



Interim Report
中期報告 2018



中國油氣控股有限公司
SINO OIL AND GAS HOLDINGS LIMITED

Stock Code 股份代號: 702

DIRECTORS

Executive Directors

Dr. Dai Xiaobing (*Chairman*)
Mr. King Hap Lee (*Chief Executive Officer*)
Mr. Wan Tze Fan Terence

Non-executive Directors

Mr. Chen Hua
Mr. Huang Shaowu
Mr. He Lin Feng
Ms. Chai Lin

Independent Non-executive Directors

Mr. Wong Kwok Chuen Peter
Professor Wong Lung Tak Patrick
Dr. Wang Yanbin
Dr. Dang Weihua

COMPANY SECRETARY

Ms. Yim Siu Hung

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 1201-1202, 12/F.
Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F., Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

董事

執行董事

戴小兵博士(主席)
景哈利先生(行政總裁)
溫子勳先生

非執行董事

陳華先生
黃紹武先生
何林峰先生
柴琳女士

獨立非執行董事

黃國全先生
黃龍德教授
王延斌博士
黨偉華博士

董事會秘書

嚴筱虹女士

總辦事處及主要營業地點

香港
中環德輔道中189號
李寶椿大廈
12樓1201-1202室

註冊辦事處

Clarendon House, 2 Church Street
Hamilton HM11
Bermuda

香港股份過戶登記分處

香港中央證券登記有限公司
香港
灣仔皇后大道東183號
合和中心17樓1712-1716室

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

主要股份過戶登記處

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
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HONG KONG LEGAL ADVISOR

Michael Li & Co.
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香港法律顧問

李智聰律師事務所
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BERMUDA LEGAL ADVISOR

Conyers Dill & Pearman
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Hong Kong

百慕達法律顧問

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AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

核數師

香港立信德豪會計師事務所有限公司
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香港
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永安中心25樓

STOCK CODE

702

股份代號

702

WEBSITE

www.sino-oilgas.hk

網址

www.sino-oilgas.hk

Interim Results

The board of directors (the “Board”) of Sino Oil and Gas Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2018 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

中期業績

中國油氣控股有限公司(「本公司」)董事會(「董事會」)宣佈，本公司及其附屬公司(統稱「本集團」)截至2018年6月30日止六個月之未經審核中期業績如下：

簡明綜合全面收益表

截至2018年6月30日止六個月

| | | Notes | 2018 (Unaudited) (未經審核) HK\$'000 千港元 | 2017 (Unaudited) (未經審核) HK\$'000 千港元 |
|---------------------------------------|------------------|-------|--|--|
| | | 附註 | | |
| Revenue | 營業額 | 5 | 314,790 | 310,649 |
| Direct costs | 直接成本 | | (299,488) | (287,913) |
| Gross profit | 毛利 | | 15,302 | 22,736 |
| Other income | 其他收入 | 6 | 42,796 | 28,607 |
| Other (losses) and gains, net | 其他(虧損)/收益淨額 | 7 | (20,470) | 64,092 |
| Selling and distribution expenses | 銷售及分銷費用 | | (1,970) | – |
| Administrative expenses | 行政費用 | | (39,728) | (42,468) |
| (Loss)/Profit from operations | 經營(虧損)/溢利 | | (4,070) | 72,967 |
| Finance costs | 融資成本 | 8(a) | (158,261) | (138,121) |
| Share of loss of an associate | 應佔一家聯營公司虧損 | | (99) | (289) |
| Loss before income tax expense | 除所得稅支出前虧損 | 8 | (162,430) | (65,443) |
| Income tax expense | 所得稅支出 | 9 | (2,173) | (2,125) |
| Loss for the period | 本期虧損 | | (164,603) | (67,568) |

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

簡明綜合全面收益表

截至2018年6月30日止六個月

| | | Notes 附註 | 2018 (Unaudited) (未經審核) HK\$'000 千港元 | 2017 (Unaudited) (未經審核) HK\$'000 千港元 |
|---|--------------------------------------|-------------|--|--|
| Other comprehensive income, after tax | 其他全面收益，除稅後 | | | |
| Item that may be reclassified to profit or loss: | 可能重新分類至損益之項目： | | | |
| Exchange differences on translating foreign operations | 換算海外業務之匯兌差異 | | (98,822) | 142,432 |
| Changes in fair value of available-for-sale investments | 可供出售金融資產之公平值變動 | | - | (236) |
| Item that will not be reclassified to profit or loss: | 不得重新分類至損益之項目： | | | |
| Change in fair value of financial assets at fair value through other comprehensive income (non-recycling) | 按公平值透過其他全面收益列賬的財務資產之公平值變動(不得重新分類至損益) | | (4,151) | - |
| Other comprehensive income for the period, after tax | 本期其他全面收益，除稅後 | | (102,973) | 142,196 |
| Total comprehensive income for the period | 本期全面收益總額 | | (267,576) | 74,628 |
| (Loss)/profit attributable to: | 以下人士應佔(虧損)/溢利： | | | |
| Owners of the Company | 本公司擁有人 | | (165,176) | (69,809) |
| Non-controlling interests | 非控股權益 | | 573 | 2,241 |
| | | | (164,603) | (67,568) |
| Total comprehensive income attributable to: | 以下人士應佔總全面收益： | | | |
| Owners of the Company | 本公司擁有人 | | (269,503) | 72,022 |
| Non-controlling interests | 非控股權益 | | 1,927 | 2,606 |
| | | | (267,576) | 74,628 |
| | | | HK\$ cents 港元(仙) | HK\$ cents 港元(仙) |
| Loss per share | 每股虧損 | | | |
| - Basic and diluted | - 基本及攤薄 | 11 | (0.887) | (0.411) |

Condensed Consolidated Statement of Financial Position

At 30 June 2018

簡明綜合財務狀況表

於2018年6月30日

| | Notes 附註 | 30.06.2018 (Unaudited) (未經審核) | | 31.12.2017 (Audited) (經審核) | |
|---|-------------|-------------------------------------|------------------|----------------------------------|-----------------|
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| ASSETS AND LIABILITIES | | | | | |
| | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 12 | | 2,075,757 | | 2,110,392 |
| Oil and gas exploration and evaluation assets | | | 59,776 | | 57,255 |
| Payment for leasehold land held for own use | | | 4,188 | | 4,356 |
| Intangible assets | 13 | | 2,311,650 | | 2,353,579 |
| Goodwill | | | 51,208 | | 51,877 |
| Interest in a joint venture | | | - | | - |
| Interest in an associate | | | 58,756 | | 59,137 |
| Financial assets at fair value through profit or loss | | | 29,688 | | 30,077 |
| Financial assets at fair value through other comprehensive income | | | 1,258 | | - |
| Available-for-sale investments | | | - | | 5,409 |
| Deposits and prepayments | 14 | | 90,785 | | 95,777 |
| Loan receivables | | | 15,921 | | 19,211 |
| Total non-current assets | | | 4,698,987 | | 4,787,070 |
| Current assets | | | | | |
| Inventories | | | 60,044 | | 15,070 |
| Financial assets at fair value through profit or loss | | | 15,325 | | 21,529 |
| Trade, notes and other receivables, deposits and prepayments | 14 | | 401,016 | | 438,570 |
| Short-term investment | | | 76,208 | | 77,205 |
| Loan receivables | | | 22,992 | | 48,029 |
| Amount due from a joint venture | | | 320 | | 320 |
| Cash and cash equivalents | | | 57,729 | | 21,766 |
| Total current assets | | | 633,634 | | 622,489 |
| Total assets | | | 5,332,621 | | 5,409,559 |
| Current liabilities | | | | | |
| Trade, other payables and accruals | 15 | | (418,427) | | (407,832) |
| Borrowings | 16 | | (130,400) | | (77,437) |
| Convertible notes | 17 | | (160,442) | | (297,142) |
| Financial liabilities at fair value through profit or loss | 17 | | (53,313) | | (37,895) |
| Taxation | | | (6,257) | | (6,474) |
| Total current liabilities | | | (768,839) | | (826,780) |
| Net current liabilities | | | (135,205) | | (204,291) |
| Total assets less current liabilities | | | 4,563,782 | | 4,582,779 |

Condensed Consolidated Statement of Financial Position

At 30 June 2018

簡明綜合財務狀況表

於2018年6月30日

| | Notes 附註 | 30.06.2018 (Unaudited) (未經審核) | | 31.12.2017 (Audited) (經審核) | |
|---|-------------|-------------------------------------|--------------------|----------------------------------|-----------------|
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Non-current liabilities | | | | | |
| Provisions | | | (6,623) | (6,709) | |
| Borrowings | 16 | | (454,120) | (456,451) | |
| Convertible notes | 17 | | (1,013,802) | (940,889) | |
| Deferred tax | | | (13,173) | (14,235) | |
| Total non-current liabilities | | | (1,487,718) | (1,418,284) | |
| NET ASSETS | | | 3,076,064 | 3,164,495 | |
| Capital and reserves attributable to owners of the Company | | | | | |
| Share capital | 18 | | 199,188 | 165,388 | |
| Reserves | | | 2,858,294 | 2,982,452 | |
| Equity attributable to owners of the Company | | | 3,057,482 | 3,147,840 | |
| Non-controlling interests | | | 18,582 | 16,655 | |
| TOTAL EQUITY | | | 3,076,064 | 3,164,495 | |

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018 – unaudited

簡明綜合權益變動表

截至2018年6月30日止六個月—未經審核

| | | Share capital | Share premium | Contributed surplus | Available- | | Fair value reserve | Convertible note equity reserve | Exchange reserve | Accumulated losses | Non-controlling interests | Total | |
|--|--------------------|----------------|------------------|---------------------|----------------------|------------------------------|--------------------|---------------------------------|------------------|--------------------|---------------------------|---------------|------------------|
| | | | | | Share option reserve | for-sale investments reserve | | | | | | | |
| | | 股本 | 股份溢價 | 繳納盈餘 | 購股權儲備 | 可供出售金融資產儲備 | 儲備 | 權益儲備 | 匯兌儲備 | 累計虧損 | 總計 | 權益 | 總權益 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | 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 | 千港元 | 千港元 | 千港元 |
| At 1 January 2018 | 於2018年1月1日 | 165,388 | 4,120,104 | 81,043 | 107,853 | (2,188) | - | - | 5,006 | (1,329,366) | 3,147,840 | 16,655 | 3,164,495 |
| Reclassification (note 4) | 重新分類(附註4) | - | - | - | - | 2,188 | (2,188) | - | - | - | - | - | - |
| | | 165,388 | 4,120,104 | 81,043 | 107,853 | - | (2,188) | - | 5,006 | (1,329,366) | 3,147,840 | 16,655 | 3,164,495 |
| (Loss)/profit for the period | 本期(虧損)/溢利 | - | - | - | - | - | - | - | - | (165,176) | (165,176) | 573 | (164,603) |
| Other comprehensive income | 其他全面收益 | - | - | - | - | - | (4,151) | - | (100,176) | - | (104,327) | 1,354 | (102,973) |
| Total comprehensive income for the period | 本期全面收益總額 | - | - | - | - | - | (4,151) | - | (100,176) | (165,176) | (269,503) | 1,927 | (267,576) |
| Issue of shares | 發行股份 | 33,800 | 145,345 | - | - | - | - | - | - | - | 179,145 | - | 179,145 |
| At 30 June 2018 | 於2018年6月30日 | 199,188 | 4,265,449 | 81,043 | 107,853 | - | (6,339) | - | (95,170) | (1,494,542) | 3,057,482 | 18,582 | 3,076,064 |
| At 1 January 2017 | 於2017年1月1日 | 170,937 | 4,212,718 | 81,043 | 110,344 | (260) | - | 10,409 | (327,155) | (1,181,905) | 3,076,131 | 15,512 | 3,091,643 |
| (Loss)/profit for the period | 本期(虧損)/溢利 | - | - | - | - | - | - | - | - | (69,809) | (69,809) | 2,241 | (67,568) |
| Other comprehensive income | 其他全面收益 | - | - | - | - | (236) | - | - | 142,067 | - | 141,831 | 365 | 142,196 |
| Total comprehensive income for the period | 本期全面收益總額 | - | - | - | - | (236) | - | - | 142,067 | (69,809) | 72,022 | 2,606 | 74,628 |
| Release upon redemption of convertible notes | 贖回可換股票據之回撥 | - | - | - | - | - | - | (10,409) | - | 10,409 | - | - | - |
| Repurchase of shares | 購回股份 | (2,607) | (46,383) | - | - | - | - | - | - | - | (48,990) | - | (48,990) |
| Release upon lapse of vested share options | 於已歸屬購股權失效時撥回 | - | - | - | (3,088) | - | - | - | - | 3,088 | - | - | - |
| Others | 其他 | - | - | - | - | - | - | - | (16) | - | (16) | 568 | 552 |
| At 30 June 2017 | 於2017年6月30日 | 168,330 | 4,166,335 | 81,043 | 107,256 | (496) | - | - | (185,104) | (1,238,217) | 3,099,147 | 18,686 | 3,117,833 |

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

簡明綜合現金流量表

截至2018年6月30日止六個月

| | | 2018 (Unaudited) (未經審核) HK\$'000 千港元 | 2017 (Unaudited) (未經審核) HK\$'000 千港元 |
|---|-------------------------------|---|--|
| Net cash generated from operating activities | 經營業務所產生之現金淨額 | 2,577 | 27,425 |
| Net cash used in investing activities | 投資活動所用之現金淨額 | (1,265) | (159,310) |
| Net cash generated from/(used in) before financing activities | 融資活動前產生/(所用)之現金淨額 | 1,312 | (131,885) |
| Net cash generated from/(used in) financing activities | 融資活動產生/(所用)之現金淨額 | 37,381 | (100,235) |
| Net increase/(decrease) in cash and cash equivalents | 現金及現金等價物增加/(減少)淨額 | 38,693 | (232,120) |
| Cash and cash equivalents at 1 January | 於1月1日之現金及現金等價物 | 21,766 | 251,530 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 現金及現金等價物匯率變動之影響 | (2,730) | 8,655 |
| Cash and cash equivalents at 30 June, representing cash and bank balances | 於6月30日之現金及現金等價物 — 即現金及銀行結餘 | 57,729 | 28,065 |

1. GENERAL

The Company was incorporated as an exempted company with limited liability in Bermuda on 2 November 1999 under the Companies Act 1981 of Bermuda (as amended) and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 February 2000. The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Suite 1201-1202, 12/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong, respectively.

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

(a) Basis of preparation

The interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The preparation of an interim report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This interim financial report is unaudited, but has been reviewed by the Company’s Audit Committee.

1. 一般資料

本公司根據百慕達一九八一年公司法(經修訂)於1999年11月2日在百慕達註冊成立為受豁免有限公司，其股份於2000年2月9日於香港聯合交易所有限公司主板上市。本公司之註冊辦事處及主要營業地點分別位於Clarendon House, 2 Church Street, Hamilton HM11, Bermuda及香港中環德輔道中189號李寶椿大廈12樓1201-1202室。

2. 編製基準及持續經營假設

(a) 編製基準

本集團之中期財務報告乃按照香港聯合交易所有限公司證券上市規則(「上市規則」)適用之披露條文及香港會計師公會頒佈之《香港會計準則》第34號—「中期財務報告」之規定編製。管理層在編製符合香港會計準則第34號規定之中期財務報告時所作之判斷、估計及假設，會影響會計政策之應用及按目前情況為基準計算之經匯報資產與負債、收入及支出之金額。實際業績可能有別於該等估計。本中期財務報告包括簡明綜合財務報表及部分附註。附註闡述了自2017年年度財務報表刊發以來，在瞭解本集團之財務狀況變動及表現方面確屬重要之事件及交易。此中期財務報表及附註沒有包括按照《香港財務報告準則》規定編製完整財務報表所需之全部資料。

本中期財務報告雖未經審核，但已由本公司審核委員會審閱。

Notes to the Financial Statements

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION (Continued)

(a) Basis of preparation (Continued)

The financial information relating to the financial year ended 31 December 2017 that is included in this interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. The auditor has expressed disclaimer of opinion on those financial statements in his report dated 29 March 2018. Statutory financial statements for the year ended 31 December 2017 are available from the Company's head office or at the Company's website (www.sino-oilgas.hk).

(b) Going concern assumption

As at 30 June 2018, the Group had net current liabilities of HK\$135,205,000. It indicates the existence of uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Group is actively identifying any possible financing options to strengthen the liquidity of the Group. In July 2018, the Company issued 3,980,000,000 and 3,980,000,000 ordinary shares at a price of HK\$0.036 and HK\$0.03 respectively to two independent investors. The total net proceeds from these two subscriptions is approximately HK\$262,000,000. The Group has settled the principal and interest of certain convertible notes with total amount of approximately HK\$200,000,000 and also partially settled borrowings of HK\$45,000,000 subsequent to the date of reporting. After the above-mentioned shares subscriptions and settlement of certain current financial obligations, the Group is at net current assets position.

In addition, three major shareholders of the Company have confirmed that they will provide continuing and sufficient support to the Group when the Group encounters financial difficulties. The Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the condensed consolidated financial statements. Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements for the period ended 30 June 2018 on a going concern basis.

2. 編製基準及持續經營假設 (續)

(a) 編製基準 (續)

本中期財務報告所載截至2017年12月31日止財政年度之財務資料為已匯報之資料，並不構成本集團該財政年度之法定財務報表，但資料則源自有關財務報表。本公司核數師在2018年3月29日之核數師報告書中對該等財務報表不表達意見。截至2017年12月31日止年度之法定財務報表可於本公司之總辦事處索取，或瀏覽本公司網址 (www.sino-oilgas.hk)。

(b) 持續經營假設

於2018年6月30日，本集團的流動負債淨額為135,205,000港元。這表明存在著不確定因素，可能會對本集團持續經營能力產生重大疑問。

本集團正積極物色任何可能的融資方案，以加強本集團的流動資金。於2018年7月，本公司分別以0.036港元及0.03港元的價格向兩名獨立投資者發行3,980,000,000股及3,980,000,000股普通股。該兩項認購的所得款項淨額總額約為262,000,000港元。於報告日期後，本集團償付若干可換股票據之本金及利息，總額約為200,000,000港元，並償付部分借貸共45,000,000港元。上述股份認購及償付若干財務負債後，本集團處於淨流動資產水平。

此外，本公司三名主要股東已確認，本集團面臨困難時將為本集團提供持續及充足的財務支持。本集團將有足夠營運資金為其營運提供資金，並於簡明綜合財務報表日期起計未來十二個月內到期時履行其財務責任。因此，董事認為，按持續經營基準編制2018年6月30日止期間的財務報表屬適當。

3. SIGNIFICANT ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, which have been prepared in accordance with all applicable HKFRSs, except for the new standards, amendments and interpretations of HKFRSs issued by HKICPA which have become effective in this period.

Details of the changes in accounting policies due to the adoption of new and revised HKFRSs are set out in note 4.

4. ADOPTION OF NEW AND REVISED HKFRSs

The HKICPA has issued a number of HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from Contracts with Customers
- Amendments to HKFRS 2, Classification and Measurement of Share-Based Payment Transactions
- Amendments to HKFRS 15, Revenue from Contracts with Customers (Clarification to HKFRS 15)
- HK(IFRIC) – Int 22, Foreign Currency Transactions and Advance Consideration
- Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Asset between an Investor and its Associate or Joint Venture

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

3. 主要會計政策

本中期財務報告按照2017年年度財務報表所採用之會計政策及所有適用之香港財務報告準則編製，包括香港會計師公會頒佈之所有適用之個別香港財務報告準則，除香港會計師公會頒佈於本期間生效之新訂及經修訂之香港財務報告準則及詮釋。

由於採納新訂及經修訂香港財務報告準則而導致會計政策變動的詳情載於附註4。

4. 採納新訂及經修訂香港財務報告準則

香港會計師公會已頒佈多項於本集團當前會計期間首次生效的新訂或經修訂香港財務報告準則：

- 香港財務報告準則第9號，金融工具
- 香港財務報告準則第15號，客戶合約收益
- 香港財務報告準則第2號(修訂本)，以股份付款交易的分類及計量
- 香港財務報告準則第15號(修訂本)，來自客戶合約的收益(澄清香港財務報告準則第15號)
- 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
- 香港財務報告準則第10號及香港會計準則第28號(修訂本)，投資者與其聯營公司或合營企業之間之資產出售或注資

本集團應用香港財務報告準則第9號金融工具及香港財務報告準則第15號客戶合約收益之影響於下文披露。採納其他於2018年1月1日生效之新訂及經修訂香港財務報告準則對本集團的會計政策並無重大影響。

Notes to the Financial Statements

4. ADOPTION OF NEW AND REVISED HKFRSs

(Continued)

(a) HKFRS 9, Financial instruments, including the amendment to HKFRS 9

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated.

The following table gives a summary of the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and reserves as at 1 January 2018:

| | | Carrying amounts at 31 December 2017 under HKAS 39 | Reclassification under HKFRS 9 | Carrying amounts at 1 January 2018 under HKFRS 9 |
|--|-----------------------|---|--|---|
| | | 根據 香港會計準則 第39號確認 的賬面值 2017年 12月31日 HK\$'000 千港元 | 重新 分類香港 財務報告 準則第9號 HK\$'000 千港元 | 根據 香港財務 報告準則 第9號確認 的賬面值 2018年 1月1日 HK\$'000 千港元 |
| Financial assets at fair value through other comprehensive income ("FVTOCI") | 按公平值透過其他全面收益列賬的財務資產 | – | 5,409 | 5,409 |
| Available-for-sale investments | 可供出售金融資產 | 5,409 | (5,409) | – |
| Fair value reserve (non-recycling) | 公平值儲備(不得重分類至損益) | – | (2,188) | (2,188) |
| Available-for-sale investments reserve (recycling) | 可供出售金融資產重估儲備(可重分類至損益) | (2,188) | 2,188 | – |

The classification and carrying amounts for all financial liabilities of the Group at 1 January 2018 have not been materially impacted by the initial adoption of HKFRS 9.

4. 採納新訂及經修訂香港財務報告準則 (續)

(a) 香港財務報告準則第9號，金融工具 (包括香港財務報告準則第9號之修訂)

根據所選擇的過渡方法，本集團確認首次應用香港財務報告準則第9號的累計影響作為2018年1月1日權益期初餘額的調整。比較資料並未重列。

下列提供了集團之財務資產及儲備於2018年1月1日由香港會計準則第39號的原有分類調整至香港財務報告準則第9號新分類的概要：

於2018年1月1日，本集團所有財務負債的分類及賬面值在首次適用香港財務報告準則第9號後未受重大影響。

4. ADOPTION OF NEW AND REVISED HKFRSs

(Continued)

(a) HKFRS 9, Financial instruments, including the amendment to HKFRS 9 (Continued)

Impairment of financial assets

HKFRS 9 replaces the “incurred loss” impairment model in HKAS 39 with a forward-looking “expected credit loss” model. The Group applies simplified approach to recognise lifetime expected losses for all receivables. The credit losses calculated pursuant to the new requirements are not significantly different from the amounts recognised under the current practices. Therefore, the Group considered no adjustment is necessary.

(b) HKFRS 15, Revenue from Contracts with Customers, including the amendment to HKFRS 15

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognition of the Group. Therefore, the Group considered no adjustment is necessary.

4. 採納新訂及經修訂香港財務報告準則 (續)

(a) 香港財務報告準則第9號，金融工具 (包括香港財務報告準則第9號之修訂) (續)

財務資產減值

香港財務報告準則第9號以「預期信貸虧損」模式取代香港會計準則第39號「已產生虧損」模式。集團按簡化模式要求對所有應收賬以持續預期虧損計算。按新要求下計算之信貸虧損與原有的計算額相差不大。因此，本集團認為不需要為此調整。

(b) 香港財務報告準則第15號，客戶合約之收益 (包括香港財務報告準則第15號之修訂)

香港財務報告準則第15號取代香港會計準則第11號，建築合約及香港會計準則第18號，收入及相關詮釋。香港財務報告準則第15號建立一個五步模式以確認客戶合約收益。根據香港財務報告準則第15號，收益按能反映實體預期就向客戶轉讓貨物或服務而有權獲得的代價金額確認。

本集團在沒有實際權宜之下採用香港財務報告準則第15號之累計影響方法。採用香港財務報告準則第15號對本集團收益確認之時間和金額沒有重大影響。因此，本集團認為不需要為此調整。

Notes to the Financial Statements

5. REVENUE AND SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has four (2017: four) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- | | |
|--------------------------------|--|
| i) Coalbed methane: | Exploration, development and production of coalbed methane |
| ii) Raw and cleaned coal: | Raw coal washing and sale of raw and cleaned coal |
| iii) Oil and gas exploitation: | Exploitation and sale of crude oil and natural gas |
| iv) Financial services: | Provision of financial services |

There are no sales or trading transactions between the business segments. Corporate revenue and expenses are not allocated to the operating segments as they are not included in the measurement of the segments' results used by the chief operating decision-maker in the assessment of segment performance.

5. 營業額及分部報告

本集團按主要經營決策者審閱並用以作出策略性決策之報告釐定其經營分部。

本集團擁有四個(2017年:四個)可報告分部。由於各自業務提供不同產品及服務需要不同業務策略,故分部須獨立管理。以下為本集團可報告分部營運之概要:

- | | |
|----------------|--------------|
| i) 煤層氣: | 勘探、開發和生產煤層氣 |
| ii) 原煤及精煤: | 原煤洗選和銷售原煤及精煤 |
| iii) 石油和天然氣開採: | 開採及銷售原油和天然氣 |
| iv) 金融服務: | 提供金融服務 |

業務分部間並無出售或買賣交易。企業收入及開支不分配至各經營分部,原因是主要經營決策者評估分部表現的分部業績計算並無包括有關收益及開支在內。

財務報表附註

5. REVENUE AND SEGMENT REPORTING (Continued)

The segment information about these businesses is set out as follows:

For the six months ended 30 June 2018

5. 營業額及分部報告 (續)

有關該等業務之分部資料載列如下：

截至2018年6月30日止六個月

| | Coalbed methane 煤層氣 HK\$'000 千港元 | Raw and cleaned coal 原煤及精煤 HK\$'000 千港元 | Oil and gas exploitation 石油和天然氣開採 HK\$'000 千港元 | Financial services 金融服務 HK\$'000 千港元 | Unallocated 未分配 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|---|--|---|---|---------------------------------------|--------------------------------|
| Results | | | | | | |
| Revenue from external customers ⁽ⁱ⁾ | 44,147 | 267,488 | - | 3,155 | - | 314,790 |
| Segment results ⁽ⁱⁱ⁾ | 15,612 | 5,627 | 6,577 | 4,247 | (20,715) | 11,348 |
| Change in fair value of financial liabilities at fair value through profit or loss | - | - | - | - | (15,418) | (15,418) |
| Finance costs | - | (1,161) | - | - | (157,100) | (158,261) |
| Share of loss of an associate | (99) | - | - | - | - | (99) |
| Profit/(loss) before income tax expense | 15,513 | 4,466 | 6,577 | 4,247 | (193,233) | (162,430) |
| Income tax expense | - | (2,173) | - | - | - | (2,173) |
| Profit/(loss) for the period | 15,513 | 2,293 | 6,577 | 4,247 | (193,233) | (164,603) |
| Assets and liabilities | | | | | | |
| At 30 June 2018 | | | | | | |
| Reportable segment assets ⁽ⁱⁱⁱ⁾ | 4,549,202 | 274,558 | 342,436 | 41,407 | 125,018 | 5,332,621 |
| Reportable segment liabilities ⁽ⁱⁱⁱ⁾ | 307,738 | 60,196 | - | 554 | 1,888,069 | 2,256,557 |

Notes to the Financial Statements

5. REVENUE AND SEGMENT REPORTING (Continued)

For the six months ended 30 June 2017

5. 營業額及分部報告 (續)

截至2017年6月30日止六個月

| | | Coalbed methane 煤層氣 HK\$'000 千港元 | Raw and cleaned coal 原煤及精煤 HK\$'000 千港元 | Oil and gas exploitation 石油和天然氣開採 HK\$'000 千港元 | Financial services 金融服務 HK\$'000 千港元 | Unallocated 未分配 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|--------------------------|---|--|---|---|---------------------------------------|--------------------------------|
| Results | 業績 | | | | | | |
| Revenue from external customers | 營業額—來自外界客戶之收入 | 37,769 | 272,000 | - | 880 | - | 310,649 |
| Segment results ⁽ⁱⁱ⁾ | 分部業績 ⁽ⁱⁱ⁾ | 12,691 | 11,104 | 7,905 | (3,645) | (16,532) | 11,523 |
| Change in fair value of financial liabilities through profit or loss | 按公平值透過損益列帳的財務負債之變動 | - | - | - | - | 61,444 | 61,444 |
| Finance costs | 融資成本 | - | (2,606) | - | - | (135,515) | (138,121) |
| Share of loss of an associate | 應佔一家聯營公司虧損 | (289) | - | - | - | - | (289) |
| Profit/(loss) before income tax expense | 除所得稅支出前溢利/(虧損) | 12,402 | 8,498 | 7,905 | (3,645) | (90,603) | (65,443) |
| Income tax expense | 所得稅支出 | - | (2,125) | - | - | - | (2,125) |
| Profit/(loss) for the period | 本期溢利/(虧損) | 12,402 | 6,373 | 7,905 | (3,645) | (90,603) | (67,568) |
| Assets and liabilities | 資產及負債 | | | | | | |
| At 30 June 2017 | 於2017年6月30日 | | | | | | |
| Reportable segment assets ⁽ⁱⁱⁱ⁾ | 可報告分部資產 ⁽ⁱⁱⁱ⁾ | 4,453,951 | 267,837 | 320,779 | 50,265 | 123,275 | 5,216,107 |
| Reportable segment liabilities ⁽ⁱⁱⁱ⁾ | 可報告分部負債 ⁽ⁱⁱⁱ⁾ | 230,410 | 85,843 | 16 | 81 | 1,781,924 | 2,098,274 |

5. REVENUE AND SEGMENT REPORTING (Continued)

Notes:

- (i) The contract assets are recognised as receivables only if the Group has an unconditional right to consideration of a contract with customer. If the Group recognises the related revenue before being unconditionally entitled to that consideration, the entitlement to consideration is recognised as contract assets. Contract liabilities are associated with consideration received from customers in advance of transferring goods promised in a contract. Contract assets and contract liabilities arising from the Company's contracts with customers as at 30 June 2018 are recorded within trade, notes and other receivables, deposits and prepayments (note 14(iv)) and trade, other payables and accruals (note 15(ii)) respectively. There have been no impairment loss recognised related to the contract assets.
- (ii) Unallocated results mainly include salaries, rental expense and professional fees for Hong Kong head office.
- (iii) Unallocated assets mainly include cash and cash equivalents in head office, short term investment, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale investments. Unallocated liabilities mainly include financial liabilities at fair value through profit or loss, borrowings and convertible notes.

5. 營業額及分部報告 (續)

附註：

- (i) 當本集團擁有無條件向客戶收取對價前確認相關的收入，則被分類為合同資產。合約負債則代表於合約轉讓商品或服務時已收客戶或應收客戶時所產生。於2018年6月30日，本集團由合約所產生的合約資產和負債分別於應收賬款、應收票據、其他應收賬款、按金及預付款項(附註14(iv))及應付賬款、其他應付款項及預提費用(附註15(ii))內列報。合約資產並未有作出減值。
- (ii) 未分配業績主要包員工成本、租金及專業費用等香港總辦事處開支。
- (iii) 未分配資產主要包括總公司的現金和現金等價物、短期投資、按公平值透過損益列賬的財務資產、按公平值透過其他全面收益列賬的財務資產和可供出售金融資產。未分配負債主要包括按公平值透過損益列賬的財務負債、借貸及可換股票據。

Notes to the Financial Statements

6. OTHER INCOME

6. 其他收入

| | | Six months ended 30 June 截至6月30日止六個月 | |
|---|-------------------------|---|-------------------------|
| | | 2018 HK\$'000 千港元 | 2017 HK\$'000 千港元 |
| Interest income | 利息收入 | | |
| – bank deposits | – 銀行存款 | 6 | 43 |
| – short-term investment | – 短期投資 | 5,103 | 4,688 |
| – others (note (i)) | – 其他(附註(i)) | <u>10,432</u> | <u>11,858</u> |
| Total interest income on financial assets that are not at fair value through profit or loss | 並非按公平值於損益列賬之財務資產之利息收入總額 | 15,541 | 16,589 |
| Government subsidies and grants (note (ii)) | 政府補貼及補助(附註(ii)) | 26,774 | 11,880 |
| Others | 其他 | <u>481</u> | <u>138</u> |
| | | <u>42,796</u> | <u>28,607</u> |

Notes:

- (i) It mainly represents the interest income from the refundable deposits paid for possible acquisitions of Canada oil fields. Details please refer to note 14(iv).
- (ii) It represents the regular subsidies from relevant government authority on the sales of coalbed methane for the year of 2017 (six months ended 30 June 2017: for the year of 2016) and VAT refund on the sales of coalbed methane from local tax bureau (six months ended 30 June 2017: nil). Both of them were generated from the coalbed methane segment as disclosed in note 5.

附註：

- (i) 其他利息收入主要為收購加拿大油田項目之按金的利息收入(附註14(iv))。
- (ii) 此乃相關政府部門對於2017年(2017年6月30日止六個月：來自2016年)煤層氣銷售的恆常補貼及當地稅務部門就煤層氣銷售退回之增值稅(2017年6月30日止六個月：無)。兩者都是源自煤層氣分部(附註5)。

7. OTHER (LOSSES) AND GAINS, NET

7. 其他(虧損)/收益淨額

| | | Six months ended 30 June 截至6月30日止六個月 | |
|--|----------------------|---|-------------------------|
| | | 2018 HK\$'000 千港元 | 2017 HK\$'000 千港元 |
| Change in fair value of financial liabilities at fair value through profit or loss | 按公平值透過損益列賬的財務負債公平值變動 | (15,418) | 61,444 |
| Exchange loss, net | 匯兌虧損淨額 | (2,494) | (566) |
| Others | 其他 | <u>(2,558)</u> | <u>3,214</u> |
| | | <u>(20,470)</u> | <u>64,092</u> |

財務報表附註

8. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging:

8. 除所得稅支出前虧損

除所得稅支出前虧損已扣除：

| | | Six months ended 30 June 截至6月30日止六個月 | |
|--|------------------------|---|-------------------------|
| | | 2018 HK\$'000 千港元 | 2017 HK\$'000 千港元 |
| a) Finance costs | a) 融資成本 | | |
| Amortisation of convertible notes transaction costs | 可換股票據的交易成本之攤銷 | - | 7,658 |
| Amortisation of corporate bonds transaction costs | 企業債券的交易成本之攤銷 | 5,880 | 5,183 |
| Interest on borrowings | 借貸利息 | 19,962 | - |
| Imputed interest on convertible notes | 可換股票據之應歸利息 | 126,403 | 133,065 |
| Interest on corporate bonds | 企業債券之利息 | 17,076 | 14,436 |
| Others | 其他 | 940 | 2,779 |
| | | 170,261 | 163,121 |
| Less: interest capitalised in qualifying assets | 減：轉入合格資產之資本化利息 | (12,000) | (25,000) |
| | | 158,261 | 138,121 |
| b) Employee costs (including directors' remuneration) | b) 員工成本(包括董事酬金) | | |
| Salaries, wages and other benefits | 薪金、工資及其他福利 | 13,320 | 15,611 |
| Contributions to defined contribution retirement plan | 定額供款退休計劃之供款 | 267 | 290 |
| | | 13,587 | 15,901 |
| c) Other items | c) 其他項目 | | |
| Cost of inventories sold recognised as expenses | 已售存貨成本確認為費用 | 253,289 | 253,375 |
| Depreciation of property, plant and equipment | 物業、廠房及設備之折舊 | 27,669 | 21,613 |
| Amortisation of payments for leasehold land held for own use | 自用租賃土地之攤銷 | 115 | 106 |
| Amortisation of intangible assets | 無形資產之攤銷 | 11,358 | 10,083 |
| Minimum lease payments under operating lease - property rentals | 經營租賃之最低租賃款項 - 物業租金 | 7,220 | 5,407 |

Notes to the Financial Statements

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the group companies did not have any estimated assessable profits subject to Hong Kong profits tax for the period ended 30 June 2018 and 2017. During the period ended 30 June 2018 and 2017, the subsidiaries in the People's Republic of China ("PRC") were subject to statutory tax rate of 25%.

The amount of income tax expense, charged to the condensed consolidated statement of comprehensive income represents:

| | |
|------------------------------|-----------|
| Current income tax | 即期所得稅 |
| – PRC enterprises income tax | – 中國企業所得稅 |
| Deferred tax for the period | 期內之遞延稅項 |
| Income tax expense | 所得稅支出 |

10. DIVIDEND

The directors have neither declared nor proposed any dividends in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

11. LOSS PER SHARE

a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$165,176,000 (six months ended 30 June 2017: loss of HK\$69,809,000) and the weighted average number of 18,611,618,000 (six months ended 30 June 2017: 16,982,953,000) ordinary shares in issue during the period.

b) Diluted loss per share

Diluted loss per share for the six months ended 30 June 2018 and 30 June 2017 is the same as the basic loss per share as the Company's outstanding share options and convertible notes, where applicable, had an anti-dilutive effect on the basic loss per share for the period ended 30 June 2018 and 30 June 2017.

9. 所得稅支出

截至2018年6月30日及2017年6月30日止六個月，由於集團公司並無須繳納香港利得稅之估計應課稅溢利，故並無計提香港利得稅撥備。截至2018年6月30日及2017年6月30日止六個月，位於中華人民共和國（「中國」）之附屬公司按法定稅率25%繳納稅項。

扣除簡明綜合全面收益表的所得稅包括：

| Six months ended 30 June | |
|--------------------------|--------------|
| 截至6月30日止六個月 | |
| 2018 | 2017 |
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |
| 3,085 | 2,963 |
| (912) | (838) |
| 2,173 | 2,125 |

10. 股息

董事並無宣派或擬派截至2018年6月30日止六個月之股息（截至2017年6月30日止六個月：無）。

11. 每股虧損

a) 每股基本虧損

每股基本虧損乃根據本公司擁有人之應佔虧損165,176,000港元（2017年6月30日止六個月：虧損69,809,000港元），以及期內已發行普通股之加權平均數18,611,618,000股（2017年6月30日止六個月：16,982,953,000股）普通股計算。

b) 每股攤薄虧損

截至2018年6月30日及2017年6月30日止六個月，每股攤薄虧損與每股基本虧損相同，因本公司尚未行使之購股權及可換股票據（如適用），對截至2018年6月30日及2017年6月30日止期內，具有反攤薄影響。

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group incurred the expenditure on property, plant and equipment with a cost of HK\$13,190,000 (six months ended 30 June 2017: HK\$62,863,000) and interest capitalised is HK\$12,000,000 (six months ended 30 June 2017: HK\$25,000,000).

13. INTANGIBLE ASSETS

The intangible assets represent mainly an operation rights in respect of coalbed methane project in the PRC and a favourable supplier agreement in respect of raw and cleaned coal project in the PRC.

14. TRADE, NOTES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

12. 物業、廠房及設備

截至2018年6月30日止六個月，本集團關於物業、廠房及設備之資本開支成本為13,190,000港元（截至2017年6月30止六個月：62,863,000港元）及資本化利息成本為12,000,000港元（截至2017年6月30日止六個月：25,000,000港元）。

13. 無形資產

無形資產主要為位於中國煤層氣項目之營運權及原煤和精煤項目之優惠供應商協議。

14. 應收賬款、應收票據、其他應收賬款、按金及預付款項

| | | 30.6.2018 HK\$'000 千港元 | 31.12.2017 HK\$'000 千港元 |
|--|-------------------|------------------------------|-------------------------------|
| Non-current assets | 非流動資產 | | |
| Deposits and prepayments (note (ii)) | 按金及預付款項(附註(ii)) | 90,785 | 95,777 |
| Current assets | 流動資產 | | |
| Trade receivables (note (i)) | 應收賬款(附註(i)) | 17,470 | 8,367 |
| Notes receivable | 應收票據 | 3,615 | 18,371 |
| Other receivables (note (iii)) | 其他應收款項(附註(iii)) | 69,835 | 54,418 |
| | | 90,920 | 81,156 |
| Utility deposits | 水電按金 | 2,069 | 2,781 |
| Other deposits and prepayments (note (iv)) | 其他按金及預付款項(附註(iv)) | 308,027 | 354,633 |
| | | 310,096 | 357,414 |
| | | 401,016 | 438,570 |

Notes to the Financial Statements

14. TRADE, NOTES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

- (i) Trade receivables are expected to be recovered within one year. All trade receivables are not impaired and related to customers which have good business track records with the Group. Ageing analysis of trade receivables is as follows:

| | | 30.6.2018 | 31.12.2017 |
|--------------|--------|------------------|------------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| 1 – 30 days | 1至30天 | 9,839 | 3,652 |
| 31 – 60 days | 31至60天 | 4,686 | – |
| 61 – 90 days | 61至90天 | 2,617 | 3,401 |
| Over 90 days | 多於90天 | 328 | 1,314 |
| | | 17,470 | 8,367 |

- (ii) As at 30 June 2018, the balance included prepaid exploration costs of HK\$77,747,000 (31 December 2017: HK\$79,968,000) on the Group's construction in progress.
- (iii) As at 30 June 2018, the balance included mainly consideration receivables of HK\$24,000,000 (31 December 2017: HK\$24,000,000) on the disposal of subsidiaries.
- (iv) As at 30 June 2018, the balance mainly included prepayment to a raw coal supplier of HK\$1,690,000 (31 December 2017: HK\$50,138,000), deposits of HK\$238,776,000 (31 December 2017: HK\$248,523,000) paid for possible acquisitions of Canada oil fields and interest receivables of HK\$50,248,000 (31 December 2017: HK\$41,737,000) in relation to these deposits. The deposits were interest bearing at 8.5% per annum.

14. 應收賬款、應收票據、其他應收賬款、按金及預付款項 (續)

附註：

- (i) 所有應收賬款預計可於一年內收回，基於本公司與客戶有良好之商業記錄，故並無作出減值。應收賬款之賬齡分析如下：

- (ii) 於2018年6月30日，餘款包括對本集團在建工程之預付勘探成本77,747,000港元（2017年12月31日：79,968,000港元）。
- (iii) 於2018年6月30日，餘款包括出售子公司之應收代價24,000,000港元（2017年12月31日：24,000,000港元）。
- (iv) 於2018年6月30日，餘款包括預付一間原煤洗選供應商1,690,000港元（2017年12月31日：50,138,000港元）、按金238,776,000港元（2017年12月31日：248,523,000港元）及與按金相關之應收利息50,248,000港元（2017年12月31日：41,737,000港元）。此按金為本公司可能收購加拿大油田之按金，按金以每年8.5%計算利息。

財務報表附註

15. TRADE, OTHER PAYABLES AND ACCRUALS

15. 應付賬款、其他應付款項及預提費用

| | | 30.6.2018 | 31.12.2017 |
|--|--------------------|------------------|------------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Trade payables | 應付賬款 | 20,094 | 30,662 |
| Other payables and accruals (note (i)) | 其他應付款項及預提費用(附註(i)) | 317,820 | 325,343 |
| Receipt in advance (note (ii)) | 預收款(附註(ii)) | 75,210 | 34,972 |
| Amounts due to shareholders (note (iii)) | 應付股東款項(附註(iii)) | 5,303 | 16,855 |
| | | 418,427 | 407,832 |

Notes:

- (i) Other payables mainly included exploration costs payable of approximately HK\$273,723,000 (31 December 2017: HK\$269,828,000) in respect of oil and gas properties.
- (ii) It represents the receipt in advance of HK\$50,000,000 (31 December 2017: nil) from the share subscriptions in July 2018 as disclosed in the note 22(i) and the receipt in advance from sale of cleaned coal amounted to HK\$25,210,000 (31 December 2017: HK\$34,972,000).
- (iii) The loans were unsecured, interest free and repayable on demand.

附註：

- (i) 其他應付款項包括有關油氣資產之應付勘探成本約273,723,000港元(2017年12月31日：269,828,000港元)。
- (ii) 預收款包括股份認購(附註22(i))的預收款為50,000,000港元(2017年12月31日：無)及銷售精煤的預收款為25,210,000港元(2017年12月31日：34,972,000港元)。
- (iii) 該貸款為無抵押、免息及須按要求即時償還。

Notes to the Financial Statements

16. BORROWINGS

16. 借貸

| | | 30.6.2018 | 31.12.2017 |
|--|----------------|------------------|------------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Other borrowings – unsecured | 其他無抵押借貸 | 117,000 | 77,437 |
| Corporate bonds – unsecured (note) | 無抵押企業債券(附註) | 467,520 | 456,451 |
| | | 584,520 | 533,888 |
| On demand or within one year | 按要求或一年內償還 | 130,400 | 77,437 |
| More than one year, but not exceeding two years | 超過一年，但不超過兩年 | – | 10,400 |
| More than two years, but not exceeding five years | 超過兩年，但不超過五年 | 288,000 | 257,000 |
| More than five years | 超過五年 | 166,120 | 189,051 |
| | | 584,520 | 533,888 |
| Amount due within one year included in current liabilities | 列入流動負債一年內到期之金額 | (130,400) | (77,437) |
| Non-current portion | 非流動部分 | 454,120 | 456,451 |

During the six months ended 30 June 2018, the Company issued two corporate bonds of HK\$6,000,000 (31 December 2017: HK\$143,400,000) which bear fixed interest rate at 6% per annum (31 December 2017: 5% - 8% per annum) with maturity in 1 and 8 years respectively (31 December 2017: 2 to 8 years).

截至2018年6月30日止6個月內，本公司發行兩份固定年息6% (2017年12月31日: 5%-8%)，年期分別為1及8年 (2017年12月31日: 2-8年) 共6,000,000港元之企業債券 (2017年12月31日: 143,400,000港元)。

財務報表附註

17. CONVERTIBLE NOTES

17. 可換股票據

| | | Liabilities component 負債部分 HK\$'000 千港元 | Derivative component 衍生部分 HK\$'000 千港元 | Equity component 權益部分 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|--|-----------------------------|---|--|--|--------------------------------|
| At 1 January 2017 | 於2017年1月1日 | 1,230,412 | 224,937 | 10,409 | 1,465,758 |
| Released upon expiry | 於到期時撥回 | (167,064) | - | (10,409) | (177,473) |
| Amortisation of transaction costs | 交易成本之攤銷 | 14,872 | - | - | 14,872 |
| Imputed interest expense | 應歸利息支出 | 264,658 | - | - | 264,658 |
| Interest paid | 已付利息 | (104,847) | - | - | (104,847) |
| Change in fair value | 公平值之變動 | - | (187,042) | - | (187,042) |
| At 31 December 2017 and at 1 January 2018 | 於2017年12月31日及 於2018年1月1日 | 1,238,031 | 37,895 | - | 1,275,926 |
| Released upon expiry | 於到期時撥回 | (144,324) | - | - | (144,324) |
| Imputed interest expense | 應歸利息支出 | 126,403 | - | - | 126,403 |
| Interest paid | 已付利息 | (45,866) | - | - | (45,866) |
| Change in fair value | 公平值之變動 | - | 15,418 | - | 15,418 |
| At 30 June 2018 | 於2018年6月30日 | 1,174,244 | 53,313 | - | 1,227,557 |

Notes:

- (i) During the six months ended 30 June 2018, the Group partially settled one of the convertible notes ("the Bond") with principal amount of HK\$29,000,000 and entered into an agreement with the holder of the Bond to extend the maturity date of the Bond with the remaining principal amount of HK\$107,000,000 while the conversion right attached expired. Accordingly, the outstanding amount of the Bond of HK\$107,000,000 was reclassified as borrowings as disclosed in the note 16 to the financial statements.
- (ii) For the six months ended 30 June 2018, imputed interest expense on the convertible notes was charged at the rate of approximately 18.96% - 22.85% per annum calculated using the effective interest method.
- (iii) In July 2018, the Company redeemed convertible notes with aggregate principal amount of HK\$160,000,000.
- (iv) Upon the completion of subscription of 3,380,000,000 shares of the Company at a price of HK\$0.03 per share on 10 July 2018 (note 22(i)), the conversion price of the outstanding convertible note with principal amount of US\$130,000,000 shall be adjusted accordingly, which is reduced to HK\$0.03 per share with effect from 10 July 2018. Details were disclosed in the Company's announcement dated 13 July 2018.

附註：

- (i) 截至2018年6月30日止六個月，本集團償付可換股票據（「票據」）之部分本金金額29,000,000港元及與票據之持有人訂立協議，將餘下本金為107,000,000港元之票據的到期日延後，而附帶的換股權則告失效。因此，該票據之餘額亦重新分類為財務報表附註16所披露的借貸。
- (ii) 於2018年6月30日止6個月內，可換股票據的應歸利息支出按實際年利率18.96% - 22.85%使用實際利息法計算。
- (iii) 於2018年7月，本公司贖回本金總額為160,000,000港元之可換股票據。
- (iv) 於2018年7月10日完成按每股0.03港元之價格認購本公司3,380,000,000股股份後（附註22(i)），餘下可換股票據本金金額為130,000,000美元之換股價將作出相應調整，降至每股0.03港元，自2018年7月10日起生效。詳情請參閱本公司於2018年7月13日刊發之公告。

Notes to the Financial Statements

18. SHARE CAPITAL

| | | Number of shares 股份數目 '000 千股 | Amount 金額 HK\$'000 千港元 |
|---|------------------------|---|---------------------------------|
| Issued and fully paid | 已發行及繳足 | | |
| At 1 January 2017 | 於2017年1月1日 | 17,093,656 | 170,937 |
| Shares repurchased | 股份購回 | (554,865) | (5,549) |
| At 31 December 2017 and at 1 January 2018 | 於2017年12月31日及2018年1月1日 | 16,538,791 | 165,388 |
| Shares issued on placing (note) | 發行股票(附註) | 3,380,000 | 33,800 |
| At 30 June 2018 | 於2018年6月30日 | <u>19,918,791</u> | <u>199,188</u> |

Note: During the six months ended 30 June 2018, 3,380,000,000 ordinary shares were subscribed at HK\$0.053 per share.

附註：截至2018年6月30日止六個月，3,380,000,000股普通股按每股面值0.053港元之價格獲認購。

19. COMMITMENTS

a) Operating lease commitments – Lessee

At 30 June 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

| | | 30.6.2018 HK\$'000 千港元 | 31.12.2017 HK\$'000 千港元 |
|---------------------------------|---------|------------------------------|-------------------------------|
| Within 1 year | 1年內 | 8,986 | 6,144 |
| After 1 year but within 5 years | 1年後但5年內 | 6,843 | 4,244 |
| | | <u>15,829</u> | <u>10,388</u> |

The Group is the lessee of a number of properties held under operating leases. The leases typically run for an initial period of one to six years without an extension option. None of the leases includes contingent rentals.

19. 承擔

a) 經營租賃承擔－承租人

於2018年6月30日，不可撤銷經營租賃之日後應付之最低租賃款項總額如下：

本集團為根據經營租賃租用多項物業之承租人。一般而言，該等租賃之初步期間介乎1至6年，並無續租選擇權。所有租賃概無包括或有租金。

19. COMMITMENTS (Continued)

b) Capital commitments

| | | 30.6.2018 | 31.12.2017 |
|---|-------------|------------------|------------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Commitments in respect of the Sanjiao CBM Project | 就三交煤層氣項目之承擔 | 17,042 | 18,333 |
| Commitments in respect of the LNG Project | 就液化天然氣項目之承擔 | 68,198 | 69,090 |
| | | 85,240 | 87,423 |

20. CONTINGENT LIABILITIES

The Group carries out oil exploitation operations in the PRC. The PRC has adopted environmental laws and regulations that affect the operations of the oil and gas industry. The outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material. Under the existing legislations, however, management believes that there are no probable liabilities that will have a material adverse effect on the financial position of the Group.

The Group also engages in the exploration, development and production of coalbed methane resources. The consequence of coalbed mining includes dismantlement and demolition of infrastructure in the mining sites. The Group may have obligations to make payments for restoration and rehabilitation of the land after the sites have been extracted. At 30 June 2018, a provision of HK\$6,623,000 (31 December 2017: HK\$6,709,000) was made in the condensed consolidated statement of financial position.

19. 承擔 (續)

b) 資本承擔

20. 或有負債

本集團於中國經營石油開採業務。中國已實行環保法律及法規，該等法律及法規影響到石油及天然氣工業之經營。建議中或未來之環保立法所引致之有關環保之負債目前尚無法合理地估計，負債可能重大。然而，根據現有立法，管理層認為，並不存在任何可能對本集團財務狀況產生重大負面影響之負債。

本集團亦經營煤層氣資源之勘探、開發和生產，而進行煤層開採之後果包括拆遷及拆除礦場之基本設施。本集團或須負責在礦場完成開採後，支付礦區土地復原及復墾之費用。於2018年6月30日，簡明綜合財務狀況表內作出了6,623,000港元（2017年12月31日：6,709,000港元）之撥備。

Notes to the Financial Statements

21. MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Details of compensation paid to key management personnel including the directors of the Company are as follows:

Short-term employee benefits

短期僱員福利

21. 重大關連人士交易

主要管理人員酬金

已付主要管理人員(包括本公司董事)酬金詳情如下:

Six months ended 30 June

截至6月30日止六個月

| | 2018 | 2017 |
|--|--------------|--------------|
| | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 |
| | 8,770 | 8,911 |

22. EVENTS AFTER THE REPORTING PERIOD

- (i) In July 2018, the Company issued 3,980,000,000 and 3,980,000,000 ordinary shares at a price of HK\$0.036 and HK\$0.03 respectively to two independent investors. The total net proceeds from these two subscriptions of approximately HK\$262,000,000 was mainly used for settlement of principal and interest of certain convertible notes with total amount of approximately HK\$200,000,000, settlement of borrowings of HK\$45,000,000 and the remaining amount was used for general working capital of the Group.
- (ii) With the approval by the shareholders of the Company at the Special General Meeting held on 8 August 2018, every ten issued and unissued then existing shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one consolidated share of par value of HK\$0.10 each. Accordingly, the number of authorised and issued shares, exercise price of existing share options and convertible notes are adjusted. For details, please refer to the circular and the announcement issued by the Company on 19 July 2018 and 15 August 2018 respectively.

22. 報告期後事項

- (i) 於2018年7月，本公司分別以0.036港元及0.03港元的價格向兩名獨立投資者發行3,980,000,000股及3,980,000,000股普通股。該兩項認購所得款項淨總額約262,000,000港元，主要用作償付若干可換股票據的本金及利息總額約200,000,000港元，並償付部分借貸共45,000,000港元及餘下金額則用作本集團的一般營運資金。
- (ii) 本公司已於2018年8月8日舉行之股東特別大會上，獲通過將當時本公司股本中每十股每股面值0.01港元已發行及未發行股份合併為一股每股面值0.10港元合併股份。因此，本公司之法定股數，已發行股數，購股權之行使價及可換股票據之轉換價亦相應調整。詳情請參閱本公司分別於2018年7月19日及2018年8月15日刊發之通函及公告。

BUSINESS REVIEW

During the six months ended 30 June 2018, Sino Oil and Gas Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded a total revenue of approximately HK\$314,790,000 (2017 interim: HK\$310,649,000). The turnover included the sales of coalbed methane (“CBM”) in our Sanjiao CBM Project of approximately HK\$44,147,000 (2017 interim: HK\$37,769,000), the sales derived from raw coal washing project located in Qinshui Basin, Shanxi Province of approximately HK\$267,488,000 (2017 interim: HK\$272,000,000), and the income from the financial services business in Shaanxi Province of approximately HK\$3,155,000 (2017 interim: HK\$880,000).

When China’s coal-to-gas policy continues to drive natural gas demand, business of Sanjiao CBM Project grows steadily. During the period, Sanjiao CBM Project recorded earnings before interest, taxes, depreciation and amortization (“EBITDA”) of approximately HK\$50,354,000 (2017 interim: HK\$40,055,000), which increased by approximately 26% compared with the same period of last year. The government subsidies and VAT tax refund arising from the sales in 2017 were approximately HK\$26,774,000 (2017 interim: government subsidies generated from the sales of 2016 were HK\$11,880,000). The fundamentals of China’s natural gas market remain robust, and the operation of the Sanjiao CBM Project has entered into the development stage, which is establishing a solid base for profitability. The project will continue to be the growth driver of the Group’s business and provide long-term profit contribution.

During the period, the Group recorded EBITDA of approximately HK\$34,973,000 (2017 interim: EBITDA HK\$104,480,000), but net loss of approximately HK\$164,603,000 (2017 interim: net loss HK\$67,568,000). It was mainly because there was a loss of fair value change of financial liabilities arising from the relevant convertible notes of approximately HK\$15,418,000 during the period (2017 interim: gain on fair value change HK\$61,444,000) (Please refer to note 7 to the financial statements for details). According to the Hong Kong Financial Reporting Standards, the above fair value change was a non-cash accounting item. It had no impact on the cash flow and operations of the Group. On the other hand, the Group has redeemed some of the convertible notes and repaid certain financial obligations in July. It is expected that the finance costs will slightly decrease in the second half of the year, which will have a positive impact on the financial performance of the Group for the year.

業務回顧

截至2018年6月30日止六個月內，中國油氣控股有限公司（「本公司」）及其附屬公司（「本集團」）錄得營業額約為314,790,000港元（2017年中期：310,649,000港元）。營業額分別來自於三交煤層氣銷售約44,147,000港元（2017年中期：37,769,000港元）、山西沁水盆地之原煤洗選業務收入約267,488,000港元（2017年中期：272,000,000港元），以及陝西金融服務業務收入約3,155,000港元（2017年中期：880,000港元）。

在中國煤改氣政策持續推動天然氣需求下，三交煤層氣項目繼續穩步發展。期內，三交煤層氣項目錄得稅息折舊及攤銷前利潤（「EBITDA」）約50,354,000港元（2017年中期：40,055,000港元），較去年同期上升約26%。2017年銷售所產生之政府補貼及增值稅退稅約26,774,000港元（2017年中期：2016年銷售所產生之政府補貼為11,880,000港元）。中國天然氣市場基本面向好，加上三交煤層氣項目之營運日趨成熟穩健，建立了鞏固的盈利基礎，項目將繼續是集團業務增長亮點並提供長遠的盈利貢獻。

期內，本集團錄得EBITDA約為34,973,000港元（2017年中期：EBITDA 104,480,000港元）但錄得淨虧損約164,603,000港元（2017年中期：淨虧損67,568,000港元），主要由於期內錄得有關可轉換票據的財務負債之公允價值變動的虧損約為15,418,000港元（2017年中期：公允價值變動的收益61,444,000港元）（詳見財務報表附註7）。根據香港財務報告準則，上述之公允價值變動為非現金會計項目，並不影響本集團業務之現金流以及業務營運。另一方面，集團於7月份已贖回部份可轉換票據及償還若干財務承擔，預期下半年之融資成本將會稍為下降，對本集團年度財務表現有正面影響。

Management Discussion and Analysis

The interest income amounted to approximately HK\$10,432,000 (2017 interim: HK\$11,858,000) disclosed in “other income”, mainly derived from the refundable deposits of CAD40 million of the Group’s possible acquisitions located in Alberta, Canada.

Natural Gas and Oil Exploitation

Coalbed Methane Exploitation — Sanjiao Block in the Ordos Basin

Project Overview

Through its wholly-owned subsidiary Orion Energy International Inc. (“Orion”), the Group entered into a production sharing contract (“PSC”) with China National Petroleum Corporation (“PetroChina”), its partner in the PRC, for exploration, utilization and production of the CBM field in the Sanjiao block, located in the Ordos Basin in Shanxi and Shaanxi provinces. The Group has a 70% interest in the PSC. The PSC covers a block in the Ordos Basin in Shanxi and Shaanxi provinces, with a total site area of 383 square kilometers. According to a competent person’s updated report provided to the Company by the end of 2015, the proved and probable CBM reserves of Sanjiao CBM Project amounted to approximately 8.301 billion cubic meters and the net present value at 10% discount of the future revenue of the reserve was approximately HK\$11.498 billion.

Following the approval of its overall development plan by the National Development and Reform Commission (“NDRC”) in 2015, Sanjiao CBM Project was granted a mining permit by the Ministry of Land and Resources of the PRC in July 2017 with an approved CBM production capacity of 500 million cubic meters per annum. The mining permit shall be valid for 25 years from July 2017 to July 2042. At this point, all necessary administrative approvals under the current PRC laws and regulations have been obtained for exploration, development, exploitation and production phases of Sanjiao CBM Project.

另披露於其他收入的利息收入金額約10,432,000港元（2017年中期：11,858,000港元），該利息收入主要來自本集團位於加拿大阿爾伯特省的擬收購項目的可退還按金40,000,000加元。

天然氣及石油開採

煤層氣開採—鄂爾多斯盆地三交區塊

項目總覽

本集團透過旗下全資附屬公司奧瑞安能源國際有限公司（「奧瑞安」），與中國夥伴中國石油天然氣集團公司（「中石油」）訂立生產分成合約（「PSC」），在中國山西及陝西省鄂爾多斯盆地三交區塊進行煤層氣田勘探、開採及生產，並享有當中70%權益。PSC覆蓋中國山西省及陝西省鄂爾多斯盆地合共383平方公里之區塊。根據一份由合資格人士於2015年底向本公司提供之儲量報告更新，三交煤層氣項目之淨儲量（已證實+概略）約為83.01億立方米，而該儲量未來收入淨現值（10%折現）約為114.98億港元。

三交煤層氣項目繼2015年總體開發方案獲國家發展和改革委員會（「國家發改委」）批覆後，於2017年7月份獲國家國土資源部授予《探礦許可證》，獲准開採的生產規模為每年5億立方米煤層氣，開採有效期為25年（自2017年7月至2042年7月）。至此，三交煤層氣項目由勘探階段進入開發、開採、生產階段，依據中國現行法律法規所需要的行政許可均已齊備。

Infrastructure

As at 30 June 2018, the Sanjiao CBM Project has completed a total of 117 wells, comprising 65 multilateral horizontal wells and 52 vertical wells. Out of the total 117 wells, 86 wells were in the normal dewatering and gas producing stage, of which 85 wells had accessed to a gas collection pipeline network. It is expected that 6 new wells of the project will go on-stream before the end of the year. It is anticipated that the production and sales volume of CBM will increase. A ground pipeline network of approximately 18 kilometers, inter-well pipelines of approximately 63.2 kilometers, and outbound pipelines of approximately 17 kilometers were completed. Approximately total 68.9 kilometers of 10KV power grid and branch power line were also completed.

The Group has completed the expansion of the CBM processing station, its total CBM daily processing capacity has reached 500,000 cubic meters. During the period, to cope with the increasing production volume of Sanjiao CBM Project in future, the Group has undertaken the expansion plan of the station. Its daily processing capacity will reach 750,000 cubic meters upon completion.

Sales

During the period, Sanjiao CBM Project recorded EBITDA of approximately HK\$50,354,000 (2017 interim: HK\$40,055,000), which increased by approximately 26% compared with the same period of last year. The government subsidies and VAT tax refund arising from the sales in 2017 were approximately HK\$26,774,000 (2017 interim: government subsidies generated from the sales of 2016 were HK\$11,880,000). CBM sales amounted to HK\$44,147,000 (2017 interim: HK\$37,769,000), which has increased by 16.9% as compared with the same period of last year. During the period, the production and sales of CBM were approximately 47.68 million cubic meters (2017 interim: 37.90 million cubic meters) and 40.02 million cubic meters (2017 interim: 34.17 million cubic meters) respectively, resulting in a gas sale-to-production rate of approximately 84% for the period (2017 interim: approximately 90%). The production and sales decreased compared with the same period of last year mainly because of the repair and maintenance work done for the CBM processing station at the beginning of the year, so that certain amount of CBM was flared. After that, during the period, the operation of the CBM processing station and the sales of CBM have been back to normal. In terms of the composition of gas sales throughout the period, industrial piped CBM sales accounted for approximately 85.3% of total sales (2017 interim: 87.3%), while residential piped CBM sales contributed approximately 14.7% (2017 interim: 12.7%). Same as last year, all CBM was sold by pipeline.

基礎建設

截至2018年6月30日止，三交煤層氣項目合計完成鑽井共117口，其中65口為多分支水平井，餘下的52口為直井。在上述117口井中，正常排採井為86口，接入集氣管網的井位有85口。項目預計年底前將有6口新井投入生產，預期煤層氣的產量及銷量均會有所提升。三交地面系統工程方面，已建成區內集氣幹線約18公里，集氣支線約63.2公里，外輸管線約17公里；並架設總長度約68.9公里的10KV輸電幹線及電力支線。

集團已完成擴建煤層氣增壓脫水站的工作，其總煤層氣日處理能力已達50萬立方米。期內，為配合三交煤層氣項目將來不斷提升的煤層氣產量，集團已開展擴建煤層氣增壓脫水站日處理能力達至75萬立方米的計劃。

銷售

期內，三交煤層氣項目錄得EBITDA約50,354,000港元（2017年中期：40,055,000港元），較去年同期上升約26%。2017年銷售所產生之政府補貼及增值稅退稅約26,774,000港元（2017年中期：2016年銷售所產生之政府補貼為11,880,000港元）。煤層氣銷售額約44,147,000港元（2017年中期：37,769,000港元），較去年同期上升約16.9%。期內項目分別生產及銷售煤層氣約4,768萬立方米（2017年中期：3,790萬立方米）及4,002萬立方米（2017年中期：3,417萬立方米），平均產銷比率約84%（2017年中期：90%）。產銷比較去年同期下跌主要因為年初煤層氣增壓脫水站需進行維修及保養工程，使部份煤層氣需要放空。不過之後，期內煤層氣增壓脫水站運作以及煤層氣銷售已全面回復正常。期內銷售結構中，工業用管道煤層氣銷售佔約85.3%（2017年中期：87.3%），民用管道煤層氣銷售佔約14.7%（2017年中期：12.7%）。與去年同期一樣，煤層氣銷售均全部為管道銷售。

Management Discussion and Analysis

Raw Coal Washing Project Located in Shanxi Province

The Group acquired a 75% equity interest of a raw coal washing project company located in Qinshui Basin, Shanxi Province in mid-2015. During the period, the total sale of refined coal of the project was approximately 162,900 tonnes (2017 interim: 218,500) tonnes. The turnover of the business was approximately HK\$267,488,000 (2017 interim: HK\$272,000,000). The decline in clean coal sales was mainly due to the internal factors of the supplier and the raw coal supply was unstable at the end of last year. The supply of raw coal has been back to normal in the second quarter of 2018. The successful implementation of China's supply-side reform has made the coal industry gradually stabilized since last year. In the first half of 2018, the industry was able to maintain a steady and improving trend and the selling price of refined coal products has increased steadily. With the sale and purchase agreement entered into by both parties, the vendor will provide the Group with profit guarantee for six consecutive years. The project will continue to contribute stable income and cash flow to the Group. During the period, the Group has received part of the shortfall of the guaranteed profit of approximately RMB5,000,000 for the year 2017. The Group anticipates that the remaining balance will be received before the end of 2018.

Others

At the end of 2016, the Group set up a wholly-owned subsidiary, Shaanxi Zhao Yin Finance Leasing Company Limited ("Zhao Yin Finance Leasing") in Shaanxi Province. The major purpose of the establishment of this finance leasing company is to strengthen the Group's bank-enterprise relations, possible business partnership as well as to seek for the suitable financing channels and sources for the Group's upcoming possible mergers and acquisitions and development. Further it may provide short-term investment opportunities for the Group's capital. During the period, the business recorded an income of approximately HK\$3,155,000 (2017 interim: HK\$880,000).

位於山西省的原煤洗選項目

本集團於2015年中收購一間位於山西省沁水盆地之原煤洗選項目公司之75%權益。期內，項目共銷售精煤約162,900噸（2017年中期：218,500噸），該業務收入約267,488,000港元（2017年中期：272,000,000港元）。精煤銷售下降主要由於去年底，項目供應商因內部因素及原煤供應不穩定，2018年第二季原煤供應才全面回復正常。中國供給側改革成功推行使煤炭行業於去年開始漸見靠穩，2018年上半年行業持續保持穩定向好的態勢，項目精煤產品售價穩中有升，加上雙方所訂立的交易協議，賣方會對集團提供連續6年的利潤保證，該項目將繼續為集團貢獻穩定的收入以及現金流。期內，本集團已收取部份2017年度利潤保證之差額約500萬元人民幣，集團預期餘額將於下半年陸續收到。

其他

2016年底本集團於陝西成立了一家全資附屬公司陝西兆銀融資租賃有限公司（「兆銀融資」）。成立此融資租賃公司之主要目的為加強集團與銀企關係，可行的商業合作，尋求合適的融資途徑及來源以及配合集團未來可能項目併購及發展，同時亦可以為集團部份資金作短期的投資。期內，該業務錄得收入約3,155,000港元（2017中期：880,000港元）。

Capital Expenditure

For the period ended 30 June 2018, the total expenditure capitalized was approximately HK\$25.04 million (2017 interim: HK\$86.76 million), which mainly comprises of (i) construction works in progress of oil and gas fields, (ii) direct expenses and (iii) finance expenses, The breakdown of which is as follows:

- (i) Construction works in progress of oil and gas field mainly representing drilling expenses approximately HK\$3.19 million (2017 interim: HK\$31.12 million), dewatering expenses amounted for approximately HK\$0.36 million (2017 interim: HK\$4.08 million) and ground facility expenditure amounted to approximately HK\$1.96 million (2017 interim: HK\$1.75 million).
- (ii) Direct expenses mainly represent direct labour cost (included, but not limit to, petroleum engineers and geologists etc.) amounted to approximately HK\$4.70 million (2017 interim: HK\$13.57 million) and other direct cost incidental to the exploration and development of the Sanjiao CBM Project amounted to approximately HK\$2.83 million (2017 interim: HK\$11.24 million); and
- (iii) The total finance expenses capitalized during the period was approximately HK\$12 million (2017 interim: HK\$25 million).

Possible Acquisition – Oilfield in Alberta, Canada

With the purpose of further enriching the Group's resources reserves, apart from actively seeking suitable oil and gas blocks in China, the Group is also exploring investment opportunities in overseas upstream businesses. The Group hence entered into two non-legally-binding memorandums of understanding (“MOUs”) in June and September 2014. The acquisition targets are oil and gas fields located in Alberta Province, Canada. The Company expects that overseas acquisition activities can expand the Group's business portfolio of natural gas and oil which will contribute profit and cash flow. Further, this can augment the Group's overall risk resistance capacity when facing unstable external factors.

資本支出

截至2018年6月30日止期內，投入三交煤層氣項目的總資本化的支出約為25,040,000港元（2017年中期：86,760,000港元），其中主要為(i)油氣田之在建工程，(ii)直接支出及(iii)財務支出，明細如下：

- (i) 油氣田之在建工程主要為鑽井工程支出約3,190,000港元（2017年中期：31,120,000港元），排採工程支出共約360,000港元（2017年中期：4,080,000港元）及地面工程支出共約1,960,000港元（2017年中期：1,750,000港元）。
- (ii) 直接支出主要為直接工資（包括但不限於石油工程師和地質師等）共約4,700,000港元（2017年中期：13,570,000港元）及其他有關於三交煤層氣項目勘探和發展的直接支出，共約2,830,000港元（2017年中期：11,240,000港元）；及
- (iii) 期內資本化的總財務支出約為12,000,000港元（2017年中期：25,000,000港元）。

潛在的收購項目－位於加拿大阿爾伯特省的油田區塊

為進一步充實集團的資源儲備，除在國內尋求合適油氣區塊外，集團亦積極拓展海外上游業務，物色優質投資機會。集團於2014年6月及9月訂立兩份不具法律約束力之諒解備忘錄（「該等備忘錄」）。收購目標為位於加拿大阿爾伯特省之油氣田，公司預期進行海外收購活動將可一方面擴大本集團的天然氣和石油的業務組合，帶來盈利及現金流貢獻，另一方面，當面對不穩定的外圍因素，可以加強集團整體的抗風險能力。

Management Discussion and Analysis

In December 2017, the Group and the vendor have agreed to further extend the time limit for entering into formal agreements in respect of the terms in the MOUs to 30 September 2018, and both parties are confident that the transaction can be finalized within the year. Otherwise, the Group may consider to advise the vendor to refund the relevant deposits.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2018, the net assets of the Group were approximately HK\$3,076,000,000 (31 December 2017: HK\$3,164,000,000) while its total assets were approximately HK\$5,333,000,000 (31 December 2017: HK\$5,410,000,000). As at 30 June 2018, the Group had external borrowings including the liability component of convertible notes of approximately HK\$1,759,000,000 (31 December 2017: HK\$1,772,000,000), and the gearing ratio based on total assets was approximately 32.98% (31 December 2017: 32.75%). By the end of June 2018, the current ratio was approximately 0.82 (31 December 2017: 0.75). Information on repayment of the Group's borrowings is set out in note 16 to the financial statements.

In March 2018, the Company issued a total of 3,380,000,000 new shares (which represents 338,000,000 shares after share consolidation*) to an independent investor. The net proceeds from the subscription of approximately HK\$178,000,000, of which approximately HK\$80 million has been used for partial settlement of the principal and interest of certain convertible notes of the Company; approximately HK\$90 million has been used for settling the outstanding borrowings of the Group, and the remaining balance as working capital of the Group.

In July 2018, the Group issued 3,980,000,000 shares (which represents 398,000,000 shares after share consolidation*) to each of the two independent investors respectively, with a total of 7,960,000,000 new shares (which represents 796,000,000 shares after share consolidation*). The net proceeds from the respective subscription were approximately HK\$142,780,000 and HK\$118,900,000, of which approximately HK\$200,000,000 was used for partial settlement of the principal and interest of certain convertible notes of the Company; approximately HK\$45,000,000 was used for settling the short-term borrowings of the Group, and the remaining balance as working capital of the Group.

於2017年12月，本集團及賣方同意將該等諒解備忘錄中條款分別延至2018年9月30日，雙方亦有信心交易可望於年內完成，否則本集團會考慮建議賣方退回相關按金。

財務回顧

流動資金及財政資源

於2018年6月30日，本集團的資產淨值約為3,076,000,000港元(2017年12月31日：3,164,000,000港元)，總資產值則約為5,333,000,000港元(2017年12月31日：5,410,000,000港元)。於2018年6月30日，本集團的總借貸包括可換股票據之負債部分約為1,759,000,000港元(2017年12月31日：1,772,000,000港元)，負債比例按資產總值計算約為32.98%(2017年12月31日：32.75%)。而於2018年6月底的流動比率約為0.82(2017年12月31日：0.75)。有關本集團借貸償還期限的詳情載於財務報表附註16。

於2018年3月，本公司向一獨立投資人發行合共3,380,000,000股新股(股份合併後為338,000,000股*)，所得款項淨額約為178,000,000港元，其中約80,000,000港元用作贖回若干公司可換股票據的本金和利息，另外約90,000,000港元用作償還集團之貸款，而餘額則用作集團之營運資金。

於2018年7月，本集團分別向兩名獨立投資人各發行3,980,000,000股(股份合併後為398,000,000股*)，合共7,960,000,000股新股(股份合併後為796,000,000股*)，認購之所得款項淨額分別約為142,780,000港元及118,900,000港元，主要用作贖回若干可換股票據本金和相關利息總額約為200,000,000港元，償還短期借貸約45,000,000港元，而餘額則用作本集團之營運資金。

During the period and after interim reporting period, quality shareholders have been introduced to the Company in order to raise capital and optimize shareholding structure. The cash flow situation of the Company has been improved. After settling certain financial obligations, the Group's short-term loans have been reduced, the Company's asset structure has also been improved. In addition, the operation of the Sanjiao CBM Project has entered into development stage and brought operating cash flow to the company. The overall financial position of the Group has changed from the net current liabilities position at the end of 2017 to the level of net current assets as at the date of the announcement of interim result for the year 2018.

- * After the interim reporting period, with the approval by the shareholders of the Company at the Special General Meeting held on 8 August 2018, every ten issued and unissued then existing shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one consolidated share of par value of HK\$0.10 each. For details, please refer to the circular issued by the Company on 19 July 2018.

Foreign Exchange Fluctuations

The Group is exposed to currency risk primarily through sales and purchase transactions and recognized liabilities and assets that are denominated in a currency other than the functional currency of the operations to which they relate. As at 30 June 2018, no related hedges were made by the Group. In respect to trade and other receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Employees and Remuneration Policies

As at 30 June 2018, the Group employed approximately 310 employees. The remuneration policy of the Group is based on the prevailing remuneration level in the market and the performance of respective companies and individual employees.

期內及中期報告期後，公司均積極引入優質股東，募集資金並優化股權結構。公司現金流情況已有所好轉，償還部份財務承擔後，集團之短期債務陸續減少，公司資產結構也得到改善；加上三交煤層項目經營已進入開發期，並為公司帶來經營現金流，集團整體財政狀況從2017年底的淨流動負債情況逐步轉至2018年中期業績公告日淨流動資產水平。

- * 於中期報告期後，本公司已於2018年8月8日舉行之股東特別大會上，獲通過將當時本公司股本中每十股每股面值0.01港元之已發行及未發行股份合併為一股每股面值0.10港元合併股份。詳情請參閱本公司於2018年7月19日刊發之通函。

外匯波動

本集團承受之貨幣風險主要源自以有關業務之功能貨幣以外之貨幣計值之買賣交易及已確認資產和負債。於2018年6月30日，本集團並無作出相關對沖。就以有關業務之功能貨幣以外之貨幣持有之應收款項及應付款項，本集團在必要時按即期匯率買賣外匯以解決短期不均衡，以此確保風險處於可接受水準。

僱員薪酬政策

於2018年6月30日，本集團的僱員約有310人。本集團之薪酬政策主要按現行市場薪酬水準及各有關公司及個別僱員之表現釐訂。

Management Discussion and Analysis

PROSPECTS

According to the “Natural Gas Market Report 2018” released by the International Energy Agency in July 2018, it is expected China will become the world’s largest natural gas importer in 2019, and by 2023, its imported natural gas may reach 171 billion cubic meters. The increase of natural gas demand in China is expected in the future, and the entire natural gas industry will be at a prime time of growth.

As a key area for the CBM development, the General Office of the People’s Government of Shanxi Province issued the “Implementation Plan for Deepening the CBM (Natural Gas) System Reform in Shanxi Province” in March of this year. It targets to build a market system with effective supervision, orderly competition and fairly accessed in order to promote a healthy, safe, efficient and sustainable development of the CBM industry and accelerate the development of the CBM industry as a pillar industry in the diversified industrial system of Shanxi Province. Against the backdrop of the rapid development of natural gas industry with state support, a favorable business environment for the CBM industry growth has been created. The Group believes that the Sanjiao CBM Project will continue to have steady development with increasing competitiveness. Its profitability will be further enhanced with excellent prospects.

Looking ahead, the Group will focus to push forward the construction and development of the Sanjiao CBM Project, and formulate a clear plan to increase productivity to support a steady growth, so as to lay a solid foundation for the expansion of the Group’s business presence and sustain a long-term and healthy development. Riding on this foundation, the Group will assess oil and gas project merger and acquisition opportunities in a prudent and pragmatic manner, and hope to enhance sustainability and stability of returns in a balanced business portfolio. The Group can therefore maintain long-term growth momentum, and generate substantial returns for shareholders.

前景

國際能源署於2018年7月發布的「天然氣市場報告2018」預計，2019年中國將成為全球最大的天然氣進口國，到2023年天然氣進口量可能達到1710億立方米。未來國內天然氣需求提升是大勢所趨，整個行業將進入黃金發展時期。

作為煤層氣發展的重點區域，於今年3月，山西省人民政府辦公廳印發了《山西省深化煤層氣(天然氣)體制改革實施方案》，要求構建監管有效、競爭有序和統一開放的市場體系，全力推進煤層氣產業健康、安全、高效、可持續發展，加快把煤層氣產業打造成山西省多元產業體系的支柱產業。在天然氣行業高速發展以及國家支持的大背景下，為煤層氣產業發展營造了利好的環境。集團相信三交煤層氣項目將繼續穩定發展，核心競爭力逐步提高，盈利能力進一步增強，發展前景良好。

展望未來，集團將繼續集中資源推動三交煤層氣項目的建設發展，制定明確的計劃，提升產能，以持續平穩增長，為集團開拓業務版圖以及長期健康發展鋪墊穩固的基石。在此基石上，集團將以審慎務實的態度評估合適的油氣項目併購機遇，冀望提升平衡的業務組合回報的持續性及穩定性，維持長遠的增長動力，為股東締造豐厚的回報。

SHARE CONSOLIDATION, CHANGE OF BOARD LOT SIZE AND INCREASE IN AUTHORISED SHARE CAPITAL

Subsequent to the six months ended 30 June 2018, following the passing of relevant ordinary resolutions by the shareholders at the special general meeting of the Company held on 8 August 2018, the following took effect from 9 August 2018:

- (1) Every ten shares of HK\$0.01 each of the Company were consolidated into one share of HK\$0.10 each (“Consolidated Share”);
- (2) The board lot size of the shares for trading on the Stock Exchange was changed from 5,000 shares of HK\$0.01 each to 10,000 Consolidated Shares; and
- (3) The authorised share capital of the Company was increased from HK\$500,000,000 divided into 5,000,000,000 Consolidated Shares to HK\$1,000,000,000 divided into 10,000,000,000 Consolidated Shares.

Further details are set out in the circular and the announcement of the Company dated 19 July 2018 and 8 August 2018 respectively.

DIRECTORS’ INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, the interests and short positions of the directors (the “Directors”) or chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

股份合併、更改每手買賣單位及增加法定股本

於2018年6月30日止六個月期間後，由於本公司股東於2018年8月8日舉行的股東特別大會通過了相關普通決議案，以下事項已於2018年8月9日生效：

- (1) 將本公司每十股每股面值0.01港元之股份合併為一股每股面值0.10港元之股份（「合併股份」）；
- (2) 將於聯交所買賣之每手買賣單位由5,000股每股面值0.01港元之股份更改為10,000股合併股份；及
- (3) 將本公司之法定股本由500,000,000港元，分為5,000,000,000股合併股份增加至1,000,000,000港元，分為10,000,000,000股合併股份。

有關上述事項的詳情分別載於本公司日期為2018年7月19日及2018年8月8日的通函及公佈。

董事於股份及相關股份中權益

於2018年6月30日，本公司董事（「董事」）或行政總裁於本公司或其任何相聯法團（具有證券及期貨條例（「證券及期貨條例」）第XV部所賦予之涵義）之股份及相關股份中擁有誠如本公司根據證券及期貨條例第352條存置之登記冊所載或根據聯交所證券上市規則（「上市規則」）附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）而須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及淡倉如下：

Other Information

| Name of Director | Long/short position | Interests in shares/ underlying shares 於股份及相關 股份中權益 | Nature of interest | Number of shares/ underlying shares of the Company held 所持本公司股份/ 相關股份數目 | Percentage of issued shares 佔已發行 股份百分比 |
|----------------------------|---------------------|--|--|---|---|
| 董事姓名 | 好倉／淡倉 | | 權益性質 | | |
| Dai Xiaobing 戴小兵 | Long position | Shares | Interest of controlled corporation/ Beneficial owner | 1,585,040,000 | 7.96% |
| | 好倉 | 股份 | 受控制公司權益／實益擁有人 | | |
| | Short position | Shares | Interest of controlled corporation/ Beneficial owner | 1,375,245,000 | 6.90% |
| | 淡倉 | 股份 | 受控制公司權益／實益擁有人 | | |
| | Long position | Underlying shares | Interest of controlled corporation | 19,058,490,566 | 95.68% |
| | 好倉 | 相關股份 | 受控制公司權益 | | |
| | Long position | Share options | Beneficial owner/Family interest (Note 2) | 96,000,000 | 0.48% |
| 好倉 | 購股權 | 實益擁有人／家族權益(附註2) | | | |
| King Hap Lee 景哈利 | Long position | Shares | Interest of controlled corporation (Note 3) | 100,000,000 | 0.50% |
| | 好倉 | 股份 | 受控制公司權益(附註3) | | |
| | Long position | Share options | Beneficial owner | 66,000,000 | 0.33% |
| 好倉 | 購股權 | 實益擁有人 | | | |
| Wan Tze Fan Terence 溫子勳 | Long position | Shares | Beneficial owner | 33,660,000 | 0.17% |
| | 好倉 | 股份 | 實益擁有人 | | |
| | Long position | Share options | Beneficial owner | 66,000,000 | 0.33% |
| 好倉 | 購股權 | 實益擁有人 | | | |
| Chen Hua 陳華 | Long position | Underlying Shares | Interest of controlled corporation (Note 4) | 768,971,796 | 3.86% |
| | 好倉 | 相關股份 | 受控制公司權益(附註4) | | |
| | Long position | Shares | Beneficial owner | 88,000,000 | 0.44% |
| | 好倉 | 股份 | 實益擁有人 | | |
| | Long position | Share options | Beneficial owner | 30,000,000 | 0.15% |
| 好倉 | 購股權 | 實益擁有人 | | | |
| Huang Shaowu 黃紹武 | Long position | Shares | Interest of controlled corporation/ Beneficial owner (Note 5) | 1,983,730,000 | 9.96% |
| | 好倉 | 股份 | 受控制公司權益／實益擁有人(附註5) | | |
| | Long position | Share options | Beneficial owner | 17,000,000 | 0.09% |
| 好倉 | 購股權 | 實益擁有人 | | | |
| He Lin Feng 何林峰 | Long position | Shares | Beneficial owner | 1,500,000,000 | 7.53% |
| | 好倉 | 股份 | 實益擁有人 | | |
| | Long position | Share options | Beneficial owner | 30,000,000 | 0.15% |
| 好倉 | 購股權 | 實益擁有人 | | | |

其他資料

| Name of Director | Long/short position | Interests in shares/ underlying shares | Nature of interest | Number of shares/ underlying shares of the Company held | Percentage of issued shares |
|------------------------------|---------------------|---|---------------------------|---|--------------------------------|
| 董事姓名 | 好倉／淡倉 | 於股份及相關 股份中權益 | 權益性質 | 所持本公司股份／ 相關股份數目 | 佔已發行 股份百分比 |
| Wong Kwok Chuen Peter 黃國全 | Long position 好倉 | Share options 購股權 | Beneficial owner 實益擁有人 | 6,000,000 | 0.03% |
| Wong Lung Tak Patrick 黃龍德 | Long position 好倉 | Share options 購股權 | Beneficial owner 實益擁有人 | 6,000,000 | 0.03% |
| Wang Yanbin 王延斌 | Long position 好倉 | Share options 購股權 | Beneficial owner 實益擁有人 | 6,000,000 | 0.03% |
| Dang Weihua 黨偉華 | Long position 好倉 | Share options 購股權 | Beneficial owner 實益擁有人 | 3,000,000 | 0.02% |

Notes:

- (1) Particulars of directors' interests in the share options of the Company are set out in the section "Share Option Scheme".
- (2) Sino Oil and Gas Resources Investments Limited ("SOGRI") owns 851,195,000 shares and has short position of 708,000,000 shares. SOGRI is wholly owned by Dr. Dai Xiaobing. Pursuant to the SFO, Dr. Dai is taken to have interests and short position in such shares. In addition, Dr. Dai beneficially owns 733,845,000 shares and has short position in 667,245,000 shares.

Unless the context requires otherwise, capitalized terms used in this paragraph shall have the same meanings as defined in the announcement issued by the Company on 31 May 2016. On 31 May 2016, the Company entered into the Subscription Agreement with Crescent Spring Investment Holdings Limited (the "Bondholder") pursuant to which the Company issued to the Bondholder the Convertible Bonds in the aggregate principal amount of US\$130,000,000 due 2019 on 29 September 2016, and Sino Oil and Gas Resources Limited ("SOGRI"), a company wholly owned by Dr. Dai Xiaobing, entered into a Put and Call Option Deed with the Bondholder pursuant to which the Bondholder grants to SOGR an irrevocable and unconditional right (but without obligation) to purchase some or all of the Convertible Bonds at the Call Option Purchase Price during the Call Option Period, and SOGR grants to the Bondholder an irrevocable and unconditional right (but without obligation) to require SOGR to purchase some or all of the Convertible Bonds at the Put Option Purchase Price during the Put Option Period. Based on the conversion price of HK\$0.053 per share, a maximum of 19,058,490,566 shares may be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full. Further details are set out in the announcements and circular issued by the Company on 31 May 2016, 30 September 2016 and 12 July 2016 respectively. Pursuant to the SFO, the Convertible Bonds give rise to an interest in 19,058,490,566 underlying shares of the Bondholder and the Put and Call Option Deed gives rise to an interest in 19,058,490,566 underlying shares of the Company of SOGR and Dr. Dai Xiaobing and short position of 19,058,490,566 underlying shares of the Bondholder.

Dr. Dai Xiaobing and his spouse, Ms. Xu Ning, hold 66,000,000 options and 30,000,000 options respectively.

附註：

- (1) 董事於本公司購股權的權益詳情載於「購股權計劃」一節。
- (2) 中國油氣資源投資有限公司（「SOGRI」）持有 851,195,000 股股份的權益及 708,000,000 股股份的淡倉。SOGRI 由戴小兵博士全資擁有。根據證券及期貨條例，戴博士被視為於該等股份中擁有權益及淡倉。此外，戴博士實益擁有 733,845,000 股股份及持有 667,245,000 股股份的淡倉。

除文義另有所指外，本段中所採用之詞彙與本公司於 2016 年 5 月 31 日刊發之公佈所界定者具有相同涵義。於 2016 年 5 月 31 日，本公司與 Crescent Spring Investment Holdings Limited（「債券持有人」）訂立認購協議，據此，本公司於 2016 年 9 月 29 日發行本金總額 130,000,000 美元於 2019 年到期之可換股債券予債券持有人；以及由戴小兵博士全資擁有的中國油氣資源有限公司（「SOGRI」），與債券持有人訂立認沽及認購期權契據，據此，債券持有人授予 SOGR 一項不可撤回及無條件權利（但並無責任），可於認購期權期間內按認購期權購買價購入部份或全部可換股債券，而 SOGR 授予債券持有人一項不可撤回及無條件權利（但並無責任），可要求 SOGR 於認沽期權期間內按認沽期權購買價購入部份或全部可換股債券。根據換股價每股 0.053 港元，於悉數行使可換股債券所附之換股權後將予配發及發行最多 19,058,490,566 股股份，有關詳情載於本公司於 2016 年 5 月 31 日及 2016 年 9 月 30 日發出之公佈及 2016 年 7 月 12 日發出之通函。根據證券及期貨條例，債券持有人按照可換股債券持有本公司 19,058,490,566 股相關股份權益，而 SOGR 及戴小兵博士按照認沽及認購期權契據持有 19,058,490,566 股相關股份權益及債券持有人按照認沽及認購期權契據持有 19,058,490,566 股相關股份之淡倉。

戴小兵博士及他夫人徐寧女士分別持有 66,000,000 購股權及 30,000,000 購股權。

Other Information

- (3) Wai Tech Limited owns 100,000,000 shares of the Company. Wai Tech Limited is wholly owned by Petromic Corporation which in turn is wholly and beneficially owned by Mr. King Hap Lee. Pursuant to the SFO, Mr. King is taken to have interests in such shares.
- (4) 768,971,796 underlying shares are owned by 天津京基酒店有限公司, a wholly owned subsidiary of 京基集團有限公司 which is owned as to 90% by Mr. Chen Hua. Pursuant to the SFO, Mr. Chen is taken to be interested in such underlying shares.
- (5) 1,883,730,000 shares are owned by Yuanjing International Limited, a company wholly and beneficially owned by Mr. Huang Shaowu. Pursuant to the SFO, Mr. Huang is taken to be interested in such shares. In addition, Mr. Huang beneficially owns 100,000,000 shares of the Company.
- (3) 威達有限公司持有100,000,000股股份的權益，而威達有限公司由美科石油有限公司擁有，而後者則由景哈利先生全資及實益擁有。根據證券及期貨條例，景先生被視為於該等股份中擁有權益。
- (4) 768,971,796相關股份由天津京基酒店有限公司持有，其為京基集團有限公司的全資附屬公司，後者由陳華先生擁有90%權益，根據證券及期貨條例，陳先生被視為於該等相關股份中擁有權益。
- (5) 1,883,730,000股股份由圓景國際有限公司持有，其為一間由黃紹武先生全資及實益擁有的公司，根據證券及期貨條例，黃先生被視為於該等股份中擁有權益。此外，黃先生個人實益擁有本公司100,000,000股股份。

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive 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) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於2018年6月30日，概無本公司董事及行政總裁於本公司或其相聯法團（具有證券及期貨條例第XV部所賦予之涵義）之股份、相關股份及債券中擁有根據證券及期貨條例第352條須載錄於登記冊之任何權益或淡倉，或擁有根據標準守則須知會本公司及聯交所之任何權益或淡倉。

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted by the shareholders of the Company at the Annual General Meeting held in 2010. The Scheme is in full compliance with the relevant requirements of Chapter 17 of the Listing Rules.

購股權計劃

本公司的購股權計劃（「計劃」）乃於2010年舉行的股東週年大會上經股東採納。計劃完全符合上市規則第十七章之有關規定。

As at 30 June 2018, the Directors and employees of the Group had the following personal interests in options to subscribe for shares of the Company granted at nominal consideration under the Scheme. Each option gives the holder the right to subscribe for one share. Details of share options held by the Directors and employees of the Group and movements (if any) in such holdings during the period are as follows:

於2018年6月30日，董事及本集團僱員於根據計劃以名義代價授出可認購本公司股份之購股權中擁有以下之個人權益。每份購股權賦予持有人認購一股股份之權利。董事及本集團僱員於期內所持購股權及其變動詳情（如有）載於下表：

其他資料

| | Number of options 購股權數目 | | Date of grant (D.M.Y) 授出日期 (日.月.年) | Exercise period (D.M.Y) 行使期限 (日.月.年) | Exercise price per share HK\$ 每股股份 之行使價 港元 |
|---------------------------|---|--|---|--|---|
| | Outstanding at 1 January 2018 於2018年 1月1日 尚未行使 | Outstanding at 30 June 2018 於2018年 6月30日 尚未行使 | | | |
| Directors | | | | | |
| 董事 | | | | | |
| Dai Xiaobing 戴小兵 | 36,000,000 30,000,000 | 36,000,000 30,000,000 | 06.12.2011 23.11.2015 | 06.12.2011-05.12.2021 23.11.2015-22.11.2018 | 0.276 0.222 |
| King Hap Lee 景哈利 | 36,000,000 30,000,000 | 36,000,000 30,000,000 | 06.12.2011 23.11.2015 | 06.12.2011-05.12.2021 23.11.2015-22.11.2018 | 0.276 0.222 |
| Wan Tze Fan Terence 溫子勳 | 36,000,000 30,000,000 | 36,000,000 30,000,000 | 06.12.2011 23.11.2015 | 06.12.2011-05.12.2021 23.11.2015-22.11.2018 | 0.276 0.222 |
| Chen Hua 陳華 | 30,000,000 | 30,000,000 | 23.11.2015 | 23.11.2015-22.11.2018 | 0.222 |
| Huang Shaowu 黃紹武 | 17,000,000 | 17,000,000 | 23.11.2015 | 23.11.2015-22.11.2018 | 0.222 |
| He Lin Feng 何林峰 | 30,000,000 | 30,000,000 | 23.11.2015 | 23.11.2015-22.11.2018 | 0.222 |
| Wong Kwok Chuen Peter 黃國全 | 3,000,000 3,000,000 | 3,000,000 3,000,000 | 06.12.2011 23.11.2015 | 06.12.2011-05.12.2021 23.11.2015-22.11.2018 | 0.276 0.222 |
| Wong Lung Tak Patrick 黃龍德 | 3,000,000 3,000,000 | 3,000,000 3,000,000 | 06.12.2011 23.11.2015 | 06.12.2011-05.12.2021 23.11.2015-22.11.2018 | 0.276 0.222 |
| Wang Yanbin 王延斌 | 3,000,000 3,000,000 | 3,000,000 3,000,000 | 06.12.2011 23.11.2015 | 06.12.2011-05.12.2021 23.11.2015-22.11.2018 | 0.276 0.222 |
| Dang Weihua 黨偉華 | 3,000,000 | 3,000,000 | 23.11.2015 | 23.11.2015-22.11.2018 | 0.222 |
| Employees 僱員 | 298,000,000 844,000,000 | 298,000,000 844,000,000 | 06.12.2011 23.11.2015 | 06.12.2011-05.12.2021 23.11.2015-22.11.2018 | 0.276 0.222 |
| Total 合計 | 1,438,000,000 | 1,438,000,000 | | | |

Notes:

- On 23 November 2015, the Company granted 1,058,000,000 options to eligible persons at an exercise price of HK\$0.222 per share exercisable for three years from 23 November 2015, being the date of grant. Out of these options, 30,000,000 options and 10,000,000 options were granted (and remained outstanding as at 30 June 2018) to Ms. Xu Ning (being Dr. Dai Xiaobing's spouse and she had previously provided personal guarantee to a loan facility to Orion Energy International Inc. ("Orion"), a wholly owned subsidiary of the Company) and Ms. Dai Qing Fang (Dr. Dai Xiaobing's sister and she is the deputy general manager of Orion) respectively.
- No option lapsed or was granted or exercised during the period.

附註:

- 於2015年11月23日，本公司向合資格人士授出1,058,000,000購股權，其行使價為每股0.222港元並可自2015年11月23日（即授出日期）起計三年內行使。在這等購股權中，30,000,000購股權及10,000,000購股權分別授予（並於2018年6月30日仍尚未行使）徐寧女士（戴小兵博士夫人，她並曾向本公司全資附屬公司奧瑞安能源國際有限公司（「奧瑞安」）的貸款提供個人擔保）及戴清芳女士（戴小兵博士的姊姊，為奧瑞安的副總經理）。
- 於期內並無購股權失效或獲授出或行使。

Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30 June 2018, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, the details of which are set out below:

主要股東及其他人士之權益

於2018年6月30日，根據證券及期貨條例第336條存置之登記冊所載錄，以下人士（並非本公司董事或行政總裁）於本公司之股份及相關股份中擁有權益及淡倉如下：

| Name | Long/short position | Interests in shares/underlying shares | Nature of interest | Number of shares/underlying shares held 所持股份/ 相關股份數目 | Percentage of issued shares 佔已發行 股份百分比 |
|--|----------------------|---------------------------------------|---|--|--|
| 名稱 | 好倉/淡倉 | 於股份及相關股份權益 | 權益性質 | | |
| Hao Zhanwei 郝占偉 | Long position 好倉 | Shares 股份 | Beneficial owner 實益擁有人 | 3,380,000,000 | 16.97% |
| Yuanjing International Limited (Note 1) 圓景國際有限公司(附註1) | Long position 好倉 | Shares 股份 | Beneficial owner 實益擁有人 | 1,883,730,000 | 9.46% |
| Crescent Spring Investment Holdings Limited (Note 2) | Long position 好倉 | Underlying shares 相關股份 | Beneficial owner 實益擁有人 | 19,058,490,566 | 95.68% |
| Crescent Spring Investment Holdings Limited (附註2) | Short position 淡倉 | Underlying shares 相關股份 | Beneficial owner 實益擁有人 | 19,058,490,566 | 95.68% |
| | Long position 好倉 | Shares 股份 | Security interest 保證權益 | 1,375,245,000 | 6.90% |
| Sino Oil and Gas Resources Limited (Note 2) 中國油氣資源有限公司(附註2) | Long position 好倉 | Underlying shares 相關股份 | Beneficial owner 實益擁有人 | 19,058,490,566 | 95.68% |
| CITIC Securities Company Limited (Note 3) | Long position 好倉 | Shares 股份 | Interest of controlled corporation 受控制公司權益 | 768,971,796 | 3.86% |
| CITIC Securities Company Limited (附註3) | Long position 好倉 | Underlying shares 相關股份 | Interest of controlled corporation 受控制公司權益 | 461,383,078 | 2.32% |
| | Short position 淡倉 | Underlying shares 相關股份 | Interest of controlled corporation 受控制公司權益 | 1,999,326,669 | 10.04% |

Notes:

- 1,883,730,000 shares are owned by Yuanjing International Limited, a company wholly and beneficially owned by Mr. Huang Shaowu (a non-executive director of the Company).

附註：

- 1,883,730,000股股份由圓景國際有限公司持有，其為一間由黃紹武先生（本公司非執行董事）全資及實益擁有的公司。

其他資料

2. Crescent Spring Investment Holdings Limited (“Crescent”) owns convertible bonds in the principal amount of US\$130,000,000 due 2019 carrying the right to convert into shares of the Company at a conversion price of HK\$0.053 per share. Based on the conversion price of HK\$0.053 per share, a maximum of 19,058,490,566 shares may be allotted and issued upon exercise of the conversion rights attaching to the convertible bonds in full. The convertible bonds give rise to an interest in 19,058,490,566 underlying shares of Crescent.

Unless the context requires otherwise, capitalized terms used in this paragraph shall have the same meanings as defined in the Company’s announcement dated 31 May 2016. Pursuant to the Put and Call Option Deed entered into between Crescent and Sino Oil and Gas Resources Limited (“SOGR”), a company wholly owned by Dr. Dai Xiaobing, Crescent grants to SOGR an irrevocable and unconditional right (but without obligation) to purchase some or all of the Convertible Bonds at the Call Option Purchase Price during the Call Option Period, and SOGR grants to Crescent an irrevocable and unconditional right (without obligation) to require SOGR to purchase some or all of the Convertible Bonds at the Put Option Purchase Price during the Put Option Period. The Put and Call Option Deed gives rise to an interest in 19,058,490,566 underlying shares of each of SOGR and Dr. Dai Xiaobing, and short position of 19,058,490,566 underlying shares of Crescent.

Crescent also holds security interest in 1,375,245,000 shares of the Company.

Crescent is a wholly-owned subsidiary of China Huarong International Holdings Limited (中國華融國際控股有限公司) which in turn is owned as to 88.1% by Huarong Real Estate Co., Ltd. (華融置業有限責任公司) (“Huarong Real Estate”) and 11.9% by Huarong Zhiyuan Investment & Management Co., Ltd. (華融致遠投資管理有限責任公司) (“Huarong Zhiyuan”). Both Huarong Real Estate and Huarong Zhiyuan are wholly owned by China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) which is in turn owned as to 77.49 % by Ministry of Finance of the People’s Republic of China (中華人民共和國財政部). Pursuant to the SFO, China Huarong International Holdings Limited, Huarong Real Estate, China Huarong Asset Management Co., Ltd. and Ministry of Finance of the People’s Republic of China are deemed to have the aforesaid interests and short position held by Crescent.

3. These interests and short position are owned by CSI Capital Management Limited which is wholly owned by CITIC CLSA Global Markets Holdings Limited which in turn is wholly owned by CLSA B.V. CITIC Securities Company Limited wholly owns CLSA B.V. through its wholly owned subsidiary, CITIC Securities International Company Limited. Pursuant to SFO, CITIC Securities Company Limited, CITIC Securities International Company Limited, CLSA B.V. and CITIC CLSA Global Markets Holdings Limited are deemed to be interested in the interests and short position held by CSI Capital Management Limited.

2. Crescent Spring Investment Holdings Limited (「Crescent」) 持有本公司本金總額為130,000,000美元於2019年到期之可換股債券，有權以換股價每股0.053港元兌換為本公司的股份。根據換股價每股0.053港元，於悉數行使可換股債券所附之換股權後將予配發及發行最多19,058,490,566股股份。根據可換股債券，Crescent持有本公司19,058,490,566股相關股份權益。

除文義另有所指外，本段落所採用之詞彙與本公司於2016年5月31日刊發之公佈所界定者具有相同涵義。根據Crescent與由戴小兵博士全資擁有的中國油氣資源有限公司(「SOGR」)訂立的認沽及認購期權契據，Crescent授予SOGR一項不可撤回及無條件權利(但並無責任)，可於認購期權期間內按認購期權購買價購入部份或全部可換股債券，而SOGR授予Crescent一項不可撤回及無條件權利(但並無責任)，可要求SOGR於認沽期權期間內按認沽期權購買價購入部份或全部可換股債券。按照認沽及認購期權契據，SOGR及戴小兵博士持有本公司19,058,490,566股相關股份權益及Crescent持有19,058,490,566股相關股份之淡倉。

Crescent亦持有本公司1,375,245,000股股份保證權益。

Crescent是中國華融國際控股有限公司的全資附屬公司，華融置業有限責任公司(「華融置業」)及華融致遠投資管理有限責任公司(「華融致遠」)分別持有中國華融國際控股有限公司的88.1%權益及11.9%權益。華融置業及華融致遠均由中國華融資產管理股份有限公司全資擁有，後者則由中華人民共和國財政部持有77.49%權益。根據證券及期貨條例，中國華融國際控股有限公司、華融置業、中國華融資產管理股份有限公司及中華人民共和國財政部也被視為持有上述Crescent的權益及淡倉。

3. 這等好倉及淡倉權益由CSI Capital Management Limited持有，其由CITIC CLSA Global Markets Holdings Limited全資擁有，後者由CLSA B.V.全資擁有，CITIC Securities Company Limited透過其全資擁有的CITIC Securities International Company Limited全資擁有CLSA B.V.。根據證券及期貨條例，CITIC Securities Company Limited、CITIC Securities International Company Limited、CLSA B.V.、CITIC CLSA Global Markets Holdings Limited被視為於CSI Capital Management Limited所持有的權益及淡倉中擁有權益。

Other Information

Saved as disclosed above in this section, as at 30 June 2018, the Company has not been notified of any other persons (other than the Directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee, which comprises Mr. Wong Kwok Chuen Peter, Professor Wong Lung Tak Patrick and Dr. Wang Yanbin, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim report of the Company for the six months ended 30 June 2018.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2018.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules to govern transactions by all directors in the securities of the Company. All directors have complied with the required standard regarding directors' securities dealings set out in the Model Code during the six months ended 30 June 2018.

By Order of the Board

Dai Xiaobing
Chairman

Hong Kong, 30 August 2018

除上文所披露者外，於2018年6月30日，本公司並無接獲任何其他人士（不包括本公司之董事或行政總裁）通知指彼等擁有根據證券及期貨條例第336條須記錄於登記冊的本公司股份或相關股份的任何權益或淡倉。

購買、贖回或出售上市證券

於截至2018年6月30日止六個月，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

審核委員會

由黃國全先生、黃龍德教授及王延斌博士組成的審核委員會與管理層已檢討本集團採納的會計原則及常規，並已商討有關審核、內部監控及財務申報的事宜，包括審閱本公司截至2018年6月30日止六個月之未經審核中期報告。

企業管治

本公司於截至2018年6月30日止六個月期間已遵守上市規則附錄十四所載的《企業管治守則》的全部守則條文。

董事進行證券交易的標準守則

本公司採納上市規則附錄十所載的標準守則，作為本公司的操守準則及所有董事買賣本公司證券規則。截至2018年6月30日止六個月，全體董事均已遵守標準守則所載有關董事買賣證券所規定的準則。

承董事會命

主席
戴小兵

香港，2018年8月30日



中國油氣控股有限公司
SINO OIL AND GAS HOLDINGS LIMITED