權必須事先得到獨立非執行董事之批准。此外，任何在十二個月內授予本公司主要股東或獨立非執行董事或其任何聯繫人士之購股權，如超過本公司任何時間已發行股份之0.1%或總值超過5,000,000港元之股份(按授出日期之本公司股份價格計算)須事先於股東大會獲得股東批准。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

28. SHARE OPTION SCHEME (Continued)

An option may be exercised in accordance with the terms of the Scheme at any time during the period commencing immediately after the date on which the option is deemed to be granted and accepted and expiring on a date to be notified by the directors to each grantee which shall not be more than 10 years from the date on which the option is deemed to be granted and accepted. According to the Scheme, there is no provision requiring a minimum holding period before an option may be exercised. A nominal consideration of HK\$1 is payable on acceptance on grant of an option under the Scheme.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the SEHK closing price of the Company's shares on the date of grant of the share options; (ii) the average SEHK closing price of the Company's shares for the five trading days immediately preceding the date of the grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No shares options were granted and exercised during the years ended 31 December 2017 and 2016.

28. 購股權計劃(續)

緊隨購股權被視作授出及被接納之日起至董事通知各承授人購股權到期之日期間，可按照該計劃之條款隨時行使購股權，該段期間自購股權被視作授出及被接納之日起計不得超逾十年。根據該計劃，行使購股權前並無最短持有期之規定。根據該計劃接納授出之購股權付出之象徵式代價為1港元。

購股權行使價將由董事釐定，惟不得少於下列三者之最高者，即(i)於授出購股權之日聯交所報本公司股份之收市價；(ii)緊接授出購股權之前五個交易日聯交所報本公司股份之平均收市價；及(iii)本公司股份面值。

購股權並無賦予其持有人收取股息或於股東大會上投票之權利。

截至二零一七年及二零一六年十二月三十一日止年度，並無授出及行使股份。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

29. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

29. 控股公司財務狀況表

| | | Notes 附註 | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------|-------------|----------------------------------|----------------------------------|
| Non-current assets | 非流動資產 | | | |
| Interests in subsidiaries | 於附屬公司之權益 | | 1,601,938 | 1,663,733 |
| | | | <u>1,601,938</u> | <u>1,663,733</u> |
| Current assets | 流動資產 | | | |
| Financial assets held for trading | 持作買賣之金融資產 | | 74,540 | 58,862 |
| Other receivables, deposits and prepayments | 其他應收款項、訂金及預付款項 | | 1,097 | 1,882 |
| Cash and bank balances | 現金及銀行結餘 | | 131,724 | 183,757 |
| | | | <u>207,361</u> | <u>244,501</u> |
| Current liabilities | 流動負債 | | | |
| Other payables and accruals | 其他應付款項及應計款項 | | 6,845 | 3,682 |
| Amount due to a shareholder | 應付一名股東款項 | | 40,402 | 40,402 |
| | | | <u>47,247</u> | <u>44,084</u> |
| Net current assets | 流動資產淨值 | | <u>160,114</u> | <u>200,417</u> |
| Total assets less current liabilities | 資產總值減流動負債 | | <u>1,762,052</u> | <u>1,864,150</u> |
| Non-current liabilities | 非流動負債 | | | |
| Convertible notes | 可換股票據 | | 64,489 | 58,039 |
| | | | <u>64,489</u> | <u>58,039</u> |
| Net assets | 資產淨值 | | <u>1,697,563</u> | <u>1,806,111</u> |
| Equity | 權益 | | | |
| Share capital | 股本 | 27 | 475,267 | 475,267 |
| Reserves | 儲備 | 30 | 1,222,296 | 1,330,844 |
| Total equity | 總權益 | | <u>1,697,563</u> | <u>1,806,111</u> |

The financial statement was approved and authorised for issue by the board of directors on 28 March 2018.

董事會於二零一八年三月二十八日批准及授權刊發該等財務報表。

Zhao Guoqiang
趙國強
Director
董事

Gu Quan Rong
顧全榮
Director
董事

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

30. RESERVES OF THE COMPANY

30. 本公司儲備

| | | Contributed surplus 實繳股本盈餘 HK\$'000 千港元 (note (a)) (附註(a)) | Share premium 股份溢價 HK\$'000 千港元 (note (b)) (附註(b)) | Convertible notes reserve 可換股票據儲備 HK\$'000 千港元 (note (c)) (附註(c)) | Accumulated losses 累計虧損 HK\$'000 千港元 | Total 總值 HK\$'000 千港元 |
|--|------------------|---|---|--|---|--------------------------------|
| Balance at 1 January 2016 | 於二零一六年一月一日之結餘 | 91,349 | 1,679,187 | 695,828 | (842,724) | 1,623,640 |
| Loss and total comprehensive income for the year | 虧損及本年度全面收益總額 | — | — | — | (292,796) | (292,796) |
| Balance at 31 December 2016 | 於二零一六年十二月三十一日之結餘 | 91,349 | 1,679,187 | 695,828 | (1,135,520) | 1,330,844 |
| Loss and total comprehensive income for the year | 虧損及本年度全面收益總額 | — | — | — | (108,548) | (108,548) |
| Balance at 31 December 2017 | 於二零一七年十二月三十一日之結餘 | <u>91,349</u> | <u>1,679,187</u> | <u>695,828</u> | <u>(1,244,068)</u> | <u>1,222,296</u> |

Note:

- (a) The contributed surplus represents the difference between the nominal value of the shares of the Company issued in exchange for the issued share capital of the subsidiaries and the value of the underlying assets of the subsidiaries pursuant to the Group Reorganisation on 17 January 2002.
- (b) Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company under certain circumstances. It represents the excess of the nominal value of shares issued by the Company.
- (c) The convertible notes reserve represents the equity component of the convertible notes issued (i.e. option to convert the note into share capital).

附註：

- (a) 實繳股本盈餘乃根據二零零二年一月十七日本集團重組時，用以交換附屬公司之已發行股本而發行之本公司股份之面值及附屬公司之相關資產值兩者之差額。
- (b) 根據開曼群島公司法之規定，股份溢價賬在若干情況下可分派予本公司股東。股份溢價指超出本公司已發行股份面值之數額。
- (c) 可換股票據儲備指已發行可換股票據之權益部分（即可兌換票據至股本之選擇權）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

31. COMMITMENTS

(a) Operating lease commitments

The Group leases certain of its staff quarters and offices under non-cancellable operating lease arrangements with lease terms ranging from one to three years. At 31 December 2017 and 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|-----------------|----------------------------------|----------------------------------|
| Within one year | 於一年內 | 3,959 | 3,541 |
| In the second to fifth years, inclusive | 第二年至第五年(包括首尾兩年) | 9,110 | 1,052 |
| | | <u>13,069</u> | <u>4,593</u> |

(b) Capital commitments

Contracted but not provided for in respect of:

| | | | |
|---|-----------|----------------|----------------|
| — exploration and evaluation expenditures | — 勘探及評估開支 | 141,254 | 131,677 |
| — capital contributions in a subsidiary | — 對附屬公司注資 | 123,900 | 115,500 |
| | | <u>141,254</u> | <u>131,677</u> |
| | | <u>123,900</u> | <u>115,500</u> |

31. 承擔

(a) 經營租賃承擔

本集團根據不可撤銷經營租賃安排租用若干員工宿舍及辦公室，租期為一至三年不等。於二零一七年及二零一六年十二月三十一日，本集團根據於下列年期到期之不可撤銷經營租賃之未來應付最低租金總額為：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|-----------------|----------------------------------|----------------------------------|
| Within one year | 於一年內 | 3,959 | 3,541 |
| In the second to fifth years, inclusive | 第二年至第五年(包括首尾兩年) | 9,110 | 1,052 |
| | | <u>13,069</u> | <u>4,593</u> |

(b) 資本承擔

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|---------------|----------------------------------|----------------------------------|
| Contracted but not provided for in respect of: | 已訂約但未就下列事項撥備： | | |
| — exploration and evaluation expenditures | — 勘探及評估開支 | 141,254 | 131,677 |
| — capital contributions in a subsidiary | — 對附屬公司注資 | 123,900 | 115,500 |
| | | <u>141,254</u> | <u>131,677</u> |
| | | <u>123,900</u> | <u>115,500</u> |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

32. RELATED AND CONNECTED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save as those disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related and connected parties which are not members of the Group:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 13 to the consolidated financial statements.

33. LITIGATION

- (a) In January 2014, two independent parties (the "Plaintiffs") commenced a legal action against (a) two substantial shareholders of the Company (the "First and Second Defendants") and (b) the Company, whereby the Plaintiffs alleged that the First and Second Defendants have agreed to transfer convertible notes of the Company in the principal sum of HK\$106,820,000 ("Disputed CN") to the Plaintiffs, but the Company failed to recognise the transfer and failed to issue shares in accordance with the Plaintiffs' conversion instruction. The Plaintiffs sought for total damages of HK\$106,820,000 and interests and related costs.

The Company filed defense on 12 March 2014 and denied the claims made by the Plaintiffs. The management of the Company made an assessment that the litigation is unlikely to result in any material impact on the financial position of the Company.

32. 關聯及關連人士交易

本公司與其屬於本公司關聯人士之附屬公司進行之交易已於綜合賬目時對銷，並無於本附註披露。除綜合財務報表其他部分披露者外，本集團與非本集團成員公司之關聯及關連人士有以下重大交易：

主要管理人員酬金

給予本集團主要管理人員之酬金(包括向本公司董事支付之金額)披露於綜合財務報表附註13。

33. 訴訟

- (a) 於二零一四年一月，兩名獨立方(「原告人」)對(a)本公司兩名主要股東(「第一及第二被告人」)及(b)本公司提起法律訴訟，原告人聲稱第一及第二被告人同意向原告人轉讓本金額為106,820,000港元的本公司可換股票據(「涉爭議可換股票據」)，但本公司未能確認轉讓及未能根據原告人之轉換指引發行股份。原告人要求損失賠償合共106,820,000港元及利息及相關費用。

本公司於二零一四年三月十二日提出抗辯，並拒絕原告人提出的申索。本公司管理層評估訴訟不大可能嚴重影響本公司的財務狀況。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

33 LITIGATION (Continued)

- (b) Reference is made to the announcements of the Company (a) dated 16 September 2013 in relation to media reports about Mr. Wang Guoju; (b) dated 7 June 2015 in relation to charges against Mr. Wang Guoju for illegal operation crime involving allegations about improper conduct during the obtaining of the Petroleum Contract (the “**Illegal Operation Charge**”); (c) dated 17 June 2015 in relation to the commencement of the litigation (the “**Litigation**”) in the Grand Court of the Cayman islands (the “**Cayman Court**”) against (inter alia) the defendants (including Mr. Wang Guoju and UK Prolific, collectively as the “**Defendants**”) with the view to obtaining Cayman Court’s order to have the Totalbuild Transaction declared void or rescinded and have damages awarded to the Company; (d) dated 25 June 2015 in relation to the obtaining by the Company of the Injunction Order from the Cayman Court restraining the Defendants from disposing of, transferring, dealing in, diminishing the value of or exercising voting rights in respect of 1.86 billion issued Shares (the “**Restrained Shares**”), and restraining the Defendants from converting convertible bonds representing 13,366,190,476 underlying Shares (the “**Restrained CBs**”); (e) dated 18 August 2015 in relation to the continuation of the injunction order (the “**Injunction Order**”) against the Company’s undertaking not to issue or deal with additional Shares or securities without leave of the Cayman Court until the conclusion of the trial relating to the Litigation or further order by the Cayman Court (the “**Company’s Undertaking**”); and (f) dated 6 December 2017 in relation to the signing of the Supplemental Contract between the Group and CNPC to extend the First Phase exploration period by way of supplement and amendment to the original Petroleum Contract.

33. 訴訟(續)

- (b) 茲提述本公司的公佈，分別為(a)日期為二零一三年九月十六日的公佈，內容有關王國巨先生的傳媒報道；(b)日期為二零一五年六月七日的公佈，內容有關王國巨先生被起訴非法經營罪，其中涉及其於獲得石油合同時有不當行為的指控(「**非法經營罪**」)；(c)日期為二零一五年六月十七日的公佈，內容有關開曼群島大法院(「**開曼群島法院**」)開展對(其中包括)被告(包括王國巨先生及UK Prolific，統稱「**被告**」)的訴訟(「**訴訟**」)，就共創交易事項被宣告無效或被撤銷以及本公司獲得賠償取得開曼群島法院的命令；(d)日期為二零一五年六月二十五日的公佈，內容有關本公司向開曼群島法院取得禁制令，以禁制被告出售、轉讓、買賣1,860,000,000股已發行股份(「**受限制股份**」)或減損有關股份價值或行使投票權，以及禁制被告轉換涉及13,366,190,476股相關股份之可換股債券(「**受限制可換股債券**」)；(e)日期為二零一五年八月十八日的公佈，內容有關禁制令(「**禁制令**」)獲得延續，有關禁制令涉及本公司承諾直至有關訴訟的審訊完結或開曼群島法院的進一步命令為止，本公司不會在取得開曼群島法院許可前發行或處理額外股份或證券(「**本公司的承諾**」)；及(f)日期為二零一七年十二月六日的公佈，內容有關本集團與中國石油集團簽訂補充協議，透過補充及修訂原訂石油合同，將勘探期第一階段延長。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

33. LITIGATION (Continued)

(b) (Continued)

In December 2017, the Company was informed by Mr. Wang Guoju and his legal representative that the Illegal Operation Charge against Mr. Wang Guoju was acquitted. On that basis and after taking legal advice from the Company's legal advisers, the Company has on 27 December 2017 reached settlement with the Defendants pursuant to which the Company is applying to the Cayman Court for discontinuance of the Litigation, as a result of which the Injunction Order and the Company's Undertaking would be discharged such that the Defendants should no longer be restrained in respect of the Restrained Shares and the Restrained CBs.

The directors of the Company will update shareholders and the public on any material development of the Litigation by way of announcement if and when appropriate.

34. EVENTS AFTER THE REPORTING PERIOD

On 4 November 2017, the Group entered into a provisional sale and purchase agreement to acquire the entire equity interest in Team Lucky Development Limited, whose sole assets are properties in Hong Kong, for a total consideration of HK\$24,011,000. During 2017, a deposit in the amount of HK\$2,360,000 was paid. The acquisition was completed on 26 March 2018.

On 4 January 2018, the Group entered into a sale and purchase agreement with an independent third party to acquire properties in Hong Kong for a cash consideration of HK\$44,438,000. The acquisition was completed on 19 March 2018.

33. 訴訟 (續)

(b) (續)

於二零一七年十二月，本公司獲王國巨先生與其法律代表告知，王國巨先生非法經營罪的指控不成立。有鑒於此，向本公司法律顧問諮詢法律意見後，本公司已於二零一七年十二月二十七日與被告和解，本公司正向開曼群島法院申請中止訴訟，據此，禁制令及本公司的承諾將被解除，因此被告不再於受限制股份及受限制可換股債券方面受到限制。

本公司董事將於適當時候以刊發公佈之方式，就任何有關訴訟之重大發展向股東及公眾提供最新資訊。

34. 報告期後事項

於二零一七年十一月四日，本集團訂立臨時買賣協議，以收購添興發展有限公司之全部股權，該公司唯一的資產為位於香港的物業，總代價為24,011,000港元。於二零一七年，訂金2,360,000港元均已支付。收購事項於二零一八年三月二十六日完成。

於二零一八年一月四日，本集團與獨立第三方訂立買賣協議，以收購在香港的物業，現金代價為44,438,000港元。收購事項已於二零一八年三月十九日完成。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

35. DISPOSAL OF SUBSIDIARIES

- (a) On 24 June 2016, the Group entered into a sale and purchase agreement to dispose of certain subsidiaries at a consideration of HK\$50,000, the net liabilities of the subsidiaries disposed at the date of disposal were as follows:

Assets and liabilities disposed of at the date of disposal:

| | | HK\$'000 千港元 |
|--|-----------------|-----------------|
| Other receivables, deposits and prepayment | 其他應收款項、按金及預付款項 | 52 |
| Amount due from a related company | 應收一間關聯公司款項 | 9,137 |
| Cash and bank balances | 現金及銀行結餘 | 7 |
| Trade payables | 貿易應付款項 | (2,889) |
| Other payables and accruals | 其他應付款項及應計款項 | (6,227) |
| Deferred tax liabilities (Note 20(a)) | 遞延稅項負債(附註20(a)) | (53) |
| Non-controlling interests | 非控股權益 | (753) |
| | | <hr/> |
| Net liabilities disposed of: | 已出售負債淨值： | (726) |
| Gain on disposal of subsidiaries | 出售附屬公司之收益 | 776 |
| | | <hr/> |
| Consideration received | 已收代價 | 50 |
| | | <hr/> <hr/> |

- (b) Cash inflow arising from disposal of subsidiaries

| | | HK\$'000 千港元 |
|------------------------------------|-------------|-----------------|
| Cash consideration | 現金代價 | 50 |
| Cash and bank balances disposed of | 已出售之現金及銀行結餘 | (7) |
| | | <hr/> |
| | | 43 |
| | | <hr/> <hr/> |

35. 出售附屬公司

- (a) 於二零一六年六月二十四日，本集團訂立買賣協議，出售若干附屬公司，代價為50,000港元，而已出售附屬公司於出售日期之負債淨值如下：

於出售日期已出售的資產及負債：

- (b) 源自出售附屬公司之現金流

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

36. BUSINESS ACQUISITION DURING THE YEAR 36. 年內業務收購

On 24 April 2017, the Group completed the acquisition of Di Maria Group, which in turn owns an indirect controlling equity interest in Karamay Weirun Gas Co., Ltd. (克拉瑪依偉潤燃氣有限公司), which is principally engaged in distribution of natural gas in Xinjiang.

The fair value of identifiable assets and liabilities of Di Maria Group as at the date of acquisition were:

於二零一七年四月二十四日，本集團完成收購Di Maria Group，而Di Maria Group則擁有克拉瑪依偉潤燃氣有限公司的非控制性權益，該公司主要於新疆從事天然氣分銷。

Di Maria Group於收購日期之可辨識資產及負債公平價值如下：

| | | Di Maria Group |
|--|------------------------|-----------------------|
| | | <i>HK\$'000</i> |
| | | 千港元 |
| Identifiable net assets: | 可辨識資產淨值： | |
| Property, plant and equipment | 物業、廠房及設備 | 28,299 |
| Trade and other receivables | 貿易及其他應收款項 | 1,675 |
| Cash and cash equivalents | 現金及等同現金 | 1,815 |
| Trade and other payables | 貿易及其他應付款項 | (15,780) |
| | | <hr/> |
| Total identifiable net assets at fair value | 按公平價值之可辨識總資產淨值 | 16,009 |
| Non-controlling interest | 非控股權益 | (11,884) |
| | | <hr/> |
| | | 4,125 |
| Goodwill | 商譽 | 7,151 |
| | | <hr/> |
| Settled by cash | 以現金結付 | 11,276 |
| | | <hr/> <hr/> |
| | | Di Maria Group |
| | | <i>HK\$'000</i> |
| | | 千港元 |
| Net cash outflow arising on acquisition: | 產生自收購事項之現金流出淨額： | |
| Cash consideration paid | 已付現金代價 | 11,276 |
| Contingent consideration | 或然代價 | - |
| Cash and cash equivalents acquired | 所收購現金及等同現金 | (1,815) |
| | | <hr/> |
| | | 9,461 |
| | | <hr/> <hr/> |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

36. BUSINESS ACQUISITION DURING THE YEAR

(Continued)

Pursuant to the sale and purchase agreement between the Group and the vendor of Di Maria Group (the “Vendor”), the Group paid RMB10,000,000 (equivalent to HK\$11,276,000) as the consideration for the acquisition of Di Maria Group. Under the terms of the sale and purchase agreement, additional RMB6,000,000 (“Second Consideration”) and RMB16,000,000 (“Third Consideration”) would be paid if the total natural gas distributed reached 150,000 cubic meter per day (“First Target”) and 300,000 cubic meter per day (“Second Target”) before 31 December 2017 and 30 June 2018, respectively.

In any event that the designated gas distributed cannot be reached, the Second Consideration and the Third Consideration should be deducted proportionally in accordance with an agreed formula.

According to the sale and purchase agreement, the Group has the right to require the Vendor to buy back, and the Vendor has the right to repurchase Di Maria Group at the original consideration, if the First Target or the Second Target cannot be reached at 31 December 2017 or 30 June 2018.

As at 31 December 2017, the First Target could not be reached, but the Group has not exercised its right to require the Vendor to buy back nor the Vendor has exercised its right to repurchase Di Maria Group. As a result of the non-fulfillment of the First Target, the Second Consideration shall not be payable, and the management estimates that the amount of contingent consideration is immaterial at the date of acquisition and at the end of the reporting period and therefore no contingent consideration payable was recognised accordingly.

If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue of the Group would have been HK\$20,709,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

36. 年內業務收購(續)

根據本集團與Di Maria Group之賣方(「賣方」)之買賣協議，本集團已支付人民幣10,000,000元(相當於11,276,000港元)，作為收購Di Maria Group的代價。根據買賣協議的條款，倘天然氣分銷量分別於二零一七年十二月三十一日及二零一八年六月三十日前達每日150,000立方米(「第一個目標」)及每日300,000立方米(「第二個目標」)，將額外支付人民幣6,000,000元(「第二筆代價」)及人民幣16,000,000元(「第三筆代價」)。

倘無法達致指定天然氣分銷量，則應根據協定的公式按比例扣減第二筆代價及第三筆代價。

根據買賣協議，倘第一個目標或第二個目標未能於二零一七年十二月三十一日或二零一八年六月三十日達致，則本集團有權要求賣方回購及賣方有權按原價回購Di Maria Group。

於二零一七年十二月三十一日，第一個目標未能達致，但本集團並無行使其權利要求賣方回購且賣方亦無行使其權利回購Di Maria Group。由於未能達成第一個目標，第二筆代價無須支付，且管理層預計於收購日期及報告期末或然代價的金額並不重大，故概無確認應付或然代價。

倘若收購事項於二零一七年一月一日發生，管理層預計本集團綜合收益將為20,709,000港元。在釐定有關金額時，管理層已假設於收購當日產生的公平價值調整(屬暫時釐定)，與假設於二零一七年一月一日發生收購事項的公平價值調整一致。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

37. NON-CONTROLLING INTERESTS

Karamay Weirun Gas Co., Ltd. (“**Weirun**”), an effective 26.01% owned subsidiary of the Company, has material non-controlling interests (NCI).

Summarised financial information in relation to the NCI of Weirun, before intra-group eliminations, is presented below:

37. 非控股權益

本公司實際擁有26.01%權益之附屬公司，克拉瑪依偉潤燃氣有限公司(「**偉潤**」)，擁有非控股權益。

有關偉潤非控股權益之財務資料概要(未計及組內抵銷前)呈列如下：

| | | 2017 二零一七年 HK\$'000 千港元 |
|--|--------------------------------------|----------------------------------|
| For the period from 24 April 2017 (date of acquisition) to 31 December 2017 | 二零一七年四月二十四日(收購日期) 至二零一七年十二月三十一日期間 | |
| Revenue | 收益 | 12,630 |
| Loss for the year | 年內虧損 | (889) |
| Total comprehensive income | 全面收益總額 | (2,254) |
| Loss allocated to NCI | 分配予非控股權益之虧損 | (1,668) |
| For the period from 24 April 2017 (date of acquisition) to 31 December 2017 | 二零一七年四月二十四日(收購日期) 至二零一七年十二月三十一日期間 | |
| Cash flows from operating activities | 來自經營活動之現金流量 | (3,801) |
| Cash flows from investing activities | 來自投資活動之現金流量 | 41 |
| Cash flows from financing activities | 來自融資活動之現金流量 | - |
| Net cash inflows | 現金流入淨額 | (3,760) |
| | | 2017 二零一七年 HK\$'000 千港元 |
| At 31 December | 於十二月三十一日 | |
| Current assets | 流動資產 | 12,248 |
| Non-current assets | 非流動資產 | 27,845 |
| Current liabilities | 流動負債 | (22,282) |
| Non-current liabilities | 非流動負債 | - |
| Net assets | 資產淨值 | 17,811 |
| Accumulated non-controlling interests | 累計非控股權益 | 13,178 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

38. NOTES SUPPORTING CASH FLOW STATEMENT

(a) Cash and cash equivalents comprise

Cash and bank balances available on demand 按要求提供之現金及銀行結餘

(b) Reconciliation of liabilities arising from financing activities:

At 1 January 2017

Changes from cash flows:
Advance from a shareholder
Advance from non-controlling interests

At 31 December 2017

38. 現金流量表附註

(a) 現金及等同現金包括

| 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
|----------------------------------|----------------------------------|

| | |
|----------------|----------------|
| 171,926 | 203,719 |
|----------------|----------------|

(b) 產生自融資活動之負債對賬

| Advance to a shareholder (Note 25) 向一名股東作出墊款 (附註25) HK\$'000 千港元 | Advance to non-controlling interests (Note 25) 向非控股權益作出墊款 (附註25) HK\$'000 千港元 |
|--|---|
|--|---|

| | |
|--------|---|
| 40,402 | - |
|--------|---|

| | |
|-----|-------|
| 224 | |
| - | 6,222 |

| | |
|---------------|--------------|
| 40,626 | 6,222 |
|---------------|--------------|

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

39. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of strengthening the Group's risk management capability.

The capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves of HK\$475,267,000 (2016: HK\$475,267,000) and HK\$1,214,193,000 (2016: HK\$1,330,396,000) respectively as at 31 December 2017.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group has not adopted any formal dividend policy. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. For details of cash flow forecast carried out by the directors, please refer to Note 3(b)(ii) "Going concern basis".

40. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and equity price risk.

39. 資本風險管理

本集團管理資本之目標為：

- 保證本集團能持續經營，繼續為股東及其他權益持有人分別帶來回報及利益；
- 支持本集團之穩定性及增長；及
- 提供資本以加強本集團之風險管理能力。

於二零一七年十二月三十一日，本集團資本架構僅包括本公司擁有人應佔權益，當中包括股本及儲備分別為475,267,000港元(二零一六年：475,267,000港元)及1,214,193,000港元(二零一六年：1,330,396,000港元)。

本集團積極及定期檢討及管理其資本架構，以確保理想資本架構及股東回報。這些資本架構及股東回報已考慮到本集團之未來資金需要及資本效率、現行及預測盈利能力、預測經營現金流量、預測資本開支及預測策略性投資機會。本集團並無採納任何正式股息政策。根據董事的推薦建議，本集團將透過支付股息、發行新股、購回股份，以及發行新債或贖回現有債務，平衡其整體資本架構。有關董事進行的現金流量預測的詳情，請參閱附註3(b)(ii)「持續經營基準」。

40. 財務風險管理

信貸、流動資金、利率及貨幣風險乃在本集團業務之正常過程中產生。本集團亦承受自其於其他實體之股本投資之股本價格風險。

在本集團業務之正常過程中自本集團金融工具產生之主要風險為信貸風險、流動資金風險、利率風險、貨幣風險及股本價格風險。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

40. FINANCIAL RISK MANAGEMENT (Continued)

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

Credit risk is managed on a group basis. Except for loan and interest receivables, and the other receivables and deposits that were further explained in Notes 21 and 23 to the consolidated financial statements respectively, the Group principal financial assets are the financial assets held for trading and bank balances placed in financial institution and reputable banks separately. Given their high credit standing, management does not expect any credit risk exposure for those financial assets held for trading balance and bank balances. For credit exposures to customers, Group management has policies in place to ensure that sales are made to customers with an appropriate credit history. For credit exposures associated with the refundable deposits and loan receivables, Group management had assessed the credit quality of the debtors, taking into account their financial position, their business developments and other factors. In addition, the Group ensures that the amount of the loan is within the limit set by the Group.

(b) Liquidity risk

The Group has net current liabilities of approximately HK\$258,872,000 at 31 December 2017 (2016: HK\$177,727,000). The directors have carried out a detailed review of the cash flow forecast of the Group covering a period of not less than twelve months from the end of the reporting period, and other measures taken by the management as referred to in Notes 3(b)(ii) to the consolidated financial statements, and consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the twelve months from 31 December 2017.

40. 財務風險管理(續)

該等風險受下列本集團之財務管理政策及實務所制約。

(a) 信貸風險

信貸風險乃按組合基準管理。除分別於綜合財務報表附註21及23詳述之應收貸款及利息及其他應收款項及按金外，本集團之主要金融資產為持作買賣之金融資產及分別存放於金融機構及信譽良好之銀行之銀行結餘。鑒於該等銀行具備高信貸評級，管理層預期不會就該等持作買賣之金融資產及銀行結餘面對信貸風險。就有關客戶之信貸風險方面，本集團管理層訂有政策確保本集團向擁有適當信貸記錄之客戶進行銷售。至於與可退回訂金及應收貸款有關之信貸風險，本集團經計及債務人之財務狀況、業務發展及其他因素後已評估彼等之信貸質素。此外，本集團確保貸款金額為於本集團所設上限之內。

(b) 流動資金風險

於二零一七年十二月三十一日，本集團的流動負債淨額約為258,872,000港元(二零一六年：177,727,000港元)。董事已詳細審閱本集團涵蓋自報告期末起計不少於十二個月期間的現金流量預測及管理層採取的其他措施(如綜合財務報表附註3(b)(ii)之提述)，認為本集團將擁有充足營運資金，可以應付由二零一七年十二月三十一日起計十二個月內到期之財務責任。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

40. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

The maturity dates of all financial liabilities are within one year as at the end of each reporting period, except for convertible notes as disclosed in Note 26 to the consolidated financial statements which is interest free with maturity date over one year. The contractual undiscounted cash flows of financial liabilities equal their carrying amounts as shown on the consolidated statements of financial position as the impact of discounting is not significant, except for convertible notes with the principal undiscounted cash flows amount of HK\$679,670,000 (2016: HK\$679,670,000) as at 31 December 2017, but stated at the carrying amount of HK\$64,489,000 (2016: HK\$58,039,000) as at 31 December 2017 as disclosed in Note 26 to the consolidated financial statements. These zero coupon convertible notes have maturity date falling 30 years from the date of issue on 3 January 2011.

(c) Interest rate risk

Except for certain other payables that were further explained in Note 24 to the consolidated financial statements, the Group has no significant interest-bearing financial liabilities, and the financial assets are bank balances held with financial institutions. The Group's income and operating cash flows are substantially independent of changes in market interest rate.

(d) Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to market risk for changes in foreign currency exchange rates relates primarily to certain bank balances and other receivables in currencies other than the functional currency of the group entity to which the balances relate. The currency giving rise to this risk is primarily Hong Kong Dollar.

At 31 December 2017, it is estimated that a 3% strengthen/weakening of the Hong Kong dollars against Renminbi would have decrease/increase loss before income tax by HK\$115,377 (2016: HK\$112,000). This sensitivity analysis assumes that all other variables, in particular interest rates, remain constant.

40. 財務風險管理(續)

(b) 流動資金風險(續)

於每個報告期末，所有金融負債之到期日為一年內，惟於綜合財務報表附註26披露之可換股票據(免息及到期日為一年以上)除外。由於貼現之影響並不重大，故金融負債之合約非貼現現金流量相等於其於綜合財務狀況表內所示之賬面值，惟於二零一七年十二月三十一日之非貼現現金流量本金額679,670,000港元(二零一六年：679,670,000港元)之可換股票據(於二零一七年十二月三十一日按賬面值64,489,000港元(二零一六年：58,039,000港元)列賬)則除外(如綜合財務報表附註26所披露)。該等零票息可換股票據之到期日為發行日(即二零一一年一月三日)起計滿三十年之日。

(c) 利率風險

除綜合財務報表附註24所進一步闡釋的若干其他應付款項，本集團並無重大計息金融負債，而金融資產為於財務機構持有之銀行結餘，本集團之收入及經營現金流量大致獨立於市場利率變動。

(d) 貨幣風險

貨幣風險指金融工具之公平價值或未來現金流量因外幣匯率變動而波動之風險。本集團因外幣匯率變動承擔之市場風險，主要與以集團實體功能貨幣以外的貨幣列值之若干銀行結餘及其他應收款項相關。產生有關風險的貨幣主要為港元。

於二零一七年十二月三十一日，本公司估計倘港元兌人民幣升值/貶值3%，則除所得稅前虧損將會減少/增加115,377港元(二零一六年：112,000港元)。該敏感度分析假設所有其他變數(尤其是利率)維持不變。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

40. FINANCIAL RISK MANAGEMENT (Continued)

(e) Price risk

The Group is exposed to equity price changes arising from equity instruments classified as trading securities. All of these investments are listed.

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of reporting period for those trading securities. If equity price had been 5% higher, the loss for the year ended 31 December 2017 would have been decreased by HK\$3,112,000 (2016: HK\$2,457,000). Had the relevant equity price been 5% lower, there would be an equal and opposite impact on the loss.

(f) Fair value estimation

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs other than quoted price included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

40. 財務風險管理 (續)

(e) 價格風險

本集團承受分類為買賣證券之股本工具所產生之股本價格變動風險。所有該等投資均為上市。

本集團之上市投資於香港聯交所上市。買入及賣出買賣證券之決定乃按每日監察個別證券表現與指數及其他行業指標表現之比較以及本集團之流動資金需要作出。投資組合根據本集團設定之限額在行業分佈上多元化分散。

以下買賣證券的敏感度分析乃按於報告期末股本價格風險釐定。倘股本價格上升5%，則截至二零一七年十二月三十一日止年度之虧損將減少3,112,000港元(二零一六年：2,457,000港元)。倘有關股本價格下跌5%，則對虧損將有金額對等及相反影響。

(f) 公平價值估計

下表為按公平價值列賬之金融工具根據公平價值層級之分析：

第一級 — 在活躍市場就相同資產或負債取得之報價(未經調整)。

第二級 — 以第一級報價以外之資產或負債之可觀察輸入數據，無論是直接(即價格)或間接(即按價格推算)。

第三級 — 指透過運用並非基於可觀察市場數據之資產或負債輸入數據(不可觀察輸入數據)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 December 2017 二零一七年十二月三十一日

40. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair value estimation (Continued)

At 31 December 2017 and 2016, the Group's financial assets held for trading as disclosed in Note 22 to the consolidated financial statements are measured at fair value, which is categorised as financial assets at fair value through profit or loss and measured fair value based on Level 1 fair value measurement hierarchy.

The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

During the years ended 31 December 2017 and 2016, there were no transfers between Level 1 and Level 2, or into or out of Level 3.

40. 財務風險管理(續)

(f) 公平價值估計(續)

於二零一七年及二零一六年十二月三十一日，本集團持作買賣之金融資產(披露於綜合財務報表附註22)乃按公平價值計量，分類為按公平價值計入損益之金融資產及根據公平價值計量層級第一級計算。

本集團之政策為於導致轉讓之事件或情況變動日期確認公平價值層級轉入／轉出。

於截至二零一七年及二零一六年十二月三十一日止年度，第一級及第二級之間概無轉移或轉入或轉出第三級。

41. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 December 2017 and 2016 may be categorised as follows:

41. 金融資產及負債

本集團金融資產及負債於二零一七年及二零一六年十二月三十一日確認之賬面值可分類如下：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|--------------------|----------------------------------|----------------------------------|
| Financial assets | 金融資產 | | |
| Financial assets at fair value through profit or loss | 按公平價值於損益列賬之金融資產 | 74,540 | 58,862 |
| Loan and receivables (including cash and bank balances) | 貸款及應收款項(包括現金及銀行結餘) | <u>248,931</u> | <u>234,704</u> |
| Financial liabilities | 金融負債 | | |
| Financial liabilities measured at amortised cost | 按攤銷成本計量之金融負債 | <u>648,239</u> | <u>531,380</u> |

Five-Year Financial Summary 五年財務概要

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| Results | | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|----------------|------------------|-----------|-------------|-----------|-----------|
| 業績 | | 二零一七年 | 二零一六年 | 二零一五年 | 二零一四年 | 二零一三年 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Revenue | 收益 | 13,039 | 1,117 | 7,399 | 37,261 | 36,687 |
| Loss before income tax | 除所得稅前虧損 | (241,627) | (165,489) | (1,283,919) | (40,240) | (48,533) |
| Income tax credits | 所得稅抵免 | 6,774 | 2,801 | 2,483 | 3,586 | 4,314 |
| Loss for the year | 本年度虧損 | (234,853) | (162,688) | (1,281,436) | (36,654) | (44,219) |
| Profit attributable to Non-controlling interests | 非控股權益應佔溢利 | (657) | - | - | - | - |
| Loss attributable to owners of the Company | 本公司擁有人 應佔虧損 | (235,510) | (162,688) | (1,281,436) | (36,654) | (44,219) |
| Assets and liabilities | | 2017 | 2016 | 2015 | 2014 | 2013 |
| 資產及負債 | | 二零一七年 | 二零一六年 | 二零一五年 | 二零一四年 | 二零一三年 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Total assets | 資產總值 | 2,349,479 | 2,337,043 | 2,656,320 | 4,199,837 | 4,233,272 |
| Total liabilities | 負債總值 | (648,239) | (531,380) | (559,467) | (654,718) | (725,328) |
| Non-controlling interests | 非控股權益 | (11,780) | - | (753) | (753) | (753) |
| Attributable to owners of the Company | 本公司擁有人應佔 | 1,689,460 | 1,805,663 | 2,096,100 | 3,544,366 | 3,507,191 |

