



中油燃氣集團有限公司

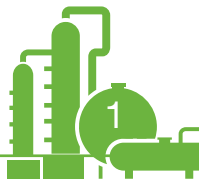
CHINA OIL AND GAS GROUP LIMITED

(Incorporated in Bermuda with Limited Liability)
(於百慕達註冊成立之有限公司)

Stock Code: 603
股份代號: 603



ANNUAL REPORT 2016 年報

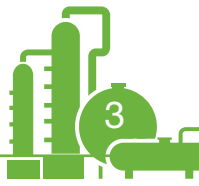


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Enterprise Culture 企業文化





Corporate Profiles 公司簡介

China Oil And Gas Group Limited (the “Company”) (stock code: 603) and its subsidiaries (together, the “Group”) are principally engaged in investment in natural gas and energy related business. Operations of the Group include piped city gas business, pipeline design and construction; transportation, distribution and sale of compressed natural gas (“CNG”) and liquefied natural gas (“LNG”); and development, production and sale of crude oil and gas and other upstream energy resources.

As a piped city natural gas service provider, the Group supplies city natural gas through long-distance transmission pipelines. With 70 concession rights, the Group has built up city pipeline networks which offer stable and sufficient natural gas resources to local household, industrial, commercial and other users. As a non-pipeline natural gas provider, the Group has established 2 LNG plants in Qinghai Province, the PRC. Meanwhile, the Group has also built certain CNG primary stations to ensure a smooth supply of natural gas all year round. These facilities support supplies of natural gas to cities not yet covered by pipeline networks and are treated as emergency backup gas sources for the Group.

As a major national operator of natural gas stations for automobile natural gas filling, the Group has built 39 CNG stations, 10 LNG stations and 6 L/CNG stations across the country. All kinds of automobiles, city buses and long-distance buses can be converted into natural gas operation system by paying an affordable fee. Some of the provinces will provide subsidy to automobile owners who are willing to convert their automobile into natural gas operating system. With support from the PRC government, the Group offers inexpensive, clean and environmental friendly natural gas to the transportation sector.

As an operator of natural gas branch line business, the Group has already completed 1,055 km branch lines in Qinghai, Hunan, Jiangsu, Jiangxi, Shanxi, Shandong, Guizhou, Guangdong, Anhui and Hubei Province. Apart from bringing in stable natural gas transmission revenue, the branch line constructions will also facilitate the development of projects along the downstream.

The Group has well established a large-scale developed natural gas transport and logistics operation in the PRC, including the set up of LNG and CNG fleets which have reinforced the mobility and coverage of our natural gas supplies.

As an upstream energy resources producer, the Group engages in the development, production and sale of crude oil and gas and other resources in Alberta of Canada. The exploration and production business of the Group has the proved reserves of approximately 22.9 million barrels of oil equivalent and the proved plus probable reserves of approximately 33.1 million barrels of oil equivalent. Its average daily production was 5,001 barrels of oil equivalent in 2016. Our exploration and production business possesses energy business in production, a very experienced management team with proven tracking records, a stable production assets portfolio and strong profitability with considerable potential for growth.

中油燃氣集團有限公司(「公司」)(股份代號：603)及其附屬公司(「集團」)主要從事天然氣及能源相關業務之投資。集團之業務包括城市管道燃氣營運、管道設計及建造；壓縮天然氣(「CNG」)及液化天然氣(「LNG」)之運輸、分銷及銷售；及原油及天然氣等其他上游能源資源開發、生產及銷售。

作為城市管道燃氣服務供應商，集團透過長距離輸送管道供應城市天然氣。集團已獲得70個燃氣特許經營權，建立了城市管道網絡，為當地家庭、工商等用戶提供穩定及充裕之天然氣資源。作為非管道天然氣供應商，集團於中國青海省建立了兩座LNG工廠。同時，集團已建造多個CNG加氣母站，確保集團之天然氣供應全年保持穩定。該等設施有助於向尚未有管道網絡覆蓋的城市供應天然氣，並被視為集團之應急備用燃氣來源。

作為全國車用天然氣加氣站之主要營運商，集團已在全國範圍內建立CNG加氣站39座、LNG加氣站10座及L/CNG加氣站6座。各類汽車、公共交通汽車及長途客運車均可以通過改裝，即以可承擔之費用轉換成天然氣運行系統。並且，部分省份將為願意將汽車轉換成天然氣運行系統的車主提供補貼。在國家政府之支持下，集團向運輸界提供價格低廉、清潔及環保之天然氣能源。

作為天然氣支綫管道經營之營運商，集團已於青海、湖南、江蘇、江西、山西、山東、貴州、廣東、安徽和湖北省等省份建成總長度達1,055公里的支綫管道，除了增加天然氣管道運輸收入外，更可帶動下游沿綫天然氣市場的開發。

集團已於中國發展龐大的天然氣運輸及物流業務，已建立LNG及CNG運輸車隊，增強了集團天然氣供應之流動性以及擴大了其覆蓋範圍。

作為上游能源資源之生產商，集團於加拿大阿爾伯塔省從事原油及天然氣等資源的開發、生產及銷售，集團油氣生產業務之探明儲量約為2,290萬桶油當量及探明加控制儲量約為3,310萬桶油當量，二零一六年平均每日產量為5,001桶油當量。集團之油氣生產業務擁有在產的能源業務及一個經驗豐富、業績卓越的管理團隊，具穩定的生產資產組合，較強的盈利能力及廣闊的增長空間。

Natural Gas Distribution Business in China

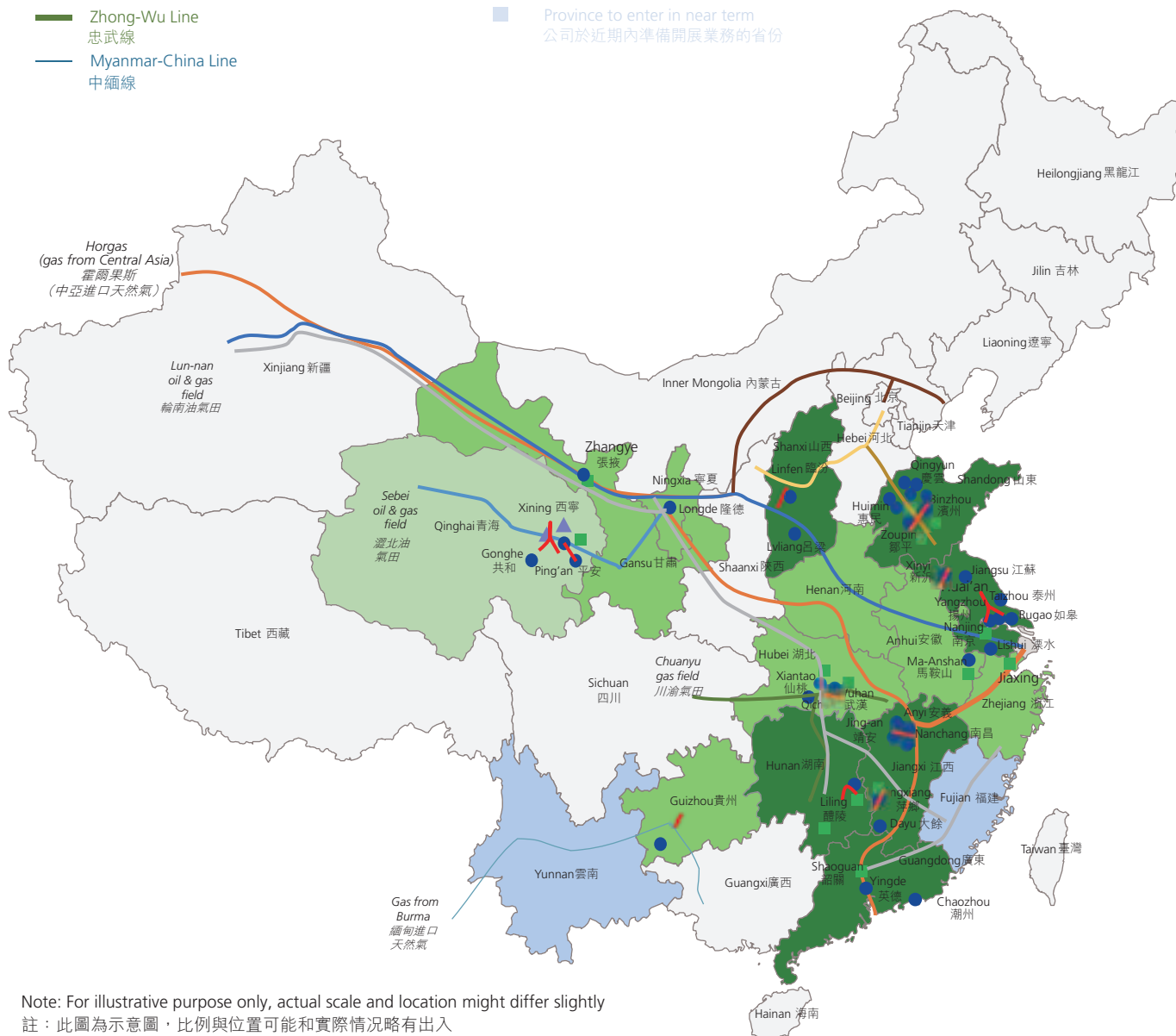
中國天然氣分銷業務

Main trunk pipelines 主要幹線管網

- West-to-East line 1
西氣東輸一線
- West-to-East line 2
西氣東輸二線
- West-to-East line 3
西氣東輸三線
- Se-Ning-Lan line
遼寧蘭線
- Shaan-Jing line 4
陝京四線
- Shaan-Jing line 3
陝京三線
- Cang-Zi Line
滄淄線
- Zhong-Wu Line
忠武線
- Myanmar-China Line
中緬線

Company operating assets / data 公司運營資產及數據

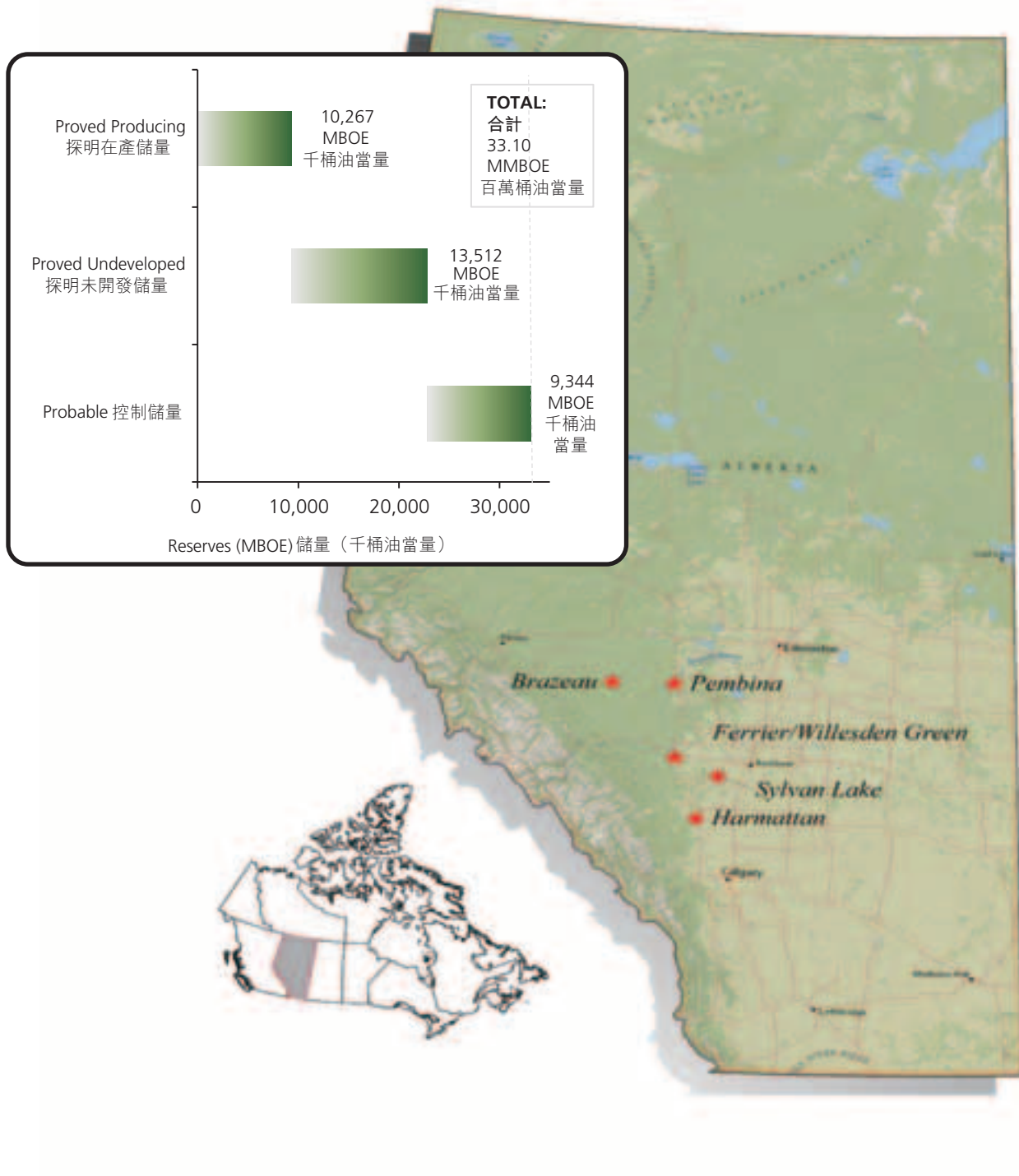
- Branch pipeline
公司自有支線管道
- City gas project with concession right
公司城市天然氣項目
- ▲ LNG processing plant
公司液化天然氣工廠
- CNG/LNG/L-CNG station
公司天然氣加氣站
- Province with natural gas sales volume > 500mn m³ in FY2016
公司二零一六年上半年銷氣量5.0億立方米以上省份
- Province with natural gas sales volume between 100mn m³ and 500mn m³ in FY2016
公司二零一六年上半年銷氣量1.0-5.0億立方米省份
- Province with natural gas sales volume ≤ 100mn m³ in FY2016
公司二零一六年上半年銷氣量1.0億立方米以下省份
- Province to enter in near term
公司於近期內準備開展業務的省份



Note: For illustrative purpose only, actual scale and location might differ slightly
 註：此圖為示意圖，比例與位置可能和實際情況略有出入



Oil and Gas Production Business in Canada 加拿大油氣生產業務



Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

XU Tie-liang (*Chairman and Chief Executive Officer*)
 ZHU Yuan
 GUAN Yijun
 CHEUNG Shing

Independent Non-Executive Directors

LI Yunlong
 SHI Xun-zhi
 WANG Guangtian

COMPANY SECRETARY

CHAN Yuen Ying Stella

AUTHORISED REPRESENTATIVES

XU Tie-liang
 CHAN Yuen Ying Stella

AUDIT COMMITTEE

LI Yunlong (*chairman*)
 SHI Xun-zhi
 WANG Guangtian

REMUNERATION COMMITTEE

LI Yunlong (*chairman*)
 WANG Guangtian
 CHEUNG Shing

NOMINATION COMMITTEE

WANG Guangtian (*chairman*)
 LI Yunlong
 CHEUNG Shing

CORPORATE GOVERNANCE COMMITTEE

XU Tie-liang (*chairman*)
 ZHU Yuan
 GUAN Yijun
 CHEUNG Shing
 LAW Yin Shan Jenny
 CHAN Yuen Ying Stella

AUDITOR

PricewaterhouseCoopers

董事局

執行董事

許鈺良 (*主席兼行政總裁*)
 朱 遠
 關懿君
 張 成

獨立非執行董事

李雲龍
 史訓知
 王廣田

公司秘書

陳婉縈

授權代表

許鈺良
 陳婉縈

審核委員會

李雲龍 (*主席*)
 史訓知
 王廣田

薪酬委員會

李雲龍 (*主席*)
 王廣田
 張 成

提名委員會

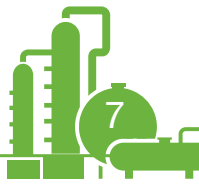
王廣田 (*主席*)
 李雲龍
 張 成

企業管治委員會

許鈺良 (*主席*)
 朱 遠
 關懿君
 張 成
 羅盈珊
 陳婉縈

核數師

羅兵咸永道會計師事務所



Corporate Information

公司資料

(continued) (續)

LEGAL ADVISERS

(As to Hong Kong Law)
LI & Partners

(As to PRC Law)
Beijing Huaao Law & Partners

PRINCIPAL REGISTRARS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2805, 28th Floor
Sino Plaza
255-257 Gloucester Road
Causeway Bay
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

603

WEBSITE AND E-MAIL ADDRESS

Website: <http://www.hk603.com>
E-mail: info@hk603.com

法律顧問

(香港法律)
李偉斌律師行

(中國法律)
北京市華澳律師事務所

主要股份過戶登記處

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

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

總辦事處及香港之主要營業地點

香港
銅鑼灣
告士打道 255-257 號
信和廣場
28 樓 2805 室

主要往來銀行

香港上海滙豐銀行有限公司

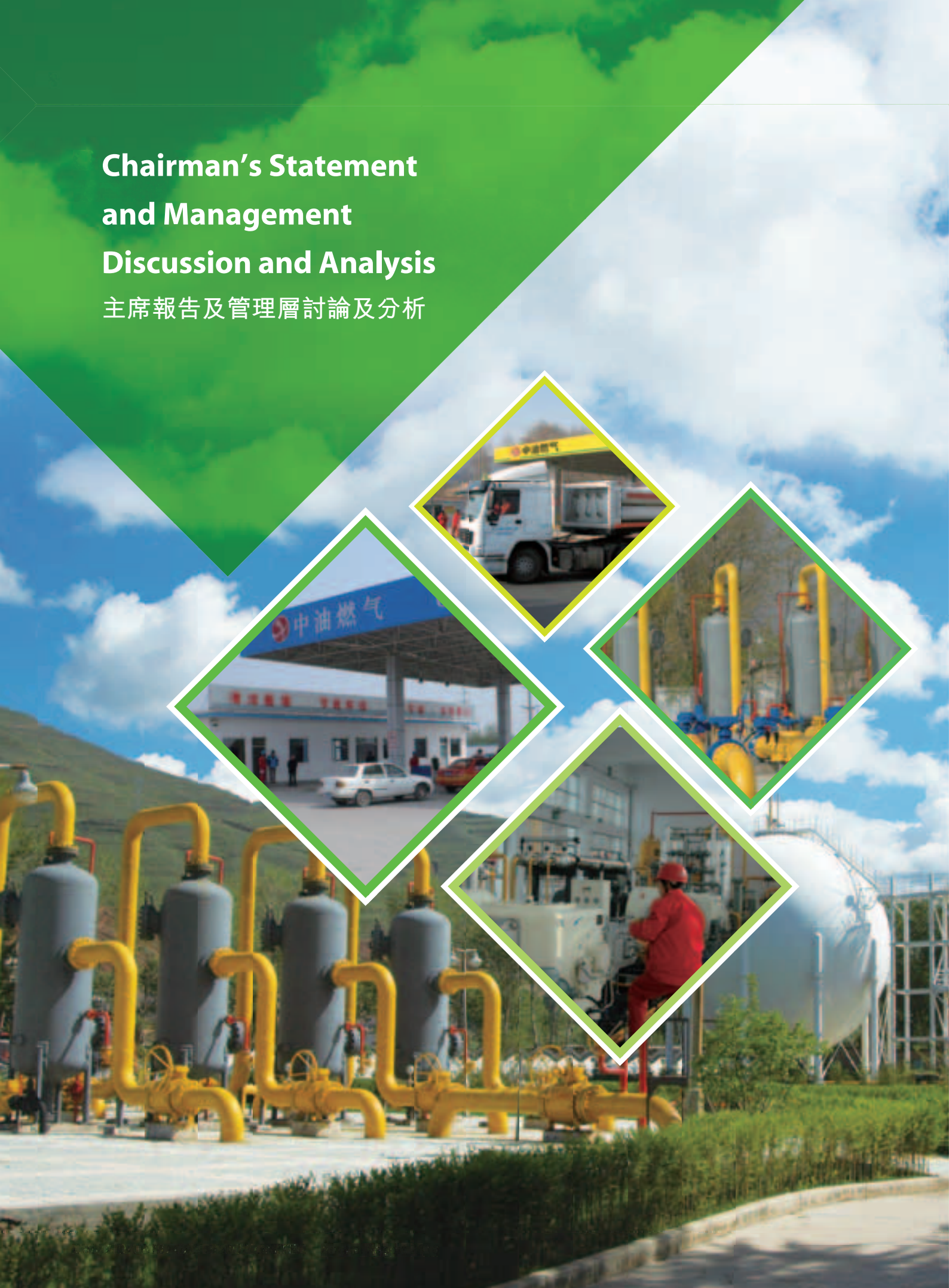
股份代號

603

網址及電郵地址

網址：<http://www.hk603.com>
電郵地址：info@hk603.com

**Chairman's Statement
and Management
Discussion and Analysis**
主席報告及管理層討論及分析



Chairman's Statement 主席報告



BUSINESS REVIEW

In 2016, benefiting from the increasing efforts of the Chinese government in “reducing carbon emission and smog”, the improvement in the competitiveness of the price of natural gas and supporting policies on the utilization of natural gas introduced by local governments, the natural gas consumption reached 205.8 billion cubic meters in China, representing an increase of 7% year on year. The Group continued to devote itself to the development of high-quality urban gas projects. It actively developed in the market, improved the management, optimized the control and management model on core businesses and fully initiated information-based management. It effectively streamlined the establishment of institutes, strengthened performance management and facilitated market expansion and the growth in the sales volume of gas through complete incentive and restriction mechanisms. Under the complicated and changing international market environment and the pressure on the slower economic growth in China, the Group went forward with its burdens discarded. With its strong users basis and the advantages on sale network as well as sufficient gas sources, the Group recorded an increase as expected in the total sales volume of natural gas in 2016.

Thanks to the continuous improvement in the operation and management, the effective control over cost and fees, continuous increase in the income and reduction in the expenditures, the successful completion of the price adjustment on the natural gas business in China and considerable growth in

業務回顧

二零一六年，得益於中國政府「減碳降霾」工作力度的持續加大，天然氣價格競爭力的提高和各地方政府不斷出台的天然氣利用扶持政策，中國全年天然氣消費量達到2,058億立方米，同比增長7%。集團繼續致力於發展高質量的城市燃氣項目，積極深耕市場，精進管理水平，優化核心業務管控模式，全面啟動信息化管理，有效精簡機構設置，加強績效管理，以完善的激勵與約束機制助推市場拓展及銷氣量的增長。面對複雜多變的國際市場環境和中國經濟增速放緩的壓力，集團輕裝上陣，憑藉自身強大的用戶基礎和銷售網絡及充足的氣源優勢，於二零一六年錄得天然氣總銷售量按計劃增長。

得益於集團在經營管理上的持續提升，有效控制成本和費用，不斷開源節流，加之集團於中國天然氣業務順價工作的順利完成及實現可觀的銷氣量增長，以及國際油價由低位回升，集團於截至

Chairman's Statement 主席報告

(continued) (續)

the sales volume of gas as well as the significant recovery of the international oil price from the bottom, the Group recorded a profit of HK\$657.67 million for the year ended 31 December 2016, representing a significant growth from a profit of HK\$29.33 million for the year ended 31 December 2015.

CITY PIPELINE NATURAL GAS BUSINESS

Sales and distributions of natural gas

For the year ended 31 December 2016, the Group recorded the sales and distributions of natural gas income of HK\$5,424 million, accounting for 84% of the total revenue. During the year, the Group's total gas sales volume reached 2,769 million cubic meters (2015: 2,650 million cubic meters); external pipeline gas transmission volume reached 340 million cubic meters (2015: 427 million cubic meters); and the external transportation volume was 11 million cubic meters (2015: 51 million cubic meters).

Gas sales volume of residential users was 808 million cubic meters (2015: 684 million cubic meters); of industrial and commercial users was 1,599 million cubic meters (2015: 1,520 million cubic meters); and of gas stations was 362 million cubic meters (2015: 447 million cubic meters), representing

二零一六年十二月三十一日止年度錄得年內溢利 65,767 萬港元，較其二零一五年十二月三十一日止年度之年內溢利 2,933 萬港元顯著增長。

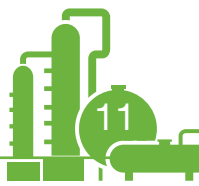
城市管道天然氣業務

銷售及輸送天然氣

截至二零一六年十二月三十一日止年度，集團錄得銷售及輸送天然氣之收入 54.24 億港元，佔總收入 84%。年內，集團實現天然氣銷售量 27.69 億立方米（二零一五年：26.50 億立方米）；對外管輸氣量 3.40 億立方米（二零一五年：4.27 億立方米）；及對外物流運輸氣量 0.11 億立方米（二零一五年：0.51 億立方米）。

銷氣量中，居民用戶用量為 8.08 億立方米（二零一五年：6.84 億立方米）；工商業用戶用量為 15.99 億立方米（二零一五年：15.20 億立方米）；加氣站用量 3.62 億立方米（二零一五年：4.47 億





Chairman's Statement 主席報告

(continued) (續)

29%, 58% and 13% of the gas sales volume respectively (2015: 26%, 57% and 17%).

Development of new users

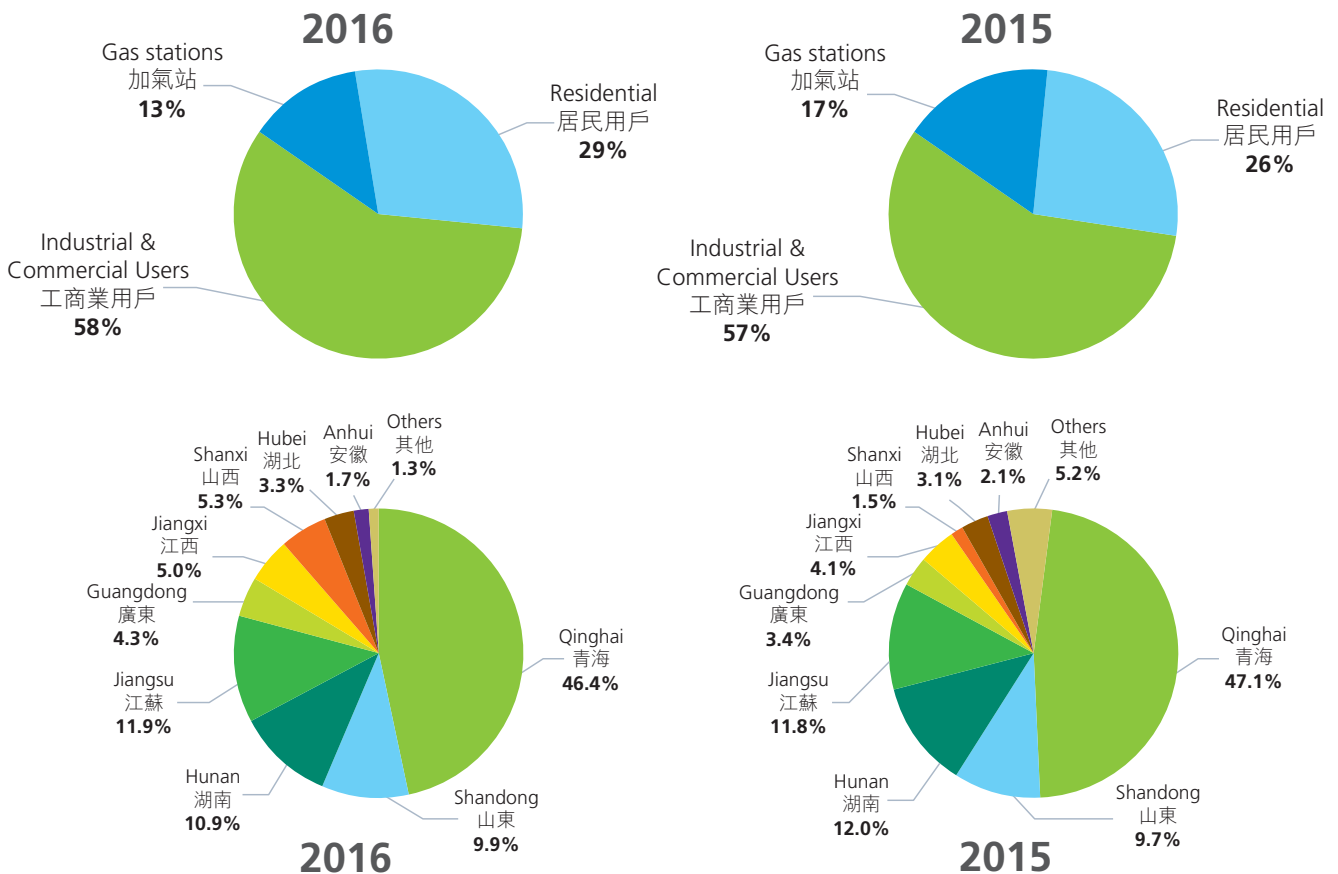
During the year, the Group connected 157,017 new residential users and 934 new industrial & commercial users. The accumulated connections of residential users were 1,108,397, and for industrial & commercial users, the accumulated connections were 9,269. With the advancing of the new type of urbanization and the "Coal to Gas Project" for coal-fired boilers by the Chinese government, the number of new users is expected to maintain stable growth. While actively developing new users, the Group will continue to strengthen the development of medium and old household users in the existing urban gas projects to maintain a stable total connection of

立方米)，分別佔總銷氣量的29%、58%及13% (二零一五年：26%、57%及17%)。

新用戶開發

年內，集團新增157,017戶居民用戶及934戶工商業用戶，累計接駁居民用戶1,108,397戶及工商業用戶9,269戶。隨著中國政府新型城鎮化及燃煤鍋爐「煤改氣」工作的大力推進，預計日後新增用戶數量仍會保持平穩增長。在積極開發新用戶的同時，集團將繼續加強現有城市燃氣項目中老房用戶的開發力度，以保持穩定的居民用戶接駁總量。與居民用戶相比，工商業用戶用氣需求龐大，因此大力開發工商業用戶是集團用戶開發

Natural Gas Sales Volume Breakdown 天然氣銷售量分類



Chairman's Statement 主席報告

(continued) (續)

residential users. The industrial & commercial users have higher demand for natural gas as compared with residential users. As a result, it is the priority task of the Group to actively develop industrial & commercial users. With the increased number of users, the Group will continue to trigger more channels for the sales of natural gas and provide services to more natural gas end-users, which will lay a solid foundation for the sales of natural gas by the Group in the future.

New projects expansion

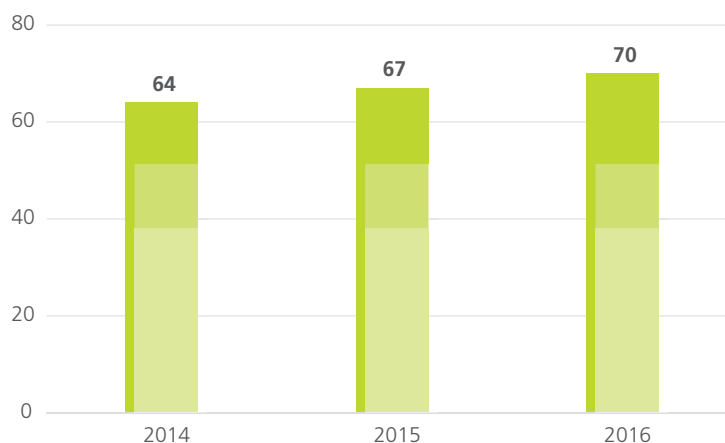
In 2016, the Group mastered the development opportunities in the popularization of clean energy and gave full play to the advantages of sufficient gas sources, wide coverage of the pipeline network, flexible logistics and transportation services as well as good partnerships with local governments, state-owned and private capitals. While promoting organic growth from existing projects, the Group also conducted thorough inspections on the areas surrounding the natural gas pipelines and the coastal areas, together with the areas along the Yangtze River which have good economic basis and huge demand of natural gas. During the year, the Group has successfully obtained the concession rights for operations of gas business in four new cities, including Wulie area, Dongtai City, Jiangsu Province, five towns in Huai'an City, Jiangsu Province, Zhangye Economic and Technological Development Zone in Gansu Province and Sanfutan Town, Xiantao City, Hubei Province. As at the end of 2016, the Group has established a total of 105 natural gas project companies in 15 provinces and autonomous regions with 70 concession rights in the PRC. In 2016, the total length of the high-pressure long-distance pipelines reached 1,055 km, which effectively promoted the development of projects in total downstream. The total length of the city pipeline network reached 7,530 km, covering a total population of 12 million. The Group will make use of its advantages in the wide coverage of its pipeline network and work even harder to obtain more projects with concession rights in more industrial cities, economic

工作的首要任務。隨著用戶數量的增加，集團將打開更多天然氣銷售渠道，為更多天然氣的終端客戶提供服務，為集團未來的天然氣銷售奠定堅實基礎。

新項目拓展

二零一六年，集團把握清潔能源普及化的發展機遇，充分發揮自身氣源充足，管網覆蓋面積廣闊，靈活的物流運輸服務及與各地方政府、國營和民營資本的良好合作關係等優勢，在促進現有項目的內延式發展的同時，著力對天然氣骨幹管網周邊地區，以及經濟基礎好、天然氣需求大的沿海、沿江市場進行了深入的調研和開發。年內，集團成功獲取江蘇省東台市五烈地區、江蘇省淮安市五個鄉鎮、甘肅省張掖循環經濟開發區、湖北省仙桃三伏潭鎮等四個新城市燃氣特許經營權。截至二零一六年年末，集團於中國15個省及自治區成立項目公司105家，擁有70項燃氣特許經營權。二零一六年，集團高壓長輸管道總長度達到1,055公里，有效的帶動了下游項目的開發；城市管網累計總長度達到7,530公里，區域覆蓋人口達到1,200萬人。集團將利用其龐大的管網覆蓋優勢，再接再厲，繼續獲取更多的工業化城市、經濟開發區和工業園區的特許經營權項目，通過該等項目進一步開拓國內燃氣市

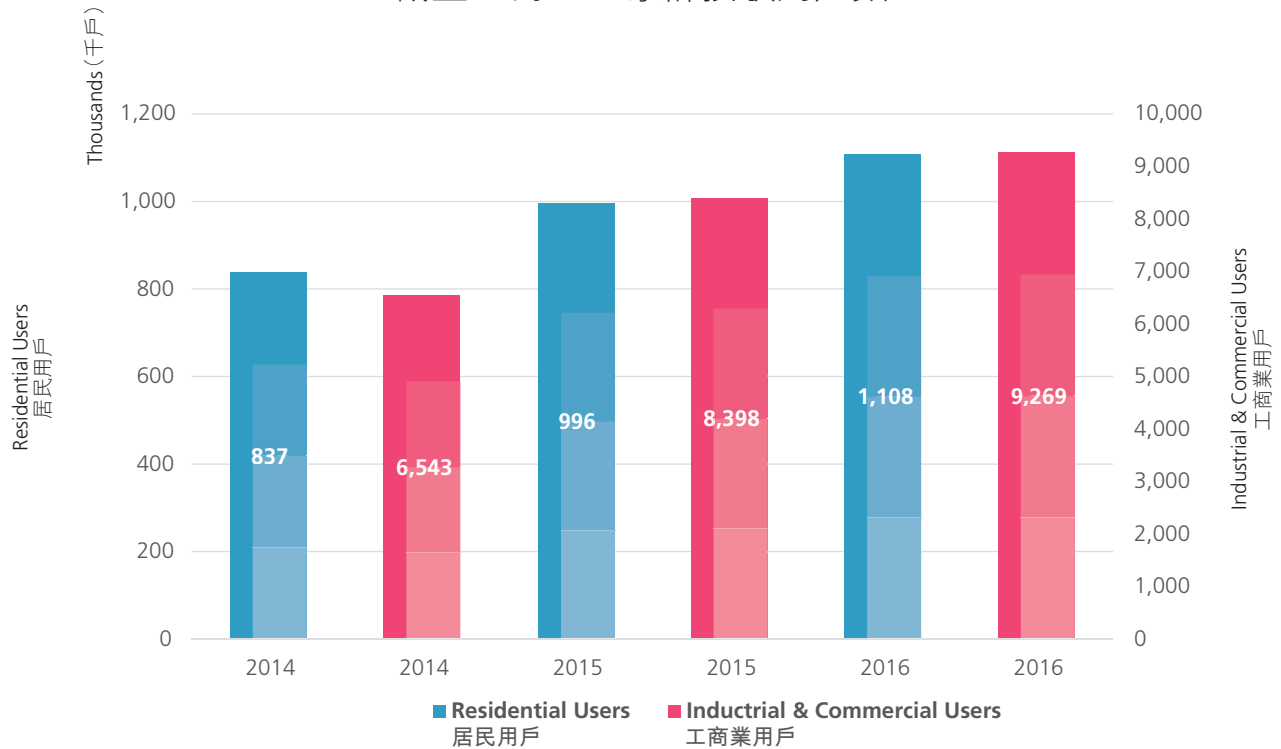
Concession Rights as of December 31
截至12月31日特許經營權數量



Chairman's Statement 主席報告

(continued) (續)

Total Connected Users as of December 31
截至12月31日累計接駁用戶數量



development zones and industrial parks. It will further explore the domestic gas market and expand the market share through such programs to improve the market position of the Group in China.

EXPLOITATION AND PRODUCTION OF CRUDE OIL AND NATURAL GAS

In 2016, the Group continued the business of exploitation and production of light oil and natural gas in Canada. According to the reserve report prepared

場，擴大市場佔有率，提升集團在國內之市場位置。

開採及生產原油及天然氣業務

二零一六年，集團在加拿大繼續進行輕質原油和天然氣的開採及生產業務。根據由GLJ

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(continued) (續)

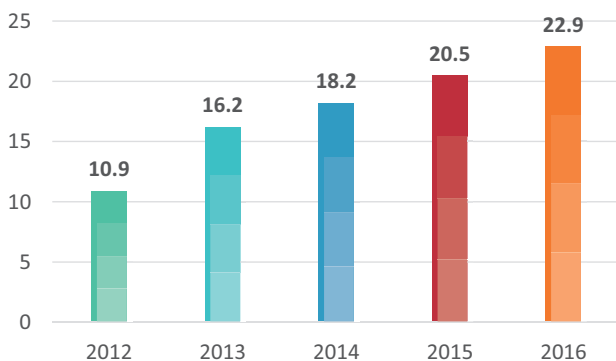
by GLJ Petroleum Consultants for the year ended 31 December 2016, the Group has the proved reserves of 22.9 million barrels of oil equivalent (2015: 20.5 million barrels of oil equivalent), and the proved plus probable reserves of 33.1 million barrels of oil equivalent (2015: 30.1 million barrels of oil equivalent), representing an increase of 12% and 10%, respectively. In 2016, the average daily production was 5,001 barrels of oil equivalent (2015: 5,386 barrels of oil equivalent). The average operating netback was CAD18.78 per barrel of oil equivalent in 2016 (2015: CAD21.16 per barrel of oil equivalent).

In 2016, the international oil price recovered from the bottom at the beginning of the year and maintained stable growth in the second half. Facing the challenges and business opportunities, the Group acted with caution and monitored closely the international market environment. By leveraging on the advantages of the low oil price, the Group effectively controlled the operation cost. The average cost of oil exploitation was successfully controlled within CAD10 per barrel of oil equivalent, which was substantially lower than other producers in the same play. The Group took advantage of the low oil price to seek potential high-quality assets. It offset the natural decline in output and achieved growth in reserves and output as planned by ways of acquisition of high-quality oil and gas assets, projects and land as well as the development of new wells. As of the end of 2016, the oil and gas exploitation business of the Group totally owns gross land of approximately 150,000 acres with oil and gas mineral rights which have huge development potential. With the recovery of oil price, these oil and gas reserves will bring considerable investment returns to the Group.

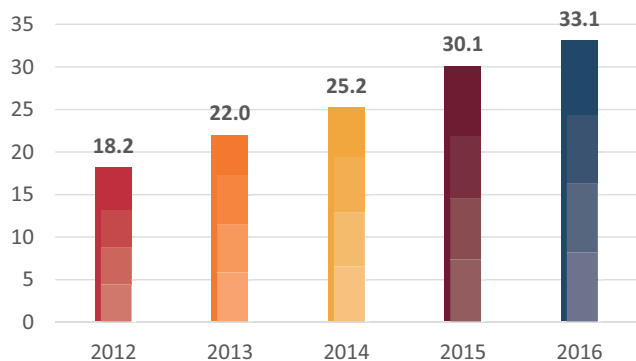
Petroleum Consultants準備的截至二零一六年十二月三十一日止年度儲量報告，集團探明儲量約為2,290萬桶油當量(二零一五年：2,050萬桶油當量)，及探明加控制儲量約為3,310萬桶油當量(二零一五年：3,010萬桶油當量)，同比分別增加12%及10%。於二零一六年，集團實現全年平均產量為5,001桶油當量/天(二零一五年：5,386桶油當量/天)。二零一六年，集團實現平均運營淨回值18.78加元/桶油當量(二零一五年：21.16加元/桶油當量)。

二零一六年，國際油價經歷了年初的低位回升到下半年的穩步增長。面對挑戰與商機，集團審慎而行，密切關注國際市場情況，利用低油價的優勢，有效的控制運營成本，將採油成本成功控制在平均每桶油當量10加元以下，大幅低於大多數在相同區域開發的油氣生產商。抓住低油價的時機，物色極具潛力的高質量資產，通過收購優質油氣儲量、項目和土地，及通過開發新井，抵消了產量的自然遞減，實現儲量及產量按計劃增長。截至二零一六年年底，集團的油氣開採業務擁有總計近15萬英畝含油氣資源土地，開發潛力巨大，隨著油價回升，這些油氣資源儲備將為集團帶來可觀的投資回報。

Proved Reserve (mmboe)
探明儲量 (百萬桶油當量)



Proved Plus Probable Reserve (mmboe)
探明加控制儲量 (百萬桶油當量)



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(continued) (續)

BUSINESS PROSPECT

The Chinese government gives unprecedented policy supports to the development of the natural gas industry. In December 2016, the National Energy Administration issued the "Opinions on Speeding up in Promoting the Utilization of Natural Gas", proposing to fully speed up in advancing the large-scale utilization of natural gas in urban gas, industrial fuels, gas power generation and transport fuels and calling for local governments to introduce specific measures on promoting the utilization of natural gas. Responding to the calls of the central government, local governments in Shandong, Jiangsu, Jiangxi, Hunan and Hubei have introduced various measures, including improving financial and taxation supports to the "Coal to Gas Project", conducting the promotion of natural gas in the countryside to ensure the access to natural in all towns and countries as well as raising the rate of gasification in urban areas and eliminating coal-fired boilers. The Group will grasp the opportunities and actively conduct market inspections and adopt flexible pricing strategies to assist local governments of the operation areas in formulating implementation plans and obtain policy supports on the rectification of coal-fired boilers within a certain period. It is expected that more detailed policies guaranteeing the utilization and development of natural gas will be introduced in the future, which will greatly benefit various businesses of the Group in the distribution of natural gas in China. The Group will actively cooperate with local governments in the implementation of relevant policies.

The natural gas pricing reform will see substantial progresses. The Chinese government issued the "Administrative Measure for the Pricing of Natural Gas Pipeline Transmission (Trial)" and "Supervising Measures for the Cost Pricing of Natural Gas Pipeline Transmission (Trial)", which have regulated that the pipeline transmission price shall be charged based on the principle of "permitted cost plus reasonable revenue". The intention is to make the pricing mechanism of pipeline transmission more open and more transparent, which will effectively control the supply-sided cost of upstream natural gas and lower the cost of gas for end users. It will improve the pricing competitiveness of alternative energy to natural gas, boost the demand in the downstream market and bring new business opportunities to the existing core business of the Group. The Group will continue to make plans based on the industrial and market-based reform and further improve the distribution and sales volume of natural gas through the opportunities arising from the competitive advantage of natural gas price.

業務展望

中國政府對天然氣行業的發展給予了前所未有的政策支持。二零一六年十二月，中國國家能源局下發《關於加快推進天然氣利用的意見》，提出全面加快推進天然氣在城鎮燃氣、工業燃料、燃氣發電、交通燃料四大領域的大規模利用的要求，號召各地方政府出臺推動天然氣利用的具體措施。為響應中央號召，山東、江蘇、江西、湖南、湖北等地的地方政府相繼出臺多種措施，包括完善「煤改氣」財稅支持，開展天然氣下鄉實現「鎮鎮通」、「縣縣通」、提高城鎮氣化率淘汰燃煤鍋爐。集團抓住契機，積極開展市場調研及採用靈活的價格策略，協助運營區域內的地方政府制定實施計劃，並取得令燃煤鍋爐限期整改等政策支持文件。預期未來將有更多保障天然氣利用及發展的實施細則出臺，對集團於中國天然氣分銷領域的各項業務是重大政策利好，集團將積極配合各地方政府加大力度落實相關政策。

天然氣價格改革獲得實質性推進。中國政府擬定的《天然氣管道運輸價格管理辦法(試行)》及《天然氣管道運輸定價成本監審辦法(試行)》宣佈，管輸費價格將按照「准許成本+合理收益」的原則制定，此舉使管輸費定價機制更加公開透明，有效控制上游天然氣供給側價格，使天然氣需求側成本降低，使天然氣相對可替代能源價格競爭力提高，從而提升下游市場需求，亦為集團現有核心業務帶來新商機。集團將繼續根據行業及市場化改革作出部署，借助天然氣價格競爭優勢帶來的機遇進一步提升天然氣分銷及銷售量。

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(continued) (續)

2016 is the first year of the "13th Five-year Plan". The "13th Five-year Plan on the Development of Natural Gas" proposes the target that "the proportion of natural gas consumption in the total consumption of major energy sources should reach 10%, and the consumption of natural gas will reach 350 billion cubic meters by 2020". However, the proportion of natural gas in the total consumption of major energy sources is just less than 6%. The development of the natural gas industry enjoys a bright future and it is a trend to focus on the development of the natural gas business. Based on the economic conditions and the trend in the development of the industry, the Group formulated the "13th Five-year Plan" of the Group, which sets development goals, strategic positioning, resources allocation and guarantee measures to guide and lead the business development of the Group.

For the business of exploitation of oil and gas, leveraging its advantages in premium light oil assets, highly efficient cost management and above-peer technology, the Group will continue its reasonable planning for development under the environment of low oil price and will strategically increase its reserve and interest in high-valued light oil and gas in order to reinforce the foundation of the Group's long-term development. Looking into the future, the Group will follow the strategic plan on the oil and gas business, expand the value-added potential, exploit the internal potential, improve capital efficiency and strengthen the management and control over cost to maintain growth in reserves and output as planned and make a new step towards to the target of becoming a medium-sized upper-stream oil and gas enterprise.

It will fully conduct human resources and enterprise cultural construction. The Group adheres to the introduction of talents and internal promotion and pays attention to the growth and career development of employees. In 2016, the Group fully conducted the enterprise cultural construction and fully implemented and practiced the core values of "Integrity, Group interest as priority, Customer orientation, Innovation and Teamwork", requiring all employees of the Group to actively become partners sharing responsibilities with the Group. Meanwhile, it improved the remuneration system and the incentive system and formed an orientation mechanism with common interests of employees and the Company. The Group will continue to try its best to improve the operation and management and convert the talent advantages and enterprise culture into the development and competition advantages of the Group.

二零一六年是「十三五」規劃的開局之年。《天然氣發展「十三五」規劃》提出「到二零二零年，中國天然氣消費量將在主要能源消費中的比例達到10%，年消費量將達到3,500億立方米」的發展目標，而目前天然氣在主要能源消費中的比例不足6%，天然氣行業的發展前景十分可觀，集中力量發展天然氣事業是大勢所趨。集團根據經濟形勢和行業發展趨勢，編製了集團「十三五」發展規劃，明確了發展目標、戰略定位、資源配置和保障措施，以規劃引領集團業務發展。

油氣開採業務方面，集團將繼續憑藉優質的輕質油資產，高效率的成本管理及高於同行業的技術等優勢，於低油價環境下繼續維持合理的開發計劃，並戰略性的增加高價值的輕質油氣儲備和權益，以夯實集團油氣業務長期發展基礎。展望未來，集團將按照油氣業務的戰略部署，擴大增值空間、挖掘內部潛力、提高資本效率、強化成本管控，保持儲量及產量按計劃增長，向中型上游油氣企業的目標邁出新的第一步。

全面開展人力資源及企業文化建設。集團堅持人才引進及內部人才提拔，關注員工成長和職業發展。二零一六年，集團全面展開了企業文化建設，全面推行和實踐「誠信正直、大我為先、客戶至上、創業創新、團隊合作」的核心價值觀，要求集團的每一位員工都能自覺成為與集團共同承擔的事業夥伴。同時，健全和完善了薪酬體系和激勵機制，形成了員工利益與公司利益一致的導向機制。集團將繼續竭盡所能提高經營管理水平，切實將人才優勢及企業文化轉化為集團的發展優勢和競爭優勢。



Chairman's Statement 主席報告

(continued) (續)

For these 15 years, the Group has been adhering to the missions of “developing business of clean energy and contributing sustainability to society” and following the development strategy of “One body, Two wings”. With the city gas business as the body and the resources production and energy services as two wings, the Group has integrated upstream and downstream businesses and has established an industrial structure of piped natural gas, liquefied natural gas, compressed natural gas, pipeline construction and operation, logistics transportation, liquefied natural gas processing plants, natural gas stations for automobiles and vessels, equipment manufacturing, engineering services, financial lease services. Looking into the future, the Group is of one mind and strike for optimizing the business layout and asset structure. At the same time, the Group will continue to actively strengthen and optimize energy industrial chains which will improve the brand value of the Group. By carrying forward the spirits of “Passionate, Ambitious, Practical and Diligent”, the Group will work together to expand, innovate and build the Group as an influential clean energy company.

十五年以來，集團秉承「發展清潔能源事業，保障人類持續發展」的使命，堅持「一體兩翼」的發展戰略，形成了以城市燃氣業務為主體，以資源開發、能源服務為兩翼，上下游一體，管道天然氣、液化天然氣、壓縮天然氣、管道建設運營、物流運輸、液化天然氣加工廠、車船用天然氣加氣站及裝備製造、工程服務、金融租賃專業化服務並舉的產業結構。面對未來，集團上下將團結一心，奮力拼搏，繼續優化業務佈局與資產結構，做強做優能源產業鏈，提升集團品牌價值，發揚「激情、夢想、務實、勤勉」的企業精神，齊心協力，開拓創新，將集團建設成有影響力的清潔能源公司。

On behalf of the Board
China Oil And Gas Group Limited
Xu Tie-liang
Chairman

代表董事局
中油燃氣集團有限公司
主席
許鉄良

Hong Kong, 29 March 2017

香港，二零一七年三月二十九日

Management Discussion and Analysis

管理層討論及分析

The following discussions should be read in conjunction with the audited consolidated financial statements of the Group and its notes and other sections in the annual report for the year ended 31 December 2016.

FINANCIAL REVIEW

For the year ended 31 December 2016, the Group recorded a revenue of HK\$6,446 million (2015: HK\$7,374 million), representing a decrease of 13%. Such decrease is principally attributable to the exchange differences arising on translation from the operating currencies to presentation currency and the city-gate price cut in the PRC during November 2015. Gross profit amounted to HK\$1,128 million (2015: HK\$1,036 million), representing an increase of 9% from last year. Overall gross profit margin has increased to 18% from last year's 14%.

The Group's principal activities are divided into three segments.

(1) Sales and distribution of natural gas and other related products ("Sales and distribution of natural gas")

Sales and distribution of natural gas continued to be the Group's major source of revenue and constituted 84% of the total revenue (2015: 82%). Revenue and cost of sales related to Sales and distribution of natural gas amounted to HK\$5,424 million (2015: HK\$6,052 million) and HK\$4,681 million (2015: HK\$5,486 million) respectively. Segment results was HK\$513 million (2015: HK\$323 million). Gross profit margin and segment profit ratio were 14% (2015: 9%) and 9% (2015: 5%) respectively.

(2) Gas pipeline construction and connection ("Connection")

Revenue and cost of sales related to Connection amounted to HK\$721 million (2015: HK\$892 million) and HK\$367 million (2015: HK\$450 million) respectively. Considering the Group placed great emphasis on the effectiveness of cost control and centralised procurement, Connection's gross profit margin and segment profit ratio both remained stable at 49% (2015: 50%).

下列討論應與集團截至二零一六年十二月三十一日止年度年報中所載經審核綜合財務報表及其附註以及其他章節一併閱讀。

財務回顧

於截至二零一六年十二月三十一日止年度，集團錄得營業額64.46億港元，相比二零一五年的73.74億港元下降13%，主要原因是經營業務之計值貨幣與報告之計值貨幣的兌換產生匯兌差額及於二零一五年十一月中國城市門站降價。集團錄得毛利11.28億港元，相比二零一五年10.36億港元增長9%。總體毛利率由去年的14%升至18%。

集團之主要運營活動分為三個分部。

(1) 銷售及輸送天然氣及其他相關產品（「銷售及輸送天然氣」）

銷售及輸送天然氣依然為集團之主要收入來源，佔總營業額84%（二零一五年：82%）。銷售及輸送天然氣分部錄得營業額54.24億港元（二零一五年：60.52億港元），錄得銷售成本46.81億港元（二零一五年：54.86億港元），錄得分部業績5.13億港元（二零一五年：3.23億港元）。分部毛利率和分部業績率分別為14%（二零一五年：9%）和9%（二零一五年：5%）。

(2) 燃氣管道建造及接駁（「接駁」）

燃氣管道建造及接駁分部錄得營業額7.21億港元（二零一五年：8.92億港元），錄得營業成本3.67億港元（二零一五年：4.5億港元）。得益於集團着重關注成本控制和集中採購的有效性，接駁分部毛利率和業績率均穩定在49%的水平（二零一五年：50%）。

Management Discussion and Analysis 管理層討論及分析

(continued) (續)

(3) Exploitation and production of crude oil and natural gas ("Exploitation and production")

Revenue and cost of sales related to exploitation and production amounted to HK\$301 million (2015: HK\$430 million) and HK\$270 million (2015: HK\$403 million) respectively. Both gross profit margin and segment profit ratio reached 10% (2015: both at 6%). The Group realised crude oil price of CAD49.98 per barrel of oil equivalent in 2016 compared to CAD54.01 per barrel of oil equivalent in 2015 with a decrease of 7%; while West Texas Intermediate ("WTI") averaging US\$43.37 per barrel of oil equivalent in 2016 compared with US\$48.76 per barrel of oil equivalent in 2015 with a decrease of 11%. The reduction in WTI in 2016 was partially offset by a decrease in the price differential for the Group's crude oil and weakness in the Canadian dollar in 2016.

The Group's selling and distribution costs decreased 4% from HK\$69 million in 2015 to HK\$67 million and administrative expenses decreased 6% from HK\$319 million to HK\$302 million. The Group placed great emphasis on the effectiveness and appropriateness of sales strategies and successfully controlled the selling and distribution costs at 1% of total revenue in both years and administrative expenses at below 5% in both years.

Finance costs net of capitalisation has been decreased from last year's HK\$231 million to current year's HK\$202 million, which represented a decrease of 13% by the Group effectively reduced its borrowings by HK\$598 million as compared to last year. The Group's weighted average cost of all indebtedness (including bank borrowings, other borrowings and senior notes) as at 31 December 2016 was 5.4% (2015: 5.7%).

Benefiting from the considerable growth in sales volume of gas and the effective cost control, profit attributable to owners of the Company increased to HK\$312 million in 2016. In 2015, loss attributable to the owners of the Company was HK\$184 million which was mainly due to the one-off non-cash impairment of HK\$507 million resulted of lower prices for crude oil and a lower price forecast in 2015.

(3) 開採及生產原油及天然氣(「開採及生產」)

開採及生產分部錄得營業額和營業成本分別為3.01億港元(二零一五年：4.3億港元)和2.7億港元(二零一五年：4.03億港元)。分部毛利率和分部業績率均達到10%(二零一五年：均6%)。於二零一六年，集團實現原油價格每桶油當量49.98加元，與二零一五年之每桶油當量54.01加元相比下降7%；而西德州中級原油平均價格由二零一五年之平均每桶48.76美元下跌了11%至二零一六年之平均每桶43.37美元，下降幅度被集團實現原油價差的減少和加元貶值所部分抵銷。

集團的銷售及分銷費用由二零一五年約6,900萬港元減少4%至6,700萬港元。行政開支由3.19億港元減少6%至3.02億港元。集團着重關注銷售戰略的有效性及適當性且連續多年成功將其銷售及分銷費用和行政費用分別控制在總營業額的1%和5%以內。

財務費用(扣除資本化)由去年的2.31億港元減至本年度的2.02億港元，減少13%，主要原因為與去年同期相比，集團將借貸有效減少5.98億港元。集團於二零一六年十二月三十一日之所有債務(包括銀行借貸、其他借貸及優先票據)的加權平均成本為5.4%(二零一五年：5.7%)。

二零一六年，得益於集團實現可觀的銷氣量增長及採取有效的成本控制措施，公司擁有人應佔溢利增長至3.12億港元。二零一五年公司擁有人應佔虧損為1.84億港元，主要原因為二零一五年較低的原油價格和預期價格導致一次性和非現金性項目減值5.07億港元。

Management Discussion and Analysis 管理層討論及分析

(continued) (續)

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

It is the Group's policy to adopt conservative financial strategies by using the cash flow generated from operations as the principal source of fund to finance its capital expenditures. As at 31 December 2016, the Group's total indebtedness (including bank borrowings, other borrowings and senior notes) amounted to HK\$5,367 million (2015: HK\$5,965 million). Total available credit facility amounted to HK\$4,661 million as of 31 December 2016 (2015: HK\$3,972 million) with an utilisation rate of 6% (2015: 17%).

As at 31 December 2016, the Group had cash and cash equivalents and time deposits with maturity over three months of approximately HK\$1,859 million (2015: HK\$2,520 million). Total assets of HK\$13,604 million (2015: HK\$14,088 million), and among which current assets were HK\$3,620 million (2015: HK\$4,340 million). Total liabilities of the Group were HK\$8,353 million (2015: HK\$8,887 million), and among which current liabilities were HK\$2,997 million (2015: HK\$3,565 million). The Group's debt-to-asset ratio, measured on the basis of total indebtedness divided by total assets was 39% (2015: 42%). The current ratio (current assets divided by current liabilities) of the Group was 1.21 times (2015: 1.22 times).

The Group's financial and liquidity remain stable, and well prepared for the Group's development in the future.

EMPLOYEES AND REMUNERATION POLICY

At the end of 2016, the Group employed a total of 3,515 (2015: 3,713) full-time employees, where mostly were stationed in the PRC. Total staff cost for the year amounted to HK\$310 million (2015: HK\$343 million). The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consisted of basic salary, cash bonus and share-based incentives.

PLEDGE OF ASSETS

No assets of the Group have been pledged for the outstanding borrowings as at 31 December 2016.

CONTINGENT LIABILITY

The Group has no material contingent liability as at 31 December 2016.

流動資金、財務及資本資源

集團的政策是採取保守的財務策略，使用經營業務所得現金流量作為主要資金來源，以撥付資金用於資本開支。於二零一六年十二月三十一日，集團的債務總額（包括銀行貸款、其他借貸及優先票據）為53.67億港元（二零一五年：59.65億港元）。於二零一六年十二月三十一日，集團可動用之信貸融資總額為46.61億港元（二零一五年：39.72億港元），使用率6%（二零一五年：17%）。

於二零一六年十二月三十一日，集團的現金及現金等值項目及到期日期為三個月以上的定期存款為約18.59億港元（二零一五年：25.2億港元）。總資產為136.04億港元（二零一五年：140.88億港元），其中流動資產為36.2億港元（二零一五年：43.4億港元）。集團之總負債為83.53億港元（二零一五年：88.87億港元），其中流動負債為29.97億港元（二零一五年：35.65億港元）。集團之以總債務除以總資產為計量方法之資產負債率為39%（二零一五年：42%）。集團之流動比率（流動資產除以流動負債）為1.21倍（二零一五年：1.22倍）。

集團的財務及流動資金保持平穩，為集團未來的發展充分作好準備。

僱員及酬金政策

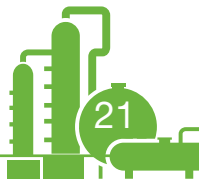
於二零一六年末，集團共有3,515名（二零一五年：3,713名）全職員工，其中大部分員工駐於中國。年內員工總成本為3.10億港元（二零一五年：3.43億港元）。集團根據員工的工作表現、工作經驗及現行市場工資水平釐定其酬金。員工之總酬金包括基本薪金、現金花紅及股份獎勵。

資產抵押

集團於二零一六年十二月三十一日並無任何未清償債項資產抵押。

或然負債

集團於二零一六年十二月三十一日並無任何重大或然負債。



Management Discussion and Analysis

管理層討論及分析

(continued) (續)

FINANCIAL MANAGEMENT AND TREASURY POLICY

The financial risk management of the Group is the responsibility of the Group's treasury function at the head office in Hong Kong. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuation in interest rates and foreign currency exchange rates. It is the Group's policy not to engage in speculative activities.

The Group conducts its business primarily in Renminbi. The Group's certain bank deposits are denominated in Hong Kong dollars, Renminbi and United States dollars, and the Group's offshore bank loans and senior notes are denominated in Renminbi, United States dollars and Canadian dollars.

Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations. The Group does not have a foreign currency hedging policy. However, the Group monitors its foreign currency exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting a significant foreign currency hedging policy in the future.

LITIGATION

As at 31 December 2016, the Group has no litigation.

CAPITAL STRUCTURE

As at 31 December 2016, the issued share capital of the Company was HK\$58,256,838 divided into 5,825,683,834 shares with a nominal value of HK\$0.01 each.

FINAL DIVIDEND

The Board resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Thursday, 18 May 2017 ("2017 AGM") the distribution of a final dividend of HK cent 0.50 (2015: Nil) per share out of the contributed surplus account of the Company to be paid on Friday, 16 June 2017 to those shareholders whose names appear on the register of members of the Company on Monday, 29 May 2017. The final dividend will amount to approximately HK\$29,128,000 (2015: Nil).

財務管理及庫務政策

集團之財務風險管理為集團於香港總辦事處之庫務職能。集團庫務政策之主要目標之一為管理其利率及匯率波動風險。集團的政策為不從事投機行為。

集團主要以人民幣經營業務。集團若干銀行存款以港元、人民幣及美元計值，而集團的境外銀行貸款及優先票據則以人民幣、美元及加元計值。

除上述所披露者外，集團並無承受任何重大外匯匯率波動風險。集團並無訂立外匯對沖政策。然而，集團會緊密監察外匯風險及日後可能（視情況及外幣走勢而定）考慮採用重大外匯對沖政策。

訴訟

於二零一六年十二月三十一日，集團並無牽涉任何訴訟。

資本架構

於二零一六年十二月三十一日，公司的已發行股本為58,256,838港元，分為5,825,683,834股每股面值0.01港元之股份。

末期股息

董事局議決，將在公司於二零一七年五月十八日（星期四）舉行的應屆股東週年大會（「二零一七年股東週年大會」）上向公司股東建議於二零一七年六月十六日（星期五）以公司實繳盈餘賬向於二零一七年五月二十九日（星期一）名列公司股東名冊的該等股東分派末期股息每股0.50港仙（二零一五年：無）。末期股息金額約為29,128,000港元（二零一五年：無）。

Biographical Details of Directors 董事履歷簡介

CHAIRMAN, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Mr. Xu Tie-liang, aged 53, was appointed as an executive Director and the Chairman of the Board of the Company on 30 August 2006. He was also appointed as the Chief Executive Officer of the Company on 4 November 2009. Mr. Xu is the chairman of the Corporate Governance Committee of the Company (the "CG Committee") and a director of certain subsidiaries of the Company. Mr. Xu graduated from Xi'an Shiyu University (西安石油大學) and University of International Business and Economics (對外經濟貿易大學), he is a certified public accountant and lawyer. Mr. Xu has 28 years' experiences in management, investments, legal and finance.

EXECUTIVE DIRECTORS

Mr. Zhu Yuan, aged 64, was appointed as an executive Director of the Company on 10 September 2010. He was appointed as the senior vice president of the Company on 4 November 2009. Mr. Zhu is a member of the CG Committee. He graduated from China University of Mining And Technology and is a certified senior accountant. He is engaged in oil and gas industries for over 40 years, and has deep research and extensive experience in investment and operation of the usage of natural gas, city gas and liquefied natural gas projects.

Ms. Guan Yijun, aged 52, was appointed as an executive Director of the Company on 10 September 2010. She was appointed as the vice president of the Company on 1 September 2006. Ms. Guan is a member of the CG Committee and a director of certain subsidiaries of the Company. She graduated from Changchun Normal University and has extensive business operation management experiences over 20 years.

主席、行政總裁及執行董事

許鉄良先生，五十三歲，於二零零六年八月三十日獲委任為公司執行董事兼董事局主席。於二零零九年十一月四日，他亦獲委任為公司的行政總裁。許先生是公司企業管治委員會（「企業管治委員會」）主席，亦為公司若干附屬公司的董事。許先生先後畢業於西安石油大學及對外經濟貿易大學，他擁有註冊會計師及律師資格。許先生在管理、投資、法律、及財務等方面擁有二十八年經驗。

執行董事

朱遠先生，六十四歲，於二零一零年九月十日獲委任為公司執行董事。他於二零零九年十一月四日獲委任為公司之高級副總裁。朱先生是企業管治委員會的成員。他畢業於中國礦業大學，擁有高級會計師資格。他從事石油天然氣行業超過四十年，對天然氣利用、城市燃氣及液化天然氣項目的投資及經營管理有較深的研究和豐富的經驗。

關懿君女士，五十二歲，於二零一零年九月十日獲委任為公司執行董事。她於二零零六年九月一日獲委任為公司之副總裁。關女士是企業管治委員會的成員及公司若干附屬公司的董事。她畢業於長春師範大學，從事企業經營管理工作超過二十年，具有豐富經驗。

Biographical Details of Directors 董事履歷簡介

(continued) (續)

Mr. Cheung Shing, aged 64, was appointed as an executive Director of the Company on 13 January 2006. Mr. Cheung is a member of each of the CG Committee, the Remuneration Committee (the “Remuneration Committee”) and the Nomination Committee of the Company (the “Nomination Committee”). He worked in China Petroleum Qilu Petrochemical Refinery (中國石油齊魯石化煉油廠), China Petroleum Shengli Oilfield (中國石油勝利油田), China Petroleum Zhongyuan Oilfield (中國石油中原油田) and has ever been a management economist of China National Petroleum Corporation (中國石油天然氣集團公司) (“CNPC”) during the period between 1969 and 1993. He was the chairman of each of Wah Chung (HK) Limited (華中(香港)有限公司), Henan Shenghua Petrochemical Co., Ltd. (河南省盛華石油化工有限公司) and Liaoning Xinmin Petroleum Company Limited during the period between 1993 and 2004. Mr. Cheung was the deputy chairman and an executive director of Yanchang Petroleum International Limited (stock code: 346), a company listed on the Stock Exchange, from January 2007 to September 2010 and from February 2005 to October 2010 respectively. He was the chairman and an executive director of Birmingham International Holdings Limited (stock code: 2309), a company listed on the Stock Exchange, from February 2014 to March 2015 and May 2013 to March 2015 respectively. He is also currently a visiting lecturer of Jiangxi University of Finance and Economics, the vice president of Hong Kong General Association of International Investment (香港國際投資總商會) and the vice president of China Petroleum Business Council (中國石油商務理事會).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Yunlong, aged 65, was appointed as an independent non-executive Director of the Company on 18 April 2008. He is the chairman of each of the Audit Committee of the Company (the “Audit Committee”) and the Remuneration Committee, and a member of the Nomination Committee. Mr. Li graduated from the Accounting School of Zhongnan University of Economics and Law (中南財經政法大學會計學院) with a Bachelor Degree in Economics. Mr. Li is a registered certified public accountant in the PRC and possesses the qualification of PRC senior auditor. Mr. Li had been working at the National Audit Office of the PRC for over 16 years in various audit departments, and he is currently a partner of Hua Wen CPA Ltd (華聞會計師事務所) in the PRC. He is the financial consultant of various companies in the PRC, and an independent director of Sichuan Tuopai Shede Wine Co., Ltd. (四川沱牌捨得酒業股份有限公司) which is listed on the Shanghai Stock Exchange. He is being a national financial expert of The Ministry of Science and Technology of the PRC. He has extensive experience in legal, accounting, auditing and finance aspects.

張成先生，六十四歲，於二零零六年一月十三日獲委任為公司執行董事。張先生是公司企業管治委員會、薪酬委員會(「薪酬委員會」)及提名委員會(「提名委員會」)的成員。他在一九六九年至一九九三年期間，曾工作於中國石油齊魯石化煉油廠、中國石油勝利油田、中國石油中原油田及曾擔任中國石油天然氣集團公司(「中石油」)管理經濟師。他在一九九三年至二零零四年期間，曾出任華中(香港)有限公司、河南省盛華石油化工有限公司及遼寧新民石油化工有限公司主席。張先生曾任聯交所上市公司延長石油國際有限公司(股份代號：346)之副主席及執行董事，分別由二零零七年一月至二零一零年九月及由二零零五年二月至二零一零年十月。他曾任聯交所上市公司伯明翰環球控股有限公司(股份代號：2309)之主席兼執行董事，分別由二零一四年二月至二零一五年三月及由二零一三年五月至二零一五年三月。他亦為現任江西財經大學客座教授、香港國際投資總商會副會長及中國石油商務理事會副理事長。

獨立非執行董事

李雲龍先生，六十五歲，於二零零八年四月十八日起獲委任為公司獨立非執行董事。他是公司審核委員會(「審核委員會」)及薪酬委員會主席以及提名委員會成員。李先生畢業於中南財經政法大學會計學院，持有經濟學學士學位。李先生是中國註冊執業會計師及擁有中國高級審計師資格。他曾經在中國國家審計署多個審計部門工作超過十六年，他現為中國華聞會計師事務所的合夥人。他也是多間中國公司的財務顧問，及四川沱牌捨得酒業股份有限公司(上海證券交易所上市公司)的獨立董事。他也是中國科技部創新基金評審之國家級財務專家。他在法律、會計、審計及財務等方面擁有豐富經驗。

Biographical Details of Directors 董事履歷簡介

(continued) (續)

Mr. Shi Xun-zhi, aged 82, was appointed as an independent non-executive Director of the Company on 30 August 2006. He is a member of the Audit Committee. He is a deputy minister and a professor senior engineer. He has been awarded the Youth and Mature Scientist with outstanding contributions by the State Council. He graduated from Petroleum Institute of Beijing (北京石油學院) (renamed as China University of Petroleum, Beijing) (中國石油大學(北京)) in 1956 in the profession of petroleum geology. He worked as geology engineer, associate director of the technology division, director of human resources division, supervisor in the Ministry of Petroleum Industry, CNPC president's special assistant and also a member of the Ninth Chinese People's Political Consultative Conference. He had been the chairman of CNPC Sino-Russian Oil & Gas Corporation Committee and the chairman of China National Oil & Gas Exploration and Development Corporation (中國石油勘探開發公司) and the chairman of CNPA Alberta Petroleum Center (中國加拿大阿爾伯特石油中心), and the president of Northeast Asian Gas And Pipeline Forum and the president of Asia Gas & Pipeline Cooperation Research Center of China, responsible for the oil and gas works between China and Russia, and worked on the overseas petroleum exploration and development as well as international cooperation work.

Mr. Wang Guangtian, aged 53, was appointed as an independent non-executive Director of the Company on 4 November 2009. He is the chairman of the Nomination Committee, and a member of each of the Audit Committee and the Remuneration Committee. He holds a master degree in world economics from the Hebei University and has over 32 years of experience in financial and administrative management. He is currently the managing director of Guofu Group and a director and the general manager of Guofu (Hong Kong) Holdings Limited. He was an independent non-executive director of ENN Energy Holdings Limited, a company listed on the Stock Exchange, from December 2000 to May 2015. He was appointed as a managing director of Hebei Listed Abroad Equity Funds Co., Ltd on June 2015. Save as disclosed above, Mr. Wang did not hold any directorship in other listed public companies in the past three years.

史訓知先生，八十二歲，於二零零六年八月三十日起獲委任為公司獨立非執行董事。他是審核委員會成員。他是教授高級工程師。他曾獲國務院授予有突出貢獻的中青年科技專家。他在一九五六年畢業於北京石油學院(名稱已變更為中國石油大學(北京))修讀石油地質專業。他曾出任石油工業部中石油地質工程師、科技司副司長、人事局局長、紀檢組長、中國石油總經理特別助理，並為中華人民共和國第九屆全國政協委員。他曾擔任中國石油中俄石油合作領導小組組長、中國石油勘探開發公司董事長及中國加拿大阿爾伯特石油中心董事長、東北亞洲天然氣和管道論壇主席及中國亞洲天然氣和管道合作研究中心主席，負責中俄油氣合作，並從事海外石油勘探開發以及國際合作工作。

王廣田先生，五十三歲，於二零零九年十一月四日起獲委任為公司獨立非執行董事。他是提名委員會主席以及審核委員會及薪酬委員會成員。他持有河北大學世界經濟學碩士學位，於財務管理及行政管理方面擁有逾三十二年經驗。他現為國富集團董事總經理及國富(香港)控股有限公司董事兼總經理。他在二零零零年十二月至二零一五年五月擔任新奧能源控股有限公司(一間於聯交所上市的公司)的獨立非執行董事。王先生於二零一五年六月獲委任為河北境外上市股權投資基金有限公司董事長。除上文所披露者外，王先生於過去三年並無擔任其他上市公司董事。

Report of the Directors 董事報告書

The Board is pleased to submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in investments in natural gas and energy related businesses.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 December 2016 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 86 to 219.

BUSINESS REVIEW

Review of the Company's Business

A review of the business of the Group for the year ended 31 December 2016 and a discussion on the Group's future business development, and also the Group's performance during the year ended 31 December 2016 using the key financial performance indicators are provided in the "Chairman's Statement" and "Management Discussion and Analysis" on pages 9 to 21. No important event affecting the Group has occurred since the end of the year under review.

Principal Risks and Uncertainties Facing the Company

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Natural Gas Price Control Risk

The Group is principally engaged in distribution of natural gas in the PRC, the city-gate price of natural gas is determined with reference to the wellhead price and transmission charges. In China, wellhead prices for residential and fertilizer users are fixed, while wellhead prices for industrial and commercial users may vary from the benchmark price set by the PRC National Development and Reform Commission. Piped gas end-user tariffs are determined by local pricing bureaus. There may be risk that the Group is unable to obtain approval for passing through any increase in natural gas price which would deteriorate the Group's profit.

董事局欣然提呈彼等之報告連同公司及其附屬公司(「集團」)截至二零一六年十二月三十一日止年度之經審核綜合財務報表。

主要業務

公司之主要業務為投資控股。集團主要從事於天然氣及能源相關業務之投資。

業績及分配

集團截至二零一六年十二月三十一日止年度之溢利及集團於當日之業務狀況載於綜合財務報表第86頁至第219頁。

業務回顧

公司業務回顧

集團於截至二零一六年十二月三十一日止年度的業務回顧及有關集團未來業務發展的討論以及集團於截至二零一六年十二月三十一日止年度內採用財務表現關鍵指標的表現載於第9至21頁的「管理層討論及分析」。自回顧年度後概無影響集團之重要事件。

公司面臨的主要風險及不明朗因素

集團的財務狀況、營運業績及業務前景可能受到與集團業務直接或間接相關的許多風險及不明朗因素的影響。以下為集團知悉的主要風險及不明朗因素。除下文所列者外，或會存在集團並未知悉或目前可能不重要但日後可能變得重要的其他風險及不明朗因素。

天然氣價格控制風險

集團主要從事於中國輸送天然氣。天然氣城市門站價格乃經參考井口價格及輸氣費用釐定。於中國，居民用戶及肥料用戶的井口價格固定，而工商業用戶的井口價格可能與中國國家發展和改革委員會設定的基準價格不一致。管道燃氣終端用戶價格由當地物價局釐定。可能存在集團未能取得提高天然氣價格的批文的風險，此將令集團溢利受損。

Report of the Directors 董事報告書

(continued) (續)

Foreign exchange risk

The Group's principal business is located in the PRC and its major transactions are conducted in Renminbi. Most of its assets and liabilities are denominated in Renminbi and Canadian dollars.

The Renminbi is not freely convertible. There is a risk that the Chinese government may take actions affecting exchange rates which may have a material adverse effect on the Group's net assets, earnings and any dividends it declares if such dividend is to be exchanged or converted into foreign exchange. The Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies. The Group does not consider that it has any significant exposure to the risk of fluctuation in the exchange rate between HK\$ and RMB.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalents to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels.

Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Environmental Policy and Performance

With increasing concerns of environmental issues, both in governmental and civilian sectors become hypersensitive, despite certain expensive environment-friendly measures have been planned and will be implemented, some more strict requirements could be put into practice.

外匯風險

集團主要業務位於中國，而主要交易均以人民幣進行。集團大多數資產及負債均以人民幣及加元計值。

由於人民幣不可自由兌換，集團須承受中國政府可能會採取行動影響匯率的風險，該等行動可能會對集團的資產淨值、盈利以及任何所宣派股息（倘若有關股息須兌換或換算為外匯）構成重大不利影響。集團並無進行任何對沖交易以管理外幣波動的潛在風險。集團認為其所承擔的港元及人民幣之間的匯率波動風險不大。

流動資金風險

流動資金風險即是集團由於未能取得充足資金或變現資產，在責任到期時未能履約的可能性。管理流動資金風險時，集團監察現金流量，並維持充足之現金及現金等值項目水平，以確保能為集團營運提供資金及降低現金流量波動之影響。

營運風險

營運風險指因內部程序、人員或制度不足或缺失，或因外部事件導致之損失風險。管理營運風險之責任基本上由各個功能之分部及部門肩負。

集團之主要功能經由本身之標準營運程序、權限及匯報框架作出指引。管理層將會定期識別及評估主要之營運風險，以便採取適當風險應對。

環保政策及表現

隨着環保問題關注度日益提高，政府及民眾都高度敏感，儘管若干高昂的環保措施已計劃及將予實施，仍可能會實行更嚴格的規定。

Report of the Directors 董事報告書

(continued) (續)

Compliance with the Relevant Laws and Regulations

The Company was incorporated in Bermuda and therefore the Company is subject to The Bermuda Act. In addition, the Company is registered as a non-Hong Kong Company under Part 16 of the Company (Chapter 622, Laws of Hong Kong) (the “Companies Ordinance”) and therefore is subject to the relevant provisions under the Companies Ordinance.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and therefore the Company is subject to the governance of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), including the disclosure requirements and corporate governance provisions therein. Under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “SFO”), the Company is required to maintain a register of interests in shares and short positions and a register of directors’ and chief executives’ interests and short positions and is obliged to disclose price sensitive or inside information.

During the year under review, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are our valuable assets. Thus the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long term goals. Accordingly, the management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year under review, there was no material and significant dispute between the Group and its business partners or bank enterprises.

FINAL DIVIDEND

The Board resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Thursday, 18 May 2017 (“2017 AGM”) the distribution of a final dividend of HK cent 0.50 (2015: Nil) per share out of the contributed surplus account of the Company to be paid on Friday, 16 June 2017 to those shareholders whose names appear on the register of members of the Company on Monday, 29 May 2017. The final dividend will amount to approximately HK\$29,128,000 (2015: Nil).

遵守相關法律法規

公司於百慕達註冊成立及因此公司須遵守百慕達法律。此外，公司根據香港法例第622章公司條例(「公司條例」)第16部註冊為非香港公司及因此須遵守公司條例的相關條文。

公司於香港聯合交易所有限公司(「聯交所」)上市及因此公司須受聯交所證券上市規則(「上市規則」)(包括當中的披露規定及企業管治條文)規管。根據香港法例第571章證券及期貨條例(「證券及期貨條例」)，公司須備存股份權益及淡倉登記冊以及董事及主要行政人員之權益及淡倉登記冊，並須披露股價敏感資料或內幕消息。

於回顧年度內，就董事局及管理層所知悉，集團概無嚴重違反或不遵守對集團業務及營運產生重大影響的適用法律及法規。

與持份者之間的關係

公司認同，僱員是我們的寶貴資產。故此，集團提供具競爭力的薪酬待遇，以吸引並激勵僱員。集團定期檢討僱員的薪酬待遇，並會因應市場標準而作出必要的調整。

集團亦明白，與商業夥伴及銀行企業保持良好商業關係，是其達成長遠目標的要素。故此，管理層會在適當情況下與彼等進行良好溝通、適時交流想法及共享最新業務資料。於回顧年度內，集團與商業夥伴或銀行企業之間並沒有重大而明顯的糾紛。

末期股息

董事局議決，將在公司於二零一七年五月十八日(星期四)舉行的應屆股東週年大會(「二零一七年股東週年大會」)上向公司股東建議於二零一七年六月十六日(星期五)以公司實繳盈餘賬向於二零一七年五月二十九日(星期一)名列公司股東名冊的該等股東分派末期股息每股0.50港仙(二零一五年：無)。末期股息金額約為29,128,000港元(二零一五年：無)。

Report of the Directors 董事報告書

(continued) (續)

CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the shareholders to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Friday, 12 May 2017 to Thursday, 18 May 2017 (both days inclusive) during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2017 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 May 2017.

For determining the entitlement of the shareholders to the proposed distribution of final dividend, the register of members of the Company will be closed from Monday, 29 May 2017 to Wednesday, 31 May 2017 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited for registration not later than 4:30 p.m. on Friday, 26 May 2017.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 220. This summary does not form part of the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and results by operating segments for the year ended 31 December 2016 is set out in note 6 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

暫停辦理股份過戶登記

為釐定出席二零一七年股東週年大會並於會上投票的資格，公司將於二零一七年五月十二日(星期五)至二零一七年五月十八日(星期四)(包括首尾兩日)止暫停辦理股份登記手續，期內將不會辦理任何股份過戶登記手續。為符合取得出席二零一七年股東週年大會並於會上投票的資格，所有股份過戶文件連同有關股票須於二零一七年五月十一日(星期四)下午四時三十分前送交公司的香港股份過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716號舖，辦理股份登記手續。

為釐定股東享有建議分派之末期股息的資格，公司將於二零一七年五月二十九日(星期一)至二零一七年五月三十一日(星期三)(包括首尾兩日)暫停辦理股份登記手續，期間將不會辦理任何股份過戶登記手續。為符合享有擬派末期股息的資格，所有股份過戶文件連同有關股票須於二零一七年五月二十六日(星期五)下午四時三十分前送交公司的香港股份過戶登記分處香港中央證券登記有限公司，辦理股份登記手續。

財務資料之概覽

集團過往五個財政年度之業績、資產及負債概覽(摘錄自經審核綜合財務報表並再分類(如適合))載於第220頁。此概覽並不構成綜合財務報表之一部分。

分部資料

集團截至二零一六年十二月三十一日止年度之營業額及按經營分部劃分之業績貢獻分析載於綜合財務報表附註6。

物業、廠房及設備

於本年度，集團物業、廠房及設備之變動之詳情載於綜合財務報表附註16。

Report of the Directors 董事報告書

(continued) (續)

CHARITABLE DONATIONS

The Group did not make any charitable donations during the year.

SHARE CAPITAL

Details of movement in the Company's share capital during the year are set out in note 32(a) to the consolidated financial statements.

SHARES ISSUED

The Company did not issue any share during the year ended 31 December 2016.

DEBENTURES ISSUED

The Company did not issue any debenture during the year ended 31 December 2016.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme and the restricted share award scheme of the Group in this Report of the Directors and as set out in note 32(b) to the consolidated financial statements, no equity-linked agreements were entered into by the Group during the year or subsisting at the end of the year.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Old Share Option Scheme") on 31 January 2002 and terminated the same at the special general meeting of the Company held on 23 November 2011 ("SGM"), details of the Old Share Option Scheme are set out in note 32(b) to the consolidated financial statements.

The Company adopted a new share option scheme (the "Share Option Scheme") on 23 November 2011 at the SGM, details of the Share Option Scheme are set out in note 32(b) to the consolidated financial statements.

慈善捐款

年內，集團並無作出任何慈善捐款。

股本

有關公司股本於本年度之變動詳情載於綜合財務報表附註32(a)。

股份發行

公司於截至二零一六年十二月三十一日止年度概無發行任何股份。

債券發行

截至二零一六年十二月三十一日止年度，公司並無發行任何債券。

股票掛鈎協議

除本董事報告書及綜合財務報表附註32(b)所載集團的購股權計劃及限制性股份獎勵計劃外，年內，集團概無訂立或於年末仍然有效的股票掛鈎協議。

購股權計劃

公司於二零零二年一月三十一日採納一項購股權計劃(「原購股權計劃」)，並在公司於二零一一年十一月二十三日舉行的股東特別大會(「股東特別大會」)上終止，原購股權計劃詳情載於綜合財務報表附註32(b)。

公司在於二零一一年十一月二十三日舉行的股東特別大會上採納一項新購股權計劃(「購股權計劃」)，購股權計劃詳情載於綜合財務報表附註32(b)。

Report of the Directors 董事報告書

(continued) (續)

RESTRICTED SHARE AWARD SCHEME

On 4 November 2011, the Board adopted a restricted share award scheme (the "Restricted Share Award Scheme") as an incentive to recognise the contributions by employees and to give incentives in order to retain them for their continuing operation and development and to attract suitable personnel for further development of the Group, details of the Restricted Share Award Scheme are set out in note 32(c) to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company (the "Bye-Laws") or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, the Company, through the trustee of the Restricted Share Award Scheme, purchased from the market 57,340,000 shares for the purpose of the Restricted Share Award Scheme. Save as aforesaid, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

限制性股份獎勵計劃

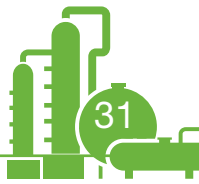
於二零一一年十一月四日，董事局採納限制性股份獎勵計劃（「限制性股份獎勵計劃」）作為獎勵以嘉許僱員之貢獻，並為集團持續經營及發展作為激勵以挽留僱員，並為集團進一步發展吸納合適人才，限制性股份獎勵計劃詳情載於綜合財務報表附註32(c)。

優先購買權

公司細則（「細則」）或百慕達（公司註冊成立所在之司法管轄區）法律並無任何規定公司須按比例基準向現有股東發售新股之優先購買權。

購買、贖回或出售公司上市證券

年內，公司透過限制性股份獎勵計劃的受託人為限制性股份獎勵計劃從市場購入57,340,000股股份。除以上所述外，公司或其任何附屬公司於年內概無購買、出售或贖回公司的任何上市證券。



Report of the Directors 董事報告書

(continued) (續)

DISTRIBUTABLE RESERVES

As at 31 December 2016, the amount standing to the credit of the Company's share premium account in the amount of HK\$24,578,000 may also be distributed in the form of fully paid bonus shares, and the Company's contributed surplus account in the amount of HK\$1,520,328,000 may be distributed under certain circumstances.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales attributable to the Group's major suppliers and customers are as follows:

Purchases	採購
– the largest supplier	– 最大供應商
– five largest suppliers combined	– 五大供應商合計
Turnover	營業額
– the largest customer	– 最大客戶
– five largest customers combined	– 五大客戶合計

None of the Directors or any of their associates (as defined in the Listing Rules or any shareholders (who, to the knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interests in the Group's five largest customers or five largest suppliers.

可分派儲備

於二零一六年十二月三十一日，公司股份溢價賬之進賬金額 24,578,000 港元可按以繳足紅股形式分派，而公司實繳盈餘賬金額 1,520,328,000 港元在若干情況亦可予以分派。

主要客戶及供應商

集團主要供應商及客戶應佔之採購及銷售總額百分比如下：

	2016 二零一六年 %	2015 二零一五年 %
--	--------------------	--------------------

概無董事或任何其聯繫人士(定義見上市規則或任何股東(就董事所知擁有公司股本超過5%之股東)於集團五大客戶或五大供應商中擁有任何實益權益。

Report of the Directors 董事報告書

(continued) (續)

DIRECTORS

The Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors

XU Tie-liang (Chairman and Chief Executive Officer)

ZHU Yuan

GUAN Yijun

CHEUNG Shing

Independent Non-Executive Directors

LI Yunlong

SHI Xun-zhi

WANG Guangtian

In accordance with Bye-law 87(1) of the Bye-Laws, Mr. Xu Tie-liang, Mr. Shi Xun-zhi and Mr. Wang Guangtian shall retire from office as Directors by rotation at the 2017 AGM. Mr. Xu Tie-liang and Mr. Wang Guangtian being eligible, offer themselves for re-election. Mr. Shi Xun-zhi confirmed that he will not offer himself for re-election at the 2017 AGM as he would like to spend time pursuing his own business.

INDEPENDENCE CONFIRMATION

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "SHARE OPTION SCHEME" and "RESTRICTED SHARE AWARD SCHEME" above and in notes 32(b) and (c) to the consolidated financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

董事

於年度內及截至本報告日期，公司董事如下：

執行董事

許鈇良 (主席兼行政總裁)

朱 遠

關懿君

張 成

獨立非執行董事

李雲龍

史訓知

王廣田

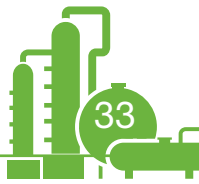
根據細則第87(1)條，許鈇良先生、史訓知先生及王廣田先生須於二零一七年股東週年大會上輪席退任董事職務。許鈇良先生及王廣田先生符合資格並願意膺選連任。史訓知先生確認其不會在二零一七年股東週年大會上膺選連任，蓋因其希望投入更多時間於其個人事務。

確認獨立性

公司已獲取各獨立非執行董事根據上市規則第3.13條作出之年度獨立性確認函。公司認為所有獨立非執行董事均為獨立。

董事購入股份或債券之權利

除於上文「購股權計劃」及「限制性股份獎勵計劃」各節以及於綜合財務報表附註32(b)及(c)內所披露者外，於本年度內，公司或其任何附屬公司概無作出任何安排，以令董事可藉此於任何其他法團實體中獲取該等權利。



Report of the Directors 董事報告書

(continued) (續)

DIRECTORS' SERVICE CONTRACTS

Mr. Xu Tie-liang entered into a service contract with the Company on 10 April 2014 for a term of three years commencing from 10 April 2014. Mr. Xu is subject to re-election at the 2017 AGM.

None of the Directors who are proposed for re-election at the 2017 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Group or any of its subsidiaries was a party during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 December 2016, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), are set out below:

董事服務合約

許鐵良先生於二零一四年四月十日與公司訂立服務合約，自二零一四年四月十日起為期三年。許先生須在二零一七年股東週年大會上接受重選。

擬於二零一七年股東週年大會上接受重選之董事，概無與公司訂立不可於一年內免付賠償(法定賠償除外)而終止之服務合約。

管理合約

於本年度，並無訂立或存在任何與公司業務全部或任何主要部分的管理及行政有關的合約。

董事於合約之權益

於本年度內，董事概無於集團或其附屬公司參與訂立並對集團之業務構成重大影響之任何合約中直接或間接擁有任何重大實際權益。

董事及主要行政人員於股份、相關股份及債券之權益

於二零一六年十二月三十一日，董事及公司之主要行政人員於公司或任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及第8分部而須知會公司及聯交所之權益或淡倉(包括根據證券及期貨條例之有關條文而被視作或當作擁有之權益或淡倉)；或根據證券及期貨條例第352條須記錄於該條例所述之登記冊之權益或淡倉；或根據上市規則附錄十所載之上市發行人董事進行證券交易之標準守則(「標準守則」)而須知會公司及聯交所之權益或淡倉如下：

Report of the Directors 董事報告書

(continued) (續)

Interests in shares, underlying shares and debentures of the Company

於公司之股份、相關股份及債券之權益

Name of Director 董事姓名	Capacity 身份	Long position/ short position 好倉/淡倉	Notes 附註	Number of ordinary shares held 持有普通股數目	Approximate percentage of the Company's issued share capital	Amount of debentures held 所持債券金額
					佔公司 已發行股本 概約百分比	
Xu Tie-liang 許鉄良	Interest in controlled corporations 受控制法團之權益	Long position 好倉	1, 2	1,427,554,130	24.50%	US\$1,000,000 1,000,000美元
Zhu Yuan 朱遠	Beneficial owner 實益擁有人	Long position 好倉	3	2,750,000	0.05%	-
Cheung Shing 張成	Beneficial owner 實益擁有人	Long position 好倉		1,518,000	0.03%	-

Notes:

- 353,120,130 ordinary shares and 1,074,434,000 ordinary shares of the Company ("Shares") are held through Sino Advance Holdings Limited ("Sino Advance") and Sino Vantage Management Limited ("Sino Vantage") respectively, both of which were incorporated in the British Virgin Islands with limited liability and are wholly-owned by Sino Best International Group Limited ("Sino Best") (a company incorporated in the British Virgin Islands with limited liability) which in turn is wholly and beneficially owned by Mr. Xu Tie-liang ("Mr. Xu"). Therefore, Mr. Xu is deemed to be interested in 1,427,554,130 Shares pursuant to the SFO.
- An amount of US\$1,000,000 of the US\$350,000,000 5.25% senior notes of the Company due 2018 are held through Sino Vantage.
- These 2,750,000 shares include (1) 2,350,000 ordinary shares of the Company held by Mr. Zhu Yuan; and (2) 400,000 restricted shares granted to Mr. Zhu Yuan pursuant to the Restricted Share Award Scheme adopted by the Board on 4 November 2011.

附註：

- 透過 Sino Advance Holdings Limited (「Sino Advance」) 及 Sino Vantage Management Limited (「Sino Vantage」) 分別持有公司 353,120,130 股普通股及 1,074,434,000 股普通股 (該兩間公司均為在英屬維爾京群島註冊成立的有限公司並由中泰國際集團有限公司 (「中泰國際」) (在英屬維爾京群島註冊成立的有限公司) 全資擁有，而中泰國際則由許鉄良先生 (「許先生」) 全資及實益擁有)。因此，根據證券及期貨條例，許先生被視為於 1,427,554,130 股股份中擁有權益。
- 透過 Sino Vantage 持有公司於二零一八年到期本金總額 350,000,000 美元 5.25% 優先票據之 1,000,000 美元。
- 該等 2,750,000 股股份包括 (1) 朱遠先生持有的公司 2,350,000 股普通股股份；及 (2) 根據董事局於二零一一年十一月四日採納的限制性股份獎勵計劃授予朱遠先生的 400,000 股限制性股份。

Report of the Directors 董事報告書

(continued) (續)

SUBSTANTIAL SHAREHOLDERS

At 31 December 2016, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and chief executives, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Interests in the shares and underlying shares of the Company

Name of shareholder 股東姓名／名稱	Capacity 身份	Long position/ short position 好倉／淡倉	Number of ordinary shares held 持有普通股數目	Approximate percentage of the Company's issued share capital 佔公司 已發行股本 概約百分比
Sino Advance	Beneficial owner 實益擁有人	Long position 好倉	353,120,130	6.06%
Sino Vantage	Beneficial owner 實益擁有人	Long position 好倉	1,074,434,000	18.44%
Sino Best 中泰國際	Interest in controlled corporations 受控制法團之權益	Long position 好倉	1,427,554,130	24.50%

Note: Sino Advance and Sino Vantage are wholly-owned by Sino Best which in turn is wholly and beneficially owned by Mr. Xu Tie-liang. Hence, Mr. Xu is deemed to be interested in 353,120,130 ordinary shares and 1,074,434,000 ordinary shares of the Company held through Sino Advance and Sino Vantage.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31 December 2016.

主要股東

於二零一六年十二月三十一日，根據證券及期貨條例第336條由公司存置之主要股東登記名冊顯示，除上文所披露若干董事及主要行政人員之權益外，以下股東已通知公司其於公司已發行股本中之相關權益：

於公司股份及相關股份之權益

Name of shareholder 股東姓名／名稱	Capacity 身份	Long position/ short position 好倉／淡倉	Number of ordinary shares held 持有普通股數目	Approximate percentage of the Company's issued share capital 佔公司 已發行股本 概約百分比
Sino Advance	Beneficial owner 實益擁有人	Long position 好倉	353,120,130	6.06%
Sino Vantage	Beneficial owner 實益擁有人	Long position 好倉	1,074,434,000	18.44%
Sino Best 中泰國際	Interest in controlled corporations 受控制法團之權益	Long position 好倉	1,427,554,130	24.50%

附註：Sino Advance及Sino Vantage由中泰國際全資擁有，而中泰國際則由許鈺良先生全資及實益擁有。因此，許先生被視為於透過Sino Advance及Sino Vantage所擁有之353,120,130股及1,074,434,000股公司普通股中擁有權益。

除上文所披露者外，於二零一六年十二月三十一日，概無其他人士於公司的股份或相關股份中擁有須記錄於根據證券及期貨條例第336條規定須存置之登記冊的任何權益或淡倉。

Report of the Directors

董事報告書

(continued) (續)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Director's and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

CONNECTED TRANSACTIONS

Exempt continuing connected transaction

The following continuing connected transaction constitutes an exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules:

Appointment of Trustee for Restricted Share Award Scheme

The Trustee (Note) was appointed by the Company as trustee for the administration of the Restricted Share Award Scheme adopted by the Board on 4 November 2011. Service fee will be payable by the Company to the Trustee according to the share award trust deed entered into between the Company and the Trustee on 4 November 2011. The payment of the service fees to the Trustee by the Company constitutes a continuing connected transaction of the Company, but is exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

HK\$200,000 was paid/payable to the Trustee for the financial year ended 31 December 2016.

Note:

Best Thinker Limited (the "Trustee"), a company wholly-owned by Mr. Xu Tie-liang, an executive Director, the Chairman and the Chief Executive Officer of the Company, which is therefore a connected person of the Company.

董事進行證券交易之標準守則

公司已採納標準守則作為董事進行證券交易之操守守則。公司向所有董事進行特定查詢後確認，所有董事於整個年度內一直符合標準守則所載之規定標準。

獲准許之彌償條文

公司已為董事及高級管理人員安排合適保險，以涵蓋彼等因企業活動而招致法律行動所產生之責任。倘由董事編製之董事局報告按照公司條例第391(1)(a)條獲批准，則以董事為受益人獲准許之彌償條文已按照公司條例第470條之規定生效。

關連交易

豁免持續關連交易

根據上市規則第14A章，下列持續關連交易構成公司的豁免持續關連交易：

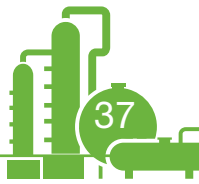
委任限制性股份獎勵計劃的受託人

受託人(附註)已獲公司委任為受託人，管理董事局於二零一一年十一月四日採納之限制性股份獎勵計劃。根據公司與受託人於二零一一年十一月四日訂立之股份獎勵信託契據，公司每年須支付予受託人服務費。公司向受託人支付服務費構成公司之持續關連交易，惟獲豁免遵守上市規則第14A.76(1)條項下之申報、年度回顧、公佈及獨立股東批准規定。

截至二零一六年十二月三十一日止年度，支付／應付受託人200,000港元。

附註：

Best Thinker Limited (「受託人」)為公司執行董事、主席兼行政總裁許鈺良先生全資擁有之公司，故為公司之關連人士。



Report of the Directors 董事報告書

(continued) (續)

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year and up to the date of this report.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 38 to 54 of the annual report.

AUDIT COMMITTEE

The Company established the Audit Committee in 1998 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, and to review the risk management and internal control systems of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Yunlong (as chairman), Mr. Shi Xun-zhi and Mr. Wang Guangtian. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2016.

AUDITOR

A resolution will be submitted to the 2017 AGM to re-appoint PricewaterhouseCoopers as auditor of the Company.

On behalf of the Board
China Oil And Gas Group Limited
Xu Tie-liang
Chairman

Hong Kong, 29 March 2017

公眾持股量

根據公司可以得悉、而董事亦知悉之公開資料，公司根據上市規則規定於年內並直至本報告日期已維持足夠之公眾持股量。

企業管治

有關公司所採納之主要企業管治常規之報告，載於年報第38頁至第54頁。

審核委員會

公司於一九九八年成立審核委員會，並遵照上市規則附錄十四中企業管治守則訂立書面職權範圍。審核委員會主要職責為檢討及監督集團的財務申報程序及檢討風險管理及內部監控系統。審核委員會包括三名獨立非執行董事，即李雲龍先生(主席)、史訓知先生及王廣田先生。審核委員會已審閱集團截至二零一六年十二月三十一日止年度之經審核財務報表。

核數師

於二零一七年股東週年大會上將提呈一項決議案，續聘羅兵咸永道會計師事務所為公司核數師。

代表董事局
中油燃氣集團有限公司
主席
許鈺良

香港，二零一七年三月二十九日

Corporate Governance Report

企業管治報告

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the year ended 31 December 2016, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviations as explained below.

Code provision A.2.1 of the CG Code provides that the responsibilities between chairman and chief executive officer should be divided. Mr. Xu Tie-liang is the Chairman and the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term, but they are subject to retirement from office by rotation at least once every three years in accordance with the Bye-Laws.

公司致力維持優秀企業管治標準及程序，以確保披露事項之完整性、透明度及質素，從而提高股東價值。

企業管治常規

公司已採納上市規則附錄十四中企業管治守則（「企業管治守則」）所載之守則條文，作為其本身企業管治守則。

截至二零一六年十二月三十一日止年度內，公司遵守企業管治守則所載之相關守則條文，惟有所偏離守則條文說明如下。

企業管治守則之守則條文第A.2.1條訂明主席及行政總裁之職責須有所區分。許鈺良先生為公司主席兼行政總裁。董事局相信，集團由同一名人士同時擔任主席及行政總裁兩個職位，可確保集團貫徹重大決策之領導，更有效能及效率實現集團之整體策略。董事局相信現時之安排不會損害職權及授權兩者間之平衡，而現時由經驗豐富之人才（其中有充足人數擔任獨立非執行董事）組成之董事局亦能確保此平衡。

企業管治守則之守則條文第A.4.1條規定非執行董事應有特定任期及須膺選連任。獨立非執行董事均無特定任期，惟彼等須至少每三年一次按照細則輪值告退。

Corporate Governance Report 企業管治報告

(continued) (續)

Code provision D.1.4 of the CG Code requires that the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors (except for Mr. Xu Tie-liang). However, the Directors shall be subject to retirement by rotation in accordance with the Bye-Laws. In addition, the Directors are required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors” and “Guide for Independent Non-executive Directors” (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company’s business and governance policies.

Save as the aforesaid and in the opinion of the Directors, the Company has met the relevant code provisions as set out in the CG Code during the year ended 31 December 2016.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors’ securities transactions as set out in the Model Code. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

企業管治守則之守則條文第D.1.4規定，公司應有正式的董事委任書，訂明有關委任的主要條款及條件。公司並無正式董事委任書（許銜良先生除外）。然而，董事須按照細則輪值告退。此外，於履行其董事職責及責任時，董事須參照公司註冊處發出的「董事責任指引」以及香港董事學會頒佈的「董事指引」及「獨立非執行董事指南」（如適用）內所列各項指引。另外，董事須遵守法規及普通法、上市規則、法律及其他監管規定以及公司的業務及管治政策下的規定。

除以上所述外，董事認為，公司已於截至二零一六年十二月三十一日止年度符合企業管治守則所載之相關守則條文。

董事之證券交易

公司已採納標準守則作為董事進行證券交易的操守準則。經對全體董事作出具體查詢，公司確認，全體董事於整個年度內一直遵守標準守則所載規定標準。

董事局

董事局負責領導及控制公司，並負責制定整體策略以及查核集團的經營及財務表現。董事局保留其決定權或斟酌權的事項包括集團整體策略、重大收購及出售、年度預算、年度及中期業績、批准重大資本交易以及其他重大經營及財務事宜。董事局授予管理層負責集團日常管理之職權及職責。此外，董事局亦授權董事局委員會履行多項職責。此等委員會之進一步詳情載於本報告內。

Corporate Governance Report 企業管治報告

(continued) (續)

The Board currently consists of seven Directors including four executive Directors and three independent non-executive Directors:

Executive Directors

Mr. XU Tie-liang (*Chairman and Chief Executive Officer*)
Mr. ZHU Yuan
Ms. GUAN Yijun
Mr. CHEUNG Shing

Independent Non-Executive Directors

Mr. LI Yunlong
Mr. SHI Xun-zhi
Mr. WANG Guangtian

Save for Ms. Guan Yijun is the spouse of Mr. Xu Tie-liang, the Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership.

The biographical information of the Directors are set out on pages 22 to 24 under the section headed "Biographical Details of Directors".

The Board decides on corporate strategies, approves overall business plans and evaluates the Group's financial performance and management. Specific tasks that the Board delegates to the Group's management include the implementation of strategies approved by the Board, the monitoring of operating budgets, the implementation of internal controls procedures, and the ensuring of compliance with relevant statutory requirements and other rules and regulations.

Directors' Training

According to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 December 2016 to the Company.

董事局現時由七名董事組成，包括四名執行董事及三名獨立非執行董事：

執行董事

許鈺良先生(主席兼行政總裁)
朱 遠先生
關懿君女士
張 成先生

獨立非執行董事

李雲龍先生
史訓知先生
王廣田先生

除關懿君女士為許鈺良先生之配偶外，董事局成員間概無財務、業務、家屬或其他重大／相關關係。董事局之組成平衡，以確保董事局之高度獨立性。董事局之組成反映均稱技能及經驗以便有效作出領導。

董事之履歷資料載於第22至24頁「董事履歷簡介」一節。

董事局負責決定企業策略、批准整體業務計劃及評估集團之財務表現和管理層。董事局授權集團管理層之特定工作包括推行董事局批准之策略、監察營運預算、實行內部監控程序及確保符合有關法定規定及其他規則與規例。

董事之培訓

根據企業管治守則之守則條文第A.6.5條，所有董事應參與持續專業發展，發展並更新其知識及技能，以確保其繼續在具備全面資訊及切合所需的情況下對董事局作出貢獻。

全體董事均已參加持續專業培訓，並向公司提供其於截至二零一六年十二月三十一日止財政年度所接受培訓的記錄。

Corporate Governance Report

企業管治報告

(continued) (續)

The individual training record of each Director received for the year ended 31 December 2016 is set out below:

截至二零一六年十二月三十一日止年度所接獲各董事之個別培訓記錄載列如下：

Name of Director		Attending or participating in seminars/ in-house briefing or reading materials relevant to the Group's business/director's duties
董事姓名		出席或參與與集團業務/ 董事職責相關之講座/內部簡報會或閱讀材料
Mr. XU Tie-liang	許鉄良先生	√
Mr. ZHU Yuan	朱 遠先生	√
Ms. GUAN Yijun	關懿君女士	√
Mr. CHEUNG Shing	張 成先生	√
Mr. LI Yunlong	李雲龍先生	√
Mr. SHI Xun-zhi	史訓知先生	√
Mr. WANG Guangtian	王廣田先生	√

Chairman and Chief Executive Officer

The Company does not have a separate chairman and chief executive officer, Mr. Xu Tie-liang currently performs these two roles. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

主席及行政總裁

公司沒有區別主席及行政總裁之職務，許鉄良先生現時兼任兩職。董事局相信，由同一名人士同時擔任主席及行政總裁兩個職位，可確保集團貫徹重大決策之領導，更有效能及效率實現集團之整體策略。董事局相信現時之安排不會損害職權及授權兩者間之平衡，而現時由經驗豐富之人才（其中有充足人數擔任獨立非執行董事）組成之董事局亦能確保此平衡。

Non-executive Directors

The three independent non-executive Directors are persons of high caliber, with academic and professional qualifications in the fields of accounting, finance and petroleum. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considered each of them meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent. The independent non-executive Directors are not appointed for specific term, but are subject to retirement by rotation in accordance with the Bye-Laws.

非執行董事

三名獨立非執行董事均為幹練人才，持有會計、財務及石油界學術及專業資格。彼等於各行業累積之經驗，可為有效履行董事局之職務及職責提供強大支援。各獨立非執行董事已就獨立身份向公司發出年度確認書，而公司認為彼等均符合上市規則第3.13條所載獨立指引且屬獨立人士。獨立非執行董事並無特定任期，惟須按照細則輪席告退。

Corporate Governance Report 企業管治報告

(continued) (續)

Board Diversity Policy

The Board has adopted a Board Diversity Policy on 26 August 2013 (the "Policy") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including, but not limited, to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board delegated certain duties under the Policy to the Nomination Committee. The Nomination Committee will discuss and review the measurable objectives for implementing the Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Nomination Committee will review the Policy, as appropriate, to ensure its continued effectiveness from time to time.

Board Meetings

The Board has four scheduled meetings a year at quarterly interval and additional meetings will be held as and when required. The four scheduled Board meetings for a year are planned in advance. During the regular meetings of the Board, the Board reviewed the operation and financial performance and reviewed and approved the annual and interim results.

During the year ended 31 December 2016, the Board held 12 meetings. All Directors are given an opportunity to include any matters in the agenda for regular Board meetings, and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

董事局成員多元化政策

董事局於二零一三年八月二十六日採納董事局成員多元化政策（「政策」），該政策載列達致董事局成員多元化的方法。公司知悉董事局層面日益多元化將為達成公司策略目標及可持續發展提供支持。公司藉考慮多項因素，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年限，務求達致董事局成員多元化。公司決定董事局最佳成員組合時，亦將不時考慮其本身業務模式及具體需要。

董事局根據政策向提名委員會授予若干職權。提名委員會將就執行政策不時討論及檢討測量目標，以確保其合適及確定達成該等目標的進度。

提名委員會將（視適用情況而定）審閱政策，確保其不時持續有效。

董事局會議

董事局每年預計舉行四次會議，每季一次，並會於有需要時舉行額外會議。每年四次董事局會議之議定舉行日期會預先進行規劃。於董事局之定期會議上，董事局檢討經營及財務表現，並且審閱及批准全年及中期業績。

截至二零一六年十二月三十一日止年度，董事局曾舉行12次會議。所有董事均有機會把任何議題納入董事局定期會議議程內，事先並獲提供充分時間審閱與董事局會議將予討論之事宜有關之文件和資料。

Corporate Governance Report

企業管治報告

(continued) (續)

Name of Director 董事姓名		Number of attendance 出席會議次數
Mr. XU Tie-liang	許鉄良先生	12/12
Mr. ZHU Yuan	朱 遠先生	12/12
Ms. GUAN Yijun	關懿君女士	12/12
Mr. CHEUNG Shing	張 成先生	12/12
Mr. LI Yunlong	李雲龍先生	12/12
Mr. SHI Xun-zhi	史訓知先生	12/12
Mr. WANG Guangtian	王廣田先生	12/12

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

董事局會議記錄由公司秘書保存，並可供董事查閱。每名董事局成員均有權查閱董事局文件及相關資料，亦可在不受限制下取得公司秘書之意見及享用其服務，並可於需要時尋求外界專業意見。

General Meetings

During the year ended 31 December 2016, 1 general meeting of the Company, being the 2016 AGM, was held on 30 May 2016.

股東大會

截至二零一六年十二月三十一日止年度，公司於二零一六年五月三十日舉行1次股東大會（即二零一六年股東週年大會）。

Name of Director 董事姓名		Number of attendance 出席會議次數
Mr. XU Tie-liang	許鉄良先生	1/1
Mr. ZHU Yuan	朱 遠先生	0/1
Ms. GUAN Yijun	關懿君女士	1/1
Mr. CHEUNG Shing	張 成先生	1/1
Mr. LI Yunlong	李雲龍先生	1/1
Mr. SHI Xun-zhi	史訓知先生	0/1
Mr. WANG Guangtian	王廣田先生	0/1

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation. Mr. Xu Tie-liang, being the Chairman of the Board and the chairman of the CG Committee and Mr. Li Yunlong, being the chairman of each of the Audit Committee and Remuneration Committee, attended the 2016 AGM to answer questions and collect views of shareholders.

董事局負責保持與股東持續對話，尤其是利用股東週年大會或其他股東大會與股東溝通並鼓勵股東參與。董事局主席以及企業管治委員會主席許鉄良先生及審核委員會及薪酬委員會主席李雲龍先生出席了二零一六年股東週年大會，回答股東提問並收集股東意見。

Corporate Governance Report 企業管治報告

(continued) (續)

NOMINATION OF DIRECTORS

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the natural gas industry and/or other professional area.

The Company established the Nomination Committee with written terms of reference on 15 March 2006 and currently consists of two independent nonexecutive Directors, namely Mr. Wang Guangtian (as chairman) and Mr. Li Yunlong, and one executive Director, namely Mr. Cheung Shing. The terms of reference of the Nomination Committee is currently made available on the Stock Exchange's website and the Company's website.

Terms of reference of the Nomination Committee are aligned with the code provisions set out in the CG Code.

The function of the Nomination Committee are to review and monitor the structure, size and diversity of the Board and made recommendations on any proposed changes to the Board to complement the Group's strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; to review the measurable objectives that the Board has set for implementing the Policy, the progress on achieving the objectives; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

During the year ended 31 December 2016, the Nomination Committee held 1 meeting. The Nomination Committee reviewed the structure, size and diversity of the Board, assessed the independence of the independent non-executive Directors and considered and made recommendation to the Board on the re-election of Directors.

Name of member

成員姓名

Mr. WANG Guangtian

王廣田先生

Mr. LI Yunlong

李雲龍先生

Mr. CHEUNG Shing

張成先生

Number of attendance

出席會議次數

1/1

1/1

1/1

提名董事

於考慮提名新董事時，董事局將考慮候選人士之資歷、才能、工作經驗、領導能力及專業操守，特別是彼等於天然氣行業及／或其他專業範疇之經驗。

公司已於二零零六年三月十五日成立提名委員會，並訂定書面職權範圍。提名委員會現由兩名獨立非執行董事王廣田先生（擔任主席）及李雲龍先生，以及一名執行董事張成先生組成。提名委員會的職權範圍現可於聯交所網站及公司網站查閱。

提名委員會的職權範圍符合企業管治守則內所載的守則條文。

提名委員會之職能為檢討及監控董事局之架構、規模及成員多元化，並就董事局的任何建議變動提供推薦建議以對集團策略作出補充；物色合資格人選出任董事局成員；評估獨立非執行董事之獨立身份；檢討董事局執行政策設定之目標及達致目標之進程以及就委任或重新委任董事以及董事繼任計劃（尤其是主席及行政總裁）向董事局提供推薦建議。

截至二零一六年十二月三十一日止年度，提名委員會曾舉行1次會議。提名委員會檢討董事局結構、規模及多元化，評估獨立非執行董事之獨立身份及考慮董事重選事宜並就此向董事局提出推薦建議。

Corporate Governance Report

企業管治報告

(continued) (續)

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company established the Remuneration Committee with written terms of reference on 13 January 2006 and currently consists of two independent non-executive Directors, namely Mr. Li Yunlong (as chairman) and Mr. Wang Guangtian, and one executive Director, namely Mr. Cheung Shing.

The terms of reference of the Remuneration Committee is currently made available on the Stock Exchange's website and the Company's website.

Terms of reference of the Remuneration Committee are aligned with the code provisions set out in the CG Code.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

During the year ended 31 December 2016, the Remuneration Committee held 1 meeting. The Remuneration Committee reviewed the remuneration packages of the Directors and senior management and the service contract of an executive Director.

Name of member

成員姓名

Mr. Li Yunlong	李雲龍先生
Mr. WANG Guangtian	王廣田先生
Mr. CHEUNG Shing	張 成先生

Number of attendance

出席會議次數

1/1
1/1
1/1

The Company has adopted the Share Option Scheme on 23 November 2011. The purpose of the Share Option Scheme is to enable the Board to grant options to selected eligible participants as incentives or rewards for their contribution to the Group. The Board has also adopted the Restricted Share Award Scheme on 4 November 2011 as an incentive to recognise the contributions by employees and to give incentives in order to retain them for their continuing operation and development and to attract suitable personnel for further development of the Group.

Details of the Share Option Scheme and the Restricted Share Award Scheme are set out in notes 32(b) and (c) to the consolidated financial statements.

董事及高級管理層酬金

公司已於二零零六年一月十三日成立薪酬委員會，並訂定書面職權範圍。薪酬委員會現由兩名獨立非執行董事李雲龍先生（擔任主席）及王廣田先生，以及一名執行董事張成先生組成。

薪酬委員會的職權範圍現可於聯交所網站及公司網站查閱。

薪酬委員會的職權範圍符合企業管治守則內所載的守則條文。

薪酬委員會的職能為就集團有關全體董事的薪酬待遇及高級管理層薪酬的政策及架構以及就設置制定薪酬政策的正式及透明程序向董事局提供推薦建議。

截至二零一六年十二月三十一日止年度，薪酬委員會曾舉行1次會議。薪酬委員會檢討董事及高級管理層之薪酬待遇以及執行董事之服務合約。

公司於二零一一年十一月二十三日採納購股權計劃。購股權計劃旨在讓董事局向選定合資格參與人士授出購股權，作為彼等對集團所作貢獻之激勵及獎勵。董事局亦於二零一一年十一月四日採納限制性股份獎勵計劃作為獎勵以嘉許僱員之貢獻，並為集團持續經營及發展作為激勵以挽留僱員，並為集團進一步發展吸納合適人才。

購股權計劃及限制性股份獎勵計劃詳情載於綜合財務報表附註32(b)及(c)。

Corporate Governance Report

企業管治報告

(continued) (續)

The emolument payable to Directors and senior management will depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management for the year ended 31 December 2016 are set out in notes 11 and 12 to the consolidated financial statements.

AUDIT COMMITTEE

The Company established the Audit Committee in 1998. The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Yunlong (as chairman), Mr. Shi Xun-zhi and Mr. Wang Guangtian.

The terms of reference of the Audit Committee is currently made available on the Stock Exchange's website and the Company's website.

Terms of reference of the Audit Committee are aligned with the code provisions set out in the CG Code.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and financial statements of the Group; and overseeing the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and to review the risk management and internal control systems.

The Audit Committee meets the external auditor regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

董事及高級管理層應獲支付之酬金取決於彼等各自於僱傭協議(如有)下的合約條款,並由董事局根據薪酬委員會之推薦建議、集團表現及現行市況釐定。截至二零一六年十二月三十一日止年度,董事及高級管理層酬金詳情載於綜合財務報表附註11及12。

審核委員會

公司於一九九八年成立審核委員會。審核委員會現由三名獨立非執行董事李雲龍先生(擔任主席)、史訓知先生及王廣田先生組成。

審核委員會的職權範圍現可於聯交所網站及公司網站查閱。

審核委員會的職權範圍符合企業管治守則內所載的守則條文。

審核委員會主要負責就委任、重新委任及罷免外聘核數師及批准外聘核數師之酬金及委聘條款以及有關核數師罷免或被辭退之任何問題向董事局提供推薦建議;審閱集團中期及年度報告與財務報表;及監察公司之財務申報制度(包括資源充裕度、負責公司財務申報職能的員工之資格及經驗以及其培訓安排及預算)與檢討風險管理及內部監控系統。

審核委員會定期與外聘核數師會面,以討論審核過程中任何關注事宜。審核委員會於向董事局提呈中期及年度報告前,會先行作出審閱。審核委員會不僅著重會計政策及慣例變動之影響,於審閱公司之中期及年度報告時,亦著重於會計準則、上市規則及法例規定是否已得到遵守。

Corporate Governance Report

企業管治報告

(continued) (續)

During the year ended 31 December 2016, the Audit Committee held 2 meetings.

截至二零一六年十二月三十一日止年度，審核委員會曾舉行2次會議。

Name of member		Number of attendance
成員姓名		出席會議次數
Mr. LI Yunlong	李雲龍先生	2/2
Mr. SHI Xun-zhi	史訓知先生	2/2
Mr. WANG Guangtian	王廣田先生	2/2

During the year ended 31 December 2016, the Audit Committee reviewed the annual and interim results of the Group, which were in the opinion of the Audit Committee that the preparation of such results complied with the applicable accounting standards and the Listing Rules.

截至二零一六年十二月三十一日止年度，審核委員會審閱集團之全年及中期業績，按審核委員會之意見，編製該等業績符合適用會計準則及上市規則。

CORPORATE GOVERNANCE COMMITTEE

The Company established the CG Committee, with written terms of reference, on 20 March 2012. The CG Committee comprises four executive Directors, namely Mr. Xu Tie-liang (as chairman), Mr. Zhu Yuan, Ms. Guan Yijun and Mr. Cheung Shing, the Chief Financial Officer of the Company, Ms. Law Yin Shan, Jenny and the Company Secretary of the Company, Ms. Chan Yuen Ying, Stella.

Terms of reference of the CG Committee is aligned with the code provisions set out in the CG Code.

The functions of the CG Committee are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements and make recommendations to the Board; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's disclosure in the Corporate Governance Report.

企業管治委員會

公司於二零一二年三月二十日成立企業管治委員會，並訂定書面職權範圍。企業管治委員會由四名執行董事許鈺良先生（擔任主席）、朱遠先生、關懿君女士及張成先生、公司財務總監羅盈珊女士及公司之公司秘書陳婉嫻女士組成。

企業管治委員會的職權範圍符合企業管治守則內所載的守則條文。

企業管治委員會的職能為制定及檢討公司關於企業管治的政策及常規以符合企業管治守則及其他法律或兼管規定，並向董事局提供推薦建議；監察公司新董事介紹安排；檢討及監察董事及高級管理層的培訓及持續專業發展；制定、檢討及監察僱員及董事適用的操行守則及合規手冊（如有）；及檢討公司於企業管治報告內的披露事項。

Corporate Governance Report

企業管治報告

(continued) (續)

During the financial year ended 31 December 2016, the CG Committee held 1 meeting. The CG Committee reviewed the training and continuous professional development of Directors and senior management; and also reviewed the Company's compliance with the CG Code during the year ended 31 December 2016.

截至二零一六年十二月三十一日止財政年度，企業管治委員會舉行1次會議。企業管治委員會檢討董事及高級管理層的培訓及持續專業發展；亦檢討公司於截至二零一六年十二月三十一日止年度遵守企業管治守則的情況。

Name of member		Number of attendance
成員姓名		出席會議次數
Mr. XU Tie-liang	許鉄良先生	1/1
Mr. ZHU Yuan	朱 遠先生	1/1
Ms. GUAN Yijun	關懿君女士	1/1
Mr. CHEUNG Shing	張 成先生	1/1
Ms. LAW Yin Shan, Jenny	羅盈珊女士	1/1
Ms. CHAN Yuen Ying, Stella	陳婉榮女士	1/1

AUDITOR'S REMUNERATION

During the year, the remuneration paid/payable to the Company's auditor is set out below:—

Services rendered		Fee paid/payable
所提供服務		已付／應付費用
		HK\$'000
		千港元
Audit services	審核服務	2,300
Non-audit services:	非審核服務	—
		2,300

核數師酬金

本年度內，已付／應付公司核數師之酬金載列如下：

Corporate Governance Report 企業管治報告

(continued) (續)

COMPANY SECRETARY

The Company engaged an external professional company secretarial services provider, Uni-1 Corporate Services Limited (“Uni-1”), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs.

Ms. Chan Yuen Ying, Stella (“Ms. Chan”), the representative of Uni-1, was appointed as the named Company Secretary of the Company.

Ms. Law Yin Shan, Jenny, the Chief Financial Officer of the Company, is the primary point of contact at the Company for the Company Secretary. According to the requirements of Rule 3.29 of the Listing Rules, Ms. Chan had taken no less than 15 hours of relevant professional training for the financial year ended 31 December 2016.

SHAREHOLDERS’ RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called a special general meeting. The Board may whenever it thinks fit call special general meetings.

Shareholders to convene a special general meeting

Shareholders may convene a special general meeting of the Company according to the provisions as set out in the Bye-Laws and the Companies Act of Bermuda. The procedures shareholders can use to convene a special general meeting are set out in the document entitled “Procedures for a Shareholder to Propose a Person for Election as a Director”, which is currently available on the Company’s website.

Putting enquiries by shareholders to the Board

Shareholders of the Company may send written enquires to the Company for the attention of the Company Secretary at the Company’s principal place of business in Hong Kong.

公司秘書

為協助集團適應變化的監管環境及滿足不同的商業需求，公司委聘一家外部專業公司秘書服務提供商統一企業服務有限公司（「統一」）為集團提供合規及全面的公司秘書服務。

統一的代表陳婉榮女士（「陳女士」）獲委任為公司的署名公司秘書。

公司財務總監羅盈珊女士為公司與公司秘書的主要聯絡人。根據上市規則第3.29條之規定，陳女士於截至二零一六年十二月三十一日止財政年度已接受不少於15小時的相關專業培訓。

股東權利

公司股東大會為股東與董事局之間提供溝通機會。公司須每年於董事局可能決定的地點舉行股東週年大會。除股東週年大會外，股東大會均稱為股東特別大會。董事局可於其認為合適的時間召開股東特別大會。

股東召開股東特別大會

股東可根據細則所載條文及百慕達公司法召開公司股東特別大會。股東可用以召開股東特別大會的程序載於文件「股東提名人選參選董事之程序」內（該文件可於公司網站查閱）。

股東向董事局提出查詢

公司股東可向公司之公司秘書發送書面查詢，寄至公司於香港之主要營業地點。

Corporate Governance Report 企業管治報告

(continued) (續)

Procedures for putting forward proposals by shareholders at shareholders' meeting

The number of members necessary for a requisition for putting forward a proposal at a general meeting shall be:

- (a) any number of members representing not less than one-twentieth of the total voting rights at the date of the requisition; or
- (b) not less than one hundred members.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, at the Company's principal place of business in Hong Kong in the case of:-

- (i) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
- (ii) any other requisition, not less than one week before the meeting. The Company will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with the necessary procedures.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of 2017 AGM will be voted by poll.

股東於股東大會上提呈建議的程序

要求在股東大會上提呈建議的必需股東人數為：

- (a) 佔不少於提出要求當日之總投票權二十分之一的任何數目之股東；或
- (b) 不少於一百名股東。

經全體要求人士簽署的要求(隨附合理足夠彌補公司發出建議決議案通告或發送任何必要文檔的費用之款項)副本須送達公司的香港主要營業地點，其中：

- (i) 有關寄發決議案通告的要求應不遲於大會前六周送達；及
- (ii) 任何其他要求應不遲於大會前一周送達。公司將核實相關要求，而董事局將於確認要求屬適當且符合程序之後執行必要程序。

以投票方式表決

根據上市規則第13.39(4)條，股東於股東大會上的任何表決必須以投票方式進行，惟主席真誠決定允許就純粹有關程序或行政事項之決議案進行舉手表決則除外。因此，二零一七年股東週年大會通告內所載的全部決議案將以投票形式進行表決。

Corporate Governance Report

企業管治報告

(continued) (續)

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders.

Information of the Company is disseminated to the shareholders in the following manner:

- Delivery of annual and interim results and reports to all shareholders;
- Publication of announcements on the annual and interim results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

Mr. Xu Tie-liang, the Chairman of the Board and the chairman of the CG Committee, attended the 2016 AGM to answer questions of the meeting and collect views of shareholders.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the financial position of the Group and the Group's financial performance and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 31 December 2016, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

投資者關係

公司堅持採取開誠佈公的態度，定期與股東溝通並向他們作出合理的資料披露。

公司資料以下列方式向股東傳達：

- 向全體股東送呈公司年度及中期業績與報告；
- 按照上市規則之持續披露責任，在聯交所網站上刊發年度及中期業績公佈和發表其他公佈以及股東通函；及
- 公司之股東大會，亦是董事局與股東進行溝通之有效渠道之一。

董事局主席及企業管治委員會主席許鈺良先生出席了二零一六年股東週年大會，在會上回答提問並收集股東意見。

董事對財務報表之責任

董事局肩負於每個財政年度編製公司綜合財務報表之職責，該等財務報表須真實公平地反映該年度內集團財務狀況及集團財務表現及現金流量。編製截至二零一六年十二月三十一日止年度之綜合財務報表時，董事局已選定及貫徹應用合適之會計政策；作出審慎、公平及合理之判斷及估計，並採納持續經營基準編製有關賬目。

董事負責採取一切合理及所需步驟保障集團資產，並且防止及偵查欺詐及其他不當情況。

董事經作出適當查詢後，認為集團有充裕資源於可見未來持續經營，因此採納持續營運基準編製綜合財務報表乃屬合適。

Corporate Governance Report 企業管治報告

(continued) (續)

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Group has complied with Principle C.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2016, no significant risk was identified.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- Risk Assessment: A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.

風險管理及內部監控

年內，集團經由設立適當有效的風險管理及內部監控系統遵守企業管治守則準則C.2。管理層負責設計、執行及監察相關系統，而董事局則持續監督管理層履行其職責。風險管理及內部監控系統的主要特徵於下列各節說明：

風險管理系統

集團已採納一項風險管理系統以管理有關其業務及營運的風險。該系統包括以下層面：

- 識別：識別風險所有權、業務目標及可能影響目標達成的風險。
- 評估：分析風險的可能性及影響並對風險組合作出相應評估。
- 管理：考慮風險應對，確保與董事局已就風險進行有效溝通並持續監察剩餘風險。

根據於二零一六年進行的風險評估，概無識別任何顯著風險。

內部監控系統

公司已制定符合the Committee of Sponsoring Organisations of the Treadway Commission (「COSO」)於二零一三年發出的框架之內部監控系統。該框架可促使集團達致營運有效性及效率性、財務報告可靠性及遵守適用法例及規例的目標。該框架由以下關鍵部份組成：

- 監控環境：為集團開展內部監控提供基礎的一套標準、程序及結構。
- 風險評估：識別及分析風險以達成集團目標並就如何管理風險形成依據的動態交互流程。
- 監控行動：政策及程序為幫助確保減輕風險以達成目標的管理層指令獲執行而制定的行動。

Corporate Governance Report 企業管治報告

(continued) (續)

- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- Monitoring: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The Executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted in 2016, no significant control deficiency was identified.

Internal Auditors

The Group has an Internal Audit ("IA") function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via Audit Committee afterwards.

- 資料及通訊：為集團提供進行日常監控所需資料的內部及外部通訊。
- 監察：為確定內部監控的各組成部份是否存在及運行而進行的持續及單獨評估。

為提高集團處理內幕消息的系統，並為確保其公開披露的真實性、準確性、完整性和及時性，集團亦採納及執行一套內幕消息政策及程序。集團已不時採納若干合理措施以確保存在適當保障以防止違反有關集團的披露規定，其中包括：

- 僅少數僱員可按需要查閱相關資料。掌握內幕消息的僱員充分熟知彼等的保密責任。
- 集團進行重大磋商時將會訂立保密條款。
- 當與外界團體譬如媒體、分析家或投資者溝通時，執行董事為代表公司發言之指定人士。

根據於二零一六年進行的內部監控審查，概無識別任何顯著的監控缺陷。

內部核數師

集團設有內部審計部門，由具備有關技術專長的專業人員(例如執業會計師)組成。內部審計部門獨立於集團的日常經營，以面談、走訪及測試經營效能之方式對風險管理及內部監控系統進行評估。

董事局已批准內部審計計劃。根據已制定的計劃，每年會對風險管理及內部監控系統進行審查，其後經由審核委員會向董事局報告審查結果。

Corporate Governance Report 企業管治報告

(continued) (續)

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's reviews, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its reviews and the reviews made by IA function and Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year ended 31 December 2016.

風險管理及內部監控系統的效能

董事局負責集團的風險管理及內部監控系統並確保每年審查該等系統的效能。進行該等董事局審閱時已考慮若干方面，包括但不限於(i)自上年度審閱後之重大風險之性質及程度變動及集團對其業務及外部環境變動作出回應的能力；(ii)管理層持續監察風險管理及內部監控系統的範圍及質素。

透過其審查以及由內部審計部門及審核委員會進行的審查，董事局斷定風險管理及內部監控系統屬有效適當。然而，相關系統旨在管理而非消除不能達成業務目標的風險，並僅可對重大錯誤陳述或損失提供合理但並非絕對之保證。亦認為各類資源、員工資格及有關員工的經驗屬適當，並已提供足夠的培訓計劃及預算。

章程文件

於截至二零一六年十二月三十一日止年度，公司之章程文件並無發生變更。

Environmental, Social and Governance Report

環境、社會及管治報告

1. ABOUT ESG REPORT

The Environmental, Social and Governance Report (the “ESG Report”) elaborated the various work of China Oil and Gas Group Limited (the “Company”) and its subsidiaries (the “Group”) fully implementing the concept of sustainable development and performing its corporate social responsibilities, and its performance of social governance in 2016.

1.1 Scope of the Report

The ESG Report focused on the environmental and social performance of the core business of the Group in mainland China as well as the subsidiary Baccalieu Energy Inc. (the “Baccalieu Company”) in Canada from 1 January 2016 to 31 December 2016 (the “Year”). As for the information of corporate governance, please refer to the “Corporate Governance Report” on Pages 38 to 54.

1.2 Reporting Framework

The ESG Report was prepared based on the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

1.3 Stakeholder Engagement

The Preparation of the ESG Report, which was supported by staff from the Group’s different departments, enabled us to have a better understanding of our current environmental and social development. The information we gathered were not only the summary of the environmental and social work carried out by the Group during 2016, but also the basis for us to make short and long term strategies for sustainable development.

1.4 Information and Feedbacks

For detailed information about the environmental and corporate governance, please refer to the official website (www.hk603.com) and the annual reports. Your opinions will be highly valued by the Group. If you have any advices or suggestions, please email to: info@hk603.com.

1. 關於 ESG 報告

本環境、社會及管治報告(「ESG 報告」)詳述中油燃氣集團有限公司(「公司」)及其附屬公司(「集團」)在二零一六年內全面實踐可持續發展理念並履行企業公民責任所推行的各項工作，以及在社會管治方面的表現。

1.1 報告範圍

ESG 報告的內容主要集中於集團在中國內地以及附屬公司 Baccalieu Energy Inc. (「Baccalieu 公司」)在加拿大的核心業務於二零一六年一月一日至二零一六年十二月三十一日(「本年度」)的環境及社會層面的表現。有關企業管治的內容，請參閱於第 38 至 54 頁的「企業管治報告」。

1.2 報告準則

ESG 報告依照香港聯合交易所有限公司(「聯交所」)《主板上市規則》附錄二十七《環境、社會及管治報告指引》所編寫。

1.3 利益相關者參與

ESG 報告的編寫，得到集團各部門同事的共同參與，促使集團更清晰目前的在環境和社會層面的發展水平。ESG 報告收集的資料，既是集團於二零一六年開展環境和社會相關工作的總結，也是集團制定短期和長期可持續發展策略的基礎。

1.4 信息及反饋

有關集團環境及企業管治的詳細信息，請參閱集團的官方網站(www.hk603.com)及年報。集團重視您對此份報告的看法，若閣下有任何意見或建議，歡迎以電郵形式發送至以下郵箱：info@hk603.com。

Environmental, Social and Governance Report

環境、社會及管治報告

(continued) (續)

2. ADHERING TO GREEN DEVELOPMENT

In face of climate change, resource shortage and other global issues, energy conservation and clean production have become the urgent tasks of enterprise development. Protecting ecological environment and tackling climate change is also the responsibility of every corporate citizen. As a responsible energy enterprise, the Group understands that only integrating the concept of green development into every detail of its daily operations management can the Group sustainably develop, provide better products and services, and make contribution to the harmonious development of economic growth and environmental protection. To this end, the Group is mindful of its mission of “Developing the Clean Energy Business and Ensuring the Sustainable Development of Mankind”. With the vision of “Building an Influential Clean Energy Company”, the Group strives to reduce the environmental impact of its production and business activities while promoting the use of clean energy.

The Group's operations in mainland China include the supply of piped city gas, liquefied natural gas (LNG) and compressed natural gas (CNG), the operation of natural gas stations for automobiles and boats, and the transmission of LNG and CNG. The Group has strictly abided by the laws, regulations and industry standards on environmental protection and pollutant discharge in the country and the regions where it operates, such as the Environmental Protection Law of the People's Republic of China (PRC), the Environmental Impact Assessment Law of the PRC, the Regulations on the Administration of Construction Project Environmental Protection, Health, Safety and Environmental Management System of Petroleum and Natural Gas Industries (SY/T6276-1997), etc., and established the environmental management system and procedures based on these provisions. The subsidiaries have also developed Health, Safety and Environment (HSE) Implementing Rules for requested projects based on local authorities' requirements.

The Baccalieu Company's business is mainly engaged in the exploration of economical Cardium formation light petroleum resources in the mid-west of Alberta, Canada. The planning and implementation of all operations are strictly in accordance with the company's HSE policies. The company strives to meet or exceed the requirements of the laws and regulations concerning oil and gas exploration, environmental protection and pollutant emissions at the federal and provincial level, as well as the regulations issued by the Alberta Energy Regulator (AER).

2. 堅持綠色發展

面對氣候變化、資源短缺等全球性問題，節能減排、清潔生產已成為企業發展的當務之急，保護生態環境、應對氣候變化亦是每一個企業公民應盡的職責。作為負責任的能源企業，集團深明只有將綠色發展的理念融入日常運營管理的每一個細節，才能可持續地開發和提供更優質的產品與服務，為經濟增長與環境保護的和諧發展貢獻一份力量。為此，集團牢記「發展清潔能源事業，保障人類持續發展」的使命，以「建設成有影響力的清潔能源公司」為願景，在努力推廣清潔能源的同時，減輕生產經營活動對環境產生的影響。

集團於中國內地的業務主要包括城市管道燃氣供應、液化天然氣（「LNG」）及壓縮天然氣（「CNG」）供應、車船用天然氣加氣站營運、LNG及CNG運輸。集團嚴格遵守國家及業務所在地有關環境保護與污染物排放的法律法規和行業標準，例如《中華人民共和國環境保護法》《中華人民共和國環境影響評價法》《建設項目環境保護條例》《石油天然氣工業健康、安全與環境管理體系》(SY/T6276-1997)等，並以此為依據建立了有關環境管理的制度和規程。各附屬公司還根據當地有關部門要求，為有需要的項目制定健康、安全與環境(Health, Safety and Environment, HSE)實施細則。

Baccalieu公司的業務集中於加拿大阿爾伯塔省中西部經濟性良好的Cardium地層輕質石油資源的開採，各項業務的計劃和實施嚴格遵照該公司制定的HSE政策，力求符合甚至超過聯邦及省級有關石油和天然氣開採、環境保護和污染物排放的法律法規中的規定，同時亦恪守阿爾伯塔能源監管機構(Alberta Energy Regulator, AER)頒佈的各項規定。

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(continued) (續)

2.1 Waste Treatment

The Group's daily operations are dominated by the supply and transportation of gas, and are less involved with construction. For projects requiring construction, construction contractors will strictly supervise waste discharge and disposal on construction sites. And the disposal methods for different wastes are as follows:

- Wastes must be cleaned up and recycled at any time. Construction materials should be tidied up and the sites should be clean when construction ended.
- Wastes shall be classified, stored, and recycled according to local requirements of waste disposal. Recyclable waste must be kept in a separate place.
- The dirt cleared out through pigging operations when a pipeline comes into service, the waste anti-corrosion materials produced by the joint coating of a pipeline for anti-corrosion, the waste sand generated by sandblasting and other wastes, are required to be recovered and centralized treated. Welding heads, waste grinding wheels and packaging shall be collected every day and dumped in places where local industrial wastes are stacked, or local authorities approve.
- The construction sites must also place garbage collection bins to recycle plastic bags, mineral water bottles and other garbage. Willful discard causing white pollution is prohibited.
- In addition to special requirements, garbage shall be sent to the designated places near the construction sites. If such places do not exist, garbage must be buried in the landfill approved by local authorities with the burial depth exceeding 1 meter. When burying wastes, it is not allowed to choose a place where it is susceptible to cause erosion or contaminate groundwater.
- When construction ended, temporary toilets shall be removed. Landforms shall be restored to its original shape. Toilet feces shall be drained into local dedicated sewer.

2.1 廢物處理

集團的日常營運以燃氣的供應和運輸為主，較少涉及施工。對於需要施工的項目，施工方會嚴格監管施工現場廢棄物的排放和處理，對不同廢棄物的處理方法規定如下：

- 廢棄物須隨時清理回收，做到工完、料淨、場地清。
- 廢棄物須按當地垃圾處理要求分類存放，回收處理，可再利用的廢料單獨存放。
- 管道投產時清管作業清出的污物、管線防腐補口產生的廢棄防腐材料及噴砂除銹產生的廢砂等廢棄物，須回收集中處理；焊條頭、廢砂輪片和包裝物等須每天回收，集中傾倒至當地堆放工業垃圾的場所，或經當地有關部門同意堆放的場所。
- 施工現場還須設置生活垃圾集中堆放設備，對塑料袋、礦泉水瓶等生活垃圾進行回收處理，禁止任意丟棄造成白色污染。
- 除特殊要求外，垃圾須送至施工現場附近當地指定的處理場，如無處理場，垃圾須埋入經當地有關部門許可的填埋地，並保證埋深達到1米以上；深埋廢物時，不能選擇易於侵蝕和污染地下水的地方。
- 施工完畢將臨時廁所拆除，恢復地貌，廁所糞便排入當地專用下水道。

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In addition to the wastes discharged during the construction process, the emissions generated from the Group's business also include a small amount of exhaust gas and waste oil produced by CNG stations, exhaust emissions from diesel vehicles, office waste, domestic sewage, and oil-based drill-cuttings and water-based drill-cuttings from oil exploration fields, etc., among which the waste oil will be stored in special recycling devices and transported to special processing plants, the office waste and drill-cuttings will be collected and disposed by local municipal departments, and the domestic sewage will be discharged into local sewage treatment plants.

2.2 Environment Protection

For projects requiring construction, the Group and its subsidiaries have clarified the management responsibilities of each post and taken the following measures to protect the local ecological environment and avoid the occurrence of environmental pollution and ecological damage on construction sites:

- All construction units shall organize the constructors to participate in environmental knowledge training. Construction personnel shall follow the requirements of civilized construction. Polluting or damaging the surrounding environment is strictly prohibited. During the construction period, full-time supervisors shall develop environmental protection measures according to relevant environmental management regulations and the characteristics of construction projects to supervise and inspect the sites.
- Construction sites shall use natural or original lands as much as possible. Construction paths shall avoid wetlands and aquaculture areas as far as possible. Constructors shall furthest protect original trees, shrubs, crops and surface vegetation, and avoid unnecessary deforestation and destruction. The surface soil of farmlands shall be protected when mending temporary roads. Landforms shall be restored to its original state when the work is completed. The construction season or time in environment sensitive areas shall be reasonably arranged to reduce the impact on these areas.
- Equipment operators shall routinely check the equipment every day. When gas leak, water oozing out, liquid dropping, liquid leak and other manifestations are found, such equipment must be timely repaired, and the polluted soil must be cleaned out.

除了施工過程中排放的廢棄物，集團各項業務產生的排放物還包括CNG加氣站產生的極少量廢氣和廢油、柴油運輸車排放的尾氣、辦公垃圾和生活污水、石油開採現場產生的油基鑽屑和水基鑽屑等，其中，廢油由專用回收裝置存放並運至專門的處理廠，辦公垃圾和鑽屑由當地市政部門回收處理，生活污水排入當地污水廠處理。

2.2 保護環境

對於需要施工的項目，集團及各附屬公司明確了各崗位的管理職責，採取以下措施保護當地生態環境，避免施工現場發生環境污染和生態破壞的事故：

- 各施工單位須組織項目施工人員參加環保知識培訓，施工人員應文明施工，嚴禁對周圍環境造成污染和破壞；施工期間由專職監督員根據相關環保管理規定和施工項目的特點制定環境保護措施，監督檢查作業現場。
- 工地盡可能利用自然的或原有的開闢地。施工道路儘量避開濕地、水產養殖區，並最大限度地保護原有樹木、灌木、農作物和地表植被，避免不必要的砍伐和毀壞；修建臨時伴行路時，須保護耕地表土，待施工完畢恢復地貌；在環境敏感區施工須合理安排施工季節或時間，減少對這些地區的影響。
- 設備操作人員每天對設備進行例行檢查，發現「跑、冒、滴、漏」等現象時須及時維修，並對已污染的土壤進行清除處理。

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- Construction operations shall try to avoid impacting on wildlife habitats and drinking water sources. During the construction period, the mechanical noise and vehicle moving speed shall be controlled. Hunting, killing, purchasing, and scaring wild animals as well as littering wastes to the environment are prohibited.
- In order to prevent soil erosion, the operating belt shall occupy farmlands and fruit trees as little as possible. Constructors shall try to not damage surface vegetation and original soil. Cleaning work belt shall follow the principle of protecting farmlands, fruit trees and vegetation, preventing or reducing the soil erosion. Slope protection measures shall be taken on steep flocks, river banks and ditch banks where water and soil erosion may occur. Backfilling shall be carried out at the places approved by relevant local authorities. Arbitrary soil-filling is prohibited.

In addition, the Group also pays attention to improving the environmental awareness of all employees' both in production and living.

2.3 Resource Conservation

Resource shortage has become an important factor restricting the development of human society. The sustainable use of resources is the core of sustainable development. While the world is paying more and more attention to resource conservation, the Group has also implemented a number of measures to reduce water and electricity consumption and improve the utilization efficiency of resources, including using light-emitting diode (LED) lamps and other energy-saving devices, encouraging employees to shut down computers, copiers, lights, drinking fountains and other facilities in non-office hours, maintaining air conditionings' temperature at 25 degrees Celsius, implementing office automation system (OA System) to replace traditional paper-based office as far as possible, avoiding or reducing unnecessary copying and printing, printing on both sides, reusing paper, using eco-friendly paper to print publications and flyers, reusing remaining flyers, refusing to use disposable items like paper cups, using hand dryers instead of paper towels, placing garbage collection bins to recycle waste paper, printer cartridges and batteries, donating used computers, office supplies and furniture to charities, installing water-saving faucets, urinals and toilets in bathrooms and so on.

- 施工作業須盡量避免影響野生動物栖息地和飲用水源地，施工期間須控制機械噪音和車輛行駛速度，禁止追捕、獵殺、購買、驚嚇野生動物，禁止向環境亂扔廢棄物；
- 為預防水土流失，作業帶須儘量少佔用農田、果林，少破壞地表植被和原狀土壤。作業帶的清理須遵循保護農田、果林、植被，防止或減少水土流失的原則；對施工區可能造成水土流失的陡坎、河岸、溝岸等須採取護坡等措施；工程回填須在當地有關部門規定的取土場所取土，不得在規定範圍以外的土地任意取土。

除此之外，集團還注重從生產生活兩方面提高全體員工的環保意識。

2.3 節約資源

資源短缺已成為制約人類社會發展的重要因素，資源的可持續利用是可持續發展的核心。在全世界越來越重視節約資源的同時，集團亦推行了多項措施以減少水資源和電力消耗，提高資源使用效率，包括辦公室使用發光二極管(LED)燈具等節能設備，鼓勵員工在非辦公時間關閉計算機、複印機、電燈、飲水機等設施，空調溫度控制在25攝氏度左右，儘量推行電子辦公系統(OA System)取代傳統的紙質化辦公，避免或減少不必要的複印和打印，紙張雙面打印、重複利用，出版物和宣傳單使用環保紙張打印，未發放完的宣傳單留作下次使用，不使用紙杯等一次性物品，使用幹手器代替紙巾，設置垃圾回收箱回收廢紙、打印機墨盒和電池，衛生間安裝具有節水效益的水龍頭、小便器和馬桶等。

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At present, three subsidiaries of the Group have obtained certifications concerning environmental management system: 西寧中油燃氣有限責任公司 has obtained HSE Management System (Q/SY1002.1-2013) Certificate, 青海中油甘河工業園區燃氣有限公司 has obtained HSE Management System (Q/SY1002.1-2013) Certificate, and 醴陵中油燃氣有限責任公司 has obtained Environmental Management System (GB/T24001-2004/ISO14001:2004) Certificate. During the Year, the subsidiary 中油中泰(珠海)有限公司 received the honorary title of “Advanced Unit for Transportation Energy Conservation and Emission Reduction”.

2.4 Promoting Clean Energy

China is the world's largest emitter and the second largest economy. Over the past few decades, although the economy develops rapidly, China has paid a huge price in environment and resources: The serious overcapacity problem in high pollution and high energy consumption industries that use coal as the main fuel has not only led to a slowdown in economic growth, but also caused increasingly severe haze and environmental pollution. Natural gas is a low-carbon clean energy between traditional fossil fuels and renewable energy sources. It has various advantages such as being green, affordable, abundant, easily accessible, safe and reliable. Adjusting the energy structure and increasing the proportion of natural gas to primary energy sources is the most realistic way to tackle climate change and improve air quality.

As a natural gas supplier, in 2016, the Group actively responded to Chinese government's strategy of “Reducing Carbon Emission and Smog”, vigorously promoted market development based on high-quality city gas projects, and participated in “Coal to Gas” project of coal-fired boilers and “Oil to Gas” project of transport vehicles. The Group successively obtained the city gas concession rights of five towns, namely Huaian District in Jiangsu Province (Songji Village, Shunhe Town, Qingong Town, Jiaoling Village and Suzui Town), Wulie District in Dongtai City, Jiangsu Province, Zhangye economic and technological development zone in Zhangye City, Gansu Province, and Sanfutan Town in Xiantao City, Hubei Province, and is providing abundant and clean natural gas resources to more and more users.

目前，集團已有3家附屬公司獲得環境管理體系相關認證：西寧中油燃氣有限責任公司已獲得健康安全環境管理體系(Q/SY1002.1-2013)認證，青海中油甘河工業園區燃氣有限公司已獲得健康安全環境管理體系(Q/SY1002.1-2013)認證，醴陵中油燃氣有限責任公司已獲得環境管理體系(GB/T24001-2004/ISO14001:2004)認證。本年度，附屬公司中油中泰(珠海)有限公司還獲得了「交通運輸節能減排先進單位」的榮譽稱號。

2.4 推廣清潔能源

中國是世界第一大排放國和第二大經濟體，過去幾十年，在經濟高速發展的同時亦付出了巨大的環境和資源代價：以煤炭為主要燃料的高污染高耗能行業出現的產能嚴重過剩問題，不僅導致經濟增速放緩，也造成日益嚴重的霧霾和環境污染。天然氣是介於傳統化石燃料和可再生能源之間的低碳清潔能源，兼具綠色環保、經濟實惠、儲量巨大、獲取容易、安全可靠等優點。調整能源結構，提高天然氣佔主要能源的比例是解決氣候變化、改善空氣質量最現實的途徑。

作為天然氣供應商，二零一六年，集團積極響應中國政府「減碳降霾」戰略，立足於高質量的城市燃氣項目，大力推進市場開發工作，積極參與燃煤鍋爐「煤改氣」和運輸車輛「油改氣」項目，先後取得江蘇省淮安區五個鄉鎮(宋集鄉、順河鎮、欽工鎮、茌陵鄉、蘇嘴鎮)、江蘇省東台市五烈地區、甘肅省張掖市張掖經濟技術開發區、湖北省仙桃市三伏潭鎮的燃氣特許經營權，向越來越多的用戶提供充裕、清潔的天然氣資源。

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By December 31 2016, the Group had obtained the city gas concession rights of 70 cities in 15 provinces and autonomous regions in China, and been providing clean and efficient natural gas resources to over 1,100,000 urban residents and nearly 10,000 industrial and commercial enterprises. The Group had owned 55 natural gas stations, 1,055 kilometers long high-pressure transmission pipelines, and 7,530 kilometers long pipeline network, which forms a diversified development pattern with an integration of upstream and downstream, resources exploration and energy service being the wings, and city gas projects being the principal part. In the future, the Group will make use of its powerful user base and sales network as well as the advantage of abundant gas source to continuously acquire more concession rights projects. Though these projects, the Group expects to further expand domestic gas market, provide the economic development of the areas where it operates with stable clean energy, and promote natural gas to become the main force of city gas energy structure.

截至二零一六年十二月三十一日，集團已在中國 15 個省及自治區擁有 70 個城市燃氣特許經營權，為超過 110 萬戶城鎮居民、近萬家工商企業提供潔淨、高效的天然氣能源；擁有 55 座天然氣加氣站；擁有長輸高壓管道 1,055 公里，城市燃氣管網 7,530 公里，形成以城市燃氣項目為主體，以資源開發、能源服務為兩翼，上下游一體，多元化協同發展的發展格局。未來，集團將利用自身強大的用戶基礎和銷售網絡，及充足的氣源優勢，繼續獲取更多的特許經營權項目，通過該等項目進一步開拓國內燃氣市場，為運營區域的經濟發展提供穩定的清潔能源保障，推動天然氣成為中國主要能源消費結構中的主力軍。

3. CARING FOR EMPLOYEES' RIGHTS

Employees are the bridge between customers and the Group. The Group's development and growth arise from a rigorous, pragmatic, united and dedicated employee team. The Group upholds the concept of "Combining Ability with Character, Making the Best Use of Employees' Ability, and Growing Simultaneously", pays attention to the needs of employees, and actively expands employees' development channels. The Group is committed to creating a safe and healthy working environment and a rich and warm cultural life for employees to realize the interdependence, mutual promotion and common development between employees and the Group.

3. 關注員工權益

員工是連接集團與客戶的橋梁，集團的發展壯大得益於擁有一支嚴謹、務實、團結、敬業的員工隊伍。集團秉持「德才兼備、人盡其才、才盡其用、共同發展」的理念，關注員工需求，積極拓展員工成長渠道，致力於為員工營造安全健康的工作環境和豐富溫馨的文化生活，使員工與集團相互依存、相互促進、共同成長。

3.1 Labor Policy

The Group has conscientiously abided by the Labor Law of the PRC, the Labor Contract Law of the PRC, and the laws and regulations concerning labor in the regions where it operates. Based on these provisions, the Group has established a relatively perfect employment management system.

3.1 用工政策

集團認真遵守《中華人民共和國勞動法》《中華人民共和國勞動合同法》及業務所在地有關勞工的法律法規，並以此為依據建立了比較完善的用工管理制度。

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For vacant posts, the Group encourages its subsidiaries to give priority to internal recommendation and local recruitment, assess the educational background, work experience and qualifications of candidates based on the principle of equal competition, and recruit employees according to personal qualities. The Group also advocates diverse workforce, and supports employees under different cultural background to respect each other's religious beliefs, customs and hobbies and build friendly relationship. For employees who violate the rules and regulations of the Group or commit crimes, the Group has the right to terminate the labor contract. As for employees who are sick or suffering non-work-related injuries during the prescribed medical period, or female employees in pregnancy, maternity or lactation, and the other cases stated in relevant laws and regulations, the Group shall retain the labor contract in accordance with the provisions.

For the person to be recruited, the Human Resources Department will verify his or her identity documents to avoid recruiting child labor and set the salary level according to the position, the subsidiary's operating situation and the market price. The Group, regardless of age, seniority, gender, and race, upholds the principle of fair and equitable employment, prefers actual ability to educational background, evaluates performance over seniority instead of qualification, and promotes and rewards employees according to performance and contribution. The Group also provides employees with insurances of retirement, medical care, work injury, career, maternity, housing provident fund, festival allowance and other benefits in accordance with relevant laws and regulations in the regions where it operates.

The Group implements three working schedules, namely standard working hours system, flexible working hours system and comprehensive working hours system. Approved by the labor and social security authorities, the Group's subsidiaries arrange different working schedules for employees according to business characteristics and job requirements, and ensure that employees work no more than 40 hours a week. Employees enjoy sick leave, personal leave, marriage leave, funeral leave, maternity leave, annual leave and statutory holidays. Each subsidiary shall arrange compensatory leave or pay overtime premium to employees who work overtime according to the national regulations or the Group's regulations.

對於空缺崗位，集團鼓勵各附屬公司優先考慮內部推薦及本地招聘，本著平等競爭的原則考核應聘者的學歷、工作經歷和任職資格，擇優錄用。集團亦提倡員工多元化，倡導不同文化背景的員工尊重彼此的宗教信仰、習俗愛好，友好相處。對於違反集團規章制度或違法犯罪的員工，集團有權與其解除勞動合同。對於在規定醫療期內的患病或非因工負傷員工，在孕期、產期和哺乳期的女員工，以及相關法律法規規定的其他情形，集團依法保留其勞動合同。

對於擬錄用人員，人力資源部會核實其身份證件以避免誤招童工，並根據崗位、公司經營狀況和市場價格制定薪酬水平。集團堅持公平公正的用工原則，不分新老先後，不分性別民族，不唯學歷重能力，不唯資歷重業績，根據績效和貢獻給予員工晉升、調薪或獎勵，並依照業務所在地的相關法律法規為員工提供養老、醫療、工傷、事業、生育社會保險、住房公積金和過節費等福利。

集團實行三種工作時制—標準工時制、不定時工作制和綜合計算工時工作制。各附屬公司根據業務特點和崗位需要，經勞動保障部門審批，為員工安排工作時制，保證員工每周工作不超過40小時。員工依法享有病假、事假、婚假、喪假、產假、工傷假、年假及法定節假日，各附屬公司須為加班員工安排補休或按國家、集團規定支付加班費用。

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During the Year, the total number of employees of the Group is 3,515, among which 3,493 are from mainland China, 11 are from Hong Kong and 11 are from Canada. The statistics of the number of employees in mainland China divided by region and age are shown in Table 1. During the Year, the Group lost 253 employees who are less than 30 years old, 167 employees between 30 and 50 years old, and 57 employees over 50 years old.

本年度，集團的員工總人數為3,515人，其中，中國內地有3,493位員工，香港地區有11位員工，加拿大有11位員工。中國內地的員工人數按地區、年齡類型劃分後的統計情況如表1所示。本年度集團共流失253位小於30歲的員工，30至50歲的員工有167位，以及大於50歲的員工有57位。

Table 1. Employee Number of the Group in mainland China in 2016 (by December 31 2016)

表1. 二零一六年集團中國內地員工人數統計(統計時間：二零一六年十二月三十一日)

District 地區		Mainland China 中國內地(人)
Total Number	總數(人)	3,493
Sex 性別	Male 男	2,271
	Female 女	1,222
Age 年齡	below 30 小於30歲	1,496
	From 30 to 50 30至50歲	1,686
	above 50 大於50歲	311
Business type 業務類型	Piped gas supply 管道燃氣供應	3,386
	Logistic and transportation 物流運輸	91
	LNG production LNG生產	16

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3.2 Personnel Training

Personnel's training is a key factor in the sustainable development of enterprises. Therefore, the Group pays attention to creating harmonious and positive cultural atmosphere, strives to build self-improvement and self-actualization platform for each employee, and creates greater value for the community so as to achieve simultaneous growth of employees and the Group.

The Human Resources Department of the Group makes the annual training plan every year. All departments periodically organize special trainings and assessments for employees. The employees' trainings organized by the Group headquarters are shown in Table 2. The Group also opens an online distance education platform for the employees of subsidiaries to log in and study. Using the Group's training plan as reference, the subsidiaries also provide special trainings for employees in different positions according to the actual demands, such as employee entry or position change training, safety education training, service etiquette and skills training. During the Year, the Group provided various training courses for employees with a total time of 118 hours.

Table 2. Employee Training Activities of the Group Headquarters in 2016

Training program 培訓項目名稱	Participant 參訓人員	Brief Introduction of Training Content 培訓內容簡介	Training Time 培訓時間	Teaching Method 授課方式	Certification method 是否取證	Test Method 考核方式
Visiting Japan 赴日考察	Deputy General Manager and levels above of subsidiaries 附屬公司副總經理及以上人員	Visiting and studying the key points of the management structure and operation of Japanese natural gas enterprises, and learning the management and technologies of Japanese natural gas enterprises, including customer service, urgent repair and maintenance, safety management, and construction management. 參觀學習日本燃氣公司管理架構及運營管理的重點，瞭解日本燃氣公司客戶服務、搶維修、安全管理、施工管理等管理與技術。	2016.9	Face to face teaching 面授	No 否	No 否
Special training for marketing personnel 市場營銷人員專題培訓	Deputy General Manager and levels above of subsidiaries 附屬公司副總經理及以上人員	External market development: situation analysis on the development of national gas industry, and the strategies and experience of market development; experience exchange of internal market development. 外部市場開發：關於全國燃氣行業發展現狀分析及市場開發策略及經驗的講解	2016.4	Face to face teaching and video 面授、視頻	Issue certificate within the Group 集團內部發證	Examination 考試

3.2 人才培養

人才培養是企業獲得可持續發展的關鍵要素。為此，集團注重營造和諧向上的文化氛圍，努力為每一位員工打造提升自我、實現價值的平台，實現員工與集團的共同成長，為社會創造更大價值。

集團的人力資源部每年均會制定年度培訓計劃，各部門定期為本部門員工安排專題培訓和考核，本年度集團總部組織的員工培訓如表2所示。集團亦開放網上遠程教育平台供附屬公司員工登錄學習。各附屬公司在參考集團培訓計劃的同時，還根據實際需求為不同崗位的員工提供專項培訓，例如員工入職或換崗培訓、安全教育培訓、服務禮儀和技能培訓等。本年度，集團為員工提供各類培訓課程共計118小時。

表2. 二零一六年集團總部員工培訓活動

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Training program 培訓項目名稱	Participant 參訓人員	Brief Introduction of Training Content 培訓內容簡介	Training Time 培訓時間	Teaching Method 授課方式	Certification method 是否取證	Test Method 考核方式
	Market development employees 市場開發人員	Experience exchange of internal market development 內部市場開發經驗交流	2016.5			
Investment management (including the content of cost control) 投資管理(含造價管控內容)	Investment management and statistic employees, cost management employees 投資管理及統計、造價管理人員	<ol style="list-style-type: none"> 1. Project cost and investment management; 2. Plans, statistics: report filling requirements and the meaning of indexes; 3. Promotion and implementation of the manual content of investment management. 1. 工程造價及投資管理； 2. 計劃、統計：報表填報要求及指標的含義等； 3. 投資管理手冊內容宣貫。	2016.5	Video 視頻	No 否	No 否
Position experts (about 200 people) 崗位能手(約200人)	Front-line employees 生產運行一線員工	<ol style="list-style-type: none"> 1. City gas gathering, transmission and storage; 2. Process flow; 3. Operating principle, practical operation and maintenance of stations and pipe network equipment; 4. Basic knowledge and management of measuring instruments, differential analysis and control; 5. Promotion and application of new technology and gas loss management; 6. Prevention and application of client-side gas accident. 1. 城市燃氣集輸與儲運； 2. 工藝流程； 3. 場站及管網設備運行原理與實操、維護維修； 4. 計量器具基礎理論知識、計量器具管理、輸差分析與控制； 5. 新技術推廣與應用以及氣損管理； 6. 客戶端燃氣事故的預防及應用。	2016.1	Intensive face to face teaching 集中面授	Issue certificate 取證	Examination 考試
Professional technology training of gas operation 燃氣運行專業技術培訓						
Distance education network training system 遠程教育網絡培訓學員系統	Employees of subsidiaries 附屬公司員工	Operation training of E-learning system. 系統操作培訓	2016.4-5	Face to face teaching and video 面授、視頻	No 否	Examination 考試

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3.3 Caring for Employees

The success of employees' career is inseparable from healthy body and harmonious family. Regarding employees as the greatest wealth, the Group not only pays attention to the spiritual and cultural needs of employees and commits itself to helping employees balance work and life, but also spares no efforts to solve the difficulties employees encountered so as to enhance employees' enthusiasm and sense of belonging.

On June 22, upon learning one employee was sick, Qinghai Gas Business Division immediately proposed a donation among affiliated companies. The donation received a total of RMB58,670 from 990 employees in 10 subsidiaries managed by Qinghai Gas Business Division, and RMB10,000 from the union funds of CCNG Western Region Trade Union. The donation displayed that the employees are among a unity and like members of one family. On June 8, the subsidiary 濱州中油燃氣有限責任公司 organized a team to participate in the "Fifth Fire-fighting Sports Meeting of Binzhou Economic and Technological Development Zone", which enriched employees' amateur life and improved employees' enthusiasm for firefighting and their fire safety awareness. On December 23, the Group held the fun fitness games "Burning Passion and Lighting Tomorrow" to welcome the New Year in its headquarters with 65 employees in total attending games like kangaroo jump, throw and catch. The activity not only provided the opportunity for employees to exercise, but also cultivated their teamwork, mutual aid and friendship.

During the Year, the Group and its subsidiaries also organized badminton competitions, outdoor expanding trainings, hiking, "Making Rice-dumplings to Celebrate the Dragon Boat Festival", social gathering for welcoming the Spring Festival, speech contest, literary competition and other various employee activities, which enabled employees to maintain healthy body and pleasant mental state.



集團視員工為最大財富，重視員工的精神文化需求，努力幫助員工平衡工作與生活，亦不遺餘力解決員工遇到的困難，提升員工的工作熱情和對集團的歸屬感。

The Group not only pays attention to the spiritual and cultural needs of employees and commits itself to helping employees balance work and life, but also spares no efforts to solve the difficulties employees encountered so as to enhance employees' enthusiasm and sense of belonging.

3.3 關愛員工

員工事業的成功離不開身體的健康和家庭的和諧。集團視員工為最大財富，不僅重視員工的精神文化需求，努力幫助員工平衡工作與生活，亦不遺餘力解決員工遇到的困難，提升員工的工作熱情和對集團的歸屬感。

六月二十二日，青海燃氣事業部在得知員工患病後，第一時間向下屬公司員工發出愛心捐款倡議。此次募捐共收到青海燃氣事業部下屬10家公司990位員工的愛心款58,670元人民幣，以及中油中泰西部區域工會聯合會從工會經費中調撥的幫扶金10,000元人民幣，見證了員工之間團結互助、親如一家的精神。六月八日，附屬公司濱州中油燃氣有限責任公司組織代表隊參加了「濱州經濟技術開發區第五屆消防運動會」，在豐富員工業餘生活的同時，亦提高了員工參與消防工作的積極性和消防安全素質。十二月二十三日，在集團總部舉辦的「燃燒激情，點亮明天」迎新年趣味健身賽中，共計65名員工參加了袋鼠跳、你拋我接等項目。此次活動既為員工提供了鍛煉身體的機會，又培養了員工團隊協作和互助友愛的精神。

本年度，集團及各附屬公司還組織開展了羽毛球比賽、戶外培訓拓展、徒步、「包粽子慶端午」、迎新春聯歡會、演講比賽、文藝比賽等豐富多彩的職工活動，促使員工在工作的同時亦能保持健康的體魄和愉悅的心理狀態。

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4. IMPROVING PRODUCTION AND OPERATION

Enterprise is a sophisticated and complex machine, the efficient and smooth operation of which cannot be separated from the effective operation of each step. Hence, the Group strictly controls every step of the production and operation processes, and constantly improves its management to create greater value for customers and yield more benefits for community.

4.1 Safety Production

Safety production is the most important aspect in natural gas industry. The safe and stable supply and transmission of natural gas is related to the social and economic stability of a city as well as the safety of citizens' life and property. To reduce and prevent security incidents, based on the Safety Production Law of the PRC, the Administrative Regulations on City Gas and other laws and regulations, together with the Safety Technical Regulations on Operation, Maintenance and Repair of Urban Gas Facilities (CJJ51-2016) and other industry standards, the Group has developed comprehensive, meticulous safety management approaches with clear separation of duties. Based on the above provisions and their own business operations, the Group's subsidiaries have developed their own production safety management systems, including management assessment of safety objectives, investment guarantee of safety production, safety education and training, certificate management of special operating personnel, safety production inspection, rectification of potential safety hazard, special operating license management, distribution and management of labor protection articles, safe operation management, fire safety management, emergency rescue management and so on.

In accordance with the relevant requirements, the Group has assigned the safety production responsibility to every level, and implemented the one-ballot veto system for security accident in annual assessment. Every year the headquarters signs safety objectives responsibility agreement with each subsidiary, requires the Safety Inspection Department to organize two safety inspections, rewards individuals or teams who have performed well during the safety production process, issues rectification notice to undesirable situations and follows up the rectification. The subsidiaries also conduct safety checks on a quarterly basis or on a monthly basis in accordance with their respective regulations. The Baccalieu Company also holds safety meetings on a quarterly basis.

4. 完善生產運營

企業是一台精密複雜的機器，其高效順暢運轉離不開每一個環節的有效運作。為此，集團嚴格把控生產經營過程中的每一個環節，不斷完善管理，為客戶創造更大價值，為社會創造更多效益。

4.1 安全生產

安全生產是天然氣行業的重中之重，天然氣的安全平穩供應和運輸關係到人民生命財產安全和用氣城市社會經濟的穩定。為減少和防止安全事故的發生，集團依據《中華人民共和國安全生產法》《城鎮燃氣管理條例》等法律法規和《城鎮燃氣設施運行、維護和搶修安全技術規程》(CJJ51-2016)等行業標準，制定了全面細緻、責任明確的安全管理辦法。各附屬公司參考上述規定和業務運營情況制定各自的安全生產管理制度，內容涉及安全目標管理考核、安全生產投入保障、安全教育培訓、特種作業人員持證上崗管理、安全生產檢查、安全隱患整改、特殊作業許可管理、勞動防護用品發放和管理、安全作業管理、消防安全管理、應急救援管理等方面。

集團按照相關要求，層層分解落實安全生產責任制，年度考核實行安全事故一票否決制度。總部每年與附屬公司簽訂安全目標責任書，並要求安全監察部每年組織兩次安全檢查，對安全生產過程中表現優異的個人或班組給予獎勵，對不合格情況下發整改單並跟蹤整改情況。附屬公司每季度或每個月也會根據各自的規定自行組織安全檢查，Baccalieu公司亦每季度開展安全會議。

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4.1.1 Occupational Hazard Prevention

The Group has always attached importance to employees' health and safety, and strictly complied with the "Occupational Disease Prevention Law of the PRC", the "Management Guidelines on Urban Gas Transmission and Distribution" and other laws and regulations, the Group's safety management approaches, and other provisions to standardize employees' behavior and avoid occupational injuries. The subsidiaries have formulated the Practicing Rules for Practitioners in accordance with the above provisions and their actual operations, provided all employees with necessary labor protection articles, education, training and health checks, and guided employees to wear and use protective equipment properly, so as to ensure that the labor safety and hygiene conditions meet the standards of the country or the regions where the subsidiary operates. Employees are required to participate in the vocational qualifications and special operations training organized by the competent departments, and shall not start to work until receiving qualification certificate. The certificates will be submitted to relevant departments for review according to their reviewing period. During the production process, employees must keep in mind and strictly abide by the operation rules. If any major potential safety hazard and occupational hazard endangering their lives are found, the employees have the right to refuse the illegal command and forced operation; if such refusal is denied, employees have the right to immediately evacuate the dangerous scene, and inform or report to the relevant authorities.

4.1.2 Safety Education and Training

The Group has stipulated that the front-line employees who are newly recruited shall participate in the safety education and training at three levels: company, department (station), and team. The contents of the pre-job training at company level include the national safety production laws and regulations, the company's safety production situation, basic knowledge of safety production, the company's safety production regulations and labor disciplines, employees' safety production rights and duties, accident emergency rescue, emergency response plan drill, precautionary measures, and accident cases. The contents of the pre-job training at department (station) level include the working environment and risk factors, the potential occupational injuries and casualties in the workplace, safety duties, operational skills and mandatory standards of the job, self and mutual medical aid, first aid, evacuation and on-site emergency handling, use and maintenance of safety equipment and personal protective articles, safety production status, regulations of the department (station), prevention measures of accidents and occupational hazards, safety precautions to be observed, accident cases, and other contents that require training. The contents of pre-job training at team level include job safety operation procedures, safety cooperation between posts, occupational health issues, accident cases, and other contents that require training.

4.1.1 職業危害防護

集團一貫重視員工的健康與安全，嚴格遵照《中華人民共和國職業病防治法》等法律法規和集團安全管理辦法、《城鎮燃氣輸配管理指引》等規定，規範員工行為，避免職業傷害。各附屬公司根據上述規定和實際運營情況制定了《從業人員崗位操作規程》，並為所有員工提供必要的勞動保護用品、教育培訓和健康檢查，指導員工正確佩戴和使用防護用品，確保勞動安全、衛生條件達到國家或業務所在地有關部門規定的標準。員工須參加主管部門組織的職業資格及特種作業操作等培訓並取證後方能獨立上崗操作，資格證按審核周期提交至有關部門複審。在生產過程中，員工須牢記並嚴格遵守本崗位的操作規程，發現重大事故隱患和職業危害，危及生命安全時，員工有權拒絕違章指揮、強令冒險作業；如拒絕無效，員工有權立即撤離危險現場，並向有關部門檢舉、控告。

4.1.2 安全教育培訓

集團規定新入職的一線員工須參加公司、部門(場站)、班組三級安全教育培訓。公司級崗前培訓的內容包括國家安全生產法律法規，公司安全生產情況及安全生產基本知識，公司級安全生產規章制度和勞動紀律，從業人員安全生產權利和義務以及事故應急救援，事故應急預案演練及防範措施、有關事故案例。部門(場站)級崗前培訓的內容包括工作環境及危險因素，所從事工種可能遭受的職業傷害和傷亡事故，所從事工種的安全職責、操作技能及強制性標準，自救互救、急救方法、疏散和現場緊急情況的處理，安全設備設施、個人防護用品的使用和維護，本部門(場站)安全生產狀況及規章制度，預防事故和職業危害的措施及應注意的安全事項，有關事故案例及其他需要培訓的內容。班組級崗前培訓的內容包括崗位安全操作規程，崗位之間工作銜接配合的安全與職業衛生事項，有關事故案例及其他需要培訓的內容。

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Pre-job training and education are organized by subsidiaries on their own. The education time at all levels shall not be less than 24 hours, and the total education time shall not be less than 72 hours. Only after mastering the necessary safety knowledge and skills and passing the assessment, can the employee start to work. When changing jobs or using new crafts, new technologies, new equipments and new materials, employees need to participate in specialized safety education and induction training; without participating in safety education and training, employees shouldn't start to work. In addition, the Group also irregularly organizes trainings like safety knowledge lectures, fireproofing publicity and education, first aid, and cardiopulmonary resuscitation courses, and arranges operational procedures and fireproofing safety education based on the working condition of employees in key places. The subsidiaries have also developed corresponding safety education and training programs, and implemented the trainings as planned.

4.1.3 Safe Operation

Standard operation is the prerequisite and guarantee for safety production. The Group has formulated that, equipment operators must achieve "Four Understand" (understand the structure, understand the principle, understand the performance, understand the use), and "Three Know How" (know how to use, know how to maintain, know how to remedy troubles), follow the equipment operating procedures, and never operate equipment under over temperature, overpressure, and overload conditions. In addition to providing the position operation procedures training for the operators at the production front line and the operation site according to the actual demands, the Group and its subsidiaries also arrange for supervisory personnel to supervise and inspect whether operators have complied with the labor discipline and operating procedures during the production process.

For projects that requiring construction, the on-site employees must comply with the requirements for safety operation. The equipment, tools and materials on construction sites should be placed in accordance with design and safety requirements. Operation sites must set up conspicuous safety warning signs, and keep the ground smooth and unblocked, easy to access, carry out operations, and evacuate in case of emergency. At night, construction sites must set up enough lightings meeting the explosion-proof requirements within the operating area. In terms of roadside operations, conspicuous safety warning signs are required to remind pedestrians and passing vehicles. After dark, the sites should set up signal lights and arrange watch keepers to prevent people or vehicles falling into operating pits.

崗前培訓教育由各附屬公司自行組織，各層級教育時間不少於24學時，總教育時間不少於72學時。員工掌握必備的安全知識技能，經考核合格後方可上崗。從業人員調整工作崗位或採用新工藝、新技術、新設備、新材料的，須參加專門的安全教育和上崗培訓；未經安全教育和培訓合格的從業人員，不得上崗作業。除此之外，集團亦不定期組織安全知識講座、消防宣傳教育、急救和心肺復蘇課程等培訓，結合重點場所員工的工作情況為其安排操作規程和防火安全教育。各附屬公司亦制定了相應的安全教育培訓計劃，並按計劃執行各項培訓。

4.1.3 安全操作

規範操作是實現安全生產的前提和保證。集團規定，設備操作人員須做到「四懂」（懂結構、懂原理、懂性能、懂用途）、「三會」（會使用、會維護保養、會排除故障），按設備操作規程進行操作，不得超溫、超壓、超負荷運行。集團及各附屬公司除根據實際需求為生產一線、作業現場的操作人員提供崗位操作規程培訓之外，還安排管理人員監督檢查操作人員在生產過程中是否遵守了勞動紀律和操作規程。

對於需要施工的項目，現場員工須遵從安全作業的各項規定。作業現場設備、工具和材料的配備擺放須符合設計和安全要求。作業現場須設置醒目的安全警示標誌，並保持平整暢通，便於運輸、施工作業及緊急情況下應急逃生。夜間施工場所須設置足夠的照明，作業帶以內使用的照明燈具要符合防爆要求。路邊作業時，須設置明顯的安全警示標誌，提醒行人和車輛注意過往安全，天黑後設置信號燈、配備值班人員，防止人員或車輛誤入作業坑。

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4.1.4 Emergency Rescue

In order to prevent and control potential accidents or emergencies and minimize the impact of accidents, the Group has stipulated preparations and response measures for emergency rescue:

- Forecast and early warning – Each subsidiary shall establish forecasting and early warning systems for accidents that may occur, and carry out hazard source identification, environmental factor identification and risk assessment. Emergency personnel should be familiar with the emergency telephone number or other alarm methods.
- Emergency disposal – After the accident occurs, the on-site personnel and reinforcements shall start contingency plans in accordance with their duties and authorities, and take response measures to control the situation timely and effectively.
- Recovery and reconstruction – The accident casualties, emergency personnel and urgently mobilized materials shall be supplemented in accordance with provisions. The relevant departments shall carry out post-treatment and environmental pollution elimination work, investigate and assess the cause, impact and responsibility of the accident, and the lessons learned, as well as start rehabilitation work.
- Emergency insurance – The preparation of emergency response and the human resources, financial resources, materials, transportation, personnel protection and medical security of the response work shall be strengthened.
- Supervision and management – Each subsidiary shall conduct comprehensive emergency plan drill at least once a year. The relevant departments shall organize trainings concerning emergency laws and regulations, hazard prevention, sheltering, self-help, mutual aid, disaster reduction and other common senses. The departments shall honor and award the advanced collective and individuals who make outstanding contributions in emergency management, and punish those who report belatedly, misstate, conceal the accident, and conduct other dereliction of duty to cause casualties or significant economic losses.

4.1.4 應急救援

為預防和控制潛在事故或緊急情況，最大限度地減輕事故影響，集團規定了應急救援的準備工作和響應措施：

- 預測與預警－各附屬公司須針對可能發生的突發事故，建立預測預警系統，開展危險源辨識、環境因素識別和風險評價工作，應急人員須熟知預警電話或其他報警方式；
- 應急處置－事故發生後，現場人員與增援人員根據職責和權限啟動應急預案，及時有效地進行先期處置，控制事態的蔓延；
- 恢復與重建－對事故傷亡人員、應急處置工作人員及緊急調集的物資按規定予以補充；有關部門同時做事後處理和環境污染消除工作，事故起因、影響、責任、經驗教訓調查評估工作，以及恢復重建工作；
- 應急保障－加強事故應急準備和響應工作的人力資源、財力、物資、交通運輸、人員防護和醫療保障；
- 監督管理－各附屬公司每年至少進行一次全面的應急預案演練，有關部門須組織開展應急法律法規和預防、避險、自救、互救、減災等常識的培訓；對事故應急管理中做出突出貢獻的先進集體和個人給予表彰和獎勵，對有遲報、謊報和瞞報事故等失職、瀆職行為，造成人員傷亡或重大經濟損失的責任人給予處罰。

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At present, eight subsidiaries of the Group have obtained safety management system certifications: 西寧中油燃氣有限責任公司, 武漢市東方天然氣有限責任公司, and 仙桃中油燃氣有限責任公司 have obtained the Second-Class Work Safety Standardization Certificate, 泰州中油燃氣有限責任公司 and 泰州中油管輸天然氣有限公司 have obtained the Third-Class Work Safety Standardization Certificate, 青海中油甘河工業園區燃氣有限公司 has obtained the HSE Management System (Q/SY1002.1-2013) Certificate, 醴陵中油燃氣有限責任公司 has obtained the Occupational Health and Safety Management System (OHSAS18001:2007) Certificate, and 中油中泰物流(珠海)有限公司 has obtained the Work Safety Standardization Certificate of Transportation Enterprise.

During the activity "Safety Production Month" in June, the subsidiaries carried out 160 activities in total, such as broadcasting education videos, knowledge study of safety production, post training of safety production, safety knowledge competition, emergency drills of safety production accidents, capturing photos on potential safety hazards, issued more than 70,000 copies of a variety of leaflets and provided consultation to 12,000 people. The Activities improved the safety awareness of employees and mobilized their enthusiasm. This year, the Group has conscientiously implemented the safety management regulations, no major accidents happened. The subsidiary 濱州中油燃氣有限責任公司 was recognized as the "Provincial Benchmarking Enterprise that Build Up Two Systems: Safety Production Risk Classification Management and Potential Safety Hazards Investigation and Management".

目前，集團已有8家附屬公司獲得安全管理體系相關認證：西寧中油燃氣有限責任公司、武漢市東方天然氣有限責任公司和仙桃中油燃氣有限責任公司已獲得安全生產標準化二級企業認證，泰州中油燃氣有限責任公司和泰州中油管輸天然氣有限公司已獲得安全生產標準化三級企業認證，青海中油甘河工業園區燃氣有限公司已獲得健康安全環境管理體系(Q/SY1002.1-2013)認證，醴陵中油燃氣有限責任公司已獲得職業健康安全管理体系(OHSAS18001:2007)認證，中油中泰物流(珠海)有限公司已獲得交通運輸企業安全生產標準化達標等級證書。

在六月份舉行的「安全生產月」活動中，各附屬公司開展播放視頻教育片、安全生產知識學習、安全生產崗位練兵、安全知識競賽、安全生產事故應急演練、安全隱患隨手拍等活動共計160餘次，發放各類宣傳單7萬餘份，為1.2萬人次提供了諮詢。活動提高了員工的安全生產意識，調動了全員積極性。本年度，集團認真落實各項安全管理規定，未出現重大事故。附屬公司濱州中油燃氣有限責任公司還因表現突出被評為「安全生產風險分級管控與隱患排查治理兩個體系建設省級標杆企業」。



2016年6月6日，青海燃氣事業部管理團隊對青海東部區域17公里支線進行徒步巡線。
On June 6th, 2016, the management team of Qinghai Gas Business Division conducted a 17 km inspection tour on eastern Qinghai regional branch pipeline.

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4.2 Supply Chain Management

The materials need to be purchased in the construction and production operations consist of seven kinds of commonly used materials which include polyethylene (PE) pipes, PE pipe fittings, steel valves, pressure regulating equipments, flow meters, gas meters, and steel pipes, and some non-commonly used materials (such as compressors, CNG facilities, LNG facilities, etc.). In order to standardize the material procurement management of the Group and ensure a standard, clean and efficient procurement process, the Group has formulated the material procurement management approaches and divided the material purchase into 4 types, namely catalog procurement, material bidding and tendering, materials price inquiry and comparison, and offline purchase.

Catalog procurement is mainly used for PE gas pipes, PE ball valves, PE pipe fittings, gas meters, flow meters, low-pressure manual ball valves, copper ball valves, gas meter joints and other materials. The Group invites a unified public bidding on catalog materials (catalog materials refer to materials obtained through catalog procurement) annually, and determines the winning unit and the highest purchase limit. The materials bidding is mainly applied to construction project individual contracts and comprehensive purchase contracts that exceed RMB500,000, or individual contracts for procurement, design, project supervision, non-destructive testing, and individual purchase contracts that exceed RMB300,000. The Group and its subsidiaries shall carry out the bidding in accordance with the relevant provisions of the Bidding Law of the PRC and the regulations on the administration of project services and materials procurement formulated by the Group. The price inquiry and comparison is generally used for non-catalog materials and materials meeting bidding requirements. And offline purchase is applied to materials that need to be purchased locally.

In order to establish a market access management system with high standard, reasonable procedures, and orderly competition, and form a reliable service provider resources network, the Group developed the market access management approaches. The main business scope of market access includes gas special planning, project consultation, gas engineering survey, design, construction engineering, piped gas construction, supervision, and nondestructive testing, supply of gas equipments, pipe fittings, gas instrumentations, valves, station equipments and other major materials, construction of supervisory control and data acquisition (SCADA) system, geographic information system (GIS), and other information system. When choosing a service provider, the Group mainly considers its achievements in reputation, credibility, performance scale, service quality, production capacity, safety management, environmental protection and other aspects. The market access management approaches clearly propose the market access conditions that the service providers should satisfy. The

4.2 供應鏈管理

工程建設和生產運營中需要採購的物資包括聚乙烯(PE)管材、PE管件、鋼制閥門、調壓設備、流量計、燃氣表、鋼制管道這七種通用類物資和一些非通用類物資(如壓縮機、CNG設施、LNG設施等)。為規範集團的物資採購管理工作，保證物資採購規範、廉潔、高效運作，集團制定了物資採購管理辦法，並將物資採購分為目錄採購、物資招投標、物資詢比價和線下採購四種方式。

目錄採購主要用於PE燃氣管、PE球閥、PE管件、燃氣表、流量計、低壓手動球閥、銅球閥、燃氣表接頭等物資採購，集團每年對目錄物資(用於目錄採購的物資稱為目錄物資)進行統一招標，確定中標單位及最高採購限價。物資招投標主要用於工程施工單項合同和綜合物資採購合同估算金額達到50萬元人民幣以上，或勘察、設計、工程監理、無損檢測單項合同和單項物資採購合同估算金額在30萬元人民幣以上的項目；集團及附屬公司須按照《中華人民共和國招標投標法》及集團制定的工程服務和物資採購招投標管理實施細則等相關規定開展招標。物資詢比價一般用於除目錄物資及達到招標要求的物資，由所屬公司自行選擇服務商進行採購。線下採購適用於需在當地採購的物資。

為建立行為規範、程序合理、競爭有序的市場准入管理體系，形成可靠的服務商資源網絡，集團制定了市場准入管理辦法。實行市場准入的主要業務範圍包括燃氣城市燃氣專項規劃編製，項目諮詢，燃氣工程勘察、設計，建築工程、管道燃氣施工、監理及無損檢測，燃氣設備、管材管件、燃氣儀器儀錶、閥門、場站設備等主要物資的供應，數據採集與監控(Supervisory Control and Data Acquisition, SCADA)系統、地理信息系統(Geographic Information System, GIS)等信息化系統的建設。集團在選擇服務商時，注重考慮其在資質信譽、業績規模、服務質量、生產能力、安全環保等方面的表現。市場准入

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Group evaluates the service providers who have obtained the access certification every year to improve the supply chain management and reduce the environmental and social risks.

管理辦法明確規定了上述業務的服務商需滿足的市場准入條件，集團每年根據這些條件對已取得准入證的服務商進行考核，以完善供應鏈管理，減少環境及社會風險。

4.3 Product Quality

The Group has demanded that the quality of the piped natural gas purchased from upstream gas suppliers shall meet class 1 or class 2 of the national standard Natural Gas (GB17820-2012). Gas suppliers are required to provide gas quality report. The supply contract signed between the Group and gas suppliers shall disclose gas components.

4.3 產品質量

集團要求從上游氣源供應商處購買的管道天然氣質量符合國家標準《天然氣》(GB17820-2012)中一、二類天然氣的標準。氣源供應商須提供氣質抱抱，集團與氣源供應商簽訂的供氣合同中亦會列明氣體組分等情況。

The quality of the LNG produced by LNG processing plants of the Group shall meet the relevant requirements in General Characteristics of LNG (GB/T19204-2003) and Quality Evaluation Standards of Import and Export LNG (SN/T2491-2010). The quality of the CNG supplied by CNG stations shall meet the relevant requirements in CNG for Vehicles (GB18047-2000) and other standards.

集團的LNG加工廠生產供應的液化天然氣的質量滿足《液化天然氣的一般特性》(GB/T19204-2003)、《進出口液化天然氣質量評價標準》(SN/T2491-2010)中的相關要求，CNG加氣站供應的壓縮天然氣的質量滿足《車用壓縮天然氣》(GB18047-2000)等標準中的相關要求。

At present, 6 subsidiaries of the Group have obtained quality management system certification: 西寧中油燃氣有限責任公司, 青海中油甘河工業園區燃氣有限公司, 濱州中油中泰燃氣儀錶有限公司, 濱州中油中泰燃氣設備製造有限責任公司, 濱州中油中泰管業有限公司 and 醴陵中油燃氣有限責任公司 have obtained the Quality Management System (ISO9001:2008) Certificate.

目前，集團已有6家附屬公司獲得質量管理體系相關認證：西寧中油燃氣有限責任公司、青海中油甘河工業園區燃氣有限公司、濱州中油中泰燃氣儀錶有限公司、濱州中油中泰燃氣設備製造有限責任公司、濱州中油中泰管業有限公司和醴陵中油燃氣有限責任公司已獲得質量管理體系(ISO9001: 2008)認證。

4.4 Customer Service

In order to improve customer service quality and standardize the handling procedures of customers' complaints, the Group has developed the "Customer Complaints Management System". The subsidiaries have set up customer service centers locally to provide customers with installation application, repair application, fee payment, consultation, installation booking, safety inspection booking, making complaints and other services. In order to know customers' concerns as well as enhance the relationships between the Group and users, the subsidiaries have set up customer focus groups. The groups regularly enter communities, schools and enterprises to promote the gas safety knowledge, listen to customers' comments, and answer their questions.

4.4 客戶服務

為提高客戶服務質量和服務水平，規範客戶投訴處理程序，集團制定了《客戶投訴管理制度》。各附屬公司於當地開設了客戶服務中心，為客戶提供報裝、報修、繳費、諮詢、通氣預約、安檢預約、投訴等服務。為增進集團與用戶之間的聯繫，及時掌握客戶關注的問題，各附屬公司還成立了客戶專注小組，定期走進社區、校園和企業，向客戶推廣安全用氣知識，傾聽客戶意見，現場解答問題。

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Customers can lodge complaints about the Group's products and services through lobby managers, 24-hour complaints telephone, fax, opinion boxes, opinion sheets, the company's website and other channels. The "Customer Complaints Management System" provides that after the Customer Service Department receives a complaint, it should make a record, then initially determine the level of the complaint based on the complaint contents, and finally implement the appropriate handling process in accordance with the requirements and within the prescribed time limit. After the complaint is handled, the Customer Service Department will record and archive the investigation results, handling results, responsible department, responsible person, preventive and corrective measures, and so on. In order to protect customers' privacy, the Group has stipulated that the customer complaint registration forms filled in by the Customer Service Department shall be collected by month and bound for safekeeping. And the relevant personnel involved in customer complaint handling procedures shall be responsible for the confidentiality of the customer's information and the complaint contents.

In order to supervise the handling of complaints, the Group has requested the leaders in charge of customer service to conduct regular and irregular inspections. If the following situations happen, such as neglecting customers' complaints, unduly delaying the time limit for handling, concealing customers' complaints, fabricating false information, and failing to timely report and take measures to handle major events, the employee in charge shall be punished in accordance with provisions.

4.5 Advertising and Intellectual Property

The Group has strictly abided by the laws and regulations concerning advertising and intellectual property rights in the regions where it operates, such as the Advertising Law of the PRC, the Trademark Law of the PRC, the Intellectual Property Law of the PRC, and the Patent Law of the PRC. The Group uses TV and propagandist handbooks to advertise its products and services, and promises never to use false advertisement and description to mislead consumers. The Group also prevents infringement of others' intellectual property rights, patents, copyright and other rights and interests. If any infringement of the Group's rights and interests causing economic losses occurs, the Group will claim for reimbursement according to relevant laws and regulations.

客戶可通過大堂經理、24小時投訴電話、傳真、意見箱、意見簿、公司網站等渠道對集團的產品和服務進行投訴。《客戶投訴管理制度》規定，客戶服務部接到投訴後，首先記錄客戶投訴信息，之後依據投訴內容初步判定投訴級別，並按照要求在規定期限內執行相應處理流程。投訴處理完畢後，客戶服務部將調查情況、投訴問題處理結果、責任部門及責任人、預防與糾正措施等一並記錄歸檔。為保障投訴客戶的隱私，集團規定客戶服務部受理、登記的客戶投訴登記表須按月匯總、裝訂保管，客戶投訴處理流程涉及的相關人員對客戶信息及投訴內容負有保密責任。

為監管投訴的處理情況，集團要求主管客服領導對投訴處理工作進行定期、不定期檢查，如發現忽視客戶投訴工作、無故拖延客戶投訴處理時限、隱瞞客戶投訴、編造虛假信息、重大事件發生時未能及時報告和採取措施等情形，則須依照規定對責任人進行處罰。

4.5 廣告和產權

集團嚴格遵守《中華人民共和國廣告法》《中華人民共和國商標法》《中華人民共和國知識產權法》《中華人民共和國專利法》等業務所在地有關廣告和知識產權的法律法規，通過電視和宣傳手冊開展產品和服務的相關宣傳，承諾不使用虛假廣告和誤導消費者的說明，杜絕侵犯他人知識產權、專利權、版權等權益的行為。侵害集團權益造成經濟損失的，集團會依據相關法規向其索賠。

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4.6 Privacy Protection

In order to protect the privacy of the Group and customers, the Group has formulated certain confidentiality policies to restrict current employees and separated employees to prevent the leakage of business secrets. Current employees cannot lend out or otherwise disclose customers' information, including the price of the agreement signed with customers, dealings record, important information, special strategies, etc. Neither current employees can disclose customers' information in private contact and communication, nor talk about the Group's secrets in public places. Confidential statistical data must be treated as strictly confidential by relevant personnel, timely backed up, properly stored to prevent loss, and provided according to the Group's provisions.

If the employee who applies for resignation had signed a confidentiality agreement, the Group will assign other task for him and not terminate the labor contract before the expiration of the four-month confidentiality term. Within the two years after the expiration of the confidentiality term and labor contract, the employee may not work for employers who have a competitive relationship with the Group, produce similar products or operate similar business on his or her own. The Group will give employees economic compensation on a monthly basis within the non-competition period. If the employee leaks business secrets and causes economic losses to the Group and customers, the Group will punish him according to relevant regulations.

4.7 Incorruptible Employment

Resisting corruption and advocating integrity and self-discipline is the consistent principle of the Group. The Group attaches great importance to anti-corruption work and pursues strict supervision and punishment mechanisms. The subsidiaries have formulated rules and regulations to prevent corruption and bribery. When signing the labor contract with employees, the subsidiaries clearly notified them not to violate financial discipline, embezzle public funds, graft or commit bribery. The executives are required to sign the "Anti-Fraud Commitment Letter", participate in the training of the Executive Award System, and comply with the relevant provisions to avoid bribery. The Baccalieu Company has also formulated the "Code of Business Conduct and Ethics" to regulate the behavior of all employees.

During the year, the Group strictly abided by the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC, and the relevant laws and regulations in the regions where it operates. No cases of irregularity or corruption were observed.

4.6 隱私保護

為維護集團及客戶雙方的隱私，集團制定了一定的保密政策約束在職員工和離職員工，防止商業機密泄露。在職員工未經批准不得將客戶資料外借或以其他形式透露，包括與客戶簽訂協議的價格、往來記錄、重要信息、特殊策略等；亦不可在私人交往和通訊中泄露客戶資料，或在公共場所談論集團秘密。具有保密性質的統計資料，相關人員必須嚴格保密，及時備份、妥善存放、嚴防丟失，提供時須按集團規定執行。

提出離職申請的員工若簽有保密協議，在4個月脫密期滿之前集團不與其解除勞動合同，另行安排工作。在脫密期滿、勞動合同解除後的兩年內，離職員工不得在與集團存在競爭關係的用人單位工作，或是自己生產或者經營同類產品、從事同類業務。集團在競業限制期限內按月給予員工經濟補償。員工洩漏商業機密給集團及客戶造成經濟損失的，集團會依據相關規定對其進行懲處。

4.7 廉潔從業

抵制貪污腐敗、倡導廉潔自律是集團一貫的原則。集團高度重視反貪腐工作，奉行嚴厲的監管懲防機制。各附屬公司均制定了防止貪污賄賂的規章制度，與員工簽署勞動合同時即明確告知不得違反財經紀律、不得挪用公款及貪污行賄。高管人員上任時須簽署《反舞弊承諾書》，參加高管獎罰制度培訓並遵守防止賄賂的有關規定。Baccalieu公司亦有《Code of Business Conduct and Ethics》對全體員工的行為進行規範。

本年度，集團上下嚴格遵守《中華人民共和國刑法》《中華人民共和國反洗錢法》及業務所在地的相關法律法規，未出現違規事項或貪污訴訟案件。

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5. CONTRIBUTION TO COMMUNITY

Undergoing fifteen years of development and entrepreneurship, China Oil and Gas Group Limited has been attaching great importance to nurture and carry forward the corporate social responsibility. Not only has the Group integrated it into the corporate culture concept, but also firmly acted to combine the basic value of society with daily business practices, operations and policies and to gradually figure out the public charity culture with the Group's characteristics. Over the past fifteen years, the subsidiaries have taken root in local development and construction, regarded the regions where they operate as the second hometown and cared for the people by bringing benefits to them. The Group have already donated multi-million RMB, and been actively engaged in specific poverty alleviation and donation money for education.

During the Year, the Group continued to practice its social responsibility as a corporate citizen, and always closely linked the development trend of the Group with the community's interests. On June 1, the subsidiary 慶雲中油燃氣有限責任公司 organized "Gas Safety Publicity in Schools" publicity campaign at primary and secondary schools in Qingyun County in conjunction with local authorities. The company arranged safety inspectors to check out key places such as school cafeteria restaurants and boiler rooms as well as provided on-site instructional training for canteen chefs and restaurant employees to enhance their gas safety awareness and eliminate unsafe factors. On June 24, the Party branch of the subsidiary 青海中油中泰燃氣技術開發有限公司 went to Datong County Xianghua Tibetan Town Sanjiao village to carry out poverty alleviation research, consoled with the people in need and learned about their income sources and living conditions, which laid the foundation for the implementation of the poverty alleviation project. On June 30, the subsidiary 英德中油燃氣有限公司 participated in the Guangdong Poverty Relief Day organized by the Charity Association and Poverty Alleviation Office of Yingde City, and donated RMB 3,000 to the charity. On September 1, the community committee of Rugao Port Area in Jiangsu Province presented the silk banner to the subsidiary 南通中油燃氣有限責任公司 to express their thanks for saving time to install the gas pipe for the High School in Port Area and solving the problem of natural gas supply for more than 2,000 teachers and students' meals. From October 27 to November 25, under the environment of minus ten degrees Celsius, the subsidiary 青海宏利燃氣管道安裝工程有限責任公司 worked overtime and to complete the heating renovation in No.45 Yard on Menyuan Road in Chengbei District of Xining City, and solved the heating problem of the local elderly in winter. Therefore, the company won the appreciation and recognition of the masses, and received the silk banner presented by the residents.

5. 積極回饋社會

歷經了十五年發展創業的中油燃氣集團有限公司，十分重視培育和發揚企業的社會責任，不但將其融入企業文化理念中，還堅定篤行，將社會基本價值與日常經營實踐、運作和政策相整合，逐步摸索出具有集團特色的公益慈善文化。十五年來，附屬公司扎根當地發展建設，將其當作第二故鄉，始終心系百姓，造福桑梓，累計捐贈達數百萬元人民幣，精準扶貧和捐資助學等活動也開展地有聲有色。

本年度，集團繼續踐行作為一名企業公民的社會責任，時刻將企業發展動向與社區利益緊密相連。六月一日，附屬公司慶雲中油燃氣有限責任公司聯合當地有關部門在慶雲縣城中小學校舉辦「燃氣安全進校園」宣傳活動，同時安排安檢人員對學校食堂餐廳、鍋爐房等重點場所進行安全檢查，並為食堂廚師及餐廳工作人員提供現場指導培訓，以提高其燃氣安全意識，消除不安全因素。六月二十四日，附屬公司青海中油中泰燃氣技術開發有限公司黨支部前往大通縣向化藏族鄉三角村開展扶貧調研，慰問定點幫扶對象並瞭解其收入來源和生活條件，為駐地精準扶貧工程的展開打下基礎。六月三十日，附屬公司英德中油燃氣有限公司參與了英德市慈善會、扶貧辦組織的「廣東扶貧濟困日」活動，向慈善會捐款3,000元人民幣。九月一日，江蘇如皋港區管委會向附屬公司南通中油燃氣有限責任公司贈送了錦旗，以感謝其為港區高級中學「搶時間、保通氣」，及時解決了開學兩千多名師生伙食供應的難題。十月二十七日至十一月二十五日，附屬公司青海宏利燃氣管道安裝工程有限責任公司在零下十幾攝氏度的環境下，加班加點完成了西寧市城北區門源路45號院的採暖改造施工，為當地老人解決了冬季供暖問題，宏利燃氣管道安裝工程有限責任公司也因此得到群眾的贊賞與認可，收到居民代表贈送的錦旗。

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In addition, the Group has also encouraged employees to participate in volunteer blood donation, condoled with veterans, and carried out gas safety activities in schools. The Baccalieu Company also encouraged employees to join volunteer organizations, and actively supported community charity activities in Calgary area and other regions where the company operates. In the future, the Group will continue to carry forward the spirit of "Bringing More Benefits to People and Solving More Problems for People", accumulate small good conduct into great love, and make great contributions to the society and the people.

除此之外，集團還鼓勵員工參加義務獻血、慰問退伍老兵、學校宣貫用氣安全等活動，Baccalieu公司亦鼓勵員工加入義工組織，積極支持Calgary地區和其他業務所在地的社區慈善活動。未來，集團將繼續發揚「多謀民生之利，多解民生之憂」的精神，以點滴善行成就大愛，回饋社會和人民。



2016年，集團繼續踐行作為一名企業公民的社會責任，時刻將企業發展與社會利益緊密相連。

In 2016, the Group continued to practice its social responsibility as a corporate citizen, and always closely linked the development trend of the Group with the community's interests.

Independent Auditor's Report

獨立核數師報告書



To the Shareholders of China Oil and Gas Group Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of China Oil and Gas Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 86 to 219, which comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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

羅兵咸永道

致中油燃氣集團有限公司股東
(於百慕達註冊成立之有限公司)

意見

我們已審計的內容

中油燃氣集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第86至219頁的綜合財務報表，包括：

- 於二零一六年十二月三十一日的綜合財務狀況表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合股本權益變動表；
- 截至該日止年度的綜合現金流動表；及
- 綜合財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零一六年十二月三十一日之綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流動，並已遵照香港《公司條例》的披露規定妥為擬備。

Independent Auditor's Report

獨立核數師報告書

(continued) (續)



To the Shareholders of China Oil and Gas Group Limited (Continued)
(incorporated in Bermuda with limited liability)

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA’s”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

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

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Impairment of assessment of goodwill
- Impairment of assessments of loan receivable from and interest in an associate

羅兵咸永道

致中油燃氣集團有限公司股東(續)
(於百慕達註冊成立之有限公司)

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

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

我們在審計中識別的關鍵審計事項概述如下：

- 商譽減值評估
- 應收一間聯營公司貸款及於該聯營公司的權益減值評估

Independent Auditor's Report

獨立核數師報告書

(continued) (續)



To the Shareholders of China Oil and Gas Group Limited (Continued)
(incorporated in Bermuda with limited liability)

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment assessment of goodwill

Refer to note 5 (a) critical accounting estimates and judgements and note 19 to the Group's consolidated financial statements.

The Group carried goodwill of approximately HK\$971,746,000 as at 31 December 2016, which was allocated to a group of cash generating units ("CGUs") relating to the sales and distribution of natural gas and other related products business ("Natural Gas Business") CGUs.

Management estimated the recoverable amount of the Natural Gas Business CGUs based on value-in-use calculations that applied the key assumptions and inputs set out in notes 5(a) and 19 to the Group's consolidated financial statements. Based on value-in-use calculations, management has concluded there was no impairment of the goodwill as at 31 December 2016.

We focused on this area due to the magnitude of the goodwill balance and the significant judgements made by management in estimating the recoverable amount of the goodwill.

Our procedures in relation to testing management's goodwill impairment assessment of the Natural Gas Business CGUs included the evaluation of the appropriateness of valuation methodology and reasonableness of the key assumptions used with assistance of our valuation experts.

We challenged management on the estimated growth rate, expected changes to selling prices and direct costs assumptions and compared cash flows generated during the year ended 31 December 2016 with prior years' performance. We evaluated the reasonableness of the discount rate applied by benchmarking management's assumptions with those applied by comparable companies and industry forecasts. Furthermore, we evaluated the terminal growth rate with reference to the long term inflation rate.

We found the management's judgements and assumptions used in the impairment assessment of goodwill were supported by the available evidence.

羅兵咸永道

致中油燃氣集團有限公司股東(續)
(於百慕達註冊成立之有限公司)

關鍵會計事項

我們的審計如何處理關鍵會計事項

商譽減值評估

參考附註5(a)重大會計估計及判斷以及貴集團綜合財務報表附註19。

於二零一六年十二月三十一日，貴集團錄得商譽約971,746,000港元。商譽分配至一組現金產生單位(「現金產生單位」)，該組現金產生單位乃與銷售及分銷天然氣及其他相關產品業務(「天然氣業務」)現金產生單位有關。

管理層根據使用價值計算法對天然氣業務現金產生單位的可收回金額進行估計。該方法應用貴集團綜合財務報表附註5(a)及19所載的重大假設及數據。根據使用價值計算法管理層已斷定，於二零一六年十二月三十一日概無任何商譽減值。

我們因商譽結餘甚巨且管理層於對商譽的可收回金額進行估計時作出的重大判斷而關注此領域。

我們測試管理層對天然氣業務現金產生單位商譽減值評估相關的程序包括在我們的估值專家協助下對所採用的估值方法是否適當及關鍵假設是否合理進行評估。

我們就估計增長率、預期售價變動及直接費用假設對管理層提出質疑，並將截至二零一六年十二月三十一日止年度之現金流量與上年表現進行對比。通過將管理層的假設與可資比較公司所採用者及行業預測進行比較，我們對所採用的貼現率之合理性進行評估。另外，根據長期通脹率，我們對最終增長率進行評估。

我們發現，管理層在商譽減值評估中應用的判斷及假設獲現有證據支持。

Independent Auditor's Report 獨立核數師報告書

(continued) (續)



To the Shareholders of China Oil and Gas Group Limited (Continued)
(incorporated in Bermuda with limited liability)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment assessments of loan receivable from and interest in an associate</p> <p>Refer to note 5 (b) critical accounting estimates and judgements and note 20 and 23(c) to the Group's consolidated financial statements.</p> <p>The Group had loan receivable from an associate of approximately HK\$479,062,000 and interest in this associate of approximately HK\$257,250,000 as at 31 December 2016.</p> <p>Management concluded that no provision was required as the associate has the ability to repay the loan and the recoverable amount of the associate's business exceeded its carrying value.</p> <p>Management assessed the recoverability of interest in the associate based on the recoverable amount of the associate's business valuation applying the value-in-use valuation method. The key underlying assumptions were set out in notes 5(b) and 20 to the Group's consolidated financial statements.</p>	<p>Our procedures in relation to management's impairment assessments of interest in this associate included the evaluation of the appropriateness of valuation methodology and reasonableness of the key assumptions used with assistance of our valuation expert.</p> <p>Our procedures in relation to management's impairment assessments of loan receivable from the associate included reviewing the financial statements, business plan and forecast of the associate to identify whether there are indications the associate cannot repay its debt when they fall due.</p> <p>We evaluated management's estimated commodity price growth rate by challenging management's rationale to support their projections. We researched the most up-to-date commodity price and performed independent market research on the commodity price growth that was in line with management's forecasts. We evaluated the reasonableness of the discount rate applied by benchmarking management's assumptions with those applied by comparable companies and industry forecasts.</p>

羅兵咸永道

致中油燃氣集團有限公司股東(續)
(於百慕達註冊成立之有限公司)

關鍵會計事項	我們的審計如何處理關鍵會計事項
<p>應收一間聯營公司貸款及於該聯營公司的權益減值評估</p> <p>參考附註5(b)重大會計估計及判斷以及貴集團綜合財務報表附註20及23(c)。</p> <p>於二零一六年十二月三十一日，貴集團應收一間聯營公司貸款約為479,062,000港元及於該聯營公司擁有的權益約為257,250,000港元。</p> <p>管理層斷定毋須作出撥備，蓋因該聯營公司有償還貸款且聯營公司業務的可收回金額超過其賬面值。</p> <p>根據應用使用價值估值法計算的聯營公司業務可收回金額估值，管理層對於聯營公司權益的可收回性進行評估。關鍵相關假設載於貴集團綜合財務報表附註5(b)及20。</p>	<p>我們與管理層對於聯營公司權益的減值評估相關的程序包括在我們的估值專家協助下隊所採用的估值方法是否適當及重大假設是否合理進行評估。</p> <p>我們與管理層對應收聯營公司貸款的減值評估相關的程序包括覆核聯營公司的財務報表、業務計劃及預測，以認定是否存在聯營公司無法償還其到期債務的跡象。</p> <p>通過對管理層用以支持其預測的基本原理提出質疑，我們對管理層的估計商品價格增長率進行評估。我們研究最近期的商品價格，並就與管理層預測相一致的商品價格增長率進行獨立市場調研。通過將管理層的假設與可資比較公司所採用者及行業預測進行比較，我們對所採用的貼現率之合理性進行評估。</p>

Independent Auditor's Report 獨立核數師報告書

(continued) (續)



To the Shareholders of China Oil and Gas Group Limited (Continued)
(incorporated in Bermuda with limited liability)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of loan receivable from and interest in an associate (continued)	
We focused on this area due to the magnitude of the loan receivable from and interest in this associate. Moreover, significant judgements and estimates were involved in estimating the recoverable amount of the interest in the associate and the loan receivable.	We found the management's judgements and assumptions used in the impairment assessments of loan receivable from and interest in an associate were supported by the available evidence.

Other Information

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

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

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

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

羅兵咸永道

致中油燃氣集團有限公司股東(續)
(於百慕達註冊成立之有限公司)

關鍵會計事項	我們的審計如何處理關鍵會計事項
應收一間聯營公司貸款及於該聯營公司的權益減值評估(續)	
我們因應收該聯營公司貸款及於該聯營公司擁有的權益甚巨而關注此領域。另外，對於聯營公司權益及應收貸款的可收回金額進行估計涉及重大判斷及估計。	我們發現，管理層在應收一間聯營公司貸款及於該聯營公司的權益減值評估中應用的判斷及假設獲現有證據支持。

其他資料

貴公司董事須對其他信息負責。其他信息包括年報內的所有資料，但不包括綜合財務報表及我們的核數師報告。

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

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

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

Independent Auditor's Report 獨立核數師報告書

(continued) (續)



To the Shareholders of China Oil and Gas Group Limited (Continued)
(incorporated in Bermuda with limited liability)

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

羅兵咸永道

致中油燃氣集團有限公司股東(續)
(於百慕達註冊成立之有限公司)

董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定擬備真實而公平地反映情況的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事須負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項。除非董事有意將 貴集團清盤或停止經營，或無其他實際可行的替代方案(以及持續經營為會計基礎)。

審核委員會負責監督 貴集團的財務報告流程。

核數師就審核綜合財務報表須承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向按照百慕達《一九八一年公司法》第90條報告向閣下(作為整體報告我們的意見)，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

Independent Auditor's Report 獨立核數師報告書

(continued) (續)



To the Shareholders of China Oil and Gas Group Limited (Continued)
(incorporated in Bermuda with limited liability)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

羅兵咸永道

致中油燃氣集團有限公司股東(續)
(於百慕達註冊成立之有限公司)

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

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提醒使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。

Independent Auditor's Report 獨立核數師報告書

(continued) (續)



To the Shareholders of China Oil and Gas Group Limited (Continued)
(incorporated in Bermuda with limited liability)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wilson Chan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2017

羅兵咸永道

致中油燃氣集團有限公司股東(續)
(於百慕達註冊成立之有限公司)

- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

我們與審核委員會就(其中包括)審計的計劃範圍、時間安排及重大審計發現溝通，該等發現包括我們在審計過程中識別的內部監控的任何重大缺陷。

我們亦向審核委員會提交聲明，指出我們已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響我們獨立性的所有關係及其他事宜，以及相關防範措施。

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在我們報告中溝通某事項造成的負面後果超出產生的公眾利益，則我們決定不應在報告中傳達該事項。

出具本獨立核數師報告的審計項目合伙人為陳偉信。

羅兵咸永道會計師事務所
執業會計師

香港，二零一七年三月二十九日

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2016

截至二零一六年十二月三十一日止年度

		Note 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Revenue	營業額	6	6,446,452	7,373,902
Cost of sales	銷售成本		(5,318,367)	(6,338,364)
Gross profit	毛利		1,128,085	1,035,538
Other income	其他收入	7	26,735	31,167
Other gains, net	其他收益，淨額	8	137,780	2,828
Selling and distribution costs	銷售及分銷費用		(66,537)	(68,982)
Administrative expenses	行政開支		(301,650)	(319,357)
Reversal/(recognition) of impairment losses on oil and gas properties under property, plant and equipment	物業、廠房及設備項下油氣資產減值虧損回撥/(確認)	16	52,003	(507,441)
Operating profit	經營溢利	9	976,416	173,753
Finance income	財務收入	10	83,310	111,562
Finance costs	財務費用	10	(201,946)	(230,782)
Share of losses of investments accounted for using the equity method	分佔使用權益法入賬的投資虧損	20	(15,651)	(4,343)
Profit before taxation	除稅前溢利		842,129	50,190
Taxation	稅項	13	(184,461)	(20,857)
Profit for the year	年內溢利		657,668	29,333
Other comprehensive loss: Items that may be reclassified to profit or loss	其他全面虧損： 可重新分類至損益的項目			
Release of exchange reserve upon disposal of subsidiary	於出售附屬公司時變現匯兌儲備		4,456	–
Currency translation differences	貨幣換算差額		(401,693)	(660,561)
Change in value of available-for-sale financial assets	可供出售財務資產價值變動		1,820	8,594
Other comprehensive loss for the year, net of tax	年內其他全面虧損，扣除稅項		(395,417)	(651,967)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額		262,251	(622,634)
Profit/(loss) attributable to:	應佔溢利/(虧損)：			
Owners of the Company	公司擁有人		311,791	(183,831)
Non-controlling interests	非控股權益		345,877	213,164
			657,668	29,333
Total comprehensive income/(loss) for the year attributable to:	年內應佔全面收入/(虧損)總額：			
Owners of the Company	公司擁有人		80,003	(696,168)
Non-controlling interests	非控股權益		182,248	73,534
			262,251	(622,634)
Earnings/(losses) per share attributable to owners of the Company for the year	公司擁有人年內應佔每股盈利/(虧損)	15		
– Basic (HK cents)	– 基本(港仙)		5.981	(3.609)
– Diluted (HK cents)	– 攤薄(港仙)		5.963	(3.609)

The notes on pages 94 to 219 are an integral part of these consolidated financial statements.

第94至219頁之隨附附註為本綜合財務報表之組成部分。

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2016

於二零一六年十二月三十一日

			2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
		Note 附註		
Assets	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	16	6,624,992	6,535,541
Exploration and evaluation assets	勘探及評估資產	17	213,548	249,139
Land use rights	土地使用權	18	393,344	314,013
Intangible assets	無形資產	19	1,002,291	1,055,676
Investments accounted for using the equity method	使用權益法入賬之投資	20	300,065	316,854
Available-for-sale financial assets	可供出售財務資產	21	638,262	354,947
Other non-current assets	其他非流動資產	23	792,258	904,806
Deferred tax assets	遞延稅項資產	30	19,510	16,735
			9,984,270	9,747,711
Current assets	流動資產			
Inventories	存貨	22	190,573	201,470
Deposits, trade and other receivables	按金、貿易及其他應收款項	23	1,516,892	1,562,686
Financial assets at fair value through profit or loss	按公平值經損益入賬之財務資產	24	47,448	50,271
Current tax recoverable	當期可收回稅項		6,003	5,796
Time deposits with maturity over three months	存款期超過三個月的定期存款	25	25,170	216,000
Cash and cash equivalents	現金及現金等值項目	25	1,833,483	2,303,704
			3,619,569	4,339,927
Total assets	總資產		13,603,839	14,087,638
Liabilities	負債			
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	26	1,327,747	1,376,420
Receipt in advance	預收款項	27	1,156,195	1,089,707
Short-term borrowings	短期借貸	28	360,907	972,774
Current tax payable	當期應付稅項		152,095	126,288
			2,996,944	3,565,189

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2016
於二零一六年十二月三十一日
(continued) (續)

		Note	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
		附註		
Non-current liabilities	非流動負債			
Senior notes	優先票據	29	5,006,417	4,992,169
Deferred tax liabilities	遞延稅項負債	30	240,801	231,700
Assets retirement obligation	資產報廢承擔	31	108,723	98,326
			5,355,941	5,322,195
Total liabilities	總負債		8,352,885	8,887,384
Equity	權益			
Equity attributable to owners of the Company	公司擁有人應佔權益			
Share capital	股本	32	58,257	58,257
Reserves	儲備		2,772,174	2,718,807
			2,830,431	2,777,064
Non-controlling interests	非控股權益		2,420,523	2,423,190
Total equity	權益總額		5,250,954	5,200,254
Total equity and liabilities	權益及負債總額		13,603,839	14,087,638

The notes on pages 94 to 219 are an integral part of these consolidated financial statements.

第94至219頁之附註為本綜合財務報表之組成部分。

The financial statements on pages 86 to 219 were approved by the Board of Directors on 29 March 2017 and were signed on its behalf.

第86至219頁之財務報表已於二零一七年三月二十九日獲董事局批准並簽署。

Xu Tie-liang
Director

Guan Yijun
Director

許鉄良
董事

關懿君
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

		Attributable to owners of the Company 公司擁有人應佔									
		Share capital	Share premium	Shares held for share award scheme 為股份 獎勵計劃 所持股份	(Note) Other reserves (附註) 其他儲備	Exchange fluctuation reserve 匯兌波動 儲備	Share-based compensation reserve 以股份為 基礎的酬金 儲備	Retained profits 保留溢利	Total	Non- controlling interests	Total equity
		股本 HK\$'000 千港元	股份溢價 HK\$'000 千港元	所持股份 HK\$'000 千港元	其他儲備 HK\$'000 千港元	匯兌波動 儲備 HK\$'000 千港元	以股份為 基礎的酬金 儲備 HK\$'000 千港元	保留溢利 HK\$'000 千港元	總額 HK\$'000 千港元	非控股權益 HK\$'000 千港元	權益總額 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	52,996	32,960	(150,875)	1,526,112	149,809	-	1,990,105	3,601,107	2,491,642	6,092,749
(Loss)/profit for the year	年內(虧損)/溢利	-	-	-	-	-	-	(183,831)	(183,831)	213,164	29,333
Other comprehensive (loss)/income:	其他全面(虧損)/收入:										
Exchange differences on translating foreign operations	換算海外業務的匯兌差額	-	-	-	-	(520,931)	-	-	(520,931)	(139,630)	(660,561)
Changes in value of available-for-sale financial assets	可供出售財務資產價值變動	-	-	-	8,594	-	-	-	8,594	-	8,594
Total comprehensive (loss)/income for the year	年內全面(虧損)/收入總額	-	-	-	8,594	(520,931)	-	(183,831)	(696,168)	73,534	(622,634)
Bonus issue of shares (Note 32 (a))	發行紅股(附註32(a))	5,296	(4,878)	(418)	-	-	-	-	-	-	-
Equity-settled share-based payments	以權益結算以股份為基礎的付款	-	-	18,827	-	-	-	-	18,827	-	18,827
Shares purchased for share award scheme	為股份獎勵計劃購買股份	-	-	(143,163)	-	-	-	-	(143,163)	-	(143,163)
Repurchase of shares (Note 32 (a))	購回股份(附註32(a))	(35)	(3,504)	-	35	-	-	(35)	(3,539)	-	(3,539)
Capital injection by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	19,353	19,353
Dividend paid to non-controlling interests	派付股息予非控股權益	-	-	-	-	-	-	-	-	(161,339)	(161,339)
At 31 December 2015	於二零一五年十二月三十一日	58,257	24,578	(275,629)	1,534,741	(371,122)	-	1,806,239	2,777,064	2,423,190	5,200,254

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2016

截至二零一六年十二月三十一日止年度

(continued) (續)

		Attributable to owners of the Company 公司擁有人應佔									
		Share capital	Share premium	Shares held for award scheme	(Note) Other reserves	Exchange fluctuation reserve	Share-based compensation reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	為股份獎勵計劃所持股份	(附註) 其他儲備	匯兌波動儲備	以股份為基礎的酬金儲備	保留溢利	總額	非控股權益	權益總額
		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
At 1 January 2016	於二零一六年一月一日	58,257	24,578	(275,629)	1,534,741	(371,122)	-	1,806,239	2,777,064	2,423,190	5,200,254
Profit for the year	年內溢利	-	-	-	-	-	-	311,791	311,791	345,877	657,668
Other comprehensive (loss)/income:	其他全面(虧損)/收入:										
Release of exchange reserve upon disposal of a subsidiary (Note 34)	於出售一間附屬公司時變現匯兌儲備(附註34)	-	-	-	-	2,673	-	-	2,673	1,783	4,456
Exchange differences on translating foreign operations	換算海外業務的匯兌差額	-	-	-	-	(236,281)	-	-	(236,281)	(165,412)	(401,693)
Changes in value of available-for-sale financial assets	可供出售財務資產價值變動	-	-	-	1,820	-	-	-	1,820	-	1,820
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	-	-	-	1,820	(233,608)	-	311,791	80,003	182,248	262,251
Equity-settled share-based payments	以權益結算以股份為基礎的付款	-	-	1,798	-	-	-	-	1,798	-	1,798
Shares purchased for share award scheme	為股份獎勵計劃購買股份	-	-	(31,875)	-	-	-	-	(31,875)	-	(31,875)
Value of employee services	僱員服務價值	-	-	-	-	-	3,441	-	3,441	-	3,441
Capital injection by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	11,151	11,151
Disposal of a subsidiary (Note 34)	出售一間附屬公司(附註34)	-	-	-	-	-	-	-	-	(86,841)	(86,841)
Dividend paid to non-controlling interests	派付股息予非控股權益	-	-	-	-	-	-	-	-	(109,225)	(109,225)
At 31 December 2016	於二零一六年十二月三十一日	58,257	24,578	(305,706)	1,536,561	(604,730)	3,441	2,118,030	2,830,431	2,420,523	5,250,954

Note:

As at 31 December 2016, other reserves mainly comprise capital and other reserve amounting to HK\$65,985,000 (2015: HK\$64,165,000) and contribution surplus amounting to HK\$1,470,576,000 (2015: HK\$1,470,576,000).

附註:

於二零一六年十二月三十一日，其他儲備主要包括資本及其他儲備65,985,000港元(二零一五年: 64,165,000港元)及繳入盈餘1,470,576,000港元(二零一五年: 1,470,576,000港元)。

The notes on pages 94 to 219 are an integral part of these consolidated financial statements.

第94至219頁之隨附附註為本綜合財務報表之組成部分。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

	Note	2016	2015
	附註	二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
Cash flows from operating activities	經營活動現金流量		
Profit for the year	年內溢利	657,668	29,333
Adjustments for:	就以下各項作出調整：		
Taxation	稅項	184,461	20,857
Finance costs	財務費用	201,946	230,782
Finance income	財務收入	(83,310)	(111,562)
Share of losses of investments accounted for using the equity method	分佔使用權益法入賬的投資虧損	15,651	4,343
Equity-settled share-based payments	以權益結算以股份為基礎的付款	5,239	18,827
Amortisation of intangible assets	無形資產攤銷	2,685	1,666
Depreciation and depletion of property, plant and equipment	物業、廠房及設備折舊及損耗	415,992	455,670
Amortisation of land use rights	土地使用權攤銷	8,587	7,161
(Reversal)/recognition of impairment on oil and gas properties under property, plant and equipment	物業、廠房及設備項下油氣資產減值(回撥)/確認	(52,003)	507,441
Losses on disposals of property, plant and equipment	出售物業、廠房及設備的虧損	4,698	5,847
Losses on exploration and evaluation assets	勘探及評估資產虧損	1,909	-
Fair value (gains)/losses on financial assets at fair value through profit or loss	按公平值經損益入賬的財務資產公平值(收益)/虧損	(902)	1,876
Losses/(gain) on disposal of financial assets at fair value through profit or loss	出售按公平值經損益入賬的財務資產虧損/(收益)	3	(10)
(Gains)/losses on disposals of available-for-sale financial assets	出售可供出售財務資產的(收益)/虧損	(1,879)	1,434
Gain on disposal of a subsidiary	出售一間附屬公司的收益	(124,199)	-
Gain on bargain purchase	議價收購收益	(10,803)	(5,551)
Written off of exploration and evaluation assets	勘探及評估資產沖銷	11,745	-
Financial assets at fair value through profit or loss	按公平值經損益入賬的財務資產	3,722	1,722
Asset retirement obligations	資產報廢承擔	8,844	(14,309)
		1,250,054	1,155,527
Changes in working capital:	營運資金變動：		
Inventories	存貨	(25,787)	(16,644)
Deposits, trade and other receivables	按金、貿易及其他應收款項	3,919	(126,436)
Trade and other payables	貿易及其他應付款項	51,307	44,873
Receipt in advance	預收款項	154,780	(53,364)
Cash generated from operations	經營產生現金	1,434,273	1,003,956
Taxation paid	已付稅項	(144,740)	(147,635)
Net cash generated from operating activities	經營活動產生的現金淨額	1,289,533	856,321

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2016

截至二零一六年十二月三十一日止年度

(continued) (續)

		Note	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
		附註		
Cash flows from investing activities	投資活動現金流量			
Interest received	已收利息		46,797	77,800
Purchases of property, plant and equipment, land use rights and prepaid construction costs	購買物業、廠房及設備、土地使用權以及預付建設成本		(797,776)	(819,835)
Proceeds from disposal of exploration and evaluation assets	出售勘探及評估資產所得款項		1,023	-
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		62,966	30,276
Net cash inflow as a result of disposal of subsidiary	因出售一間附屬公司現金流入淨額	34	232,780	-
Purchases of and prepayments for other intangible assets and prepaid of intangible assets	購置其他無形資產及其預付款項以及就無形資產預付款項		(473)	(6,108)
Purchases of available-for-sale financial assets	購買可供出售財務資產		(400,797)	(276,400)
Proceeds from disposal of available-for-sale financial assets	出售可供出售財務資產所得款項		121,181	26,574
Acquisition of businesses, net of cash	收購業務，扣除現金	33	(44,079)	(469,560)
Loans to third parties	貸款予第三方		(19,780)	(49,569)
Loan repayments from third parties	第三方償還貸款		22,599	19,569
Loan to an associate	貸款予一間聯營公司		(33,198)	(98,190)
Decrease in time deposits with maturity over three months	存款期超過三個月的定期存款減少		190,830	757,739
Site restoration expenditure	工地恢復支出		(8,207)	-
Net cash used in investing activities	投資活動所用現金淨額		(626,134)	(807,704)
Cash flows from financing activities	融資活動現金流量			
Repurchase of shares	購回股份		-	(3,539)
Interest paid	已付利息		(291,988)	(343,305)
New borrowings raised	新造借貸		78,076	1,031,760
Repayments of borrowings	償還借貸		(678,791)	(806,032)
Capital injection by non-controlling interests	非控股權益注資		11,151	19,353
Dividend paid to non-controlling interests	派付股息予非控股權益		(109,225)	(67,032)
Purchase of own shares for share award scheme	為股份獎勵計劃購買本身股份		(31,875)	(143,163)
Dividends paid	已付股息		-	-
Net cash used in financing activities	融資活動所用現金淨額		(1,022,652)	(311,958)

Notes to the Consolidated Financial Statements

綜合財務報表附註

1 General information

China Oil And Gas Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is at Suite 2805, 28th Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong. The Company is an investment holding company. Its subsidiaries are principally engaging in investment in energy related business in various regions in the People’s Republic of China (“PRC”) and West Central Alberta, Canada, including but not limited to 1) piped city gas business, pipeline design and construction; 2) transportation, distribution and sales of compressed natural gas (“CNG”) and liquefied natural gas (“LNG”); and 3) development, production and sale of oil and gas and other upstream energy resources. The Company and its subsidiaries are collectively referred to the “Group”.

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

2 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and requirements of the Hong Kong Companies ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

1 一般資料

中油燃氣集團有限公司(「公司」)為於百慕達註冊成立之獲豁免有限公司，而其股份在香港聯合交易所有限公司(「聯交所」)上市。註冊辦事處位於Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。主要營業地點之地址為香港銅鑼灣告士打道255-257號信和廣場28樓2805室。公司為一間投資控股公司。其附屬公司主要於中華人民共和國(「中國」)及加拿大阿爾伯塔省中西部多個地區從事能源相關業務之投資，包括但不限於1)進行城市管道燃氣營運、管道設計及建造；2)壓縮天然氣(「CNG」)及液化天然氣(「LNG」)之運輸、分銷及銷售；及3)石油及天然氣等其他上游能源資源開發、生產及銷售。公司及其附屬公司統稱為「集團」。

除非另有說明，否則該等財務報表以港幣呈列。

2 編製基準

公司之綜合財務報表乃依據所有適用香港財務報告準則(「香港財務報告準則」)及香港法例第622章香港公司條例的規定而編製。綜合財務報表乃依據歷史成本慣例而編製，並經重估以公平值列賬之若干可供出售財務資產及按公平值經損益入賬之財務資產後作出修訂。

編製符合香港財務報告準則之財務報表要求使用若干關鍵會計估計，其亦要求管理層於應用集團之會計政策時行使其判斷。涉及較高程度判斷或較為複雜之範疇，或對綜合財務報表而言屬重大之假設及估計已於附註5披露。

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

(continued) (續)

2 Basis of preparation (Continued)

(a) Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The Group has adopted the following new and amended standards which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 January 2016:

Amendment to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendment to HKAS 27	Equity method in separate financial statements
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts
Amendments to annual improvements project	Annual improvements 2012-2014 cycle

The adoption of above new and amended standards did not have any material impacts on the preparation of the consolidated financial statements.

2 編製基準 (續)

(a) 會計政策及披露的變動

集團採納的新訂及經修訂之準則

集團已採納下列與集團的經營有關及於二零一六年一月一日或之後的財政年度強制執行的新訂及經修訂準則：

香港會計準則第1號 (修訂本)	披露議案
香港會計準則第16號 及香港會計準則 第38號(修訂本)	可接受折舊及攤銷 方法的澄清
香港會計準則第27號 (修訂本)	獨立財務報表內 的權益法
香港財務報告準則 第11號(修訂本)	收購合資經營權益 的會計處理
香港財務報告準則 第14號	監管遞延賬目
年度改進項目 (修訂本)	二零一二年至 二零一四年週期 的年度改進

採納上述新訂及經修訂準則對編製綜合財務報表並無產生任何重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

2 Basis of preparation (Continued)

(b) New standards and interpretations not yet adopted

The following are new standards, amendments to standards and interpretation that have been issued but are not effective for the financial year beginning 1 January 2016 and have not been early adopted.

		Effective for annual periods beginning on or after
Amendment to HKAS 7	Statement of cash flows	1 January 2017
Amendment to HKAS 12	Income taxes	1 January 2017
Amendments to HKAS 28 and HKFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendment to HKFRS 2	Share-based payment	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019

2 編製基準 (續)

(b) 尚未採納的新訂準則及詮釋

以下新準則、對現有準則的修訂及詮釋已頒佈但尚未於二零一六年一月一日開始之財政年度生效且集團並無提早採納。

		於自以下日期 或其後開始 的年度期間 生效
香港會計準則 第7號(修訂本)	現金流量表	二零一七年 一月一日
香港會計準則 第12號(修訂本)	所得稅	二零一七年 一月一日
香港會計準則第28號 及香港財務報告 準則第10號 (修訂本)	投資者與其 聯營公司或 合營公司之間 銷售或分配資產	待定
香港財務報告準則 第2號(修訂本)	以股份為基礎 的付款	二零一八年 一月一日
香港財務報告準則 第9號	財務工具	二零一八年 一月一日
香港財務報告準則 第15號	客戶合同營業額	二零一八年 一月一日
香港財務報告準則 第16號	租賃	二零一九年 一月一日

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

(continued) (續)

2 Basis of preparation (Continued)

(b) New standards and interpretations not yet adopted (Continued)

HKFRS 9 “Financial Instruments”

HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortized cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. Classification is driven by the entity’s business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortized cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability’s own credit risk are recognized in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognized in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses “ECL” model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a ‘three stage’ approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortized cost a day-1 loss equal to the 12-month ECL is recognized in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

2 編製基準(續)

(b) 尚未採納的新訂準則及詮釋(續)

香港財務報告準則第9號「財務工具」

香港財務報告準則第9號就債務工具之投資有三項財務資產分級類別：攤銷成本、經其他全面收入(「其他全面收入」)之公平值及經損益之公平值。分級之依據是實體之管理債務工具及其合約現金流特色之業務模式。於股本工具的投資始終按公平值計量。然而，管理層可不可撤銷地選擇列報其他全面收入的公平值變動，惟工具不得持作買賣。倘股本公平乃持作買賣用途，則公平值變動於損益內列報。就財務負債而言，有兩個分級類別：攤銷成本及經損益之公平值。倘非衍生財務負債乃指定為經損益之公平值，則因債務本身之信貸風險之變動導致之公平值變動會於其他全面收入中確認，惟倘該等公平值變動會導致損益出現會計不對應，則所有公平值變動會於損益確認。在其他全面收入內的數額其後不重分類至損益。對於為交易而持有的財務負債(包括衍生財務負債)，所有公平值變動在損益中列報。

香港財務報告準則第9號為確認減值損失引入了一個新模型－預期信用損失模型，不同於香港會計準則第39號的已產生損失模型。香港財務報告準則第9號包含一種「三階段」方法，這種方法以初始確認後金財務資產信用品質的變動為基礎。資產隨信用品質變動在這三個階段內轉變，不同階段決定實體對減值損失的計量方法及實際利率法的運用方式。新規定指實體按攤銷成本對未發生信用減值的金財務資產初始確認時，必須將12個月內的預期信用損失作為首日損失在損益中確認。對於應收賬款，首日損失將等於其整個生命期的預期信用損失。當信用風險顯著增加時，使用整個生命期的預期信用損失(而非12個月內的預期信用損失)計量減值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

2 Basis of preparation (Continued)

(b) New standards and interpretations not yet adopted (Continued)

HKFRS 9 “Financial Instruments” (Continued)

HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more “rule-based” approach of HKAS39.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach:

- (1) Identify the contract(s) with customer;
- (2) Identify separate performance obligations in a contract
- (3) Determine the transaction price
- (4) Allocate transaction price to performance obligations
- (5) Recognize revenue when performance obligation is satisfied.

2 編製基準 (續)

(b) 尚未採納的新訂準則及詮釋 (續)

香港財務報告準則第9號「財務工具」(續)

香港財務報告準則第9號適用於所有對沖關係，除了針對利率風險的組合公平值對沖。新指引將對沖會計與實體的風險管理活動作更佳配合，並較香港會計準則第39號中較為「規則為本」的方法更為寬松。

新訂準則亦引入經擴充披露規定及列報方式的改變。預期該等披露規定及改變將會改變集團對其財務工具的披露性質及程度（尤其在採納新訂準則的年度）。

香港財務報告準則第15號「客戶合同營業額」

香港財務報告準則第15號建立了一個綜合框架，通過五步法來確定何時確認收入以及應當確認多少收入：

- (1) 界定與客戶的合同；
- (2) 界定合同內獨立的履約義務；
- (3) 釐定交易價格；
- (4) 將交易價格分攤至合同內的履約義務；
- (5) 當主體符合履約義務時確認收入。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

2 Basis of preparation (Continued)

(b) New standards and interpretations not yet adopted (Continued)

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes to an 'asset-liability' approach based on transfer of control.

HKFRS 15 provides specific guidance on capitalization of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the impact of applying HKFRS 15 on the Group's financial statements by identifying the separate performance obligations in the contracts with customers and allocating the transactions price, which could affect the timing of the revenue recognition. In light of the Group's global operations and different laws and regulations in place, the directors of the Company is currently in the process of evaluating the full impact of HKFRS 15 on the Group's financial statements. Management will make more detailed assessments of the impact over the next twelve months.

2 編製基準(續)

(b) 尚未採納的新訂準則及詮釋(續)

香港財務報告準則第15號「客戶合同營業額」(續)

核心原則為主體須確認收入，以體現向客戶轉讓承諾貨品或服務的數額，並反映主體預期交換該等貨品或服務而應得的對價。它摒棄了基於「收益過程」的收入確認模型，轉向基於控制轉移的「資產－負債」模型。

香港財務報告準則第15號就合同成本的資本化和許可安排提供了具體的指引。它同時包括了一整套有關客戶合同的性質、金額、時間以及收入和現金流的不確定性的披露要求。

通過認定與客戶訂立的合約內的單獨表現責任及分配交易價格(可能影響營業額確認的時機)，管理層現正對應用香港財務報告準則第15號對集團財務報表的影響進行評估。由於集團全球經營而相應須遵守不同的法例及規例，公司董事現正對香港財務報告準則第15號對集團財務報表的全面影響進行評估。管理層於未來十二月將進行更為詳盡的影響評估。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

2 Basis of preparation (Continued)

(b) New standards and interpretations not yet adopted (Continued)

HKFRS 16 “Leases”

HKFRS 16, ‘Leases’ addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces HKAS 17 ‘Leases’, and related interpretations.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$74,422,000 (Note 36 (a)). Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16. The Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows.

Apart from aforementioned HKFRS9, HKFRS15 and HKFRS16, the directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards. The directors of the Company will adopt the new standards and amendments to standards when they become effective.

2 編製基準 (續)

(b) 尚未採納的新訂準則及詮釋 (續)

香港財務報告準則第 16 號「租賃」

香港財務報告準則第 16 號「租賃」提供了租賃的定義及其確認和計量要求，並確立了就出租人和承租人的租賃活動向財務報表使用者報告有用資訊的原則。香港財務報告準則第 16 號帶來的一個關鍵變化是大多數經營租賃將在承租人的資產負債表上處理。該準則取代《香港會計準則第 17 號－租賃》及相關解釋。

根據新訂準則，會確認資產（使用租賃項目的權利）及支付租金的財務負債。唯一的例外情況為短期及低值租賃。對出租人的會計處理不會大幅變更。

該準則將主要影響對集團經營租賃的會計處理。於報告日，集團的不可撤銷經營租賃承擔為 74,422,000 港元（附註 36 (a)）。部分承擔可能涉及短期低價值租約之例外情況，而部分承擔則可能與不符合資格作為香港財務報告準則第 16 號所指租賃之安排有關。集團尚未確定該等承擔達到何種程度將會導致就日後付款確認資產及負債，以及這將如何影響集團的溢利及現金流量分類。

除上述香港財務報告準則第 9 號、香港財務報告準則第 15 號及香港財務報告準則第 16 號外，對於採納上述新訂準則及準則修訂的財務影響，公司董事現正進行評估。公司董事將於該等新訂準則及準則詮釋生效時予以採納。

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

(continued) (續)

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Subsidiaries

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(1) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

3 主要會計政策概要

於編製此等綜合財務報表時應用之主要會計政策載於下文。除另有說明外，該等政策乃貫徹應用於所有年度。

(a) 附屬公司

(i) 綜合賬目

附屬公司指集團對其具有控制權的實體(包括結構性實體)。當集團因參與該實體而對可變回報承擔風險或享有權利，並有能力透過其對該實體的權力影響此等回報時，集團即控制該實體。附屬公司在控制權轉移至集團之日起綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

(1) 業務合併

集團採用購買法將業務合併入賬。購買一間附屬公司轉讓的對價為被購買方的前擁有人所轉讓資產、所產生的負債及集團發行的股本權益的公平值。所轉讓的代價包括或然代價安排所產生的任何資產和負債的公平值。在業務合併中所購買可辨認的資產以及所承擔的負債及或有負債，首先以彼等於購買日期的公平值計量。

集團按逐項收購基準，確認為在被收購方的任何非控股權益，而被收購方的非控股權益若屬現時擁有權益且賦予持有人在清盤時按比例應佔實體的淨資產，則可按公平值或按現時擁有權益應佔被收購方可識別淨資產的確認金額比例而計量。非控股權益的所有其他組成部分按收購日期的公平值計量，除非香港財務報告準則規定必須以其他計量基準計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(a) Subsidiaries (Continued)

(i) Consolidation (Continued)

(1) Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

3 主要會計政策概要(續)

(a) 附屬公司(續)

(i) 綜合賬目(續)

(1) 業務合併(續)

收購相關成本於產生時支銷。

倘業務合併分階段進行，收購方先前持有的被收購方股本權益於收購當日的賬面值重新計量為於收購當日的公平值；因相關重新計量而產生的任何盈虧於損益內確認。

所轉讓代價、於被收購方的任何非控股權益金額及任何先前於被收購方的權益於收購日期的公平值高於所收購可辨認資產淨值的公平值時，其差額以商譽列賬。就議價購買而言，如轉讓代價、已確認非控股權益及先前持有的權益總額低於所收購附屬公司資產淨值的公平值，其差額將直接在損益內確認。

集團內公司之間的交易、結餘及交易的未變現收益予以對銷。未變現虧損亦予以對銷。附屬公司報告的金額已按需要作出調整，以確保與集團採用的會計政策一致。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(a) Subsidiaries (Continued)

(i) Consolidation (Continued)

(2) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(3) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3 主要會計政策概要(續)

(a) 附屬公司(續)

(i) 綜合賬目(續)

(2) 不會導致失去控制權之附屬公司所有權權益變動

不會導致失去控制權之非控股權益交易入賬列作權益交易—即以彼等為附屬公司擁有人之身份與擁有人進行交易。任何已付代價公平值與所收購相關應佔附屬公司資產淨值賬面值之差額列作權益。向非控股權益出售所得盈虧亦列作權益。

(3) 出售附屬公司

若集團不再擁有控制權，其於該實體之任何保留權益按其於失去控制權當日之公平值重新計算，而賬面值變動則於損益中確認。其後此保留權益將入賬列作聯營公司、合營企業或財務資產，並以公平值為初始之賬面值。此外，過往於其他全面收益內確認與該實體有關之任何金額按猶如集團直接出售有關資產或負債之方式入賬。即先前在其他全面收益內確認之金額重新分類至損益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(a) Subsidiaries (Continued)

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

3 主要會計政策概要(續)

(a) 附屬公司(續)

(ii) 獨立財務報表

於附屬公司投資按成本值扣除減值入賬。成本亦包括直接應佔投資成本。公司按已收及應收股息基準入賬附屬公司之業績。

倘於附屬公司投資所收取之股息超過附屬公司於股息宣派期間之全面收益總額或於獨立財務報表中有關投資之賬面值超過投資對象之淨資產(包括商譽)於綜合財務報表中之賬面值，則於收取該等投資之股息時，須對附屬公司之投資進行減值測試。

(b) 聯營公司

聯營公司指集團對其有重大影響力但並無控制權之所有實體，通常同時持有其20%至50%有表決權股份。於聯營公司投資以權益法核算。投資以權益法初步按成本確認，增加或減少賬面值以確認收購日期後投資方應佔被投資方之溢利或虧損。集團於聯營公司投資包括收購時確定之商譽。收購於一間聯營公司的擁有權權益後，聯營公司成本與集團分佔聯營公司的可識別資產及負債之公平淨值之間的差額入賬列作商譽。

倘於聯營公司所有權權益減少但重大影響力獲保留，則先前於其他全面收益已確認之金額中僅有一定份額重新分類至損益(如適用)。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(b) Associates (Continued)

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit of investments accounted for using equity method in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the profit or loss.

3 主要會計政策概要(續)

(b) 聯營公司(續)

集團應佔聯營公司收購後溢利或虧損之份額於損益中確認，其應佔收購後其他全面收入變動則於其他全面收入中確認，並對投資賬面值作出相應調整。當集團應佔聯營公司虧損等於或超過其於該聯營公司所擁有權益(包括任何其他無抵押應收款項)時，集團不再進一步確認虧損，除非其招致法定或推定義務或代表該聯營公司付款。

集團於各報告日確定是否有任何客觀證據顯示於聯營公司投資出現減值。倘若確實如此，集團根據聯營公司可收回金額與其賬面值差額計算減值金額並於損益中將有關變動確認為分佔以權益法入賬之投資溢利。

集團與其聯營公司之間上下游交易產生之溢利及虧損僅以非相關投資者於聯營公司之權益為限於集團財務報表內確認。未變現虧損予以抵銷，表明所轉讓資產已發生減值之交易除外。聯營公司會計政策已按需要變更，以確保與集團所採納政策貫徹一致。

有關聯營公司股權攤薄的損益於損益確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(c) Joint arrangement

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be joint venture. Joint venture is accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investment in joint venture include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the interest in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to share of profit of investment accounted for using equity method in the profit or loss.

3 主要會計政策概要(續)

(c) 共同安排

集團已就所有共同安排應用香港財務報告準則第11號。根據香港財務報告準則第11號，於共同安排之投資視乎各投資者之合約權利及責任而分類為合營業務或合營企業。集團已評估其共同安排之性質，並將其共同安排界定為合營企業。合營企業採用權益法入賬。

根據權益會計法，於合營企業的權益乃按成本初步確認，其後予以調整以確認集團應佔收購後的損益及於其他全面收入的變動。集團於合營企業的投資包括就收購識別的商譽。收購於一間合營企業的擁有權益後，合營企業成本與集團分佔合營企業的可識別資產及負債之公平淨值之間的差額入賬列作商譽。當集團分佔合營企業虧損等於或超過其佔合營企業之權益時(包括任何長期權益，而該長期權益實質上構成集團於該合營企業的投資淨額之一部分)，集團不再確認進一步虧損，除非集團代合營企業承擔負債或支付款項。

集團與其合營企業交易的未變現收益與集團於合營企業的權益對銷。未變現虧損亦予以對銷，除非交易時有證據表明所轉讓資產出現減值。合營企業會計政策於需要時作出改變，以確保與集團所採納政策貫徹一致。

集團於各報告日期確定是否有任何客觀證據顯示於合營企業投資出現減值。倘確實如此，則集團以該合營企業可收回金額及其賬面值之差額計算減值金額，並將金額確認於損益表上列於分佔以權益法入賬的投資溢利。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit or loss.

All other foreign exchange gains and losses are presented in the consolidated profit or loss within 'other gains/(losses)'.

3 主要會計政策概要(續)

(d) 分部報告

經營分部的報告方式與提供予主要經營決策制定者之內部報告所使用報告方式一致。負責分配資源和評估經營分部業績的主要經營決策制定者，被認為制定戰略決策的執行董事。

(e) 外幣換算

(i) 功能及呈報貨幣

集團各實體之財務報表所包括項目，乃按該實體經營所在之主要經濟環境之貨幣(「功能貨幣」)計量。綜合財務報表以公司之功能及集團之呈報貨幣港幣呈列。

(ii) 交易及結餘

外幣交易均按交易或項目重新計量日期當時之匯率換算為功能貨幣。因該等交易結算及按年結日之匯率換算以外幣計值之貨幣資產及負債而產生之外幣匯兌損益，均於綜合損益確認。

所有其他匯兌損益在綜合損益內的「其他收益／(虧損)」中列報。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(e) Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in consolidated profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange fluctuation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the year end closing rate. Currency translation differences arising are recognised in other comprehensive income.

3 主要會計政策概要(續)

(e) 外幣換算(續)

(ii) 交易及結餘(續)

以外幣列值並分類為可供出售之貨幣證券之公平值變動，乃按有關證券攤銷成本變動及其賬面值其他變動所產生之匯兌差額進行分析。涉及攤銷成本變動之匯兌差額在綜合損益確認，而賬面值之其他變動則在其他全面收益中確認。

(iii) 集團公司

集團旗下所有實體(全部均非採用高通脹經濟體系之貨幣)如持有與呈報貨幣不一致之功能貨幣，其業績及財務狀況均按以下方法換算為呈報貨幣：

- 各財務狀況表呈列之資產及負債均按照該財務狀況表日期之收市匯率換算；
- 各損益之收入及開支按照平均匯率換算(除非平均匯率並非交易日期現行匯率的累計影響的合理約數，在此情況下，收支項目按交易日期的匯率換算)；及
- 所有產生之匯兌差額均於其他全面收益確認並單獨於權益中的匯兌波動儲備內累計。

因收購海外實體而產生之商譽及公平值調整，均視作為該海外實體之資產及負債處理，並於年末結算日的匯率折算。所產生的匯兌差額在其他收益中確認。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(e) Foreign currency translation (Continued)

(iv) Disposal of foreign operation

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

(f) Property, plant and equipment

Property, plant and equipment comprise mainly buildings, plant and machinery, oil and gas properties, pipelines and construction in progress. Accounting policies for oil and gas properties are set out in Note 3(g). All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the profit or loss during the year in which they are incurred. Except for oil and gas properties and construction in progress, depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	12.5 to 40 years or remaining lease period of the land where applicable
Plant and machinery	3 to 20 years
Pipelines	20 years
Others	3 to 20 years

3 主要會計政策概要(續)

(e) 外幣換算(續)

(iv) 出售海外業務

於出售海外業務(即出售集團於一項海外業務之全部權益,或涉及失去包含海外業務的附屬公司控制權之出售,或涉及失去包含海外業務之合營公司共同控制權之出售,或涉及失去對包含海外業務之聯營公司重大影響力之出售)時,公司擁有人應佔就有關業務於權益累計之所有匯兌差額重新分類至損益。

(f) 物業、廠房及設備

物業、廠房及設備,主要包括樓宇、廠房及機器、石油及天然氣物業、管道及在建工程。石油及天然氣物業之會計政策載於附註3(g)。所有其他物業、廠房及設備按歷史成本扣除折舊後入賬。歷史成本包括收購項目直接應佔之開支。

僅當與項目有關之未來經濟利益有可能流入集團及項目成本能可靠計量時,其後成本方會計入資產賬面值或確認為一項獨立資產(如適用)。已更換零件的賬面值已被剔除入賬。所有其他維修及保養費用在產生的財政年度內於損益內支銷。除石油及天然氣物業及在建工程外,物業、廠房及設備之折舊乃採用直線法於其估計可使用年限內按成本分配至剩餘價值,年率如下:

樓宇	12.5至40年或按該土地之租約餘期(如適用)
廠房及機器	3至20年
管道	20年
其他	3至20年

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(f) Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3(j)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "administrative expenses" in profit or loss.

Construction in progress represents pipelines under construction and is stated at cost less any accumulated impairment losses, and is not depreciated. Costs comprise direct and indirect incremental costs of acquisition or construction. Completed items are transferred from construction in progress to proper categories of property, plant and equipment when they are ready for their intended use.

(g) Oil and gas properties

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells, is capitalised within construction in progress under property, plant and equipment. When development is completed on a specific field, it is transferred to oil and gas properties under property, plant and equipment. No depreciation and depletion is charged during the development phase.

Oil and gas properties are aggregated exploration and evaluation assets and development expenditures associated with the production of proved reserves.

Oil and gas properties are depreciated and depleted using the unit-of-production method. Unit-of-production rates are based on total proved plus probable reserves, which are oil, gas and other mineral reserves estimated to be recovered using current operating methods and taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserve.

3 主要會計政策概要(續)

(f) 物業、廠房及設備(續)

資產剩餘價值及可使用年限於各財務狀況表日期檢討，並作出調整(如適用)。倘資產之賬面值超過估計可收回金額，則資產之賬面值即時撇減至可收回金額(附註3(j))。

出售收益及虧損乃透過比較所得款項與賬面值釐定，並於損益內確認為「行政開支」。

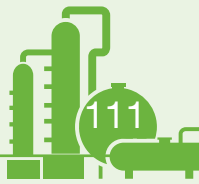
在建工程指在建資產並以成本減任何累計減值虧損列賬，且不予折舊。成本包括收購或建造之直接或間接增加成本。已完成項目當其可用作既定用途時，由在建工程轉撥至物業、廠房及設備之適當類別。

(g) 石油及天然氣物業

興建、安裝或完成平台、管道等基建設施及鑽探商業開發井之開支乃撥充作物業、廠房及設備項下之在建工程。當對特定油田完成開發時，其會轉撥至物業、廠房及設備項下之石油及天然氣物業。於開發階段概無扣除折舊及損耗。

石油及天然氣物業合共為勘探及評估資產以及與探明儲量生產有關的開發開支。

石油及天然氣物業按單位生產法折舊及損耗。單位生產率按探明加概算總儲量計算，即從現有設施以現有營運方法去估計可採收之石油及天然氣以及其他礦產儲量及考慮生產該等儲量所需的估計未來開發成本。未來開發成本經考慮儲量產出所需的開發水平而估計。



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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(g) Oil and gas properties (Continued)

Proven oil and gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(h) Exploration and evaluation assets

Oil and gas exploration and evaluation expenditures are accounted for using the successful efforts method of accounting. Costs are accumulated on a field-by-field basis. Geological, geophysical costs and pre-licence costs are expensed as incurred. Costs directly associated with an exploration well, and exploration and property leasehold acquisition costs, are capitalised within exploration and evaluation assets until the determination of reserves is evaluated. If it is determined that commercial discovery has not been achieved, these costs are charged to expense.

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to construction in progress under property, plant and equipment. No depreciation and depletion is charged during the exploration and evaluation phase.

Exploration and evaluation assets are tested for impairment when reclassified to construction in progress, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs of disposal and their value in use.

3 主要會計政策概要(續)

(g) 石油及天然氣物業(續)

倘出現事件或情況變動顯示可能無法收回其賬面值，則探明石油及天然氣物業作減值檢討。減值虧損按資產之賬面值超出其可收回金額之金額予以確認。可收回金額為資產之公平值減出售成本與使用價值之較高者。就評估減值而言，資產乃按可個別識別現金流量之最低級別分組。

(h) 勘探及評估資產

石油及天然氣勘探及評估開支使用成果會計法入賬。成本按逐段累計。地質、地理成本及取得牌照前成本於產生時支銷。與探井直接有關的成本，及勘探及物業租賃收購成本於勘探及評估資產內資本化直至儲量釐定得到評估。倘釐定尚未達致商業發現，該等成本自成本扣除。

一旦發現商業儲量時，勘探及評估資產會作減值測試，並轉撥至物業、廠房及設備下的在建工程。於勘探及評估階段概無扣除折舊及損耗。

重新分類至在建工程時，或任何時候有事實及情況表示減值，則勘探及評估資產進行減值測試。減值虧損按勘探及評估資產的賬面值超出其可收回金額時的金額予以確認。可收回金額為勘探及評估資產的公平值減出售成本及其使用價值的較高者。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(i) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of businesses represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually and more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Other intangible assets

Other intangible assets comprise mainly operating rights, club membership and computer operating system.

Operating rights are shown at historical cost. Operating rights have definite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of operating rights over their estimated useful lives ranging from 30 to 48 years for natural gas supply services.

3 主要會計政策概要(續)

(i) 無形資產

(i) 商譽

商譽於收購附屬公司時產生，即所轉讓的代價、於被收購方的非控股權益及先前於被收購方的股權於收購日期的公平值，超過所收購可識別資產淨值公平值的差額。

就減值測試而言，業務合併所獲得之商譽會分配至預期將受益於合併協同效應之各個現金產生單位（「現金產生單位」）或現金產生單位組別。商譽所分配之各個單位或單位組別為實體內就內部管理目的而監察商譽之最低層次。商譽乃於經營分部層次進行監察。

商譽每年進行減值檢討，或當有事件出現或情況改變顯示可能出現減值時，作出更頻密檢討。含有商譽之現金產生單位賬面值與可收回金額作比較，可收回金額為使用價值與公平值減出售成本兩者中之較高者。任何減值即時確認為開支，且其後不會撥回。

(ii) 其他無形資產

其他無形資產主要包括經營權、會所會籍及電腦操作系統。

經營權以歷史成本列賬。經營權為有限使用年期及按成本減累計攤銷列賬。攤銷乃使用直線法按天然氣供應服務之估計使用年期由30年至48年不等分配經營權成本。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(i) Intangible assets (Continued)

(ii) Other intangible assets (Continued)

Investment in club membership is shown at historical cost. Investment in club membership has indefinite useful life and is tested annually for impairment and carried at cost less any accumulated impairment losses and is not amortised.

Computer operating system is shown at historical cost. Computer operating system has definite useful lives and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of computer operating system over its estimated useful lives of 10 years.

(j) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Land use rights

Land use rights are lump sum upfront payments to acquire long-term interest in lessee-occupied properties. Land use rights relating to buildings of the Group under operating lease arrangements are stated at cost and are amortised over the period of the lease on the straight-line basis to the profit or loss.

3 主要會計政策概要(續)

(i) 無形資產(續)

(ii) 其他無形資產(續)

於會所會籍之投資乃按歷史成本列賬。於會所會籍之投資具有不確定使用年期及每年進行減值測試，並按成本減任何累計減值虧損列賬且不予攤銷。

電腦操作系統以歷史成本列賬。電腦操作系統為有限使用年期及按成本減累計攤銷列賬。攤銷乃使用直線法按其估計使用年期由10年分配電腦操作系統成本。

(j) 非財務資產之減值

無限定使用年限之資產(例如商譽或未供使用之無形資產)毋需攤銷，惟須每年進行減值測試。當有事件出現或情況變動顯示賬面值可能無法收回時，將檢視須攤銷資產是否減值。減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額為資產之公平值扣除銷售成本及使用價值兩者間之較高者。於評估減值時，資產計入可分開識辨現金流量(現金產生單位)的最低層次組別。商譽以外出現減值之非財務資產會於各報告日期獲審閱減值撥回的可能性。

(k) 土地使用權

土地使用權指於購入由承租人佔用之物業的長期權益時須一次過先付的數額。經營租賃安排下與集團樓宇有關之土地使用權均以成本列賬及於租賃期內按直線法攤銷並列入損益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(I) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise deposits, trade and other receivables, time deposits with maturity over three months and cash and cash equivalents in the statement of financial position.

3 主要會計政策概要(續)

(I) 財務資產

(i) 分類

集團將其財務資產分類為按公平價值經損益入賬之財務資產、貸款及應收款項及可供出售財務資產。分類乃視乎購入財務資產之目的而定。管理層於初步確認其財務資產時釐定分類。

(1) 按公平價值經損益入賬之財務資產

按公平價值經損益入賬之財務資產為持作買賣之財務資產。倘若購入之主要目的為於短期內出售，該財務資產則會撥歸此類別。除非指定作對沖用途，否則衍生工具亦分類為持作買賣。倘預計於十二個月內結算，該類別之資產則被分類為流動資產，否則將被分類為非流動資產。

(2) 貸款及應收款項

貸款及應收款項指並非活躍市場上具備固定或可予釐定款項之非衍生財務資產。非衍生財務資產計入流動資產，惟結算或預期計入待結算的金額超過報告期末日後十二個月者分類為非流動資產。集團於財務狀況表內之貸款及應收款項由按金、貿易及其他應收款項、超過三個月到期的定期存款及財務狀況表之現金及現金等值項目組成。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(I) Financial assets (Continued)

(i) Classification (Continued)

(3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date-the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value, except for those investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, which are measured at cost. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the profit or loss within "Other (losses)/gains, net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of "other income" when the Group's right to receive payments is established.

3 主要會計政策概要(續)

(I) 財務資產(續)

(i) 分類(續)

(3) 可供出售財務資產

可供出售財務資產為非衍生工具，被指定作此類別或並無分類為任何其他類別。除非投資到期管理層有意在本報告期末十二個月內出售該項投資，否則此等資產列在非流動資產內。

(ii) 確認及計量

正常途徑買賣之財務資產於交易日期確認，交易日期為集團須購買或出售資產之日期。投資初步按公平值加所有並非按公平值經損益入賬之財務資產之交易成本確認。按公平值經損益入賬之財務資產初步按公平值確認，交易成本則於綜合損益內支銷。財務資產於收取投資現金流之權利屆滿或已轉讓，且擁有權之所有風險及回報已大致轉讓時剔除確認。可供出售財務資產及按公平值經損益入賬之財務資產其後按公平值列賬，於活躍市場上無市場報價及公平值未能可靠計量之權益工具之投資則按成本計量。貸款及應收款項其後以實際利息法按攤銷成本列賬。

按公平值經損益入賬之財務資產之公平值變動所產生之損益乃於產生期間於損益「其他(虧損)/收益淨額」內呈列。按公平值經損益入賬之財務資產之股息收入乃於集團之收款權利建立時在損益內確認為「其他收益」之一部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(I) Financial assets (Continued)

(ii) Recognition and measurement (Continued)

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss. As “gains or losses from investment securities”.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of “other income”. Dividends on available-for-sale equity instruments are recognised in the profit or loss as part of “other income” when the Group’s right to receive payments is established.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3 主要會計政策概要(續)

(I) 財務資產(續)

(ii) 確認及計量(續)

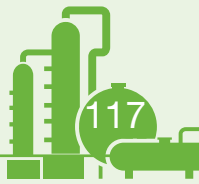
分類為可供出售之貨幣及非貨幣證券之公平值變動乃於其他全面收益內確認。

當分類為可供出售之證券出售或減值時，於權益內確認之累積公平值調整列入綜合損益內。作為「投資證券之損益」。

採用實際利率法計算之可供出售證券之利息乃於損益內確認為「其他收益」之一部分。可供出售股本投資之股息乃於集團確立收取付款之權利時於損益內確認為「其他收益」之一部分。

(iii) 抵銷金融工具

當有法定可執行權力可抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，財務資產與負債可互相抵銷，並在財務狀況表報告其淨額。法定可執行權利不得依賴未來事件而定，而在一般業務過程中以及倘公司或對手方一旦出現違約、無償債能力或破產時可強制執行。



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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(m) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or

3 主要會計政策概要(續)

(m) 財務資產減值

(i) 以攤銷成本列賬之資產

集團於各報告期末評估是否存在客觀憑證證明財務資產或財務資產組別出現減值。只當有客觀憑證證明於首次確認資產後發生一宗或多宗事件導致出現減值(「虧損事件」)，而該宗(或該等)虧損事件對該項或該組財務資產的未來估計之現金流量構成可靠估計的影響，有關財務資產方案出現減值及產生減值虧損。

減值的證據可能包括以下指標：債務人或一組債務人正處於重大財政困難，違約或拖欠利息或本金付款，彼等有可能將進入破產程序或進行其他財務重組，以及當有可觀察數據顯示，估計未來現金流量有可計量的減少，例如欠款變動或與違約相關的經濟狀況。

集團用作釐定存在減值虧損客觀證據的準則包括：

- 發行人或債務人遇上重大財務困難；
- 違反合約，如逾期或拖欠支付利息或本金；
- 集團基於與借款人之財務困難有關的經濟或法律理由而給予借款人在一般情況下放款人不予考慮的優惠條件；
- 借款人將可能破產或進行其他財務重組；
- 因財務困難而導致某項財務資產失去活躍市場；或

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(m) Impairment of financial assets (Continued)

(i) Assets carried at amortised cost (Continued)

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (1) adverse changes in the payment status of borrowers in the portfolio;
 - (2) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

3 主要會計政策概要(續)

(m) 財務資產減值(續)

(i) 以攤銷成本列賬之資產(續)

- 可觀察的資料顯示某資產組合自初始確認後，其估計未來現金流量有可計量的減少，儘管該減少尚未能在該組別的各种財務資產內確定，有關資料包括：
 - (1) 該組合內借款人的付款狀況出現不利變動；
 - (2) 與該組合內資產逾期還款相關的全國性或地方經濟狀況。

集團首先評估是否存在減值客觀證據。

就貸款及應收款項類別而言，虧損金額乃按資產賬面值與按財務資產原實際利率貼現的估計未來現金流量現值(不包括尚未產生的未來信貸虧損)間的差額計量。資產賬面值會予以削減，而虧損金額會於損益中確認。如貸款或持至到期日投資存在浮動利率，則計量任何減值虧損的貼現率乃根據合約釐定的現行實際利率。在實際運作上，集團可能採用可觀察的市場價格根據工具的公平值計量減值。

若在較後期間，減值虧損的金額減少，而該減少是可客觀地與確認減值後發生的事件有關連(例如債務人信貸評級改善)，則之前確認的減值虧損的撥回會於損益中確認。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(m) Impairment of financial assets (Continued)

(ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss-is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss-is removed from equity and recognised in profit or loss. Impairment losses recognised in the income statement on equity instruments are not reversed through the profit or loss.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less all costs to completion and all direct costs to be incurred in selling and distribution.

3 主要會計政策概要(續)

(m) 財務資產減值(續)

(ii) 分類為可供出售之資產

集團於各報告期末評估是否存在客觀證據證明某項財務資產或某一組合財務資產出現減值情況。

就債務證券而言，倘存在任何有關證據，累計虧損(按收購成本與現時公平值的差額，減該財務資產之前在損益確認的任何減值虧損計量)自權益剔除，並在損益確認。倘於其後期間，分類為可供出售的債務工具的公平值增加，而有關增加可客觀地與在損益確認減值虧損後所發生的事件聯繫，則於損益中撥回減值虧損。

就股權投資而言，證券公平值大幅或長期低於其成本亦為資產減值的證據。倘存在任何有關證據，累計虧損(按收購成本與現時公平值的差額，減該財務資產之前在損益確認的任何減值虧損計量)自權益剔除，並在損益確認。在收益表確認的權益工具減值虧損並不會透過損益撥回。

(n) 存貨

存貨按成本或可變現淨值兩者之較低者入賬。成本按先入先出基準釐定。製成品及在建工程成本包括原料、直接人工、其他直接成本及有關之生產經常費用(按正常經營能力)，以及不包括借貸成本。可變現淨值指於日常業務過程中估計售價減去製造完成所需一切成本及銷售與分銷所產生之一切直接成本。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(o) Trade and other receivables

Trade receivables are amounts due from customers for sales and distribution of oil and natural gas and other related products or gas pipeline construction and connection services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group assesses at the end of each reporting period whether there is objective evidence that trade and other receivables are impaired.

(p) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

(q) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3 主要會計政策概要(續)

(o) 貿易及其他應收款項

貿易應收賬款為對客戶銷售及輸送天然氣及其他相關產品之款項或於正常業務過程中提供天然氣管道建造及接駁服務之款項。倘貿易及其他應收款項預計於一年或以內(或若更長則在業務正常經營週期內)收回,則歸類為流動資產。否則,於非流動資產中呈列。

貿易及其他應收款項最初按公平值確認,其後則以實際利率法按攤銷成本減減值撥備計算。集團於報告期末評估是否有客觀證據顯示貿易及其他應收款項已減值。

(p) 現金及現金等值項目

於綜合現金流量表內,現金及現金等值項目包括手頭現金、銀行活期存款、原定到期日為三個月或以內之其他短期高流通量投資以及銀行透支。於綜合財務狀況表內,銀行透支作為借貸呈列於流動負債中。

(q) 貿易應付賬款

貿易應付賬款為在日常經營活動中從供應商購買商品或服務而應支付款項之責任。如應付賬款之支付日期在一年或以內(如仍在正常經營週期中,則可較長時間),貿易應付賬款被分類為流動負債;否則呈列為非流動負債。

貿易應付賬款初始以公平值確認,其後利用實際利率法按攤銷成本計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(s) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

3 主要會計政策概要(續)

(r) 借貸

借貸初始以公平值確認(扣除所產生的交易成本)。借貸其後以攤銷成本列賬；所得款項(扣除交易成本)及贖回價值之任何差額，以實際利率法於借貸期間在綜合損益內予以確認。

在借貸將很有可能部分或全部提取的情況下，就設立借貸融資支付的費用乃確認為貸款交易成本。在此情況下，該費用將遞延至提取借貸發生時。在並無跡象顯示該借貸將很有可能部分或全部提取的情況下，該費用撥充資本作為流動資金服務的預付款，並於其相關融資期間內予以攤銷。

借貸分類為流動負債，惟集團具有無條件權利可將償還負債的日期遞延至各報告期末後至少十二個月者除外。

(s) 借貸成本

收購、建造或生產合資格資產(即需要長時間才可以達到擬定用途或出售狀態之資產)直接應佔之一般及特定借貸成本計入該等資產的成本，直至資產大致可達到擬定用途或出售狀態時為止。

等待作為合資格資產開支之特別借貸之暫時投資所賺取之投資收入在符合資格可資本化之借貸成本中扣除。

所有其他借貸成本於產生期間在綜合損益內確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and the costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales and distribution of natural gas

Sales and distribution of natural gas are recognised when the gas is used by the customers. Payments received in advance on pre-paid I/C cards that are related to sales of natural gas not yet delivered are deferred in the consolidated statements of financial position. Revenue is recognised when goods are delivered to the customers.

(ii) Gas pipeline construction and connection fee income

Gas pipeline construction and connection fee income is recognised using the percentage of completion method, but when the period of construction works is short, the revenue is recognised when the relevant construction works are completed and connection services are rendered.

(iii) Revenue from exploitation and production of crude oil and natural gas

The sales of crude oil is recorded when the significant risks and rewards of ownership of the product is transferred to the buyer which is usually when legal title passes to the external party and this is generally at the time product enters the pipeline.

3 主要會計政策概要(續)

(t) 股本

普通股分類為權益。與發行新股或購股權直接有關的增量成本，於權益列為所得款項的減項(扣除稅項)。

(u) 收入確認

收入按已收或應收代價之公平值計量。只要集團預期有經濟利益流入，而收入及成本(如適用)能可靠計量，收入於損益確認如下：

(i) 銷售及輸送天然氣

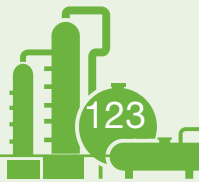
銷售及輸送天然氣將於客戶使用天然氣時確認。以預付I/C卡支付銷售未輸送天然氣之預付款於綜合財務狀況表中作為遞延款項。收入將於貨物交付予客戶之時確認。

(ii) 天然氣管道建造及接駁費收入

天然氣管道建造及接駁費收入採用完成比例法確認，惟倘在建工程時期較短，則於相關建設工程已完成及接駁服務已提供時確認。

(iii) 開採及生產原油及天然氣所得收入

當產品所有權的重大風險及回報被轉嫁至買方時(通常為當法定物權轉嫁予外部人士且通常產品進入管道時)錄得銷售原油及天然氣。



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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(u) Revenue recognition (Continued)

(iv) Sales of equipment

The equipment sold are mainly the gas meter. Sales of equipment are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the equipment sold.

(v) Interest income

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

(vi) Rental income

Rental income is recognised on a straight-line basis over the tenant lease.

(vii) Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

3 主要會計政策概要(續)

(u) 收入確認(續)

(iv) 銷售設備

已售設備主要為燃氣表。於擁有權之重大風險及回報均轉予買家及集團對該等項目已沒有保留一般視為與擁有權相關之管理權或對已售設備之有效控制權後確認銷售設備。

(v) 利息收入

利息收入使用實際利率法於應計時確認。

(vi) 租金收入

租金收入於租期內按直線基準確認。

(vii) 特許權收入

特許權收入按相關協議條款以應計基準確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(v) Employee benefits

(i) Retirement benefit costs

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the provincial governments.

The Group also operates a defined contribution Mandatory Provident Fund Scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance, and who are eligible to participate in the MPF Scheme. Under the rules of the MPF Scheme, contributions to the scheme by the Group and the employees are calculated as a percentage of employee's relevant income, subject to a cap of monthly relevant income of HK\$30,000. The retirement benefit scheme costs charged to consolidated profit or loss represent contributions payable by the Group in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

3 主要會計政策概要(續)

(v) 僱員福利

(i) 退休福利成本

根據中華人民共和國之規則和法規，集團之中國僱員參與由中國有關省市政府營辦之若干界定供款退休福利計劃。據此，集團和中國僱員須每月按僱員薪金某個百分比向這些計劃作出供款。

省市政府承諾承擔上述計劃應付所有現有及日後退休中國僱員之退休福利責任。集團除該等每月供款外，並無其他涉及支付僱員退休及其他退休後福利之責任。該等計劃之資產由省級政府管理之獨立管理基金持有，並與集團之資產分開。

集團亦根據強制性公積金計劃條例在香港為所有符合資格參與強制性公積金計劃(「強積金計劃」)之受香港僱用條例管轄之合資格僱員設有界定供款之強積金計劃。根據強積金計劃之規則，集團及僱員向計劃之供款乃按僱員有關收入之百分比計算，惟每月有關收入的最高上限為30,000港元。於綜合損益內扣除的退休福利計劃成本指集團根據強積金計劃之規則向基金支付的供款。集團作出之僱主供款，於向強積金計劃供款時全部歸屬於僱員。強積金計劃資產與集團的資產分開持有，由獨立管理基金管理。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(v) Employee benefits (Continued)

(ii) Employee entitlements

Employee entitlements to annual leave and long service payment are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the statement of financial position date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(iii) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of share options or restricted shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options or restricted shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

3 主要會計政策概要(續)

(v) 僱員福利(續)

(ii) 僱員應獲權利

僱員應得之年假及長期服務金於應計予僱員時確認。就截至財務狀況表日期因僱員提供服務而應得之年假及長期服務金，將估計有關負債而作出撥備。

僱員應得之病假及產假和父方陪產假直至取假時方予確認。

(iii) 以股份為基礎之付款

集團設有多項以權益結算以股份為基礎的報酬計劃，根據該等計劃，實體收取僱員的服務以作為集團權益工具的代價。僱員為換取獲授予購股權或限制性股份而提供服務的公平值確認為費用。將予支銷的總金額從參考授出購股權或限制性股份的公平值後釐定：

- 包括任何市場表現條件(例如，實體之股價)；
- 不包括任何服務及非市場表現歸屬條件(如盈利能力、銷售增長目標以及於特定期間內仍為實體僱員)之影響；及
- 包括任何非歸屬條件之影響(例如，對僱員之要求或在某特定時期持有股份)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(v) Employee benefits (Continued)

(iii) Share-based payments (Continued)

Non-market vesting conditions are included in assumptions about the number of options or restricted shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options or restricted shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated profit or loss, with a corresponding adjustment to equity.

Share option scheme

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

3 主要會計政策概要(續)

(v) 僱員福利(續)

(iii) 以股份為基礎之付款(續)

非市場歸屬條件包括在有關預期可予歸屬之購股權或限制性股份數目之假設內。總支銷金額於歸屬期內確認，即符合所有列明之歸屬條件的期間。於各報告期末，實體根據非市場歸屬條件修訂其估計預期將予歸屬之認股權或限制性股份數目。實體在綜合損益內確認對修訂原估算之影響（如有），並對權益作出相應調整。

購股權計劃

於購股權獲行使時，公司發行新股份。於購股權獲行使時之已收所得款項於減去所有直接應佔交易成本後撥入股本（面值）及股份溢價。

公司向集團附屬公司的僱員授予權益工具的購股權被視為資本投入。所獲得僱員服務之公平值乃參考授出日期之公平值計量，於歸屬期內確認為增加對附屬公司之投資，並相應計入權益。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(v) Employee benefits (Continued)

(iii) Share-based payments (Continued)

Share award scheme

When restricted shares are granted, the fair value of restricted shares are recognised as expense with a corresponding adjustment to equity over the vesting period.

Where the Group purchases the Company's shares from the market, the consideration paid, including any directly attributable incremental costs, is presented as "shares held for award scheme" and deducted from total equity.

The social security contributions payable in connection with the grant of the share options and restricted shares is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

(w) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 主要會計政策概要(續)

(v) 僱員福利(續)

(iii) 以股份為基礎之付款(續)

股份獎勵計劃

倘授出限制性股份，限制性股份的公平值會確認為開支，並於歸屬期內對權益作出相應調整。

倘集團在市場內購入公司股份，已付代價(包括任何直接應佔增加成本)作為「為獎勵計劃持有的股份」呈列，並從權益總額內扣除。

就有關授出購股權及限制性股份而應付的社會保障供款被視為授出本身的一個組成部分，而其費用被視為以現金結算的交易。

(w) 撥備

對環境復原、重組成本和法律索償之撥備於下列情況下予以確認：集團須就過往事件承擔現有的法定或推定責任，而履行該責任很有可能會導致資源外流，並能作出可靠的估計。重組撥備包括終止租約罰款和終止僱員合約所支付之款項。未來經營虧損毋須作出撥備確認。

倘有多項類似責任時，解除該等責任導致資源流出的可能性按責任的類別作整體考慮。即使在同一類別責任內任何一個項目導致資源流出的可能性很低，亦須就此確認撥備。撥備採用稅前利率按照預期需解除責任的支出現值計量，該利率反映當時市場對貨幣時間價值和有關責任固有風險的評估。隨著時間過去而增加的撥備確認為利息費用。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(x) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group, its associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 主要會計政策概要(續)

(x) 當期及遞延稅項

期內稅項開支包括當期及遞延稅項。稅項於損益確認，惟與於其他全面收益或於權益直接確認之項目有關者除外。在此情況下，稅項亦分別於其他全面收益或於權益直接確認。

(i) 當期所得稅

當期所得稅支出根據集團、其聯營公司及合營企業營運及產生應課稅收入所在之國家於財務狀況表日期已通過或實質上通過之稅務法例計算。管理層就適用稅務法例詮釋所規限之情況定期評估報稅表之狀況，並在適用情況下根據預期須向稅務機關支付之稅款設定撥備。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(x) Current and deferred income tax (Continued)

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3 主要會計政策概要(續)

(x) 當期及遞延稅項(續)

(ii) 遞延所得稅

內在基準差異

遞延所得稅以負債法按資產及負債之稅基與彼等賬面值產生之暫時差額，於綜合財務報表悉內確認。然而，倘稅項負債源自商譽的首次確認，則不會確認遞延稅項負債，倘屬業務合併以外且交易當時並不影響會計或稅務盈虧之交易，則首次確認資產或負債所產生遞延所得稅不予入賬。遞延所得稅以財務狀況表日期已通過或實質上通過之稅率(及稅法)釐定，預計將於有關遞延所得稅資產變現或遞延所得稅負債清償時應用。

遞延所得稅資產僅於日後將有應課稅盈利抵銷暫時差異時確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

3 Summary of significant accounting policies (Continued)

(x) Current and deferred income tax (Continued)

(ii) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liability is provided on temporary differences arising on investments in subsidiaries, joint venture and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 主要會計政策概要(續)

(x) 當期及遞延稅項(續)

(ii) 遞延所得稅(續)

外在基準差異

遞延所得稅負債乃按於附屬公司、合營企業及聯營公司之投資所產生之暫時差額作出撥備，但如集團能控制暫時差額之撥回時間，且暫時差額可能不會於可見將來撥回之遞延所得稅負債則除外。

對與附屬公司、聯營公司及合營企業投資相關的可抵扣暫時性差異，確認遞延所得稅資產，僅以在未來很可能撥回暫時性差異為限，且有足夠應課稅溢利可用來抵銷暫時差異。

(iii) 抵銷

當有法定可執行權利可將當期稅項資產與當期稅務負債抵銷，而遞延所得稅資產及負債涉及同一稅務機關向應課稅實體或不同應課稅實體徵收之所得稅，並有意按淨額結算餘款，則可將遞延所得稅資產與負債抵銷。

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

(continued) (續)

3 Summary of significant accounting policies (Continued)

(y) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payment made under operating leases, net of any incentives received from the lessor are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

(z) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

(aa) Exceptional item

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

3 主要會計政策概要(續)

(y) 租賃

凡所有權的絕大部分風險和回報由出租人保留的租賃，均列作經營租賃。根據經營租賃(扣除從出租人獲取的任何優惠)作出的付款按租期以直線法於損益內扣除。

集團擁有所有權絕大部分風險及回報的物業、廠房及設備租賃分類為融資租賃。融資租賃於租期開始時按租賃物業公平值與最低租賃付款現值兩者中之較低者資本化。

(z) 政府補助

當能合理確定將收到政府的補助，而集團將遵守所有附帶條件時，政府補助按其公平值確認。

與成本有關的政府補助將被遞延，並於與其擬定補償的成本配對在所需期間內於損益中確認。

與物業、廠房及設備有關的政府補助列入非流動負債作為遞延政府補助，並按直線法於相關資產預計年限計入損益。

(aa) 特殊項目

為便於進一步了解集團之財務表現，本財務報表已對特殊項目作出單獨披露及描述。該等項目為重大收入或開支項目，因其重要性質或重大數額而單獨列示。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

4 Financial risk management

4.1 Financial instruments by categories

		Notes 附註	Available- for-sale financial assets 可供出售 財務資產 HK\$'000 千港元	Financial assets at fair value through profit or loss 按公平值 經損益入賬 之財務資產 HK\$'000 千港元	Loans and receivables 貸款及 應收款項 HK\$'000 千港元	Financial liabilities at amortised cost 按攤銷成本 計量之 財務負債 HK\$'000 千港元
As at 31 December 2016	於二零一六年 十二月三十一日					
Available-for-sale financial assets	可供出售財務資產	21	638,262	–	–	–
Deposits, trade and other receivables	按金、貿易及其他 應收款項		–	–	1,726,189	–
Financial assets at fair value through profit or loss	按公平值經損益入賬 之財務資產	24	–	47,448	–	–
Time deposits, bank balances and cash	定期存款、銀行結餘 及現金	25	–	–	1,858,653	–
Trade and other payables	貿易及其他應付款項		–	–	–	1,302,258
Borrowings	借貸	28	–	–	–	360,907
Senior notes	優先票據	29	–	–	–	5,006,417
			638,262	47,448	3,584,842	6,669,582
As at 31 December 2015	於二零一五年 十二月三十一日					
Available-for-sale financial assets	可供出售財務資產	21	354,947	–	–	–
Deposits, trade and other receivables	按金、貿易及其他 應收款項		–	–	1,708,262	–
Financial assets at fair value through profit or loss	按公平值經損益入賬 之財務資產	24	–	50,271	–	–
Time deposits, bank balances and cash	定期存款、銀行結餘 及現金	25	–	–	2,519,704	–
Trade and other payables	貿易及其他應付款項		–	–	–	1,342,114
Borrowings	借貸	28	–	–	–	972,774
Senior notes	優先票據	29	–	–	–	4,992,169
			354,947	50,271	4,227,966	7,307,057

4 財務風險管理

4.1 按類別劃分之金融工具

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

(continued) (續)

4 Financial risk management (Continued)

4.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk arising in the normal course of its business and financial instruments. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) *Market risk*

(i) **Currency risk**

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to United States dollars ("US\$"), Canadian dollars ("CAD") and Renminbi. Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. In addition, the conversion of Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. This currency exposure is managed primarily through sourcing supplies denominated in the same currency.

Management has set up a policy to require group companies to manage their foreign exchange risk against functional currency. It mainly includes managing the exposures arise from sales and purchases made by the relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures. The Group has not used any forward foreign exchange contracts to hedge its exposure.

4 財務風險管理 (續)

4.2 財務風險因素

集團活動面臨多種財務風險：市場風險（包括貨幣風險、價格風險及利率風險）、信貸風險及日常業務過程及金融工具產生之流動資金風險。管理層管理及監控該等風險，以保證及時有效地實施適當措施。

(a) *市場風險*

(i) **貨幣風險**

集團面臨因持有不同貨幣（以美元（「美元」）、加拿大元（「加元」）及人民幣（「人民幣」）為主）產生的貨幣風險。貨幣風險由未來商業交易、確認資產及負債及國外業務淨投資而產生。此外，人民幣兌換為外幣須受中國政府頒佈之外匯管制規則及法規所規限。此貨幣風險主要透過採購以相同貨幣計值的供應而進行管理。

管理層已制訂政策，要求集團公司管理各自功能貨幣的外匯風險。其主要包括管理相關集團公司以其自身功能貨幣以外之貨幣買賣產生的風險。集團亦通過定期審閱集團匯兌淨額管理其外匯風險。集團概無使用任何遠期外匯合約對沖其風險。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

4 Financial risk management (Continued)

4.2 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

Prices for oil and natural gas in Canada are determined in global markets and generally denominated in US\$. Oil prices obtained by the Group are influenced by both United States and Canadian demand and the corresponding North American supply. The exchange rate effect cannot be quantified but generally an increase in the value of CAD as compared to US\$ will reduce the prices received by the Group for its petroleum and natural gas sales.

As US\$ is pegged with HK\$ under the Linked Exchange Rate System, the Group has minimal exposure to currency risk arising from US\$. Accordingly, no sensitivity analysis is performed. As at 31 December 2016, if Renminbi had weakened/strengthened by 5% against HK\$, with all other variables held constant, post-tax profit for the year would have been HK\$95,266,000 (2015: HK\$10,816,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of Renminbi denominated cash and cash equivalents.

4 財務風險管理 (續)

4.2 財務風險因素 (續)

(a) 市場風險 (續)

(i) 貨幣風險 (續)

加拿大石油及天然氣價格於全球市場中釐定且一般以美元列值。集團獲得的石油價格受美國及加拿大需求以及相應北美供應的影響。匯率影響不可被量化，但一般加元兌美元升值將降低集團就其石油及天然氣銷售所取得的價格。

因根據聯繫匯率制度美元與港元掛鈎，故集團承受由美元產生之貨幣風險較少。因此，並無作敏感性分析。於二零一六年十二月三十一日，在其他因素保持不變的情況下，倘人民幣兌港元貶值／升值5%，年內除稅後溢利將減少／增加95,266,000港元（二零一五年：10,816,000港元），主要由於換算以人民幣計值之現金及現金等值項目的匯兌虧損／收益所致。

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

(continued) (續)

4 Financial risk management (Continued)

4.2 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale financial assets and financial assets at fair value through profit or loss. Other than unlisted debt and equity securities held for strategic purposes, all of these investments are listed. Most of the Group's listed investments are listed on the stock exchanges of Hong Kong and other countries. Decisions to buy or sell trading securities are based on daily monitoring of the performance of the individual securities compared to that of the index and other industry indicators, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

As at 31 December 2016, debt and equity investments classified as financial assets at fair value through profit or loss amounted to HK\$47,448,000 (2015: HK\$50,271,000). Price risk arises on account of debt and equity investments classified as financial assets at fair value through profit or loss is not material to the Group as a whole.

Commodity price risk is the risk that fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas in Canada are impacted by the relationship between CAD and US\$ as well as world economic events that dictate the levels of supply and demand.

4 財務風險管理 (續)

4.2 財務風險因素 (續)

(a) 市場風險 (續)

(ii) 價格風險

集團就分類為可供出售財務資產及按公平值經損益入賬之財務資產之股本投資（除持有之策略性非上市債券及股本證券外）全部為上市投資）面臨股本價格變動風險。集團大部分上市投資在香港聯交所及其他國家上市。決定購入或賣出買賣證券的基礎是每日監察個別證券與指數及其他行業指標的相對表現，以及集團對流動資金的需求。作為可供出售投資組合持有的上市投資乃按長期增長潛力挑選，並定期監察其表現是否符合預期。該投資組合已按照集團制定的限制在行業分佈方面符合分散原則。

於二零一六年十二月三十一日，分類為按公平值經損益入賬的財務資產的債務及股本投資達47,448,000港元（二零一五年：50,271,000港元）。分類為按公平值經損益入賬的財務資產的重大債務及股本投資賬項產生之價格風險總體而言對集團並不重大。

商品價格風險指公平值或未來現金流會因商品價格變動而波動的風險。加拿大石油及天然氣商品價格受加元及美元關係以及決定供求情況的全球經濟事件的影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

4 Financial risk management (Continued)

4.2 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk

As the Group has no significant interest-bearing assets, except for short-term bank deposits, loan to an associate and loans to third parties, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

The Group's interest rate risk arises from borrowings and senior notes. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

Details of the Group's borrowings and senior notes are set out in Notes 28 and 29 respectively.

4 財務風險管理(續)

4.2 財務風險因素(續)

(a) 市場風險(續)

(iii) 利率風險

由於集團除短期銀行存款、貸款予一間聯營公司及貸款予第三方外，並無重大計息資產，集團收入及經營現金流量大部分不受市場利率變動影響。由於預期銀行存款利息並無重大變動，管理層預期利率變動對計息資產並無重大影響。

集團利率風險由借貸及優先票據產生。按浮息取得之借貸使集團面臨現金流量利率風險。定息借貸則使集團面臨公平值利率風險。

集團借貸及優先票據之詳情分別載於附註28及29。

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

(continued) (續)

4 Financial risk management (Continued)

4.2 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk (Continued)

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk as the interest rate risk exposure is not significant. In order to manage the cash flow interest rate risk, the Group will repay the corresponding borrowings when it has surplus funds.

At 31 December 2016, it is estimated that a general increase or decrease of 100 basis points in interest rates on floating rate borrowings, with all other variables held constant, would decrease/increase the Group's post tax profit for the year by approximately HK\$1,683,000 (2015: HK\$6,679,000). The above sensitivity analysis has been determined assuming that the change in interest rates had occurred at the date of the statement of financial position and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the next annual statement of financial position date. The analysis was performed on the same basis for 2015.

4 財務風險管理 (續)

4.2 財務風險因素 (續)

(a) 市場風險 (續)

(iii) 利率風險 (續)

由於利率風險並不重大，集團並無使用任何利率掉期對沖其利率風險承擔。為管控現金流量利率風險，集團在有盈餘資金時會償還有關借貸。

於二零一六年十二月三十一日，估計浮息借貸之利率普遍上升或下跌100個基點，而所有其他變數保持不變，則集團年內除稅後溢利將分別減少／增加約1,683,000港元（二零一五年：6,679,000港元）。上述敏感度分析乃假設利率變動於財務狀況表日期發生及一直應用於該日存在的金融工具的利率風險。上升或下跌100個基點指管理層評估利率於年內直至下一全年財務狀況表日期前期間的可能合理變動。二零一五年的分析按同一基準進行。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

4 Financial risk management (Continued)

4.2 Financial risk factors (Continued)

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, the debt instruments under available-for-sale financial assets and financial assets at fair value through profit or loss with a maximum exposure equal to the carrying amounts of these financial instruments. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

As at 31 December 2016 and 2015, all of the Group's bank deposits are deposited in major financial institutions located in the PRC, Canada and Hong Kong, which the management believes are of high credit quality without significant credit risk. The Group's bank deposits as at 31 December 2016 and 2015 were as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
State-owned and listed banks	國有及上市銀行	1,590,103	2,448,262
Other banks	其他銀行	265,264	69,796
		1,855,367	2,518,058

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and excludes cash on hand of HK\$3,286,000 and HK\$1,646,000, as at 31 December 2016 and 2015 respectively. Credit risk also arises from outstanding trade and other receivables from customers and a number of counter parties.

4 財務風險管理 (續)

4.2 財務風險因素 (續)

(b) 信貸風險

集團之信貸風險主要由貿易及其他應收款項、歸類為可供出售財務資產及按公平值經損益入賬之財務資產的債務證券，所面對之最高風險相等於該等金融工具之賬面值。管理層已制定現成之信貸政策，並對該等信貸風險持續監控。

於二零一六年及二零一五年十二月三十一日，集團所有銀行存款均存入位於中國、加拿大及香港之主要金融機構，管理層認為該等機構信貸質量高且並無重大信貸風險。於二零一六年及二零一五年十二月三十一日，集團之銀行存款如下：

信貸風險按集團基準管理。信貸風險來自現金及現金等值項目、銀行存款，不包括於二零一六年及二零一五年十二月三十一日分別為3,286,000港元及1,646,000港元之手頭現金。信貸風險亦來自應收客戶及多名對手方的未償清貿易及其他應收款項。

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

(continued) (續)

4 Financial risk management (Continued)

4.2 Financial risk factors (Continued)

(b) Credit risk (Continued)

The management considers the credit risk on loans to an associate and third parties after considering the financial conditions of the counter parties. Management has performed assessment over the recoverability of the balances and management does not expect any losses from non-performance by these counter parties.

The Group generally requests advances from customers. In circumstances of credit sales, to manage the credit risk in respect of trade and other receivables, the Group has policies in place to ensure that sales are made to customers with appropriate credit history and the Group performs credit evaluations of its customers, and generally does not require collateral from the customers on the outstanding balances. Based on the expected recoverability and timing for collection of the outstanding balances, the Group maintains a provision for impairment of receivables and actual losses incurred have been within management's expectation.

Debt instruments held by the Group are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes. Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The Group does not provide any other guarantees which would expose the Group to credit risk.

4 財務風險管理 (續)

4.2 財務風險因素 (續)

(b) 信貸風險 (續)

經考慮對手方之財務狀況，管理層認為貸款予一間聯營公司及第三方之信貸風險甚微。管理層已就該等結餘之可收回性作出評估，且管理層預期不會因該等對手方違約而產生任何虧損。

集團一般要求客戶預付墊款。在除銷的情況下，為管理貿易及其他應收款項產生的信貸風險，集團已訂有政策，以保證銷售乃向具有適當信用記錄的客戶作出及集團對客戶進行定期信用評估，一般毋須客戶就未清償結餘提供抵押。根據未清償結餘的預期可收回情況及收回時間，集團已就應收款項作出減值撥備，而實際虧損符合管理層預期。

集團持有的債務工具一般僅為於在認可證券交易所掛牌買賣的流通證券，惟為長遠策略性目的而進行者除外。鑒於投資對手方具有高信貸評級，管理層預期不會有任何投資對手方無法履行責任。

集團並無提供任何其他可致使集團承擔信貸風險之擔保。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

4 Financial risk management (Continued)

4.2 Financial risk factors (Continued)

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's Board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at date of the statement of financial position of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the statement of financial position date) and the earliest date the Group can be required to pay:

4 財務風險管理 (續)

4.2 財務風險因素 (續)

(c) 流動資金風險

集團內個別經營實體負責彼等本身的現金管理，包括現金盈餘的短期投資及籌集貸款以彌補預期現金需求，當借貸超過若干預定權限水平時，須獲公司董事局批准方可作實。集團政策為定期監控現時及預期流動資金需求，以保證保持足夠現金儲備及隨時變現的有價證券以及充足之主要金融機構之承諾資金額度，以符合短期及較長期的流動資金需要。

下表詳述集團財務負債於財務狀況表日期的剩餘合約到期日，乃根據合約未折現現金流量（包括使用合約利率計算的利息付款或如屬浮息，按財務狀況表日期的現行利率計算）及集團可能須支付的最早日期為依據：

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

(continued) (續)

4 Financial risk management (Continued)

4.2 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Group		Total Total carrying amount	contractual undiscounted cash flow 合約未折現 現金流量總計	Repayable on demand 須按要求 償還	Less than 1 year or on demand 1年內或 按要求支付	Between 1 to 2 years 1至2年	Between 2 to 5 years 2至5年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
As at 31 December 2016	於二零一六年 十二月三十一日						
Trade and other payables	貿易及其他應付款項	1,327,747	1,327,747	1,327,747	-	-	-
Borrowings	借貸	360,907	373,829	-	373,829	-	-
Senior notes (Note)	優先票據(附註)	5,006,417	5,037,500	-	-	2,712,500	2,325,000
		6,695,071	6,739,076	1,327,747	373,829	2,712,500	2,325,000
As at 31 December 2015	於二零一五年 十二月三十一日						
Trade and other payables	貿易及其他應付款項	1,376,420	1,376,420	1,376,420	-	-	-
Borrowings	借貸	972,774	1,017,653	-	1,017,653	-	-
Senior notes (Note)	優先票據(附註)	4,992,169	5,918,426	-	272,904	273,701	5,371,821
		7,341,363	8,312,499	1,376,420	1,290,557	273,701	5,371,821

Note:

The Group complied with senior notes covenant and did not trigger the callable terms.

附註：

集團遵守優先票據契約及並無觸發隨時通知償還條款。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

4 Financial risk management (Continued)

4.3 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repurchase the Company's shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of available cash and cash equivalents and current ratio as shown in and derived from the consolidated statement of financial position. The table below analyses the Group's capital structure:

		2016 二零一六年	2015 二零一五年
Cash and cash equivalents (HK\$'000)	現金及現金等值項目 (千港元)	1,833,483	2,303,704
Current ratio (Current assets divided by current liabilities)	流動比率(流動資產除以流動負債)	1.21	1.22

The Group's strategy is to maintain the current ratio above 1.00 and sufficient cash and cash equivalents to support the operations and development of its business in the long term.

4 財務風險管理(續)

4.3 資本風險管理

集團之資本管理主要目標為保障集團按持續基準經營之能力，以持續為股東帶來回報及為其他權益關涉者帶來利益，並保持最優資本架構以減少資本成本。

集團積極定期檢討及管理資本架構，並經考慮集團之日後資金需求及資本效益、當前及預期盈利能力及預期營運現金流量、預期資本開支及預期策略投資機會而確保優化資本架構及股東回報。為保持或調整資本架構，集團或會調整支付予股東之股息金額，回購公司股份，向股東回報資本，發行新股或銷售資產以減少債務。

集團根據綜合財務狀況表所示及計算所得之可用現金及現金等值項目及流動比率監控資本。下表為集團資本結構之分析：

集團之策略是將流動比率保持在1.00以上，並且維持足夠之現金及現金等值項目，以支持其業務的長遠營運及發展。

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

(continued) (續)

4 Financial risk management (Continued)

4.4 Fair value estimation

(i) Financial instruments carried at fair value

The following table presents the carrying value of the financial instruments measured at fair value at the statement of financial position date across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instruments categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active market for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

4 財務風險管理 (續)

4.4 公平值估計

(i) 以公平值列賬之金融工具

下表呈列於財務狀況表日期在香港財務報告準則第7號「金融工具：披露」所界定之公平值三個層次中，以公平值列賬之金融工具之賬面值，而各金融工具之公平值以對該公平值計量屬重大之最低層次輸入數據而整體分類。

所界定之層次如下：

- 第一層次(最高層次)：以可識別金融工具活躍市場所報價格(未經調整)計量公平值。
- 第二層次：以類似金融工具活躍市場報價，或以估值技術(其中所有重大輸入數據乃直接或間接以可觀察數據為本)計量公平值。
- 第三層次(最低層次)：以估值技術(其中重大輸入數據乃並非可觀察市場數據為本)計量公平值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

4 Financial risk management (Continued)

4.4 Fair value estimation (Continued)

(i) Financial instruments carried at fair value (Continued)

		Level 1	Level 2	Level 3	Total
		第一層次	第二層次	第三層次	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
As at 31 December 2016	於二零一六年十二月三十一日				
Available-for-sale financial assets:	可供出售財務資產：				
– Listed equity investments	– 上市股本投資	2	–	–	2
– Listed debt instruments	– 上市債務工具	637,878	–	–	637,878
– Unlisted debt instruments	– 非上市債務工具	–	382	–	382
Financial assets at fair value through profit or loss:	按公平值經損益入賬之財務資產：				
– Listed debt instruments	– 上市債務工具	20,029	–	–	20,029
– Unlisted debt instruments	– 非上市債務工具	–	27,419	–	27,419
		657,909	27,801	–	685,710
As at 31 December 2015	於二零一五年十二月三十一日				
Available-for-sale financial assets:	可供出售財務資產：				
– Listed equity investments	– 上市股本投資	2	–	–	2
– Listed debt instruments	– 上市債務工具	354,495	–	–	354,495
– Unlisted debt instruments	– 非上市債務工具	–	450	–	450
Financial assets at fair value through profit or loss:	按公平值經損益入賬之財務資產：				
– Listed equity investments	– 上市股本投資	2,945	–	–	2,945
– Listed debt instruments	– 上市債務工具	21,045	–	–	21,045
– Unlisted debt instruments	– 非上市債務工具	–	26,281	–	26,281
		378,487	26,731	–	405,218

4 財務風險管理 (續)

4.4 公平值估計 (續)

(i) 以公平值列賬之金融工具 (續)

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

(continued) (續)

4 Financial risk management (Continued)

4.4 Fair value estimation (Continued)

(i) Financial instruments carried at fair value (Continued)

During the year, there were no transfers between instruments in level 1 and level 2.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Hong Kong and Dow Jones equity and debt investments classified as trading securities or available-for-sale.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

4 財務風險管理 (續)

4.4 公平值估計 (續)

(i) 以公平值列賬之金融工具 (續)

於本年度，第一層次及第二層次之間之工具概無轉撥。

(a) 第一層次金融工具

於交投活躍市場買賣之金融工具之公平值根據財務狀況表日期之市場報價計算。交投活躍市場乃指可輕易地及定期從交易所、經銷商、經紀人、行業集團、報價服務或規管機構取得報價之市場，而有關報價是在經常進行之真實公平交易之基礎上呈現。集團所持財務資產所用之市場報價為當時買入價。該等工具會被列為第一層次。被列為第一層次之工具主要包括分類為交易證券或可供出售證券之香港及道瓊斯指數證券。

(b) 第二層次金融工具

沒有在活躍市場買賣之金融工具(例如場外衍生工具)之公平值利用估值技術釐定。估值技術儘量利用可觀察市場數據(如有)，儘量少依賴實體的特定估計。如計量一金融工具之公平值所需的所有重大輸入數據為可觀察數據，則該金融工具列入第二層次。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

4 Financial risk management (Continued)

4.4 Fair value estimation (Continued)

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments, including non-current assets carried at cost or amortised cost are not materially different from their fair values as at 31 December 2016 and 2015.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets held by the Group is the current bid price (i.e. level 1-highest level). The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term borrowings. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying values less allowance for impairment of current receivables and of current payables are a reasonable approximation of their fair values. Estimated discounted cash flows at the current market interest rate are used to determine fair value for these financial instruments (i.e. level 3-lowest level).

4 財務風險管理(續)

4.4 公平值估計(續)

(ii) 以非公平值列賬之金融工具之公平值

集團的金融工具(包括以成本或攤銷成本列賬之非流動資產)之賬面值,與其於二零一六年及二零一五年十二月三十一日之公平值並無重大差別。

於活躍市場買賣之金融工具(例如持作買賣用途之證券及可供出售之證券)之公平值為財務狀況表日期之市場價格。集團所持財務資產所用之市價為當時買入價(即第一層次—最高層次)。非活躍市場買賣之金融工具(例如櫃檯交易衍生工具)之公平值乃使用估值技術釐定。

集團使用多種方法,並按各財務狀況表日期當時之市況作出假設。長期債項乃使用同類工具之市場價或交易商之報價。釐定其餘金融工具之公平值時則使用其他技術,例如預計折現現金流量。

賬面值減即期應收賬款及即期應付賬款之減值撥備乃公平值之合理約數。按現行市率計算之估計折現現金流量乃用以釐定該等金融工具之公平值(即第三層次—最低層次)。

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

(continued) (續)

5 Critical accounting estimates and judgements

The Group's management makes assumptions, estimates and judgements in the process of applying the Group's accounting policies that affect the assets, liabilities, income and expenses in the consolidated financial statements prepared in accordance with HKFRS. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Group's consolidated financial statements.

(a) Estimation of impairment of non-financial assets

The Group tests at least annually whether goodwill has suffered any impairment. Property, plant and equipment and goodwill are also reviewed for possible impairments whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as future prices of natural gas and crude oil. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans. Favourable changes to some assumptions may allow the Group to avoid the need to impair any assets in these years, whereas unfavourable changes may cause the assets to become impaired.

The Group relied on experts to assess the geological prospects for the discovery of oil in the oilfield and estimated the value of oil to be produced in the future at a suitable discount rate in order to calculate the present value. For drilling costs and other exploration and evaluation assets, the Group determined whether the related well costs are expensed if it is determined that such economic viability is not attained after performing further feasibility studies. Judgement is required by the Board to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

5 重大會計估計及判斷

集團的管理人員於應用影響根據香港財務報告準則編撰的綜合財務報表所載資產、負債、收入及開支的會計政策時作出假設、估計及判斷。相關假設、估計及判斷乃基於過往經驗及相信於當時情況屬合理的其他因素作出。雖然管理人員會不斷檢討彼等之判斷、估計及假設，但實際結果甚少於估計相同。

有關估計及判斷定期予以評估，並以過往經驗及其他因素為基準，包括對相信於有關情況下屬合理的未來事項的預期。

下文所述事項就理解編製集團綜合財務報表所涉估計及判斷而言，尤為重要。

(a) 非財務資產減值估計

集團至少每年測試商譽有否減值。當事件或情況變化顯示賬面值可能無法收回時，物業、廠房及設備以及商譽亦予以檢討是否可能減值。確定資產是否減值及減值之金額涉及管理層之估計及判斷，例如天然氣及原油之未來價格。然而，減值檢討及計算乃根據與集團之業務計劃一致之假設而作出。若干假設之有利變動或會令集團避免於該等年度對任何資產進行減值，而不利變動或會使資產減值。

集團依賴專家對油田中發現石油的地質評估及按適當折現率估計未來將生產的石油價值，以計算現值。就鑽井成本及其他勘探及評估資產而言，倘確定於進一步進行可行性研究後無法實現經濟可行性，集團釐定有關油井支出是否支銷。董事須作出判斷以釐定現金流量預測所採納的主要假設，而主要假設變動可重大影響該等現金流量預測，從而影響減值檢討的結果。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

5 Critical accounting estimates and judgements (Continued)

(b) Estimate of impairment of loan receivable from and interest in an associate

The Group tests at least annually whether loan receivable from and interest in an associate suffered any impairment. Business valuation was performed and management reviewed for possible impairments whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as commodity prices. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans. Favourable changes to some assumptions may allow the Group to avoid the need to impair any assets in these years, whereas unfavourable changes may cause the assets to become impaired.

Specific assumptions and estimates involved in the cash flow projections are set out in Note 20.

(c) Estimation of useful lives and residual values of property, plant and equipment under the segment of "sales and distribution of natural gas and other related products"

The Group's management determines the estimated useful lives and residual values for the Group's property, plant and equipment in the segment of "Sales and distribution of natural gas and other related products". This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment and land use right of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the natural gas industry. Management will adjust the depreciation charge where residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation in the future periods.

5 重大會計估計及判斷(續)

(b) 應收一間聯營公司貸款及於該聯營公司的權益減值之估計

集團至少每年測試應收一間聯營公司貸款及於該聯營公司的權益是否發生減值。倘出現有情況或情況變動顯示賬面值未必可收回，則會進行業務估值且管理層會對可能減值作出檢討。釐定資產是否減值及其減值幅度涉及管理層對商品價格及原油等之估計及判斷。然而，減值檢討及計算乃以與集團業務計劃一致之假設為基準。若干假設之有利變動能讓集團於該等年度避免減值任何資產之需要，而不利變動則可能導致資產減值。

現金流量預測所涉及的特定假設及估計載於附註20。

(c) 物業、廠房及設備之使用年期及剩餘價值估計

集團管理層釐定集團於「銷售及輸送天然氣及其他相關產品」分部內的物業、廠房及設備之估計可使用年期及剩餘價值。此估計乃基於對類似性質及功能的物業、廠房及設備之實際可使用年期及剩餘價值的歷史經驗而作出。此估計可因天然氣行業的技術進步及創新而大幅轉變。如剩餘價值與先前估計有差別，管理層將調整折舊費用，或撤銷或撤減技術上過時或被廢棄或出售的非策略性資產。實際剩餘價值可能與估計剩餘價值不同。定期回顧可能導致可折舊年期及剩餘價值轉變並因此於未來期間出現折舊。

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

(continued) (續)

5 Critical accounting estimates and judgements (Continued)

(d) Estimate of petroleum reserve under the segment of “exploitation and production of crude oil and natural gas”

Estimates of petroleum reserves are key elements in the Group’s investment decision-making process. They are also an important element in testing for impairment. Changes in total proved plus probable petroleum reserves will affect unit-of-production depreciation and depletion recorded in the Group’s consolidated financial statements for property, plant and equipment related to oil and gas production activities. A reduction in proved plus probable reserves will increase depreciation and depletion charges. Petroleum reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

5 重大會計估計及判斷(續)

(d) 「開採及生產原油及天然氣」分部石油儲量之估計

石油儲量之估計對集團之投資決策過程至關重要，亦是減值測試之重要因素。探明加概算石油總儲量之變化將影響於集團綜合財務報表就與石油及天然氣生產活動相關之物業、廠房及設備所入賬之單位產量折舊及損耗。探明加概算儲量之減少將增加折舊及損耗金額。石油儲量估計可根據新資料作出向上或向下修訂，例如，來自開發鑽探及生產活動或來自經濟因素之變化，包括產品價格、合同條款或開發計劃等。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

6 Revenue and segment information

The Group's principal activities are the sales and distribution of natural gas, crude oil and other related products and provision of construction and connection services of gas pipelines in the PRC, and the exploitation and production of crude oil and natural gas in Canada. Revenue for the year comprises the following:

6 營業額及分部資料

集團主要從事銷售及分銷天然氣、原油及其他相關產品及於中國提供燃氣管道建造及接駁服務，以及在加拿大開採及生產原油及天然氣。年內營業額包括以下各項：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Sales and distribution of natural gas and other related products	銷售及輸送天然氣及其他相關產品	5,424,144	6,052,178
Gas pipeline connection and construction services income	燃氣管道接駁及建造服務收入	721,041	892,133
Revenue from exploitation and production of crude oil and natural gas	來自開採及生產原油及天然氣之營業額	301,267	429,591
		6,446,452	7,373,902

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

(continued) (續)

6 Revenue and segment information (Continued)

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for the purposes of resource allocation and assessment of performance focuses more specifically on sales of natural gas, gas pipeline construction and connection; and exploitation and production of crude oil and natural gas.

The Group has presented the following three reportable segments for the year ended 31 December 2016:

- sales and distribution of natural gas and other related products
- gas pipeline construction and connection
- exploitation and production of crude oil and natural gas

No operating segments have been aggregated to form the above reportable segments.

The executive directors assess the performance of the business segments based on profit before taxation without allocation of other gains, net, interest income, finance costs, share of losses of investments accounted for using the equity method, reversal/recognition of impairment losses on oil and gas properties under property, plant and equipment, written off of exploration and evaluation assets, losses on disposals of exploration and evaluation assets and other unallocated corporate expenses, which is consistent with these in the consolidated financial statements. Meanwhile, the Group does not allocate assets and liabilities to its segments, as the executive directors do not use this information to allocate resources to or evaluate the performance of operating segment. Therefore, the Group does not report a measure of segment assets and liabilities for each reportable segment.

Information regarding the Group's reportable segments as provided to the executive directors for the purpose of resources allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below.

6 營業額及分部資料(續)

集團根據定期向執行董事匯報供資源分配及表現評估之內部財務資料識別其經營分部及編製分部資料，並更多側重於銷售天然氣、燃氣管道建造及接駁以及開採及生產原油及天然氣。

於截至二零一六年十二月三十一日止年度，集團已呈列以下三個可報告經營分部：

- 銷售及輸送天然氣及其他相關產品
- 燃氣管道建造及接駁
- 開採及生產原油及天然氣

沒有彙總經營分部以組成上述報告分部。

執行董事根據除稅前溢利就業務分部之表現進行評估，而並無分配其他(虧損)/收益、利息收入、財務費用、分佔使用權益法入賬之投資虧損、物業、廠房及設備項下油氣資產減值虧損回撥/確認、勘探及評估資產沖銷、出售勘探及評估資產的虧損以及其他未分配企業開支，與綜合財務報表所述者一致。與此同時，集團並無分配資產或負債予其分部，因為執行董事並無使用該資料分配資源或評估其經營分部表現。因此，集團並無就各可報告分部呈報分部資產及分部負債之計量。

截至二零一六年及二零一五年十二月三十一日止年度，向執行董事提供以用作資源分配及分部表現評估有關集團報告分部之資料載列如下。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

6 Revenue and segment information (Continued)

6 營業額及分部資料 (續)

For the year ended 31 December 2016:

截至二零一六年十二月三十一日止年度：

		Sales and distribution of natural gas and other related products 銷售及輸送天然氣及其他相關產品 HK\$'000 千港元	Gas pipeline construction and connection 燃氣管道建造及接駁 HK\$'000 千港元	Exploitation and production of crude oil and natural gas 開採及生產原油及天然氣 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Segment revenue and results	分部收入及業績				
Sales to external customers	外部客戶銷售額	5,424,144	721,041	301,267	6,446,452
Segment results	分部業績	512,863	353,804	31,108	897,775
Interest income	財務收入				83,310
Other gains, net	其他收益，淨額				137,780
Finance costs	財務費用				(201,946)
Reversal of impairment losses on oil and gas properties under property, plant and equipment	物業、廠房及設備項下油氣資產減值虧損回撥	-	-	52,003	52,003
Written off of exploration and evaluation assets	勘探及評估資產沖銷	-	-	(11,745)	(11,745)
Losses on disposals of exploration and evaluation assets	出售勘探及評估資產的虧損	-	-	(1,909)	(1,909)
Share of losses of investments accounted for using the equity method	分佔使用權益法入賬之投資虧損				(15,651)
Unallocated corporate expenses	未分配企業開支				(97,488)
Profit before taxation	除稅前溢利				842,129
Taxation	稅項				(184,461)
Profit for the year	年內溢利				657,668

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

(continued) (續)

6 Revenue and segment information (Continued)

6 營業額及分部資料 (續)

For the year ended 31 December 2015:

截至二零一五年十二月三十一日止年度：

	Sales and distribution of natural gas and other related products 銷售及輸送 天然氣及其他 相關產品 HK\$'000 千港元	Gas pipeline construction and connection 燃氣管道 建造及接駁 HK\$'000 千港元	Exploitation and production of crude oil and natural gas 開採及 生產原油 及天然氣 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Segment revenue and results	分部收入及業績			
Sales to external customers	外部客戶銷售額	6,052,178	892,133	429,591
Segment results	分部業績	<u>323,492</u>	<u>441,958</u>	<u>26,129</u>
Interest income	財務收入			111,562
Other gains, net	其他收益，淨額			2,828
Finance costs	財務費用			(230,782)
Recognition of impairment losses on oil and gas properties under property, plant and equipment	物業、廠房及設備項下 油氣資源減值虧損確認	-	-	(507,441)
Share of losses of investments accounted for using the equity method	分佔使用權益法入賬 之投資虧損			(4,343)
Unallocated corporate expenses	未分配企業開支			(113,213)
Profit before taxation	除稅前溢利			50,190
Taxation	稅項			(20,857)
Profit for the year	年內溢利			<u>29,333</u>

No external customers of the Group contributed over 10.0% of the Group's revenue for the years ended 31 December 2016 and 2015.

截至二零一六年及二零一五年十二月三十一日止年度，集團沒有外部客戶於集團之收入中貢獻超過 10.0%。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

6 Revenue and segment information (Continued)

Analysis of the Group's assets by geographical market for the years ended 31 December 2016 and 2015 is set out below:

6 營業額及分部資料(續)

截至二零一六年及二零一五年十二月三十一日止年度，集團按地區市場劃分之資產之分析載列如下：

		2016 二零一六年		2015 二零一五年	
		Total assets	Additions to non-current assets 添置 非流動資產	Total assets	Additions to non-current assets 添置 非流動資產
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Hong Kong	香港	371,483	–	726,579	408
Mainland China	中國內地	10,000,284	910,722	10,529,668	1,099,445
Canada	加拿大	2,226,787	130,598	2,092,584	687,545
Total	合計	12,598,554	1,041,320	13,348,831	1,787,398
Unallocated	未分配				
Investments accounted for using the equity method	使用權益法入賬之 投資	300,065		316,854	
Deferred tax assets	遞延稅項資產	19,510		16,735	
Available-for-sale financial assets	可供出售財務資產	638,262		354,947	
Financial assets at fair value through profit and loss	按公平值經損益入賬 之財務資產	47,448		50,271	
Total assets	總資產	13,603,839		14,087,638	

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

(continued) (續)

7 Other income

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Government subsidies	政府補貼	13,183	11,738
Service income	服務收入	4,880	5,408
Rental income	租金收入	3,875	5,543
Others	其他	4,797	8,478
		26,735	31,167

7 其他收入

8 Other gains, net

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Fair value gains/(losses) on financial assets at fair value through profit or loss	按公平值經損益入賬的財務資產的公平值(收益)/虧損	902	(1,876)
(Losses)/gains on disposals of financial assets at fair value through profit or loss	出售按公平值經損益入賬的財務資產(虧損)/收益	(3)	10
Gains/(losses) on disposals of available-for-sale assets	出售可供出售資產收益/(虧損)	1,879	(1,434)
Gain on disposal of a subsidiary (Note 34)	出售一間附屬公司收益(附註34)	124,199	-
Gain on bargain purchase (Note 33)	議價收購收益(附註33)	10,803	5,551
Others	其他	-	577
		137,780	2,828

8 其他收益，淨額

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

9 Operating profit

Operating profit has been arrived after charging the following items:

9 經營溢利

經營溢利已扣除以下各項：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Employee benefit expenses (Note 11)	310,230	343,380
Minimum lease payments under operating leases for leasehold land and buildings	16,883	17,208
Cost of inventories recognised as expense		
– Purchase of inventories	4,461,966	5,228,827
– Change of inventories during the year	(10,897)	5,867
Auditor's remuneration	2,300	2,300
Depreciation and depletion of property, plant and equipment (Note 16)	415,992	455,670
Drilling cost of exploration and evaluation assets	270,159	402,042
Amortisation of land use rights (Note 18)	8,587	7,161
Amortisation of intangible assets (Note 19)	2,685	1,666
Losses on disposals of property, plant and equipment	4,698	5,847
Losses on disposals of exploration and evaluation assets	1,909	–
Net exchange (gains)/losses	(448)	1,279
Written off of exploration and evaluation assets (Note 17)	11,745	–

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

(continued) (續)

10 Finance income and costs

10 財務收入及費用

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Finance income from:	財務收入來自：		
Interest income on bank deposits	銀行存款的利息收入	43,493	76,950
Loan to an associate (Note 23(c))	貸款予一間聯營公司(附註23(c))	36,513	33,406
Loans to third parties (Note 23(d))	貸款予第三方(附註23(d))	3,304	1,206
		83,310	111,562
Finance costs from:	財務費用來自：		
Interest expense on:	利息費用：		
Bank borrowings	銀行借貸	(19,686)	(68,084)
Other borrowings	其他借貸	(13,645)	(2,287)
Senior notes	優先票據	(272,904)	(272,150)
Accretion of assets retirement obligation (Note 31)	資產報廢承擔添加(附註31)	(2,295)	(1,977)
Less: Amounts capitalised (Note 16(iii))	減：資本化金額(附註16(iii))	106,584	113,716
		(201,946)	(230,782)
Net finance costs	財務費用淨額	(118,636)	(119,220)

11 Employee benefit expenses, including directors' emoluments

11 僱員福利開支，包括董事酬金

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Salaries, wages and bonuses	薪金、工資及獎金	266,015	285,987
Share awards	股份獎勵	1,798	18,827
Pension costs – defined contribution plans	退休金成本 — 界定供款計劃	38,976	38,469
Share option	購股權	3,441	–
Other benefits	其他福利	–	97
		310,230	343,380

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

11 Employee benefit expenses, including directors' emoluments (Continued)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 1 (2015: 1) director whose emolument is are reflected in the analysis presented in Note 12(a). The emoluments paid or payable to the remaining 4 (2015: 4) individuals during the year are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	8,686	6,721
Equity-settled share-based payments	以權益結算以股份為基礎的付款	6,133	8,652
Retirement benefits scheme contributions	退休福利計劃供款	-	18
		14,819	15,391

The number of employees whose remuneration fell within the following band was as follows:

		Number of employees 僱員人數	
		2016 二零一六年	2015 二零一五年
HK\$2,000,001 to HK\$3,000,000	2,000,001 港元至 3,000,000 港元	-	-
HK\$3,000,001 to HK\$4,000,000	3,000,001 港元至 4,000,000 港元	4	3
HK\$4,000,001 to HK\$5,000,000	4,000,001 港元至 5,000,000 港元	-	1

No emoluments were paid or payable to the directors and above highest paid individuals as an inducement to join the Group or as compensation for loss of office during the financial years ended 31 December 2016 and 2015.

11 僱員福利開支，包括董事酬金 (續)

(a) 五名最高薪酬人士

集團年內五名最高酬金之人士包括1名董事(二零一五年：1名)，其酬金已載於附註12(a)呈列的分析。年內已付或應付予其餘4名(二零一五年：4名)人士的酬金如下：

屬以下酬金範圍之僱員人數如下：

截至二零一六年及二零一五年十二月三十一日止財政年度，集團並無支付或應付任何酬金予董事及上述最高薪酬之僱員，作為招攬彼等加盟集團或作為彼等離職之補償。

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

(continued) (續)

11 Employee benefit expenses, including directors' emoluments (Continued)

(b) Senior management's emoluments

Details of remuneration paid to members of senior management fell within the following bands:

HK\$0 to HK\$1,000,000	0港元至 1,000,000港元
HK\$1,000,001 to HK\$2,000,000	1,000,001 港元至 2,000,000 港元
HK\$2,000,001 to HK\$3,000,000	2,000,001 港元至 3,000,000 港元
HK\$3,000,001 to HK\$4,000,000	3,000,001 港元至 4,000,000 港元
HK\$4,000,001 to HK\$5,000,000	4,000,001 港元至 5,000,000 港元

11 僱員福利開支，包括董事酬金 (續)

(b) 高級管理層成員薪酬

屬以下酬金範圍的已付高級管理層成員薪酬詳情：

Number of employees 僱員人數	
2016 二零一六年	2015 二零一五年
7	10
2	1
1	-
7	7
-	1

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

12 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules)

(a) Directors' emoluments

Details of remuneration of directors for the year ended 31 December 2016 were as follows:

		Salaries, allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Equity-settled share-based payments	Total
	Fees	薪金、津貼及實物利益	僱主對退休福利計劃的供款	以權益結算以股份為基礎之付款	總額
	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
Executive directors:	執行董事：				
Xu Tie-liang (Chief Executive Officer)	許鉄良 (行政總裁)	120	9,617	18	9,755
Cheung Shing	張 成	120	-	-	120
Guan Yijun	關懿君	120	1,170	18	1,308
Zhu Yuan	朱 遠	120	-	-	120
Independent non-executive directors:	獨立非執行董事：				
Shi Xun-zhi	史訓知	120	-	-	120
Li Yun-long	李雲龍	120	-	-	120
Wang Guang-tian	王廣田	120	-	-	120
Total	總計	840	10,787	36	11,663

12 董事利益及權益 (香港公司條例 (第 622 章) 第 383 條、公司 (披露董事利益資料) 規則 (第 622G 章) 及香港上市規則要求披露)

(a) 董事酬金

截至二零一六年十二月三十一日止年度之董事酬金詳情如下：

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

(continued) (續)

12 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules) (Continued)

12 董事利益及權益 (香港公司條例 (第 622 章) 第 383 條、公司 (披露董事利益資料) 規則 (第 622G 章) 及香港上市規則要求披露) (續)

(a) Directors' emoluments (Continued)

(a) 董事酬金 (續)

Details of remuneration of directors for the year ended 31 December 2015 were as follows:

截至二零一五年十二月三十一日止年度之董事酬金詳情如下：

		Fees	Salaries, allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Equity-settled share-based payments	Total
		袍金	薪金、津貼及實物利益	僱主對退休福利計劃的供款	以權益結算以股份為基礎之付款	總額
		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
Executive directors:	執行董事：					
Xu Tie-liang (Chief Executive Officer)	許鈇良 (行政總裁)	120	6,370	18	13,200	19,708
Cheung Shing	張 成	120	-	-	-	120
Guan Yijun	關懿君	120	1,125	18	-	1,263
Zhu Yuan	朱 遠	120	68	-	372	560
Independent non-executive directors:	獨立非執行董事：					
Shi Xun-zhi	史訓知	120	-	-	-	120
Li Yun-long	李雲龍	120	-	-	-	120
Wang Guang-tian	王廣田	120	-	-	-	120
Total	總計	840	7,563	36	13,572	22,011

No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an accepting office as director or as a compensation for loss of office as director.

概無公司董事放棄任何酬金，集團亦無向任何公司董事支付酬金，作為接受董事職位之獎勵或離任董事職位之補償。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

12 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules) (Continued)

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2015: Nil).

(c) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the year (2015: Nil).

(d) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of the Company (2015: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2015: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2015: Nil).

12 董事利益及權益(香港公司條例(第622章)第383條、公司(披露董事利益資料)規則(第622G章)及香港上市規則要求披露)(續)

(b) 董事退休福利

董事並無就其有關管理公司或其附屬公司事務之其他服務獲支付或應收退休福利(二零一五年:無)。

(c) 董事離職福利

年內,並無向董事作出提前終止任命的補償(二零一五年:無)。

(d) 就獲取董事服務向第三方支付代價

並無就獲取董事作為公司董事提供的服務而向其前僱主作出付款(二零一五年:無)。

(e) 有關以董事、該等董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易的資料

年內,概無以董事、或該等董事之受控制法團及關連實體為受益人之貸款、準貸款及其他交易(二零一五年:無)。

(f) 董事於交易、安排或合約的重大權益

公司概無於年終或年內任何時間訂有任何公司董事於當中直接或間接擁有任何重大權益且與集團業務有關之重大交易、安排及合約(二零一五年:無)。

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

(continued) (續)

13 Taxation

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits subject to Hong Kong profits tax for the year (2015: Nil).

In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance note, subsidiaries in Mainland China are subject to the PRC corporate income tax rate at 25% (2015: 25%). Certain subsidiaries are entitled to tax concessions and tax relief whereby the profits of those subsidiaries are taxed at a preferential income tax rate of 15% (2015: 15%).

Taxation on overseas (other than Hong Kong and PRC) profits has been calculated on the estimated assessable profit for the year at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

13 稅項

由於集團於本年度並無賺取任何須繳納香港利得稅之應課稅溢利，故並無為香港利得稅作提撥準備(二零一五年：無)。

根據相關中國企業所得稅法、條例及實施細則，於中國內地的附屬公司按25%(二零一五年：25%)之稅率繳納中國企業所得稅。若干附屬公司享有稅務優惠及寬免，據此，該等附屬公司之溢利以優惠所得稅稅率15%(二零一五年：15%)納稅。

海外(除香港及中國外)溢利乃以集團經營所在司法權區適用現行稅率按年內估計應課稅溢利計算稅項。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current tax:	當期稅項：		
PRC corporate income tax	中國企業所得稅	176,172	166,803
Overseas taxation	海外稅項	1,009	3,379
Under/(over) provision in prior years	過往年度撥備不足／(超額撥備)	9,432	(5,376)
		186,613	164,806
Deferred tax (Note 30)	遞延稅項(附註30)	(2,152)	(143,949)
Taxation	稅項	184,461	20,857

There is no tax impact relating to components of other comprehensive income for the year ended 31 December 2016 (2015: Nil).

截至二零一六年十二月三十一日止年度，並無有關其他全面收益組成部份之稅務影響(二零一五年：無)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

13 Taxation (Continued)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Profit before taxation	除稅前溢利	842,129	50,190
Tax calculated at the applicable rates in the tax jurisdictions concerned	按有關稅務司法權區之適用稅率計算的稅項	203,865	-
Tax effect of income not subject to taxation	毋須課稅收入的稅務影響	(56,758)	(20,156)
Tax effect of expenses not deductible for tax purpose	不可減免開支的稅務影響	43,816	41,417
Tax effect on change in tax rate	稅率變動的稅務影響	-	26,675
Tax effect of tax concessions	稅收減免的稅務影響	(15,894)	(21,703)
Under/(over) provision in prior years	過往年度撥備不足／(超額撥備)	9,432	(5,376)
Taxation	稅項	184,461	20,857

The weighted average applicable tax rate is 21.9% (2015: 41.6%). The decrease is caused by a change in the profitability of the Group's subsidiaries in the respective jurisdictions.

13 稅項(續)

集團除稅前溢利之稅項與使用適用集團溢利之加權平均稅率產生之理論金額差異如下：

適用加權平均稅率為21.9% (二零一五年：41.6%)，稅率下降是由於集團附屬公司於各自的司法管轄區之盈利變動所致。



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

(continued) (續)

14 Dividend

14 股息

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Proposed final dividend of HK cent 0.50 (2015: Nil) per ordinary share	擬派末期股息每股普通股0.50 港仙(二零一五年：無)	
	29,128	-

A distribution of dividend out of contributed surplus account in respect of the year ended 31 December 2016 of HK cent 0.50 (2015: Nil) per share, amounting to a total dividend out of contributed surplus account of approximately HK\$29,128,000 is to be proposed at the forthcoming annual general meeting of the Company on 18 May 2017.

These financial statements do not reflect this dividend payable.

在將於二零一七年五月十八日舉行的公司應屆股東週年大會上，將建議就截至二零一六年十二月三十一日止年度以實繳盈餘賬分派股息每股0.50港仙(二零一五年：無)，以實繳盈餘賬分派股息總額約為29,128,000港元。

本財務報表未反映該等應付股息。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

15 Earnings/(losses) per share

(a) Basic

The calculation of basic earnings/losses per share is based on the Group's profit attributable to owners of the Company of approximately HK\$311,791,000 (2015: loss of HK\$183,831,000) and weighted average number of ordinary shares in issue less shares held under share award scheme during the year of approximately 5,212,795,000 shares (2015: 5,093,724,000 shares).

(b) Diluted

Diluted earnings per share for the year ended 31 December 2016 is calculated based on the profit attributable to owners of the Company of approximately HK\$311,791,000, and the weighted average number of ordinary shares of approximately 5,228,843,000 shares which is the weighted average number of ordinary shares in issue less shares held under share award scheme during the year plus the weighted average number of dilutive potential ordinary shares in respect of share options of approximately 14,903,000 shares and the effect of awarded shares of approximately 1,145,000 shares deemed to be issued at no consideration if all outstanding share options granted had been exercised.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2015 in respect of a dilution as the impact of the shares held under share award scheme outstanding during the years had an anti-dilutive effect on the basic loss per share amounts presented.

15 每股盈利／(虧損)

(a) 基本

於計算每股基本盈利／虧損時乃基於公司擁有人應佔集團溢利約311,791,000港元(二零一五年：虧損183,831,000港元)及年內已發行普通股加權平均數(減去年內根據股份獎勵計劃所持股份)約5,212,795,000股(二零一五年：5,093,724,000股)。

(b) 攤薄

於截至二零一六年十二月三十一日止年度，於計算每股攤薄盈利時乃基於公司擁有人應佔溢利約311,791,000港元及年內已發行普通股加權平均數約5,228,843,000股即已發行普通股加權平均數減去根據股份獎勵計劃所持股份加上假設所有未行使購股權獲行使而被視為以零代價發行之潛在攤薄普通股加權平均數約14,903,000股及獎勵股份約1,145,000股之影響。

由於截至二零一五年十二月三十一日止年度內尚未行使的根據股份獎勵計劃所持股份對所呈列的每股基本虧損金額具有反攤薄影響，因此對每股基本虧損金額無須作出調整。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

16 Property, plant and equipment

16 物業、廠房及設備

		(Note (v))	Plant and machinery	Oil and gas properties	Pipelines	(Note (ii)) Others	(Note (iii)) Construction in progress	Total
		(附註(v))	廠房及機器	石油及天然氣物業	管道	(附註(ii)) 其他	(附註(iii)) 在建工程	總計
		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
As at 1 January 2015	於二零一五年一月一日							
Cost	成本	610,854	915,039	3,040,408	2,251,294	441,580	1,395,873	8,655,048
Accumulated depreciation and depletion	累計折舊及損耗	(103,338)	(255,793)	(722,728)	(462,732)	(226,926)	–	(1,771,517)
Net book value	賬面淨值	507,516	659,246	2,317,680	1,788,562	214,654	1,395,873	6,883,531
Year ended 31 December 2015	截至二零一五年十二月三十一日止年度							
At 1 January 2015	於二零一五年一月一日	507,516	659,246	2,317,680	1,788,562	214,654	1,395,873	6,883,531
Currency realignment	貨幣調整	(30,206)	(36,362)	(363,736)	(110,483)	(11,393)	(65,185)	(617,365)
Acquisition of businesses (Note 33b)	收購業務(附註33(b))	–	–	437,773	–	–	–	437,773
Additions	添置	14,448	4,827	185,113	7,858	15,285	603,305	830,836
Transfers	轉撥	86,768	77,839	–	477,785	20,535	(662,927)	–
Disposals	出售	(1,561)	(30,968)	–	(1,656)	(1,938)	–	(36,123)
Depreciation and depletion for the year (Note (ii))	年內折舊及損耗(附註(ii))	(30,409)	(50,916)	(225,944)	(102,250)	(46,151)	–	(455,670)
Recognition of impairment losses (Note (iv))	確認減值虧損(附註(iv))	–	–	(507,441)	–	–	–	(507,441)
At 31 December 2015	於二零一五年十二月三十一日	546,556	623,666	1,843,445	2,059,816	190,992	1,271,066	6,535,541
As at 31 December 2015	於二零一五年十二月三十一日							
Cost	成本	671,133	913,644	3,123,650	2,564,223	440,124	1,271,066	8,983,840
Accumulated depreciation, depletion and impairment	累計折舊、損耗及減值	(124,577)	(289,978)	(1,280,205)	(504,407)	(249,132)	–	(2,448,299)
Net book value	賬面淨值	546,556	623,666	1,843,445	2,059,816	190,992	1,271,066	6,535,541

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

16 Property, plant and equipment (Continued)

16 物業、廠房及設備(續)

		(Note (v))	Plant and	Oil and gas		(Note (ii))	(Note (iii))	
		Buildings	machinery	properties	Pipelines	Others	Construction	Total
		(附註 (v))		石油及		(附註 (i))	(附註 (iii))	
		樓宇	廠房及機器	天然氣物業	管道	其他	在建工程	總計
		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
Year ended 31 December 2016	截至二零一六年 十二月三十一日止年度							
At 1 January 2016	於二零一六年一月一日	546,556	623,666	1,843,445	2,059,816	190,992	1,271,066	6,535,541
Currency realignment	貨幣調整	(41,133)	(43,049)	64,881	(140,368)	(10,378)	(73,479)	(243,526)
Acquisition of businesses (Note 33(a))	收購業務(附註 33(a))	-	-	58,947	-	-	-	58,947
Additions	添置	79,255	10,208	86,377	1,340	7,692	606,661	791,533
Transfers	轉撥	58,019	86,662	-	326,060	2,504	(473,245)	-
Transfer from exploration and evaluation assets (Note 17)	轉撥自勘探及評估資產 (附註 17)	-	-	30,579	-	-	-	30,579
Disposals	出售	(1,089)	(1,945)	-	(50,884)	(13,746)	-	(67,664)
Disposal of a subsidiary (Note 34)	出售一間附屬公司(附註 34)	(13,230)	(7,677)	-	(86,369)	(1,654)	(7,499)	(116,429)
Depreciation and depletion for the year (Note (ii))	年內折舊及損耗(附註(ii))	(30,601)	(58,280)	(171,530)	(116,668)	(38,913)	-	(415,992)
Reversal of impairment losses (Note (iv))	減值虧損回撥(附註(iv))	-	-	52,003	-	-	-	52,003
At 31 December 2016	於二零一六年十二月三十一日	597,777	609,585	1,964,702	1,992,927	136,497	1,323,504	6,624,992
As at 31 December 2016	於二零一六年十二月三十一日							
Cost	成本	741,328	921,251	3,407,931	2,559,323	333,958	1,323,504	9,287,295
Accumulated depreciation, depletion and impairment	累計折舊、損耗及減值	(143,551)	(311,666)	(1,443,229)	(566,396)	(197,461)	-	(2,662,303)
Net book value	賬面淨值	597,777	609,585	1,964,702	1,992,927	136,497	1,323,504	6,624,992

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

16 Property, plant and equipment (Continued)

Notes:

- (i) Others mainly represent motor vehicles, furniture, fixtures and equipment, and tool and moulds with net book values amounting to approximately HK\$57,947,000 (2015: HK\$86,102,000), HK\$39,675,000 (2015: HK\$58,029,000) and HK\$38,875,000 (2015: HK\$46,861,000) respectively.
- (ii) Depreciation and depletion of approximately HK\$384,086,000 (2015: HK\$432,182,000), HK\$13,131,000 (2015: HK\$2,399,000) and HK\$18,775,000 (2015: HK\$21,089,000) have been charged in cost of sales, selling and distribution costs and administrative expenses respectively.
- (iii) During the year, the Group has capitalised borrowing costs amounting to HK\$106,584,000 (2015: HK\$113,716,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 5.4% (2015: 5.7%).
- (iv) As a result of the decrease in forward benchmark crude oil prices in 2015, an impairment test on the Group's oil and gas properties was performed.

The recoverable amount of oil and gas properties is determined at the fair value less costs of disposal using a discounted cash flow method and is assessed at CGUs level.

As at 31 December 2015, the Group determined that the carrying amounts of the cash generating units ("CGUs") amounting to approximately HK\$2,421,267,000 exceeded their fair value less costs of disposal amounting to approximately HK\$1,913,826,000. Accordingly, an impairment loss of HK\$507,441,000 was recognised during the year ended 31 December 2015.

The Group regularly assesses market commodity prices, costs to carry out planned drilling programs, drilling results, and reservoir performance to determine if there are any indicators of impairment of the Group's assets. Forward benchmark commodity prices in 2016 were relatively consistent with prices in 2015, and the Group reserves increased from 2015 to 2016 due to both drilling success and positive well performance. Capital expenditures to carry out the Group's drilling program were generally lower in 2016 due to reduced levels of industry activity. As at 31 December 2016, the Group determined that there were no indicators of impairment 2 out of 3 CGUs. Due to significant oil and gas reserve additions in the remaining CGU in 2016, there were indicators of a reversal of impairment so an impairment test of that CGU was performed at 31 December 2016.

As at 31 December 2016, the Group determined that the value in use of the CGU amounting to approximately HK\$1,454,308,000 exceeded its carrying amount amounting to approximately HK\$1,402,305,000. Accordingly, an impairment reversal of HK\$52,003,000 was recognised during the year ended 31 December 2016.

16 物業、廠房及設備(續)

附註：

- (i) 其他主要指汽車、傢俬、裝置及設備及工具以及模具，賬面淨值分別約為57,947,000港元(二零一五年：86,102,000港元)、39,675,000港元(二零一五年：58,029,000港元)及38,875,000港元(二零一五年：46,861,000港元)。
- (ii) 折舊及損耗約384,086,000港元(二零一五年：432,182,000港元)、13,131,000港元(二零一五年：2,399,000港元)及18,775,000港元(二零一五年：21,089,000港元)分別於銷售成本、銷售及輸送成本及行政開支中扣除。
- (iii) 年內，集團就合資格資產資本化借貸成本106,584,000港元(二零一五年：113,716,000港元)。借貸成本按其一般借貸的加權平均比率5.4%(二零一五年：5.7%)資本化。
- (iv) 由於二零一五年遠期基準原油價下跌，對集團石油及天然氣物業進行了減值測試。

石油及天然氣物業的可收回金額採用貼現現金流量法按公平值減出售費用釐定，並在現金產生單位層級進行評估。

於二零一五年十二月三十一日，集團釐定現金產生單位(「現金產生單位」)的賬面價值約2,421,267,000港元，超出其公平值減出售費用約為1,913,826,000港元。因此，於截至二零一五年十二月三十一日止年度內確認減值虧損507,441,000港元。

為確定集團的資產是否存在任何減值跡象，集團定期對市場商品價格、規劃鑽井程序、鑽井結果及儲集性能進行評估。二零一六年遠期基準原油價與二零一五年保持相對一致，而集團的儲備由於鑽井成功及油井表現正面而於二零一五年至二零一六年有所增加。集團用於開展鑽井程序的資本支出因產業活動水平降低而總體較低。於二零一六年十二月三十一日，集團確定3個現金產生單位中有2個並無任何減值跡象。由於其餘現金產生單位於二零一六年有大量油氣增儲，存在減值撥回跡象，故於二零一六年十二月三十一日進行現金產生單位減值測試。

於二零一六年十二月三十一日，集團釐定現金產生單位的使用價值約1,454,308,000港元，超出其賬面價值約1,402,305,000港元。因此，於截至二零一六年十二月三十一日止年度內確認減值撥回52,003,000港元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

16 Property, plant and equipment (Continued)

Notes: (Continued)

The fair value measurement of the Group's oil and gas properties is designated Level 3 on the fair value hierarchy.

The key assumptions for the calculation are those regarding the discount rates and expected changes in future oil prices. The expected future oil prices for the next five years ranged from US\$55.0 to US\$71.0 per barrel (2015: US\$44.0 to US\$70.0 per barrel). Forecast benchmark crude oil price assumptions tended to be stable because short-term increases or decreases in prices were not considered indicative of long-term price levels, but were nonetheless subject to change. The Group used a pre-tax discount rates ranging from 8% to 20% (2015: 8% to 20%) to discount future cash flows from the Group's CGU(s). These rates differed based upon classification of reserve type, commodity type, timing of future development expenditures and operating burdens.

Since the carrying amount of the CGU is not sensitive to the changes in assumption, no sensitivity analysis is disclosed.

- (v) The estimated useful lives of buildings ranged from 12.5 to 25 years. During 2016, the Group acquired a building amounted to approximately HK\$72,945,000 with lease terms of 40 years. The estimated useful lives of buildings changed from 25 years to 40 years as mentioned in Note 3(f).

17 Exploration and evaluation assets

16 物業、廠房及設備(續)

附註：(續)

集團的石油及天然氣物業的公平值計量指定為公平值層次的第三層。

該計算方法的主要假設為折現率及日後油價預期變化。未來五年的日後預期油價介乎每桶油當量 55.0 美元至 71.0 美元 (二零一五年：每桶油當量 44.0 美元至 70.0 美元)。預測基準原油價趨於穩定，由於價格短期上升或下跌並不視為長期價格水平的指標，但仍會變動。集團使用介乎 8% 至 20% (二零一五年：8% 至 20%) 的除稅前折現率折現集團現金產生單位的未來現金流量。該等利率基於儲量類型、商品類型、未來開發支出的時間及經營負擔而變化。

由於現金產生單位的賬面值對假設變動並不敏感，故並無披露敏感度分析。

- (v) 樓宇的估計可使用年限介乎 12.5 至 25 年。於二零一六年，集團收購一幢金額約為 72,945,000 港元之樓宇，租期為 40 年。樓宇的估計可使用年限如附註 3(f) 所述由 25 年改為 40 年。

17 勘探及評估資產

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Cost	成本		
At 1 January	於一月一日	249,139	222,655
Currency realignment	貨幣調整	9,665	(38,175)
Acquisition of businesses (Note 33)	收購業務／附屬公司(附註 33)	-	46,262
Additions	添置	-	18,397
Disposals	出售	(2,932)	-
Written off (Note 9)	沖銷(附註 9)	(11,745)	-
Transfer to oil and gas properties under property, plant and equipment (Note 16)	轉撥至物業、廠房及設備項下石油及天然氣物業(附註 16)	(30,579)	-
At 31 December	於十二月三十一日	213,548	249,139

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

(continued) (續)

17 Exploration and evaluation assets (Continued)

Exploration and evaluation assets represent the Group's costs of acquiring licenses and interests in undeveloped lands in West Central Alberta, Canada, which are pending the determination of proved or probable oil and gas reserves. The costs are accumulated in cost centers by well, field, or exploration area pending determination of technical feasibility and commercial viability.

The technical feasibility and commercial viability of extracting mineral resource is considered to be determined when proved reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proved reserves have been discovered.

17 勘探及評估資產(續)

勘探及評估資產指集團於加拿大阿爾伯塔省中西部未開發土地的許可證及權益收購成本，須待釐定已探明及待探明油氣儲量。有關成本透過油井、油田或勘探區域於成本中心累積，待釐定技術及商業可行性。

當釐定存在探明儲量時，開採礦產資源的技術及商業可行性被認為已確定。至少每年對各勘探許可證或油田進行檢討，確保是否已發現探明儲量。

18 Land use rights

18 土地使用權

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Net book value	賬面淨值		
At 1 January	於一月一日	314,013	253,663
Currency realignment	貨幣調整	(23,792)	(16,042)
Additions	添置	113,708	83,553
Disposal of a subsidiary (Note 34)	出售一間附屬公司(附註34)	(1,998)	-
Amortisation for the year	年內攤銷	(8,587)	(7,161)
At 31 December	於十二月三十一日	393,344	314,013

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

19 Intangible assets

19 無形資產

		Goodwill	Other intangible assets	Total
		商譽	其他 無形資產	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
As at 1 January 2015	於二零一五年一月一日			
Cost	成本	1,043,478	32,496	1,075,974
Accumulated amortisation	累計攤銷	–	(4,062)	(4,062)
Net book value	賬面淨值	1,043,478	28,434	1,071,912
Year ended 31 December 2015	截至二零一五年 十二月三十一日止年度			
At 1 January 2015	於二零一五年一月一日	1,043,478	28,434	1,071,912
Currency realignment	貨幣調整	(23,825)	(1,665)	(25,490)
Additions	添置	–	10,920	10,920
Amortisation for the year	年內攤銷	–	(1,666)	(1,666)
At 31 December 2015	於二零一五年十二月三十一日	1,019,653	36,023	1,055,676
As at 31 December 2015	於二零一五年十二月三十一日			
Cost	成本	1,019,653	41,751	1,061,404
Accumulated amortisation	累計攤銷	–	(5,728)	(5,728)
Net book value	賬面淨值	1,019,653	36,023	1,055,676
Year ended 31 December 2016	截至二零一六年 十二月三十一日止年度			
At 1 January 2016	於二零一六年一月一日	1,019,653	36,023	1,055,676
Currency realignment	貨幣調整	(25,753)	(3,947)	(29,700)
Additions	添置	–	1,154	1,154
Disposal of a subsidiary (Note 34)	出售一間附屬公司(附註34)	(22,154)	–	(22,154)
Amortisation for the year	年內攤銷	–	(2,685)	(2,685)
At 31 December 2016	於二零一六年十二月三十一日	971,746	30,545	1,002,291
As at 31 December 2016	於二零一六年十二月三十一日			
Cost	成本	971,746	38,958	1,010,704
Accumulated amortisation	累計攤銷	–	(8,413)	(8,413)
Net book value	賬面淨值	971,746	30,545	1,002,291

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

(continued) (續)

19 Intangible assets (Continued)

Goodwill is allocated to a group of CGUs identified for sales and distribution of natural gas and other related products business, which is also an operating segment, representing the lowest level within the Group at which goodwill is monitored for internal management purposes.

The recoverable amount of the group of CGUs is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates a discount rate of 11.5% (2015: 11.2%) using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to this group of CGUs. The growth rate of 3.0% (2015: 3.0%) for the next five years are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The value in use calculations is derived from cash flow projections based on the most recent financial budgets for the next 5 years approved by management. Cash flows beyond 5-year period have been extrapolated using growth rates of 3.0% (2015: 3.0%) per annum, which is based on industry growth forecasts. The Board considered no impairment loss is necessary as at 31 December 2016.

In sales and distribution of natural gas and other related products business, the recoverable amount calculated based on value in use exceeded carrying value by HK\$1,431,395,000.

Since the carrying amounts of the CGUs are not sensitive to the changes in assumption, no sensitivity analysis is disclosed.

19 無形資產(續)

商譽分配到按銷售及輸送天然氣及其他相關產品業務所識別的一組現金生產單位(亦是一個經營分部，為集團為內部管理目的而對商譽實施監控的最低層次)。

該組現金產生單位之可收回金額乃按照使用價值而計算。使用價值之關鍵假設涉及年內折現率、增長率及售價及直接成本之預期變動。管理層使用反應當前市場評估貨幣時間價值及該組現金生產單位特定風險之稅前利率估計折現率11.5%(二零一五年：11.2%)。未來五年3.0%(二零一五年：3.0%)之增長率乃基於工業增長預測。售價及直接成本變動乃基於對市場未來變動之過往慣例及預期。

使用價值計算乃根據管理層准許的未來五年內最近之財務預算而作出的現金流量預測衍生而來。超過5年的現金流量使用是每年3.0%(二零一五年：3.0%)的增長率推斷，此乃基於工業增長預測。董事局認為於二零一六年十二月三十一日，並無必要的減值虧損。

在銷售及輸送天然氣及其他相關產品業務當中，根據使用價值計算的可收回金額超出賬面值的數額為1,431,395,000港元。

由於現金產生單位的賬面值對假設變動並不敏感，故並無披露任何敏感度分析。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

20 Investments accounted for using the equity method

The amounts recognised in the consolidated statement of financial position are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Associates	聯營公司	273,444	274,008
Joint venture	合營企業	26,621	42,846
At 31 December	於十二月三十一日	300,065	316,854

The amounts recognised in the consolidated profit or loss are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Associates	聯營公司	139	794
Joint venture	合營企業	(15,790)	(5,137)
For the year ended 31 December	截至十二月三十一日止年度	(15,651)	(4,343)

20 使用權益法入賬之投資

於綜合財務狀況表確認之金額如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Associates	聯營公司	273,444	274,008
Joint venture	合營企業	26,621	42,846
At 31 December	於十二月三十一日	300,065	316,854

於綜合損益表確認之金額如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Associates	聯營公司	139	794
Joint venture	合營企業	(15,790)	(5,137)
For the year ended 31 December	截至十二月三十一日止年度	(15,651)	(4,343)

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

(continued) (續)

20 Investments accounted for using the equity method (Continued)

Interests in associates

Nature of investments in associates, which are unlisted limited liability companies, as at 31 December 2016:

Name	Registered capital	Country of establishment	Principal activities	Percentage of interest held indirectly
名稱	註冊資本	成立之國家	主要業務	間接持有權益百分比
南通中石油昆侖壓縮天然氣有限公司 (「昆侖壓縮」)	RMB20,000,000 人民幣 20,000,000 元	PRC 中國	Trading of natural gas 天然氣買賣	30%
青海中油潔神能源有限公司 (「潔神能源」)	RMB20,000,000 人民幣 20,000,000 元	PRC 中國	Trading of natural gas 天然氣買賣	49%
Sino Director Limited (Note) (附註)	US\$10,000 10,000 美元	BVI 英屬維爾京群島	Investment holding 投資控股	25%

20 使用權益法入賬之投資 (續)

於聯營公司權益

於二零一六年十二月三十一日，於聯營公司(為非上市有限公司)投資之性質：

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

20 Investments accounted for using the equity method (Continued)

Interests in associates (Continued)

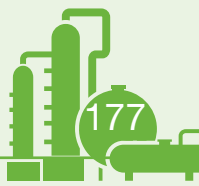
Set out below are the summarised financial information for the associates which are accounted for using the equity method.

20 使用權益法入賬之投資(續)

於聯營公司權益(續)

下文載列使用權益法入賬之聯營公司的財務資料概要。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Assets:	資產：		
– Non-current assets	– 非流動資產	1,505,344	1,502,572
– Current assets	– 流動資產	30,271	23,359
		1,535,615	1,525,931
Liabilities:	負債：		
– Non-current liabilities	– 非流動負債	10,192	8,400
– Current liabilities	– 流動負債	17,180	4,622
Net assets	資產淨值	1,508,243	1,512,909
Revenue	營業額	61,616	50,459
Expenses	開支	(63,629)	(48,209)
(Loss)/profit before taxation	除稅前(虧損)/溢利	(2,013)	2,250
Income tax credit/(expense)	所得稅進賬/(開支)	615	(661)
(Loss)/profit and total comprehensive (loss)/income for the year	年內(虧損)/溢利及全面(虧損)/收益總額	(1,398)	1,589



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

(continued) (續)

20 Investments accounted for using the equity method (Continued)

Interests in associates (Continued)

Set out below are the reconciliation of the summarised financial information presented to the carrying amount of its interest in associates.

Net assets as at 1 January	於一月一日之資產淨值
(Loss)/profit for the year	年內(虧損)/溢利
Currency translation differences	貨幣換算差額
Net assets as at 31 December	於十二月三十一日之資產淨值
Carrying amount as at 31 December	於十二月三十一日之賬面值

There are no contingent liabilities relating to the Group's interests in the associates.

Note:

As at 31 December 2016, the Group has invested HK\$257,250,000 in Sino Director Limited with 25% equity interests as an associate.

A business valuation was performed for the underlying assets of Sino Director Limited. The recoverable amount is determined from value in use calculations. The key assumptions for the value in use calculation are discount rates and forecasted commodity prices. Management estimates a discount rate of 12.8% (2015: 11.2%) using a pre-tax rates that reflects current market assessment of time value of money.

The commodity price growth rate of 3.0% (2015: 3.0%) used in the calculations is based on inflation growth forecasts. The Board considered no impairment loss on the Group's investment in associate is necessary as at 31 December 2016.

As at 31 December 2016, the Group determined that the fair value less costs of disposal of Sino Director Limited amounting to approximately HK\$593,775,000 exceeded its carrying value amounting to approximately HK\$257,250,000.

Since the carrying amount of the interest in Sino Director Limited is not sensitive to the changes in assumption, no sensitivity analysis is disclosed.

20 使用權益法入賬之投資 (續)

於聯營公司權益 (續)

以下載列所呈報財務資料概要與其於聯營公司權益的賬面值之對賬

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Net assets as at 1 January	1,512,909	1,513,774
(Loss)/profit for the year	(1,398)	1,589
Currency translation differences	(3,268)	(2,454)
Net assets as at 31 December	1,508,243	1,512,909
Carrying amount as at 31 December	273,444	274,008

並無與集團於聯營公司權益有關之或然負債。

附註：

於二零一六年十二月三十一日，集團已向Sino Director Limited 投資257,250,000港元，持有該聯營公司的25%股權。

已就Sino Director Limited的基礎資產進行業務估值。可收回金額乃以使用價值計算法釐定。使用價值計算之關鍵假設為折現率及預測商品價格。管理層使用反映當前市場評估貨幣時間價值之稅前利率估計折現率12.8% (二零一五年：11.2%)。

計算中採用的商品價格增長率3.0% (二零一五年：3.0%) 乃基於通脹增長預測。於二零一六年十二月三十一日，董事局認為集團於聯營公司的投資並無必要的減值虧損。

於二零一六年十二月三十一日，集團釐定Sino Director Limited的公平值減出售費用約為593,775,000港元，高於其賬面值約257,250,000港元。

由於擁有Sino Director Limited權益的賬面值對假設變動並不敏感，故並無披露任何敏感度分析。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

20 Investments accounted for using the equity method (Continued)

20 使用權益法入賬之投資(續)

Interest in a joint venture

於合營企業權益

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Share of net assets:	應佔資產淨值：		
At 1 January	於一月一日	42,846	50,459
Currency realignment	貨幣調整	(435)	(2,476)
Share of loss of a joint venture	應佔一間合營企業虧損	(15,790)	(5,137)
At 31 December	於十二月三十一日	26,621	42,846

Nature of investment in a joint venture, which is a private limited company, as at 31 December 2016:

於二零一六年十二月三十一日，於合營企業(為私營有限公司)投資之性質：

Name	Registered capital	Country of establishment	Principal Activities	Percentage of interest held indirectly
名稱	註冊資本	成立之國家	主要業務	間接持有權益百分比
山西國興煤層氣輸配有限公司	RMB100,000,000 人民幣 100,000,000 元	PRC 中國	Trading of coalbed methane 煤層氣買賣	35%

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

(continued) (續)

20 Investments accounted for using the equity method (Continued)

The following amounts represent the Group's 35% share of the assets and liabilities, and revenue and results of the joint venture for the year ended 31 December 2016 and 2015:

20 使用權益法入賬之投資 (續)

以下金額為截至二零一六年及二零一五年十二月三十一日止年度集團應佔合營企業之資產及負債、營業額及業績之35%：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Assets:	資產：		
– Non-current assets	– 非流動資產	391,096	393,243
– Current assets	– 流動資產	54,618	56,257
		445,714	449,500
Liabilities:	負債：		
– Current liabilities	– 流動負債	369,654	327,083
Net assets	資產淨值	76,060	122,417
Revenue	營業額	131,818	392,763
Expenses	開支	(176,932)	(406,200)
Loss before taxation	除稅前虧損	(45,114)	(13,437)
Income tax credit	所得稅減免	–	303
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	(45,114)	(13,134)

There are no contingent liabilities relating to the Group's interest in the joint venture.

並無與集團於合營企業權益有關之或然負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

21 Available-for-sale financial assets

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Equity securities:	股本證券：		
– listed outside Hong Kong	– 香港以外上市	2	2
– listed in Hong Kong	– 香港上市	916	–
Debt securities:	債務證券：		
– listed in Hong Kong	– 香港上市	576,713	325,604
– listed outside Hong Kong	– 香港以外上市	60,249	28,891
– unlisted	– 非上市	382	450
		638,262	354,947

At the date of the statement of financial position, all the listed equity and debt securities are stated at fair values.

The carrying amounts of the available-for-sale financial assets are denominated in the following currencies:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
US\$	美元	555,743	354,945
Others	其他	82,519	2
		638,262	354,947

The maximum exposure to credit risk at the statement of financial position date is the carrying value of the debt securities classified as available-for-sale.

At 31 December 2016, the available-for-sale financial assets are pledged as a security for the Group's unutilised banking facilities (Note 35).

21 可供出售財務資產

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Equity securities:	股本證券：		
– listed outside Hong Kong	– 香港以外上市	2	2
– listed in Hong Kong	– 香港上市	916	–
Debt securities:	債務證券：		
– listed in Hong Kong	– 香港上市	576,713	325,604
– listed outside Hong Kong	– 香港以外上市	60,249	28,891
– unlisted	– 非上市	382	450
		638,262	354,947

於本財務狀況表日期，所有上市股本及債務證券均以公平值列賬。

可供出售財務資產賬面值以以下貨幣計值：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
US\$	美元	555,743	354,945
Others	其他	82,519	2
		638,262	354,947

於財務狀況表日期之最高信貸風險為分類為可供出售債務證券之賬面值。

於二零一六年十二月三十一日，可供出售財務資產予以質押，作為集團未動用銀行融資的抵押(附註35)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

22 Inventories

22 存貨

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Raw materials	原料	36,376	40,985
Work-in-progress	在建工程	90,521	77,951
Finished goods and natural gas	製成品及天然氣	63,676	82,534
		190,573	201,470

23 Deposits, trade and other receivables

23 按金、貿易及其他應收款項

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Trade receivables (Note (b))	貿易應收賬款(附註(b))	796,330	803,503
Loan to an associate (Note (c))	貸款予聯營公司(附註(c))	479,062	445,864
Loans to third parties (Note (d))	貸款予第三方(附註(d))	53,852	54,000
		1,329,244	1,303,367
Prepaid construction costs	預付建設成本	158,625	101,202
Prepayment for acquisition of land use rights	收購土地使用權預付款	61,524	175,232
Prepayment for acquisition of properties	收購物業預付款	-	74,239
Prepaid natural gas costs	預付天然氣成本	145,413	171,869
Prepaid material and equipment costs	預付材料及設備成本	127,159	97,415
Interest receivables	應收利息	183,345	147,121
Other prepayments	其他預付款	90,240	108,588
Other receivables	其他應收款	213,600	288,459
		2,309,150	2,467,492
Less: Non-current portion	扣減：非流動部分	(792,258)	(904,806)
Current portion	流動部分	1,516,892	1,562,686

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

23 Deposits, trade and other receivables (Continued)

Notes:

- (a) The Board considers that the carrying amounts of deposits, trade and other receivables approximate their fair values as the impact of discounting is not significant.
- (b) At each date of the statement of financial position, the Group's allowance for impairment of trade receivables will individually be determined based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment allowance will be recognised.

The Group allows an average credit period ranging from 60 to 90 days to its trade customers and keeps monitoring its outstanding trade receivables. Overdue balances are regularly reviewed by senior management of the Group.

The ageing analysis of trade receivables based on invoice date is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Up to 3 months	三個月以內	712,716	722,367
3 to 6 months	三個月至六個月	25,333	31,031
Over 6 months	六個月以上	58,281	50,105
Total	合計	796,330	803,503

As at 31 December 2016, trade receivables of approximately HK\$83,614,000 (2015: HK\$81,136,000) that were past due but not impaired relate to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in their credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

- (c) On 23 September 2011, the Group entered into a loan agreement for the construction of assets with Sino Director Limited, an associate, with interest bearing at 6.2% per annum. As at 31 December 2016, the Group loan to Sino Director Limited amounted to approximately HK\$479,062,000 (2015: HK\$445,864,000). The outstanding interest amounted to approximately HK\$157,815,000 (2015: HK\$121,302,000) with interest bearing at 6.8% per annum.

For the year ended 31 December 2016, the interest income arising from this arrangement amounting to HK\$36,513,000 (2015: HK\$33,406,000) (Note 10).

23 按金、貿易及其他應收款項 (續)

附註：

- (a) 由於折讓影響並不重大，董事局認為，按金、貿易及其他應收款項之賬面值與其公平值相若。
- (b) 於每個財務狀況表日期，集團貿易應收賬款減值撥備將根據其客戶的信貸歷史（如財務困難或拖欠付款）及現行市場條件個別釐定。因此，確認個別減值撥備。

集團給予貿易客戶之平均信貸期介乎 60 日至 90 日之間，並且不斷監控其尚未償還之貿易應收賬款。集團高級管理層定期審閱逾期未還之結餘。

根據發票日期的貿易應收賬款之賬齡分析如下：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Up to 3 months	712,716	722,367
3 to 6 months	25,333	31,031
Over 6 months	58,281	50,105
Total	796,330	803,503

於二零一六年十二月三十一日，已逾期但未減值的貿易應收賬款約 83,614,000 港元（二零一五年：81,136,000 港元）與近期並無違約記錄的數個獨立客戶有關。根據過往經驗，管理層認為，就該等結餘並無必要作減值撥備，乃由於信貸質量並無重大變動及結餘仍視為可全數收回。集團並無持有任何抵押品或其他超過該等結餘之信貸改善。

- (c) 於二零一一年九月二十三日，集團與聯營公司 Sino Director Limited 訂立貸款協議（關於資產建設），按 6.2% 之年利率計息。於二零一六年十二月三十一日，集團向 Sino Director Limited 貸款約 479,062,000 港元（二零一五年：445,864,000 港元）。未還利息約為 157,815,000 港元（二零一五年：121,302,000 港元），年利率為 6.8%。

截至二零一六年十二月三十一日止年度，此項安排的利息收入為 36,513,000 港元（二零一五年：33,406,000 港元）（附註 10）。

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

(continued) (續)

23 Deposits, trade and other receivables (Continued)

Notes: (Continued)

(d) Loans to third parties comprised of the followings:

On 1 December 2015, the Group entered into a three year loan agreement with a third party. It is unsecured, interest bearing at 8.0% per annum. As at 31 December 2016, the loan balance amounted to approximately HK\$31,452,000 (2015: HK\$30,000,000).

The remaining balance represented a loan to another third party to support the third party's acquisition of natural gas friendly vehicles. The loan to the third party is unsecured, interest bearing at 4.0% per annum and repayable annually in three equal installments by 31 December 2019.

For the year ended 31 December 2016, the interest income arising from these loans to third parties amounted to approximately HK\$3,304,000 (2015: HK\$1,206,000) (Note 10).

(e) The carrying amounts of the deposits, trade and other receivables are denominated in the following currencies:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Renminbi	人民幣	2,201,565	2,356,836
CAD	加元	42,088	43,641
Others	其他	65,497	67,015
		2,309,150	2,467,492

23 按金、貿易及其他應收款項 (續)

附註：(續)

(d) 貸款予第三方包括下列事項：

於二零一五年十二月一日，集團與一名第三方訂立三年期貸款協議。倘無抵押，按8.0%之年利率計息。於二零一六年十二月三十一日，貸款餘額約為31,452,000港元（二零一五年：30,000,000港元）。

餘下結餘為貸款予另一第三方以支援該第三方購置天然氣車輛。該項對第三方貸款乃無抵押、按年利率4.0%計息並於二零一九年十二月三十一日前以每年一期、分三期償還。

截至二零一六年十二月三十一日止年度，第三方貸款產生的利息收入約為3,304,000港元（二零一五年：1,206,000港元）（附註10）。

(e) 按金、貿易及其他應收款項之賬面值以以下貨幣計值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

24 Financial assets at fair value through profit or loss

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Equity securities:	股本證券：		
– listed in Hong Kong	– 香港上市	–	2,945
Debt securities:	債務證券：		
– listed outside Hong Kong	– 香港以外上市	20,029	21,045
– unlisted	– 非上市	27,419	26,281
		47,448	50,271

The carrying amounts of the financial assets at fair value through profit or loss are denominated in the following currencies:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
US\$	美元	47,448	47,325
Others	其他	–	2,946
		47,448	50,271

The maximum exposure to credit risk at the statement of financial position date is the carrying value of debt securities classified as financial assets at fair value through profit or loss.

The financial assets at fair value through profit or loss are pledged as a security for the Group's unutilised banking facilities (Note 35).

24 按公平值經損益入賬之財務資產

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Equity securities:	股本證券：		
– listed in Hong Kong	– 香港上市	–	2,945
Debt securities:	債務證券：		
– listed outside Hong Kong	– 香港以外上市	20,029	21,045
– unlisted	– 非上市	27,419	26,281
		47,448	50,271

按公平值經損益入賬之財務資產之賬面值於以下列貨幣計值：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
US\$	美元	47,448	47,325
Others	其他	–	2,946
		47,448	50,271

於財務狀況表日期的最大信貸風險為分類為按公平值經損益入賬的債務證券的賬面值。

按公平值經損益入賬的財務資產予以質押，作為集團銀行融資的抵押(附註35)。

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

(continued) (續)

25 Time deposits, bank balances and cash

25 定期存款、銀行結餘及現金

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Cash at banks and on hand	銀行及手頭現金	1,787,576	2,106,904
Short-term bank deposits	短期銀行存款	71,077	412,800
		1,858,653	2,519,704
Less: Time deposits with maturity over three months	減：存款期超過三個月的定期存款	(25,170)	(216,000)
Cash and cash equivalents	現金及現金等值項目	1,833,483	2,303,704

The interest rates for short-term bank deposits was approximately from 1.1% to 3.9% (2015: 2.8% to 4.2%) per annum. The deposits have a maturity of ranging from 90 to 365 days.

短期銀行存款的年利率介乎約1.1%至3.9%（二零一五年：2.8%至4.2%）。存款期介乎90日至365日。

Included in bank deposits, bank balances and cash are amounts of approximately HK\$1,558,078,000 or RMB1,391,141,000 (2015: HK\$1,824,940,000 or RMB1,520,783,000) denominated in Renminbi which are deposited with banks in Mainland China. The conversion of these Renminbi denominated balances into foreign currencies and the remittance of funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

銀行存款、銀行結餘及現金約1,558,078,000港元或人民幣1,391,141,000元（二零一五年：1,824,940,000港元或人民幣1,520,783,000元）均以人民幣計值，並存於中國內地的銀行。該等人民幣計值結餘兌換成外幣及從中國內地匯出資金須遵守中國政府頒佈的外匯管理規章制度。

The carrying amounts of the time deposits, bank balances and cash are denominated in the following currencies:

定期存款、銀行結餘及現金之賬面值以下列貨幣計值：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Renminbi	人民幣	1,560,786	2,041,320
US\$	美元	174,993	324,001
HK\$	港元	122,337	56,360
Others	其他	537	98,023
		1,858,653	2,519,704

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

26 Trade and other payables

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Trade payables	貿易應付賬款	570,343	670,774
Consideration payables	應付代價	18,000	18,400
Construction cost payables	應付建設成本	286,823	201,167
Interest payable	應付利息	47,284	46,135
Dividends payable to non-controlling interests	應付非控股權益股息	114,387	128,159
Salaries payables	應付薪金	12,819	5,834
Other taxes payable	其他應付稅項	48,510	28,472
Other payables and accruals	其他應付款項及應計費用	229,581	277,479
		1,327,747	1,376,420

The Board considers that the carrying amounts of trade and other payables approximate their fair values.

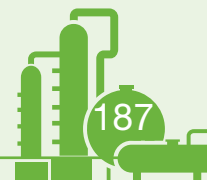
The ageing analysis of trade payables based on invoice date is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Up to 3 months	三個月以內	470,508	565,916
3 to 6 months	三個月至六個月	37,871	45,933
Over 6 months	六個月以上	61,964	58,925
Total	合計	570,343	670,774

26 貿易及其他應付款項

董事局認為，貿易及其他應付款項之賬面值與其公平值相若。

根據發票日期的貿易應付賬款之賬齡分析如下：



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

(continued) (續)

26 Trade and other payables (Continued)

The carrying amounts of trade and other payables are denominated in the following currencies:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Renminbi	人民幣	1,201,994	1,237,561
HK\$	港元	53,567	53,550
CAD	加元	72,186	85,309
		1,327,747	1,376,420

26 貿易及其他應付款項(續)

貿易及其他應付款項的賬面值以下列貨幣計值：

27 Receipt in advance

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Receipt in advance for sales of natural gas and other related products	銷售天然氣及其他相關產品之預收款項	1,040,468	953,875
Receipt in advance for connections of gas pipelines	燃氣管道接駁之預收款項	115,727	135,832
		1,156,195	1,089,707

27 預收款項

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

27 Receipt in advance (Continued)

As at 31 December 2016, included in receipt in advance for sales of natural gas was the amount received from customers using I/C cards amounting to approximately HK\$637,431,000 (2015: HK\$606,255,000), in which the movements are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日	606,255	534,559
Currency realignment	貨幣調整	(48,186)	(41,982)
Payments received in advance	已收預收款項	3,178,678	2,237,865
Redemption during the year	年內贖回	(3,099,316)	(2,124,187)
At 31 December	於十二月三十一日	637,431	606,255

28 Borrowings

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Bank borrowings, unsecured	銀行借貸－無抵押	263,872	897,286
Other borrowings, unsecured	其他借貸－無抵押	97,035	75,488
Total borrowings	借貸總額	360,907	972,774

The Group's borrowings are repayable within 1 year.

27 預收款項(續)

於二零一六年十二月三十一日，銷售天然氣的預收款項內包括已收使用I/C卡客戶的款項約637,431,000港元(二零一五年：606,255,000港元)，預收款項之變動如下：

28 借貸

集團之借貸須於一年內償還。

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

(continued) (續)

28 Borrowings (Continued)

The carrying amounts of the borrowings are denominated in the following currencies and carried at the following interest rates:

28 借貸(續)

借貸的賬面值以下列貨幣計值，並以下列利率列賬：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Renminbi	人民幣	125,036	747,449
CAD	加元	235,871	225,325
		360,907	972,774
At fixed rates	固定利率	125,036	704,258
At floating rates	浮動利率	235,871	268,516
		360,907	972,774
Weighted average effective interest rates (per annum):	加權平均實際年利率：		
– Bank borrowings	– 銀行借貸	5.7%	6.0%
– Other borrowings	– 其他借貸	4.2%	2.8%

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

29 Senior notes

29 優先票據

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
US\$ denominated senior notes	以美元計值之優先票據	5,006,417	4,992,169

On 25 April 2013, the Company issued senior notes, with an aggregate nominal value of US\$350,000,000 (equivalent to HK\$2,713,000,000) at par value (the "Senior Notes A"), which bear interest at 5.25% per annum and the interest is payable semi-annually in arrears. The net proceeds after deducting the direct issuance costs, amounted to approximately US\$344,000,000 (equivalent to HK\$2,666,000,000). The Senior Notes A will mature on 25 April 2018 and are listed on the Hong Kong Stock Exchange.

於二零一三年四月二十五日，公司按面值發行賬面總值為350,000,000美元（相等於2,713,000,000港元）的優先票據（「優先票據A」），按每年5.25%計息且利息每半年支付。扣除直接發行費用後之所得款項淨額為約344,000,000美元（相等於2,666,000,000港元）。優先票據A將於二零一八年四月二十五日到期及於香港聯交所上市。

On 11 November 2014, the Company issued another senior notes, with an aggregate nominal value of US\$300,000,000 (equivalent to HK\$2,325,000,000) at par value (the "Senior Notes B"), which bear interest at 5.00% per annum and the interest is payable semiannually in arrears. The net proceeds after deducting the direct issuance costs, amounted to approximately US\$296,900,000 (equivalent to HK\$2,300,975,000). The Senior Notes B will mature on 7 May 2020 and are listed on the Hong Kong Stock Exchange.

於二零一四年十一月十一日，公司按面值發行賬面總值為300,000,000美元（相等於2,325,000,000港元）的額外優先票據（「優先票據B」），按每年5.00%計息且利息每半年支付。扣除直接發行費用後之所得款項淨額為約296,900,000美元（相等於2,300,975,000港元）。優先票據B將於二零二零年五月七日到期及於香港聯交所上市。

As at 31 December 2016, the fair value of the senior notes amounted to approximately HK\$5,106,281,000 (2015: HK\$5,075,793,000). The effective interest is 5.46% (2015: 5.45%). The fair value of the senior notes traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The senior notes are within level 1 of the fair value hierarchy.

於二零一六年十二月三十一日，優先票據之公平值約為5,106,281,000港元（二零一五年：5,075,793,000港元）。實際利率為5.46%（二零一五年：5.45%）。於交投活躍市場買賣之優先票據之公平值根據財務狀況表日之市場報價計算。交投活躍市場乃指可輕易地及定期從交易所、經銷商、經紀人、行業集團、報價服務或規管機構取得報價之市場，而有關報價是在經常進行之真實公平市場交易之基礎上呈現。該等優先票據被列為公平值第一層次。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

30 Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method using the tax rates enacted or substantively enacted by the statement of financial position date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority.

30 遞延所得稅

遞延所得稅採用負債法就暫時差額按財務狀況表日期已頒佈或實質頒佈之稅率全數計算。

當有法定可執行權利可將當期稅項資產與當期稅務負債抵銷，而遞延所得稅涉及同一財務機關時，則可將遞延所得稅資產與負債抵銷。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Deferred tax assets	遞延所得稅資產	(19,510)	(16,735)
Deferred tax liabilities	遞延所得稅負債	240,801	231,700
Deferred tax liabilities (net)	遞延所得稅負債(淨額)	221,291	214,965

The net movements in the deferred income tax account is as follows:

遞延所得稅賬戶之變動淨額如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日	214,965	413,447
Currency realignment	貨幣調整	8,478	(54,533)
Credited to consolidated profit and loss (Note 13)	於綜合損益內計入(附註13)	(2,152)	(143,949)
At 31 December	於十二月三十一日	221,291	214,965

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

30 Deferred income tax (Continued)

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred income tax assets

		Asset retirement obligation		Tax losses		Total	
		資產報廢承擔		稅項虧損		合計	
		2016	2015	2016	2015	2016	2015
		二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年
		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
At 1 January	於一月一日	(26,550)	(20,294)	(39,419)	(41,989)	(65,969)	(62,283)
Effect of change in tax rate	稅率變動之影響	-	(1,482)	-	(1,751)	-	(3,233)
(Credited)/charged to consolidated profit or loss	(計入)/扣除綜合損益	(1,888)	(8,888)	(50,440)	2,419	(52,328)	(6,469)
Currency alignment	貨幣調整	(916)	4,114	(4,276)	1,902	(5,192)	6,016
At 31 December	於十二月三十一日	(29,354)	(26,550)	(94,135)	(39,419)	(123,489)	(65,969)

Deferred income tax liabilities

		Accelerated tax depreciation		Others		Total	
		and depletion		其他		合計	
		2016	2015	2016	2015	2016	2015
		二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年
		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
At 1 January	於一月一日	249,856	392,508	31,078	83,222	280,934	475,730
Effect of change in tax rate	稅率變動之影響	-	28,987	-	4,375	-	33,362
Charged/(credited) to consolidated profit or loss	扣除/(計入)綜合損益	45,460	(115,723)	4,716	(51,886)	50,176	(167,609)
Currency alignment	貨幣調整	13,910	(55,916)	(240)	(4,633)	13,670	(60,549)
At 31 December	於十二月三十一日	309,226	249,856	35,554	31,078	344,780	280,934

30 遞延所得稅 (續)

年內遞延所得稅資產及負債(與同一稅務司法權區之結餘抵銷前)之變動如下:

遞延所得稅資產

遞延所得稅負債

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

(continued) (續)

30 Deferred income tax (Continued)

During 2016, deferred income tax liabilities to the extent of approximately HK\$1,240,000 have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries because the Board considers that the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Unremitted earnings totaled approximately HK\$1,800,281,000 (2015: HK\$1,399,947,000) as at 31 December 2016 and HK\$7,396,000 has been recognised as deferred tax liability for the withholding tax.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2016, the Group had unrecognised tax losses of approximately HK\$76,424,000 (2015: HK\$69,094,000) to carry forward against future taxable income. All the tax losses will be expired within the next 5 years.

31 Assets retirement obligation

The movements in assets retirement obligation are as below:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日	98,326	81,166
Currency realignment	貨幣調整	3,400	(17,592)
Acquisition of businesses (Note 33)	收購業務(附註33)	4,065	8,924
Accretion (Note 10)	添加(附註10)	2,295	2,044
Site restoration expenditure	場地恢復支出	(8,207)	-
Provision for the year	年內撥備	8,844	23,784
At 31 December	於十二月三十一日	108,723	98,326

Note:

In accordance with the relevant rules and regulations in Canada, the Group is obliged to accrue the cost for land reclamation and site closures for the Group's ownership interest in oil and natural gas assets including well sites and gathering systems. The provision for asset retirement obligation has been determined by the directors based on their best estimates in accordance with the relevant rules and regulations.

30 遞延所得稅(續)

於二零一六年，遞延所得稅負債約1,240,000港元並無確認為預扣稅及其他稅項，此款項用於支付某些附屬公司之未匯出盈利；因為董事局認為撥回暫時差額時間由集團控制且此暫時差額有可能將不會在可見未來撥回。於二零一六年十二月三十一日，未匯出盈利合共約為1,800,281,000港元(二零一五年：1,399,947,000港元)及7,396,000港元已就預扣稅確認為遞延稅項負債。

遞延所得稅資產以相關的稅務利益透過可從未來應課稅盈利變現為上限，為稅務虧損結轉而確認。於二零一六年十二月三十一日，集團之未確認稅項虧損約76,424,000港元(二零一五年：69,094,000港元)以結轉與未來應課稅收入對銷。所有稅項虧損將於下個五年內屆滿。

31 資產報廢承擔

資產報廢承擔之變動如下：

根據加拿大有關規則及法規，集團有責任就集團於石油及天然氣資產(包括油井及集氣系統)的土地開墾及關閉場地支付成本。有關資產報廢承擔的撥備已由董事以彼等最佳估計為基礎根據有關規則及法規釐定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

32 Share capital, share option and share award schemes

(a) Share capital

		Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	5,299,576	52,996
Bonus issued of shares	紅股發行	529,608	5,296
Repurchased of shares (Note)	購回股份(附註)	(3,500)	(35)
At 31 December 2015 and 2016	於二零一五年及二零一六年 十二月三十一日	<u>5,825,684</u>	<u>58,257</u>

Note:

During the year ended 31 December 2015, the Company repurchased a total of 3,500,000 of its own shares on the Stock Exchange at a price ranging from HK\$1.01 to HK\$1.02 per share.

No repurchased of shares during the year ended 31 December 2016.

(a) 股本

附註：

截至二零一五年十二月三十一日止年度，公司於聯交所回購合共3,500,000股其自身股份，回購價格介於每股1.01港元和1.02港元之間。

於截至二零一六年十二月三十一日止年度概無購回任何股份。

Month of repurchase 回購月份	Number of ordinary shares of HK\$0.10 each 每股面值0.10港元的普通股數目	Highest 最高 HK\$000 千港元	Lowest 最低 HK\$000 千港元	Aggregate consideration paid 已付代價總額 HK\$'000 千港元
January 2015 二零一五年一月	3,500,000	1.02	1.01	3,538,200

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

(continued) (續)

32 Share capital, share option and share award schemes (Continued)

(b) Share option scheme

The Company adopted a share option scheme (the "Share Option Scheme") pursuant to a resolution passed by the shareholders on 23 November 2011.

Under the Share Option Scheme, the Board may at its discretion offer options to any eligible participant who is an employee, executive or officer of the Company or its subsidiaries (including executive and non-executive directors of the Company or its subsidiaries) and any suppliers, consultants or advisers who will provide or have provided services to the Company or its subsidiaries.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme is 10% of the issued shares of the Company from time to time.

The maximum entitlement of each eligible participant in any 12 month-period shall not exceed 1% of the number of shares in issue on the date of offer of an option.

The offer of a grant of options may be accepted within 21 days after the date of the offer, with a consideration of HK\$1 for the grant thereof. Exercise period in respect of the options granted shall be determined by the Board and in any event such period of time shall not exceed a period of 10 years commencing on the date upon which such option is deemed to be granted and accepted.

32 股本及購股權／獎勵計劃(續)

(b) 購股權計劃

根據股東於二零一一年十一月二十三日通過之決議案，公司採納購股權計劃（「購股權計劃」）。

根據購股權計劃，董事局可酌情提呈購股權予任何合資格參與者。合資格參與者為公司或其附屬公司之僱員、行政人員或高級職員（包括公司或其附屬公司之執行及非執行董事），以及任何將會或曾經為公司或其附屬公司提供服務之供應商、專家顧問或顧問。

根據購股權計劃及原有購股權計劃授出之購股權涉及之股份數目上限為公司不時之已發行股份之10%。

於任何十二個月期間，每位合資格參與者之配額上限不得超逾購股權提呈之日已發行股份數目之1%。

獲授購股權之人士可於購股權提呈之日起計21日內繳付1港元之代價後接納獲提呈授予之購股權。購股權之行使期限由董事局決定，而在任何情況下，有關期限不得超逾有關購股權被視為授出及獲接納之日起計十年。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

32 Share capital, share option and share award schemes (Continued)

(b) Share option scheme (Continued)

The exercise price in relation to each option offered to an eligible participant under the Existing Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of: (a) the official closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of offer of an option; (b) the average of the official closing price of the shares as stated in the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of offer of an option; and (c) the nominal value of a share.

The Share Option Scheme was valid for 10 years from 23 November 2011.

On 22 January 2016, in order to motivate and reward the Company's staff, the Company had granted to certain eligible participants of the Company share options to subscribe for an aggregate of 100,000,000 ordinary shares of HK\$0.01 each in share capital of the Company. The share options shall be exercisable in the following periods:

- 30% of the share options are exercisable on 22 January 2018;
- 30% of the share options are exercisable on 22 January 2019; and
- the remaining share options are exercisable on 22 January 2020

32 股本及購股權／獎勵計劃(續)

(b) 購股權計劃(續)

董事局全權酌情就根據該現有購股權計劃提呈予合資格參與者之每份購股權釐定行使價，惟在任何情況下該價格不得低於以下之最高者：(a) 購股權提呈當日股份於聯交所每日報價中所列之正式收市價，(b) 在緊接提呈購股權當日前五個營業日股份於聯交所每日報價中所列之正式收市價平均數；及(c) 股份面值。

購股權計劃從二零一一年十一月二十三日起有效期為期十年。

於二零一六年一月二十二日，為激勵及獎勵公司員工，公司已向其若干合資格參與者授出可認購合共100,000,000股公司股本中每股面值0.01港元之普通股的購股權。購股權可於下列期間行使：

- 30% 的購股權於二零一八年一月二十二日可予行使；
- 30% 的購股權於二零一九年一月二十二日可予行使；及
- 其餘購股權於二零二零年一月二十二日可予行使

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

(continued) (續)

32 Share capital, share option and share award schemes (Continued)

(b) Share option scheme (Continued)

- (i) The number and weighted average exercise prices of the share options are as follows:

		2016 二零一六年	
		Exercise price 行使價 HK\$ 港元	Number of option 購股權數目 '000 千股
Outstanding at 1 January	於一月一日尚未行使	–	–
Granted during the year	年內授出	0.46	100,000
Forfeited	已沒收	–	–
Exercised	已行使	–	–
Outstanding at 31 December	於十二月三十一日尚未行使	0.46	100,000

32 股本及購股權／獎勵計劃(續)

(b) 購股權計劃(續)

- (i) 購股權的數目及加權平均行使價如下：

		2016 二零一六年	
		Exercise price 行使價 HK\$ 港元	Number of option 購股權數目 '000 千股
Outstanding at 1 January	於一月一日尚未行使	–	–
Granted during the year	年內授出	0.46	100,000
Forfeited	已沒收	–	–
Exercised	已行使	–	–
Outstanding at 31 December	於十二月三十一日尚未行使	0.46	100,000

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

32 Share capital, share option and share award schemes (Continued)

(b) Share option scheme (Continued)

- (ii) The following table discloses details of the Company's share options held by employees for the year ended 31 December 2016:

	Date of grant	Exercise price per share	Exercisable period	Number of option ('000)				
				Outstanding at 1 January 2016	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31 December 2016
	授出日期	每股行使價 HK\$ 港元	行使期	於二零一六年一月一日尚未行使	年內授出	年內行使	年內沒收	於二零一六年十二月三十一日尚未行使
Employees	22 January 2016	0.46	22 January 2018 to 22 January 2026	-	30,000	-	-	30,000
僱員	二零一六年一月二十二日		二零一八年一月二十二日至二零二六年一月二十二日					
	22 January 2016	0.46	22 January 2019 to 22 January 2026	-	30,000	-	-	30,000
	二零一六年一月二十二日		二零一九年一月二十二日至二零二六年一月二十二日					
	22 January 2016	0.46	22 January 2020 to 22 January 2026	-	40,000	-	-	40,000
	二零一六年一月二十二日		二零二零年一月二十二日至二零二六年一月二十二日					
Total	總計			-	100,000	-	-	100,000

32 股本及購股權／獎勵計劃(續)

(b) 購股權計劃(續)

- (ii) 下表披露僱員於截至二零一六年十二月三十一日止年度所持公司購股權之詳情：

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

(continued) (續)

32 Share capital, share option and share award schemes (Continued)

(b) Share option scheme (Continued)

The fair value of the options granted during the year ended 31 December 2016 determined using the binomial option pricing model was approximately HK\$0.127, HK\$0.148 and HK\$0.171 per share respectively. The significant inputs into the model were share price of HK\$0.455 as at the grant date, exercise price as shown above, volatility of 40.99%, 40.97% and 42.56%, expected life of options of eight, seven and six years, and annual risk-free interest rate of 0.993%, 1.056% and 1.184% respectively. The volatility measured at the standard deviation of expected share price returns is based on the historical volatility of the Company's share price over a period of eight, seven and six years before the date when the options were granted.

(c) Share award scheme

On 4 November 2011, the Board approved the adoption of a share award scheme (the "Restricted Share Award Scheme") with the objective to recognise the contributions by eligible employees within the Group and to give incentives in order to retain them for their continuing operation and development and to attract suitable personnel for further development of the Group.

Pursuant to the rules relating to the Restricted Share Award Scheme ("Scheme Rules"), shares are comprised of (i) shares subscribed for or purchased by the Company and delivered to the Trustee appointed by the Company (Note 38(c)) subsequently; or (ii) the Trustee out of cash arranged to be paid by the Company out of the Company's funds to the Trustee and be held on trust for the relevant eligible grantees until such shares are vested with the relevant eligible grantees in accordance with the Scheme Rules ("Restricted Shares"). The Board of Directors implements the Restricted Share Award Scheme in accordance with the terms of the Scheme Rules including providing necessary funds to the Trustee to purchase or subscribe for shares up to 10% of the issued share capital of the Company from time to time.

32 股本及購股權／獎勵計劃(續)

(b) 購股權計劃(續)

採用二項式期權定價模式，於截至二零一六年十二月三十一日止年度授出的購股權已釐定公平值分別約為每股0.127港元、0.148港元及0.171港元。輸入模式內之重大數據為於授出日期之估價0.455港元、上表所示行使價、分別為40.99%、40.97%及42.56%之波幅、購股權分別為八年、七年及六年之預計年期以及分別為0.993%、1.056%及1.184%之無風險利率。按預期股價回報的標準差計量的波幅乃是基於公司於購股權授出日期之前八年、七年及六年期間之歷史波幅。

(c) 股份獎勵計劃

於二零一一年十一月四日，董事局已批准採納一項購股權計劃（「限制性股份獎勵計劃」）作為獎勵以嘉許集團合資格僱員之貢獻，為集團持續經營及發展為激勵以挽留僱員，為集團進一步發展吸納合適人才。

根據限制性股份獎勵計劃有關規則（「計劃規則」），股份來自(i)公司認購或購買並隨後送交予公司委托的受托人（附註38(c)）之股份；或(ii)由受托人以公司自公司資金安排支付予受託人之現金認購或購買並為有關經合資格承授人以信託方式持有之股份（「限制性股份」），直至該等股份根據計劃規則歸屬於有關合資格承授人為止。董事局會根據計劃規則實施限制性股份獎勵計劃，包括向受託人提供所需資金，以購入或認購最多佔公司不時之已發行股本10%之股份。

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綜合財務報表附註

(continued) (續)

32 Share capital, share option and share award schemes (Continued)

(c) Share award scheme (Continued)

Under the Restricted Share Award Scheme, the Restricted Shares are granted to eligible employees of the Company or any one of its subsidiaries for no consideration but subject to certain conditions (including but not limited to, lock-up period) to be decided by the Board at the time of grant of the Restricted Shares under the Restricted Share Award Scheme. The Restricted Share Award Scheme will remain in force for 10 years from the date of adoption.

The Restricted Share Award Scheme operates in parallel with the Share Option Scheme. All options granted under the Share Option Scheme continue to be valid and exercisable subject to and in accordance with the terms of the Share Option Scheme, respectively.

Pursuant to the Scheme Rules, the Board may, from time to time, at their absolute discretion select the eligible grantees after taking into account various factors as they deem appropriate for participation in the Restricted Share Award Scheme as a grantee and determines the number of Restricted Shares to be awarded. The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company's resources for the shares to be purchased by the Trustee.

The Trustee shall hold such Restricted Shares on trust for the eligible grantees until they are vested. When the relevant eligible grantee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Restricted Shares, the Trustee shall transfer the relevant Restricted Shares to that grantee.

For awardees who cease employment with the Group before vesting, the unvested shares are forfeited. The forfeited shares are held by the trustee of the Restricted Share Award Scheme who may award such shares to the awardees as instructed by the Board.

32 股本及購股權／獎勵計劃(續)

(c) 股份獎勵計劃(續)

根據限制性股份獎勵計劃，限制性股份可以零代價授予公司合資格承授人或公司任何一家附屬公司，但受限於董事局根據限制性股份獎勵計劃授出限制性股份時決定的若干條件(包括但不限於，禁售期)。限制性股份獎勵計劃將從採納日起生效，為期十年。

限制性股份獎勵計劃與購股權計劃並行。根據購股權計劃授出的所有購股權將繼續有效及可行使，惟須分別遵守及依照購股權計劃的條款。

根據計劃規則，董事局可不時按其絕對酌情權及彼等認為適用參與限制性獎勵計劃的不同因素挑選合資格承授人，並釐定將授出之限制性股份數目。董事局須就受託人即將購入之股份，以公司之資源向受託人支付購入價及相關費用。

受託人將以信託方式代合資格承授人持有相關限制性股份，直至彼等獲歸屬。待相關合資格承授人達成董事局於作出獎勵時所特定之一切歸屬條件，將有權獲得限制性股份，受託人將轉讓該有關限制性股份予承授人。

在歸屬前不再受僱於集團之受獎人，未歸屬股份即予沒收。沒收股份由限制性股份獎勵計劃受託人持有，而受託人根據董事局指示獎勵該等股份予受獎人。

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

(continued) (續)

32 Share capital, share option and share award schemes (Continued)

(c) Share award scheme (Continued)

During the year ended 31 December 2016, 1,980,000 restricted shares have been awarded to the directors and employees for their services rendered to the Group, and all of them are immediately vested.

Details of the Awarded Shares awarded during the year

For the year ended 31 December 2016:

Date of award 授出日期	Number of shares awarded 授出股份數目	Fair value per share 股份公平值 HK\$ 港元	Vesting period 歸屬期
Employees 僱員			
21 April 2016 二零一六年四月二十一日	1,080,000	0.55	vested immediately on 21 April 2016 於二零一六年四月二十一日即時歸屬
12 May 2016 二零一六年五月十二日	900,000	0.54	vested immediately on 12 May 2016 於二零一六年五月十二日即時歸屬

During the year ended 31 December 2015:

Date of award 授出日期	Number of shares awarded 授出股份數目	Fair value per share 股份公平值 HK\$ 港元	Vesting period 歸屬期
Directors of the Company 公司董事			
28 July 2015 二零一五年七月二十八日	20,000,000	0.66	vested immediately on 28 July 2015 於二零一五年七月二十八日即時歸屬
Employees 僱員			
28 July 2015 二零一五年七月二十八日	3,000,000	0.66	vested immediately on 28 July 2015 於二零一五年七月二十八日即時歸屬

32 股本及購股權／獎勵計劃(續)

(c) 股份獎勵計劃(續)

截至二零一六年十二月三十一日止年度，已就董事及僱員向集團提供的服務獎勵1,980,000股限制性股份予彼等，且所有該等股份均即時歸屬。

年內授出獎勵股份的詳情

截至二零一六年十二月三十一日止年度：

截至二零一五年十二月三十一日止年度：

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

32 Share capital, share option and share award schemes (Continued)

(c) Share award scheme (Continued)

Details of the Awarded Shares awarded during the year (Continued)

Movement in the number of shares awarded for the years ended 31 December 2016 and 2015 were as follows:

Outstanding at 1 January	於一月一日尚未行使
Awarded	已授出
Forfeited	已沒收
Vested	已歸屬
Outstanding at 31 December	於十二月三十一日尚未行使

During the year ended 31 December 2016, the Trustee acquired under the Award Scheme 57,340,000 (2015: 178,580,000) ordinary shares of the Company through purchases on the open market with a price range of HK\$0.46 to HK\$0.59 per share at a total cost (including related transaction costs) of HK\$31,875,000 (2015: HK\$143,163,000) which was credited to shares held for share award scheme account of the Company as an equity component of the Company. As at 31 December 2016, the total number of shares in the reserve was 637,629,221 (2015: 582,799,000).

32 股本及購股權／獎勵計劃(續)

(c) 股份獎勵計劃(續)

年內授出獎勵股份之詳情(續)

已授出股份數目於截至二零一六年及二零一五年十二月三十一日止年度之變動如下：

Number of Awarded Shares	
獎勵股份數目	
2016	2015
二零一六年	二零一五年
2,050,000	5,030,000
1,980,000	23,000,000
–	(1,000,000)
(2,510,000)	(24,980,000)
1,520,000	2,050,000

於截至二零一六年十二月三十一日止年度，受託人根據獎勵計劃按介乎每股0.46港元至0.59港元的價格在公開市場購入公司57,340,000股(二零一五年：178,580,000股)普通股，總成本(包括相關交易成本)為31,875,000港元(二零一五年：143,163,000港元)，已計入公司就股份獎勵計劃持有的股份賬目，作為公司的股本部分。於二零一六年十二月三十一日，儲備股份總數為637,629,221股(二零一五年：582,799,000股)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

33 Acquisition of businesses

(a) Acquisition in 2016

Effective from 9 August 2016, the Group acquired 100% working interests in a business engaging in exploitation and production of crude oil and natural gas in Blue Rapids area from an independent third party at a consideration of CAD7,471,000 (approximately HK\$44,079,000). During the year ended 31 December 2016, the above acquisition was completed and the Group commenced to account for the business combination from the effective date when the Group gained control over the business. On the date of acquisition agreement, no license was obtained for one uncompleted well. Therefore, no consideration and value were assigned to the well. At the effective acquisition date, the Group applied for a license for the well with the government and used it in production. A gain on bargain purchase amounted to approximately HK\$10,803,000 was attributable to the well. Details of net assets acquired and gain on bargain purchase are as follows:

33. 收購業務

(a) 二零一六年收購

自二零一六年八月九日起，集團自獨立於集團的第三方收購一間在Blue Rapids地區從事勘探及開採原油及天然氣的企業的全部開採權益，代價為7,471,000加元(約44,079,000港元)。於截至二零一六年十二月三十一日止年度，上述收購事項已完成且集團自生效日期(即集團獲得對該企業的控制權時)開始將業務合併入賬。於收購協議日期，一個礦井未取得任何牌照。因此，該礦井無任何指定代價或價值。於有效收購日期，集團就該礦井向政府申請牌照並用於生產。因該礦井而錄得溢價收購收益約10,803,000港元。已收購資產淨值及議價收購收益詳情如下：

		HK\$'000 千港元
Total cash consideration	總現金代價	44,079
Recognised amounts of identifiable assets acquired and liabilities assumed	所收購可辨識資產及所承擔負債的已確認金額	
Property, plant and equipment (Note 16)	物業、廠房及設備(附註16)	58,947
Asset retirement obligation (Note 31)	資產報廢承擔(附註31)	(4,065)
Total identifiable net assets	可辨識淨資產總值	54,882
Gain on bargain purchase (Note 8)	議價收購收益(附註8)	(10,803)

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

33 Acquisition of businesses (Continued)

(b) Acquisitions in 2015

Effective from 6 January, 20 August and 20 October 2015, the Group acquired 100% working interests in business engaging in exploitation and production of crude oil and natural gas in the areas of Pembina, Cynthia and Brazeau from independent third parties at a consideration of CAD14,047,000, CAD52,598,000 and CAD10,632,000, respectively (approximately HK\$85,687,000, HK\$319,018,000 and HK\$64,855,000, respectively). During the year ended 31 December 2015, the above acquisitions were completed and the Group commenced to account for the business combination from the effective dates when the Group gained control over the businesses. Details of net assets acquired and gain on bargain purchase are as follows:

33. 收購業務(續)

(b) 二零一五年收購業務

自二零一五年一月六日、八月二十日及十月二十日起，集團向獨立第三方收購在Pembina、Cynthia及Brazeau從事勘探及開採原油及天然氣的企業的全部開採權益，代價分別為14,047,000加元、52,598,000加元及10,632,000加元(分別約為85,687,000港元、319,018,000港元及64,855,000港元)。截至二零一五年十二月三十一日止年度，上述收購事項已完成且集團自生效日期(即集團獲得對該等企業的控制權時)開始將業務合併入賬。已收購資產淨值及議價收購收益詳情如下：

		Pembina area Pembina 地區 HK\$'000 千港元	Cynthia area Cynthia 地區 HK\$'000 千港元	Brazeau area Brazeau 地區 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Total cash consideration	總現金代價	85,687	319,018	64,855	469,560
Recognised amounts of identifiable assets acquired and liabilities assumed	所收購可識別資產 及所承擔負債的 已確認金額				
Property, plant and equipment (Note 16)	物業、廠房及設備(附註16)	90,390	323,239	24,144	437,773
Exploration and evaluation assets (Note 17)	勘探及評估資產(附註17)	-	-	46,262	46,262
Asset retirement obligation (Note 31)	資產報廢承擔(附註31)	(4,703)	(4,221)	-	(8,924)
Total identifiable net assets	可識別總資產淨值	85,687	319,018	70,406	475,111
Gain on bargain purchase (Note 8)	議價收購收益(附註8)	-	-	(5,551)	(5,551)

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

(continued) (續)

33 Acquisition of businesses (Continued)

(c) Acquisition projects' financial performance

The respective acquisition projects' financial performance are as follows:

		2016 二零一六年	2015 二零一五年		
		Blue Rapids area Blue Rapids 地區 HK\$'000 千港元	Pembina area Pembina 地區 HK\$'000 千港元	Cynthia area Cynthia 地區 HK\$'000 千港元	Brazeau area Brazeau 地區 HK\$'000 千港元
Revenue contributed by acquired business since the date of the acquisition	自收購日期以來所收購業務貢獻的營業額	5,310	25,010	13,420	183
Profit contributed by acquired business since the date of the acquisition	自收購日期以來所收購業務貢獻的溢利	3,540	16,470	7,320	183
Pro forma revenue if the acquisition closed on 1 January	如收購於一月一日結束的備考營業額	7,670	25,010	21,960	1,220
Pro forma profit if the acquisition closed on 1 January	如收購於一月一日結束的備考溢利	5,310	16,470	12,220	1,220

33. 業務合併 (續)

(c) 收購項目的財務表現

各收購項目的財務表現載列如下：

34 Disposal of a subsidiary

On 13 January 2016, a subsidiary of the Company, in which 51% equity interests held by the Group, entered into a sales and purchase agreement with an independent third party, pursuant to which the independent third party agreed to purchase, and the Group agreed to sell its entire 60% equity interests (30.6% effective interests) in 銀川中油精誠燃氣有限公司 (“銀川中油”) at cash consideration of RMB234,000,000 (approximately HK\$280,800,000).

The Group received the total consideration of RMB234,000,000 (approximately HK\$280,800,000) during the year ended 31 December 2016. On 17 March 2016, the Group has completed the disposal of 銀川中油 and recognised a gain on disposal of approximately HK\$124,199,000.

34 出售一間附屬公司

於二零一六年一月十三日，公司的一間附屬公司（集團擁有其51%股權）與一名獨立第三方訂立買賣協議，據此，獨立第三方同意購買按現金代價人民幣234,000,000元（約280,800,000港元）購買於銀川中油精誠燃氣有限公司（「銀川中油」）擁有的全部60%股權（30.6%的實際權益），而公司同意按上述代價出售上述股權。

銀川中油為集團的附屬公司。集團透過一間非全資附屬公司擁有其控制權。截至二零一六年十二月三十一日止年度，集團收取總代價人民幣234,000,000元（約280,800,000港元）。於二零一六年三月十七日，集團已完成出售銀川中油並確認出售收益約124,199,000港元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

34 Disposal of a subsidiary (Continued)

The following table summarises the consideration received for the disposal of a subsidiary and the amounts of the identifiable assets and liabilities disposed of at the disposal date:

34 出售一間附屬公司(續)

下表概述因出售一間附屬公司而收取的代價以及於出售日期之已出售可確認資產及負債金額：

		2016
		二零一六年
		HK\$'000
		千港元
Cash consideration received	已收現金代價	280,800
Less: Assets and liabilities disposed of:	減：已出售資產及負債：	
– Property, plant and equipment (Note 16)	– 物業、廠房及設備(附註16)	116,429
– Land use rights (Note 18)	– 土地使用權(附註18)	1,998
– Intangible assets (Note 19)	– 無形資產(附註19)	22,154
– Inventories	– 存貨	23,252
– Deposits, trade and other receivables	– 按金、貿易及其他應收款項	55,253
– Cash and cash equivalents	– 現金及現金等值項目	43,764
– Trade and other payables	– 貿易及其他應付款項	(8,219)
– Receipt in advance	– 預收款項	(15,645)
– Non-controlling interests	– 非控股權益	(86,841)
Net asset value	資產淨值	152,145
Less: Release of exchange reserve upon disposal of a subsidiary	減：於出售一間附屬公司後匯兌儲備回撥	4,456
Gain on disposal of a subsidiary (Note 8)	出售一間附屬公司收益(附註8)	124,199

An analysis of the cash flows in respect of the disposal of a subsidiary is as follows:

關於出售一間附屬公司的相關現金流量分析如下：

		2016
		二零一六年
		HK\$'000
		千港元
Cash consideration received	已收現金代價	280,800
Less: Cash and cash equivalents included in the disposal of a subsidiary	減：出售一間附屬公司已計入的現金及現金等值項目	(48,020)
Net inflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動現金流量的現金及現金等值項目流入淨額	232,780

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

(continued) (續)

35 Banking facilities

As at 31 December 2016, the Group had aggregate banking facilities of approximately HK\$4,660,600,000 (2015: HK\$4,380,000,000), of which approximately HK\$4,360,888,000 (2015: HK\$3,307,763,000) was unutilised. The Group's unused banking facilities to the extent of HK\$774,999,000 (2015: HK\$619,999,000) are secured by certain financial assets (Notes 21 and 24).

36 Commitments

(a) Operating leases

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 year to 20 years.

At 31 December 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Land and buildings expiring:	於下列期限到期的土地及樓宇：		
Within one year	一年內	13,541	15,293
After one year but within five years	一年後但五年內	28,987	29,056
After five years	五年後	31,894	39,951
		74,422	84,300

35 銀行融資

於二零一六年十二月三十一日，集團銀行借貸之銀行融資總額約為4,660,600,000港元(二零一五年：4,380,000,000港元)，其中約4,360,888,000港元(二零一五年：3,307,763,000港元)尚未動用。集團為數774,999,000港元(二零一五年：619,999,000港元)的銀行融資以若干財務資產為抵押(附註21和24)。

36 承擔

(a) 經營租賃

集團根據經營租賃安排租賃其部分辦公物業。租賃物業的租期經磋商介乎1年至20年之間不等。

於二零一六年十二月三十一日，集團根據不可撤銷經營租賃到期應付的未來最低租賃付款總額如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Land and buildings expiring:	於下列期限到期的土地及樓宇：		
Within one year	一年內	13,541	15,293
After one year but within five years	一年後但五年內	28,987	29,056
After five years	五年後	31,894	39,951
		74,422	84,300

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

(b) Capital commitments

The Group had the following capital commitments outstanding not provided for at the date of statement of financial position:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Contracted but not provided for:	已訂約但未撥備：		
Property, plant and equipment	物業、廠房及設備	185,818	199,091

(b) 資本承擔

集團於財務狀況表日期有以下未撥備的未履行資本承擔：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Contracted but not provided for:	已訂約但未撥備：		
Property, plant and equipment	物業、廠房及設備	185,818	199,091

37 Related party transactions

As at 31 December 2016, the Company was indirectly owned by Sino Best International Group Limited ("Sino Best"), a company incorporated in the British Virgin Islands ("BVI") which in turn was wholly and beneficially owned by Mr. Xu Tie-liang, the Chairman and executive director of the Company, as to approximately 24.5%. The remaining 77.5% of the Company's shares were widely held. Mr. Xu Tie-liang and other directors of the Company are considered to be related as they are members of the key management personnel of the Company.

Transactions with key management personnel

The directors of the Company are considered as key management personnel of the Group. The remuneration of the key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends. Details of the remuneration paid to them are set out in Note 12.

37 關連人士交易

於二零一六年十二月三十一日，公司由中泰國際集團有限公司（「中泰國際」）（於英屬維爾京群島（「英屬維爾京群島」）註冊成立的公司，由公司主席及執行董事許鈺良先生全資實益擁有）間接擁有約24.5%。公司其餘77.5%股份被廣泛持有。許鈺良先生及公司其他董事均為公司主要管理人員而被視為公司的關連人士。

與主要管理人員的交易

公司董事被視為集團主要管理人員。主要管理人員之酬金乃由薪酬委員會經考慮個別人士之表現及市場趨勢後釐定。付予該等人士之酬金詳情載於附註12。

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綜合財務報表附註

(continued) (續)

38 Particulars of the principal subsidiaries and controlled structured entities

38 主要附屬公司及受控制結構實體之詳情

(a) Details of the principal subsidiaries are as follows:

(a) 主要附屬公司詳情如下：

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點/ 法律實體類型	Nominal value of issued share capital/ registered capital 已發行 股本面值/ 註冊資本	Percentage of equity attributable to the Company		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Profaith Group Limited	BVI, Wholly foreign-owned enterprise 英屬維爾京群島，外商獨資企業	US\$1 1美元	100.0%	–	Investment holding 投資控股
All Praise Investment Limited	BVI, Wholly foreign-owned enterprise 英屬維爾京群島，外商獨資企業	US\$1 1美元	100.0%	–	Investment holding 投資控股
China Oil And Gas Group Limited	BVI, Wholly foreign-owned enterprise 英屬維爾京群島，外商獨資企業	US\$1 1美元	100.0%	–	Investment holding 投資控股
China Oil And Gas Management Limited 中油燃氣管理有限公司	Hong Kong, Wholly foreign-owned enterprise 香港，外商獨資企業	HK\$1 1港元	–	100.0%	Investment holding 投資控股
Alta Financial Holdings Limited 恒泰金融集團有限公司	BVI, Wholly foreign-owned enterprise 英屬維爾京群島，外商獨資企業	US\$1,000 1,000美元	–	100.0%	Investment holding 投資控股
Zhongda Industrial Group Inc 中大工業集團有限公司	BVI, Wholly foreign-owned enterprise 英屬維爾京群島，外商獨資企業	US\$10,000 10,000美元	–	100.0%	Investment holding 投資控股
China Oil And Gas Group (Asia) Limited 中油燃氣集團(亞洲)有限公司	Hong Kong, Wholly foreign-owned enterprise 香港，外商獨資企業	HK\$1 1港元	–	100.0%	Investment holding 投資控股
Hong Kong China Oil And Gas Group Limited 香港中油燃氣集團有限公司	Hong Kong, Wholly foreign-owned enterprise 香港，外商獨資企業	HK\$1 1港元	–	100.0%	Investment holding 投資控股

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綜合財務報表附註

(continued) (續)

38 Particulars of the principal subsidiaries and controlled structured entities (Continued)

(a) Details of the principal subsidiaries are as follows: (Continued)

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點/ 法律實體類型	Nominal value of issued share capital/ registered capital 已發行 股本面值/ 註冊資本	Percentage of equity attributable to the Company		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Accelstar Pacific Limited	BVI, Wholly foreign-owned enterprise 英屬維爾京群島，外商獨資企業	US\$50,000 50,000美元	–	100.0%	Investment holding 投資控股
Plentigreat Holdings Limited	BVI, Wholly foreign-owned enterprise 英屬維爾京群島，外商獨資企業	US\$10,000 10,000美元	–	100.0%	Investment holding 投資控股
Vast China Group Limited	BVI, Wholly foreign-owned enterprise 英屬維爾京群島，外商獨資企業	US\$1 1美元	–	100.0%	Investment holding 投資控股
Sino Invent Holdings Limited	BVI, Wholly foreign-owned enterprise 英屬維爾京群島，外商獨資企業	US\$1 1美元	–	100.0%	Investment holding 投資控股
中油中泰燃氣投資集團有限公司 ("CCNG") 中油中泰燃氣投資集團有限公司 ("中油中泰")	PRC, Wholly foreign-owned enterprise 中國，外商獨資企業	RMB1,000,000,000 人民幣 1,000,000,000元	–	51.0%	Investment holding and trading of natural gas 投資控股及天然氣買賣
西寧中油燃氣有限責任公司	PRC, Limited liability company 中國，有限責任公司	RMB65,874,000 人民幣65,874,000元	–	40.8%(i)	Trading of natural gas, gas pipeline construction and operation of natural gas stations 天然氣買賣、天然氣管道建造及天然氣站經營
青海宏利燃氣管道安裝工程有限責任公司	PRC, Limited liability company 中國，有限責任公司	RMB40,000,000 人民幣40,000,000元	–	40.8%(i)	Gas pipeline construction 天然氣管道建造

38 主要附屬公司及受控制結構實體之詳情(續)

(a) 主要附屬公司詳情如下：(續)

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

(continued) (續)

38 Particulars of the principal subsidiaries and controlled structured entities (Continued)

38 主要附屬公司及受控制結構實體之詳情 (續)

(a) Details of the principal subsidiaries are as follows: (Continued)

(a) 主要附屬公司詳情如下：(續)

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點/ 法律實體類型	Nominal value of issued share capital/ registered capital 已發行 股本面值/ 註冊資本	Percentage of equity attributable to the Company 公司應佔 股權百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
青海中油壓縮天然氣銷售有限公司	PRC, Limited liability company 中國·有限責任公司	RMB20,000,000 人民幣 20,000,000 元	–	40.8%(i)	Trading of natural gas 天然氣買賣
西寧中油商貿有限公司	PRC, Limited liability company 中國·有限責任公司	RMB900,000 人民幣 900,000 元	–	40.8%(i)	Trading of natural gas-related equipment 天然氣相關設備買賣
醴陵中油燃氣有限責任公司	PRC, Limited liability company 中國·有限責任公司	RMB100,000,000 人民幣 100,000,000 元	–	30.6%(i)	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道建造
濱州中油燃氣有限責任公司	PRC, Limited liability company 中國·有限責任公司	RMB50,000,000 人民幣 50,000,000 元	–	40.8%(i)	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道建造
惠民中油燃氣有限責任公司	PRC, Limited liability company 中國·有限責任公司	RMB25,000,000 人民幣 25,000,000 元	–	50.5%	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道建造
湖南中油燃氣有限責任公司	PRC, Limited liability company 中國·有限責任公司	RMB27,000,000 人民幣 27,000,000 元	–	30.6%(i)	Natural gas transmission through pipeline 管道天然氣輸送
青海中泰中油燃氣技術開發有限公司	PRC, Limited liability company 中國·有限責任公司	RMB12,000,000 人民幣 12,000,000 元	–	51.0%	Production and trading of liquefied natural gas 液化天然氣生產及買賣
泰州中油燃氣有限責任公司	PRC, Limited liability company 中國·有限責任公司	RMB15,000,000 人民幣 15,000,000 元	–	51.0%	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道建造

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綜合財務報表附註

(continued) (續)

38 Particulars of the principal subsidiaries and controlled structured entities (Continued)

(a) Details of the principal subsidiaries are as follows:
(Continued)

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點/ 法律實體類型	Nominal value of issued share capital/ registered capital 已發行 股本面值/ 註冊資本	Percentage of equity attributable to the Company 公司應佔 股權百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
潮州中油燃氣有限公司	PRC, Limited liability company 中國·有限責任公司	RMB30,000,000 人民幣30,000,000元	–	51.0%	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道 建造
潮安縣華明燃氣有限公司	PRC, Limited liability company 中國·有限責任公司	RMB12,000,000 人民幣12,000,000元	–	40.8%(i)	Trading of natural gas 天然氣買賣
中油中泰物流(珠海)有限公司	PRC, Limited liability company 中國·有限責任公司	RMB75,000,000 人民幣75,000,000元	–	80.4%	Transportation services 運輸服務
青海中油管道燃氣有限公司	PRC, Limited liability company 中國·有限責任公司	RMB20,000,000 人民幣20,000,000元	–	51.0%	Natural gas transmission through pipeline 管道天然氣運輸
泰州中油管輸天然氣有限公司	PRC, Limited liability company 中國·有限責任公司	US\$11,700,000 11,700,000美元	–	45.4%(i)	Gas pipeline design and construction, natural gas transmission through pipeline 天然氣管道設計及建造· 管道天然氣輸送
鄒平中油燃氣有限責任公司	PRC, Limited liability company 中國·有限責任公司	RMB20,000,000 人民幣20,000,000元	–	35.7%(i)	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道 建造
中油中泰(深圳)新能源有限公司	PRC, Limited liability company 中國·有限責任公司	RMB71,000,000 人民幣71,000,000元	–	51.0%	Investment holding 投資控股
仙桃市天然氣有限責任公司	PRC, Limited liability company 中國·有限責任公司	RMB67,910,000 人民幣67,910,000元	–	35.7%(i)	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道 建造

38 主要附屬公司及受控制結構實體之詳情(續)

(a) 主要附屬公司詳情如下:(續)

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

38 Particulars of the principal subsidiaries and controlled structured entities (Continued)

38 主要附屬公司及受控制結構實體之詳情 (續)

(a) Details of the principal subsidiaries are as follows: (Continued)

(a) 主要附屬公司詳情如下：(續)

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點/ 法律實體類型	Nominal value of issued share capital/ registered capital 已發行 股本面值/ 註冊資本	Percentage of equity attributable to the Company 公司應佔 股權百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
仙桃市潔能天然氣有限公司	PRC, Limited liability company 中國·有限責任公司	RMB2,000,000 人民幣2,000,000元	–	35.7%(i)	Trading of natural gas 天然氣買賣
武漢市東方天然氣有限責任公司	PRC, Limited liability company 中國·有限責任公司	RMB75,000,000 人民幣75,000,000元	–	35.7%(i)	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道建造
西寧中油中泰管道燃氣有限公司	PRC, Limited liability company 中國·有限責任公司	RMB50,000,000 人民幣50,000,000元	–	40.8%(i)	Gas pipeline design and construction 天然氣管道設計及建造
南京潔寧燃氣有限公司	PRC, Wholly foreign-owned enterprise 中國·外商獨資企業	HK\$187,500,000 187,500,000港元	–	100.0%	Investment holding, construction of natural gas stations and trading of natural gas 投資控股·天然氣站建造及天然氣買賣
安徽中油燃氣有限公司	PRC, Sino-foreign equity joint venture 中國·中外合資合營企業	RMB18,000,000 人民幣18,000,000元	–	80.4%	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道建造
中油燃氣投資集團有限公司 (前稱中油燃氣(廣東)投資有限公司)	PRC, Wholly foreign-owned enterprise 中國·外商獨資企業	US\$75,000,000 75,000,000美元	–	100.0%	Investment holding 投資控股
恒泰國際融資租賃有限公司	PRC, Limited liability company 中國·有限責任公司	US\$26,981,000 26,981,000美元	–	100.0%	Provision for finance 提供融資
揚州中油燃氣有限責任公司	PRC, Sino-foreign equity joint venture 中國·中外合資合營企業	RMB40,000,000 人民幣40,000,000元	–	38.8%(ii)	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道建造

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

38 Particulars of the principal subsidiaries and controlled structured entities (Continued)

(a) Details of the principal subsidiaries are as follows: (Continued)

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點/ 法律實體類型	Nominal value of issued share capital/ registered capital 已發行 股本面值/ 註冊資本	Percentage of equity attributable to the Company		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
青海中油甘河工業園區燃氣有限公司	PRC, Sino-foreign equity joint venture 中國·中外合資合營企業	RMB26,000,000 人民幣26,000,000元	–	60.4%	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道建造
南通中油燃氣有限責任公司	PRC, Sino-foreign equity joint venture 中國·中外合資合營企業	RMB15,000,000 人民幣15,000,000元	–	75.0%	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道建造
萍鄉市燃氣公司	PRC, Sino-foreign equity joint venture 中國·中外合資合營企業	RMB284,400,000 人民幣284,400,000元	–	51.0%	Trading of natural gas and gas pipeline construction 天然氣買賣及天然氣管道建造
Baccalieu Energy Inc.	Canada 加拿大	CAD 141,040,000 141,040,000加元	–	100.0%	Exploitation and distribution of crude oil and natural gas 開採及分銷原油及天然氣

Notes:

- (i) The Group holds controlling interests in these subsidiaries through a 51.0% owned subsidiary, CCNG. Therefore the Group has control over these entities and they are considered as subsidiaries of the Company.
- (ii) The Group holds controlling interests in this subsidiary through CCNG and a wholly owned subsidiary, Hong Kong China Oil and Gas Group Limited (“HKCOGG”). Therefore the Group has control over this entity and it is considered as subsidiary of the Company.
- (iii) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

38 主要附屬公司及受控制結構實體之詳情(續)

(a) 主要附屬公司詳情如下：(續)

附註：

- (i) 集團透過擁有51.0%權益的附屬公司中油中泰持有該等附屬公司控股權益。因此，集團擁有該等實體的控制權，而該等實體被視為公司的附屬公司。
- (ii) 集團透過中油中泰及全資附屬公司香港中油燃氣集團有限公司(「香港中油燃氣」)持有該附屬公司控股權益。因此，集團擁有該實體控制權，而該實體被視為公司的附屬公司。
- (iii) 董事認為，上表所列公司附屬公司主要影響本年內業績或佔集團資產淨值重大部分。董事認為，提供其他附屬公司之詳情會導致篇幅冗長。

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

(continued) (續)

38 Particulars of the principal subsidiaries and controlled structured entities (Continued)

(b) Set out below are the summarised consolidated financial information of CCNG and its subsidiaries that have non-controlling interests that are material to the Group. The information below is the amount before inter-company eliminations.

38 主要附屬公司及受控制結構實體之詳情 (續)

(b) 下表載列中油中泰及其附屬公司(擁有對集團而言屬重大之非控股權益)綜合財務資料概要。下述資料為公司間對銷前之金額。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Total assets	總資產	8,361,900	9,949,640
Total liabilities	總負債	(4,880,836)	(6,638,138)
Net assets	資產淨值	3,481,064	3,311,502
Revenue	營業額	5,126,691	6,009,394
Profit for the year	年內溢利	456,831	298,146
Other comprehensive loss	其他全面虧損	(266,990)	(115,983)
Total comprehensive income	全面收益總額	189,841	182,163
Dividend paid to non-controlling interests	支付股息予非控股權益	59,427	43,205

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

38 Particulars of the principal subsidiaries and controlled structured entities (Continued)

(b) Set out below are the summarised consolidated financial information of CCNG and its subsidiaries that have non-controlling interests that are material to the Group. The information below is the amount before inter-company eliminations. (Continued)

		CCNG 中油中泰 2016 二零一六年 HK\$'000 千港元	CCNG 中油中泰 2015 二零一五年 HK\$'000 千港元
Net cash generated from operating activities	經營業務產生之現金淨額	880,631	667,951
Net cash used in investing activities	投資活動所用之現金淨額	(96,940)	(302,799)
Net cash used in financing activities	融資活動所用之現金淨額	(924,844)	(80,775)
Net (decrease)/increase in cash and cash equivalents	現金及現金等值項目(減少)/增加淨額	(141,153)	284,377
Cash and cash equivalents at 1 January	於一月一日之現金及現金等值項目	1,316,869	1,084,013
Effect of foreign exchange rate changes	匯率變動影響	(134,722)	(51,521)
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等值項目	1,040,994	1,316,869

38 主要附屬公司及受控制結構實體之詳情(續)

(b) 下表載列中油中泰及其附屬公司(擁有對集團而言屬重大之非控股權益)綜合財務資料概要。下述資料為公司間對銷前之金額。(續)

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

(continued) (續)

38 Particulars of the principal subsidiaries and controlled structured entities (Continued)

(c) Details of the controlled structured entity are as follows:

The Company controls a structured entity which operates in Hong Kong, particulars of which are as follows:

Structured entities 結構實體	Principal activities 主要業務
Best Thinker Limited (“Trustee”)	Purchases, administers and holds the Company’s shares for the Restricted Share Award Scheme for the benefit of eligible employees of the Group
Best Thinker Limited (「受託人」)	為集團合資格僱員利益就限制性股份獎勵計劃買入、管理及持有公司股份

As the Trustee is set up solely for the purpose of purchasing, administering and holding the Company’s shares for the Restricted Share Award Scheme (Note 32(c)), the Company has the power to govern the financial and operating policies of the Trustee and it can derive benefits from the services of the employees who have been awarded the Restricted Shares through their continued employment with the Group. The assets and liabilities of the Trustee are included in the consolidated statement of financial position from its adoption and the Company’s shares held by the Trustee are presented as a deduction in equity as “shares held for share award scheme”.

38 主要附屬公司及受控制結構實體之詳情(續)

(c) 受控制結構實體詳情如下：

公司控制一間在香港運營的結構實體，其詳情如下：

由於受託人乃專為就限制性股份獎勵計劃(附註32(c))買入、管理及持有公司股份而設置，公司有權控制受託人的財政及營運政策，並可從獲授限制性股份的僱員予持續受僱於集團時所提供的服務獲得利益。受託人的資產及負債自信託獲採納時起均包括在公司綜合財務狀況表中，並將受託人持有的公司股份作為一個扣減項目在權益中呈報，列作「為股份獎勵計劃持有股份」。

39 Approval of consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 March 2017.

39 批准綜合財務報表

董事局於二零一七年三月二十九日批准及授權刊發綜合財務報表。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

40 Statement of financial position of the Company

40 公司財務狀況表

		Note	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
		附註		
Non-current assets	非流動資產			
Intangible assets	無形資產		1,702	1,702
Interests in subsidiaries	於附屬公司權益		5,437,320	5,745,289
Available-for-sale financial assets	可供出售財務資產		20,050	20,050
			5,459,072	5,767,041
Current assets	流動資產			
Other receivables	其他應收款項		66,588	25,109
Cash and cash equivalents	現金及現金等值項目		102,584	111,583
			169,172	136,692
Current liabilities	流動負債			
Other payables	其他應付款項		43,944	43,943
Net current assets	流動資產淨額		125,228	92,749
Total assets less current liabilities	總資產減流動負債		5,584,300	5,859,790
Non-current liabilities	非流動負債			
Senior notes	優先票據		5,006,417	4,992,169
Net assets	資產淨額		577,883	867,621
Equity	權益			
Equity attributable to owners of the Company	公司擁有人應佔權益			
Share capital	股本	32	58,257	58,257
Reserves	儲備	41	519,626	809,364
Total equity	權益總額		577,883	867,621

The statement of financial position of the Company was approved by the Board of Directors on 29 March 2017 and was signed on its behalf.

公司財務狀況表已於二零一七年三月二十九日獲董事局批准並由以下董事代為簽署。

Xu Tie-liang
Director

Guan Yijun
Director

許鉄良
董事

關懿君
董事

Notes to the Consolidated Financial Statements

綜合財務報表附註

(continued) (續)

41 Reserves of the Company

41 公司儲備

		Share premium	Capital redemption reserve	Shares and warrants held for share award scheme 為股份 獎勵計劃 所持股份及 認股權證	Exchange fluctuation reserve	(Note (a)) Contributed surplus	Accumulated losses	Total
		股份溢價	資本 贖回儲備	認股權證	匯兌波動儲備	(附註(a)) 繳入盈餘	累計虧損	總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	32,960	963	(150,875)	-	1,520,328	(153,819)	1,249,557
Bonus issue of shares	發行紅股	(4,878)	-	(418)	-	-	-	(5,296)
Equity-settled share-based payments	以權益結算以股份為基礎的付款	-	-	18,827	-	-	-	18,827
Exchange differences on translating foreign operations	換算海外業務的匯兌差額	-	-	-	(16,836)	-	-	(16,836)
Shares purchased for share award scheme	為股份獎勵計劃購買股份	-	-	(143,163)	-	-	-	(143,163)
Repurchased of shares (Note 32(a))	購回股份(附註32(a))	(3,504)	35	-	-	-	(35)	(3,504)
Loss for the year	年內虧損	-	-	-	-	-	(290,221)	(290,221)
At 31 December 2015	於二零一五年十二月三十一日	24,578	998	(275,629)	(16,836)	1,520,328	(444,075)	809,364
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	-	1,798	-	-	-	1,798
Exchange differences on translating foreign operations	換算海外業務之匯兌差額	-	-	-	(706)	-	-	(706)
Shares purchased for share award scheme	為股份獎勵計劃購買股份	-	-	(31,875)	-	-	-	(31,875)
Loss for the year	年內虧損	-	-	-	-	-	(258,955)	(258,955)
At 31 December 2016	於二零一六年十二月三十一日	24,578	998	(305,706)	(17,542)	1,520,328	(703,030)	519,626

Note:

(a) The contributed surplus of the Company represents the excess of the net assets value of the subsidiaries acquired pursuant to the Group's reorganisation in 1993 over the nominal value of the Company's shares issued in exchange thereof. Under the Companies Act of Bermuda 1981 (as amended), the contributed surplus of the Company is distributable to the shareholders in certain circumstances which the Company is able to satisfy.

附註：

(a) 公司之繳入盈餘指集團於一九九三年因重組而收購附屬公司之資產淨值超出公司就收購而發行股份之面值之金額。根據一九八一年百慕達公司法(修訂本)，公司之繳入盈餘在若干情況下可供分派予股東，惟目前公司未能符合此等情況。

Five Year Financial Summary

五年財務摘要

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below.

以下集團於過去五個財政年度之業績及資產與負債，乃摘錄自己刊登之經審核財務報表並予以重新適當分類。

		For the year ended 31 December 截至十二月三十一日止年度				
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Results	業績					
Revenue	營業額	6,446,452	7,373,902	7,697,811	6,439,825	4,889,428
Profit before taxation	除稅前溢利	842,129	50,190	854,163	1,178,540	935,786
Taxation	稅項	(184,461)	(20,857)	(217,565)	(240,945)	(201,600)
Profit for the year	年內溢利	657,668	29,333	636,598	937,595	734,186
Attributable to:	以下應佔：					
Owners of the Company	公司擁有人	311,791	(183,831)	308,650	401,494	365,705
Non-controlling interests	非控股權益	345,877	213,164	327,948	536,101	368,481
		657,668	29,333	636,598	937,595	734,186
		As at 31 December 於十二月三十一日				
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Assets and liabilities	資產及負債					
Total assets	總資產	13,603,839	14,087,638	15,467,449	12,156,658	9,188,494
Total liabilities	總負債	8,352,885	(8,887,384)	(9,374,700)	(6,330,511)	(4,161,664)
Total equity	權益總額	5,250,954	5,200,254	6,092,749	5,826,147	5,026,830
Non-controlling interests	非控股權益	(2,420,523)	(2,423,190)	(2,491,642)	(2,278,767)	(1,847,039)
Equity attributable to owners of the Company	公司擁有人應佔權益	2,830,431	2,777,064	3,601,107	3,547,380	3,179,791

