



MIE HOLDINGS CORPORATION

MI 能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock code 股份代號 : 1555)

年報

Annual Report

2016



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Company Information

公司資料

Board of Directors

Executive Directors

Mr. Zhang Ruilin (*Chairman*)
Mr. Zhao Jiangwei
Mr. Andrew Sherwood Harper
Mr. Tian Hongtao
Mr. Tao Tak Yin Dexter (*resigned with effect from May 31, 2016*)

Non-executive Director

Ms. Xie Na

Independent Non-executive Directors

Mr. Mei Jianping
Mr. Jeffrey Willard Miller
Mr. Guo Yanjun

Registered Address

Maples Corporate Services Limited
P. O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Principal Place of Business in Hong Kong

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Beijing Office

Suite 1501, Block C
Grand Place
5 Hui Zhong Road
Chaoyang District
Beijing 100101
China

Listing Information

Stock Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 01555

Senior Notes Listing

The Company's 6.875%, 5 years senior notes due 2018
The Singapore Exchange Securities Trading Limited
The Company's 7.5%, 5 years senior notes due 2019
The Singapore Exchange Securities Trading Limited

董事會

執行董事

張瑞霖先生 (*主席*)
趙江巍先生
Andrew Sherwood Harper 先生
田洪濤先生
陶德賢先生 (*於二零一六年五月三十一日辭任執行董事*)

非執行董事

謝娜女士

獨立非執行董事

梅建平先生
Jeffrey Willard Miller 先生
郭燕軍先生

註冊地址

Maples Corporate Services Limited
P. O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

香港主要營業地點

香港
皇后大道東 183 號
合和中心 54 樓

北京辦公室

中國北京朝陽區
慧忠路 5 號
遠大中心 C 座 1501 室
郵編 100101

上市資料

股份上市

香港聯合交易所有限公司
股份代號：01555

優先票據上市

本公司年息 6.875%，於二零一八年到期為期 5 年的優先票據於新加坡證券交易所有限公司上市
本公司年息 7.5%，於二零一九年到期為期 5 年的優先票據於新加坡證券交易所有限公司上市

Company Information (Continued)

公司資料(續)

Website Address

www.mienergy.com

公司網址

www.mienergy.com

Company Secretary

Ms. Wong Sau Mei (ACS, ACIS)

公司秘書

黃秀美女士(ACS, ACIS)

Authorized Representatives

Mr. Tian Hongtao

Ms. Wong Sau Mei (ACS, ACIS)

授權代表

田洪濤先生

黃秀美女士(ACS, ACIS)

Members of Audit Committee

Mr. Jeffrey Willard Miller (*Chairman*)

Mr. Mei Jianping

Mr. Guo Yanjun

審核委員會成員

Jeffrey Willard Miller 先生(主席)

梅建平先生

郭燕軍先生

Members of Remuneration Committee

Mr. Mei Jianping (*Chairman*)

Mr. Jeffrey Willard Miller

Mr. Guo Yanjun

薪酬委員會成員

梅建平先生(主席)

Jeffrey Willard Miller 先生

郭燕軍先生

Members of Nomination Committee

Mr. Mei Jianping (*Chairman*)

Mr. Jeffrey Willard Miller

Mr. Guo Yanjun

提名委員會成員

梅建平先生(主席)

Jeffrey Willard Miller 先生

郭燕軍先生

Independent Technical Consultant

Ryder Scott Company, L.P.

Chapman Petroleum Engineering Ltd.

獨立技術顧問

Ryder Scott Company, L.P.

Chapman Petroleum Engineering Ltd.

Independent Auditor

PricewaterhouseCoopers

獨立核數師

羅兵咸永道會計師事務所

Legal Advisers to the Company

Dechert (As to Hong Kong law)

Jingtian & Gongcheng Law Firm (As to PRC law)

Maples and Calder (As to Cayman Islands law)

本公司法律顧問

德杰律師事務所(香港法律)

競天公誠律師事務所(中國法律)

Maples and Calder (開曼群島法律)

Principal Bankers

Citibank, N.A.

China Construction Bank Corporation Limited

主要往來銀行

花旗銀行

中國建設銀行股份有限公司

Valuer

Jones Lang LaSalle Sallmanns Limited

估值師

仲量聯行西門有限公司

Company Information (Continued)

公司資料(續)

Cayman Islands Principal Share Registrar and Transfer Office

Maples FS Limited
P. O. Box 1093, Queensgate House
Grand Cayman
KY1-1102
Cayman Islands

開曼群島主要股份 過戶登記處

Maples FS Limited
P. O. Box 1093, Queensgate House
Grand Cayman
KY1-1102
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

香港股份 過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東 183 號
合和中心 22 樓

Financial Summary

財務摘要

(Amounts expressed in thousands of RMB)

(所有金額均以人民幣千元為單位)

Consolidated Statement of Comprehensive Income (Audited)

Year ended December 31

合併綜合收益表(經審核)

截至十二月三十一日止年度

		2012 二零一二年	2013 二零一三年	2014 二零一四年	2015 二零一五年 Re-presented 重新呈列 Note 2.1.1 附註2.1.1	2016 二零一六年
Total revenue	總收益	3,485,616	3,256,061	2,982,909	722,185	534,974
Finance costs, net	財務費用，淨值	(279,510)	(345,553)	(481,327)	(421,774)	(386,461)
Profit/(loss) before tax	除所得稅前利潤／(虧損)	837,037	454,867	236,712	(1,467,259)	(457,981)
Income tax (expense)/credit	所得稅(費用)／收益	(295,765)	(175,083)	(214,163)	121,118	(147,166)
Loss for the year from discontinued operations	本年終止經營所得虧損	-	-	-	(179,147)	(717,086)
Profit/(loss) for the year	本年利潤／(虧損)	541,272	279,784	22,549	(1,525,288)	(1,322,233)

Consolidated Statement of Financial Position (Audited)

As at December 31

合併財務狀況表(經審核)

於十二月三十一日

		2012 二零一二年	2013 二零一三年	2014 二零一四年	2015 二零一五年 Re-presented 重新呈列 Note 2.1.1 附註2.1.1	2016 二零一六年
Current assets	流動資產	1,301,484	1,186,539	1,650,635	1,033,667	2,260,010
Property, plant and equipment	不動產，工廠及設備	6,632,652	7,160,160	6,629,673	5,633,576	2,407,958
Intangible assets	無形資產	603,898	544,469	494,552	359,595	8,849
Investments in joint ventures	合營企業投資	181,636	273,348	499,284	505,994	-
Investments in associates	聯營企業投資	-	-	-	-	246,667
Deferred income tax assets	遞延所得稅資產	-	40,783	20,538	23,795	40,590
Available-for-sale financial assets	可供出售金融資產	3,966	50,422	75,541	27,105	63,330
Prepayments, deposits and other receivables	預付款、保證金及其他應收款	178,817	34,941	210,389	497,878	820,224
Restricted cash	受限制現金	9,687	11,884	12,955	8,495	-
Total assets	資產總值	8,912,140	9,302,546	9,593,567	8,090,105	5,847,628
Current liabilities	流動負債	1,537,565	1,555,604	1,345,118	1,191,754	479,915
Non-current liabilities	非流動負債	3,910,392	4,042,512	4,683,938	4,687,355	4,727,926
Total liabilities	負債總額	5,447,957	5,598,116	6,029,056	5,879,109	5,207,841
Equity	權益	3,464,183	3,704,430	3,564,511	2,210,996	639,787

Operating Summary

營運摘要

		Year ended December 31 截至十二月三十一日截止年度					
		2012 二零一二年	2013 二零一三年	2014 二零一四年	2015 二零一五年	2016 二零一六年	
Properties Held by Subsidiaries 附屬公司所持資產							
Sales volume 銷量							
Crude oil (millions of barrels)	原油 (百萬桶)	5.1	5.38	5.58	3.55	3.24	
China oilfields	中國油田	4.08	3.77	3.67	2.44	2.12	
Kazakhstan oilfields	哈薩克斯坦	1.01	1.56	1.88	1.09	1.10	
Export sales	出口銷售	0.90	1.28	1.44	0.96	0.95	
Domestic sales	國內銷售	0.11	0.28	0.44	0.13	0.15	
USA oilfields	美國 (Condor)	0.01	0.05	0.03	0.02	0.02	
Gas (MMscf)	天然氣						
	(百萬標準立方英尺)	1,526.43	1,698.50	2,014.34	2,021.27	1,717.70	
Kazakhstan oilfields	哈薩克斯坦	1,526.43	1,661.58	1,954.38	2,001.15	1,703.72	
USA oilfields	美國 (Condor)	-	36.92	59.96	20.12	13.98	
Net annual production volume 淨年產量							
Crude oil (millions of barrels)	原油 (百萬桶)	5.23	5.36	5.59	3.71	3.27	
China oilfields	中國油田	4.20	3.73	3.66	2.44	2.15	
Kazakhstan oilfields	哈薩克斯坦	1.02	1.58	1.90	1.25	1.11	
USA oilfields	美國 (Condor)	0.01	0.05	0.03	0.02	0.01	
Gas (MMscf)	天然氣						
	(百萬標準立方英尺)	1,624.70	1,929.72	2,222.90	2,190.61	1,899.18	
Kazakhstan oilfields	哈薩克斯坦	1,624.70	1,812.44	2,146.48	2,150.78	1,875.30	
USA oilfields	美國 (Condor)	-	117.28	76.42	39.83	23.88	
Average daily net crude oil production 日平均淨原油產量							
Crude oil (barrels)	原油 (桶)	14,303	14,673	15,326	10,153	9,241	
China oilfields	中國油田	11,487	10,208	10,033	6,687	5,872	
Kazakhstan oilfields	哈薩克斯坦	2,787	4,320	5,201	3,412	3,328	
USA oilfields	美國 (Condor)	29	145	92	54	41	
Gas (MMscf)	天然氣						
	(百萬標準立方英尺)	4.5	5.30	6.09	6.00	5.67	
Kazakhstan oilfields	哈薩克斯坦	4.50	5.00	5.88	5.89	5.60	
USA oilfields	美國 (Condor)	-	0.30	0.21	0.11	0.07	

Operating Summary (Continued)

營運摘要 (續)

		Year ended December 31 截至十二月三十一日截止年度				
		2012 二零一二年	2013 二零一三年	2014 二零一四年	2015 二零一五年	2016 二零一六年
Average realized price	平均實現價格					
Crude oil (US\$ per barrel of crude oil)	原油 (美元/每桶原油)					
		108.1	97.06	86.15	45.79	36.74
China oilfields	中國油田	113.51	104.35	97.89	46.65	36.73
Kazakhstan oilfields	哈薩克斯坦	86.14	79.64	63.34	43.95	34.85
Export sales	出口銷售	90.35	87.80	70.63	48.41	38.39
Domestic sales	國內銷售	50.65	41.57	39.68	12.02	13.25
USA oilfields	美國 (Condor)	84.89	90.30	83.11	40.68	37.77
Gas (US\$ per MMscf)	天然氣 (美元/千標準立方英尺)					
		1.17	1.44	1.27	1.03	0.83
Kazakhstan oilfields	哈薩克斯坦	1.17	1.34	1.14	0.95	0.78
USA oilfields	美國 (Condor)	-	6.10	6.44	2.61	2.30
Lifting costs (US\$ per barrel of crude oil) (Note 3)	採油成本 (美元/每桶原油) (附註3)					
		8.35	9.34	9.46	7.52	8.31
China oilfields	中國油田	8.60	11.08	11.83	9.49	8.31
Kazakhstan oilfields	哈薩克斯坦	7.32	5.18	4.85	3.66	2.25
Cash net-back (US\$ per barrel of crude oil)	現金淨回值 (美元/每桶原油)					
		82.64	74.22	69.62	35.56	26.94
China oilfields	中國油田	42.80	41.37	29.14	10.94	14.26
Export sales	出口銷售	43.88	43.42	28.52	12.40	14.80
Domestic sales	國內銷售	37.61	31.97	31.81	5.11	9.25
Wells drilled during the year (Gross)	年內鑽井數 (總數)	442	114	157	3	-
China oilfields	中國油田	431	102	151	-	-
Successful	成功鑽探	431	102	151	-	-
Dry	乾井	-	-	-	-	-
Kazakhstan oilfields	哈薩克斯坦	8	10	6	3	2
Successful	成功鑽探	8	10	6	3	2
Dry	乾井	-	-	-	-	-
USA oilfields	美國 (Condor)	3	2	-	-	-
Successful	成功鑽探	3	2	-	-	-
Dry	乾井	-	-	-	-	-

Note 1: Revenue from crude oil & gas produced by Emir Oil and relevant operating expenses were included in loss for the year from discontinued operations of consolidated statement of comprehensive income.

附註1: Emir Oil原油及天然氣的銷售收入和生產成本包含在合併綜合收益表的本年終止經營所得虧損中。

Note 2: Kazakhstan's data contains only the first 11 months of our subsidiary.

附註2: 哈薩克的數據只包含作為我們子公司的前11個月的數字。

Note 3: Lifting cost includes directly controllable costs to produce a barrel of oil. Other production costs such as safety fee, environment expenses, technical & research expenses and overhead have not been included above since they are not directly attributable to the production of a barrel of oil.

附註3: 採油成本包括生產一桶石油之直接可控制成本。其他生產成本如安全費、環境費用、技術及研究開支以及經常性費用等並不包括在內，原因是該等成本並非一桶石油的直接成本。

Operating Summary (Continued)

營運摘要(續)

		Year ended December 31 截至十二月三十一日止年度				2016
		2012 二零一二年	2013 二零一三年	2014 二零一四年	2015 二零一五年	二零一六年
Crude Oil Reserves (thousands of barrels)	原油儲量 (千桶)					
Subsidiaries	附屬公司所持資產					
Total proved	探明儲量總額	51,328	54,177	48,742	45,163	10,668
China oilfields	中國油田	23,455	20,409	14,495	12,440	10,552
Kazakhstan oilfields	哈薩克斯坦	26,111	32,497	33,799	32,525	-
USA oilfields	美國 (Condor)	1,762	1,271	448	198	116
Total proved+probable	探明與概算儲量總額	113,726	126,107	124,725	120,975	19,557
China oilfields	中國油田	36,154	35,998	25,832	24,416	18,893
Kazakhstan oilfields	哈薩克斯坦	74,212	87,374	97,864	96,150	-
USA oilfields	美國 (Condor)	3,360	2,735	1,029	409	664
Total proved+probable+possible	探明、概算及可能儲量總額	168,494	183,991	171,189	160,404	28,319
China oilfields	中國油田	50,643	51,617	36,248	34,088	26,487
Kazakhstan oilfields	哈薩克斯坦	112,988	128,547	130,203	124,952	-
USA oilfields	美國 (Condor)	4,863	3,827	4,738	1,364	1,832
Equity-accounted entities (MIE share)	按權益入賬的實體所持資產 (本集團應佔部分)					
Total proved	探明儲量總額	139	-	-	-	18,479
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	12,611
Journey Energy	Journey 項目	-	-	-	-	5,868
Sino Gas & Energy	中國西北 (三交北及臨興)	-	-	-	-	-
White Hawk	美國 (White Hawk)	139	-	-	-	-
Total proved+probable	探明與概算儲量總額	153	-	-	-	42,544
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	32,457
Journey Energy	Journey 項目	-	-	-	-	10,087
Sino Gas & Energy	中國西北 (三交北及臨興)	-	-	-	-	-
White Hawk	美國 (White Hawk)	153	-	-	-	-
Total proved+probable+possible	探明、概算及可能儲量總額	175	-	-	-	50,541
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	40,454
Journey Energy	Journey 項目	-	-	-	-	10,087
Sino Gas & Energy	中國西北 (三交北及臨興)	-	-	-	-	-
White Hawk	美國 (White Hawk)	175	-	-	-	-
Total proved	探明儲量總額	51,467	54,177	48,742	45,163	29,147
Total proved+probable	探明與概算儲量總額	113,879	126,107	124,725	120,975	62,101
Total proved+probable+possible	探明、概算及可能儲量總額	168,669	183,991	171,189	160,404	78,860

Operating Summary (Continued)

營運摘要 (續)

		Year ended December 31 截至十二月三十一日止年度				2016
		2012	2013	2014	2015	2016
		二零一二年	二零一三年	二零一四年	二零一五年	二零一六年
Gas Reserves (millions of SCF)	天然氣儲量 (百萬標準立方英尺)					
Subsidiaries	附屬公司所持資產					
Total proved	探明儲量總額	31,402	40,178	44,147	36,262	155
China oilfields	中國油田	-	-	65	43	62
Kazakhstan oilfields	哈薩克斯坦	28,478	37,541	43,232	36,006	-
USA oilfields	美國 (Condor)	2,924	2,637	850	213	93
Total proved+probable	探明與概算儲量總額	79,543	96,090	97,249	93,050	1,356
China oilfields	中國油田	-	-	125	129	187
Kazakhstan oilfields	哈薩克斯坦	73,967	90,416	95,111	92,380	-
USA oilfields	美國 (Condor)	5,576	5,674	2,013	541	1,169
Total proved+probable+possible	探明、概算及可能儲量總額	130,043	140,592	131,880	122,081	3,829
China oilfields	中國油田	-	-	226	237	352
Kazakhstan oilfields	哈薩克斯坦	121,974	132,653	122,219	120,438	-
USA oilfields	美國 (Condor)	8,069	7,939	9,435	1,406	3,477
Equity-accounted entities (MIE share)	按權益入賬的實體所持資產 (本集團應佔部分)					
Total proved	探明儲量總額	33,352	134,069	364,140	375,870	46,696
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	14,373
Journey Energy	Journey 項目	-	-	-	-	32,323
Sino Gas & Energy	中國西北 (三交北及臨興)	33,150	134,069	364,140	375,870	-
White Hawk	美國 (White Hawk)	202	-	-	-	-
Total proved+probable	探明與概算儲量總額	97,634	302,582	466,650	574,260	76,408
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	29,773
Journey Energy	Journey 項目	-	-	-	-	46,635
Sino Gas & Energy	中國西北 (三交北及臨興)	97,410	302,582	466,650	574,260	-
White Hawk	美國 (White Hawk)	224	-	-	-	-
Total proved+probable+possible	探明、概算及可能儲量總額	207,316	499,321	579,870	781,830	84,016
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	37,381
Journey Energy	Journey 項目	-	-	-	-	46,635
Sino Gas & Energy	中國西北 (三交北及臨興)	207,060	499,321	579,870	781,830	-
White Hawk	美國 (White Hawk)	256	-	-	-	-
Total proved	探明儲量總額	64,754	174,247	408,287	412,132	46,851
Total proved+probable	探明與概算儲量總額	177,177	398,672	563,899	667,310	77,764
Total proved+probable+possible	探明、概算及可能儲量總額	337,359	639,913	711,750	903,911	87,845

Operating Summary (Continued)

營運摘要(續)

		Year ended December 31 截至十二月三十一日止年度				2016
		2012 二零一二年	2013 二零一三年	2014 二零一四年	2015 二零一五年	二零一六年
Crude Oil Resources (thousands of barrels)	石油資源量(千桶)					
Subsidiaries	附屬公司所持資產					
Prospective Resources, Best Estimate, Unrisked	無風險遠景資源量 (最佳估計值)	205,811	205,577	245,113	275,337	19,287
China oilfields	中國油田	21,224	20,990	22,176	19,598	19,287
Kazakhstan oilfields	哈薩克斯坦	184,587	184,587	222,937	255,739	-
USA oilfields	美國(Condor)	-	-	-	-	-
Contingent Resources, C2 (mid case)	或有資源量(2C, 中值)	43,140	9,219	11,494	12,508	10,085
China oilfields	中國油田	8,631	8,456	10,190	10,798	9,797
Kazakhstan oilfields	哈薩克斯坦	33,746	-	-	-	-
USA oilfields	美國(Condor)	763	763	1,304	1,710	288
Equity-accounted entities (MIE share)	按權益入賬的實體所持資產 (本集團應佔部分)					
Prospective Resources, Best Estimate, Unrisked	無風險遠景資源量 (最佳估計值)	-	-	-	-	101,473
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	101,473
Journey Energy	Journey 項目	-	-	-	-	-
Sino Gas & Energy	中國西北(三交北及臨興)	-	-	-	-	-
White Hawk	美國(White Hawk)	-	-	-	-	-
Contingent Resources, 2C (mid case)	或有資源量(2C, 中值)	-	-	-	-	-
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	-
Journey Energy	Journey 項目	-	-	-	-	-
Sino Gas & Energy	中國西北(三交北及臨興)	-	-	-	-	-
White Hawk	美國(White Hawk)	-	-	-	-	-
Total prospective Resources, Best Estimate, Unrisked	無風險遠景資源量總量 (最佳估計值)	205,811	205,577	245,113	275,337	120,760
Total contingent Resources, 2C (mid case)	或有資源總量(2C, 中值)	43,140	9,219	11,494	12,508	10,085

Operating Summary (Continued)

營運摘要 (續)

		Year ended December 31 截至十二月三十一日止年度				2016
		2012	2013	2014	2015	2016
		二零一二年	二零一三年	二零一四年	二零一五年	二零一六年
Gas Resources (millions of SCF)	天然氣資源量 (百萬標準立方英尺)					
Subsidiaries	附屬公司所持資產					
Prospective Resources, Best Estimate, Unrisked	無風險遠景資源量 (最佳估計值)					
China oilfields	中國油田	-	-	-	-	-
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	-
USA oilfields	美國 (Condor)	-	-	-	-	-
Contingent Resources, 2C (mid case)	或有資源量 (2C, 中值)	6,589	1,583	3,260	3,300	676
China oilfields	中國油田	-	-	-	-	-
Kazakhstan oilfields	哈薩克斯坦	5,063	-	-	-	-
USA oilfields	美國 (Condor)	1,526	1,583	3,260	3,300	676
Equity-accounted entities (MIE share)	按權益入賬的實體所持資產 (本集團應佔部分)					
Prospective Resources, Best Estimate, Unrisked	無風險遠景資源量 (最佳估計值)	921,570	1,064,740	675,750	762,450	-
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	-
Journey Energy	Journey 項目	-	-	-	-	-
Sino Gas & Energy	中國西北 (三交北及臨興)	921,570	1,064,740	675,750	762,450	-
White Hawk	美國 (White Hawk)	-	-	-	-	-
Contingent Resources, 2C (mid case)	或有資源量 (2C, 中值)	679,358	884,406	680,850	758,880	-
Kazakhstan oilfields	哈薩克斯坦	-	-	-	-	-
Journey Energy	Journey 項目	-	-	-	-	-
Sino Gas & Energy	中國西北 (三交北及臨興)	679,358	884,406	680,850	758,880	-
White Hawk	美國 (White Hawk)	-	-	-	-	-
Total prospective Resources, Best Estimate, Unrisked	無風險遠景資源量總量 (最佳估計值)	921,570	1,064,740	675,750	762,450	-
Total contingent Resources, 2C (mid case)	或有資源總量 (2C, 中值)	685,947	885,989	684,110	762,180	676

Chairman's Statement 主席報告書



Chairman's Statement

主席報告書

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of MIE Holdings Corporation ("MIE" or the "Company", together with the subsidiaries, the "Group"), I hereby present the annual results of the Company for the year ended December 31, 2016 ("FY2016").

During FY2016, the Group's average realized oil price was US\$36.74/barrel ("bbl"), a record low in the past decade. Despite oil prices dropping from a high of over US\$140/barrel to less than US\$40/barrel during the 2008 subprime mortgage crisis, the Group's FY2009 average realized oil price was still US\$58.58/barrel, signifying the severe market environment and unprecedented challenges the Group faced. Faced with such a challenging environment, the Group's main focus in FY2016 revolved around "cash". Our first focus was to sell certain projects that were not expected to contribute cashflow in the near future so as to raise valuable cash for the Group during this depressed market environment. In July 2016, the Group completed the sale of 100% equity interest in Asia Gas & Energy Ltd. ("AGE") (holding company for 51% equity interest in Sino Gas & Energy Limited ("SGE")) and received a consideration of approximately US\$208 million. In November 2016, the Group completed the sale of 60% of Palaeontol B.V. ("PBV") (holding company for 100% equity interest in Kazakhstan Emir-Oil LLP) to Malaysia listed company Reach Energy Berhad ("REB") for a consideration of approximately US\$176 million, of which the Group has received around US\$132 million. Secondly, in the Company's mature projects such as China Daan project and Moliqing project, full efforts were made to control cost and stabilize the natural decline in old wells so as to generate higher operating cashflow for the Group. In FY2016, the



致各位尊敬的股東，

本人謹代表MI能源控股有限公司(以下簡稱「MI能源控股」或者「公司」，與其子公司並稱「集團」)董事會(「董事會」)提呈本集團截至二零一六年十二月三十一日止的年度業績。



二零一六年度，本集團的平均實現原油價格只有36.74美元／桶，創過去十年的歷史新低。二零零八年底次貸危機全面爆發時，雖然國際油價曾一度從超過140美元／桶的水平下跌至不足40美元／桶，但是二零零九年本集團的平均實現油價尚有58.58美元／桶，以上也意味著本集團所面臨的嚴峻市場環境及前所未有的挑戰。面對如此艱難的狀況，二零一六年度本集團的主要工作以「現金」為重點，一是在低迷的市場交易環境下盡最大努力出售部分尚不能在近期內貢獻現金流的項目以籌集本集團所需要的寶貴現金資源。二零一六年七月份，本集團完成亞洲天然氣能源有限公司(「亞洲天然氣」)(持有中澳煤層氣能源有限公司(「中澳」)51%股份)100%股權的出售，收到項目的全部出售款2.08億美元左右。二零一六年十一月份，本集團將Palaeontol B.V.(「PBV」)(持有哈薩克斯坦Emir-Oil LLP公司100%股份)之60%股權成功售予馬來西亞上市公司Reach Energy Berhad(「REB」)，項目總的出售價款約為1.76億美元左右，本集團已收到約1.32億美元。另外一方面在公司的成熟項目如中國

Chairman's Statement (Continued)

主席報告書(續)

all-in cash cost for China oil project was only US\$14/barrel, while the natural rate was successfully controlled at 12%, such positive results were only achieved by a handful of onshore oilfields in China. Based on the aforementioned two aspects, the Group successfully achieved its targets that were set at the beginning of 2016 and the results embody the hard work done by all levels of the Group from the operating personnel to the management level, and I would like to thank everyone for their hard work.

On the Company's performance, due to the fact that no drilling has been carried out for more than two years in our main production blocks and the sale of projects, the Group's total operated oil and gas production dropped 11.3% to 6.6 million barrels of oil equivalent ("BOE", converting at 6 thousand standard cubic feet ("MSCF") of gas to 1 BOE for reference purpose only) while net oil and gas production decreased 11.9% to 3.6 million BOE. As a result of lower production and oil prices, the Group's total sales revenue slid 25.9% to RMB535.0 million, adjusted EBITDA dropped to RMB283.3 million, and reported a net loss of RMB1.3 billion.

Despite the recent recovery in oil prices, the challenges that the Group has faced still persist. Since the Group's initial public offering in Hong Kong in 2010, we have maintained close ties with the international capital market and created returns for market participants. We are cognizant that our bondholders are paying close attention to both bonds which are due in 2018 and 2019, and we will spend our utmost efforts in 2017 to balance both the development of the Company and the optimization of our capital structure. Finally, I would like to take this opportunity to express my heartfelt thanks to our Board and staff for riding through these trying times with us and also our shareholders, bondholders, and business partners for your continued trust and support.

Zhang Ruilin
Chairman

的大安、莫里青項目上，竭盡所能控制成本，穩定老井產量遞減趨勢以為本集團盡可能創造更多的營運現金流。二零一六年度，大安項目全要素的現金運營成本只有14美元/桶，綜合產量遞減率成功控制在12%，以上成果在中國陸上油田都應該屈指可數。從以上兩個方面來講，本集團於二零一六年度還是成功實現了年初設定的目標，以上包含了本集團從基層作業人員至各層級管理人員的艱辛努力，在此也對大家的辛勤工作表示感謝！

回到公司業績上，由於兩年多未在主力區塊上鑽新井以及項目出售的緣故，二零一六年度本集團的油氣作業產量較之二零一五年度下降11.3%至660萬桶當量(桶當量基於6千標準立方英尺天然氣=1桶原油的換算比例進行計算，僅供參考為目的)，淨產量下降11.9%至360萬桶當量。受產量和油價下滑的雙重影響，二零一六年度本集團的銷售收入減少25.9%至人民幣5.35億元，經調整EBITDA下降至人民幣2.833億元，本集團淨虧損人民幣1.3億元。

雖然近期國際原油價格有所恢復，但是本集團所面臨的挑戰並未有明顯改善。本集團於二零一零年底登陸香港聯交所以來一直與國際資本市場有著緊密的聯繫，為市場參與者創造了較好的回報，我們深知本公司債券持有人對於將於二零一八年及二零一九年到期債券的關注，於二零一七年度，我們將盡全力平衡好業務發展和改善資本結構二者之間的關係。最後，本人亦借此機會衷心感謝董事會及所有員工與我們共度時艱，亦感謝我們的股東，債券持有人及各業務夥伴對我們的信任和支持。

董事長
張瑞霖

Directors and Senior Management

董事及高級管理層

Executive Directors

Zhang Ruilin, aged 46, has been the Executive Director, Chairman and Chief Executive Officer of the Company since March 20, 2008. Mr. Zhang, along with Mr. Zhao Jiangwei, are the controlling shareholders of the Company. Mr. Zhang has over 26 years of experience in the oil and gas business. Following the takeover of MIE by Far East Energy Limited (“FEEL”) in August 2003, Mr. Zhang joined us in September 2003 and has since been a Director of the Company. He is primarily responsible for overseeing our overall strategies, planning and day-to-day management and operations. Mr. Zhang is also a director for the various subsidiaries of the Group.

Zhao Jiangwei, aged 45, has been the Executive Director and senior vice president of the Company since December 19, 2008. He is one of the controlling shareholders. Mr. Zhao has over 24 years of experience in the oil and gas industry. Following the takeover of MIE by FEEL from Microbes Inc. in August 2003, Mr. Zhao joined the Company in September 2003 and has since been a director of the Company. He is and will continue to be primarily responsible for assisting the Chairman in overseeing the operations at the Daan and Moliqing oilfields. Mr. Zhao obtained a bachelor of arts degree from Daqing Petroleum College in 1999.

Andrew Sherwood Harper, aged 65, has been our Executive Director since his appointment on July 19, 2013. Mr. Harper has been the Company’s chief geologist and president of the Company’s international operations from 2001 to 2008 and rejoined the Company in April 2010 as the chief geologist. Mr. Harper is also the Chief Executive Officer and a director of MIE Jurassic Energy Corporation, overseeing the group’s operations in the United States. Mr. Harper has over 36 years of experience in the oil and gas industry, during which he acquired his experience working in the exploration and production team of ARCO International Oil & Gas Company prior to joining the Company in 2001. During his time with ARCO, Mr. Harper worked extensively overseas, including assignments in Chile, Dubai, Norway, the United Kingdom and Indonesia, and as ARCO’s resident manager in Bogota, Colombia. Mr. Harper also worked as a basin studies director, Latin America exploration director and exploration project director at the headquarters of ARCO International in the United States from 1990 to 1996 and as an exploration manager at the Andean Basins in ARCO Latin America Inc. from 1999 to 2000. Mr. Harper received a bachelor’s degree in Geology from Williams College and a master’s degree in Geology from the University of Southern California. Mr. Harper is certified as a Professional Geologist by the Texas Board of Professional Geoscientists and a Certified Petroleum Geologist of American Association of Petroleum Geologists.

執行董事

張瑞霖，46歲，自二零零八年三月二十日起獲委任一直出任本公司執行董事、主席兼首席執行官。彼連同趙江巍先生為本公司的控股股東。張先生在油氣行業擁有逾26年經驗。Far East Energy Limited (「FEEL」)於二零零三年八月並購本公司後，張先生於二零零三年九月加入本公司，自此一直擔任公司董事。彼主要負責監管本公司整體戰略、規劃及日常管理與經營。張先生亦為本集團多家附屬公司的董事。

趙江巍，45歲，自二零零八年十二月十九日起出任本公司執行董事兼高級副總裁。彼為本公司的控股股東。趙先生在油氣行業擁有逾24年經驗。FEEL於二零零三年八月向Microbes Inc.收購MIE後，趙先生於二零零三年九月加入本公司，自此一直擔任公司董事。彼主要負責協助主席監管大安、莫里青油田的營運。於一九九九年，趙先生取得大慶石油學院文學士學位。

Andrew Sherwood Harper，65歲，自二零一三年七月十九日起出任本公司執行董事。Harper先生於二零零一年至二零零八年任本公司總地質師及本公司國際營運總裁，並於二零一零年四月重新加入本公司出任首席地質師。Harper先生亦為MIE Jurassic Energy Corporation之行政總裁兼董事，負責統籌集團之美國業務。Harper先生在油氣行業擁有逾36年經驗，在二零零一年加入本公司之前，彼在ARCO International Oil & Gas Company參與勘探及生產團隊而累積工作經驗。於ARCO任職期間，Harper先生海外工作經驗豐富，包括獲派駐智利、迪拜、挪威、英國及印度尼西亞，以及出任哥倫比亞波哥大的駐當地經理。Harper先生亦於一九九零年至一九九六年出任美國ARCO International總部的盆地研究主任、拉丁美洲勘探主任及勘探項目主任，並於一九九零年至二零零零年任ARCO Latin America Inc.安第斯盆地的勘探經理。Harper先生獲Williams College地質學學士學位及南加州大學地質學碩士學位。Harper先生獲德州專業地質科學家協會(Texas Board of Professional Geoscientists)認證為專業地質師，並為美國石油地質師公會(American Association of Petroleum Geologists)之認可石油地質師。

Directors and Senior Management (Continued)

董事及高級管理層(續)

Tian Hongtao, aged 46, has been our Executive Director since his appointment on December 5, 2014. He is also the executive president of the Company. Mr. Tian joined the Company in January 2014 as vice president. He has over 22 years of experience in finance and accounting and brings considerable risk and control management expertise to the Company. Prior to joining us, Mr. Tian served as financial controller of Digital China Information Service Company Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000555.SZ). Before that, Mr. Tian held positions as vice general manager, general manager, assistant president and vice president of Digital China Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Digital China", stock code: 00861), focusing on risk and control management of Digital China. Prior to his time at Digital China, Mr. Tian worked at the Lenovo Group, a company listed on the Stock Exchange (stock code: 0992). Mr. Tian graduated with a bachelor's degree in 1994 and then a master's degree in 2001, both in Economics from the Central University of Finance and Economics in China. He also obtained a master's degree in Business Administration from the Cheung Kong Graduate School of Business in China in 2007. He is a non-practicing certified public accountant in China.

Tao Tak Yin Dexter, aged 44, has been our Executive Director since his appointment on July 19, 2013. He is also the Chief Financial Officer and senior vice president of the Company. Mr. Tao joined our company in July 2013. He is a veteran investment banker with extensive corporate finance and accounting experience. Before joining the Company, Mr. Tao served as senior director in the Global Investment Banking team at Bank of America Merrill Lynch where he spent six years specializing in the origination and execution of investment banking business for China's private sector enterprises. Prior to joining the Bank of America Merrill Lynch, Mr. Tao has also worked at Bear Stearns Asia, BNP Paribas Peregrine Capital and Arthur Andersen LLP (subsequently known as PricewaterhouseCoopers). Mr. Tao holds both a bachelor degree in Business Administration and a master's degree in Accounting from the University of Southern California. He was a Certified Public Accountant in Hong Kong from 1996 to 1999. Mr. Tao has resigned as an Executive Director with effect from May 31, 2016.

田洪濤，46歲，自二零一四年十二月五日起出任本公司執行董事。彼亦為本公司執行總裁。二零一四年一月，田先生加入本公司出任副總裁。彼在財務及會計方面擁有逾22年的經驗，並給公司帶來豐富的風險控制管理的專業技能。加入本公司之前，田先生任深圳證券交易所上市公司神州數碼資訊服務股份有限公司（股票代碼：000555.SZ）財務總監一職。在此之前，田先生於香港聯合交易所有限公司（「聯交所」）上市公司神州數碼控股有限公司（「神州數碼」，股票代碼：00861）歷任副總經理，總經理，助理總裁及副總裁等職位，專注於神州數碼的風險控制管理工作。加入神州數碼之前，田先生任職於聯交所上市公司聯想集團（股票代碼：0992）。田先生於一九九四年和二零零一年分別獲得中央財經大學經濟學學士和經濟學碩士學位，並於二零零七年獲得長江商學院工商管理碩士學位。他亦獲得中國非執業註冊會計師資格。

陶德賢，44歲，自二零一三年七月十九日起出任本公司執行董事。彼亦為本公司首席財務官兼高級副總裁。二零一三年七月，陶先生加入本公司。彼為一名資深投資銀行家，於企業融資及會計方面擁有豐富經驗。加盟本公司前，陶先生曾任美銀美林環球投資銀行業務團隊的高級董事，於其六年任職期間專責為中國民營企業策劃及執行投資銀行業務。加入美銀美林前，陶先生亦曾於貝爾斯登亞洲、法國巴黎百富勤及安達信會計事務所（其後稱為羅兵咸永道）任職。陶先生持有南加州大學的工商管理學學士學位及會計學碩士學位。彼於一九九六年至一九九九年期間為香港執業會計師（於二零一六年五月三十一日辭任執行董事）。

Directors and Senior Management (Continued)

董事及高級管理層(續)

Non-executive Director

Xie Na, aged 41, has been the Non-executive Director of the Company since November 13, 2015. She is a vice president (investment) of Shanghai Life Insurance Company Ltd. (“Shanghai Life”). She joined Shanghai Life in 2015 and is responsible for the establishment of equity investment section, and the formation of equity investment strategies. Prior to joining Shanghai Life, Ms. Xie was a senior vice president of Sequoia Capital China (“Sequoia Capital”), where she led the portfolio management for Sequoia Capital’s investment with a focus on consumer and telecommunications/media/technology sectors. Ms. Xie led also the investment, post-investment management and exit in related to various projects of Sequoia Capital, including in relation to Peak Sport Products Co., Limited (stock code: 1968.HK) and Sky-mobi Limited (symbol: MOBI.NASDAQ). Prior to joining Sequoia Capital, Ms. Xie was a consultant at Monitor Group, where she provided management advice in marketing, operations and investment. Ms. Xie is currently an executive council member of the China Women’s Chamber of Commerce, the vice president of China Energy Storage Alliance, and was a visiting professor of the Graduate University of Chinese Academy of Sciences. Ms. Xie obtained a bachelor’s degree in computer engineering from the University of Toronto in 2002 and a master’s degree in business administration from Stanford University in 2004.

非執行董事

謝娜，41歲，自二零一五年十一月十三日起出任本公司非執行董事。謝女士現任上海人壽保險股份有限公司(「上海人壽」)投資副總監，謝女士於二零一五年加入上海人壽，負責組建上海人壽股權投資部門，並制定上海人壽股權投資戰略。在加入上海人壽之前，謝女士任紅杉資本中國基金(「紅杉資本」)資深副總裁，管理紅杉資本的投資組合，關注領域為消費品與現代服務、科技與傳媒等行業。謝女士主導了紅杉資本對多個項目的投資、投後管理及退出，如匹克運動(股份代號：1968.HK)、及斯凱網路(股份代號：NASDAQ:MOBI)等。在加入紅杉資本之前，謝女士任摩立特集團諮詢顧問一職，提供市場行銷、運營及投融資等方面的管理諮詢服務。謝女士現任全國工商聯女企業家商會常務理事，中關村儲能產業聯盟副理事長，曾任中國科學院研究生院客座教授。謝女士於二零零二年獲多倫多大學電腦工程學士學位，且於二零零四年獲斯坦福大學工商管理碩士學位。

Directors and Senior Management (Continued)

董事及高級管理層(續)

Independent Non-executive Directors

Mei Jianping, aged 56, has been our Independent Non-executive Director since his appointment on November 27, 2010. Mr. Mei has been a professor of finance at Cheung Kong Graduate School of Business in Beijing, China since 2006 and a fellow at Financial Institutions Center, the Wharton School of University of Pennsylvania since 2004. He was a tenured associate professor of finance from 1996 to 2005 and an assistant professor of finance from 1990 to 1995 at New York University. From 2003 to 2008, he also taught at Tsinghua University as a special term professor of finance. Mr. Mei has been a director of Cratings.com Inc., USA since 1999. Since 2009, Mr. Mei has served on the boards of Powerlong Real Estate Holdings Limited (stock code: 1238.HK), a company listed on the Stock Exchange, and also Zhong De Securities Company Limited. Mr. Mei also served as the chairman of board of Shanghai Zhangjiang JRtan.com Inc. from 2000 to 2012. From November 29, 2013, Mr. Mei has served as an independent non-executive director of Ground Properties Company Limited (stock code: 989.HK), and from August 11, 2014, Mr. Mei has served as an independent non-executive director of China Rundong Auto Group Limited (stock code: 1365.HK) (both companies listed on the Stock Exchange). Mr. Mei worked as a consultant for various financial institutions, such as Deutsche Bank, UBS, Prudential Insurance of America and Asia Development Bank. Mr. Mei has published a number of books and articles on topics related to finance. Mr. Mei received a bachelor's degree in Mathematics from Fudan University in 1982, a master's degree in Economics and a Ph.D. in Economics (Finance) from Princeton University in 1988 and 1990, respectively.

獨立非執行董事

梅建平，56歲，於二零一零年十一月二十七日起出任本公司獨立非執行董事。自二零零六年起，梅先生一直擔任中國北京長江商學院金融學教授，並自二零零四年起任賓夕法尼亞大學沃頓商學院金融機構研究中心學者。彼自一九九六年至二零零五年任紐約大學金融學副教授，並自一九九零年至一九九五年任紐約大學金融學助理教授。自二零零三年至二零零八年，彼亦曾在清華大學執教，任特聘金融學教授。自一九九九年，梅先生任美國Cratings.com Inc.的董事。自二零零九年以來，梅先生任寶龍地產控股有限公司（一家於聯交所上市的公司，股份代號：1238.HK）及中德證券有限公司董事會成員。自二零零零年至二零一二年，梅先生亦擔任上海張江金融灘網絡有限公司董事會主席。自二零一三年十一月以來，任廣澤地產股份有限公司（股票代碼：989.HK）獨立非執行董事；自二零一四年八月以來，任中國潤東汽車集團有限公司（股票代碼：1365.HK）獨立非執行董事（兩家均為於聯交所上市的公司）。梅先生曾出任德意志銀行、瑞士銀行、美國保誠保險和亞洲開發銀行等多家金融機構的顧問。他曾出版多本關於金融的書籍和發表多篇文章。梅先生於一九八二年獲復旦大學數學學士學位，並分別於一九八八年及一九九零年獲普林斯頓大學經濟學碩士學位和經濟學（金融）博士學位。

Directors and Senior Management (Continued)

董事及高級管理層(續)

Jeffrey Willard Miller, aged 54, has been our Independent Non-executive Director since his appointment on November 27, 2010. Mr. Miller has over 30 years of experience in the oil and gas industry. Since 2012, Mr. Miller has been Managing Partner and Co-Founder of Vortus Investments, an energy private equity firm founded in later 2012. From 2008 to 2012, as the director of upstream and investments for Mercuria Energy Trading Inc. (“Mercuria”), one of the world’s largest independent physical energy trading firms, he was responsible for Mercuria and certain of its affiliates’ global portfolio of oil and natural gas assets, the majority of which are located in North and South America. Prior to joining Mercuria, Mr. Miller spent four years, from 2004 to 2008, as president of Moncrief Oil International, a private oil and natural gas company with assets in the former Soviet Union as well as North America. Prior to his career at Moncrief, Mr. Miller was a managing director in global energy investment banking for UBS AG, the successor of Dillon, Read & Co, which he joined in 1993. Mr. Miller was an investment banker with a focus on the energy industry and has extensive experience in the fields of corporate finance. Throughout his career as set out above, Mr. Miller has been involved in a substantial number of transactions including initial public offerings, debt offerings and mergers and acquisitions, which require expertise in financial analysis. As an investment banker, Mr. Miller also had extensive experience in valuation analysis, which involved reviewing and analyzing audited financial statements of public and private companies. Mr. Miller’s professional career began in a technical capacity as a petroleum engineer with Exxon. Mr. Miller received a bachelor’s degree, magna cum laude, in Petroleum Engineering from Texas A&M University and a master’s degree in Business Administration from the Columbia Business School.

Guo Yanjun, aged 64, has been the Independent Non-executive Director of the Company since November 13, 2015. He has extensive entrepreneurship experience and experience in corporate operation and management. Mr. Guo graduated from China People’s University with a Diploma in Law in 1984. Mr. Guo is currently an Independent Non-executive Director of Honghua Group Limited (stock code: 196.HK), Strong Petrochemical Holdings Limited (stock code: 852.HK) and Mei Ah Entertainment Group Limited (stock code: 391.HK) (all being companies listed on the Stock Exchange). He is also the chairman of CNHK Tech Co. Ltd, CNHK Media Limited, CNHK Media (H.K.) Advertising Limited and CNHK Publications Limited.

Jeffrey Willard Miller, 54歲，自二零一零年十一月二十七日起出任本公司獨立非執行董事。Miller先生在油氣行業擁有逾30年經驗。二零一二年，Miller先生擔任於該年成立的能源私募股權公司Vortus Investments的董事合夥人兼共同創辦人。Miller先生於二零零八年至二零一二年擔任Mercuria Energy Trading Inc. (「Mercuria」) (全球最大的獨立物理能源貿易公司之一) 上游投資董事，負責Mercuria及其若干聯屬公司的石油及天然氣資產(大部分位於北美洲和南美洲)的全球投資組合。加入Mercuria之前，自二零零四年至二零零八年四年期間，Miller先生擔任Moncrief Oil International總裁，該公司為一家石油及天然氣私營公司，在前蘇聯及北美洲擁有資產。在Moncrief開展其職業生涯前，Miller先生於一九九三年加入UBS AG (其前身為Dillon, Read & Co)，擔任全球能源投資銀行董事總經理。Miller先生為能源行業投資銀行家，擁有企業金融領域豐富經驗，曾憑藉金融分析專長，參與多起交易，包括首次公開發售、債券發售、併購。身為投資銀行家，Miller先生亦擁有豐富估值經驗，包括審閱分析上市及非上市公司經審核財務報表。彼職業之初是在艾克森美孚任石油工程師技術職位。Miller先生以優異成績取得德克薩斯州農工大學石油工程學士學位，並取得哥倫比亞商學院工商管理碩士學位。

郭燕軍，64歲，自二零一五年十一月十三日起出任本公司獨立非執行董事。彼擁有豐富的創業經歷及企業運營管理經驗。郭先生於一九八四年畢業於中國人民大學，取得法律文憑。郭先生現時是宏華集團有限公司(股份代號：196.HK)、海峽石油化工控股有限公司(股份代號：852.HK)及美亞娛樂資訊集團有限公司(股份代號：391.HK)(均為聯交所上市公司)之獨立非執行董事。郭先生亦是北京君雲科技有限公司、中港傳媒有限公司、中港傳媒(香港)廣告有限公司及中港傳媒出版社有限公司之董事長。

Directors and Senior Management (Continued)

董事及高級管理層(續)

Senior Management

Mei Liming, aged 36, is our Chief Financial Officer. Mr. Mei joined the Group in January 2005 and has since worked across various functions including as an accountant, finance manager and vice financial controller. During his career in the Group, Mr. Mei gained extensive knowledge and experience in the oil & gas industry, financial management and capital markets. Since joining the Group, apart from daily financial management, Mr. Mei has also been closely involved in many transactions including various financings and acquisitions. He also participated in the process of the Group's initial public offering on the Main Board of the Stock Exchange. Mr. Mei graduated from Beijing Institute of Petrochemical Technology with a Bachelor of Accounting in 2003. Prior to joining the Company, Mr. Mei worked as an accountant in Sony Corporation in 2004.

Relationship among Directors and Senior Management

Save for Mr. Zhao Jiangwei, senior vice president and Executive Director, who is the brother-in-law of Mr. Zhang Ruilin, our Chairman, Chief Executive Officer and Executive Director, there are no familial relationships between any of our Directors and senior management.

高級管理層

梅黎明，36歲，本公司首席財務官。梅先生於二零零五年加入本集團，歷任會計師，財務經理及財務副總監等職位。在其於本集團任職期間，梅先生於油氣行業，財務管理及資本市場方面積累了豐富之實際知識及經驗。加入本集團後，除參與公司日常管理工作，梅先生亦緊密參與了本公司諸多的交易事項，包括多項融資及並購等，其亦完整參與了本公司於聯交所主板上市的相關工作。梅先生於二零零三年畢業於北京石油化工學院，獲得會計學學士學位。在加入本集團之前，梅先生於二零零四年曾出任索尼有限公司會計師。

董事與高級管理層之間的關係

除本公司高級副總裁兼執行董事趙江巍先生為本公司主席、首席執行官兼執行董事張瑞霖先生的內弟外，本公司董事與高級管理層之間概無親屬關係。

Corporate Governance Report

企業管治報告

The Board of Directors (the “Board”) is pleased to present this corporate governance report in the Group’s Annual Report for the year ended December 31, 2016.

Corporate Governance Commitment

The Board of the Company has responsibilities towards the shareholders and related stakeholders to ensure the Company’s successful operation. Sound corporate governance is not only vital for the Company to cope with the evolving regulatory environment and reinforce the relationship with its shareholders and stakeholders, but also important for the Company’s success and sustainable development. We are committed to achieving a high standard of corporate governance and have promoted corporate governance practices appropriate for our business operations and development.

Corporate Governance Practices

The Board considers that good corporate governance standards are essential in providing a framework for the Company to safeguard shareholders’ interests, enhance corporate value and accountability, formulate its business strategies and policies and enhance transparency.

The Company’s corporate governance practices are established based on the provisions of the Corporate Governance Code (the “CG Code”), as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

During the year ended December 31, 2016, the Company has applied and complied with the applicable provisions of the CG Code as set out in Appendix 14 to the Listing Rules, except the deviations with explanations below.

The Company shall review and improve its corporate governance practices on a regular basis to ensure a continuous compliance of such practices with the requirements of the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as code of conduct for securities transactions. Having made specific inquiry with all the Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by directors throughout the year ended December 31, 2016.

本公司董事會欣然提呈本集團截至二零一六年十二月三十一日止年度年報之企業管治報告。

企業管治承諾

本公司董事會有責任向股東及利益相關人士確保本公司運營成功。良好的企業管治對本公司應對不斷變化的監管環境及增強與本公司股東及利益相關人士的關係而言至關重要，對本公司之成功及持續發展亦重要。我們致力提升至高標準的企業管治，以此為達致質素的重要一環，亦已推行適合我們業務運營及發展之企業管治常規。

企業管治常規

董事會認為良好的企業管治標準乃本公司保障股東利益、提升企業價值與問責性、制定公司的商業策略及政策大綱及提升其透明度之關鍵。

公司管治常規建立在企業管治守則（「企業管治守則」）中的規定之上，為香港聯交所發布的上市規則（「上市規則」）附錄十四所載企業管治常規。

本公司截至二零一六年十二月三十一日止年度會計期間，已應用及遵守香港聯交所上市規則附錄十四的企業管治守則適用之守則條文，惟下文解釋之闡明原因的偏離行為除外。

公司管治常規建立在聯交所上市規則附錄十四企業管治守則之規定之上，將定期檢討及改善其企業管治常規，確保該等企業管治常規繼續符合企業管治守則之要求。

證券交易的標準守則

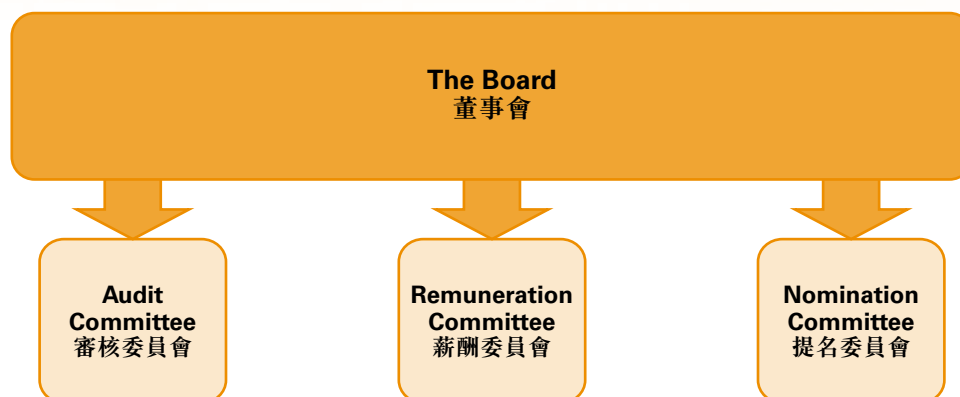
本公司採用上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》「標準守則」作為董事買賣本公司證券之行為守則。經向全體董事作出具體查詢後，全體董事確認彼等於截至二零一六年十二月三十一日止年度一直遵守本守則所訂有關董事進行證券交易的標準。

Corporate Governance Report (Continued)

企業管治報告(續)

Structure of Corporate Governance

企業管治架構



The Board

As at December 31, 2016, the Board comprised eight members, including four Executive Directors, a Non-executive Director and three Independent Non-executive Directors.

During the year, members of the Board are listed as follows:

Executive Directors:

Mr. Zhang Ruilin (*Chairman*)
Mr. Zhao Jiangwei
Mr. Andrew Sherwood Harper
Mr. Tian Hongtao
Mr. Tao Tak Yin Dexter
(Resigned with effect from May 31, 2016)

Non-executive Director:

Ms. Xie Na

Independent Non-executive Directors:

Mr. Mei Jianping
Mr. Jeffrey Willard Miller
Mr. Guo Yanjun

The biographical information of the Directors is set out under "Directors and Senior Management" on page 15 to page 19 of this annual report.

董事會

董事會截至二零一六年十二月三十一日，由8名成員組成，包括4名執行董事、1名非執行董事及3名獨立非執行董事。

於年度內，董事會成員載列如下：

執行董事：

張瑞霖先生 (*主席*)
趙江巍先生
Andrew Sherwood Harper 先生
田洪濤先生
陶德賢先生
(已於二零一六年五月三十一日辭任)

非執行董事：

謝娜女士

獨立非執行董事：

梅建平先生
Jeffrey Willard Miller 先生
郭燕軍先生

董事的履歷資料載於本年報第15頁至第19頁「董事及高級管理層」一節。

Corporate Governance Report (Continued)

企業管治報告(續)

The relationships among members of the Board are disclosed under “Relationships among Directors and Senior Management” on page 20.

The Board is responsible for performing the functions set out under the Code Provision D.3.1 of the CG Code.

The Board has reviewed the Company’s corporate governance policies and practices and made recommendations to the Company regarding the training and continuous professional development of Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, the Company’s compliance with the Model Code, the code of conduct and compliance manual for employees and Directors, and the Company’s compliance with the CG Code and disclosure in this Corporate Governance Report.

Chairman and Chief Executive Officer

Pursuant to Code Provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Zhang Ruilin (“Mr. Zhang”) is the Chairman of the Board. Apart from serving as Chairman, Mr. Zhang has also been appointed as Chief Executive Officer. Such appointment constitutes a deviation from the Code Provision A.2.1. The reasons for deviation are explained as below.

Different from integrated oil companies engaged in upstream and downstream business, the Company is engaged in the business of oil & gas exploration and production. Therefore, the Board considers that, the making and implementation of strategic planning decision by the same individual is in the best interest of the Company’s oil & gas exploration and production business. The Nomination Committee of the Company also agrees that it is in the best interest of the Company that the roles of Chairman and Chief Executive Officer be performed by the same individual. Therefore, the Company does not currently proposed appoint another person to act as its Chief Executive Officer. However, the Company will continue to review the effectiveness of its corporate governance structure and consider if any changes are necessary (including separating the roles of Chairman and Chief Executive Officer).

董事會成員之間的關係於第20頁「董事與高級管理層之間的關係」披露。

董事會負責履行企業管治守則之守則條文第D.3.1條所載職能。

董事會已檢討並建議本公司企業管治政策及常規、董事及高級管理層的培訓及持續專業發展、本公司在遵守法律及監管規定、標準守則及企業管治守則方面之政策及常規以及於本企業管治報告作出的披露。

主席和首席執行官

根據守則條文第A.2.1條，主席和首席執行官的角色應有區分，並不應由一人同時兼任。張瑞霖先生（「張先生」）為本公司的主席。除擔任主席一職外，張先生亦獲委任為首席執行官。該委任與守則條文第A.2.1條相偏離。該偏離的原因載於下文。

有別於從事上下游業務的綜合石油公司，本公司從事油氣勘探和生產業務。有鑒於此，董事會認為，由同一人制定戰略性計劃決策並付諸實施將最大程度地符合本公司油氣勘探和生產業務的利益。本公司提名委員會亦同意主席和首席執行官由同一人兼任符合本公司的最佳利益。故本公司目前並無計劃委任其他人士擔任本公司的首席執行官。然而，本公司將繼續檢討本公司企業管治架構的有效性，並考慮是否有必要作出任何變動（包括將主席及首席執行官的角色分開）。

Corporate Governance Report (Continued)

企業管治報告(續)

Executive Directors

Mr. Zhang Ruilin and Mr. Tian Hongtao, being the Executive Directors, act as the Company's Chief Executive Officer and executive president respectively. Executive Directors with administration duties are responsible for more businesses covered by administration; which shall be the same with the Executive Directors without administration duties, their responsibilities are extended to be responsible for the operation of the whole group. Executive Directors should actively communicate with Non-executive Directors, and maintain an open and responsible attitude in respect of any reasonable administrative suggestions and enquiries raised by the Non-executive Directors.

Mr. Tao Tak Yin Dexter had resigned as an Executive Director with effect from May 31, 2016.

Independent Non-executive Directors

The four Non-executive Directors of the Company review the management's performance in fulfilling established corporate targets and principles. They should also ensure that financial information is reported clearly and accurately, and the risk management and internal control systems are implemented effectively.

During the year ended December 31, 2016 the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors (representing one-third of the Board) with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Independent Non-executive Directors assume no management responsibilities in the Company, and hold no more than (either legally, beneficially or deemed) 1% of the total issued share capital of the Company; nor have they acquired any interest in securities of the Company either by gift or other methods; hence their independence is strongly guaranteed. In accordance with independence guidelines set out in Rule 3.13 of the Listing Rules, the Independent Non-executive Directors have provided an annual confirmation of independence to the Company. The Company considers that all Independent Non-executive Directors to be independent.

Independent Non-executive Directors of the Company are involved in communications with the auditors, which fully exhibits the role of independent supervision. During the reporting period, no objections regarding the proposals of the Board or Board Committees have been raised by Independent Non-executive Directors.

執行董事

執行董事張瑞霖先生及田洪濤先生分別擔任本公司首席執行官及執行總裁一職。擔任本公司行政職責之執行董事，並不單限於行政職責所涵蓋的業務範圍，與未擔任行政職責之執行董事一樣，所承擔之職責拓展至整個集團的運營之上。執行董事主動與非執行董事溝通，並對非執行董事提出的任何合理的行政建議及質詢持開放及負責的態度。

陶德賢先生已於二零一六年五月三十一日辭任執行董事。

獨立非執行董事

本公司4名非執行董事評估管理層在實現既定的企業目標和宗旨方面的表現。他們亦須確保財務資料得到清晰及準確的彙報，以及確保風險管理及內部監控系統的有效實施。

董事會一直符合上市規則有關委任至少三名獨立非執行董事(佔董事會三分之一)，其中一名獨立非執行董事須具備合適專業資格或會計或相關財務管理專業知識的規定。

獨立非執行董事在本公司不擔任任何管理職務，且在法律上或實益持有，或被視為持有本公司已發行股本總額不超過1%，亦未以饋贈形式或其他資助方式，取得本公司任何證券權益；其獨立性得到了有力的保證。根據上市規則第3.13條的獨立性指引，各獨立非執行董事已簽署獨立性確認函。本公司確認全體獨立非執行董事的獨立性。

本公司獨立非執行董事參與與審計師的溝通，充分發揮了獨立監督作用。報告期內未出現獨立非執行董事對本公司董事會或委員會議案提出異議的情況。

Corporate Governance Report (Continued)

企業管治報告(續)

Non-executive Directors and Directors' Re-election

Non-executive Directors serving the Board and Board Committees are equipped with different skills, specialties, backgrounds and qualifications, benefiting the Board a lot. Independent Non-executive Directors not only act as Non-executive Directors, but also equip the Board with expertise and business specialty supplementary to management, thus providing unique opinion and independent judgment for the possible situations during the implementation of the Company's business. Independent Non-executive Directors are acting as chairmen and members of Audit Committee, Remuneration Committee and Nomination Committee under the Board of the Company.

The appointment and re-election of all Directors of the Company for the year ended December 31, 2016 was in compliance with the CG Code. In accordance with the Code Provision A.4.2, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The specific term of appointment for Directors of the Company is three years, which is subject to retirement by rotation at least once every three years. The appointment of Non-executive Directors of the Company shall comply with the Code Provision A.4.1 under the CG Code, namely, all Non-executive Directors should be appointed for a specific term and subject to re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leading and supervising the businesses, strategic policies and performance of the Company, as well as being collectively responsible for facilitating the successful development of the Company by detecting and supervising the Company's affairs. The Board makes objective decisions in the interest.

The Board has delegated to the Chief Executive Officer and through him to senior management the authority and responsibility for carrying out the Company's day-to-day management and operation. The delegated duties and responsibilities will be reviewed on a regular basis. The aforementioned senior executives shall obtain the approval from the Board prior to entering into any significant transactions.

In addition, the Board has established the Board Committees and delegated responsibilities as set out in their respective written terms of reference.

非執行董事及董事重選

在董事會和董事委員會任職的非執行董事各自具備不同的技能、專長、背景及資格，讓該等委員會獲益良多。獨立非執行董事不單擔當非執行董事的角色，且為董事會帶來與管理互補互促的專業知識及業務專長，從而為本公司業務可能遇到的狀況提供獨到見解及獨立判斷。董事會審核委員會、薪酬委員會及提名委員會均由獨立非執行董事擔任。

本公司二零一六年全體董事的委任及重選遵行企業管治守則，根據守則條文第A.4.2條規定，所有獲委任填補臨時空缺之董事應在獲委任後的首次股東大會由股東選任，每位董事(包括按指定任期委任之董事)須至少每三年輪席退任一次。本公司各董事之指定任期為三年，須至少每三年輪席退任一次。本公司非執行董事委任遵行企業管治守則之守則條文第A.4.1條規定，全體非執行董事的委任均有指定任期並須重選。

董事會及管理層之職責、問責及貢獻

董事會負責領導及監察本公司、監督本公司之業務、策略方針及表現以及集體負責透過指導及監管本公司事務推動本公司成功發展。董事會以本公司利益作出客觀決定。

董事會已授權首席執行官，並通過首席執行官向高級管理層轉授權力及責任進行本公司之日常管理及經營。所指派的職責及責任定期予以檢討。上述高級行政人員訂立任何重大交易前須取得董事會批准。

此外，董事會已成立董事委員會，並向該等董事委員會授出各自職權範圍所載的各項責任。

Corporate Governance Report (Continued)

企業管治報告(續)

All Directors (including Non-executive Directors and Independent Non-executive Directors) have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board, facilitating an efficient and effective operation thereof. All Directors shall ensure that they will perform their duties in good faith, comply with applicable laws and regulations and act in the interests of the Company and shareholders at all times.

All Directors have full and timely access to all relevant information of the Company and the services and advice of the company secretary, to ensure that procedures of the Board and all applicable laws and regulations are complied with. Upon request, Directors, may seek independent professional advice when appropriate for discharging their duties to the Company, at the Company's expense.

Directors shall disclose to the Company details regarding other offices held by them, and the Board shall review the contribution required from each Director in performing his duties to the Company on a regular basis.

The Board reserves the decision-making power over all important issues, including the Company's policy matters, strategies and budget, internal controls and risk management, significant transactions (especially those that may involve conflict of interest), financial information, appointment of Directors and other significant operational issues. The responsibilities regarding to implementing Board decisions, directing and coordinating the Company's daily operation and management are delegated to be the Management.

In respect of legal actions against Directors and senior management arising out of corporate activities, the Company has made arrangements for appropriate insurance cover Directors and executives regarding their duties.

Continuous Professional Development of Directors

Every newly appointed Director will obtain on-board induction upon first occasion of his/her appointment, in order to ensure appropriate understanding of the Company's business and operation and full awareness of the Directors' duties in accordance with Listing Rules and related laws. The Director shall keep abreast of the duties as a Director of the Company, and the conduct, business activities and development of the Company.

All Directors are continually updated on the legal and regulatory regime as well as the business environment, so as to assist in their performance of duties. The Company will make arrangements when necessary and provide briefing and professional development training to Directors.

全體董事(包括非執行董事及獨立非執行董事)均為董事會注入多領域的寶貴業務經驗、知識及專長,促進董事會高效及有效運作。全體董事須確保真誠履行職責,遵守適用法例及法規,並時刻為本公司及其股東之利益行事。

全體董事均可全面及時查詢本公司所有相關資料及獲取本公司秘書的服務與意見,確保遵守董事會程序和所有適用法例及規例。董事提出要求後可在適當情況下尋求獨立專業意見,以向本公司履行職責,費用由本公司支付。

董事須向本公司披露彼等所擔任其他職務之詳情,而董事會定期審閱各董事向本公司履行職責時須作出的貢獻。

董事會保留對所有重要事項的決策權,包括本公司政策事宜、策略及預算、內部監控及風險管理、重大交易(特別是可能涉及利益衝突之交易)、財務數據、委任董事及其他重要營運事宜。有關執行董事會決策、指導及協調本公司日常營運及管理之職責授予管理層。

本公司已就董事及高級管理層可能面對因企業活動產生之法律行動,為董事及行政人員之職責作出適當投保安排。

董事的持續專業發展

每名新任董事於首次獲委任時均會獲得入職介紹,確保適當掌握本公司的業務及經營,並完全瞭解根據上市規則及相關法規的董事職責。董事須持續瞭解作為本公司董事的職責以及本公司的經營方式、業務活動及發展。

全體董事亦會持續獲得有關法律和監管機制及業務環境的最新消息,以協助彼等履行職責。本公司會於必要時作出安排,持續向董事提供簡介及專業發展培訓。

Corporate Governance Report (Continued)

企業管治報告(續)

All Directors should participate in appropriate continuing professional development for developing and updating their own knowledge and skills, so as to ensure that they can remain informed and continue to make contribution to Board as appropriate. The Company will arrange internal briefing sessions for Directors and distribute reading material on relevant topics where appropriate. The Company encourages all Directors to attend related training courses at the Company.

On December 9, 2016, all Directors of the Company attended a training held by PricewaterhouseCoopers Zhong Tian LLP regarding the amendments to the CG Code under the Listing Rules.

Board Committees

Three Committees have been established under the Board, namely, Audit Committee, Remuneration Committee and Nomination Committee, to supervise particular aspects of the Company. All Board Committees of the Company are established based on functions and powers set out in the written terms of reference which are available on the websites of the Company and the Stock Exchange for shareholders' reference.

All members of the Board Committees list of the chairman and members of each Board Committee is set out under "Company Information" are Independent Non-executive Directors on page 2.

Board Committees are also equipped with sufficient resources to perform their duties, and can seek independent professional advices when appropriate (upon reasonable request) at the Company's expense.

全體董事應參與適當的持續專業發展，發展並更新自身知識及技能，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會做出貢獻。本公司將適時在公司內部為董事安排簡介會並向董事發放相關主題之閱讀材料。本公司鼓勵全體董事出席相關培訓課程，費用由本公司支付。

二零一六年十二月九日，本公司所有董事均參加了普華永道會計師事務所舉辦的香港聯交所規則下《企業管治守則》的修訂及應對工作培訓。

董事會委員會

董事會已設立3個委員會，即審核委員會、薪酬委員會及提名委員會，以監督本公司特定方面之事務。本公司所有董事會委員會均按書面界定之職權範圍成立，有關職權範圍刊登於本公司及聯交所網站供股東閱覽。

所有董事會委員會成員均為獨立非執行董事，各董事會委員會的主席及成員名單載於第2頁之「公司資料」。

董事會委員會亦有足夠資源履行職務，在作出合理請求後，可於適當情況下尋求獨立專業意見，費用由本公司支付。

Committees 委員會	Audit Committee 審核	Remuneration Committee 薪酬	Nomination Committee ⁽¹⁾ 提名 ⁽¹⁾
Chairman 主席	Independent Non-executive Director: Mr. Jeffrey Willard Miller 獨立非執行董事： Jeffrey Willard Miller 先生	Independent Non-executive Director: Mr. Mei Jianping 獨立非執行董事： 梅建平先生	Independent Non-executive Director: Mr. Mei Jianping 獨立非執行董事： 梅建平先生
Composition 組成	All other members are Independent Non-executive Directors: Mr. Mei Jianping and Mr. Guo Yanjun 成員均為獨立非執行董事： 梅建平先生、郭燕軍先生	All other members are Independent Non-executive Directors: Mr. Jeffrey Willard Miller and Mr. Guo Yanjun 成員均為獨立非執行董事： Jeffrey Willard Miller 先生、郭燕軍先生	All other members are Independent Non-executive Directors: Mr. Jeffrey Willard Miller and Mr. Guo Yanjun 成員均為獨立非執行董事： Jeffrey Willard Miller 先生、郭燕軍先生

Corporate Governance Report (Continued)

企業管治報告(續)

Committees 委員會	Audit Committee 審核	Remuneration Committee 薪酬	Nomination Committee ⁽¹⁾ 提名 ⁽¹⁾
Main responsibilities	<ul style="list-style-type: none"> Review financial statements and reports before they are submitted to the Board, and consider any significant or unusual issues raised by external auditors Review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of recommendations on the appointment, re-appointment and removal of external auditors to the Board Review the adequacy and efficiency of the Company's financial reporting system, internal control system, risk management system and related procedures 	<ul style="list-style-type: none"> Review and make suggestions on the remuneration of Directors and senior management to the Board Review and make suggestions on the remuneration of Non-executive Directors to the Board Review and make suggestions on the Company's remuneration policies and structure of remuneration of all Directors and senior management to the Board Review and make suggestions on the appointment letter of Executive Directors newly appointed during the year to the Board Review and approve the compensation arrangements of Executive Directors and senior management 	<ul style="list-style-type: none"> Review the structure, size and composition of the Board, and make suggestions on any changes Formulate and develop the relevant procedures for nomination and appointment of Directors Identify suitable candidates for appointment as Directors Make suggestions on the appointment or re-appointment of and succession planning for Directors to the Board Assess the independence of Independent Non-executive Directors
主要職責	<ul style="list-style-type: none"> 向董事會提交財務報表及報告前審閱財務報表及報告，並考慮外聘核數師提出的任何重大或不尋常事項 參考核數師的工作、其費用及聘用條款，檢討與外聘核數師的關係，並就外聘核數師的委任、重新委任及罷免向董事會提供建議 檢討本公司財務報告制度、內部監控制度及風險管理制度及相關程序是否充足有效 	<ul style="list-style-type: none"> 就各執行董事及高級管理層的薪酬待遇向董事會提出建議 審議並就非執行董事的薪酬向董事會提出建議 審議並就本公司對全體董事及高級管理層的薪酬政策及架構向董事會提出建議 就年內新任執行董事的任命函向董事會提出建議 審議及批准執行董事及高級管理層的賠償安排 	<ul style="list-style-type: none"> 檢討董事會之架構、規模及組成，並就任何建議變動提出建議 建立及制訂提名及委任董事之相關程序 物色合適之董事人選 就董事之委任或連任及繼任計劃向董事會提出建議 評估獨立非執行董事之獨立性

Corporate Governance Report (Continued)

企業管治報告(續)

Committees 委員會	Audit Committee 審核	Remuneration Committee 薪酬	Nomination Committee ⁽¹⁾ 提名 ⁽¹⁾
Number of meetings held in 2016 and summary of work done	Two meetings were held for reviewing of the financial performance and reports, financial reporting and compliance procedures, reviewing and reporting on the Company's internal controls and risk management system and procedures, work scope and further engagement of external auditor, related party transactions and arrangements focusing the staff on possible inappropriate acts	A meeting was held for reviewing the granting of share options to the directors, substantial shareholders and employees, granting of awarded shares to directors and employees. The meeting was also held for evaluating the performance of the directors and management discussing the remuneration policy and structure.	A meeting was held for formulating the nomination policies for Directors, reviewing the structure, size and composition of the Board, independence of Independent Non-executive Directors and appointment and re-election of Directors .
二零一六年度舉行會議次數	舉行2次會議，檢討財務業績及報告、財務申報及合規程序、本公司內部監控及風險管理制度和程序之報告、外聘核數師的工作範圍及續聘事宜、關連交易以及使僱員關注可能不當行為之安排。	舉行1次會議，授予董事及大股東及公司員工認股權、對公司董事及員工授予股權獎勵。評價公司董事及高級管理層績效，並討論本公司對全體董事及高級管理層的薪酬政策及架構。	舉行1次會議，制訂董事的提名政策、檢討董事會的架構、規模和組成、獨立非執行董事之獨立性及考慮於股東周年大會候選之退任董事的資格。

Note:

⁽¹⁾ When evaluating the composition of the Board, the Nomination Committee will consider different aspects required by the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualification, skills, knowledge, industry and regional experience. The Nomination Committee will discuss and reach consensus on measurable objectives of diversification of members of the Board and make recommendations to the Board.

The Nomination Committee has adopted a set of nomination procedures for selection of candidates for directors by making a reference to the skills, experience, expertise, personal conduct and time commitments of individuals, the Company's needs and relevant laws and regulations. When necessary, external recruitment professionals may be engaged to carry out the selection process.

附註：

⁽¹⁾ 在評估董事會組成時，提名委員會將考量董事會成員多元化政策要求的不同方面包括但不限於性別、年齡、文化和教育背景、專業資質、技能、知識以及行業和地區經驗，將討論並同意建成董事會成員多樣化的可執行的目標，並向董事會推薦供應採納。

提名委員會已參考候選人的技能、經驗、專業知識、個人操守及時間投入、本公司需要及其他相關法律法規，採納本公司董事候選人的提名程式。必要時可委聘專家執行篩選程式。

Corporate Governance Report (Continued)

企業管治報告(續)

Attendance Record of Directors and Committee Members

董事及委員會成員出席會議的記錄

For the year ended December 31, 2016, the details regarding Directors' attendance of meetings held by the Board and the Board Committees during their tenure are set out in the table below:

各董事在其任期內出席截至二零一六年十二月三十一日止年度舉行的董事會與董事會委員會會議及本公司股東大會的記錄載於下表：

		Attendance/Number of Meetings 出席/會議次數					Annual	Extraordinary	Extraordinary
		Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting	General Meeting (note1)	General Meeting (note2)	
		董事會	審核委員會	提名委員會	薪酬委員會	股東周年大會	股東特別大會 (註1)	股東特別大會 (註2)	
Executive Director	執行董事								
Mr. Zhang Ruilin	張瑞霖先生	4/4	N/A 不適用	N/A 不適用	N/A 不適用	1/1	1/1	1/1	
Mr. Zhao Jiangwei	趙江巍先生	4/4	N/A 不適用	N/A 不適用	N/A 不適用	0/1	0/1	0/1	
Mr. Andrew Sherwood Harper	Andrew Sherwood Harper 先生	4/4	N/A 不適用	N/A 不適用	N/A 不適用	1/1	1/1	1/1	
Mr. Tian Hongtao	田洪濤先生	4/4	N/A 不適用	N/A 不適用	N/A 不適用	0/1	0/1	0/1	
Mr. Tao Tak Yin Dexter (Resigned with effect from May 31, 2016)	陶德賢先生(已於二零一六年 五月三十一日辭任)	1/1	N/A 不適用	N/A 不適用	N/A 不適用	0/1	0/1	0/1	
Non-executive Director	非執行董事								
Ms. Xie Na	謝娜女士	4/4	N/A 不適用	N/A 不適用	N/A 不適用	0/1	0/1	0/1	
Independent Non-executive Director	獨立非執行董事								
Mr. Mei Jianping	梅建平先生	4/4	1/2	1/1	1/1	1/1	1/1	1/1	
Mr. Jeffrey Willard Miller	Jeffrey Willard Miller 先生	4/4	2/2	1/1	1/1	0/1	0/1	0/1	
Mr. Guo Yanjun	郭燕軍先生	4/4	2/2	1/1	1/1	1/1	1/1	1/1	

Note (1): The Company held an Extraordinary General Meeting on June 20, 2016 for approving and confirming the sale and purchase agreement dated March 5, 2016 entered into between the Company, Palaeontol Cooperatief U.A. and Reach Energy Berhad and the transactions contemplated thereunder and to authorize any one of the directors or other person to take such action or steps to give effect to and implement the agreement.

註(1)：本公司於二零一六年六月二十日舉行股東特別大會以批准及確認本公司、Palaeontol Cooperatief U.A. 及 Reach Energy Berhad 於二零一六年三月五日訂立的購銷協議及據該擬進行的交易並授權任何一位董事或其他人士作出有關行動或採取步驟以落實及執行該協議。

Note (2): The Company held an Extraordinary General Meeting on June 20, 2016 for approving and confirming the sale and purchase agreement dated April 26, 2016 entered into between the Company and China New Energy Mining Limited and the transactions contemplated thereunder and to authorize any one of the directors or other person to take such action or steps to give effect to and implement the agreement.

註(2)：本公司於二零一六年六月二十日舉行股東特別大會以批准及確認本公司與中國新能源礦業有限公司於二零一六年四月二十六日簽署的購銷協議及其項下擬進行的交易並授權一位董事或其他人士作出有關行動或採取步驟以落實及執行該協議。

During the year ended December 31, 2016, apart from regular Board meetings, the Chairman also held meetings with Non-executive Directors (including Independent Non-executive Directors) without the presence of Executive Directors.

截至二零一六年十二月三十一日止年度內，除定期董事會會議外，主席亦與非執行董事(包括獨立非執行董事)舉行會議，而無執行董事出席。

Corporate Governance Report (Continued)

企業管治報告(續)

Directors' Responsibility in respect of the Financial Statements

The Directors acknowledge that they are responsible for the preparation of the financial statements of the Company for the year ended December 31, 2016.

The Board is responsible for presenting balanced, clear and concise annual reports and interim reports, announcements on inside information and other disclosures as stipulated by the Listing Rules as well as other statutory and regulatory provisions.

The Directors are not aware of any material uncertainties regarding events or situations which may cast significant doubts upon the Company's ability to continue as a going concern.

The management has provided necessary explanations and information to the Board, such that the Board can make an informed assessment of on the Company's financial statements submitted for its approval.

Auditors' Remuneration

The Company's external auditor is PricewaterhouseCoopers, whose responsibilities in respect of the Company's consolidated financial statements are set out in the Independent Auditor's Report on page 107 to 115.

For the year ended December 31, 2016, remuneration paid or payable to the Company's auditors (i.e., PricewaterhouseCoopers and its member firms within the same network) is set out below:

董事就財務報表承擔的責任

董事確認彼等有責任編製本公司截至二零一六年十二月三十一日止年度之財務報表。

董事會負責編製上市規則及其他法定及監管條文規定的均衡、清晰及簡明年度報告及中期報告、內幕消息公告及其他披露。

董事並不知悉任何涉及可能對本公司持續經營能力有重大疑惑的事件或情況的重大不確定因素。

管理層已向董事會提供必要的解釋及資料，以便董事會可對提呈予董事會批准的本公司財務報表作出知情評估。

核數師酬金

本公司之外部核數師為羅兵咸永道會計師事務所(以下簡稱「羅兵咸永道」)，其對本公司合併財務報表責任載於第107至115頁之獨立核數師報告。

於二零一六年，已付或應付予本公司核數師羅兵咸永道及羅兵咸永道網絡成員所的酬金列示如下：

		2016 二零一六年 RMB'000 人民幣千元
Audit and related services	審計及審計相關服務	
– Included in continuing operations	– 包含在持續經營	4,655
– Included in discontinued operations	– 包含在終止經營	475
Non-audit service	非審計服務	
– Included in continuing operations	– 包含在持續經營	604
		5,734

Corporate Governance Report (Continued)

企業管治報告(續)

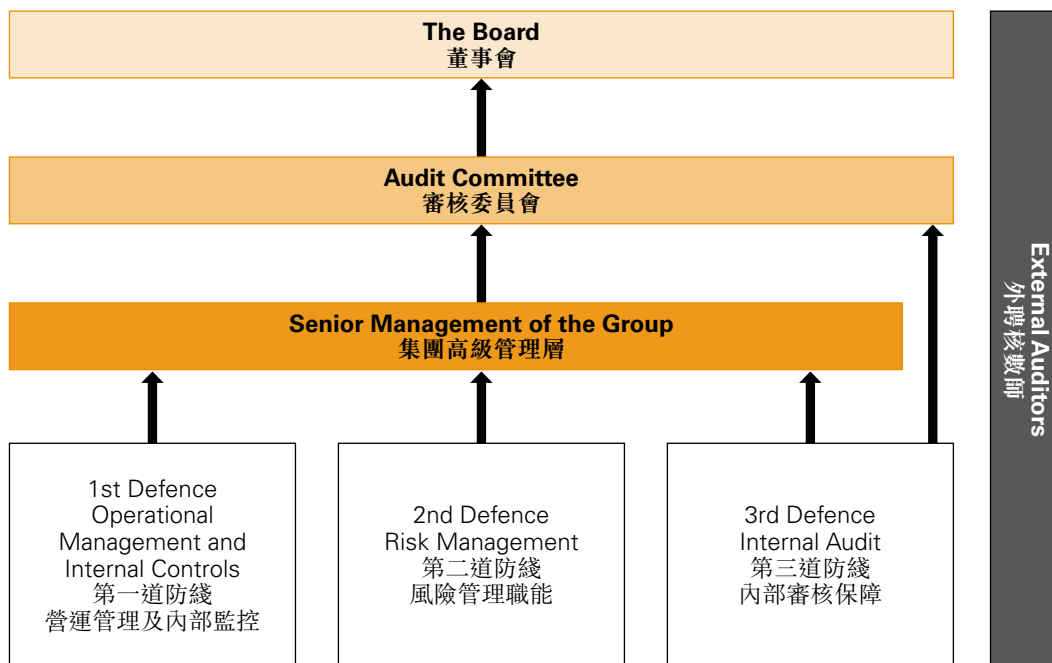
Risk Management and Internal Controls

Risk management and internal controls are part of the core operational management activities and business activities of the Group. The Board aims to establish a comprehensive risk management system complied with group strategies and business features, perfect the organizational structure of risk management, standardize risk management processes, adopt qualitative and quantitative risk management methods, carry forward risk identification, evaluation and mitigation, and facilitate the sustainable and healthy development of different businesses of the Company. The Board is responsible for maintaining an adequate internal control system so as to safeguard shareholders' investments and the Company's assets, and reviewing the effectiveness of internal controls on a yearly basis, with the assistance of the Audit Committee.

The Company's risk management system and internal control system are established for an efficient and effective operation, so as to ensure reliable financial reporting and compliance with applicable laws and regulations, identification and management of potential risks and safeguarding of the Group's assets. Senior management reviews and evaluates internal control procedures, monitors any risk factors on a regular basis, and reports to the Audit Committee the results and measures for handling differences and risks identified.

1. Risk management structure and other details

Risk management and internal controls of the Group are guided by the "three lines of defense" as listed below:



風險管理及內部監控

風險管理及內部監控是經營管理活動和業務活動的核心內容之一。穩步建立與集團戰略相匹配並與業務特點相結合的全面風險管理體系，完善風險管理組織架構，規範風險管理流程，採取定性和定量相結合的風險管理方法，推進風險的識別、評估和緩解，在風險可控的前提下，促進本公司各項業務持續健康發展。董事會負責維持充足的內部監控系統以保障股東的投資及本公司資產，以及透過審核委員會按年檢討內部監控是否有效。

本公司之風險管理及內部監控制度為配合有效及高效的營運而設，確保財務申報可靠及符合適用法例及法規，辨識及管理潛在風險及保障本集團資產。高級管理層定期檢討及評估監控程序、監察任何風險因素，並向審核委員會彙報結果及處理差異和已識別風險的措施。

1. 風險管理架構及說明

集團的風險管理及內部監控以下文所示的「三道防綫」模式為指引：

Corporate Governance Report (Continued)

企業管治報告(續)

As the highest level decision-making body for the Company's risk management and internal controls, the Board is responsible for reviewing the effectiveness of overall risk management and internal control systems. The Audit Committee, on behalf of the Board, performs the duties regarding risk management and internal controls, supervises management design, implements and monitors work regarding risk management and internal control system, fully understands various significant risks and corresponding management faced by the Company, and supervises the effectiveness of risk management and internal control system.

2. Three lines of defence

1st defence: operational management and internal controls

The 1st defence comprises the Company's internal control system, including (i) corporate policies shared with staff via the internal network; (ii) operational policies, procedures and practices covering authorization and transaction approval, etc.; (iii) application of financial reporting standards and (iv) review of financial performance and significant judgments.

(1) Company policies:

- **The Corporate Management Manual** is categorized into three parts: The Organization Chart, Segregation of Duties and Authority Guide, and Management System Compilation. Organization Chart depicts the internal organizational structure of the Company. Segregation of Duties and Authority Guide covers the key components of all functions of the Company's project companies, the Board Committees and Management. It establishes clear management responsibilities, authorization and accountability. The Management System Compilation covers the processes and approval procedures related to internal controls within the Company, clarifying the responsibilities and rights of various departments. Since 2016, we have initiated a plan to reorganize and amend the Management Manual in a bid to update related systems and enhance operation efficiency based on the latest organizational structure.
- **The Staff Manual** regulates the behaviors of the staff of the Company, aiming at facilitating the penetration of integrity and moral values into the Company.

董事會是公司風險管理及內部監控最高決策機構，對全面風險管理工作的有效性負責。董事會下設審核委員會，代表董事會履行風險管理及內部監控職責，監督管理設計、實施及監控風險管理及內部監控制度的工作，全面瞭解公司面臨的各項重大風險及其管理狀況，監督風險管理及內部監控體系運行的有效性。

2. 三道防綫

第一道防綫：營運管理及內部監控

第一道防綫由公司內部監控系統組成，其中包括：(i) 透過內部網絡與僱員共享的公司政策；(ii) 涵蓋授權及批准交易等各個方面的營運政策、程序及實務；(iii) 應用財務報告準則；及(iv) 審閱財務表現及重大判斷。

(1) 公司政策：

- **公司管理手冊**分為三大部分：組織機構圖、職責分工與權限指引、管理制度彙編。組織機構圖描述了公司內部的組織架構。職責分工與權限指引涵蓋了本公司所有項目公司、構成董事會的董事委員會、管理層及各項目公司而設的所有權限的重要組成部分。其中建立了明確的管理守職責、授權及問責。管理制度彙編涵蓋了公司內部各部門的內部監控相關流程及審批程序，詳細說明了各部門的職責與權利。於二零一六年起，我們已開始一項計劃重整及修改管理手冊，旨在根據最新的組織架構，更新相關制度，提高營運效率。
- **員工手冊**規管公司員工行為，旨在促進本公司誠信及道德價值觀的滲透。

Corporate Governance Report (Continued)

企業管治報告(續)

- **The Whistleblowing Policy** encourages the staff and other business-related personnel to report events involving misconducts or fraud in the Company, without being persecuted.
- **The Information Disclosure Policy** regulates the handling and publishing of inside information of the Company. We ensure that inside information is saved and accessed in an absolutely confidential manner until the Company makes timely disclosure.

The Information Disclosure Policy includes:

- Applicable scope of policy
- Form of information disclosure
- Periodical reports
- Management of information disclosure matters

(2) Operational policy:

The Accident Management Regulations help the Company to systematically and timely report and handle accidents in a detailed, unified and coordinated manner, with corresponding follow-up and monitoring conducted by the Internal Audit Department.

2nd defence: risk management function

The 2nd defence comprises several risk monitoring practices of the Company, and is subject to the supervision of the Audit Committee. The Company has adopted a risk management event library, and develop an exhaustive plan in respect of various risks, so as to support the Company's risk management program and assist the operating departments to identify and report significant risks affecting the Company in a timely manner. The Company's risk management event library adopts a top-down risk assessment at the corporate level, and at each operating unit, a bottom-top approach is adopted for re-examination by using the individual risk register (based on the impact from risks). The risk management event library identifies the main challenges faced by the Company, thereby assisting the Board and the management to make informed decisions.

- **舉報政策**鼓勵僱員及其他業務相關人士匿名舉報本公司內涉嫌行為失當或舞弊的事件，以免遭受迫害。
- **信息披露政策**規管本公司內幕消息的處理及發布。我們確保在絕對保密的情況下存取潛在內幕資料，直至公司做出貫徹和及時的披露為止。

信息披露政策包括：

- 政策的適用範圍
- 信息披露的形式
- 定期報告
- 信息披露事務的管理

(2) 營運政策：

事故管理規定有助本公司以統一協調的形式系統地、及時地、詳盡地彙報本公司的各類事故、事故處理及跟進由內部審計部門監察。

第二道防綫：風險管理職能

第二道防綫包括本公司多項風險監控實務，並由審核委員會監督。本公司會採用公司風險管理事件庫，就各項風險制定詳盡的計劃，藉以支持本公司的風險管理程序並協助營運部門識別及彙報對本公司有影響的重大風險。公司風險管理事件庫在企業層面由上至下的風險評估，同時輔以在每個營運單位採用單獨風險登記冊的由下至上方式，並基於風險影響力重新核准。風險管理事件庫識別本公司面對的主要挑戰，協助董事會及管理層作出明智決定。

Corporate Governance Report (Continued)

企業管治報告(續)

The Company's risk management event library and register classify risks into five different categories for assessment: strategic, market, legal, financial and operational risks, also comprising 70 types of risk data of the Company's project companies. The Company has noted the major risks posing significant impact on the above categories, and will periodically assess each major risk for its potential impact on finance and opportunity of occurrence. The existing controls are able to identify and address all the major risks and help improving the skills, benefits and costs required for the risks.

Project companies submit their respective updates on the risk register to the Internal Audit Department semi-annually, so as to assist in preparation of the Company's risk management report. In 2016, after a review of the risk management procedures, in order to comply with the Company's financial reporting regulations, the Internal Audit Department of the Company carried out risk review semi-annually and approved the Company's risk management report, to submit to the president office meeting, Audit Committee meeting and the Board, and finally for the approval by the Board, to facilitate the Audit Committee effective monitoring of the Company's major business risks and how the management copes with and mitigates the risks.

Details of the Company's major risks and potential risks are set out on page 37 to 40.

3rd defence: internal audit

The internal audit department of the Company is responsible for internal audit, which plays an important role in assessing the efficiency of the Company's risk management and internal controls system, and is responsible for reporting to Audit Committee periodically. The audit function of the department covers the whole Group, with evaluations handled by the head of the internal audit department of the Company. The head of the internal audit department of the Company is required to report to the Chief Executive Officer and may also contact with the Chairman of Audit Committee directly, and periodically submit the internal audit report on the efficiency of the controls system in accordance with the established audit plan to Audit Committee. During the year under review, Audit Committee is responsible for approving the annual audit plan and reviewing reports from the Risk Management Department.

The head of the internal audit department reviews internal audit based on risks of each project company at the operating and corporate level, and agrees on correction and improvement measures. The head of internal audit will follow up on the recommended implementation and report relevant results to Audit Committee.

公司風險管理事件庫及登記冊將風險分成五個不同的類別來作出評估：戰略、市場、法務、財務及運營風險。亦包括本公司所有項目公司在內的70種風險數據的類型。本公司已就上述類別指出可能對其構成重大影響的主要風險，並會定期評估每項主要風險對財務的潛在影響及發生的機會。現時的監控措施能夠識別及處理所有主要風險和有助改善該等風險所需的技能、利益及成本。

公司每半年向內部審計部門提交各項目各自的風險登記冊的更新，以編撰公司風險管理報告。於二零一六年，檢討風險管理程序後，為配合本公司的財務彙報規定，由公司內部審計部門每半年開展風險檢討並審批公司的風險管理報告，以提交公司總裁辦會議、審核委員會及董事會，最後由董事會批准該報告。以此讓審核委員會更有效地監察本公司的主要業務風險及管理層如何應對及降低該等風險。

有關本公司的主要風險及潛在風險的詳情載於第37頁－40頁。

第三道防綫：內部審核

內部審計崗位專責進行公司的內部審核，在評審公司風險管理和內部監控系統的成效擔當重要角色，並負責定期向審核委員會報告。此部門的審核職務覆蓋全集團，由公司負責內部審計的人員處理評審事宜。公司負責內部審計的人員須向執行總裁彙報及可以直接與審核委員會主席接觸。並定期遞交根據既定審核計劃所制訂之有關監控成效的內部審核報告予審核委員會。年內，審核委員會負責批閱年度審核計劃及檢閱審核及風險管理部報告。

負責內部審計的人員對營運及企業層面以及各項目公司執行以風險為基礎的內部審核檢討，並於營運部門就問題或不足之處商定糾正和改善方案。負責內部審計的人員會跟進建議的落實情況，並向審核委員會彙報相關結果。

Corporate Governance Report (Continued)

企業管治報告(續)

External auditors

External auditors of the Company raise independent queries regarding various businesses, operations and the performance of internal auditors (especially any significant internal monitoring involving financial reporting confirmed during audit), so as to further improve the 3rd line of defence. External auditors will report any defects in the controls to the Audit Committee.

Audit Committee and the Board

The Audit Committee reviews and examines the audit report and statements submitted by Management, each financial department, internal auditors and external auditors according to the requirements on reporting, and discuss any significant issues. Regular risk management reports can be divided into two reports, internal audit and controls report, and company risk management report, for further discussion. The internal audit report is submitted in accordance with the audit plan annually, and the Audit Committee reviews company risk management report in order to keep in line with the timing of financial reporting of the Company. The Audit Committee examines the impact of any defects in respect of content of reports, evaluation of efficiency of risk management and internal controls system, and whether responses are valid, and determines whether to conduct more extensive regulation. Besides, the Audit Committee will review the performance of internal auditors and external auditors, and the advice of external auditors on the internal finance department.

The Board holds meetings, proposes recommendations in respect of the final results submitted by Audit Committee, and discusses to find out the final resolutions.

3. Main work conducted in 2016 in relation to risk management

Based on compliance control management, the Company will establish a sound all-around risk management system consistent with the highest international standards and continuously improve risk controls and technology based on risk governance, guided by risk preference, with risk quantitative tools and risk performance appraisal as primary measures, so as to achieve the balance between risk control and business development.

外聘核數師

本公司的外聘核數師透過對不同業務、營運及內部核數師的核證水平(尤其是在核數過程中確認的任何涉及財務彙報事項的重大內部監控)提出獨立質詢,進一步完善第三道防綫程序。外聘核數師會向審核委員會彙報任何監控的不完善之處。

審核委員會及董事會

審核委員會根據彙報要求,審視及研究管理層、各財務部門、內部審核師及外聘核數師所提交的審核報告及陳述,在遇上重大事宜時更會加以探討。常規風險管理報告分拆為內部審計及監控、公司風險管理兩份獨立的報告,以作更深入探討。內部審計報告每年按審計計劃提交,審核委員會為配合本公司的財務彙報時間,檢討公司風險管理報告。審核委員會就報告內容,評審風險管理及內部監控系統的成效,研究任何不完善之處帶來的影響,及應變措施是否有效,並決定是否採取更廣泛的監察。此外,審核委員會將評核內部審計師與外聘核數師的表現,審視外聘核數師對內部財務部門的意見。

董事會開展會議,審核委員會最終呈上結果提出的建議意見,並進行商討決定最終解決方案。

3. 二零一六年風險管理主要工作內容

本公司將在堅實的合規內控管理基礎上,以風險治理為基礎,以風險偏好為導向,以風險量化工具及風險績效考核為主要手段,建立健全符合國際最高標準的全面風險管理體系,持續提升風險管控與技術水平,實現風險管控與業務發展的平衡。

Corporate Governance Report (Continued)

企業管治報告(續)

The specific work conducted by the Company in 2016 is as follows:

- Establish the Company's risk management register, record the Company's risk trend and specific ratings;
- Develop and improve the guide for project risk evaluation, provide practical and comprehensive project tools, and help improve management of major risks during project cycles;
- Periodically prepare company risk management reports for submission to senior management of the Company, subsequently submit to the Audit Committee and the Board for approval;
- Discuss existing and potential major risks, and measures and other activities adopted for addressing such risks.

4. List of significant risks

In 2016, the Company's top 10 major risks are as below. The Company arranges, selects and prioritizes the risks encountered by existing business, to compile the list of major risks. During the compilation of the Company's major risks, we held a special meeting with management to discuss and review responses to individual risks, and we have interviewed and confirmed with management several times. Review of risk procedures is helpful to emphasize potential risks and identify new risks.

Major risks 主要風險

Risk of oil and gas price fluctuation

油氣價格波動風險

Risk description and risk response 風險描述及應對

International oil price is subject to the impact of various factors: changes in global and local political and economic conditions, supply and demand of oil and gas, and contingencies and controversies with international impact. Domestic oil price is determined and adjusted with reference to the price of international crude oil. The Company's businesses involve both domestic and overseas markets, therefore, are subject in particular to the impact of risks of price fluctuation. However, the Company avoided the risk through hedging instruments, meanwhile, set up relevant personnel to continuously focus on the fluctuations of crude oil price and report, thereby reducing the risk from the fluctuation of oil and gas prices.

國際油價受全球及地區政治經濟的變化、油氣的供需狀況及具有國際影響的突發事件和爭端等多方面因素的影響。國內油價參照國際原油價格確定，國內油價隨國際市場原油價格變化而調整。本公司從事業務涉及國內與國外市場，因此，受到尤其價格波動風險的影響。但是，本公司通過套期保值工具對該風險進行規避，同時，設立相關人員持續關注原油價格的波動情況，並做彙報，降低了油氣價格波動帶來的風險。

本公司在二零一六年的具體工作內容如下：

- 建立本公司的風險管理登記冊，記錄本公司的風險動向及具體評級；
- 制定及改進項目風險評估指引，提供實用及全面的項目工具，協助在項目周期更好的管理主要風險；
- 定期進行公司風險管理報告，以提交公司高級管理層，並隨後交於審核委員會及董事會以供審批；
- 討論現有及潛在的主要風險，以及處理風險所採取的措施及其他行動。

4. 重要風險列示

於二零一六年，以下各項為本公司的十大主要風險。本公司將現有業務中所面對的風險加以整理、篩選及排定優先次序，編製主要風險。在編製本公司主要風險的過程中，我們與公司管理層舉行了一次特殊會議並討論及檢討有關個別風險的應對措施，以及管理層者多次面談及證實。檢討風險程序有助於突出潛在風險，並發現新的風險。

Corporate Governance Report (Continued)

企業管治報告(續)

Major risks 主要風險	Risk description and risk response 風險描述及應對
Risk of oil and gas resources 油氣資源風險	<p>The implementation of the Company's business activities may be impacted, due to the uncertainties in the exploration and development of oil and gas resources, or the uncertainties during the purchase of oil and gas resources with substantial funds. Although detailed assessment and feasibility study and analysis on investment projects in the prior period have been conducted, the Company cannot avoid the risk arising from the uncertainties of oil and gas resources.</p> <p>由於公司在獲取石油與天然氣資源時的勘探和開發存在不確定性，或投入大量資金購買油氣資源過程中存在不確定性，導致公司經營項目的開展與實施受到影響。雖然本公司在項目前期對項目進行了詳細的評估與可行性研究分析，但不可避免由於油氣資源的不確定性帶來的風險。</p>
Investment risk 投資風險	<p>The oil industry is a capital-intensive industry, the Company has adopted a prudent investment strategy to carry out strict and detailed feasibility study and analysis on investment projects, however, during the implementation of the projects, the projects may fail to achieve the expected benefits due to large variations in market environment, price of equipment materials, construction cycle, etc., therefore, some investment risks are presented.</p> <p>石油行業屬於資金密集型行業，本公司已採取了謹慎的投資策略，對投資項目均進行嚴格詳細的可行性研究與分析，但在項目實施過程中，仍有可能因為市場環境、設備材料的價格、施工周期等發生較大變化，使項目達不到原先預期的利益，因此存在一定的投資風險。</p>
Exchange rate risk 匯利率風險	<p>Although the Company has avoided exchanges rate risk by adopting tools such as forward exchanges, however, the fluctuation in exchange rates will inevitably have an impact on the profit of the Company. Besides, the adjustments in the national interest rate policies will also impact the Company's financing cost, thereby impacting the profit of the Company.</p> <p>雖然本公司已通過遠期外匯等工具，對匯率風險進行規避，但匯率的波動仍不可避免將對本公司的利潤產生影響。此外，國家利率政策的調整，也將影響本公司融資成本，從而影響本公司的利潤。</p>
Risk in international operations 國際化經營風險	<p>The Company engages in oil and gas businesses in some overseas territories. Overseas businesses and assets are governed by the laws and regulations of the country where the business, so the complexity of internal political and economy, including international sanction, instability of tax and fiscal policies and culture difference, may increase the risk of overseas business expansion and operation of the Company. Although the Company explores overseas businesses in the countries other than those in an economically or politically unstable situation, and conducts detailed surveys in prior to commencement of projects, it still cannot avoid the impact from contingencies in the country where the business locates.</p> <p>本公司在境外部分地區從事油氣業務。境外業務和資產受到所在國法律法規的管轄，由於國際政治、經濟的複雜性，包括國際制裁、財稅政策不穩定以及文化差異等，都可能加大本公司海外業務拓展及經營的風險。雖然本公司避免選擇政治經濟不穩定的國家進行海外業務的開拓，同時在項目前期進行詳細的調研，但不能避免所在國的突發情況給本公司帶來影響。</p>

Corporate Governance Report (Continued)

企業管治報告(續)

Major risks 主要風險	Risk description and risk response 風險描述及應對
Risk of national policies 國家政策風險	<p>The Chinese government oversees the domestic oil and gas industry, therefore, its regulatory policies may impact the Company's business activities. The changes in government regulatory policies, such as tax and fiscal policies, energy-saving and emission-reducing policies, may impact the business performance of the Company</p> <p>中國政府對國內石油和天然氣行業進行監管，其監管政策會影響本公司經營活動。財稅政策、節能減排與環保政策等政府監管政策的變化，都將影響本公司的經營業績。</p>
Production safety and environmental risk 安全生產環保風險	<p>As a high-risk and environmentally-unfriendly industry, oil exploitation is vulnerable to natural disaster threats, and the production environment is flammable and proves to explosion. Emergencies such as blowout and sticking may result in heavy economic losses and social impact as well as pose major harm to personal safety. Although the Company always stresses and implements safe production, does whatever it could to avoid various accidents and makes insurance arrangements for major assets and inventories and against losses it may cause to any third-party, it still cannot survive all the economic losses and adverse impacts brought by such emergencies.</p> <p>石油開採是一個易燃、易爆、易污染環境且容易遭受自然災害威脅的高風險行業，突發事件可能會帶來重大經濟損失，社會影響以及對人身安全造成重大傷害，如：井噴、卡鑽等。本公司一直強調並執行安全生產，盡最大的努力的避免各類事故發生，並為主要資產、存貨及可能對第三方造成的損失購買保險，但仍不能完全避免此類突發事件給本公司帶來的經濟損失及不利影響。</p>
Market competition risk 市場競爭風險	<p>With the gradual opening of certain domestic petroleum and petrochemical markets, the Company faces more fierce competition from other domestic oil producers and foreign oil producers in aspects such as obtaining rights to enter resource countries, seizing oil and gas resources and expanding market when it is making efforts to strengthen its own business. With a price advantage in a competitive environment, the Company keeps developing more advanced technology and reducing its cost. However, its earnings will inevitably be impacted by market competition.</p> <p>隨著國內部分石油石化市場的逐步開放，本公司在不斷加大業務進程中，與國內其他石油生產公司，以及國外石油公司在某些地區和領域獲得進入資源國的權利、搶佔油氣資源、開拓市場方面，面臨較為激烈的競爭。本公司不斷開發更具優勢的技術，並且不斷降低成本，在競爭環境中具備價格優勢，但不可避免由於市場競爭，影響本公司的收益。</p>
Confidentiality 保密風險	<p>Information on the Company's oil reserve and unsigned investment projects is strictly confidential. It is a policy of the Company that any staff in a key position should sign a confidentiality agreement and be obligated to keep information confidential. But even so, risk of information leakage brought by job hopping, change of employment or other events is still unavoidable.</p> <p>本公司的儲量信息及未簽訂投資項目信息均為機密信息，本公司規定關鍵崗位員工需簽訂保密協議，對機密信息負有保密義務。但仍不可避免發生人員跳槽離職或其他情況，造成信息外泄帶來的風險。</p>

Corporate Governance Report (Continued)

企業管治報告(續)

Major risks

主要風險

Property safety risk

財產安全風險

Risk description and risk response

風險描述及應對

With oil and gas exploitation as its principal business, the Company establishes comprehensive rules and regulations and strict monitoring process on aspects such as use of assets, production and transportation. But since oil and gas exploitation is an outdoor activity, there is still a risk that assets may be lost or stolen.

本公司主要從事油氣開採業務，雖然本公司對資產使用、生產、運輸等管理有完善的規章制度且進行嚴格監控，但由於油氣開採業務在室外進行，仍不可避免出現丟失被盜，造成資產流失或損失的風險。

5. Potential risks

In addition to addressing various major risks faced by the Company, the Audit Committee also reviews specific potential risks. Such potential risks often stem from changes in economic, political, legal or technical environments, and may but not necessarily fall into the scope of current major risk categories. In the opinion of the Company's Audit Committee, such potential risks may have significant impact on the Company; therefore, it will minimize such impact and develop risk mitigation plans.

Potential risks

潛在風險

Network security risk

網絡安全風險

Risk description and risk response

風險描述及應對

Due to network virus, hacker attack and system failure maintenance, leakage of data information becomes more and more frequent. Although the Company has installed software such as firewall to protect data and reduce network security risk, it still cannot avoid being impacted by such risks because of its both domestic and overseas businesses.

網絡病毒、黑客攻擊、系統故障維修導致的數據信息外泄事件增加，雖然公司安裝了防火牆等軟件保護數據，降低了網絡安全風險，但公司在境內外均有業務範疇，仍不可避免該類風險帶來的影響。

6. Work focus in 2017

In 2017, the Company will focus on improving its risk management framework and procedures, strengthening internal risk communication, raising risk awareness and defining risk bearers in accordance with the CG Code and best practices in the industry. We will arrange risk awareness related trainings for our main operating departments, and continue to assist the various business departments to enhance their risk management procedures in accordance with the Company's risk management framework and guidance. In addition, we will identify major risks and make arrangements in relation to the report and improvement of risk countermeasures, potential risk framework and close monitoring initiatives.

5. 潛在風險

除應對本公司面對的各種主要風險外，審核委員會也檢查了特定的潛在風險。此等潛在風險通常源自經濟、政治、法律或技術環境的變動，這些變動可能但不一定屬於現有的主要風險類別。公司審核委員會認為，該等潛在風險可能造成重大的潛在影響，因此會減少其對本公司的潛在影響並制定降低風險的計劃。

6. 二零一七年主要工作

於二零一七年，本公司的工作重點是根據企業管治守則及行業最佳實務，完善公司的風險管理框架及程序，加強公司內部的風險溝通、提高風險意識、明確風險歸屬。我們將為所有主要營運部門安排風險意識培訓。根據公司風險管理框架及指引，繼續協助各業務部門強化其風險管理程序。識別主要風險，並為二零一七年作出主要風險的風險措施改進及彙報、潛在風險框架及密切監察行動計劃的安排。

Corporate Governance Report (Continued)

企業管治報告(續)

7. Statement of the Board on internal control responsibilities

The Company's internal controls are aimed at reasonably ensuring operation legality and compliance, asset safety and authenticity and completeness of financial report and related information, improving operating efficiency and effectiveness, and facilitating the implementation of development strategy. The Company has comprehensively assessed its own internal controls and reported such assessment to Audit Committee and the Board in 2016. No material weakness was identified during the assessment. In the opinion of the Board, for the year ended December 31, 2016, no events that may have significant impact on the Company's operation, financial reporting and compliance have been identified, and the existing risk management and internal control system remains effective and sufficient to guarantee the interests of the Company and its shareholders.

Information Disclosure and Management of Inside Information

The Company discloses information in accordance with securities regulations of Securities Regulatory and Futures Commission in Hong Kong and the Stock Exchange, releases its periodical reports and interim announcements to the public in accordance with law, and discloses important information such as the Company's financial results, material information changes and information on significant projects to the market on a timely basis, bearing in mind the timeliness, fairness, accuracy, authenticity and completeness of information disclosure, therefore protecting the legal interests of investors and stakeholders.

Company Secretary

Ms. Wong Sau Mei of Tricor Services Limited, an external service provider, has been engaged by the Company, as its company secretary. The company secretary reports to the Chairman of the Board and Chief Executive Officer regarding corporate governance issues, and all Directors can seek her advice and support. The company secretary is also responsible for providing advice to Directors and the Board Committees on the latest laws and regulations, such that procedures of the Board as well as all applicable laws, regulations and rules are complied with. The company secretary's primary contact person at the Company is Ms. Lu Jing, the general counsel of the Company.

7. 董事會關於內部控制責任的聲明

本公司內部控制的目標是合理保證經營合法合規、資產安全、財務報告及相關信息真實完整，提高經營效率和效果，促進實現發展戰略。二零一六年本公司已開展全面內部監控自我評估並向審核委員會及董事會彙報，該評估並未發現重大缺陷。董事會認為，截至二零一六年十二月三十一日止(本年度)，本公司並無發現任何可能嚴重影響本公司營運、財務申報及規章遵守之事宜，現有的風險管理及內部監控系統仍為有效充足，可保證本公司及股東權益。

信息披露和內幕信息管理

本公司按照香港證券及期貨事務監察委員會、港交所的各項證券監管規定進行信息披露活動，依法公開對外發布各類定期報告及臨時公告，及時向市場披露了本公司財務業績、公司重大信息變更、重大項目情況等重要信息，做到了信息披露的及時性、公平性、準確性、真實性和完整性，以保護投資者及利益相關人士的合法權益。

公司秘書

外聘服務供應商卓佳專業商務有限公司之黃秀美女士獲本公司委聘為公司秘書。公司秘書就管治事宜向董事會主席及行政總裁彙報，所有董事均可取得公司秘書的意見及支援。公司秘書亦負責向董事及委員會就最新的法律、監管提供意見以確保董事會程序及所有適用法律、規則及規例均獲得遵守。其於本公司之主要聯絡人為本公司法律顧問呂晶女士。

Corporate Governance Report (Continued)

企業管治報告(續)

Shareholders' Right

To safeguard the rights and interests of shareholders, the Company will propose a separate resolution in respect of each significant matter (including the election of individual Directors) at general meetings. All resolutions put forward at the general meeting will be voted on by poll in accordance with the Listing Rules, and the poll results will be announced on the websites of the Company and HKEx after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Extraordinary general meetings shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitioner, provided that such requisitioner held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitioner(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Proposals at the General Meeting

There is no provision allowing shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

股東權利

為保障股東權益及權利，本公司將就各重大事宜(包括選舉個別董事)於股東大會提呈獨立決議案。股東大會上提呈之所有決議案將根據上市規則進行投票表決，且投票表決之結果將於各屆股東大會結束後於本公司及聯交所網站上刊載。

應股東要求召開股東特別大會

股東特別大會亦可應本公司任何兩名或多名股東的書面要求召開，但彼等須將列明大會議題及經請求人簽署的書面要求送交本公司於香港的主要辦事處或(倘本公司不再設有該主要辦事處)註冊辦事處，惟該等請求人於送交要求之日須持有本公司不少於十分之一附帶本公司股東大會投票權之繳足股本。股東大會亦可應本公司任何一名股東(倘為認可結算所(或其代名人))的書面要求召開，但其須將列明大會議題及經該請求人簽署之書面要求送交本公司於香港之主要辦事處或(倘本公司不再設有該主要辦事處)註冊辦事處，但該請求人於送交要求之日須持有本公司不少於十分之一附帶本公司股東大會投票權之繳足股本。倘董事會並未於正式送交要求之日起計二十一內召開將予在其後的二十一日內舉行的大會，則請求人本人或擁所有請求人全部投票權二分之一以上的任何請求人可按儘量接近董事會召開大會的相同方式召開股東大會，惟按上述方式召開的任何大會不得於送交要求當日起計三個月屆滿後召開，而所有因董事會未有召開大會致使請求人產生的合理開支，須由本公司向彼等償付。

於股東大會提呈決議案

開曼群島公司法或本公司的組織章程細則並無列明股東可在股東大會上提呈任何新決議案。有意提呈決議案的股東可按上段所載程序要求本公司召開股東大會。

Corporate Governance Report (Continued)

企業管治報告(續)

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send the written enquiry to the Company by post or email as per the below contact information.

Contact Details

Shareholders may send enquiries or request by post or email:

Address: Room 521-26, 5F, Sun Hung Kai Centre,
30 Harbour Road, Wanchai, Hong Kong
(with the Board of Directors as designated recipient)
Tel: 852-2511-0028
Fax: 852-2511-1983
Email: investors@mienergy.com

Shareholders must deposit or send (as the case may be) the original of the duly signed written requisitions, notices or statements or enquires to the above address, and provide their full names, contact details and identification such that the Company could reply to them. It is likely that the shareholder information will be disclosed as required by law.

Communication with Shareholders and Investors/Investor Relations

The Company considers that effective communication with shareholders is essential for strengthening relationships with investors and increasing investors' understanding of the Company's business performance and strategy. Also, the Company understands that maintaining transparency and disclosing the Company's information on a timely basis are very important for shareholders and investors to make the best investment decisions.

For this purpose, the Company has set up a website (<http://www.mienergy.com>), where relevant latest information, the up-to-date state of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public.

The Company endeavors to maintain an ongoing dialogue with shareholders, especially through annual general meetings and other general meetings. The Chairman of the Board, all Non-executive Directors, Independent Non-executive Directors and the Chairmen of all Board Committees (or their representatives) will attend annual general meetings to meet shareholders and respond to their enquires. The Company's general meeting is a platform for the Board and shareholders to communicate with each other.

向董事會作出查詢

有關向本公司董事會作出任何查詢，股東可按照下列聯絡方式將書面查詢寄送或電郵至本公司。

聯絡詳情

股東可透過郵寄或電郵方式發送上述查詢或要求：

地址：香港灣仔港灣道30號
新鴻基中心5樓521-26室
(註明收件人為董事會)
電話：852-2511-0028
傳真：852-2511-1983
電子郵件：investors@mienergy.com

股東須將妥善簽署的書面要求、通知或聲明或查詢(視情況而定)的正本存放於及寄發至上述地址，並須提供彼等全名、聯絡詳情及身份，以便本公司可回復。股東資料可能根據法律規定而予以披露。

與股東及投資者之溝通／投資者關係

本公司認為，與股東有效溝通對加強投資者關係及投資者對本公司業務表現及策略之瞭解相當重要。本公司亦知悉保持透明度及適時披露公司資料之重要性，此舉將令股東及投資者作出最佳投資決策。

為此，本公司設有網站，網址為<http://www.mienergy.com>，有關最新的信息以及本公司業務營運及發展的最新情況、財務資料、企業管治常規及其他資料將刊登於該網站內，並可供公眾查閱。

本公司盡力保持與股東之間的對話，尤其是透過股東周年大會及其他股東大會。董事會主席、全體非執行董事、獨立非執行董事、所有董事委員會之主席(或彼等的代表)將出席股東周年大會與股東會面並回答彼等的問詢。本公司股東大會提供董事會與股東溝通之平台。

Corporate Governance Report (Continued)

企業管治報告(續)

Articles of Association

During the year under review, no changes have been made to Articles of Association of the Company. An up-to-date version of the Company's Articles of Association is available on the websites of the Company and HKEx.

組織章程細則

於回顧年度內，本公司並無對組織章程細則作出任何更改。本公司最新組織章程細則登載於本公司網站及聯交所網站。

Report of the Directors

董事會報告

The Directors submit their report together with the audited financial statements for the year ended December 31, 2016.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The principal business of the Company, its subsidiaries and joint controlled entities is to engage in the exploration, development, production and sale of crude oil and other petroleum products under production sharing contracts and other similar arrangements. The Group currently has the following oil and gas properties: (1) two producing production oil sharing contracts in northeast China; (2) an exploration contract and four production contracts in Kazakhstan held by Emir-Oil (60% equity has been sold on 25 November 2016); (3) a working interest in the Niobrara shale oil and gas asset in the United States of America held by Condor Energy Technology LLC's; and (4) Invested in Canadian listed company Journey Energy Inc..

Results and Appropriations

The results of the Group for the year ended December 31, 2016 are set out in the consolidated statement of comprehensive income on pages 118 to 121.

The Board did not recommend the payment of final dividend for the year ended December 31, 2016 (2015: Nil).

Business Review

The business review of the Group for the year has been set out in pages 13 to 14 of the Chairman's Statement, pages 85 to 106 of the Management Discussion and Analysis, and this Report of the Directors.

Reserves

Please refer to the consolidated statement of changes in equity on pages 122 to 123 and note 22 to the consolidated financial statements on pages 233 to 235 for movements in the reserves of the Group and the Company, respectively, for the year ended December 31, 2016.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 6 to the consolidated financial statements.

董事會謹此提呈截至二零一六年十二月三十一日止年度之報告書及經審核財務報表。

主要業務及營運地區分析

本公司之主要業務為投資控股。本公司及其附屬公司和共同控制實體的主要業務為通過產品分成合同和類似協定，從事勘探、開發、生產及銷售原油和其他石油產品。本集團目前擁有如下油氣資產：(1)位於中國東北之兩個生產原油產品分成合同以及參股一項中國南海原油產品分成合同；(2) Emir-Oil持有的位於哈薩克斯坦之一個勘探合同和四個生產合同（於二零一六年十一月二十五日完成該項目60%股權的出售）；(3) Condor持有的位於美國的Niobrara頁岩油和天然氣資產的營運權益；及(4)投資加拿大上市油氣公司Journey Energy之股份。

業績及派息

本集團截至二零一六年十二月三十一日止年度的業績載於第118頁至第121頁之合併綜合收益表。

董事會並無建議就截至二零一六年十二月三十一日年度派付末期股息（二零一五年：無）。

業務審視

本集團本年度業務審視已載於第13至第14頁的主席報告書，第85至第106頁的管理層討論及分析，及本董事會報告內。

儲備

有關本集團及本公司截至二零一六年十二月三十一日止年度之儲備變動，請分別參閱第122頁至第123頁的合併權益變動表及第233頁至第235頁的合併財務報表附註22。

不動產、工廠及設備

本集團不動產、工廠及設備之變動詳情載於財務報表附註6。

Report of the Directors (Continued)

董事會報告(續)

Share Capital

Details of the movements in share capital of the Company are set out in note 20 to the consolidated financial statements.

Senior Notes

Details of the senior notes are set out in note 26 to the consolidated financial statements.

Distributable Reserves

Distributable reserves of the Company at December 31, 2016 are disclosed in the consolidated statements of changes in equity.

Pre-emptive Rights

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

Financial Summary

A summary of the results and of the assets and liabilities of the group is set out on page 5 of the annual report.

Buy-back, Sale or Redemption of the Company's Listed Securities

During the year ended December 31, 2016, the Company repurchased in aggregate a principal amount of US\$24 million of the bonds listed on the Singapore Stock Exchange issued by the Company on April 25, 2014 from the open market. As of August 12, 2016, (i) the repurchased bonds that have been purchased by the Company have been cancelled by the Company; and (ii) US\$476 million in aggregate of the principal amount of the bonds remain outstanding.

Save as disclosed above, during the year ended December 31, 2016, neither the Company nor its subsidiaries had bought-back, sold or redeemed any other listed securities of the Company.

股本

本公司之股本變動詳情載於合併財務報表附註20。

優先票據

優先票據之詳情載於合併財務報表附註26。

可供分派儲備

本公司於二零一六年十二月三十一日的可供分派儲備已於合併權益變動表披露。

優先購股權

本公司之組織章程細則或開曼群島之法例中並無優先購股權之條文而規定本公司需按比例向現有股東發售新股。

財務概要

本集團之業績、資產及負債概要載於本年報第5頁。

回購、出售或贖回本公司上市證券

截止二零一六年十二月三十一日，本公司已從公開市場上購買本金總額為2,400萬美元本公司於二零一四年四月二十五日於新加坡交易所發行的票據。截至二零一六年八月十二日，(1) 本公司已經取消本公司購買的回購票據；及(2) 本金總額為4.76億美元的票據仍流通在外。

除上述所披露外，於截至2016年12月31日止年度，本公司及其任何子公司均無回購、出售或贖回本公司任何其他上市證券。

Report of the Directors (Continued)

董事會報告(續)

A summary of the buy-back, sale or redemption of the Company's listed securities is set out in note 20 to the consolidated financial statements.

本公司回購、出售或贖回本公司上市證券之概要載於合併財務報表附註20。

Share Options

購股權

(i) Stock Incentive Compensation Plan ("Plan")

(i) 股份獎勵酬金計劃(「該計劃」)

The Board adopted the Plan prior to the listing of the Company on the Stock Exchange designed to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentive to employees and directors and promote the success of our business. Under the Plan, a total of 29,902,758 share options were granted to Directors, executives and employees, of which 1,818,579 share options lapsed. The share options were granted at nil consideration.

董事會已於本公司於聯交所上市之前採納該計劃，旨在為具重大責任的職位招攬及聘留優秀適用人才，為僱員及董事提供額外獎勵並促進本公司的業務發展。根據該計劃，合共29,902,758份購股權已向董事、行政人員及僱員授出，其中1,818,579份購股權已失效。購股權乃以零代價授出。

The exercise price of the granted share options is equal to or higher than the market price of the shares on the date of the grant. Each share option gives the holder the right to subscribe for one share of the Company. The share options granted under the Plan typically vest over a two or three year period at each anniversary of the grant date, subject to the participant continuing to be an employee on each vesting date.

所授出的購股權的行權價等於或高於授出日期的股份市場價格。各份購股權賦予持有人權利可認購本公司一股股份。根據該計劃授出的購股權一般於授出日期各個周年的兩或三年期間歸屬，惟參與者須在各個歸屬日期須仍為僱員。

The Company has undertaken that no further share options will be granted under the Plan upon the listing of the Company, but the provisions of the Plan shall in all other respects remain in full force and effect and share options granted under the Plan prior to the listing of the Company continue to be exercisable in accordance with the Plan and agreements entered into pursuant to the Plan.

本公司已承諾於本公司上市後將不會根據該計劃授出其他購股權，惟該計劃的條文在所有其他方面須保持全面生效及有效，而本公司上市前根據該計劃授出的購股權可繼續根據該計劃及根據該計劃所訂立的協議行使。

Report of the Directors (Continued)

董事會報告(續)

Details of the share options outstanding as at December 31, 2016 which have been granted under the Plan are as follows:

於二零一六年十二月三十一日，根據該計劃已授出但尚未行使之購股權詳情如下：

Name	Held at January 1, 2016	Number of options granted during the year	Number of options exercised during the year	Held at December 31, 2016	Exercise price (per Share)	Date of grant	Exercisable period
姓名	於二零一六年一月一日持有	本年度授出之購股權數目	本年度已行使之購股權數目	於二零一六年十二月三十一日持有	行權價(每股)	授出日期	可予行使期間
Independent non-executive Directors							
獨立非執行董事							
Mr. Mei Jianping 梅建平先生	1,267,933	-	-	1,267,933	US\$0.25 0.25美元	November 23, 2010 二零一零年十一月二十三日	from November 23, 2011 to November 22, 2020 自二零一一年十一月二十三日 至二零二零年十一月二十二日
Mr. Jeffrey Willard Miller Jeffrey Willard Miller 先生	1,811,333	-	-	1,811,333	US\$0.25 0.25美元	November 23, 2010 二零一零年十一月二十三日	from November 23, 2011 to November 22, 2020 自二零一一年十一月二十三日 至二零二零年十一月二十二日
Other employees 其他員工	17,048,120	-	-	17,048,120	US\$0.13 0.13美元	November 20, 2009 二零零九年十一月二十日	from November 20, 2011 to November 19, 2019 自二零一一年十一月二十日 至二零一九年十一月十九日
Total 總計	20,127,386	-	-	20,127,386			

(ii) Share Option Scheme ("Scheme")

On November 27, 2010, the Board adopted the Scheme to enable the Company to grant options to selected participants as incentives or rewards for their contributions to our Group. Participants of the Scheme include any executive Director, non-executive Director or full time employee of the Group as invited by the Board. The Scheme shall be valid and effective for a period of 10 years commencing from the approval of the Scheme.

The exercise period of any option granted under the Scheme must not be more than 10 years commencing on the date of grant. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee. The exercise price determined by the Board will be at the higher of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant and (iii) the nominal value of the shares.

(ii) 購股權計劃(「購股權計劃」)

於二零一零年十一月二十七日，董事會採用購股權計劃，本公司可向選定參與者授出購股權，作為彼等對本集團所作貢獻的獎勵或回報。購股權計劃參與者包括董事會邀請的本集團任何執行董事、非執行董事或全職僱員。購股權計劃將於獲批准起計10年期間有效及生效。

根據購股權計劃授出的任何購股權之行使期間不得超過授出日期起計十年。倘接納授出之購股權，承授人必須於授出日期後28天內支付1.00港元之不可退還付款。由董事會釐定之行權價將為下列三者中之較高者：(i)於授出日期在聯交所每日報價表所示的股份收市價；(ii)緊接授出日期前五個交易日在聯交所每日報價表所示的股份平均收市價及(iii)股份面值。

Report of the Directors (Continued)

董事會報告(續)

The share options granted under the Scheme typically vest over three years on the last day of each year starting from the subsequent year of the grant, subject to the participant continuing to be an employee on each vesting date and other performance evaluation results.

Cancellation of Vested Options

On September 20, 2011, the Company granted, pursuant to the Scheme adopted by the Company on November 27, 2010, share options to certain employees of the Company, entitling the option holders to subscribe for an aggregate of 112,048,000 ordinary shares of the Company of USD0.001 each at the exercise price of HK\$2.254 per Share ("2011 Grant").

Since February 2013, the exercise price of the vested options has been higher than the prevailing market price of the Shares. As a result, the options could no longer serve as an effective incentive. In view of this, the Company offered these option holders a cash consideration of HK\$0.20 per Share to cancel vested options under the 2011 Grant, subject to the option holders consenting to such cancellation. As a result, options in respect of 65,358,066 Shares were cancelled on March 21, 2014.

Grant of Options

On March 21, 2014, the Company granted share options pursuant to the Scheme to 151 eligible participants comprising certain directors, substantial shareholders and employees of the Company to subscribe for an aggregate of 97,280,000 Shares. These options have an exercise price of HK\$1.40 per share and a term of 10 years from the grant date, and will vest over the next three or four years.

The closing price per share as at March 20, 2014, being the date immediately before the date the share options were granted was HK\$1.34.

On December 9, 2016, the Company granted share options pursuant to the Scheme to 93 eligible participants comprising certain directors, substantial shareholders and employees of the Company to subscribe for an aggregate of 95,920,000 Shares. These options have an exercise price of HK\$0.816 per share and a term of 10 years from the grant date, and will vest over the next three years.

根據購股權計劃授出的購股權一般於授出翌年起每年最後一天的三年內歸屬，惟參與者須於各歸屬日期仍為僱員及須受限於其他表現評估結果。

取消已得權購股權

根據公司二零一零年十一月二十七日採納的購股權計劃，公司於二零一一年九月二十日向公司部分員工授予購股權，允許持有人按照每股2.254港元的價格認購本公司共計112,048,000股每股面值0.001美元普通股股票。

自二零一三年二月以來，已得權購股權的行權價格始終高於公司股票的普遍市場價格，導致已得權購股權不再為有效激勵。因此，公司決定在現購股權持有人同意取消已得權購股權的前提下，向現購股權持有人提出以每股0.20港元的現金對價取消已得權購股權。自二零一四年三月二十一日起，已得權購股權中共計65,358,066股已得權購股權已經被取消。

授予購股權

二零一四年三月二十一日，公司根據購股權計劃向151名合資格人士，包括公司的部分董事，主要股東和員工授予新的認股期權，認購共計97,280,000的股份。購股權行權價為每股1.40港元，購股權有效期為自授予日起十年，且將於授權日後三或四年間得權。

於二零一四年三月二十日，即購股權授出前當日，每股股份收市價格為1.34港元。

二零一六年十二月九日，公司根據購股權計劃向93名合資格人士，包括公司的部分董事，主要股東和員工授予新的認股期權，認購共計95,920,000的股份。購股權行權價為每股0.816港元，購股權有效期為自授予日起十年，且將於授權日後三年間得權。

Report of the Directors (Continued)

董事會報告(續)

The closing price per share as at December 8, 2016, being the date immediately before the date the share options were granted was HK\$0.78.

Under the Scheme, a total of 305,248,000 share options were granted to Directors, executives and employees, of which 10,474,866 share options were lapsed during the year ended December 31, 2016. Details of the share options outstanding as at December 31, 2016 which have been granted under the Scheme are as follows:

於二零一六年十二月八日，即購股權授出前當日，每股股份收市價格為0.78港元。

根據購股權計劃，合共305,248,000份購股權已授予董事、行政人員及僱員。截至二零一六年十二月三十一日止十二個月，其中10,474,866份購股權失效。根據購股權計劃已授出但於二零一六年十二月三十一日尚未行使的購股權詳情如下：

Name	Held at January 1, 2016	Number of options granted during the period	Number of options exercised during the period	Number of options lapsed during the period	Number of options cancelled during the period	Held at December 31, 2016	Exercise price (per Share)	Date of grant	Exercisable period
姓名	於二零一六年一月一日持有	於期內授出之購股權數目	於期內行使之購股權數目	於期內已失效之購股權數目	於期內已取消之購股權數目	於二零一六年十二月三十一日持有	行使價(每股)	授權日	可予行使期間
Executive Directors									
執行董事									
Mr. Zhang Ruilin 張瑞霖先生	2,347,000	-	-	-	-	2,347,000	HK\$2.254 2.254港元	September 20, 2011 二零一一年九月二十日	from December 31, 2012 to September 19, 2021 自二零一二年十二月三十一日起 至二零二一年九月十九日止
	2,640,000	-	-	-	-	2,640,000	HK\$1.40 1.40港元	March 21, 2014 二零一四年三月二十一日	from March 21, 2016 to March 20, 2024 自二零一六年三月二十一日起 至二零二四年三月二十日止
	-	2,900,000	-	-	-	2,900,000	HK\$0.816 0.816港元	December 9, 2016 二零一六年十二月九日	from December 9, 2016 to December 8, 2026 自二零一六年十二月九日起 至二零二六年十二月八日止
Mr. Zhao Jiangwei 趙江巍先生	2,347,000	-	-	-	-	2,347,000	HK\$2.254 2.254港元	September 20, 2011 二零一一年九月二十日	from December 31, 2012 to September 19, 2021 自二零一二年十二月三十一日起 至二零二一年九月十九日止
	2,640,000	-	-	-	-	2,640,000	HK\$1.40 1.40港元	March 21, 2014 二零一四年三月二十一日	from March 21, 2016 to March 20, 2024 自二零一六年三月二十一日起 至二零二四年三月二十日止
	-	2,900,000	-	-	-	2,900,000	HK\$0.816 0.816港元	December 9, 2016 二零一六年十二月九日	from December 9, 2016 to December 8, 2026 自二零一六年十二月九日起 至二零二六年十二月八日止

Report of the Directors (Continued)

董事會報告(續)

Name	Held at January 1, 2016	Number of options granted during the period	Number of options exercised during the period	Number of options lapsed during the period	Number of options cancelled during the period	Held at December 31, 2016	Exercise price (per Share)	Date of grant	Exercisable period
姓名	於二零一六年一月一日持有	於期內授出之購股權數目	於期內行使之購股權數目	於期內已失效購股權數目	於期內已取消購股權數目	於二零一六年十二月三十一日持有	行使價(每股)	授權日	可予行使期間
Mr. Andrew Sherwood Harper	441,000	-	-	-	-	441,000	HK\$2.254 2.254港元	September 20, 2011 二零一一年九月二十日	from December 31, 2012 to September 19, 2021 自二零一二年十二月三十一日起 至二零一二年九月十九日止
Andrew Sherwood Harper 先生	3,000,000	-	-	-	-	3,000,000	HK\$1.40 1.40港元	March 21, 2014 二零一四年三月二十一日	from March 21, 2016 to March 20, 2024 自二零一六年三月二十一日起 至二零一四年三月二十日止
	-	4,000,000	-	-	-	4,000,000	HK\$0.816 0.816港元	December 9, 2016 二零一六年十二月九日	from December 9, 2016 to December 8, 2026 自二零一六年十二月九日起 至二零一六年十二月八日止
Mr. Tian Hongtao	3,000,000	-	-	-	-	3,000,000	HK\$1.40 1.40港元	March 21, 2014 二零一四年三月二十一日	from March 21, 2015 to March 20, 2024 自二零一五年三月二十一日起 至二零一四年三月二十日止
田洪濤先生	-	17,000,000	-	-	-	17,000,000	HK\$0.816 0.816港元	December 9, 2016 二零一六年十二月九日	from December 9, 2016 to December 8, 2026 自二零一六年十二月九日起 至二零一六年十二月八日止
Other employees 其他員工	21,827,334	-	-	-	-	21,827,334	HK\$2.254 2.254港元	September 20, 2011 二零一一年九月二十日	from December 31, 2012 to September 19, 2021 自二零一二年十二月三十一日起 至二零一二年九月十九日止
	70,705,371	-	-	10,474,866	-	60,230,505	HK\$1.40 1.40港元	March 21, 2014 二零一四年三月二十一日	from March 21, 2015 to March 20, 2024/ from March 21, 2016 to March 20, 2024 自二零一五年三月二十一日起 至二零一四年三月二十日止/ 自二零一六年三月二十一日起 至二零一四年三月二十日止
	-	69,120,000	-	-	-	69,120,000	HK\$0.816 0.816港元	December 9, 2016 二零一六年十二月九日	from December 9, 2016 to December 8, 2026 自二零一六年十二月九日起 至二零一六年十二月八日止
Total 總計	108,947,705	95,920,000	-	10,474,866	-	194,392,839			

Report of the Directors (Continued)

董事會報告(續)

(iii) 2012 Share Award Scheme (“2012 Share Award Scheme”)

To supplement the Plan in respect the operation of the share appreciation rights (“SARs”), the Board resolved to adopt a 2012 Share Award Scheme on May 30, 2012, pursuant to which the Company granted to selected grantees who are persons holding SARs under the Plan, such number of awarded shares as is equal to the number of outstanding notional shares to which the SARs of the selected grantees relates. The 2012 Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

The Board resolved to adopt on November 20, 2015 the amended Plan, pursuant to which, restrictions on grant price of SARs granted after the adoption of amended Plan are removed. Lapsed SARs will be re-used and re-granted upon terms and conditions determined by the remuneration committee of the Company in its sole discretion, in accordance with the amended Plan.

According to the 2012 Share Award Scheme, shares of up to 44,415,800 of the Company will be purchased by a trustee from the market out of cash contributed by the Company and be held in trust for the benefit of the selected grantees pending the exercise of the SARs. Upon exercise of the SAR by the selected grantees, the trustee will sell the awarded shares to which the SAR so exercised relates and pay the selected grantees in satisfaction of the Company’s payment obligations in relation to the SAR under the Plan. Unless early terminated by the board of the Company, the 2012 Share Award Scheme shall continue in full force and effect until the date when all the SARs are exercised, terminated or expired.

As at December 31, 2016, the trustee held 41,195,002 shares acquired through purchases from the market at an aggregate consideration of approximately HK\$77,337,547 (including transaction costs). As at December 31, 2016, the trustee sold 3,218,998 shares upon exercise of SARs so exercised by certain grantees.

(iii) 2012 股份獎勵計劃(「2012 股份獎勵計劃」)

為對該計劃作出股份增值權(「股份增值權」)方面的補充,董事會於二零一二年五月三十日議決採納一項2012 股份獎勵計劃,本公司將向經挑選的承授人授出獎勵股份,該等承授人須為根據該計劃持有股份增值權之人士,而所授出之獎勵股份數目相等於與經挑選承授人相關之股份增值權之尚未發行名義股份數目。2012 股份獎勵計劃並不構成上市規則第17章所定議的購股權計劃,是公司自行酌情決定的計劃。

董事會已於二零一五年十一月二十日議決採納修訂的該計劃,根據修訂的該計劃,對於該計劃實施後新授予的股份增值權,原該計劃中對股份增值權授予價格的限制條款被取消,並且原該計劃下已失效的股份增值權將在經由本公司薪酬委員會酌情決定的條件下恢復有效並被重新授予。

根據2012 股份獎勵計劃,股票經紀或受託人將以本公司提供之現金於市場購買最多44,415,800股本公司股份,並以經挑選承授人為受益人以信托形式持有,以待行使股份增值權。於經挑選承授人行使股份增值權時,受託人將就所行使之股份增值權出售獎勵股份,並且向經挑選承授人付款已履行本公司在該計劃項下股份增值權之付款責任。除非由董事會提早終止,2012 股份獎勵計劃將一直全面生效及有效,直至所有股份增值權獲行使、終止或到期當日為止。

截至二零一六年十二月三十一日,受託人持有41,195,002股股份,在市場以總代價約港幣77,337,547元(包括交易成本)購買。截至二零一六年十二月三十一日,受託人已於若干承授人行使股份增值權時累計出售3,218,998股獎勵股份。

Report of the Directors (Continued)

董事會報告(續)

(iv) 2015 Share Award Scheme (“2015 Share Award Scheme”)

To recognize the contributions by certain grantees and to give incentives thereto in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group, the Board resolved to adopt on January 6, 2015 and amend on November 20, 2015 the 2015 Share Award Scheme, pursuant to which the Board may at their absolute discretion select any grantee, who is an employee or consultant of the Group or of any affiliate, for participation in the 2015 Share Award Scheme and determine the number of awarded shares to be granted to such grantee. The 2015 Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company, and will be in effect in parallel with the Plan, the Scheme and the 2012 Share Award Scheme.

Pursuant to the 2015 Share Award Scheme rules, existing shares will be purchased by a trustee from open market out of cash which will be paid by the Company as trust shares and be held on trust for the grantees until the relevant award(s) is vested in accordance with the relevant award agreement and the 2015 Share Award Scheme rules. Upon vesting, the trustee shall transfer the relevant trust shares as awarded shares to the relevant grantee, or upon receipt of the instructions from the grantees, dispose of the relevant awarded shares in open market and transfer the proceeds of the sale of the relevant awarded shares (after deduction of the relevant charges, expenses, stamp duty and levy) to the relevant grantee.

Subject to any early termination as may be determined by the Board pursuant to the 2015 Share Award Scheme rules, the 2015 Share Award Scheme shall be valid and effective from January 6, 2015 to the date of the last of the awarded shares has been vested and transferred to the relevant grantee or has lapsed, whichever is later, in accordance with the 2015 Share Award Scheme rules, provided that no award shall be made on or after the 10th anniversary date of the adoption date.

As at December 31, 2016, the trustee held 94,104,000 shares acquired through purchases from the market at an aggregate consideration of approximately HK\$79,931,367.74 (including transaction costs).

(iv) 2015 股份獎勵計劃(「2015 股份獎勵計劃」)

本公司董事會已分別於二零一五年一月六日議決採納，並於二零一五年十一月二十日議決修訂2015股份獎勵計劃，目的是認可特定承授人所做的貢獻並給予激勵，為本集團的持續運營和發展聘留特定承授人，並為本集團進一步發展吸引適用人才。董事會將根據該計劃，不時自行酌情決定挑選任何承授人作為被挑選承授人參與該計劃，並決定授予該等被挑選承授人的獎勵股份數量，該等承授人為集團任何成員或其任何關聯公司的員工或顧問。2015股份獎勵計劃並不構成上市規則第17章所定義的購股權計劃，是公司自行酌情決定的計劃，其將與該計劃，購股權計劃及2012股份獎勵計劃並行生效。

根據2015股份獎勵計劃規則，受托人將以公司安排的現金從市場上購買現有股份作為信托股份，並由受托人為經挑選承授人持有信托，直到相關獎勵根據相關獎勵協議及2015股份獎勵計劃規則歸屬。歸屬後，受托人應將相關信托股份作為獎勵股份轉讓給相關承授人，或在收到承授人的指示後，在市場上處置相關獎勵股份，並將出售相關獎勵股份的收益(扣除相關費用，開支，印花稅及稅款後)轉讓給相關承授人。

倘董事會並未根據2015股份獎勵計劃條款決定提前終止，2015股份獎勵計劃將於2015年1月6日起，直至最終獎勵股份歸屬並轉移到相關經挑選承授人或其根據該計劃條款失效之日止，以較遲者為準，且採納日後的十周年日之後不得授出任何獎勵。

截至二零一六年十二月三十一日，受託人持有94,104,000股股份，在市場以總代價約港幣79,931,367.74元(包括交易成本)購買。

Report of the Directors (Continued)

董事會報告(續)

On November 20, 2015, the Board of Directors has resolved to offer to certain directors and employees 14,200,000 shares under the 2015 Share Award Scheme.

On December 9, 2016, the Board has resolved to offer to certain director 12,000,000 shares under the 2015 Share Award Scheme.

(v) Others

The total number of shares issued and which may fall to be issued upon exercise of the options granted under each of the Scheme, the Plan and any other share option scheme of the Company to each participant in any 12 month period shall not exceed 1% of the issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue at the date of the 2012 annual general meeting.

As at the date of this report, the maximum number of shares available for issue under the Scheme and the Plan is 264,784,079 shares and 20,127,386 shares respectively, representing approximately 9.01% and 0.68% of the issued share capital respectively.

Directors

The directors during the year were:

Executive Directors

Mr. Zhang Ruilin (*Chairman*)
Mr. Zhao Jiangwei
Mr. Andrew Sherwood Harper
Mr. Tian Hongtao
Mr. Tao Tak Yin Dexter (*Resigned with effect from May 31, 2016*)

Non-executive Director

Ms. Xie Na

Independent Non-executive Directors

Mr. Mei Jianping
Mr. Jeffrey Willard Miller
Mr. Guo Yanjun

於二零一五年十一月二十日，本公司董事會決議根據2015股份獎勵計劃授予本公司特定董事及僱員合計14,200,000股股份。

於二零一六年十二月九日，本公司董事會決議根據2015股份獎勵計劃授予本公司特定董事合計12,000,000股股份。

(v) 其他

在任何12個月期間因行使根據購股權計劃、該計劃及本公司任何其他購股權計劃授出之購股權而已發行及可發行予各參與者的股份總數不得超過本公司不時已發行股本的1%。因行使根據購股權計劃、該計劃及本公司任何其他購股權計劃授出之全部購股權而可發行的股份總數合共不得超過二零一二年股東周年大會當天已發行股份的10%。

截至本報告日期，根據購股權計劃及該計劃最多可供發行的股份數目分別為264,784,079股及20,127,386股，分別佔已發行股本約9.01%及0.68%。

董事

於本年度，列任董事如下：

執行董事

張瑞霖先生(主席)
趙江巍先生
Andrew Sherwood Harper先生
田洪濤先生
陶德賢先生(於二零一六年五月三十一日辭任)

非執行董事

謝娜女士

獨立非執行董事

梅建平先生
Jeffrey Willard Miller先生
郭燕軍先生

Report of the Directors (Continued)

董事會報告(續)

In accordance with Article 16.18 of the Company's Articles of Association, Mr. Zhang Ruilin, Mr. Mei Jianping and Mr. Tian Hongtao shall retire by rotation at the forthcoming Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election.

Directors' Service Contracts

We have entered into letters of appointment with each of our Directors, pursuant to which each of the Executive Directors, non-executive Directors and Independent Non-executive Directors is appointed for terms of three years, subject to re-election in accordance with our Articles of Association at our general meeting.

On November 20, 2009, Mr. Zhang Ruilin and Mr. Zhao Jiangwei, each an Executive Director, has entered into a service contract with the Company and MIE Corporation respectively, which is renewable yearly unless terminated (i) with 12 months' notice by either party, or (ii) by the Company or MIE Corporation (as applicable) upon certain events such as the Director having committed serious or persistent breaches of the service contract. Should the Company or MIE Corporation (as applicable) terminate the service contract, Mr. Zhang Ruilin and Mr. Zhao Jiangwei will be entitled to receive severance payment equivalent to one year's basic pay under the service contract, save for circumstances described in item (ii) above.

Save as disclosed above, none of our Directors have entered into a service contract with us which does not expire or which is not terminable by us within one year without the payment of compensation (other than statutory compensation).

Directors' interests in contracts and continued connected transactions

During the year ended December 31, 2016, the Group had the following transactions with Ms. Zhao Jiangbo ("Mrs. Zhang") and Jilin Guotai Petroleum Development Company, Songyuan Guotai Petroleum Technology Service Company and their subsidiaries ("Jilin Guotai"), which are connected persons of the Company under the Listing Rules:

- (A) Lease of vehicles by Mrs. Zhang to the Company
- (B) Provision of oilfield services by Jilin Guotai to us

根據本公司組織章程細則第16.18條，張瑞霖先生，梅建平先生以及田洪濤先生須於應屆股東週年大會上輪值退任，惟符合資格膺選連任。所有上述退任董事都符合資格膺選連任。

董事服務合同

本公司已和各董事訂立委任書，據此，各執行董事、各非執行董事及各獨立非執行董事獲委任的任期為三年，惟須根據本公司組織章程細則於本公司股東大會上重選連任。

於二零零九年十一月二十日，張瑞霖先生及趙江巍先生(各為執行董事)分別與本公司及MI能源公司訂立服務合同，有關服務合同可每年續約，除非(i)由任何一方發出十二個月的通知予以終止，或(ii)於出現若干情況時(如董事嚴重違背或反覆違背服務合同)，由本公司或MI能源公司(如適用)予以終止。倘本公司或MI能源公司(如適用)終止服務合同，則張瑞霖先生及趙江巍先生將可收取一筆相等於彼等於各自服務合同項下全年基本薪資的遣散費，惟出現上文(ii)項所述情況者例外。

除以上所披露者外，本公司董事並無與本公司訂立並非於一年內屆滿或本公司不可於一年內不付賠償(法定賠償除外)而終止的服務合同。

董事於合同及持續關連交易的權益

於截至二零一六年十二月三十一日止年度，本集團與趙江波女士(「張夫人」)及吉林省國泰石油開發有限公司，松原市國泰石油科技服務有限公司及其等附屬有限公司(「吉林國泰」)(根據上市規則為本公司之關連人士)進行了以下交易。

- (A) 張夫人向本公司出租汽車
- (B) 吉林國泰向本公司提供油田服務

Report of the Directors (Continued)

董事會報告(續)

Category I – Continuing Connected Transactions Exempt from Independent Shareholder’s Approval

(A) Lease of vehicles by Mrs. Zhang to us

Mrs. Zhang is the spouse of Mr. Zhang Ruilin, and is therefore a connected person of our Company. Since 2008, Mrs. Zhang has been regularly leasing a substantial number of vehicles to us.

On December 31, 2012, we entered into a renewed framework vehicle rental agreement with Mrs. Zhang (the “Vehicle Rental Agreement”), pursuant to which Mrs. Zhang agreed to rent to us a number of vehicles for the purpose of the day-to-day business operations of our Group, subject to the entering into of individual contracts as agreed between Mrs. Zhang and us pursuant to the Vehicle Rental Agreement.

No individual vehicle rental contract has been entered into with Mrs. Zhang under above Vehicle Rental Agreement during FY2016.

Category II – Non-exempt Continuing Connected Transactions

(B) Provision of oilfield services by Jilin Guotai to us

Jilin Guotai is owned by Mrs. Zhang and Mr. Zhao Jiangwei, and is therefore a connected person of the Company.

On November 23, 2010, we entered into a framework oilfield service agreement with Jilin Guotai (the “Oilfield Service Agreement”), pursuant to which Jilin Guotai agreed to provide to us various oilfield services including well maintenance services, well logging services, oil tanker transportation services, oilfield construction related works and other oil operations related services, subject to the entering into of individual contracts as agreed between Jilin Guotai and us pursuant to the Oilfield Service Agreement. The service fees will be based on normal commercial terms and negotiated on arm’s length basis between the parties, and shall be no less favourable than those offered by independent third parties to our Group.

第一類 — 豁免遵守獨立股東批准規定之持續關連交易

(A) 張夫人向本公司出租汽車

張夫人為張瑞霖先生之配偶，因此為本公司之關連人士。自二零零八年以來，張夫人一直向我們定期出租大量汽車。

於二零一二年十二月三十一日，本公司與張夫人訂立經修訂框架汽車租賃協議（「汽車租賃協議」），據此，張夫人同意向本公司出租多輛汽車，以用於本集團的日常業務經營，惟根據汽車租賃協議，有待張夫人與本公司訂立個別合同。

二零一六年，在以上汽車租賃協議下，本集團沒有與張夫人訂立個別汽車租賃合同。

第二類 — 非豁免持續關連交易

(B) 吉林國泰向本公司提供油田服務

吉林國泰由張夫人及趙江巍先生擁有，因此為本公司的關連人士。

本公司於二零一零年十一月二十三日與吉林國泰訂立框架油田服務協議（「油田服務協議」），據此，吉林國泰同意向本公司提供各類油田服務，包括修井服務、測井服務、油罐運輸服務、油田建設相關工程及其他石油作業相關服務，惟根據油田服務協議，有待吉林國泰與本公司訂立協定的個別合同。服務費將根據正常商業條款由雙方按公平基準磋商釐定，且其條款不得遜於獨立第三方向本集團所提供者。

Report of the Directors (Continued)

董事會報告(續)

On December 31, 2012, we entered into the Renewed Oilfield Services Agreement with Jilin Guotai for a term of three years ending December 31, 2015.

On December 31, 2015, we entered into the Renewed Oilfield Services Agreement with Jilin Guotai for a term of three years ending December 31, 2018. The proposed annual caps for the transactions under the Renewed Oilfield Services Agreement are RMB99.0 million, RMB96.0 million and RMB82.0 million for the three years ending December 31, 2018, respectively.

As listed below, the aggregate annual transaction amount of each continuing connected transaction for the year ended December 31, 2016 has not exceeded the respective proposed annual cap in the Renewed Oilfield Services Agreement as set out in the announcement published by the Company on December 31, 2015.

於二零一二年十二月三十一日，我們與吉林國泰訂立經續訂油田服務協議，年期為截至二零一五年十二月三十一日止三年。

於二零一五年十二月三十一日，我們與吉林國泰訂立經續訂油田服務協議，年期為截至二零一八年十二月三十一日止三年。經續訂油田服務協議項下交易於截至二零一八年十二月三十一日止三個年度的建議年度上限分別為人民幣9,900萬元、人民幣9,600萬元及人民幣8,200萬元。

誠如下文所列，各持續關連交易於截至二零一六年十二月三十一日止年度之年度交易總額不超過二零一三年五月二十四日股東週年大會批准的相關建議年度上限，同時受限於本公司於二零一五年十二月三十一日發布的公告。

Connected Person	Nature of transaction	Proposed annual cap	Transaction amount for the year ended December 31, 2016
關聯人士	交易性質	建議年度上限	截止二零一六年十二月三十一日交易額
Mrs. Zhang 張夫人	Lease of vehicles by Mrs. Zhang to the Company 張夫人向本公司出租汽車	RMB5.1 million 人民幣510萬元	None 無
Jilin Guotai 吉林國泰	Provision of oilfield services by Jilin Guotai to the Company 吉林國泰向本公司提供油田服務	RMB99.0 million 人民幣9,900萬元	RMB70.0 million 人民幣7,000萬元

In the opinion of the independent non-executive Directors, the above transactions were carried out in the Group's ordinary and usual course of business; on normal commercial terms or better; and in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole. Details of such connected transactions are set out in note 37 to the consolidated financial statements.

獨立非執行董事認為，以上交易乃於一般及日常業務過程中；按正常商業條款或更優條款；並根據有關規管協議按屬公平合理及符合本公司及其股東整體利益的條款而進行。該等關連交易載於合併財務報表的附註37內。

Report of the Directors (Continued)

董事會報告(續)

The auditor has confirmed that for the year 2016 the continuing connected transactions (i) have received approval of the Board; (ii) are in accordance with the pricing policies of the Group, where applicable; (iii) have been entered into in accordance with the terms of the agreements governing the transactions; and (iv) have not exceeded the respective cap amounts set by the Company.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to conduct a limited assurance engagement on the above non-exempt continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported their conclusion to the Board, stating that:

- a. nothing has come to the auditor's attention that causes the auditor to believe that the relevant non-exempt continuing connected transactions have not been approved by the Company's board of directors.
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- c. nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- d. with respect to the aggregate amount of the relevant non-exempt continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the relevant continuing connected transactions have exceeded the annual cap as set by the Company.

Save as disclosed above, there is no contract of significance between the Group and a controlling shareholder of the Company (as defined in the Listing Rules) or any of its subsidiaries, including the provision of services by the controlling shareholder or its subsidiaries to the Group.

核數師確認，二零一六年的持續關連交易(i)已獲董事會批准；(ii)符合本集團定價政策(如適用)；(iii)按規管該等交易的協議條款訂立；及(iv)並無超出本公司訂立的全年上限。

根據上市規則第14A.56條，董事會已委聘本公司核數師按照香港會計師公會所頒佈的香港鑒證業務準則第3000號「歷史財務資料審計或審閱以外之鑒證工作」及參考實務說明第740號「香港上市規則規定的持續關連交易的核數師函件」對非豁免持續關聯交易執行若干事實查明程序。核數師已將結果向董事會報告。當中指出：

- a. 核數師並無注意到任何事項令他們相信該等相關的非豁免持續關連交易未獲本公司董事會批准。
- b. 就本集團提供貨品或服務所涉及的交易，核數師並無注意到任何事項令他們相信該等交易在各重大方面沒有按照本集團的定價政策進行。
- c. 核數師並無注意到任何事項令他們相信該等交易在各重大方面沒有根據有關該等交易的協定進行。
- d. 就非豁免持續關連交易的總金額而言，核數師並無注意到任何事項令他們相信該等持續關連交易的金額超逾本公司訂立的全年上限。

除上文披露者外，本集團與本公司控股股東(定義見上市規則)或其任何附屬公司並無訂立任何重大合同(包括控股股東或其附屬公司向本集團提供服務)。

Report of the Directors (Continued)

董事會報告(續)

Connected Transaction

On December 23, 2016, the Board announced that the Company issued the Commission Letter to Vault (Asia) Limited (“Vault Asia”) which was agreed and countersigned by Vault Asia on the same date. Pursuant to the Commission Letter, the Company shall pay a commission of US\$800,000 to Vault Asia in respect of the consulting services that Vault Asia had provided to the Company in relation to the execution and closing of the transaction. Vault Asia is wholly-owned by a brother of Mr. Tao, who was an executive Director of the Company in the past 12 months. Pursuant to the Listing Rules, Vault Asia is an associate of Mr. Tao and hence a connected person of the Company. Accordingly, the Commission Letter and the transactions thereunder constitute a connected transaction of the Company under the Listing Rules and are exempt from circular and independent shareholder’s approval.

Related Party Transactions

During 2016, the Group entered into certain transactions with “related parties” as defined under the applicable accounting standards, details of which are disclosed in note 38 to the consolidated financial statements. In particular, as disclosed in note 37(a) to the consolidated financial statements: (i) the transactions in connection with the purchase for oilfield services fall under the definition of continuing connected transactions under the Listing Rules, and are subject to reporting, announcement, annual review and independent shareholders’ approval requirements; (ii) the transactions in relation to purchase of spare parts and rental of vehicles and office premises fall under the definition of continuing connected transactions under the Listing Rules and are fully exempt from the connected transaction requirements under the Listing Rules; and (iii) the transactions in relation to sales of vehicles and loans fall under the definition of connected transactions under the Listing Rules and are fully exempt from the connected transaction requirements under the Listing Rules.

During 2016, the Group did not carry out any transactions in connection with lease of vehicles by Mrs. Zhang to us as mentioned on page 56. of this annual report, which fall under the definition of continuing connected transactions under the Listing Rules and are exempt from independent shareholder’s approval.

The relevant requirements under Chapter 14A of the Listing Rules (as applicable) with respect to all the above connected transactions and continuing connected transactions have been complied with.

Save as disclosed above, no other related party transactions of the Group constituted connected transactions under Chapter 14A of the Listing Rules.

關連交易

二零一六年十二月二十三日，董事會宣佈本公司向 Vault (Asia) Limited (「Vault Asia」) 發出佣金函，而 Vault Asia 於同日同意並簽署佣金函。根據佣金函，就 Vault Asia 在交易進行和交割的過程中向本公司提供的顧問服務，本公司應向 Vault Asia 支付一筆 80 萬美元的佣金(約 620 萬元港幣)。Vault Asia 是陶先生之兄弟全資擁有的公司，陶先生在過去 12 個月曾任本公司執行董事，根據上市規則，Vault Asia 為陶先生的聯繫人，因此為本公司的關連人士。因此，佣金函及項下擬進行交易根據上市規則構成本公司的關連交易，且豁免通函，豁免獨立股東批准。

關聯方交易

於二零一六年，本集團與根據適用會計準則定義的「關聯方」的某些交易於合併財務報表附註 38 中披露。尤其是，合併財務報表附註 37(a) 中披露：(i) 有關購買油田服務的交易構成上市規則定義下的持續關聯交易，需遵守報告、公告、年度審閱和獨立股東批准之要求；(ii) 有關購買備品備件和租賃汽車及辦公場所的交易構成上市規則定義下的持續關聯交易，且完全豁免於上市規則規定的關聯交易要求；以及 (iii) 有關出售汽車及借款之交易構成上市規則定義下的關聯交易，且完全豁免於上市規則規定的關聯交易要求。

於二零一六年，本集團未就本報告第 56 頁所載之張夫人向本公司出租汽車進行任何交易，該等交易構成上市規則定義下的持續關聯交易，且豁免獨立股東批准。

上市規則第 14A 項下有關於上述關聯交易和持續關聯交易的相關要求(如適用)已被滿足。

除上述所披露外，上市規則第 14A 項下再無持續關連交易。

Report of the Directors (Continued)

董事會報告(續)

Biographical Details of Directors

Brief biographical details of Directors are set out on pages 15 to 19.

Directors' and Chief Executives' Interests And/OR Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at December 31, 2016, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were detailed as follows:

董事履歷

董事履歷載於第15頁至第19頁。

董事及主要行政人員於本公司或任何相聯法團的股份、相關股份及債權證中擁有的權益及／或淡倉

於二零一六年十二月三十一日，本公司董事及主要行政人員於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債權證中擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例的條文而當作或被視為擁有的權益及淡倉)，或根據證券及期貨條例第352條的規定須登記於該條所指的登記冊內的權益或淡倉，或根據載於上市規則內上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所的權益或淡倉詳述如下：

Name of Director	Name of Corporation	Capacity/ Nature of interest	Number of ordinary shares (including options to be exercised) 股份數目 (包括可行使購股權)	Approximate total percentage of interest in the corporation 估法團權益的概約總百分比
Mr. Zhang Ruilin 張瑞霖先生	Our Company 本公司	Interest of controlled corporation (Note 2) 受控制法團權益(附註2)	1,644,629,234 (L)	55.97%
		Interest of controlled corporation (Note 3) 受控制法團權益(附註3)	211,855,234 (S)	7.21%
		Beneficial owner (Note 4) 實益擁有人(附註4)	7,987,000 (L)	0.27%
Mr. Zhao Jiangwei 趙江巍先生	Our Company 本公司	Interest of controlled corporation (Note 2) 受控制法團權益(附註2)	1,644,629,234 (L)	55.97%
		Interest of controlled corporation (Note 3) 受控制法團權益(附註3)	211,855,234 (S)	7.21%
		Beneficial owner (Note 4) 實益擁有人(附註4)	10,187,000 (L)	0.34%

Report of the Directors (Continued)

董事會報告(續)

Name of Director	Name of Corporation	Capacity/ Nature of interest	Number of ordinary shares (including options to be exercised) 股份數目 (包括可行使購股權)	Approximate total percentage of interest in the corporation 估法團權益的概約總百分比
董事姓名	法團名稱	身份/權益性質		
Mr. Zhang Ruilin 張瑞霖先生	Far East Energy Limited ("FEEL")	Interest of controlled corporation (Note 2) 受控制法團權益(附註2)	8,999	9.99%
Mr. Zhao Jiangwei 趙江巍先生	FEEL	Interest of controlled corporation (Note 2) 受控制法團權益(附註2)	9,000	10%
Mr. Mei Jianping 梅建平先生	Our Company 本公司	Beneficial owner 實益擁有人	1,267,933(L)	0.04%
Mr. Jeffrey Willard Miller Jeffrey Willard Miller 先生	Our Company 本公司	Beneficial owner 實益擁有人	1,811,333 (L)	0.06%
Mr. Andrew Sherwood Harper Andrew Sherwood Harper 先生	Our Company 本公司	Beneficial owner 實益擁有人	7,441,000 (L)	0.25%
Mr. Tian Hongtao 田洪濤先生	Our Company 本公司	Beneficial owner 實益擁有人	34,400,000 (L)	1.17%

Note:

- (1) The letter "L" denotes the person's long position in the shares of the Company. The letter "S" denotes the person's short position in the shares of the Company.
- (2) FEEL is held by Ms. Zhao Jiangbo ("Mrs. Zhang"), Mr. Zhang Ruilin ("Mr. Zhang") and Mr. Zhao Jiangwei ("Mr. Zhao") as to 80%, 9.99% and 10%, respectively. On May 24, 2013, 72,000 shares in FEEL were issued to Mrs. Zhang, 399,070,000 shares in the Company were transferred from FEEL to Champion International Energy Limited ("Champion"), 399,070,000 shares in the Company were transferred from FEEL to Orient International Energy Limited ("Orient"), 475,000,000 shares in the Company were transferred from FEEL to New Sun International Energy Limited ("New Sun") and 141,460,000 shares in the Company were transferred from FEEL to Power International Energy Limited ("Power"). Each of Champion, Orient, New Sun and Power is a wholly-owned subsidiary of Sunrise Glory Holdings Limited, which is itself a wholly-owned subsidiary of FEEL. Mrs. Zhang, Mr. Zhang and Mr. Zhao have entered into an Acting-in-Concert Agreement under which they agreed to act in concert in relation to all matters that require the decisions of the shareholders of FEEL. Pursuant to the Acting-in-Concert Agreement, if a unanimous opinion in relation to the matters that require action in concert is unable to be reached, Mr. Zhang shall be allowed to vote on his, Mrs. Zhang's and Mr. Zhao's shares.

附註:

- (1) 字母「L」指某位人士於本公司股份中的好倉。字母「S」指某位人士於本公司股份中的淡倉。
- (2) FEEL由趙江波(「張夫人」)、張瑞霖先生(「張先生」)及趙江巍先生(「趙先生」)分別擁有80%、9.99%及10%權益。於二零一三年五月二十四日, FEEL的72,000股股份發行予張夫人, FEEL分別將本公司399,070,000股、399,070,000股、475,000,000股及141,460,000股股份轉讓予Champion International Energy Limited(「Champion」)、Orient International Energy Limited(「Orient」)、New Sun International Energy Limited(「New Sun」)及Power International Energy Limited(「Power」)。Champion、Orient、New Sun及Power均為Sunrise Glory Holdings Limited的全資附屬公司。而Sunrise Glory Holdings Limited則為FEEL的全資附屬公司。張夫人、張先生及趙先生已訂立一致行動協議, 據此, 彼等同意就需由FEEL股東決定的一切事項一致行動。根據一致行動協議, 倘未能達成有關需一致行動事項的一致意見, 張先生獲准就其、張夫人及趙先生的股份進行投票表決。

Report of the Directors (Continued)

董事會報告(續)

The long interests which FEEL, Mr. Zhang and Mr. Zhao have in the 1,644,629,234 shares in the Company include (i) the beneficial interests which FEEL has (and in the case of Mr. Zhang and Mr. Zhao, the indirect beneficial interests which they have (through their shareholdings in FEEL)) in the 1,414,600,000 shares in the Company held by FEEL through its subsidiaries, (ii) the 7,887,000 share options granted to Mr. Zhang, (iii) the 9,037,000 share options and awarded shares granted to Mr. Zhao, (iv) the call option which FEEL, Mr. Zhang and Mr. Zhao have been granted, pursuant to a put and call option agreement, over the 211,855,234 shares in the Company held by Mr. Ho Chi Sing through Celestial, as further described in note (3) below, (v) the 100,000 shares owned by Mr. Zhang himself and (vi) 1,150,000 shares owned by Mr. Zhao himself.

- (3) The Company was informed on November 8, 2014 that TPG Star Energy Ltd. and Celestial had entered into a sale and purchase agreement pursuant to which Celestial had acquired and TPG Star Energy Ltd. has sold 211,855,234 ordinary shares in the Company.

On November 8, 2014, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into a put and call option agreement in relation to certain of the shares, pursuant to which the parties to the put and call option agreement have agreed to grant each other certain rights in relation to their Shares, and section 317(1)(a) of the SFO applies. Mr. Ho Chi Sing is the sole shareholder of the Celestial.

In particular, Mr. Ho Chi Sing, through his holdings in Celestial, is beneficially interested in 211,855,234 shares in the Company. Pursuant to the abovementioned put and call option agreement, Mr. Ho Chi Sing and Celestial have been granted a put option to resell/put 211,855,234 shares to FEEL, Mr. Zhang and Mr. Zhao.

- (4) These interests represent interests in outstanding stock options under the Plan and the Scheme. For further details, please refer to the section headed "Share Options". Mr. Zhang's interests includes the 100,000 shares held by himself and Mr. Zhao's interests includes the 1,150,000 shares held by himself.

Save as disclosed above and in the section headed "Share Options", as at December 31, 2016, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she had taken or was deemed to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; nor had there been any grant or exercise of rights of such interests during the year ended December 31, 2016.

FEEL, 張先生和趙先生於本公司持有的 1,644,629,234 股長期權益包括(i)FEEL 通過其子公司(而張先生和趙先生通過在 FEEL 的持股)持有的本公司 1,414,600,000 股實益權益, (ii)張先生持有的 7,887,000 股購股權, (iii)趙先生持有的 10,187,000 股購股權及獎勵股份, (iv)根據認沽及認購期權協議, FEEL、張先生和趙先生被授予 Ho Chi Sing 先生通過 Celestial 持有的本公司 211,855,234 股認購期權, 見下文附註(3), 以及(v)張先生本人持有的 100,000 股實益權益, 以及(vi)趙先生本人持有的 1,150,000 股實益權益。

- (3) 本公司於二零一四年十一月八日獲悉, TPG Star Energy Ltd. 與 Celestial 訂立買賣協議, 據此, Celestial 同意收購及 TPG Star 同意出售 211,855,234 股本公司普通股。

於二零一四年十一月八日, FEEL、張先生、趙先生、張夫人及 Celestial 就若干股份訂立認沽及認購期權協議, 據此, 該協議之訂約方同意互相之間授出彼等股份之若干權利並應用證券及期貨條例第 317(1)(a) 條規定。Ho Chi Sing 先生為 Celestial 的唯一股東。

尤其值得一提的是, Ho Chi Sing 先生通過其在 Celestial 的持股, 持有本公司 211,855,234 股權益。根據上述認沽及認購期權協議, Ho Chi Sing 先生和 Celestial 持有認沽期權, 得向 FEEL, 張先生和趙先生轉售/出 211,855,234 股權。

- (4) 該等權益指該計劃及購股權計劃所涉未行使購股權的權益。其他詳情請參閱「購股權」一節。張先生的權益包括張先生本人持有的 100,000 股實益權益及趙先生本人持有的 1,150,000 股實益權益。

除上文及「購股權」一節所披露者外, 於二零一六年十二月三十一日, 本公司董事或主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第 XV 部)的股份、相關股份或債權證中概無擁有根據證券及期貨條例第 XV 部第 7 及 8 分部須知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例的條文而當作或視為擁有的權益及淡倉), 或根據證券及期貨條例第 352 條的規定須登記於本公司存置的登記冊內的權益或淡倉, 或根據標準守則須知會本公司及聯交所的權益或淡倉; 於截至二零一六年十二月三十一日年度, 亦無授予或行使該等權益之權利。

Report of the Directors (Continued)

董事會報告(續)

Substantial Shareholders' Interests and/or Short Positions in the Shares, Underlying Shares of the Company

主要股東於本公司的股份、相關股份中擁有的權益及／或淡倉

So far as the Directors are aware of, as at December 31, 2016, the following persons (other than the Directors, chief executive(s) or members of the Group) who had interests and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions two and three of Part XV of the SFO, or, which would be required, pursuant to section 336 of the SFO, to be entered into the register referred to therein, were as follows:

就董事所知，於二零一六年十二月三十一日，下列人士(除董事、主要行政人員或本集團成員公司外)於本公司之股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部須向本公司披露的權益及／或淡倉，或根據證券及期貨條例第336條須登記於該條所指之登記冊內的權益及／或淡倉如下：

Name of interested	Party Capacity/Nature of interest	Total number of Shares (including options to be exercised)	Approximate percentage of interest in our company
權益方名稱	身份／權益性質	股份總數(包括可行使購股權)	佔本公司權益的概約百分比
Ms. Zhao Jiangbo 趙江波女士	Interest of controlled corporation (Note 2) 受控制法團權益(附註2)	1,644,629,234 (L) 211,855,234 (S)	55.97% 7.21%
FEEL	Interest of controlled corporation (Note 2) 受控制法團權益(附註2)	1,644,629,234 (L) 211,855,234 (S)	55.97% 7.21%
Mr. Ho Chi Sing	Interest of controlled corporation (Note 3) 受控制法團權益(附註3)	1,644,629,234 (L) 211,855,234 (S)	55.97% 7.21%
Celestial Energy Limited ("Celestial")	Interest of controlled corporation (Note 3) 受控制法團權益(附註3)	1,644,629,234 (L) 211,855,234 (S)	55.97% 7.21%
Citigroup Inc.	Interest of controlled corporation (Note 4) 受控制法團權益(附註4)	168,334,690 (L) 24,381,793 (P)	5.73% 0.83%

Notes:

附註：

(1) The letter "L" denotes the person's long position in the shares of the Company. The letter "S" denotes the person's short position in the shares of the Company.

(1) 字母「L」指某位人士於本公司股份中的好倉。字母「S」指某位人士於本公司股份中的淡倉。

Report of the Directors (Continued)

董事會報告(續)

(2) FEEL is held by Ms. Zhao Jiangbo ("Mrs. Zhang"), Mr. Zhang and Mr. Zhao as to 80%, 9.99% and 10%, respectively. On May 24, 2013, 72,000 shares in FEEL were issued to Mrs. Zhang, 399,070,000 shares in the Company were transferred from FEEL to Champion International Energy Limited ("Champion"), 399,070,000 shares in the Company were transferred from FEEL to Orient International Energy Limited ("Orient"), 475,000,000 shares in the Company were transferred from FEEL to New Sun International Energy Limited ("New Sun") and 141,460,000 shares in the Company were transferred from FEEL to Power International Energy Limited ("Power"). Each of Champion, Orient, New Sun and Power is a wholly-owned subsidiary of Sunrise Glory Holdings Limited, which is itself a wholly-owned subsidiary of FEEL. Mrs. Zhang, Mr. Zhang and Mr. Zhao have entered into an Acting-in-Concert Agreement under which they agreed to act in concert in relation to all matters that require the decisions of the shareholders of FEEL. Pursuant to the Acting-in-Concert Agreement, if a unanimous opinion in relation to the matters that require action in concert is unable to be reached, Mr. Zhang shall be allowed to vote on his, Mrs. Zhang's and Mr. Zhao's shares.

The long interests which FEEL, Mr. Zhang and Mr. Zhao have in the 1,644,629,234 shares in the Company include (i) the beneficial interests which FEEL has (and in the case of Mr. Zhang and Mr. Zhao, the indirect beneficial interests which they have (through their shareholdings in FEEL)) in the 1,414,600,000 shares in the Company held by FEEL through its subsidiaries, (ii) the 7,887,000 share options granted to Mr. Zhang, (iii) the 9,037,000 share options and awarded shares granted to Mr. Zhao, (iv) the call option which FEEL, Mr. Zhang and Mr. Zhao have been granted, pursuant to a put and call option agreement, over the 211,855,234 shares in the Company held by Mr. Ho Chi Sing through Celestial, as further described in note (3) below, (v) the 100,000 shares owned by Mr. Zhang himself, and (vi) the 1,150,000 shares owned by Mr. Zhao himself.

(3) The Company was informed on November 8, 2014 that TPG Star Energy Ltd. and Celestial had entered into a sale and purchase agreement pursuant to which Celestial had acquired and TPG Star Energy Ltd. has sold 211,855,234 ordinary shares in the Company.

On November 8, 2014, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into a put and call option agreement in relation to certain of the shares, pursuant to which the parties to the put and call option agreement have agreed to grant each other certain rights in relation to their Shares, and section 317 (1) (a) of the SFO applies. Mr. Ho Chi Sing is the sole shareholder of the Celestial.

In particular, Mr. Ho Chi Sing, through his holdings in Celestial, is beneficially interested in 211,855,234 shares in the Company. Pursuant to the abovementioned put and call option agreement, Mr. Ho Chi Sing and Celestial have been granted a put option to resell/put 211,855,234 shares to FEEL, Mr. Zhang and Mr. Zhao.

(2) FEEL由趙江波(「張夫人」)、張先生及趙先生分別擁有80%、9.99%及10%權益。於二零一三年五月二十四日, FEEL的72,000股股份發行予張夫人, FEEL分別將本公司399,070,000股、399,070,000股、475,000,000股及141,460,000股股份轉讓予Champion International Energy Limited(「Champion」)、Orient International Energy Limited(「Orient」)、New Sun International Energy Limited(「New Sun」)及Power International Energy Limited(「Power」)。Champion、Orient、New Sun及Power均為Sunrise Glory Holdings Limited的全資附屬公司, 而Sunrise Glory Holdings Limited則為FEEL的全資附屬公司。張夫人、張先生及趙先生已訂立一致行動協議, 據此, 彼等同意就需由FEEL股東決定的一切事項一致行動。根據一致行動協議, 倘未能達成有關需一致行動事項的一致意見, 張先生獲准就其、張夫人及趙先生的股份進行投票表決。

FEEL, 張先生和趙先生於本公司持有的1,644,629,234股長期權益包括(i)FEEL通過其子公司(而張先生和趙先生通過在FEEL的持股)持有的本公司1,414,600,000股實益權益, (ii)張先生持有的7,887,000股購股權, (iii)趙先生持有的9,037,000股購股權及獎勵股份, (iv)根據認沽及認購期權協議, FEEL, 張先生和趙先生被授予Ho Chi Sing先生通過Celestial持有的本公司211,855,234股認購期權, 見下文附註(3), (v)張先生本人持有的100,000股實益權益, 以及(vi)趙先生本人持有的1,150,000股實益權益。

(3) 本公司於二零一四年十一月八日獲悉, TPG Star Energy Ltd.與Celestial訂立買賣協議, 據此, Celestial同意收購及TPG Star同意出售211,855,234股本公司普通股。

於二零一四年十一月八日, FEEL、張先生、趙先生、張夫人及Celestial就若干股份訂立認沽及認購期權協議, 據此, 該協議之訂約方同意互相之間授出彼等股份之若干權利並應用證券及期貨條例第317(1)(a)條規定。Ho Chi Sing先生為Celestial的唯一股東。

尤其值得一提的是, Ho Chi Sing先生通過其在Celestial的持股, 持有本公司211,855,234股權益。根據上述認沽及認購期權協議, Ho Chi Sing先生和Celestial持有認沽期權, 得向FEEL, 張先生和趙先生轉售/出211,855,234股權。

Report of the Directors (Continued)

董事會報告(續)

(4) Among the 168,334,690 ordinary shares held by Citigroup Inc., 143,952,897 ordinary shares are directly held by Citigroup Global Markets Limited in the capacity of investment manager, and 24,381,793 ordinary shares are directly held by Citibank N.A. in the capacity of approved lending agent.

Citigroup Global Markets Limited is wholly-owned by Citigroup Global Markets Europe Limited, which in turn is controlled by Citigroup Global Markets (International) Finance AG, Citigroup Global Markets International LLC and Citigroup Financial Products Inc. Both Citigroup Global Markets (International) Finance AG and Citigroup Global Markets International LLC are also wholly-owned by Citigroup Financial Products Inc. Citigroup Financial Products Inc. is wholly-owned by Citigroup Global Markets Holdings Inc., which in turn is wholly owned by Citigroup Inc. Citigroup Inc. is therefore deemed to be interested in 143,952,897 ordinary shares. On the other hand, Citibank N.A. is wholly-owned by Citicorp Holdings Inc., which is in turn wholly-owned by Citigroup Inc. Citigroup Inc. is therefore deemed to be interested in 24,381,793 ordinary shares. Hence, Citigroup Inc. is deemed to be interested in an aggregate of 168,334,690 ordinary shares.

Save as disclosed above, as at December 31, 2016, no person (other than the Directors or the chief executive of our Company, whose interests have been disclosed in the above section headed "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation") had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO.

Major Suppliers and Customers

During the year, the Group purchased around 79.46% of its goods and services from its 5 largest suppliers as well as 32.96% goods and services from the largest supplier; and 97.25% and 97.9% respectively of the Group's revenue are from PetroChina, its largest customer, and its 5 largest customers combined.

Save as disclosed above, none of the Directors, their close associates or any shareholder (which to the knowledge of Directors owns more than 5% of the Company's issued share capital) has any interest in the Group's 5 largest suppliers and customers.

(4) Citigroup Inc. 持有的 168,334,690 股普通股由 Citigroup Global Markets Limited 通過投資經理直接持有的 143,952,897 股普通股及 Citibank N.A. 通過獲許可借出代理人直接持有的 24,381,793 股普通股組成。

Citigroup Global Markets Limited 為 Citigroup Global Markets Europe Limited 的全資附屬公司，而 Citigroup Global Markets Europe Limited 為 Citigroup Global Markets (International) Finance AG, Citigroup Global Markets International LLC 及 Citigroup Financial Products Inc. 所控制。Citigroup Global Markets (International) Finance AG 及 Citigroup Global Markets International LLC 皆為 Citigroup Financial Products Inc. 的全資附屬公司。Citigroup Financial Products Inc. 為 Citigroup Global Markets Holdings Inc. 的全資附屬公司，而 Citigroup Financial Products Inc. 為 Citigroup Inc. 的全資附屬公司。Citigroup Inc. 因此被視為擁有 143,952,897 股普通股的權益。另一方面，Citibank N.A. 為 Citicorp Holdings Inc. 的全資附屬公司，而 Citicorp Holdings Inc. 為 Citigroup Inc. 的全資附屬公司。Citigroup Inc. 因此被視為擁有 24,381,793 股普通股的權益。因此，Citigroup Inc. 被視為總計擁有 168,334,690 股普通股的權益。

除上文所述者外，於二零一六年十二月三十一日，概無任何人士（除於上文「董事及主要行政人員於本公司或任何相聯法團的股份、相關股份及債權證中擁有的權益及／或淡倉」一節已披露權益的本公司董事或主要行政人員外）於本公司之股份或相關股份中擁有根據證券及期貨條例第 336 條登記於本公司存置之登記冊內的權益或淡倉。

主要供應商及客戶

年內，本集團向五大供應商共採購約 79.46% 的商品及服務，其中最大供應商採購約 32.96%，而本集團收益 97.25% 及 97.9% 分別來自最大客戶中石油及五大客戶（合計）。

除上文所披露者外，概無董事、彼等的聯繫人或就董事所知擁有本公司已發行股本 5% 或以上的任何股東擁有本集團五大供應商及客戶的任何權益。

Report of the Directors (Continued)

董事會報告(續)

Relationship with Employees, Suppliers and Customers

The employees, suppliers and customers of the Company play an important role in the Company's development and on which the Company's success depends. The Company provides competitive remuneration packages to attract and motivate the employees. The Company maintains good relationship with customers, suppliers and other business partners to achieve its long-term goals. In 2016, there was no material and significant dispute between our Group and its customers, suppliers and other business partners.

Environmental Policies and Performance

During the process of hydrocarbon production, the Company highly values the protection of natural and ecological environment and its comprehensive environmental protection measures to ensure that the Company complies with the applicable laws and regulations in relation to environmental protection. During the process of construction and production of oilfields, we place environment impact assessment, compliance with set standards or targets on pollutant emissions, control on total discharge amount and reduction on emissions as our priorities.

The Company views energy saving and reduction in emission as an important aspect of our cost reduction and maintaining high management standards. We also continue to strengthen efforts on technical reformation during daily management, which is the key to improve energy efficiency and reduce carbon emissions.

For the year ended December 31, 2016, the Company has constructed oilfields of green environmental protection in accordance with regulatory requirements and there were no matters arising from environmental-related regulatory non-compliances.

Compliance of Relevant Laws and Regulations

As far as the Board and senior management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the year ended December 31, 2016, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

與僱員、供應商及客戶的關係

本公司的僱員、供應商及客戶對本公司的發展非常重要，亦是本公司成功的關鍵。本公司提供具競爭力的薪酬待遇，以吸引及激勵僱員。本公司與客戶、供應商、及其他商業合作夥伴等保持良好關係，以達到長期目標。於二零一六年，本集團與客戶、供應商、及其他商業合作夥伴等並無發生重大糾紛。

環境政策及表現

公司在從事油氣開採的過程中，高度重視對自然環境和生態環境的保護，以全面的環境保護管理措施確保公司實現遵法達標及合規運營。在項目建設和生產過程中，以環評管理、污染物達標排放、總量控制和統籌減排為重點，實施環境保護的全過程管理。

公司把節能減排作為降低成本、提高管理水平的重要工作，並且在日常管理中加大節能減排的技術改造力度，通過技術改造促進能效提升和降低碳排放。

截至二零一六年十二月三十一日止年度，公司按照建設綠色環保油田要求，未發生一起環保污染問題。

遵守有關法律法規

如董事會及管理層所知，本集團在所有重大方面全面遵守與本集團業務及運營有關的法律法規。截至二零一六年十二月三十一日止年度，本集團並無重大違反適用法律法規的情形。

Report of the Directors (Continued)

董事會報告(續)

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as required under the Listing Rules during the period from January 1, 2016 to April 21, 2017 (being the latest practicable date for ascertaining information prior to the issue of this annual report).

Permitted Indemnity

The Company's Articles of Association provides that every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, auditor or other officer of the Company in defending any proceedings, in which judgment is given in his favour, or in which he is acquitted.

The Company has arranged appropriate directors and officers liabilities insurance coverage for Directors and officers of the Company.

Competing Business

A non-competition deed in favor of the Company was entered into by FEEL, Mr. Zhang and Mr. Zhao on November 23, 2010. Our independent non-executive Directors have reviewed the compliance and enforcement of the non-competition deed and were of the view that FEEL, Mr. Zhang and Mr. Zhao were in compliance with the Non-Competition Deed during the reporting period.

None of the Directors of the Company had an interest in a business which competes with the Company or is likely to compete with the business of the Group.

Proceeds from Placing and Subscription

On October 16, 2015, the Company issued 276,300,000 shares at HK\$0.90 per share by way of placing and subscription. The net proceeds after deducting the relevant expenses were approximately HK\$245,000,000.

The use of proceeds was as follows:

- Approximately 43% was used for the repayment of bank loan;
- Approximately 57% was used for the supplement of working capital and the general corporate purposes.

充足公眾持股量

根據本公司公開可得之資料及據董事所知，其確認於二零一六年一月一日至二零一七年四月二十一日(年報刊發前最後可行日)，本公司根據上市規則要求至少25%已發行股份由公眾持有。

獲准許彌償

公司章程細則規定各董事、公司核數師或其他高級管理人員有權就彼作為董事、公司核數師或其他高級管理人員於維護任何法律程序(彼獲勝訴或被判無罪)中產生或承擔的所有損失或責任於公司資產中獲得彌償。

公司已為董事及公司高級管理人員安排適當之董事及高級管理人員責任保險。

競爭業務

FEEL、張先生及趙先生於二零一零年十一月二十三日為本公司訂立不競爭契約。本公司獨立非執行董事已檢討不競爭契約的遵守及執行情況，認為FEEL、張先生及趙先生於報告期內已遵守不競爭契約。

本公司概無任何董事於與本公司業務競爭或可能與本集團業務構成競爭之業務中擁有任何權益。

配售及認購用途

於二零一五年十月十六日，本公司配售及認購發行276,300,000股每股面值0.90港元的股份。扣除相關支后的所得款項淨額約為港幣245,000,000元。

所得款項用途如下：

- 約43%用作償還銀行貸款；
- 約57%用作補充營運資金及一般公司用途。

Report of the Directors (Continued)

董事會報告(續)

Subsequent Events

Proposed Dividend

The Board did not recommend the payment of final dividend for the year ended December 31, 2016 (2015: Nil).

Group's Emoluments Policy

The emoluments policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Closure of Register of Members

The annual general meeting of the Company is scheduled to be held on Friday, June 30, 2017 ("AGM"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, June 27, 2017 to Friday, June 30, 2017, both days inclusive, during which no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all completed transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, June 26, 2017 (Hong Kong time), being the last registration date.

Auditor

The financial statements have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offered themselves for re-appointment as the Company's auditor.

On behalf of the Board

Zhang Ruilin
Chairman

Hong Kong, March 30, 2017

期後事項

建議股息

董事會並無建議就截至二零一六年十二月三十一日年度派付末期股息(二零一五年:無)。

本集團之薪酬政策

本集團僱員之薪酬政策由薪酬委員會根據彼等的優點、資歷及能力而定。

本公司董事之薪酬由薪酬委員會根據本公司之經營業績、個人表現及可資比較市場數據釐定。

暫停辦理股東登記手續

本公司預定於二零一七年六月三十日(星期五)舉行股東周年大會。為釐定符合出席並於大會上投票的資格,本公司將於二零一七年六月二十七日(星期二)至二零一七年六月三十日(星期五)(包含首尾日)暫停辦理股東登記手續,期間亦不會辦理股份過戶登記手續。為符合出席股東周年大會及於會上投票的資格,所有過戶文件連同有關股票需不遲於二零一七年六月二十六日(星期一)香港時間下午四時三十分(最後股份登記日)遞交至本公司的香港股份過戶登記分處卓佳證券登記有限公司,地址香港皇后大道東183號合和中心22樓。

核數師

財務報表已由羅兵咸永道會計師事務所審核。羅兵咸永道會計師事務所任滿退任並符合資格且願意獲續聘為本公司核數師。

承董事會命

主席
張瑞霖

香港,二零一七年三月三十日

Environmental, Social and Governance Report

環境、社會及管治報告

I. Quality of Working Environment

(1) Employment

The Group implements the following employment policies and regulations for recruitment and dismissal, remuneration and promotion, working hours, holidays, diversification and other bonus and benefits:

1. The remuneration of employees is in accordance with the relevant provisions of the "MIE Holdings Corporation's Remuneration Management System". The Company provides employees with a comprehensive and competitive package taking into account market competition and equality within the Group. The employees remuneration package is based on an overall evaluation of work performance, the employee's relevant rank and position and capability.
2. The recruitment, promotion and dismissal of employees of the Group in China are governed by the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Policies Governing Employee Relations of MIE Holdings Corporation", other national and regional laws and regulations, and the Company's administrative policies. Recruitment, promotion and dismissal of employees in Hong Kong are conducted in accordance with the "Employment Ordinance" and local laws and regulations of Hong Kong. Recruitment, promotion and dismissal of employees in Kazakhstan are performed in accordance with the relevant laws and regulations such as the "Labor Law", the "Trade Union Law" and the "Civil Code" of the Republic of Kazakhstan. Recruitment, promotion, and termination of employees in the United States are carried out in conformity with applicable U.S. and regional laws and regulations.

一、工作環境質素

(一) 僱傭

本集團在有關員工招聘及解僱、薪酬及晉升、工作時數、假期、多元化以及其他待遇及福利等方面主要執行以下政策、法規：

- 1、本集團員工的薪酬按照《MI能源控股有限公司薪酬管理制度》的相關規定執行，公司在兼顧市場競爭和內部公平的基礎上，為員工提供完善的、具有競爭力的薪酬福利體系。公司結合公司經營業績、員工職位等級、績效及能力評估為員工確定薪酬。
- 2、本集團在中國境內的員工招聘、晉升及解僱按照《中華人民共和國勞動法》、《中華人民共和國勞動合同法》以及《MI能源控股有限公司員工關係管理辦法》等國家、地區法律法規及公司管理規定執行。在香港境內的員工招聘、晉升及解僱按照香港《僱傭條例》及地區法律法規執行。在哈薩克斯坦境內的員工招聘、晉升及解僱按照哈薩克斯坦《勞動法》、《工會法》、《民法》等相關法律法規執行。在美國境內的員工招聘、晉升及解僱按照美國及地區相關法律規定執行。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

3. The working hours for employees within China are strictly in accordance with the "Labor Contract Law of the People's Republic of China", namely 8 hours per day, 40 hours per week and rest days include statutory holidays, Saturdays and Sundays. The working hours for employees in Kazakhstan are 8 hours per day, 40 hours per week and rest days are in accordance with the relevant provisions of the "Labor Law" of Kazakhstan.
 4. The Group provides its employees in China with paid holidays in strict accordance with the "Order of the State Council of the People's Republic of China (No.514) in relation to the Regulation on Paid Annual Leave for Employees". For Hong Kong employees, paid holidays are provided in strict accordance with the provisions of the "General Holidays Ordinance" and the "Employment Ordinance". Relevant benefits are provided to employees in Kazakhstan based on applicable provisions of the "Labor Law" of Kazakhstan.
 5. Based on the principle of equality and anti-discrimination, the Group complies with the "Administrative Policies for Employee Recruitment of MIE Holdings Corporation" for recruitment matters.
 6. The Group has established a scientific and reasonable performance appraisal system and an effective incentive and restraint mechanism to ensure the joint development of the Company and its employees. In 2016, the Group continued to optimize its KPI assessment system, improved the quantification of its evaluation standards and enhanced the feasibility of its evaluation mechanism.
- 3、本集團中國境內員工的工作時數嚴格按照《中華人民共和國勞動合同法》的相關規定，執行每天工作8小時，每週工作40個小時工作制，國家規定的法定節假日、週六、周日休息。本集團哈薩克斯坦境內員工的工作時數按照哈薩克斯坦《勞動法》的相關規定執行每天工作8小時，每週工作40個小時工作制，並根據上述法律執行假日休假規定。
 - 4、本集團中國境內員工嚴格按照《中華人民共和國國務院令 第514號關於職工帶薪年休假條例》的規定為員工提供帶薪假期。對於香港員工，嚴格按照《公眾假期條例》和《僱傭條例》的規定為員工提供帶薪假期。對於哈薩克斯坦境內的員工執行哈薩克斯坦《勞動法》的相關規定。
 - 5、本集團本著平等的原則，遵照《MI能源控股有限公司員工招聘管理規定》執行招聘事宜，該規定中包含反對歧視的條款。
 - 6、本集團根據集團的經營目標，構建了科學合理的績效考核體系和有效的激勵約束機制，全面保證企業與員工的共同發展。2016年，本集團繼續優化KPI考核體系，提高考評標準的量化程度，增強考評辦法的可操作性。

In 2016, the Group was not involved in any arbitration and did not have any judgment against it on labor disputes in China.

2016年，本集團在中國境內無勞動糾紛仲裁及判決。

The Group had 1,387 employees, comprising 1,143 males (82.4%) and 244 females (17.6%) as of December 31, 2016. Due to the nature of the Group's business, there are more male employees than female employees.

截至2016年12月31日，本集團共有員工1,387名，其中男員工1,143人，佔82.4%，女員工244人，佔17.6%。由於本集團業務範圍、工作環境等原因，男員工數量多於女員工數量。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Table 1: Staff Status by Work Category as of December 31, 2016

表1：截至2016年12月31日根據崗位類別分類的員工情況

Work Category 崗位類別	Technical 技術類	Production 生產類	Support 支持類	Total Management 管理合計	Core production 主體生產類	Support services 支持服務類	Total Operation services 操服合計	Total 合計
Total 合計	65	58	135	258	799	330	1,129	1,387

Table 2: Staff Status by Education Background as of December 31, 2016

表2：截至2016年12月31日根據受教育程度分類的員工情況

Education Category 教育程度	Masters and above 碩士以上	Bachelor 大學本科	Junior College 大學專科	Technical Secondary School & High School 中專、高中	Junior High School and below 初中及以下	Total 合計
Total 合計	24	172	238	531	422	1,387

Table 3: Staff Status by Age Group as of December 31, 2016

表3：截至2016年12月31日根據年齡分類的員工情況

Age Group 年齡	20-24yrs 20至24歲	25-34yrs 25至34歲	35-44yrs 35至44歲	45-54yrs 45至54歲	55yrs and above 55歲以上	Total 合計
Total 合計	25	486	425	356	95	1,387

Table 4: Staff Status by Geographical Region as of December 31, 2016

表4：截至2016年12月31日根據地域分類的員工情況

Geographical Region 地域	Mandarin 中國內地	HK 中國香港	Kazakhstan 哈薩克斯坦	US 美國	Total 合計
Total 合計	1,364	7	11	5	1,387

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環境、社會及管治報告(續)

(2) Development and Training

Throughout the year, the Group organizes tailored training programs based on Group's development strategy, employee job requirements and employees' personal development needs to accelerate the growth of employees' working ability and professional quality. Through the various tailored training programs, the Group comprehensively develops the management ability and skill levels of all employees across various positions.

Aimed at improving the business standards, and management ability and also overall ability among management staff, the Group offers targeted professional knowledge training to strengthen their common general skills. With the purpose of improving the professional and technical ability of technical personnel, the Group emphasises on the cultivation of their business knowledge and ability, including the basic knowledge, application software tool learning, new technology and cutting-edge knowledge learning. As regards operational staff, the Group targets to strengthen their operating skills, standardize the operation process and improve operation ability.

Table 5: Staff Training Status by Gender as of December 31, 2016

Gender 性別	Male 男	Female 女
Percentage 百分比	83%	17%

Table 6: Staff Training Status by Gender and Hours as of December 31, 2016

Gender 性別	Male 男	Female 女
Average Training Hours 平均時長	46	19

As there are more male employees in the Group, the number of male employees who have received training as compared to the female employees. Also due to the business scope and working environment of the Group, project staff who work outdoors receive more training opportunities than the staff based in office. Given that there are more male employees working on the projects, the difference between the number of average training hours which male and female appear marked.

(二) 發展及培訓

本集團為加快培養各類員工隊伍，提升員工工作技能和職業素質，根據集團發展戰略、崗位要求及個人發展需求編製全年培訓計劃，並按計劃組織各類員工培訓，通過組織各類培訓項目，全面提升各類員工的管理能力和技能水平。

對於管理人員，本集團對其進行針對性的專業知識的培訓，同時加強共有的通用技能的培訓。其目的是提高管理人員的業務水平和管理能力，達到整體素質的提升。對於技術人員，本集團注重其業務知識和業務能力的培養，包括基礎理論知識的補充、應用軟件工具的學習、新技術及前沿理論知識的瞭解。其目的是提高專業技術人員的相關的業務能力，提高理論與實踐水平。對於操作服務人員，本集團主要對其進行操作技能培訓，規範其操作流程、提高其操作能力。

表5：受訓人員的男女百分比

表6：男女員工每人平均受訓時長

由於本集團男員工數量多於女員工數量，本集團培訓工作中，男女比例差異較大，且由於本集團業務範圍、工作環境等原因，野外工作的員工培訓時間應多於其他崗位員工，且野外工作的員工多為男性員工，因此，在本集團培訓工作中，男女員工的培訓時長有較大差異。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

(3) Labor Standards

The Group primarily implements the relevant laws and regulations including the "Labor Law of the People's Republic of China" and the "Labor Contract Law of the People's Republic of China" for the prevention of child labor and forced labor.

The Group strictly abides by relevant laws and regulations and strictly inspects the identity of employees during recruitment and employment to ensure that they are above 18 years old in an effort to eliminate the employment of child labor or forced labor in the Group. In the process of recruitment, we conclude employment contract with employees by the principle of equality and voluntary and follow the work performance to avoid forced labor phenomena.

In 2016, the Group did not have any serious violations of the relevant standards or rules.

(三) 勞工準則

本集團在有關防止童工或強制勞工方面，主要執行《中華人民共和國勞動法》、《中華人民共和國勞動合同法》等相關法律法規。

本集團嚴格遵守相關法律、法規，在員工招聘、僱傭期間嚴格審核員工身份證、戶口等信息，遵循僱傭員工的年齡不低於18周歲的原則，杜絕僱傭童工的情況在本集團發生；於此同時，本集團堅決反對強制勞工，在招聘過程中，本著平等自願的原則與員工簽訂勞動合同，時時關注員工的工作狀況，避免強制勞工的情況在本集團發生。

2016年，本集團沒有發生嚴重違反相關準則、規則的情況。

II. Environment and Occupational Health

(1) Occupational Health and Safety

Since its establishment, the Group has placed great emphasis on health, safety and environmental protection management. It has adhered to the following core management principles: scientific management, health upmost, safety first, prioritize environmental protection and sustainable development. The Group is dedicated to the creation of a rigorous corporate safety culture and the establishment of a sound management system. Concurrently, the Group focuses on increasing employees' and contractors' attention towards safety and environmental protection during the production process, raising awareness and skills of employees and contractors on safety risks identification and awareness, accelerating clean production management and reducing the business's environmental impact.

In 2016, the Group's health, safety and environmental management system was endorsed by the auditors of the Beijing CNPC Certification Center, and passed the renewal audit.

二、環境與安全保護

(一) 環境與安全

本集團自成立以來非常重視健康、安全、環保管理工作，堅持科學管理、健康至上、安全第一、環保優先、持續發展的核心管理方針；致力於創建良好的企業安全文化，建立較為完善的管理體系。同時，本集團注重提高員工與承包商在生產作業過程中對安全和環境保護的關注，提升員工與承包商對安全風險的防範意識與識別技能，並加速推進清潔生產管理工作，降低集團業務對環境構成的影響。

2016年，本集團健康、安全、環境管理體系得到北京中油認證中心審核專家的一致認可，一次性通過北京中油認證中心體系換證審核。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

The Group has consistently implemented the “Law of the People’s Republic of China on Work Safety”, “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases”, “Provisions on the Supervision and Administration of Occupational Health at Work Sites”, “Regulations Governing the Declaration of Projects with Occupational Hazards”, “Regulations Governing the Supervision and Administration of Occupational Health Surveillance of Employers”, “Interim Regulations Governing the Supervision and Administration of “Three Simultaneities” for Construction Projects”, and national standards including “Technical Specifications for Occupational Health Surveillance”, “Regulations on Labor Protection in Workplaces Where Toxic Substances Are Used”, “Regulations on the Control over Safety of Dangerous Chemicals” and other relevant laws, regulations, rules, normative documents, national standards, industry standards and technical specifications in its provision of a safe working environment.

The Group strictly enforces the above laws, regulations, rules, regulatory documents, standards and technical specifications, strives to provide a safe work environment for all employees and also protects employees against occupational hazards. In 2016, the Group did not violate any relevant laws, regulations, rules, normative documents, standards and technical specifications. The work-related litigation with Condor Energy Technology LLC filed in 2015 in the United States is still in progress, and currently under negotiation. In 2016, the Group did not have any work-related injuries or deaths from work related matters.

Table 7: Safety Statistical Table of the Group

Scope	Total workhours (million workhours) 總工時 (百萬人工時)	Recordable incidents 可記錄事件數	Recordable	Lost Time incidents 誤工事件數	Lost Time incident rate 誤工事件率	Deaths 致死人數
			incident rate 可記錄事件率			
Company staff 公司員工	1,140	0	0	0	0	0
External Contractors 外部承包商	75	0	0	0	0	0

本集團在有關提供安全生產工作環境和保障員工避免職業性危害方面，一貫執行《中華人民共和國安全生產法》、《中華人民共和國職業病防治法》、《工作場所職業衛生監督管理規定》、《職業病危害項目申報辦法》、《用人單位職業健康監護監督管理辦法》、《建設項目〈三同時〉監督管理暫行辦法》及國家標準《職業健康監護技術規範》、《使用有毒物品作業場所勞動保護條例》、《危險化學品安全管理條例》等相關法律、法規、規章、規範性文件、國家標準、行業標準及技術規範。

本集團嚴格執行上述法律、法規、規章、規範性文件、標準及技術規範，努力為全體員工提供安全工作環境及保障員工避免職業性危害。2016年度本集團沒有發生嚴重違反相關法律、法規、規章、規範性文件、標準及技術規範的情況。2015年度的美國Condor Energy Technology LLC的工傷訴訟仍在進行中，目前雙方正在協商。2016年度，本集團未發生員工工傷，無員工因工作關係死亡。

表7：本集團安全統計表

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

The occupational health and safety measures, related implementation and monitoring methods implemented by the Group mainly include:

1. Establish an occupational health and safety management administration team which is staffed with full-time employees. The Group currently has 12 registered national safety engineers. Improve the safety production responsibility system, improve the occupational health management archive and management system, strengthen the basic management of occupational health and safety measures, strictly implement management policies, refine the management scope, and effectively avoid health and safety risks. In 2016, the Group organized multiple special inspections to continuously track and rectify any discovered problems.
2. Establish occupational health monitoring archives for employees of the Group, implement the occupational health notification system, regularly arrange occupational health examinations for staff and make corresponding work adjustments for employees that do not suit their particular position.
3. Provide employees with requisite occupational hazards precaution facilities and labor protection supplies based on the findings of occupational health assessment reports. Authorize a third party occupational disease prevention and control institution to regularly monitor and assess potential occupational health hazards of the Group, and evaluate the Group's occupational hazards protection measures and the efficacy of protection provided.
4. Provide work injury insurance, basic medical insurance, serious illness insurance for employees of the Group to fully protect their interests.

本集團所實施的職業健康與安全措施、相關執行與監察方法主要有：

- 1、 建立健全職業健康與安全措施管理機構，配備專職管理人員，目前本集團配有國家註冊安全工程師12人。完善安全生產責任制，完善職業健康管理檔案與管理制度，加強對職業健康與安全措施的基礎管理工作，嚴格執行各項管理制度，細化管理內容，有效規避健康與安全風險。2016年本集團多次組織專項檢查，對發現的問題持續進行跟蹤整改。
- 2、 建立集團員工職業健康監護檔案，落實職業健康告知制度，定期組織員工進行職業健康體檢，對不適合崗位的員工進行崗位調整。
- 3、 依據職業健康場所評價報告，為員工提供良好的職業病危害防護設施與勞動防護用品，並委託第三方職業病預防控制機構定期對集團的職業健康危害因素進行監測，對集團職業危害防護設施與防護效果進行評價。
- 4、 為集團員工提供工傷保險、基本醫療保險、大病保險，充分保障員工的利益。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

5. Since the Group is engaged in oil exploration and oil has certain dangerous and hazardous characteristics, such as combustion, explosion and secondary environmental pollution. The Group has paid special attention to emergency management and engaged experts to assess the sources of hazards and pollution of the Company; it has also developed contingency plans for major sources of hazards and key sources of pollution, and also regularly conducts emergency drills.

In 2016, the Group organized a number of practice emergency drills, to practice the implementation of plans such as *"Emergency Plan for Fire and Explosion Accidents"*, *"Emergency Plan for Sudden Environmental Incidents"*, *"Comprehensive Plan for Flood and Drought Prevention"*. Results of the practice emergency drills were evaluated for feasibility and any plans that were not applicable to the actual scenarios were revised.

- 5、因本集團為石油開採行業，石油具有一定的燃燒、爆炸及次生環境污染等危險特性，集團對應急管理工作特別重視，聘請專家對公司危險源與污染源進行評估，對重大危險源、重要污染源編製應急預案，定期組織員工對應急預案進行演練。

2016年，本集團組織《突發火災爆炸事故應急預案》演練、《突發環境事件應急預案》演練、《防洪、防汛綜合預案》演練等多項預案演練工作，通過演練結果，評價應急預案的可操作性，對不符合實際的環節進行修訂評估。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

(2) Emissions

The emissions discharged during the development and production process of the Group's projects mainly include: Furnace heating exhaust gas and hazardous wastes (oil sludge, oil residuals and drilling muds generated during oil exploration). Such hazardous wastes are disposed of by service providers certified by environmental protection authorities.

Table 8: Waste Emission Data of Each Project of the Group

		Natural Gas Consuming (WM ³) 實際用天然氣 (萬方)	Hazardous Waste Transferring (T) 危廢轉移數量 (噸)	Water Consuming (WM ³) 用水量 (萬方)	Drilling Mud (M ³) 泥漿量 (方)	Power Consuming (WkW.h) 耗電量 (萬千瓦時)
Daan	大安	1,427	2,500	137.50	800	7,914.83
Moliqing	莫里青	332	350	19.22	0	1,439.63
EMIR	EMIR	4,878	691	0.40	5,530	1,367.00
Total	合計	6,637	3,541	157.12	6,330	10,721.46

Environmental protection measures and related implementation and monitoring methods adopted by the Group at present mainly include:

Underground environmental protection measures, cyclic utilization of drilling muds and other measures can reduce the amount of hazardous waste produced. Any hazardous waste generated will be disposed of and recycled by qualified units under the supervision of the local government environmental protection department.

Production wastewater passes through the sewage treatment plant for filtering and purification. Part of the purified water will be heated and enters into the pipeline for production while the rest will be injected underground to supplement the formation pressure, so as to achieve zero emission targets for wastewater.

The Company chooses energy efficient furnaces that can use clean energy as the combustion material and the fuel used is natural gas, which mainly releases carbon dioxide and water vapor after combustion.

(二) 排放物

本集團項目開發生產過程中排放廢棄物主要有：加熱爐廢氣及危險廢物（石油開採過程中產生的油泥、油腳、鑽井廢棄泥漿），危險廢物均由環保部門認證的服務商環保處理。

表8：本集團各項目廢物排放數據

目前本集團所採取的環境保護措施、相關執行與監測方法主要有：

井下環保作業措施、鑽井泥漿循環利用等可消減危險廢物產生量的措施。所產生的危險廢物經地方政府環保部門監督，全部交由有處置資質的單位進行回收再利用。

生產廢水經過污水處理裝置過濾淨化後，部分污水經加熱進入管道用於生產。另一部分經化驗合格後回注地下，補充地層壓力，污水達到零排放目標。

公司在加熱爐選用上，選用高效節能可利用清潔能源為燃燒原料的加熱爐，使用燃料為天然氣，天然氣燃燒後產生的廢氣主要成份為二氧化碳與水蒸汽。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

The Group entrusts third party organizations to regularly monitor the surface water, groundwater, sewage, noise, soil within the operation boundary and monitor the environmental changes brought about by the production and development processes to the surrounding area.

The total amount of hazardous wastes generated in 2016 was about 3,541 tons, approximately 200 tons less than that in 2015. The drilling mud wastes produced in 2016 were about 6,330 cubic meters; the amount of sewage efflux was zero; about 66.37 million cubic meters of natural gas was used; and greenhouse gas emissions were about 10,372 tons.

In terms of emissions, projects in China mainly adhere to the "Environmental Protection Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", the "Law of the People's Republic of China on the Prevention and Control of Water Pollution", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", the "Law of the People's Republic of China on Promotion of Cleaner Production", the "Law of the People's Republic of China on Environmental Impact Assessment", the "Catalog of State Hazardous Wastes", the "People's Republic of China's Emergency Response Law", the "Interim Regulations Governing the Sudden Environmental Emergency Contingencies", "China's Oil and Gas Production Enterprises Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines (Trial)"; Kazakhstan Projects mainly implement the "State Environmental Protection Law of Kazakhstan", the "Law of Kazakhstan on Industrial Safety of Oil Processing and Handling of Dangerous Operations in Oil and Gas Fields", the "Law of Economic Evaluation of Environmental Pollution Injury in Kazakhstan" and other relevant laws, regulations, rules and regulatory documents.

The Group strictly enforces the laws, regulations, rules and regulatory documents of the above-mentioned countries, intensifies recycling and reuse of wastes, strives to reduce waste discharge, and actively promotes clean production and use of clean energy. In 2016, the Group did not violate any laws, regulations, rules and regulatory documents.

集團委託第三方機構定期對運營邊界內的地表水、地下水、生活污水、噪聲、土壤等周邊環境進行監測，監測生產開發對周邊區域帶來的環境變化。

2016年度產生危險廢物總量約3,541噸，同比2015年減少約200噸。2016年度產生鑽井廢棄泥漿約6,330方；污水外排數量為零；使用天然氣約6,637萬方；溫室氣體排放約10,372噸。

在排放物方面，中國境內項目主要執行《中華人民共和國環境保護法》、《中華人民共和國固體廢物污染防治法》、《中華人民共和國水污染防治法》、《中華人民共和國大氣污染防治法》、《中華人民共和國清潔生產促進法》、《中華人民共和國環境影響評價法》、《國家危險廢物名錄》、《中華人民共和國突發事件應對法》、《突發環境事件應急預案管理暫行辦法》、《中國石油天然氣生產企業溫室氣體排放核算方法與報告指南(試行)》，哈薩克項目主要執行《哈薩克斯坦國家環境保護法》、《哈薩克斯坦石油天然氣領域石油加工及處理危險作業工業安全法規》、《哈薩克斯坦環境污染傷害經濟評價法規》等相關法律、法規、規章、規範性文件。

本集團嚴格執行上述國家的法律、法規、規章、規範性文件，加大對廢棄物的回收再利用，努力減少廢棄物排放，積極推進清潔生產，使用清潔能源。2016年度，集團沒有發生違反法律、法規、規章、規範性文件的情況。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

(3) Use of resources

The Group has strictly adhered to the "Energy Law of the People's Republic of China", the "Water Law of the People's Republic of China", the "Electricity Law of the People's Republic of China", the "Law on Energy Conservation of People's Republic of China"; our Kazakhstan project strictly implement "Provisions on Calculation and Combustion of Associated Gas and Natural Gas in Kazakh Oilfield Operations" and other relevant laws and regulations for effective use of resources (including energy, water, and other raw materials).

Resource conservation is a fundamental requirement for the Group to implement scientific management, improve the economic efficiency of the Group and enhance the Group's core competitiveness. To this end, the Group has done a lot of work in 2016 surrounding business management, technological innovations and energy saving goals and has achieved satisfying results. Details are as follows:

In 2016, the Group's annual water consumption was about 0.7 million tons; power consumption was about 93.54 million kWh, 5.65 million kWh less than that of 2015.

The Group's consumption of gasoline was 228 tons in 2016; the consumption of diesel was 165 tons, 54 tons less than that of 2015.

Major measures and relevant implementation methods adopted by the Group in the use of resources include:

1. Establish a three-tier energy management network comprising a supervising manager, relevant department heads and entry-level personnel, formulate scientific and strict management of quantitative energy consumption, and have a good grasp on the basic assessment work.

(三) 資源使用

本集團在有效使用資源(包括能源、水、及其他原材料)方面,中國項目嚴格執行《中華人民共和國能源法》、《中華人民共和國水法》、《中華人民共和國電力法》、《中華人民共和國能源節約法》;哈薩克斯坦項目嚴格執行《哈薩克油田作業中伴生氣及天然氣計算及燃燒法律規定》等相關法律、法規。

節約資源是本集團落實科學管理,提高集團經濟效益、增強集團核心競爭力的根本要求。為此,今年本集團圍繞企業經營管理、技術革新和節能降耗目標做了大量的工作,取得了較好的成效。具體情況如下:

2016年度耗水量約為70萬噸;耗電約為9,354萬千瓦時,同比2015年節電約565萬千瓦時。

2016年消耗汽油228噸,消耗柴油165噸,同比2015年節約54噸。

目前本集團在資源使用方面的主要措施、相關執行的方法有:

- 1、建立由主管經理、相關部門負責人和基層人員的三級能源管理網絡,制定科學嚴謹的管理量化能耗定額,抓好基礎考核工作。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

2. Achieve high efficiency using technology and reduce energy consumption through technological advances.

- (1) Usage of automatic control frequency systems, automatically analyze motor operation parameters, real-time adjustment of operation parameters, and achieve the aim of energy saving.
- (2) Strengthen equipment management, e.g. adoption of high-performance motors; elimination of high-energy transformers; timely adjustment of balance rates and other measures to reduce power consumption.
- (3) As for production wells with poor liquid supply capacity, optimize the production parameters, carry out intermittent production, suspend wells, shut down wells and implement other measures to reduce inefficient production rate.

Table 9: Energy Saving Statistics of Each Project of the Group

Statistics on Energy Conserving Compared to 2015 Whole Year

		Natural Gas (WM ³) 天然氣 (萬方)	Energy Conserving on Electricity (WkW.h) 節電 (萬千瓦時)	Energy Conserving on Oil (T) 節油 (噸)
Daan	大安	46.06	346.6	54
Moliqing	莫里青	0	219	0
EMIR	EMIR	0	277.4	111

The Group strictly observes relevant laws, regulations, rules and regulatory documents of the abovementioned countries and it did not and violate any abovementioned laws, regulations, rules regulatory documents in 2016.

2、向科技要效益，靠技術進步降能耗。

- (1) 採用自動控制變頻系統，通過自動分析電機運行參數，實時調整運行參數，達到節能的目的是。
- (2) 加強設備管理，如：通過採用高效能電機；淘汰高耗能變壓器；及時調整平衡率等辦法，降低耗電量。
- (3) 針對供液能力差的生產井，優化生產參數，採取間歇生產、停井、關井等模式，降低無效生產時率。

表9：本集團各項目節能數據統計

節能數據同比2015年全年

本集團嚴格執行上述相關國家的法律、法規、規章、規範性文件，2016年度，集團沒有發生違反上述法律、法規、規章、規範性文件的情況。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

(4) Environment and natural resources

The Group is enterprise engaged in the oil exploration business which consumes occupies mineral resources, land and other natural resources during the process of oil production. The Group abides strictly by the "Mineral Resources Law of the People's Republic of China", the "Land Administration Law of the People's Republic of China", the "Environmental Protection Law of the People's Republic of China", the "Kazakh National Environmental Protection Act", the "Kazakhstan Environmental Pollution Damage Economic Evaluation Regulations" and other related laws, regulations and requirements. The Group aims to reduce its impact on the environment and natural resources via the followings: making good use of natural resources, improving comprehensive recycling ability of natural resources, reducing the consumption of natural resources and all kinds of waste emissions.

The Group aims to establish the concept of conserving resources, reducing waste emissions, protecting the ecological environment, increasing investment in new technology, formulating policies on improving the level of enterprise technology for comprehensive utilization of resources, technology innovation, energy conservation and emissions reduction, constantly promoting enterprise to improve resource utilization efficiency, environmental protection compliance in accordance with the laws and regulations, contained improving of the regional environment as well as improving sustainable health development.

(四) 環境及天然資源

本集團為石油開採企業，在石油開採過程中會消耗礦產資源，佔用土地等天然資源。本集團嚴格按照《中華人民共和國礦產資源法》、《中華人民共和國土地管理法》、《中華人民共和國環境保護法》、《哈薩克斯坦國家環境保護法》、《哈薩克斯坦環境污染傷害經濟評價法規》等相關法律法規要求，依法獲得、使用天然資源，不斷提高天然資源綜合回收循環利用能力，減少對天然資源的消耗和各類廢棄物排放，降低集團營運對環境和天然資源的重大影響。

集團致力於建立全員重視資源節約、減少廢棄物排放、保護生態環境的企業理念，加大對新技術、新工藝的投資力度提高企業工藝技術水平，制定綜合利用資源、技術迎新、節能減排的激勵政策和具體措施，不斷推動企業實現資源利用高效節約、環境保護依法合規，區域環境不斷得到改善的可持續健康發展之路。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

III. Operational practices

三、營運慣例

(1) Supply chain management

(一) 供應鏈管理

The Group continuously optimized its supply chain management and established a comprehensive management mechanism for supplier access, selection, review and withdrawal. The Group has established relationships with 441 suppliers comprising 195 Chinese suppliers and 246 overseas suppliers (Kazakhstan and other countries). The Group adopts a prudent attitude and strict standards on supplier selection. Not only do we value product quality, service level, business ethics, corporate reputation, but we also place importance on their social responsibility performance. At present, the Group's supply chain management is carried out in accordance with the "Contract Law of the People's Republic of China", "Laws and Regulations for Kazakhstan Underground Resources Users to Purchase Goods, Engineering and Services" and other laws of the countries where resources are located. The Group has updated and improved its "Policies Governing Tenders", the "Policies Governing Contracts", the "Policies Governing the Procurement of Goods", the "Policies Governing the Management of Materials" and the "Policies Governing the Early Implementation of Service Projects without Signing Contracts under Special Circumstances", together which provide a unified basis and procedures for the selection and management of suppliers and contractors. The Group has developed four supply chain management modules centered on tender management, contract management, material management and supplier management. During the process, suppliers and contractors are provided with an opportunity for participation based on openness, fairness and transparency. The Group puts forward the requirements of honesty, trustworthiness, legal operation, due attention to health, safety and environmental protection for our suppliers and contractors during prequalification, bidding, provision of products and services, and performance evaluation. At the same time, the Group also includes anti-bribery and anti-corruption clauses into contract terms, creating a clean environment for supply chain management.

本集團不斷優化供應鏈管理，建立了完整的供應商准入、使用、評審及退出的管理機制，2016年建立合作關係的供應商達441家，其中中國企業195家，國外企業246家（哈薩克斯坦及其他）。對供應商的選擇採取審慎的態度和嚴格的標準，不僅看重其產品質量、服務水平、商業道德、企業信譽，更重視其履行社會責任的表現。目前集團供應鏈管理依照《中華人民共和國合同法》、《哈薩克斯坦地下資源使用者採購商品、工程與服務法規》等資源所屬國法律開展。集團內部在管理上根據上述法律更新完善了《招標管理辦法》、《合同管理辦法》、《採購管理辦法》、《物資管理辦法》及《關於對特殊情況下未簽訂合同急需提前實施服務類項目的管理規定》，為供應商、承包商選擇及管理提供了統一的依據和程序標準。形成了以招標管理、合同管理、物資管理、供應商管理為中心的四大供應鏈管理模塊。操作過程中為供應商、承包商提供了「公開、公平、透明」的參與機會。在供應商、承包商投標資格預審、參與投標、提供產品和服務、績效評價等環節，集團提出誠實守信、依法經營，關注健康、安全、環保的要求；同時，集團還將行賄、反貪污條款納入合同條款內，為供應鏈管理創建一個綠色環境。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

The Group implements a unified order system and makes purchases in accordance with the “Purchase Plan Order” issued by the material services department. The relevant order would cover the budget amount, material model, service contents and specific time requirements, which subsequently makes the completion of remaining steps in the supply chain more smooth and efficient.

The Group selects vendors through tendering or price negotiations. During the procurement process, priority will be given to those suppliers that offer a more favorable price for a product of the same quality and also regular suppliers that have passed the Group’s yearly examination.

Input from multiple departments is tapped during the acceptance inspection and quality control process to more effectively control the quality of goods and services. To confirm the quality of purchased goods, joint acceptance inspection is conducted by the procurement department and also the relevant department that will use the goods. This is supplemented by quality feedbacks during use. For service projects, the safety, environmental protection, production, supervision and other relevant departments will submit their feedback onsite. A timely feedback system is implemented to receive information feedback during the process. Feedback and processing results are filed for review and integrated into yearly business evaluations.

To guarantee the overall quality of suppliers, the Group organizes an annual assessment of suppliers, based on their performance of contracts, standards and quality system certification, health, safety, environmental protection and other qualifications. The Group will issue warnings to or remove suppliers who have failed the assessment. The Group implements a dynamic management system of registered suppliers and any supplier who demonstrates serious non-compliance during the business collaboration or fails the assessment will be dismissed.

(2) Product responsibility

No information is disclosed as the indicators are not applicable to the industry to which the Group belongs.

本集團統一執行訂單制，即採購依據為物資服務發生部門申報的《採購計劃訂單》，訂單內容涵蓋採購預算金額、物資型號、服務內容及具體時間要求等，使後續供應鏈的完成更加順暢、高效。

本集團通過招標或議價的方式選擇商家，在採購過程中「同質、同價」優先考慮與往年合作過且通過年度考核合格的商家。

為更有效的把控物資、服務的質量關，在驗收及質量控制環節採取多部門介入方式開展工作。物資類採用聯合驗收的方式確認物資質量，即入庫前採購部門及使用部門的聯合驗收及使用過程中的質量反饋。服務類工程各部門現場簽署本部門驗收意見，即安全、環保、生產、監理及相關專業部門意見。對於使用過程的信息反饋，實行適時反饋制度，且反饋及處理結果存檔備查，納入年度商家考評。

為保障供應商整體質量，集團每年組織供應商年度評審，主要關注其履約情況、標準和質量體系認證情況，健康、安全、環保資質的持證情況等。對評審不合格的供應商，本集團給予警示或清退。集團對庫內供應商實施動態管理，對合作過程中違規情節嚴重的或評審不合格的實施清退。

(二) 產品責任

因本集團所屬行業不適用該類指標，因此不進行披露。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

(3) Anti-corruption

The Group has formulated and implemented policies such as the “Internal Audit System of MIE Holdings Corporation”, the “Audit System for Management Departures of MIE Holdings Corporation”, and “Special Audit (Interim) Policies of MIE Holdings Corporation” and distributed them to employees in 2015 in order to standardize the operation and management of the Group, strengthen internal control and audit supervision, ensure the safety and integrity of the Group’s property and materials, and ensure the smooth achievement of the Group’s objectives, provide reasonable guarantees for use of objective, truthful and effective management information by all levels of management, ensure that the business activities of various departments and units are carried out in accordance with the operating principles and policies of the Group and reduce operational risks and improve performance.

Whistleblowing, as one of the sources of information in the audit plan, is set out as part of the “Internal Audit System of MIE Holdings Corporation”. Whistleblowing methods includes correspondences, visits, telephone calls and internet submissions and the above-mentioned policy specifies the reporting hotline and email, and is distributed as a management policy among all employees for study and comprehension.

In 2016, the Group did not receive any reports of crimes such as duty-related crimes, bribery, extortion, blackmail, fraud and money laundering. According to the audit plan, the business operation department conducted a management investigation of correspondences and records, the expense management audit of Gobi Energy Company and other audits. It was found in the audit that the archive deadline, archive directory, archive person in charge and relevant ledgers needed to be improved upon, and the control exercised over expenses incurred or approved by the general manager of the project was insufficient. Relevant responsible persons and departments have been organized in line with the internal audit process for rectifications.

IV. Community participation

The Group takes an interest in the spiritual and cultural life of its employees and has organized a series of cultural and recreational activities including hiking, badminton, autumn outings and sports games which have been well received by employees. The Chinese New Year condolence activities were implemented and efforts were made to improve the working environment for staff, staff dorms, a canteen, and an activity room was provided and tea parties were held together with local villagers in villages where the Group has operations.

(三) 反貪污

為了規範本集團的經營管理，加強內部控制與審計監督，保障集團財產物資的安全、完整，保證經營目標的順利實現，為集團各級管理部門使用客觀、真實、有效的經營管理信息提供合理保障，保證各部門、各單位的經營活動按照本集團的經營方針、政策進行，降低經營管理風險，提高績效，本集團制定了《MI能源控股有限公司內部審計制度》、《MI能源控股有限公司管理人員離任審計制度》、《MI能源控股有限公司專項審計(暫行)管理辦法》等制度，並於2015年以制度手冊彙編的形式下發。

其中舉報問責作為審計計劃的信息來源之一包含於《MI能源控股有限公司內部審計制度》中，舉報方式包含來信舉報、來訪舉報、電話舉報和網絡舉報四種方式，並於制度中明確了舉報電話和郵箱，以制度形式下發要求全體員工學習瞭解。

2016年度，本集團未收到職務犯罪、賄賂、勒索、欺詐及洗黑錢等違法犯罪行為的任何舉報，按照審計計劃，企業運營部進行了往來信函檔案管理調研、戈壁能源公司費用管理審計等審計工作，審計發現制度流程中關於歸檔期限、歸檔資料目錄、歸檔環節責任人及相關台賬還有待完善，集團對項目總經理費用管控存在漏洞，根據內部審計流程已組織相關責任人、責任部門進行了整改工作。

四、社區參與

本集團關心員工的精神文化生活，組織了一系列文化娛樂活動，如爬山、羽毛球比賽、秋遊、趣味運動會等，得到了員工的廣泛響應。並開展春節慰問活動，著力改善員工工作環境、為員工提供員工宿舍、員工食堂、員工活動室，並與公司所在村莊居民舉行茶話會。

Management Discussion and Analysis

管理層討論及分析

Business Review and Prospects

Overview

2016 marked a volatile year in the oil markets with oil prices hitting multi-year lows in February before rising and stabilizing above US\$50/bbl as OPEC stepped in towards the end of the year with a commitment to cut production. The dramatic swings in crude oil prices reverberated around the world, prompting changes in both government spending and private sector investment.

Despite the challenging environment, we are pleased with the achievements made in managing and lowering our costs and the adaptability exhibited in executing our FY2016 work program. In particular, lifting costs in our China oilfields dropped 12.4% to US\$8.31/bbl and the production was also stabilized at a better than expected declined rate, while those of Emir Oil project in Kazakhstan decreased 38.5% to US\$2.25/bbl. The Group drilled total of 2 new wells in FY2016, in line with our original guidance, while work on Emir-Oil's Central Processing Facility ("CPF") completion was been deferred based on mutual agreement made between the shareholders. As of December 31, 2016, the Group operated a total of 2,610 wells, of which, 2,605 are located in China and 5 in the USA. In terms of overall overhead, the total headcount of the Group was reduced from approximately 1,700 as of year-end 2015 to 1,387 as of year-end 2016.

During 2016, the Group divested its stake in Asia Gas & Energy Ltd and a 60% stake in Palaeontol B.V. while acquiring a 37.4% stake in Journey Energy Inc. a Canada listed company and a 34% stake in PetroBroad Copower Limited ("PetroBroad"), a contractor with China National Offshore Oil Company ("CNOOC") who operates a production sharing contract in the South China Sea. Following the acquisition and divestment exercises of the Group, based on the year-end 2016 oil and gas reserves and resources estimates prepared by independent consultants, the Group's Proved+Probable ("2P") oil and gas reserves were 75.1 million BOE, representing a 45% decrease from year-end 2015. The decrease in the Group's 2P oil and gas reserves is largely attributable to the Group's asset sales.

業務回顧及前景

概覽

2016年是國際石油市場波動比較大的一年，油價在2月份大幅下跌，甚至跌至多年低點，然後在年底前又因受歐佩克減產協議預期的影響而不斷攀升，直至穩定在50美元／桶以上。原油價格的劇烈波動振盪全球，導致了政府支出和私營部門投資的改變。

儘管環境充滿挑戰，我們仍在加強管理和控制成本上取得了成就並在執行二零一六年工作計劃中展現出了應變能力。尤其是，我們中國區塊的採油成本降低了12.4%至8.31美元／桶並且產量也穩定在一個好於預期的遞減率上，哈薩克斯坦Emir-Oil項目的採油成本降低了38.5%至2.25美元／桶。二零一六年本集團合計完成鑽井2口，完鑽井數量和我們二零一六年度的指引一致，而雙方股東也一致同意推遲Emir-Oil油氣處理站的建設。截至二零一六年十二月三十一日，本集團的作業井數為2,610口，其中2,605口井位於中國，5口井位於美國。在管理費用方面，集團總人數從二零一五年底的約1,700人減少至二零一六年底的1,387人。

2016年本集團出售了亞洲天然氣全部股權以及Palaeontol B.V. 60%的權益，與此同時也收購了一家加拿大上市公司Journey Energy Inc. 37.4%的股份以及參股PetroBroad Copower Limited (「PetroBroad」) 34%的權益，PetroBroad與中國海洋石油總公司(「中海油」)在中國南海合作開發一項產品分成項目。本集團收購及出售項目後，基於獨立技術顧問對於二零一六年底油氣儲量及資源量所做的評估，本集團2P油氣儲量為7,510萬桶當量，相比二零一五年底降低45%。2P油氣儲量總量的降低很大程度，上是因本集團的資產出售。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The following table provides a recap of the Group's key operational metrics and product prices for the FY2016:

以下是本集團二零一六年全年的關鍵運營數據：

		FY2016 2016年	FY2015 2015年	% Change 變化比例	2016 Guidance 2016年指引
Average Daily Gross Production (barrels of oil equivalent/day)	日均油氣總產量 (桶當量/天)	18,359	20,430	(10.1)%	-
Average Daily Net Production (barrels of oil equivalent/day)	日均油氣淨產量 (桶當量/天)	10,184	11,153	(8.7)%	-
Average Daily Net Oil Production (barrels/day)	日均原油淨產量 (桶/天)	9,241	10,153	(9.0)%	9,240-10,540
Average Daily Net Gas Production (Mcf/day)	日均天然氣淨產量 (千立方英尺/天)	5,663	6,002	(5.6)%	6,100-7,100
Total Wells Drilled	總鑽井數(口)	2	3	(33.3)%	2

Notes:

說明：

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| (1) For reference purpose only, barrels of oil equivalent is calculated using the conversion factor of 6 Mscf of natural gas being equivalent to one barrel of oil | (1) 此處桶當量基於6千標準立方英尺天然氣=1桶原油的換算比例進行計算，僅供參考為目的 |
| (2) Gross Production means total production from all assets of the Group | (2) 總產量=本集團在各項目中的總產量 |
| (3) Net Production means entitled production from all assets of the Group | (3) 淨產量=本集團在各項目中的淨收益產量 |
| (4) Only consider first 11 months of FY2016 for Emir-Oil since 60% of equity has been sold during November 2016. | (4) 2016年前11月數據，因Emir-Oil項目60%股份已於二零一六年十一月售出 |

The following table is the summary of the expenditures incurred in our exploration, development and production activities for FY2016:

以下是本集團二零一六年度發生的勘探、開發及生產支出的匯總數據：

(millions of RMB) (人民幣百萬元)		Exploration expenditures 勘探支出	Development expenditures 開發支出	Production/ operating expenditures 生產成本
China Onshore Projects (Daan, Moliqing)	中國陸地項目(大安、莫里青)	-	14	102
Kazakhstan (Emir-Oil) ⁽¹⁾	哈薩克斯坦	77	3	30
USA (Condor)	美國(Condor)	-	-	4
Total	合計	77	17	136

Note:

說明：

- | | |
|--|---|
| (1) Only consider first 11 months of FY2016 for Emir-Oil since 60% of equity has been sold during November 2016. | (1) 2016年前11月數據，因Emir-Oil項目60%股份已於二零一六年十一月售出。 |
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Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Review of Operations by Segment

• China Operations

Oil Projects (Jilin Province: Daan, Moliqing)

During FY2016, total gross operated production for our two China oil projects, Daan and Moliqing, decreased 12.0% to 14,031 BOPD, as compared to FY2015. Total net production allocated to the Group decreased by 12.2% to 5,872 BOPD, which is within the 2016 annual guidance range of 5,600–6,300 BOPD. In line with the decline in global crude oil prices, the average realized Daqing oil price averaged approximately US\$36.73/bbl for FY2016, representing a decrease of 21.3% year-on-year, compared to US\$46.65 for FY2015.

Based on the Group's strategic scale back of capital expenditures ("Capex"), no new wells were drilled for the China oil projects in FY2016. Total net Capex relating to sidetrack horizontal wells, converting development wells to injection wells and other surface engineering incurred was US\$4 million.

Direct lifting costs for Daan and Moliqing decreased US\$1.18/barrel, or 12.4%, from US\$9.49/barrel for FY2015 to US\$8.31/barrel for FY2016 as a result of lower transportation and staff costs costs, as well as enhanced operational efficiency and maintenance scheduling adjustments.

EBITDA per barrel for our Northeast China projects decreased by US\$9.21/barrel, or 29.1%, from US\$31.66/barrel for FY2015 to US\$22.45/barrel for FY2016. The decline in EBITDA per barrel was primarily due to the drop in average realized oil price, which was partially offset by the decrease in direct lifting cost.

• Kazakhstan Operations (Emir-Oil)

During the 11 months of 2016, gross oil production for Emir-Oil decreased to 3,328 BOPD, 2.5% lower as compared to FY2015, and below the 2016 annual guidance range of 3,600–4,200 BOPD. Gross gas production decreased 5.0% to 5,598 MSCF/day during the first 11 months of 2016, which is also below the 2016 annual guidance of 6,000–7,000 MSCF/day.

分區域業務運營回顧

• 中國業務區

原油項目(吉林省：大安、莫里青)

二零一六年，我們位於中國的大安、莫里青兩個原油項目總的作業產量較之二零一五年同期減少12.0%至14,031桶/天。歸屬於本集團的份額原油產量減少12.2%至5,872桶/天，符合2016年度日產5,600–6,300的指引。隨著全球原油價格的下跌，中國項目二零一六年平均實現油價較之二零一五年同期的46.65美元/桶下降21.3%至36.73美元/桶。

基於公司策略性地縮減資本開支，中國項目在二零一六年沒有鑽取任何新井。側鑽水平井、油井轉注水井及地面工程部分所發生的淨資本開支為4百萬美元。

由於運輸費、人員費等的下降以及更高運營效率和維護修理計劃調整，大安和莫里青項目的直接採油成本從二零一五年的9.49美元/桶下降1.18美元/桶，或者12.4%至二零一六年的8.31美元/桶。

中國東北項目的EBITDA從二零一五年的31.66美元/桶下降9.21美元/桶，或者29.1%至二零一六年的22.45美元/桶。EBITDA下降的主要原因在於平均實現油價的下降，但直接採油成本的下降部分抵銷了油價的下跌。

• 哈薩克斯坦業務(Emir-Oil)

Emir-Oil 2016年前11個月的日均原油作業產量較之2015年減少2.5%至3,328桶/天，低於2016年度日產3,600–4,200桶/天的指引。Emir-Oil的日均氣作業產量2015年同期降低5.0%至5,598千立方英尺/天，低於2016年度日產6,000–7,000千立方英尺/天的指引。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

For the first 11 months of 2016, the average realized oil price for Emir-Oil was US\$34.85/barrel (FY2015: US\$43.95/barrel), with export sales comprising 86% of total sales volume (FY2015: 88%). The average realized export price was US\$38.39/barrel (FY2015: US\$48.41/barrel) while the average realized domestic price was US\$13.25/barrel (FY2015: US\$12.02/barrel). Average realized gas price was US\$0.78/MSCF (FY2015: US\$0.95/MSCF).

The direct lifting cost for Emir-Oil decreased by US\$1.41/barrel, or 38.5%, from US\$3.66/barrel for FY2015 to US\$2.25/barrel for the first 11 months of 2016. The decrease in lifting cost was primarily due to the operation of higher efficiency wells, reduction in administrative expenses, depreciation of Tenge and higher operational efficiencies.

EBITDA per barrel for the export sales oil of Emir-Oil increased by US\$8.74/barrel, or 437%, from US\$2.00/barrel for FY2015 to US\$10.74/barrel for the first 11 months of 2016. The EBITDA per barrel for the domestic sales oil of Emir-Oil increased by US\$9.70/barrel, or 184%, from US\$(5.29)/barrel for FY2015 to US\$4.42/barrel for the first 11 months of 2016. Weighted average EBITDA per barrel for Emir-Oil increased by US\$9.08/barrel, or 1681%, from US\$0.54/barrel for FY2015 to US\$9.62/barrel for the first 11 months of 2016. The increase in EBITDA per barrel was primarily due to the decrease in taxes, distribution and administrative expense and employee compensation costs, as well as lower lifting costs.

In FY2016, Emir-Oil completed 2 exploration wells, Dolinnoe-8 and Yessen-3, as per the requirements under its exploration license. Logs of both wells indicate oil and gas shows, and plans are for these wells to be tested in 2017. Total Capex for Emir-Oil incurred in FY2016 amounted to about US\$12 million, which was mainly related to the drilling of the two wells. As agreed between both shareholders, work on Emir-Oil's CPF construction has been deferred.

In January 2017, Emir-Oil and the Kazakhstan Ministry of Energy executed an agreement extending the expiration date of the Aksaz-Dolinnoe-Emir-Kariman ("ADEK") Exploration Contract by three years to January 9, 2020. Under the terms of the contract extension, Emir-Oil will have to drill 6 exploration wells. Based on incremental reserves and resources attributable to prior exploration work within the ADEK area, the Group is excited about the upside potential provided by this exploration contract extension.

於2016年前11月，Emir-Oil的平均實現油價為34.85美元／桶(2015年：43.95美元／桶)，其中出口原油佔銷量的86%(2015年：88%)。出口原油實現價格為38.39美元／桶(2015年：48.41美元／桶)，而內銷原油價格為13.25美元／桶(2015年：12.02美元／桶)。Emir-Oil平均實現氣價為0.78美元／千立方英尺(2015年：0.95美元／千立方英尺)。

Emir-Oil的直接採油成本從二零一五年的3.66美元／桶下降了1.41美元／桶(或38.5%)至二零一六年前11個月的2.25美元／桶。採油成本的下降主要歸功於高產井的運行，管理成本的削減，堅戈貨幣貶值以及操作效率提高。

Emir-Oil原油出口銷售的EBITDA從二零一五年的2.00美元／桶增加8.74美元／桶(或437%)，增至二零一六年的10.74美元／桶。Emir-Oil國內原油銷售的EBITDA從二零一五年的(5.29)美元／桶增加9.70美元／桶(或184%)，增至二零一六年的4.42美元／桶。Emir-Oil的加權平均EBITDA從二零一五年的0.54美元／桶增加9.08美元／桶(或1681%)，增至二零一六年的9.62美元／桶。每桶EBITDA的增加主要是由於稅項、銷售和管理費用及員工薪酬成本及採油成本的減少。

二零一六年度，Emir-Oil按勘探許可的要求完鑽2口勘探井，Dolinnoe-8和Yessen-3。兩口井的綜合錄顯示油氣，我們計劃在2017年對這兩口井進行測試。二零一六年度，Emir-Oil發生的資本開支約為1,200萬美元，主要是完鑽2口井。雙方股東也一致同意推遲Emir-Oil油氣處理站的建設。

二零一七年一月份，Emir-Oil與哈薩克斯坦能源部簽署了將Aksaz-Dolinnoe-Emir-Kariman(「ADEK」)勘探合同延期三年至二零二零年一月九日的協議。按勘探合同延期的條款，Emir-Oil需要鑽6口勘探井。基於ADEK區塊所有的豐富儲量及資源量，本集團樂見此次勘探合同的延期。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

• USA Operations (Condor) and Others

There were no drilling activities during FY2016 in our US business. The Group's subsidiary, Condor Energy Technology LLC ("Condor"), operates 5 horizontal wells in the Niobrara project. For FY2016, the average daily operated oil and gas production was 53BOPD and 81MSCF/day, net oil and gas production was 41 BOPD and 65 MSCF/day, respectively. Average realized oil and gas price was US\$37.77/barrel and US\$2.30/MSCF, respectively.

• 美國業務(Condor)及其他

於二零一六年，本公司在美國Niobrara項目沒有新的鑽井活動，目前本公司通過附屬公司Condor Energy Technology LLC(「Condor」)在美國Niobrara項目共操作5口水平井。二零一六年Niobrara項目的日均原油和天然氣作業產量分別為53桶/天和81千立方英尺/天，淨產量分別為41桶/天和65千立方英尺/天，平均實現油價和氣價分別為37.77美元/桶和2.30美元/千立方英尺。

Review of Reserves and Resources

Below are the highlights of the oil and gas reserves and resources review results for the Group at year-end 2016, as conducted by independent consultants:

1. Comparing with year-end 2015, the Group total net Proved ("1P") oil and gas reserves as of year-end 2016 decreased by 28% to 37.0 million barrels of oil equivalents ("BOE"), while total net Proved + Probable ("2P") oil and gas reserves decreased 45% to 75.1 million BOE, and total net Proved + Probable + Possible ("3P") oil and gas reserves decreased 48% to 93.5 million BOE.
2. The Group's net 1P oil reserves for 2016 decreased 35% to 29.1 million barrels, while 2P net oil reserves decreased 49% to 62.1 million barrels and 3P net oil reserves decreased 51% to 78.9 million barrels respectively. The decrease in 1P net oil reserves, which is 16.02 million barrels, reflects the combined impact of the Group's 2016 total net oil production of 3.27 million barrels, plus the divestment of 60% interest in Emir-Oil, and the Group's greatly reduced drilling program in 2016 for the China oilfields and Emir-Oil.
3. Decreases in reserves are partially offset by the Group's acquisition during 2016 of a 37.4% stake in Journey Energy Inc. ("Journey"), a Canadian exploration and production company. Journey has gross 1P oil and gas reserves as of year-end 2016 of 30.1 million BOE, and gross 2P oil and gas reserves of 47.8 million BOE. On this basis, the Group's net share of reserves in Journey is 11.3 million BOE for 1P oil and gas reserves and 17.9 million BOE for 2P oil and gas reserves respectively.

儲量及資源量回顧

根據獨立顧問評估，本集團二零一六年末油氣儲量及資源量評估的要點如下：

1. 與2015年末相比，本集團於2016年年末折合成桶油當量的淨探明(1P)油氣儲量減少28%至3,700萬桶當量，淨探明+概算(2P)油氣儲量減少45%至7,510萬桶當量，淨探明+概算+可能(3P)油氣儲量減少48%至9,350萬桶當量。
2. 於2016年末，本集團淨的1P原油儲量較之2015年末減少35%至2,910萬桶，2P原油儲量較之2015年末減少49%至6,210萬桶，3P原油儲量較之2015年末減少51%至7,890萬桶。本集團淨的1P原油儲量減少1,602萬桶主要是受以下幾個方面的綜合影響，即本集團於2016年淨產出原油327萬桶，出售Emir-Oil 60%的股權，以及本集團於2016年在中國油田和Emir-Oil大幅縮減鑽井工作量。
3. 2016年本集團收購一家加拿大勘探和生產公司即Journey Energy Inc. (「Journey」)之37.4%的股份也在部分程度上沖抵了本集團儲量的下滑。於2016年末，Journey總的1P油氣儲量為3,010萬桶當量，總的2P油氣儲量儲量為4,780萬桶當量。在此基礎上，本集團於Journey擁有的淨的1P和2P油氣儲量分別為1,130千萬桶當量和1,790萬桶當量。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

4. Based on the year-end 2016 reserves estimates reviewed by the independent consultants, the net present value, before tax and discounted at 10% (“NPV10”), of the Group Net 2P oil and gas reserves is approximately US\$881 million, which represents a 46% decrease from the NPV10 of US\$1.64 billion reported at year-end 2015. This decrease is in line with the continued low oil price environment and strategic asset sales completed by the Group.
4. 根據獨立顧問評估的結果，若按照10%稅前貼現率進行計算，本集團於2016年末2P油氣儲量的稅前淨現值(NPV10)約為8.81億美元，較之2015年末的16.4億美元減少了46%。這種減少與持續低迷的油價和本集團戰略性剝離資產是息息相關的。

The following were the prices used to determine the reserves and resources at the year-end of FY2015 and FY2016:

以下是確定二零一五年末及二零一六年末儲量及資源量所用的價格：

Segment 區域	Basin 盆地	FY2015 2015年底	FY2016 2016年底
China — Gobi Energy/Riyadh Energy	Songliao/Jiayi	Escalated price profile based on average price projections published by Sproule and McDaniel and Associates Consultants Ltd (January 2016) for WTI Crude (US\$45/bbl for FY2016 and escalating thereafter). A US\$2.55/bbl differential between Daqing and WTI was applied to this average price projection.	Escalated price profile based on price projections published by Moody's Analytics for WTI Crude. An average differential for 2016 between WTI Cushing Spot and Daqing of -\$5.94 was used. The differential is assumed to remain constant in the future. Gas price for Moliqing is set by CNPC and is assumed to not be escalated.
中國 — 戈壁/利雅得	松遼/佳伊	按加拿大石油諮詢公司 Sproule 及 McDaniel and Associates Consultants Ltd 2016年1月公布的WTI原油上漲價格預期的平均價格(2016年油價為45美元/桶，之後每年上漲)。平均價格預測適用大慶和WTI原油之間2.55美元/桶的價差	按照穆迪分析公布的WTI原油價格預測。採用2016年WTI庫欣交貨點和大慶原油價格平均差-5.94美元。該差別假定在未來保持不變。天然氣價格是由中國石油天然氣集團公司規定，在報告中被假定為不可增長

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Segment 區域	Basin 盆地	FY2015 2015 年底	FY2016 2016 年底
Kazakhstan — Emir-Oil	Mangistau	Export oil at escalated price profile based on average price projections published by Sproule and McDaniel and Associates Consultants Ltd (January 2016) for Brent Crude (US\$46.25/bbl for FY2016 and escalating thereafter). Domestic oil price forecast based on actual domestic sales price per relationship with Brent and trend related year 2014 and 2015. Domestic gas price based on actual sales prices net of VAT in 2015 (US\$0.85/MSCF).	Export oil at escalated price profile based on price projections published by Moody's Analytics for Brent Crude which has been estimated to be \$58.00/Stock Tank Barrel in 2017. Domestic oil price reduced by VAT 12% resulting in \$17.98/Stock Tank Barrel in 2017. The price is forecast to gradually increase related to Brent price. Domestic gas price \$0.77/MSCF has been utilized for solution gas sales and assumed to be constant throughout the report.
哈薩克斯坦 — Emir-Oil	Mangistau	外銷原油價格按加拿大石油諮詢公司 Sproule 及 McDaniel and Associates Consultants Ltd 2016 年 1 月公布的布倫特原油上漲價格預期的平均價格 (2016 年油價為 46.25 美元/桶，之後每年上漲)。內銷原油價格按 2014 和 2015 年內銷原油和布倫特原油的價格關係及趨勢。內銷氣價按 2015 年實際銷售價格扣除增值稅 (0.85 美元/千立方英尺)	外銷原油價格按穆迪分析公布的布倫特原油逐步增長的價格預期，2017 年為外銷油價 58 美元/桶。2017 年內銷油價為減去 12% 的增值稅為 17.98 美元/桶。內銷氣價按 0.77 美元/千立方英尺，在報告中保持恒定
US-Condor	Niobrara	Escalated price profile based on average price projections published by Sproule and McDaniel and Associates Consultants Ltd (January 2016) for WTI (US\$45/bbl for FY2016 and escalating thereafter). Appropriate oil and gas price offsets were determined by examining Condor's current oil and gas sales contracts and comparing them to historical prices Condor has actually received.	Escalated price profile based on price projections published by Moody's Analytics. Appropriate oil and gas price offsets were determined by examining Condor's current oil and gas sales contracts and comparing them to historical prices Condor has actually received. The realized price is estimated to be \$48.46/ Stock Tank Barrel in 2017.
美國 — Condor	Niobrara	按加拿大石油諮詢公司 Sproule 及 McDaniel and Associates Consultants Ltd 2016 年 1 月公布的 WTI 原油上漲價格預期的平均價格 (2016 年油價為 45 美元/桶，之後每年上漲)。通過檢查 Condor 目前原油和天然氣銷售協議，並比較歷史的實際價格，確定適當的原油和天然氣價格抵銷	按穆迪分析公布的 WTI 原油逐步增長價格預測。通過檢查 Condor 目前原油和天然氣銷售協議，並比較歷史的實際價格，確定適當的可實現原油和天然氣價格。2017 年實現原油銷售價格為 \$48.46/桶

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Segment 區域	Basin 盆地	FY2015 2015年底	FY2016 2016年底
Canada — Journey	Western Canadian	—	Forecast pricing used is the average of the published price forecasts for GLJ Petroleum Consultants Ltd., Sproule Associates Ltd. and McDaniel & Associates Consultants Ltd. as at December 31, 2016. It is estimated to be \$55.00/Stock Tank Barrel WTI Cushing Oklahoma in 2017.
加拿大 — Journey	加拿大西部	—	預測價格是根據GLJ石油顧問有限公司，Sproule和McDaniel三家諮詢公司於2016年12月31日公布的價格預測的平均值。2017年WTI庫欣奧克拉荷馬原油價格為55.00/桶

FY2017 Guidance

The following is our preliminary guidance for FY2017. The Group will closely monitor the situation and we may revise our work program as warranted in a timely fashion, based on changes in oil prices. We believe it is very important to maintain a high degree of flexibility in order to ensure the stability and profitability of our business in this current volatile oil price environment.

二零一七年指引

以下是本集團二零一七年度初步的指引，我們會適時地根據國際油價的變化調整我們的工作計劃。我們相信保持這樣的靈活度對於保障本集團的安全平穩運營及盈利能力非常重要。

	Interest (%) 權益(%)	Numbers of Wells (Gross) 鑽井數量(總)	Group Net Capex Investment (millions of US\$) 集團資本 開支投資淨額 (百萬美元)	Net Production 淨產量	Comments 註釋
China Onshore Projects (Daan, Moliqing) 中國陸地項目 (大安、莫里青)	90%	17	\$17	5,500–6,000 BOPD	<ul style="list-style-type: none"> 15 wells in Daan 2 wells in Moliqing
China Offshore Project (28/03 Block) 中國海上項目(28/03區)	34%	—	—	—	
Canada (Journey Energy) 加拿大(Journey Energy)	33.6%	14	—	3,394–3,528 BOED (49% liquids)	
USA (Condor) 美國(Condor)	100%	—	—	30 BOPD 50 MCFD	
	100%	—	—	30桶/天50千立方英尺/天	
Group Total 集團總計		31	\$17	8,932–9,566 BOED	
		31	\$17	8,932–9,566桶當量/天	

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL RESULTS

The Group's management and shareholders approved the disposal of 60% equity interest in PBV on June 20, 2016. Emir-Oil, which is located in Kazakhstan, is the 100% wholly-owned subsidiary of PBV (collectively, the "PBV Group"). The Kazakhstan operation is recognized as a disposal group and discontinued operation as at December 31, 2016, as Emir-Oil represents the business in Kazakhstan segment, which is a major line of business of the Group. Emir-Oil's operating results from the Kazakhstan operation were recorded as a loss for the period from discontinued operations, and were not included in the results of continuing operations.

Continuing operations

Revenue

The Group's revenue is generated from sales of oil and gas products and rendering of technical services.

The Group's revenue from sales of oil and gas decreased by RMB189.2 million, or 26.5%, from RMB713.5 million for 2015 to RMB524.3 million for 2016.

This decrease was mainly due to the significant drop in crude oil prices over 2016 as well as the decrease of the Group's overall sales volumes. Average realized oil price was US\$36.74 per barrel for 2016, compared to US\$46.6 per barrel for 2015. The Group's total crude oil sales volume was 2.14 million barrels for 2016, compared to 2.46 million barrels for 2015.

The Group's revenue from rendering of technical services is RMB10.6 million for 2016.

- **China**

Revenue from our China oil fields decreased from RMB707.1 for 2015 to RMB 519.6 million for 2016. The average realized oil price was US\$36.73 per barrel for 2016, compared to US\$46.65 per barrel for 2015. Our sales volume was 2.12 million barrels for 2016, compared to 2.44 million barrels for 2015.

- **North America**

In 2016, our North America oil fields realized revenue from crude oil sales of RMB3.9 million. The average realized oil price was US\$37.77 per barrel, with sales volume of 15,328 barrels. In 2015, our North America oil fields realized revenue

經營業績

本集團之管理層及股東於二零一六年六月二十日批准處置荷蘭PBV公司60%的權益。Emir-Oil，位於哈薩克斯坦，是PBV的100%全資子公司（統稱，「PBV集團」）。由於Emir-Oil代表哈薩克斯坦分部業務，所以哈薩克斯坦業務於二零一六年十二月三十一日被視為一個處置集團和非持續經營業務。Emir-Oil的經營業績，未含在持續經營業績中。

持續經營

收益

本集團收益主要來自於銷售石油和天然氣產品及提供技術服務。

本集團的油氣銷售收益，由二零一五財務年度人民幣7.135億元減少人民幣1.892億元或26.5%至二零一六財務年度人民幣5.243億元。

該減少主要是由於二零一六財務年度原油價格大幅下跌以及集團整體銷量的降低。二零一六財務年度平均實現油價為每桶36.74美元，較之於二零一五財務年度則為每桶46.6美元。二零一六財務年度原油總銷量為214萬桶，較之於二零一五財務年度則為246萬桶。

二零一六財務年度本集團來自於提供技術服務的收益為人民幣1,060萬元。

- **中國**

我們的中國油田實現收益，由二零一五財務年度人民幣7.071億元減少至二零一六財務年度人民幣5.196億元。二零一六財務年度平均實現油價為每桶36.73美元，較之於二零一五財務年度為每桶46.65美元。二零一六財務年度，我們的銷量為212萬桶，較之於二零一五財務年度為244萬桶。

- **北美**

二零一六財務年度，我們的北美油田實現石油銷售收益人民幣390萬元。平均實現油價為每桶37.77美元，銷量為15,328桶。二零一五財務年度，我們的

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

from crude oil sales of RMB5.1 million. For 2015, the average realized oil price was US\$40.68 per barrel, with sales volume of 20,085 barrels.

Our North America operations realized revenue from gas sales of RMB0.2 million, with a realized gas price of US\$2.30 per MSCF and total gas sales volume of 13,981 MSCF for 2016. In 2015, revenue from gas sales of RMB0.3 million was recorded from realized gas price of US\$2.61 per MSCF and total gas sales volume of 20,124 MSCF.

北美油田實現石油銷售收益人民幣510萬元。二零一五財務年度，平均實現油價為每桶40.68美元，銷量為20,085桶。

二零一六財務年度，我們的北美業務實現天然氣銷售收益人民幣20萬元，實現天然氣價格為每千標準立方英尺2.30美元，天然氣總銷量為13,981千標準立方英尺。二零一五財務年度，天然氣銷售收益人民幣30萬元，實現天然氣價格為每千標準立方英尺2.61美元，天然氣總銷量為20,124千標準立方英尺。

Depreciation, depletion and amortization

The Group's depreciation, depletion and amortization decreased by RMB156.3 million, or 30.0%, from RMB520.2 million for 2015 to RMB363.9 million for 2016. The decrease in depreciation, depletion and amortization was mainly due to: (i) the decrease in sales and production volumes in 2016; (ii) RMB763.8 million and RMB153.3 million impairment provision for the oil and gas properties made in 2015 and in 2016 decreased the net book value and depreciable amount of the company's property, plant and equipment.

Taxes other than income taxes

The Group's taxes other than income taxes decreased by RMB9.9 million, or 42.5%, from RMB23.3 million for 2015 to RMB13.4 million for 2016. The following table summarizes taxes other than income taxes for 2016 and 2015:

折舊、耗損及攤銷

本集團的折舊、耗損及攤銷由二零一五財務年度人民幣5.202億元減少人民幣1.563億元或30.0%至二零一六財務年度為人民幣3.639億元。折舊、耗損及攤銷減少主要由於：(i) 二零一六財務年度銷量和產量的減少；(ii) 在二零一五年和二零一六年油氣資產分別計提減值人民幣7.638億元和人民幣1.533億元，減少了油氣資產的賬面淨值和應計提折舊的金額。

稅項(所得稅除外)

本集團的稅項(所得稅除外)由二零一五財務年度人民幣2,330萬元減少人民幣990萬元或42.5%至二零一六財務年度為人民幣1,340萬元。下表總結截至二零一六年十二月三十一日及二零一五年十二月三十一日的稅項(所得稅除外)：

		Year ended December 31, 截止十二月三十一日止年度	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
PRC	中國		
Urban construction tax and education surcharge	城市建設稅及教育附加費	2,839	3,849
Others	其他	96	484
		2,935	4,333
Corporate and other segment	總部及其他分部		
Withholding tax and others	代扣代繳稅及其他	10,479	18,998
		13,414	23,331

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

China

The Ministry of Finance of the People's Republic of China ("MOF") announced that the threshold of the special oil income levy was revised from US\$55 to US\$65 per barrel, effective from January 1, 2015. As no sales were realized at or above US\$65 per barrel during 2016, no special oil levy was incurred for our China oilfields.

Corporate

Withholding Tax

Withholding tax represents accrual of withholding tax on interest charged on intercompany loans.

Employee compensation costs

The Group's employee compensation costs decreased RMB10.5 million, or 7.3%, from RMB143.8 million for 2015 to RMB133.3 million for 2016. The decrease in employee compensation costs was primarily due to (i) a reduction of headcount during 2016 which caused wages, salaries and allowances to decrease by RMB4.5 million; and (ii) a decrease in stock appreciation right liabilities of RMB11.2 million as a result of lower share price at the year-end.

Purchases, services and other expenses

Our purchases, services and other expenses decreased RMB15.4 million, or 12.7%, from RMB121.0 million for 2015 to RMB105.6 million for 2016. The decrease in purchase, services and other expenses was primarily due to the decrease in production and sales during 2016.

Distribution expenses

The Group's distribution expenses decreased RMB2.3 million, or 11.2%, from RMB20.5 million in 2015 to RMB18.2 million in 2016. The decrease in distribution expenses was primarily due to the decrease in sales during 2016.

General and administrative expenses

The Group's general and administrative expenses decreased RMB31.5 million, or 31.8%, from RMB99.2 million for 2015 to RMB67.7 million for 2016. The decrease in administrative expenses was primarily due to consulting fee of RMB9.9 million, technical services fee of RMB7.6 million and legal fee of RMB4.5 million for potential project acquisition in 2015.

中國

中華人民共和國財政部發布通知修訂石油特別收益金徵稅的稅基從55美金／桶到65美金／桶，自二零一五年一月一日生效。由於二零一六財務年度實現油價沒有超過每桶65美金，沒有產生石油特別收益金。

總部

代扣代繳稅

代扣代繳稅指就公司間貸款利息應計提的代扣代繳稅。

員工薪酬成本

本集團的員工薪酬成本由二零一五財務年度的人民幣1.438億元降低人民幣1,050萬元或7.3%至二零一六財務年度的人民幣1.333億元。員工薪酬成本減少主要由於：(i) 二零一六財務年度員工總數減少導致工資、薪金及津貼減少人民幣450萬元；(ii) 年底集團重新估算了股票增值權的公允價值，由於公司股票價格下跌，股票增值權減少人民幣1,120萬元。

採購，服務及其他費用

本集團的採購，服務及其他費用由二零一五財務年度的人民幣1.210億元降低人民幣1,540萬元或12.7%至二零一六財務年度的人民幣1.056億元。採購，服務及其他費用的減少主要由於二零一六財務年度產量和銷量的減少。

銷售費用

本集團的銷售費用由二零一五財務年度的人民幣2,050萬元減少人民幣230萬元或11.2%至二零一六財務年度的人民幣1,820萬元。銷售費用的減少主要由於二零一六財務年度銷量減少。

管理費用

本集團的管理費用由二零一五財務年度的人民幣9,920萬元減少人民幣3,150萬元或31.8%至二零一六財務年度的6,770萬元。管理費用的降低主要由於二零一五財務年度為潛在收購項目發生的顧問費人民幣990萬元，技術服務費人民幣760萬元和律師費人民幣450萬元。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Impairment charges

Due to significant lower global oil prices in 2016, the Group recognized: (i) impairment charge amounting to RMB150.3 million and RMB3.0 million on the long-live assets (including mineral extractions rights) relating to assets in the PRC and North America respectively, to reflect their carrying value to the respective estimated recoverable amount calculated based on value-in-use; and (ii) an impairment charge amounting to RMB81.3 million on the investment in PetroBroad.

Other (losses)/income

The Group incurred other income of RMB297.8 million for 2016, compared to other loss of RMB47.9 million for 2015. Other income for 2016 arose primarily from: (i) gain on disposal of AGE of RMB526.1 million in July 2016; (ii) gains arising from acquisition of Journey of RMB29.8 million; (iii) provision for bad debts of RMB252.8 million due to long aging receivables and less collectibility; and (iv) losses on derivative financial instruments of RMB19.6 million. Other loss for 2015 includes mainly: (i) provision for bad debts of RMB84.4 million; (ii) gain on acquisition of Condor 20% equity interest and debt restructure between Condor, PEDEVCO Corp. and MIE Jurassic Energy Corporation of RMB29.4 million.

Finance income/(costs), net

The Group's finance income decreased by RMB2.1 million, or 10.7%, from RMB19.6 million for 2015 to RMB17.5 million for 2016.

Finance cost decreased by RMB37.4 million, or 8.5%, from RMB441.4 million for 2015 to RMB404.0 million for 2016.

Share of profit of associate

The Group holds a 34.0% interest in PetroBroad which was purchased in May 2016, 37.4% interest in Journey which was purchased in September 2016, and 40.0% in PBV (60.0% of which was sold in November 2016). These investments are accounted for as associates by the Group and our share of profit of amounted to RMB35.7 million in 2016.

減值損失

由於二零一六年全球石油價格大幅下跌，本集團確認：(i) 關於在中國和北美的長期資產(包括礦區勘探權)減值損失分別為人民幣1.503億元和人民幣300萬元，根據使用價值計算的估計可收回金額反映其賬面價值；(ii) 於二零一六年五月收購的博道長和，對其投資的減值損失總計人民幣8,130萬元。

其他(虧損)/收益

二零一六財務年度，本集團錄得其他收益人民幣2.978億元，二零一五年度之其他損失為人民幣4,790萬元。二零一六財務年度的其他收益主要來自於：(i) 2016年7月處置亞洲天然氣的收益人民幣5.261億元；(ii) 收購Journey利得人民幣2,980萬元；(iii) 對長期賬齡及回收性小的應收賬款計提壞賬損失人民幣2.528億元(iv) 石油套期保值損失人民幣1,960萬元。二零一五財務年度其他損失主要包括：(i) 計提壞賬準備8,440萬元，(ii) 收購Condor 20%股權的收益和Condor, PEDEVCO Corp及MIE Jurassic Energy Limited債務重組利得人民幣2,940萬元。

淨財務收入/(成本)

本集團的財務收入由二零一五財務年度的人民幣1,960萬元減少人民幣210萬元或10.7%至二零一六財務年度的人民幣1,750萬元。

本集團的財務成本由二零一五財務年度的人民幣4.414億元減少人民幣3,740萬元或8.5%至二零一六財務年度的人民幣4.04億元。

享有聯營企業盈利份額

本集團持有2016年5月份購買的PetroBroad和34%的股權，2016年9月份購買的Journey 37.4%的股權，以及40% PBV的股權，(在2016年11月份出售了PBV 60%的股權)。該股權投資在本集團按照聯營公司核算，2016年佔有聯營公司盈利份額為人民幣3,570萬元。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Share of loss of joint ventures

The Group held a 51% interest in SGE before July 2016. This investment was accounted for as a joint venture by the Group and our share of loss of SGE decreased for the period from RMB26.6 million in 2015 to RMB3.4 million for January to July 2016. This is mainly due to lower losses incurred by SGE as SGE realized pilot gas sales in 2016.

Loss before income tax

The Group's loss before income tax was RMB458.0 million for 2016, compared to the loss before income tax of RMB1,467.3 million for 2015. This was primarily due to the cumulative effects of the above factors.

Income tax expense

The Group recorded an income tax expense of RMB147.2 million for 2016, compared to an income tax credit of RMB121.1 million for 2015. This change was primarily due to (i) the tax from the gain on disposal of Pan-China Resources Ltd. in 2014 and AGE in 2016 of RMB63.8 million and RMB54.1 million respectively; and (ii) the increase in loss before income tax in 2016. The effective tax rate for 2016 is -32% compared to an effective tax rate for 2015 of 8%.

Loss for the year from continuing operations

As a result of the foregoing, our net loss for 2016 was RMB605.1 million, compared to a net loss of RMB1,346.1 million for 2015.

Loss for the year from discontinued operations

The Group's net loss for 2016 from discontinued operations was RMB717.1 million, representing the net loss from our Kazakhstan operations, which is recognized as a disposal group and discontinued operation, compared to the net loss of RMB179.1 million for 2015. This change was primarily due to: (i) loss from disposal of 60% equity interest in PBV of RMB358.7 million; (ii) impairment of oil & gas property and intangible assets of RMB335.6 million for 2016, compared to the RMB233.9 million for 2015; and (iii) a foreign exchange gain of RMB85 million recorded in 2015 as net result of the devaluation of the Tenge.

Loss for the year

The Group's net loss for 2016 was RMB1,322.2 million, compared to the net loss of RMB1,525.3 million for 2015.

共同控制實體虧損份額

本集團於2016年7月份之前持有中澳51%的股權。該股權投資在本集團按照合營公司核算，應佔共同控制實體虧損從二零一五財務年度的人民幣2,660萬元降至二零一六財務年度的人民幣340萬元。此降幅主要由於SGE本期開始確認試行天然氣銷售收入從而使得對中澳投資損失減少。

除所得稅前損失

二零一六財務年度本集團的除所得稅前損失為人民幣4.58億元，相比較二零一五財務年度的除所得稅前損失為人民幣14.673億元。該降幅乃主要由於上述綜合因素的累計影響。

所得稅費用

二零一六財務年度本集團的所得稅費用為人民幣1.472億元，相比二零一五財務年度的所得稅費用為人民幣1.211億元有所上升。該變動主要來源於2014年處置泛華的收益的稅款及2016年處置亞洲天然氣的收益的稅款，分別為人民幣6,380萬元和人民幣5,410萬元；(ii)2016年所得稅前損失的增加。二零一六財務年度的實際稅率為-32%，而二零一五財務年度為8%。

年度持續經營損失

由於上述原因，我們2016年的淨損失是人民幣6.051億元，相比較2015年淨損失為人民幣13.461億元。

年度非持續經營損失

2016年本集團非持續經營淨損失為人民幣7.171億元，主要的淨損失來自於哈薩克斯坦，視為一個處置組和非持續經營業務，相較於2015年的淨損失為人民幣1.791億元。這個變動主要是由於處置PBV 60%股權的虧損為人民幣3.5867億元；(ii)2016年油氣資產和無形資產減值損失為人民幣3.356億元，相較於2015年為人民幣2.339億元；(iii)2015年度有8,500萬元匯兌差額收益，視為堅戈貶值的結果。

淨損失

基於上述事項，二零一六財務年度我們的淨損失為人民幣13.222億元，相比二零一五財務年度的淨損失為人民幣15.253億元。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

EBITDA and Adjusted EBITDA

We provide a reconciliation of EBITDA and adjusted EBITDA to profit for 2016, our most directly comparable financial performance calculated and presented in accordance with IFRS. EBITDA refers to earnings before finance income, finance costs, income tax and depreciation, depletion and amortization. Adjusted EBITDA refers to EBITDA adjusted to exclude non-cash and non-recurring items such as share-based compensation expense, assets impairment loss, losses from changes in fair value of derivative financial instrument, bad debt provision, geological and geophysical expense, withholding tax arising from intercompany loan, gains from investment in available for sale financial assets, gains on write-off payables, gains arising from acquisition of an associate and any other non-cash or non-recurring income/expenses.

The Group's adjusted EBITDA reflects the Group's recurring cash flow earnings from its core operations.

We have included EBITDA and adjusted EBITDA as we believe EBITDA is a financial measure commonly used in the oil and gas industry. We believe that EBITDA and adjusted EBITDA are used as supplemental financial measures by our management and by investors, research analysts, bankers and others, to assess our operating performance, cash flow and return on capital as compared to those of other companies in our industry, and our ability to take on financing. However, EBITDA and adjusted EBITDA should not be considered in isolation or construed as alternatives to profit from operations or any other measure of performance or as an indicator of our operating performance or profitability. EBITDA and adjusted EBITDA fail to account for corporate tax, finance income, finance costs and other non-operating cash expenses. EBITDA and adjusted EBITDA do not consider any functional or legal requirements of the business that may require us to conserve and allocate funds for any purposes.

EBITDA 及經調整 EBITDA

我們已提供 EBITDA 及經調整 EBITDA 與年內本期利潤的調節，本期利潤為根據國際財務報告準則計算及呈列的最直接的可資比較財務表現。EBITDA 指扣除財務收入、財務成本、所得稅及折舊、耗損及攤銷前盈利。經調整 EBITDA 指經調整以扣除非現金及非經常性項目，如股份薪酬支出、資產減值損失、壞賬損失計提、地質及地球物理開支、公司間貸款應計利息的代扣代繳稅、子公司應付賬款沖銷產生的收益，購買聯營公司利得以及其他非現金或非經常性收入／支出。

本集團經調整 EBITDA 反映本集團核心業務的經常性現金流盈利。

我們加載 EBITDA 及經調整 EBITDA 乃由於我們相信 EBITDA 為油氣行業常用的財務計量。我們相信 EBITDA 及經調整 EBITDA 乃由我們管理層、投資者、研究分析師、銀行及其他人士用作補充財務計量，以評估我們相較於業內其他公司的經營表現、現金流量及資本回報，以及我們進行融資的能力。然而，EBITDA 及經調整 EBITDA 不可獨立於經營溢利或任何其他表現計量予以考慮，亦不可詮釋為經營溢利或任何其他表現計量的替代項目，或詮釋為我們經營表現或盈利能力的指標。EBITDA 及經調整 EBITDA 並不計及稅項、財務收入、財務費用及其他非經營性現金開支。EBITDA 及經調整 EBITDA 並無考慮可能導致我們須就任何目的而保留及分配資金的任何業務的功能或法定要求。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The following table presents a reconciliation of EBITDA and adjusted EBITDA from continuing operations to loss before income tax from continuing operations for the years ended December 31, 2016 and December 31, 2015:

下表載列為持續經營EBITDA及經調整持續經營EBITDA於截至二零一六年十二月三十一日及二零一五年十二月三十一日止年度之持續經營稅前淨虧損的對賬。

		Year Ended December 31, 截至十二月三十一日止年度	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Loss before income tax from continuing operations	持續經營稅前淨虧損	(457,981)	(1,467,259)
Finance income	財務收入	(17,490)	(19,610)
Finance costs	財務費用	403,951	441,384
Depreciation, depletion and amortization	折舊、折耗及攤銷	363,860	520,239
EBITDA from continuing operations	持續經營EBITDA	292,340	(525,246)
Value of employee services under stock options schemes	股份酬金開支	27,990	22,098
Assets impairment loss	資產減值損失	234,667	765,014
Losses from changes in fair value of derivative financial instrument	以公允價值計量且變動記入當期損益 金融資產損失	19,595	-
Bad debt provision of receivables, advances, PPE	應收、其他應收款及固定資產壞賬 損失	252,756	84,447
Geological and geophysical expense – Share of SGE	地質及地球物理開支 – 持有中澳 股份部分	1,227	15,934
Withholding tax	代扣代繳稅	10,647	18,781
Gains from investment in available for sale financial assets	可供出售金融資產取得的收益	-	(1,363)
Gains on write-off payables	註銷應付賬款的收益	-	(29,387)
Gain on disposal of subsidiary	處置子公司收益	(526,132)	-
Gains arising from acquisition of an associate	收購聯營公司利得	(29,798)	-
Adjusted EBITDA from continuing operations	經調整持續經營EBITDA	283,292	350,278

The Group generated EBITDA of RMB292.3 million for 2016, compared to the RMB(525.2) million EBITDA for 2015. The increase in EBITDA in 2016 was primarily due to: (i) gain on disposal of AGE of RMB526.1 million in 2016; (ii) gains arising from acquisition of an associate of RMB29.8 million; which was offset by: (i) decrease in impairment loss for our oil & gas properties and intangible assets from RMB763.8 million for 2015 to RMB153.3 million for 2016; and (ii) decrease in share of loss of investment accounted for using the equity method from RMB26.6 million for 2015 to RMB3.4 million for 2016.

本集團二零一六財務年度的EBITDA約人民幣2.923億元，相比二零一五財務年度的約人民幣(5.252)億元。二零一六財務年度的EBITDA的增長乃主要由於：(i) 2016年亞洲天然氣的處置收益約人民幣5.261億；(ii) 收購聯營公司利得人民幣2,980萬元；並且被抵銷(i)油氣資產及無形資產減損失由2015年人民幣7.638億元減少為人民幣1.533億元；(ii) 權益法核算下投資損失份額由2015年人民幣2,660萬下降到2016年人民幣340萬元。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The Group's adjusted EBITDA decreased by approximately RMB67.0 million, or 19.1%, from approximately RMB350.3 million for 2015 to approximately RMB283.3 million for 2016. The decrease in adjusted EBITDA was also primarily due to the decrease in realized oil price and sales volume.

本集團的經調整EBITDA由二零一五財務年度的約人民幣3.503億元降低約人民幣6,700萬元或19.1%至二零一六財務年度的約人民幣2.833億元。經調整EBITDA降低亦主要由於實現石油價格和銷量的降低。

The Group's EBITDA and Adjusted EBITDA from continuing operations by operating segment are set out below:

本集團按經營分部劃分的持續經營EBITDA及經調整持續經營EBITDA如下所示：

		Year Ended December 31, 2016 二零一六年度			
		North			Total
		PRC	America	Corporate	
		中國	北美	總部及 其他分部	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Loss before income tax from continuing operations	持續經營稅前淨虧損	(346,756)	22,191	(133,416)	(457,981)
Finance income	財務收入	(700)	(3,277)	(13,513)	(17,490)
Finance costs	財務費用	24,724	43	379,184	403,951
Depreciation, depletion and amortization	折舊、折耗及攤銷	360,141	3,258	461	363,860
EBITDA from continuing operations	持續經營EBITDA	37,409	22,215	232,716	292,340
Value of employee services under stock options schemes	股份酬金開支	4,853	–	23,137	27,990
Assets impairment loss	資產減值損失	150,245	3,083	81,339	234,667
Losses from changes in fair value of derivative financial instrument	以公允價值計量且變動記入當期損益金融資產損失	–	–	19,595	19,595
Geological and geophysical	地球物理費	–	–	1,227	1,227
Withholding tax	代扣代繳稅	–	–	10,647	10,647
Provision for bad debt	應收及其他應收款壞賬損失	136,944	36,029	79,783	252,756
Gain on disposal of subsidiary	處置子公司收益	–	–	(526,132)	(526,132)
Gains arising from acquisition of an associate	併購聯營公司產生的收益	–	(29,798)	–	(29,798)
Adjusted EBITDA from continuing operations	經調整持續經營EBITDA	329,451	31,529	(77,688)	283,292

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Year Ended December 31, 2015

二零一五年度

		PRC	North America	Corporate	Total
		中國	北美	總部及 其他分部	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Loss before income tax from continuing operations	持續經營稅前淨溢利	(886,531)	4,693	(585,421)	(1,467,259)
Finance income	財務收入	(670)	(3,073)	(15,867)	(19,610)
Finance costs	財務費用	85,950	3,414	352,020	441,384
Depreciation, depletion and amortization	折舊、折耗及攤銷	514,655	5,127	457	520,239
EBITDA from continuing operations	持續經營 EBITDA	(286,596)	10,161	(248,811)	(525,246)
Value of employee services under stock options schemes	股份酬金開支	5,388	–	16,710	22,098
Assets impairment loss	資產減值損失	748,309	16,705	–	765,014
Bad debt provision of receivables, advances	應收賬款、預付賬款及 固定資產壞賬準備	18,926	–	65,521	84,447
Geological and geophysical expense – Share of SGE	地質及地球物理開支 — 持有 SGE 股份部分	–	–	15,934	15,934
Withholding tax	代扣代繳稅	1	–	18,780	18,781
Income from bond investment	債券投資收入	–	–	(1,363)	(1,363)
Gains on write-off payables	註銷應付賬款的收益	–	(29,387)	–	(29,387)
Adjusted EBITDA from continuing operations	經調整持續經營 EBITDA	486,028	(2,521)	(133,229)	350,278

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's primary sources of cash during 2016 were cash generated from investing activities.

In 2016, we had net cash used in operating activities of RMB370.9 million, net cash generated from investing activities of RMB1,790.7 million, net cash used in financing activities of RMB750.3 million, an exchange gain on cash and cash equivalent of RMB32.4 million, and a net increase in cash and cash equivalent of RMB669.6 million.

流動資金及資本資源

概覽

本集團二零一六年的主要現金來源為投資活動產生的現金流量。

於二零一六年，本公司經營活動所用現金淨額為人民幣3.709億元，投資活動所得現金淨額為人民幣17.907億元，融資活動所用現金淨額為人民幣7.503億元，現金及現金等價物的外匯收益為人民幣3,240萬元，以及現金及現金等價物淨增加人民幣6.696億元。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Cash used in/generated from operating activities

Net cash used in operating activities was RMB370.9 million in the year ended December 31, 2016. In the year ended December 31, 2016, our net cash used in operating activities included loss before income tax of RMB458.0 million adjusted for, depreciation, depletion and amortization of RMB363.9 million, net interest expenses of RMB362.6 million, provision for bad debt of RMB252.8 million, gains arising from acquisition of Journey of RMB29.8, employee share option of RMB28.0 million, share of loss from investments in associates of RMB35.7 million, exchange loss of RMB23.9 million, impairment charge of RMB234.7 million, loss on oil hedge options of RMB19.6 million, which was offset by gains on disposal of AGE of RMB526.1 million. The cash movements from changes in working capital which included increase in trade and other payables of RMB65.5 million, an increase in trade and other receivables of RMB123.0 million and an increase in inventories of RMB4.6 million, and interest paid of RMB383.0 million and income tax paid of RMB69.6 million, and net cash used in discontinued operations of RMB81.1 million.

Net cash generated from operating activities was RMB326.1 million in the year ended December 31, 2015. In the year ended December 31, 2015, our net cash generated in operating activities included loss before income tax of RMB1,467.3 million adjusted for, depreciation, depletion and amortization of RMB520.2 million, net interest expenses of RMB387.7 million, provision for bad debt of RMB84.4 million, employee share option of RMB22.1 million, share of loss from investments in joint ventures of RMB26.6 million, exchange loss of RMB34.0 million, impairment charge of RMB765.0 million, offset by gains on write-off payables of RMB29.4 million. The cash movements from changes in working capital which included decrease in trade and other payables of RMB161.4 million, a decrease in trade and other receivables of RMB298.6 million and a decrease in inventories of RMB0.1 million, and interest paid of RMB337.9 million and income tax paid of RMB9.1 million, and net cash generated from discontinued operations of RMB192.2 million.

Cash generated from/used in investing activities

Net cash generated from investing activities in the year ended December 31, 2016 amounted to RMB1,790.7 million, as a result of receipts of proceeds from disposal of subsidiaries of RMB2,283.7 million, decrease in restricted cash of RMB462.6 million, and interest received of RMB20.2 million, which was offset by purchases of property, plant and equipment of RMB21.6 million, increase in financial assets of RMB96.4 million, loan and deposit to third parties of RMB375.0 million, contribution and loans to/acquisition of investments accounted for using equity method of RMB277.0 million, and net cash used in discontinued operations of RMB205.7 million.

經營活動所用／所得現金

截至二零一六年十二月三十一日止年度，經營活動所用現金淨額為人民幣3.709億元。截至二零一六年十二月三十一日止年度，本公司經營活動所得現金淨額包括除所得稅前虧損人民幣4.580億元，經調整折舊、耗損及攤銷人民幣3.639億元的、淨利息開支人民幣3.626億元、計提壞賬準備人民幣2.528億元，來自於Journey的收益2,980萬元，員工購股權開支人民幣2,800萬元、聯營企業的投資收益人民幣3,570萬元，匯兌損失人民幣2,390萬元，減值損失2.347億元，衍生金融工具損失人民幣1,960萬元，處置AGE利得人民幣5.261億元。營運資金變動包括應付及其他應付款項增加人民幣6,550萬元、應收及其他應收款項增加人民幣1.230億元、存貨增加人民幣460萬元、已付利息人民幣3.830億元及已付所得稅人民幣6,960萬元，終止經營所用現金淨額為人民幣8,110萬元。

截至二零一五年十二月三十一日止年度，經營活動所得現金淨額為人民幣3.261億元。截至二零一五年十二月三十一日止年度，本公司經營活動所得現金淨額包括除所得稅前虧損人民幣14.673億元，經調整折舊、耗損及攤銷人民幣5.202億元的、淨利息開支人民幣3.877億元，計提壞賬準備人民幣8,440萬元，員工購股權開支人民幣2,210萬元、佔對合營企業的投資損失人民幣2,660萬元，匯兌損失3,400萬元，減值損失7.650億元，對沖註銷的應付賬款的收益人民幣2,940萬元營運資金變動包括應付及其他應付款項減少人民幣1.614億元、應收及其他應收款項減少人民幣2.986億元、存貨減少人民幣6.3萬元、已付利息人民幣3.379億元及已付所得稅人民幣910萬元，終止經營所得現金淨額為人民幣1.922億元。

投資活動所得／所用現金

截至二零一六年十二月三十一日止年度，投資活動所得現金淨額為人民幣17.907億元，是由於子公司處置收益人民幣22.837億元，限制性用途資金減少人民幣4.626億元，獲得利息收入人民幣2,020萬元，被購買不動產、工廠及設備人民幣2,160萬元，金融資產增加人民幣9,640萬元，支付第三方借款和保證金人民幣3.750億元，投入／收購以權益法入賬的投資及貸款人民幣2.770億元，終止經營所用現金淨額為人民幣2.057億元抵銷。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Net cash used in investing activities in the year ended December 31, 2015 amounted to RMB1,124.4 million, as a result of purchases of property, plant and equipment of RMB249.6 million, deposit paid to third parties of RMB48.5 million, contribution and loans to acquisition of investments accounted for using equity method of RMB186.1 million, increase in restricted cash of RMB324.1 million, net cash outflow from discontinued operations of RMB390.1 million, offset by proceeds from disposal of RMB45.2 million, decrease in financial assets of RMB28.3 million, and interest received of RMB0.065 million.

Cash used in/generated from financing activities

Net cash used in financing activities in the year ended December 31, 2016 amounted to RMB750.3 million primarily due to: (i) repayments of borrowings of RMB930.2 million, (ii) payments relating to share-based compensation of RMB63.7 million, (iii) payment for repurchase and cancellation of 2019 Notes RMB110.7 million, (iv) cash paid to non-controlling interest for additional interest in subsidiary of RMB103.9 million, (v) financing expenses and others of RMB33.2 million, offset by proceeds from borrowings of RMB491.5 million.

Net cash generated from financing activities in the year ended December 31, 2015 amounted to RMB298.0 million primarily due to: (i) proceeds from issuance of ordinary shares of RMB200.0 million, (ii) proceeds from borrowings of RMB512.8 million; and offset by: (i) payments relating to share-based compensation RMB28.7 million, (ii) repayments of borrowings of RMB360.1 million, (iii) financing expenses and others of RMB25.9 million.

As at December 31, 2016, the Group's bank borrowings and Senior Notes amounted to approximately RMB4,690.6 million, representing a decrease of approximately RMB263.5 million as compared to December 31, 2015. Among which, borrowings repayable within one year amounted to approximately RMB104.0 million, representing a decrease of RMB425.9 million as compared to December 31, 2015. All of the Group's bank borrowings and Senior Notes are denominated in RMB and United States Dollars. The Group's bank borrowings and Senior Notes are all at fixed interest rates. No hedging instruments are used for bank borrowings and Senior Notes.

Our gearing ratio, which is defined as total borrowings less cash and cash equivalents ("Net Borrowings") divided by the sum of Net Borrowings and total equity, increased from 68.2% as at December 31, 2015 to 85.5% as at December 31, 2016, principally due to a decrease in equity.

Our total borrowings to Adjusted EBITDA ratio, which is defined as total borrowings divided by Adjusted EBITDA increased from 14.14 as at December 31, 2015 to 16.56 as at December 31, 2016.

截至二零一五年十二月三十一日止年度，投資活動所用現金淨額為人民幣11.244億元，是由於購買不動產、工廠及設備人民幣2.496億元，支付第三方保證金人民幣4,850萬元，投入／收購以權益法入賬的投資及貸款人民幣1.861億元，限制性用途資金增加人民幣3.241億元，終止經營現金淨流出人民幣3.901億元，被處置收益人民幣4,520萬元，可供出售金融資產之現金流入淨額人民幣2,830萬元，利息收入人民幣65萬元。

融資活動所用／所得現金

截至二零一六年十二月三十一日止年度，融資活動所用的現金淨額為人民幣7.503億元，主要原因有：(i)償還貸款人民幣9.302億元，(ii)為股份獎勵計劃回購股份支付人民幣6,370萬元，(iii)支付回購2019優先票據人民幣1.107億元，(iv)額外取得子公司非控制性權益所支付的款項人民幣1.039億元，(v)其他相關融資費用支出等3,320萬元。被貸款融資人民幣4.915億元抵銷。

截至二零一五年十二月三十一日止年度，融資活動產生的現金淨額為人民幣2.980億元，主要原因有：(i)發行普通股籌集資金人民幣2億元，(ii)貸款融資人民幣5.128億元；被以下抵銷：(i)為股份獎勵計劃回購股份支付人民幣2,870萬元，(ii)償還貸款人民幣3.601億元，(iii)其他相關融資費用支出等2,590萬元。

於二零一六年十二月三十一日，本集團貸款和優先票據約人民幣46.906億元，比二零一五年十二月三十一日減少人民幣2.635億元；其中，須於一年內償還之借款約人民幣1.040億元，比二零一五年十二月三十一日減少約人民幣4.259億元。本集團的所有貸款和優先票據均以人民幣及美元計值。本集團的所有貸款和優先票據均為固定利率借款。本集團沒有為貸款和優先票據做套期保值。

本集團的負債比率(即借款總額減現金及現金等價物(「淨借款額」)除以淨借款額及權益總額之和)自二零一五年十二月三十一日之68.2%增至二零一六年十二月三十一日的85.5%，主要是由於權益減少。

本集團借款總額的經調整EBITDA比率(即借款總額除以經調整EBITDA)由二零一五年十二月三十一日的14.14增加至二零一六年十二月三十一日的16.56。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Market Risks

Our market risk exposures primarily consist of fluctuations in oil prices and exchange rates.

Oil price risk

Our realized oil prices are determined by reference to oil prices in the international market, changes in international oil prices will have a significant impact on us. Unstable and highly volatile international oil prices may have a significant impact on our revenue and profit. During 2016, the Group entered into oil hedge options contracts to manage its price risk.

Currency risk

The majority of the Group's China operation sales are in US dollars, while production and other expenses in China are incurred in RMB. The RMB is not a freely convertible currency and is regulated by the PRC government. Limitations on foreign exchange transactions imposed by the PRC government could cause future exchange rates to vary significantly from current or historical exchange rates.

The functional currency of the Kazakhstan subsidiary is in US dollars and all export sales are in US dollars. The transactions of the Kazakhstan subsidiary which are denominated in the Kazakhstan Tenge are exposed to fluctuations in the US dollars and Kazakhstan Tenge exchange rate. Management is not in a position to anticipate changes in the PRC foreign exchange regulations or the fluctuations between the US dollar and Kazakhstan Tenge exchange rates, and as such is unable to reasonably anticipate the impacts on the Group's results of operations or financial position arising from future changes in exchange rates.

The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

CHARGES ON GROUP ASSETS

As at December 31, 2016, a bank loan in the sum of RMB104.0 million was secured by the Group's trade receivable of RMB84.7 million. On March 24, 2017, the Group repaid the loan in full.

市場風險

我們面臨的市場風險主要包括石油價格及匯率的波動。

原油價格風險

本公司的實現石油價格乃參照國際市場油價釐定，國際油價的變動將對我們帶來重大影響。國際油價的不穩定及高波動性對本公司的收益及溢利造成顯著影響。在二零一六年，本集團簽訂了原油套期保值合同來管理原油價格風險。

貨幣風險

集團的大部份銷售以美元計值，而於中國的生產及其他支出則以人民幣入賬。人民幣並非為自由轉換貨幣，須受中國政府規管。中國政府對外匯交易所設定的限制可能導致未來匯率與當前或歷史匯率相比出現大幅變動。

哈薩克斯坦子公司的功能貨幣為美元，而所有出口銷售亦以美元計算。以哈薩克斯坦堅戈計價之哈薩克斯坦子公司之交易產生由於美元和哈薩克斯坦堅戈匯率波動導致的外匯風險。管理層無法預測中國外匯法規的轉變對美元及薩克斯坦堅戈匯率波動之影響，故無法合理估計未來匯率變動對本集團經營業績或財務狀況的影響。

本集團現時並未從事旨在或在管理外匯匯率風險的對沖活動。本集團將繼續監察外匯變動，以盡量保障本集團的現金價值。

集團資產質押

截止二零一六年十二月三十一日，本集團有銀行借款人民幣1.040億元，以本集團的應收賬款人民幣8,470萬元作為擔保。於二零一七年三月二十四日，本集團已全部償還該借款。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

PROVISION OF LOAN

On December 16, 2016, the Company entered into a loan agreement with Boston-Power, Inc., (the "Borrower"), pursuant to which the Company agreed to grant a loan of US\$30 million to the Borrower for a term of six months at an interest rate of 9% per annum. Subsequent to December 31, 2016 and up to the date of this announcement, US\$30 million was drawn by the Borrower. The loan is secured by a pledge over 50% of the shareholding of an indirectly wholly-owned subsidiary of the Borrower.

Details of the transaction are set out in the announcement of the Company dated December 19, 2016.

EMPLOYEES

As at December 31, 2016, the Company had 1,387 employees, with 1,371 based in China (Mainland and Hong Kong), 11 based in Kazakhstan and five based in USA. There have been no material changes to the information disclosed in the Annual Report 2015 in respect of the remuneration of employees, remuneration policies and staff development.

CONTINGENCIES

On August 28, 2000, MIE entered into a PSC with Sinopec for exploration and development of the Shengli oilfield in Shandong Province. In 2000, MIE began the trial-development phase of its operations at the Shengli oilfield and drilled a dry hole. The project has been suspended since the end of 2004. In April 2005, MIE requested an extension from Sinopec to restart the project at the Shengli oilfield. On September 27, 2006, MIE received a letter from Sinopec denying the request to restart the project and seeking to terminate the PSC on the grounds that the extension period of the trial-development phase had expired and MIE had not met its investment commitment of at least USD2 million under the PSC. MIE believes its investment in the project at Shengli oilfield had met the required commitment amount under the PSC. The PSC with Sinopec has not been formally terminated and the dispute has not entered any judicial proceedings.

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended December 31, 2016 (2015: NIL).

提供貸款

於二零一六年十二月十六日，本公司與 Boston-Power, Inc., (「借款人」) 訂立貸款協議，據此，本公司同意向借款人提供3,000萬美元之貸款，期限為六個月，利率為每年9%。於二零一六年十二月三十一日直至本公告日，借款人已提取3,000萬美元。該筆貸款通過借款人間接全資附屬公司50%的股權質押作為擔保。

該交易的詳情載於本公司日期為二零一六年十二月十九日的公告。

僱員

於二零一六年十二月三十一日，本公司擁有1,387名僱員，當中1,371名在中國(大陸及香港)工作、11名在哈薩克斯坦工作以及5名在美國工作。而就僱員薪酬、薪酬政策及員工發展方面的資料與在二零一五年年報內所披露的並無重大變動。

或有事項

於二零零零年八月二十八日，MIE 子公司與中國石油化工集團公司(「中石化」)訂立產品分成合同，以勘探及開發位於山東省勝利油田的羅家義64區塊。該項目已自二零零四年末起被擱置。二零零五年四月，MIE 子公司向中石化要求延長期限以重新啟動勝利油田項目。於二零零六年九月二十七日，MIE 子公司接獲中石化否決其重新啟動該項目要求的函件，且中石化以試驗開發階段延長期限已屆滿及MIE 子公司並未履行產品分成合同項下的投資承諾為由，要求終止產品分成合同。MIE 子公司認為於勝利油田項目中的投資已符合產品分成合同所規定的承諾金額。與中石化的產品分成合同並未正式終止，且該爭端並未進入任何司法程序。根據本公司所獲外部法律顧問建議，中石化對試驗開發階段相關未完成投資承諾索賠(如有)的可能性較小，概因已超過訴訟時效。

股息

董事會並無建議就截至二零一六年十二月三十一日年度派付末期股息(二零一五年：無)。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

AUDIT COMMITTEE

審核委員會

The Audit Committee of the Company has reviewed the Group's consolidated financial statements for the year ended December 31, 2016 including the accounting policies adopted by the Group and has discussed the internal controls and financial reporting matters of the Group.

本公司審核委員會已審閱本集團截至二零一六年十二月三十一日年度的合併財務報表(包括本集團所採用的會計政策)，並就本集團的內部控制及財務申報等事宜進行討論。

Independent Auditor's Report

獨立核數師報告



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MIE HOLDINGS CORPORATION

(incorporated in the Cayman Islands with limited liability)

獨立核數師報告 致MI能源控股有限公司股東

(於開曼群島註冊成立的有限公司)

Opinion

What we have audited

The consolidated financial statements of MIE Holdings Corporation (the "Company") and its subsidiaries (the "Group") set out on pages 116 to 272, 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 International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

意見

我們已審計的內容

MI能源控股有限公司(以下簡稱「貴公司」)及其子公司(以下統稱「貴集團」)列載於第116至272頁的合併財務報表，包括：

- 於二零一六年十二月三十一日的合併財務狀況表；
- 截至該日止年度的合併綜合收益表；
- 截至該日止年度的合併權益變動表；
- 截至該日止年度的合併現金流量表；及
- 合併財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等合併財務報表已根據《國際財務報告準則》真實而中肯地反映了貴集團於二零一六年十二月三十一日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

Independent Auditor's Report (Continued)

獨立核數師報告(續)



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
MIE HOLDINGS CORPORATION (Continued)**
(incorporated in the Cayman Islands with limited liability)

獨立核數師報告
致MI能源控股有限公司股東(續)
(於開曼群島註冊成立的有限公司)

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA 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:

- Recoverability of the carrying amounts of oil and gas properties
- Disposal of 60% equity interest of Palaeontol B.V.

意見的基礎

我們已根據《國際審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計合併財務報表承擔的責任」部分中作進一步闡述。

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

根據國際會計師專業操守理事會頒布的《專業會計師道德守則》(以下簡稱「道德守則」)，我們獨立於貴集團，並已履行道德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，認為對本期合併財務報表的審計最為重要的事項。這些事項是在我們審計整體合併財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 油氣資產賬面價值的可收回性
- 處置Palaeontol B.V. 60% 權益

Independent Auditor's Report (Continued)

獨立核數師報告(續)



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
MIE HOLDINGS CORPORATION (Continued)**
(incorporated in the Cayman Islands with limited liability)

獨立核數師報告
致MI能源控股有限公司股東(續)
(於開曼群島註冊成立的有限公司)

Key Audit Matters (Continued)

關鍵審計事項(續)

Key Audit Matter
關鍵審計事項

How our audit addressed the Key Audit Matter
我們的審計如何處理關鍵審計事項

Recoverability of the carrying amounts of oil and gas properties

油氣資產賬面價值的可收回性

In addressing this matter, we had performed following procedures:

我們執行了下列審計程序以處理該關鍵審計事項：

Refer to note 6 to the consolidated financial statements.

請參閱合併財務報表附註6

As at 31 December 2016, the carrying amounts of oil and gas properties of the Group amounted to RMB2,358.5 million.

於二零一六年十二月三十一日，貴集團油氣資產賬面價值金額為人民幣2,358.5百萬元。

Lower global crude oil prices gave rise to indication that the carrying amounts of oil and gas properties of the Group as at 31 December 2016 might not be recoverable. Management therefore assessed the recoverable amounts of oil and gas properties based on value in use amounts estimated using discounted cash flow models. In performing such assessment, key assumptions and input data adopted by the management include:

國際油價的持續低迷導致對貴集團於二零一六年十二月三十一日的油氣資產的賬面價值可能無法收回存在可能跡象。因此，管理層採用基於折現現金流模型估算得出的資產的使用價值金額為基礎對油氣資產可收回金額進行評估。在實施該項評估時，管理層採用了以下關鍵假設及參數：

- Forecast crude oil prices;
預測原油價格；
- Forecast production volumes;
預測產量；

- Understood the key processes and controls relating to the identification of impairment indicator and the assessment of the recoverable amounts.

了解關於識別潛在減值跡象及評估可收回金額相關的關鍵流程和相關控制。

- Compared the forecast crude oil prices used in the determination of the recoverable amounts of respective oil and gas properties against a range of crude oil price forecasts published by various reputable banks and industry organisations.

將管理層在評估油氣資產可收回金額時採用的預測原油價格與各家知名銀行及行業組織發佈的預測原油價格範圍相比較。

- Assessed the forecast production volumes by comparing against (i) production plan as approved by the board of directors; (ii) forecast production volume for the remaining concession periods prepared by management and as set out in the reserve report; and (iii) historical actual production volume. We also performed procedures to evaluate the competence, capability and objectivity of external experts engaged in preparing the reserve report.

在評估預測產量時，將預測產量與下述作出比較(i)董事會批准的生產計劃(ii)管理層編製並列示於儲量報告中的在剩餘合同期限內預測產量，及(iii)歷史實際產量。此外，我們還通過實施審計程序，對參與編製儲量報告的外部專家的資質、能力及客觀性進行評估。

Independent Auditor's Report (Continued)

獨立核數師報告(續)



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MIE HOLDINGS CORPORATION (Continued)

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

獨立核數師報告 致MI能源控股有限公司股東(續)

(於開曼群島註冊成立的有限公司)

Key Audit Matters (Continued)

關鍵審計事項(續)

Key Audit Matter 關鍵審計事項

How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項

- Forecast operating costs and capital expenditures;
and
預測操作費用和投資支出；及
- Discount rates.
折現率

Because of the significance of the carrying amounts of oil and gas properties as at 31 December 2016, together with the use of judgements and various assumptions in estimating the recoverability of such carrying amounts, we had identified this matter as a key audit matter.

鑒於油氣資產於二零一六年十二月三十一日的賬面價值的重要性，以及在對該賬面價值的可收回性進行評估時所涉及的判斷和各項假設，我們將此事項識別為關鍵審計事項。

- Assessed the forecast operating costs against (i) budget as approved by the board of directors; and (ii) historical actual costs. Assessed the forecast capital expenditures against budget as approved by the board of directors.
在評估預測成本時，將預測操作費用與下述作出比較(i)董事會批准的預算成本(ii)歷史實際成本。將預測投資支出與董事會批准的預算成本進行比較。
- Assessed the underlying assumptions adopted in the determination of the discount rate against external market data and published information of comparable companies.
將計算折現率時所採用的假設與外部市場數據及可比公司信息進行了比較和評估。
- Assessed the appropriateness of the methodology adopted in, and tested mathematical accuracy of, the discounted cash flow projections.
對折現現金流預測中所使用的方法的適當性進行了評估，對計算的準確性進行了測算。

Based on our work, we found the key assumptions and input data adopted were supported by the audit evidence we gathered.

基於我們的工作，我們發現所採用的關鍵假設及所使用的資料均可以從我們所收集到的審計證據中得到支持。

Independent Auditor's Report (Continued)

獨立核數師報告(續)



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
MIE HOLDINGS CORPORATION (Continued)**
(incorporated in the Cayman Islands with limited liability)

獨立核數師報告
致MI能源控股有限公司股東(續)
(於開曼群島註冊成立的有限公司)

Key Audit Matters (Continued)

關鍵審計事項(續)

Key Audit Matter 關鍵審計事項

How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項

Disposal of 60% equity interest of Palaeontol B.V. 處置 Palaeontol B.V. 60% 權益

Refer to note 17 to the consolidated financial statements.
請參閱合併財務報表附註 17。

On 25 November 2016, the Group completed the disposal of 60% equity interest of its wholly owned subsidiary, Palaeontol B.V. The divestment resulted in a loss on disposal of RMB358.7 million and the result from discontinued operations up to the date of completion of RMB358.4 million were recorded by the Group as loss for the year from discontinued operations. The comparative information were also re-presented on a consistent basis.

於二零一六年十一月二十五日，貴集團完成對其全資子公司 Palaeontol B.V. 60% 權益的處置，Palaeontol B.V. 則擁有 Emir-Oil, LLP 的 100% 權益。本次處置所產生的處置損失金額為人民幣 358.7 百萬元。貴集團本年截至該處置完成日所因為終止經營而發生的損失為人民幣 358.4 百萬元，並於貴集團本年終止經營所得虧損中確認。比較數字已基於一致性原則進行重新呈列。

Due to the significance of the transaction and its related presentation and disclosure in the Group's consolidated financial statements, we had identified this matter as a key audit matter.

鑒於該交易的重要性以及對貴集團合併財務報表的披露和列報具有重大影響，我們將此事項識別為關鍵審計事項。

In addressing this matter, we had performed the following procedures:

我們執行了下列審計程序以處理該關鍵審計事項：

- Obtained and reviewed the sale and purchase agreement to understand the details of the transactions, including considerations, conditions of completion, rights and obligations of the Group upon the completion.
取得並查閱了買賣合同及股東協議以了解該交易細節情況：包括對價、交割條件以及交割後貴集團的權利和義務。
- Obtained and reviewed the new shareholders' agreement between the Group and 60% equity interest holder to assess the Group's ability to exercise significant influence over Palaeontol B.V. through its remaining 40% equity interest and hence classification as an associate.
取得並查閱貴集團與 60% 權益持有者所簽訂的新股東協議，評估貴集團通過所持有的剩餘 40% 權益有能力對 Palaeontol B.V. 實施重大影響，並相應將其劃分為聯營企業。
- Tested the mathematical accuracy of and agreed the amounts used in deriving the accounting entries and disclosure to relevant agreements and accounting records.
將生成會計分錄時所記錄的金額以及披露信息與相關協議及會計記錄進行核對，測試了計算的準確性。
- Evaluated the presentation and disclosures relating to the disposal.
評估與處置相關的列報及披露。

Based on our work, no significant exceptions have been found.

基於我們的工作，我們未發現重大異常。

Independent Auditor's Report (Continued)

獨立核數師報告(續)



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
MIE HOLDINGS CORPORATION (Continued)**
(incorporated in the Cayman Islands with limited liability)

**獨立核數師報告
致MI能源控股有限公司股東(續)**
(於開曼群島註冊成立的有限公司)

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.

Responsibilities of Directors and 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 IFRSs 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 is responsible for overseeing the Group's financial reporting process.

其他信息

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信息，但不包括合併財務報表及我們的核數師報告。

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

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

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

董事及審核委員會就合併財務報表須承擔的責任

貴公司董事須負責根據《國際財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的合併財務報表，並對其認為為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審核委員會須負責監督貴集團的財務報告過程。

Independent Auditor's Report (Continued)

獨立核數師報告(續)



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
MIE HOLDINGS CORPORATION (Continued)**
(incorporated in the Cayman Islands with limited liability)

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, 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, 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.

羅兵咸永道

獨立核數師報告
致MI能源控股有限公司股東(續)

(於開曼群島註冊成立的有限公司)

核數師就審計合併財務報表承擔的責任

我們的目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)報告，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。合理保證是高水準的保證，但不能保證按照《國際審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響合併財務報表使用者依賴合併財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

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

Independent Auditor's Report (Continued)

獨立核數師報告(續)



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
MIE HOLDINGS CORPORATION (Continued)**
(incorporated in the Cayman Islands with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

羅兵咸永道

獨立核數師報告
致MI能源控股有限公司股東(續)

(於開曼群島註冊成立的有限公司)

核數師就審計合併財務報表承擔的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意合併財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對合併財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

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

Independent Auditor's Report (Continued)

獨立核數師報告(續)



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
MIE HOLDINGS CORPORATION (Continued)**
(incorporated in the Cayman Islands with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 LEONG Kin Bong.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2017

(If there is any inconsistency between the English and Chinese version of this independent auditor's report, the English version shall prevail.)

羅兵咸永道

獨立核數師報告
致MI能源控股有限公司股東(續)

(於開曼群島註冊成立的有限公司)

核數師就審計合併財務報表承擔的 責任(續)

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

出具本獨立核數師報告的審計項目合夥人是梁建邦。

羅兵咸永道會計師事務所
執業會計師

香港，二零一七年三月三十日

(本獨立核數師報告的中文及英文文本如有任何歧義，概以英文文本為準。)

Consolidated Statement of Financial Position

合併財務狀況表

As at December 31,
於十二月三十一日

		Note 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列 Note 2.1.1 附註 2.1.1
Assets	資產			
Non-current assets	非流動資產			
Property, plant and equipment	不動產、工廠及設備	6	2,407,958	5,633,576
Intangible assets	無形資產	7	8,849	359,595
Investments in associates	聯營企業投資	8	246,667	–
Investments in joint ventures	合營企業投資	9	–	505,994
Deferred income tax assets	遞延所得稅資產	23	40,590	23,795
Available-for-sale financial assets	可供出售金融資產	12	63,330	27,105
Prepayments, deposits and other receivables	預付款、保證金及其他應收款	14	820,224	497,878
Restricted cash	受限制現金	18	–	8,495
			3,587,618	7,056,438
Current assets	流動資產			
Inventories	存貨	16	30,155	53,356
Prepayments, deposits and other receivables	預付款、保證金及其他應收款	14	1,131,001	223,719
Trade receivables	應收賬款	15	103,568	90,956
Derivative financial instruments	衍生金融工具	13	90,325	–
Restricted cash	受限制現金	18	–	462,669
Cash and cash equivalents	現金及現金等價物	19	904,961	202,967
			2,260,010	1,033,667
Total assets	資產總額		5,847,628	8,090,105
Equity	權益			
Equity attributable to owners of the Company	歸屬於本公司所有者的權益			
Share capital	股本	20	1,068,796	1,068,796
Other reserves	其他儲備	22	(143,963)	65,457
(Accumulated losses)/retained earnings	(累計虧損)/留存收益		(285,019)	1,037,434
			639,814	2,171,687
Non-controlling interests	非控制性權益		(27)	39,309
Total equity	權益總額		639,787	2,210,996

Consolidated Statement of Financial Position (Continued)

合併財務狀況表(續)

		As at December 31, 於十二月三十一日	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列 Note 2.1.1 附註2.1.1
	Note 附註		
Liabilities	負債		
Non-current liabilities	非流動負債		
Borrowings	借款	26	4,586,555
Deferred income tax liabilities	遞延所得稅負債	23	66,401
Trade and notes payable	應付賬款及應付票據	24	14,161
Provisions, accruals and other liabilities	準備、預提及其他負債	25	60,809
			4,727,926
Current liabilities	流動負債		
Trade and notes payable	應付賬款及應付票據	24	74,199
Provisions, accruals and other liabilities	準備、預提及其他負債	25	226,999
Current income tax liabilities	當期所得稅負債		54,141
Derivative financial instruments	衍生金融工具	13	20,576
Borrowings	借款	26	104,000
			479,915
Total liabilities	負債總額		5,207,841
Total equity and liabilities	權益及負債總額		5,847,628

The accompanying notes on pages 126 to 272 are an integral part of these consolidated financial statements.

後附第126頁至第272頁之附註為本合併財務報表的整體部分。

The consolidated financial statements on pages 116 to 272 were approved by the Board of Directors on March 30, 2017 and were signed on its behalf.

第116頁至第272頁之合併財務報表已於二零一七年三月三十日獲董事會批准刊發，並代表董事會簽署：

Zhang Ruilin
張瑞霖
Director
董事

Tian Hongtao
田洪濤
Director
董事

Consolidated Statement of Comprehensive Income

合併綜合收益表

		Year ended December 31, 截至十二月三十一日止年度	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列 Note 2.1.1 附註 2.1.1
	Note 附註		
Continuing operations	持續經營		
Revenue	收益	5	534,974
Depreciation, depletion and amortization	折舊、折耗及攤銷		(363,860)
Taxes other than income taxes	稅項(所得稅除外)	28	(13,414)
Employee benefit expense	員工薪酬成本	31	(133,291)
Purchases, services and other direct costs	採購、服務及其他直接成本		(105,573)
Distribution expense	銷售支出		(18,172)
General and administrative expense	管理費用		(67,666)
Impairment charges	資產減值損失	6, 7, 8	(234,667)
Other gains/(losses), net	其他收益/(損失), 淨值	27	297,849
Finance income	財務收入	29	17,490
Finance costs	財務費用	29	(403,951)
Share of profits of investments in associates	享有聯營企業投資的利潤份額	8	35,682
Share of losses of investments in joint ventures	享有合營企業投資的虧損份額	9	(3,382)
Loss before income tax	除所得稅前虧損		(457,981)
Income tax (expense)/credit	所得稅(費用)/收益	32	(147,166)
Loss for the year from continuing operations	本年持續經營所得虧損		(605,147)
Discontinued operations	終止經營		
Loss for the year from discontinued operations	本年終止經營所得虧損	17(a)	(717,086)
Loss for the year	本年虧損		(1,322,233)

Consolidated Statement of Comprehensive Income (Continued)

合併綜合收益表(續)

		Year ended December 31, 截至十二月三十一日止年度	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列 Note 2.1.1 附註2.1.1
	Note 附註		
Other comprehensive loss	其他綜合損失：		
Items that may be reclassified to profit or loss	其後可能會重分類至損益的項目		
Change in value of available-for-sale financial assets	可供出售金融資產的價值變動	18,405	(24,762)
Share of other comprehensive income of investments in associates	享有聯營企業投資的投資的其他綜合收益的份額	2,799	–
Currency translation differences	外幣折算差額	(129,976)	(29,937)
Other comprehensive loss for the year, net of tax	稅後本年其他綜合損失	(108,772)	(54,699)
Total comprehensive loss for the year	本年綜合虧損總額	(1,431,005)	(1,579,987)

Consolidated Statement of Comprehensive Income (Continued)

合併綜合收益表(續)

		Year ended December 31, 截至十二月三十一日止年度	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列 Note 2.1.1 附註 2.1.1
		Note 附註	
Loss for the year attributable to:	本年虧損歸屬於：		
Owners of the Company	本公司所有者	(1,322,453)	(1,523,203)
Non-controlling interests	非控制性權益	220	(2,085)
		(1,322,233)	(1,525,288)
Loss for the year attributable to owners of the Company arising from:	歸屬於本公司所有者的本年損失來源於：		
— Continuing operations	— 持續經營	(605,367)	(1,344,056)
— Discontinued operations	— 終止經營	(717,086)	(179,147)
		(1,322,453)	(1,523,203)
Total comprehensive loss for the year attributable to:	本年綜合虧損總額歸屬於：		
Owners of the Company	本公司所有者	(1,431,225)	(1,577,902)
Non-controlling interests	非控制性權益	220	(2,085)
		(1,431,005)	(1,579,987)
Total comprehensive loss attributable to owners of the Company arising from:	歸屬於本公司所有者的本期綜合損失總額來源於：		
— Continuing operations	— 持續經營	(714,139)	(1,429,628)
— Discontinued operations	— 終止經營	(717,086)	(148,274)
		(1,431,225)	(1,577,902)

Consolidated Statement of Comprehensive Income (Continued)

合併綜合收益表(續)

		Year ended December 31, 截至十二月三十一日止年度	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列 Note 2.1.1 附註2.1.1
	Note 附註		
Loss per share for loss attributable to owners of the Company for the year (expressed in RMB per share)	本年本公司所有者應佔虧損的每股虧損 (每股人民幣)		
Basic loss per share	基本每股虧損	34	
— Continuing operations	— 持續經營	(0.21)	(0.52)
— Discontinued operations	— 終止經營	(0.25)	(0.07)
		(0.46)	(0.59)
Diluted loss per share	稀釋每股虧損	34	
— Continuing operations	— 持續經營	(0.21)	(0.52)
— Discontinued operations	— 終止經營	(0.25)	(0.07)
		(0.46)	(0.59)

The accompanying notes on pages 126 to 272 are an integral part of these consolidated financial statements.

後附第126頁至第272頁之附註為本合併財務報表的整體部分。

Consolidated Statement of Changes in Equity

合併權益變動表

		Attributable to owners of the Company 歸屬於本公司所有者				Total 總計	Non- controlling interests 非控制性權益	Total Equity 權益總額
		Ordinary shares 普通股 RMB'000 人民幣千元	Share premium 股本溢價 RMB'000 人民幣千元	Other reserves 其他儲備 RMB'000 人民幣千元	Retained earnings 留存收益 RMB'000 人民幣千元			
As at January 1, 2015	於二零一五年一月一日	17,533	824,987	153,864	2,560,637	3,557,021	7,490	3,564,511
Comprehensive income for the year	本年綜合收益							
Loss for the year	本年虧損	-	-	-	(1,523,203)	(1,523,203)	(2,085)	(1,525,288)
Available-for-sale financial assets (Note 22)	可供出售金融資產 (附註22)	-	-	(24,762)	-	(24,762)	-	(24,762)
Currency translation differences	外幣折算差額	-	-	(29,937)	-	(29,937)	-	(29,937)
		17,533	824,987	99,165	1,037,434	1,979,119	5,405	1,984,524
Transactions with owners in their capacity as owners	與所有者以其所有者的身份進行的交易							
Employees stock option schemes – value of employee services	僱員購股權計劃 – 僱員服務價值	-	-	22,515	-	22,515	-	22,515
Settlement of options granted for interest in subsidiaries (Note 20)	結算為子公司權益而授予的購股權 (附註20)	359	43,599	-	-	43,958	-	43,958
Issuance of new ordinary shares (Note 20)	配售新股 (附註20)	1,754	198,209	-	-	199,963	-	199,963
Share purchased under Share Award Scheme (Note 22(a))	股份獎勵計劃所購股份 (附註22(a))	-	-	(11,063)	-	(11,063)	-	(11,063)
Share repurchased and cancellation (Note 20)	股份回購及註銷(附註20)	(157)	(17,488)	-	-	(17,645)	-	(17,645)
Acquisition of additional interest in a subsidiary	額外取得子公司權益	-	-	(45,160)	-	(45,160)	33,904	(11,256)
		1,956	224,320	(33,708)	-	192,568	33,904	226,472
As at December 31, 2015	於二零一五年十二月三十一日	19,489	1,049,307	65,457	1,037,434	2,171,687	39,309	2,210,996

Consolidated Statement of Changes in Equity (Continued)

合併權益變動表(續)

		Attributable to owners of the Company 歸屬於本公司所有者					Non-controlling interests 非控制性權益	Total Equity 權益總額
		Ordinary shares 普通股	Share premium 股本溢價	Other reserves 其他儲備	Retained earnings 留存收益	Total 總計		
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
As at January 1, 2016	於二零一六年一月一日	19,489	1,049,307	65,457	1,037,434	2,171,687	39,309	2,210,996
Comprehensive income for the year	本年綜合收益							
Loss for the year	本年虧損	-	-	-	(1,322,453)	(1,322,453)	220	(1,322,233)
Available-for-sale financial assets (Note 22)	可供出售金融資產 (附註22)	-	-	18,405	-	18,405	-	18,405
Share of other comprehensive income of investments accounted for using the equity method	享有按權益法入賬的投資 的其他綜合收益 的份額	-	-	2,799	-	2,799	-	2,799
Currency translation differences	外幣折算差額	-	-	(129,976)	-	(129,976)	-	(129,976)
		19,489	1,049,307	(43,315)	(285,019)	740,462	39,529	779,991
Transactions with owners in their capacity as owners	與所有者以其所有者的身份進行的交易							
Employees stock option schemes – value of employee services (Note 31)	僱員購股權計劃 – 僱員服務價值 (附註31)	-	-	27,990	-	27,990	-	27,990
– shares to settle SARs under the plan	– 售出股份增值權計劃下股份	-	-	599	-	599	-	599
Share purchased under Share Award Scheme (Note 22(a))	股份獎勵計劃所購股份 (附註22(a))	-	-	(63,706)	-	(63,706)	-	(63,706)
Acquisition of additional interest in a subsidiary (Note 22)	額外取得子公司權益 (附註22)	-	-	(65,531)	-	(65,531)	(39,556)	(105,087)
		-	-	(100,648)	-	(100,648)	(39,556)	(140,204)
As at December 31, 2016	於二零一六年十二月三十一日	19,489	1,049,307	(143,963)	(285,019)	639,814	(27)	639,787

The accompanying notes on pages 126 to 272 are an integral part of these consolidated financial statements.

後附第126頁至第272頁之附註為本合併財務報表的整體部分。

Consolidated Statement of Cash Flows

合併現金流量表

		Year ended December 31, 截至十二月三十一日止年度	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列 Note 2.1.1 附註 2.1.1
		Note 附註	
Cash flows from operating activities	經營活動的現金流量		
Continuing operations	持續經營		
Cash generated from operations	經營活動產生的現金		162,742
Interest paid	已付利息		(382,997)
Income tax paid	已付所得稅		(69,567)
Discontinued operations	終止經營		(81,057)
Net cash (used in)/generated from operating activities	經營活動(使用)/產生的現金淨額	35	(370,879)
Cash flows from investing activities	投資活動的現金流量		
Continuing operations	持續經營		
Purchases of property, plant and equipment	購買不動產、工廠及設備		(21,621)
Decrease/(increase) in restricted cash	受限制現金的減少/(增加)		462,646
(Increase)/decrease in financial assets	金融資產的(增加)/減少		(96,422)
Proceeds from disposals of subsidiaries	收到處置子公司所得款項		2,283,724
Loans and deposits to third parties	支付第三方借款和保證金		(375,045)
Contribution and loans to/acquisition of investments accounted for using equity method	投入/收購以權益法入賬的投資及貸款		(277,007)
Interest received	已收利息		20,171
Others	其他		-
Discontinued operations	終止經營		(205,736)
Net cash generated from/(used in) investing activities	投資活動產生/(所用)的現金淨額		1,790,710

Consolidated Statement of Cash Flows

合併現金流量表

		Year ended December 31, 截至十二月三十一日止年度	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列 Note 2.1.1 附註 2.1.1
		Note 附註	
Cash flows from financing activities	融資活動的現金流量		
Continuing operations	持續經營		
Repayments of borrowings	償還借款		(930,224) (360,095)
Proceeds from borrowings	借款所得款項		491,534 512,759
Payment for repurchase and cancellation of 2019 Notes	回購並註銷2019 優先票據		(110,739) –
Cash paid to non-controlling interest for additional interest in subsidiary	額外取得子公司非控制性 權益所支付的款項		(103,919) –
Payments relating to share-based compensation	與股權激勵計劃相關 支付的款項	22	(63,706) (28,708)
Proceeds from issuance of ordinary shares	發行股份收到的 款項		– 199,963
Others	其他		(33,206) (25,917)
Net cash (used in)/generated from financing activities	融資活動(使用)/產生的 現金淨額		(750,260) 298,002
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物的 增加/(減少)淨額		669,571 (500,370)
Cash and cash equivalents at beginning of the year	年初現金及現金等 價物		202,967 689,208
Exchange gains on cash and cash equivalents	現金及現金等價物的 匯兌收益		32,423 14,129
Cash and cash equivalents at end of the year	年末現金及現金等 價物		904,961 202,967

The accompanying notes on pages 126 to 272 are an integral part of these consolidated financial statements.

後附第126頁至第272頁之附註為本合併財務報表的整體部分。

Notes to the Consolidated Financial Statements

合併財務報表附註

1. General information

MIE Holdings Corporation (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the exploration, development, production and sale of oil and other petroleum products in the People’s Republic of China (the “PRC”) under production sharing contracts (“PSC”) and other similar arrangements. The Group currently has two producing oil PSCs in the PRC, an exploration contract and a working interest in the Niobrara shale oil and gas assets in the United States of America (the “USA”). The Group also participates as associates in the exploration, development and production of petroleum assets located in the Republic of Kazakhstan (the “Kazakhstan”), western Canada and the northern part of the South China Sea in the PRC, as further explained below.

Further details of the Group’s associates and joint operations under PSCs and similar arrangements, are set out in Note 8 and Note 9 to the consolidated financial statements, respectively.

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is Maples Corporate Services Limited, P.O. Box 309 Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company’s shares are listed on the Stock Exchange of Hong Kong Limited (“SEHK”) on December 14, 2010.

The financial statements are presented in Chinese Renminbi (“RMB”) unless otherwise stated. These financial statements have been approved for issue by the board of directors of the Company (the “Board of Directors”) on March 30, 2017.

1. 一般資料

MI能源控股有限公司(以下簡稱「本公司」)及其子公司(統稱「本集團」)主要在中華人民共和國(以下簡稱「中國」)按照產品分成合同及類似協定，從事勘探、開發、生產及銷售石油和其他石油產品。本集團目前擁有位於中國的兩個生產原油產品分成合同專案，並擁有位於美國的Niobrara頁岩油和天然氣資產的作業權益。本集團通過聯營企業形式參與位於哈薩克共和國(以下簡稱「哈薩克」)、加拿大西部地區和中國南海北部地方的勘探、開發、生產及銷售石油和其他石油產品活動。詳細信息闡述如下。

本集團在產品分成合同及類似協定下的聯營、共同經營的進一步詳情，分別載於本合併財務報表附註8和9中。

本公司是一家於開曼群島註冊成立的有限公司。註冊地址為Maples Corporate Services Limited, P.O. Box 309 Ugland House, Grand Cayman KY1-1104, Cayman Islands。

本公司的股份於2010年12月14日在香港聯合交易所有限公司上市(以下簡稱「香港聯交所」)。

本財務報表以人民幣列報(除非另有說明)。本財務報表已經由本公司董事會於二零一七年三月三十日批准刊發。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. 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.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with IFRS 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 4.

2. 重要會計政策摘要

編製本合併財務報表採用的主要會計政策載於下文。除另有說明外，此等政策在所列報的所有年度內貫徹應用。

2.1 編製基礎

合併財務報表是根據所有適用的國際會計準則委員會發佈的國際財務報告準則編製。合併財務報表按照歷史成本法編製，並就可供出售金融資產以公允價值計量且其變動計入損益的金融資產和金融負債(包括衍生工具)的重估而作出修訂。

編製符合國際財務報告準則的財務報表需要使用特定關鍵會計估計。這亦需要管理層在應用本集團的會計政策過程中行使其判斷。涉及高度判斷或高度複雜性的範疇，或涉及對合併財務報表作出重大假設和估計的範疇，在附註4中披露。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Re-presentation of comparative figures

In preparing the Company's Consolidated financial statements for the year ended December 31, 2016, the directors of the Company have identified the following matters requiring re-presentation of comparative figures. As a result of the impact on comparatives as disclosed in Note 40, prior year financial statements had to be re-presented.

(a) Discontinued operation

On March 5, 2016, the Company, Palaeontol Cooperatief U.A., an indirectly wholly-owned subsidiary of the Company (the "Seller") and Reach Energy Berhad (the "Purchaser" or "REB") entered into a sale and purchase agreement in relation to the disposals of the shares in 60% equity interest in Palaeontol B.V., which holds 100% interest in Emir-Oil, LLP ("Emir-Oil"), by the Seller to the Purchaser and the assignment and transfer of the shareholder loans in proportion to the relevant percentage by the Company to the Purchaser. The completion took place on November 25, 2016. The transaction consideration after adjustment at completion was US\$175.9 million (equivalent to approximately RMB1,211.0 million). Further details were disclosed in Note 17.

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.1 比較數字的重新呈列

在編製集團二零一六年度合併報告的過程中，集團董事會識別出以下對比期資料應該進行重新呈列。正如附註40中所披露的對比較數字的影響，以前年度的財務報表需進行重新呈列。

(a) 終止經營

在二零一六年三月五日，本公司間接全資子公司 Palaeontol Cooperatief U.A. (出售方) 與 Reach Energy Berhad (「購買方」或「REB」) 訂立買賣合同。協議約定，出售方將持有 Emir-Oil, LLP (「Emir-Oil」) 100% 股份的子公司 Palaeontol B.V. 的 60% 的股份，以及按比例股東貸款轉讓給購買方。本次交易於二零一六年十一月二十五日完成。本次交易調整後的最終金額為 175.9 百萬美元 (約合人民幣 1,211.0 百萬元)。詳細內容已於附註 17 進行了披露。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Re-presentation of comparative figures (Continued)

(a) Discontinued operation (Continued)

As Emir-Oil represents the Kazakhstan operation of the Group, the Directors regard the Kazakhstan segment as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("IFRS 5"). As required under IFRS 5, the comparative figures related to the discontinued operation have been re-presented on a consistent basis accordingly.

(b) Cessation of continuing classifying a subsidiary as disposal group held for sale

On December 31, 2016, the Directors of the Company resolved not to proceed its active program to sell Riyadh Energy Limited ("Riyadh"), which were initially classified as held for sale on June 30, 2015. The Directors reached the resolution by re-adjusting its strategy regarding assets portfolio. As result of the change in management's intention and strategy, the assets and liabilities related to Riyadh ceased to qualify for the classification as held for sale on December 31, 2016. Under IFRS 5, the assets and liabilities related to Riyadh are required to be re-presented into individual financial statement line items and re-measured as if Riyadh had not been classified as held for sale.

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.1 比較數字的重新呈列(續)

(a) 終止經營(續)

由於Emir-Oil代表集團哈薩克分部，集團董事會依據國際財務報告準則第5號文「非流動資產持有待售及終止經營業務」決定將哈薩克分部劃分為終止經營。按照國際財務報告準則第5號規定，與終止經營相關的比較數位已根據一致性基礎重新呈列。

(b) 終止將子公司繼續劃分為持有待售組

二零一六年十二月三十一日，公司董事會決定終止正在進行的於二零一五年六月三十日開始被劃撥至持有待售的利雅德能源有限公司(「利雅德」)的出售項目。董事會通過了重新調整其資產組合戰略的決議。由於公司管理層戰略意圖的改變，利雅德相關的資產和負債已於二零一六年十二月三十一日起不再劃撥至持有待售組。在第五號國際會計準則下，利雅德相關的資產和負債需要被重新呈列於其單家財務報表中並且以其未被劃撥至持有待售組為標準而重新計量。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Re-presentation of comparative figures (Continued)

(b) Cessation of continuing classifying a subsidiary as disposal group held for sale (Continued)

For the year ended December 31, 2015, the re-measurement would result increases in depreciation, depletion and amortisation by RMB53.7 million and impairment loss by RMB274.8 million, and a decrease in other losses by RMB328.5 million. Retained earnings of the Group as of December 31, 2015 was unchanged due to the re-presentation and re-measurement.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11
- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.1 比較數字的重新呈列(續)

(b) 終止將子公司繼續劃分為持有待售組(續)

截至二零一五年十二月三十一日年度止，重新計量會導致折舊及攤銷和減值損失分別增加人民幣53.7百萬元和人民幣274.8百萬元，同時其他損失減少了人民幣328.5百萬元。集團截止二零一五年十二月三十一日的未分配利潤並未因為重新呈列和重新計量而發生改變。

2.1.2 會計政策和披露的變動

(a) 本集團已採納的新訂和已修改的準則

本集團自二零一六年一月一日或之後開始的財政年度首次採納的新準則和已修訂的準則列示如下：

- 收購共同營運權益的入賬 – 國際財務報告準則第11號的修改；
- 澄清折舊和攤銷的可接受方法 – 國際會計準則第16號及國際會計準則第38號的修改；

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

(a) *New and amended standards adopted by the Group (Continued)*

- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) *A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:*

IFRS 9, 'Financial instruments',

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.2 會計政策和披露的變動(續)

(a) 本集團已採納的新訂和已修改的準則(續)

- 國際財務報告準則 2012–2014 週期的年度改進；及
- 披露倡議 – 國際會計準則第 1 號的修改。

採納該等修改對當期和任何前期並無影響，且不大可能會對未來期間產生影響。

(b) 多項新準則和準則的修改及解釋在二零一六年一月一日後開始的年度期間生效，但未有在本合併財務報表中應用。此等準則、修改和解釋預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：

國際財務報告準則第 9 號

「金融工具」，此項新準則針對金融資產和金融負債的分類、計量和終止確認，並介紹套期會計的新規定和金融資產的新減值模型。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

- (b) *A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below: (Continued)*

IFRS 9, 'Financial instruments' (Continued)

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include:

- equity instruments currently classified as AFS for which a FVOCI election is available
- equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under IFRS 9

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.2 會計政策和披露的變動(續)

- (b) 多項新準則和準則的修改及解釋在二零一六年一月一日後開始的年度期間生效，但未有在本合併財務報表中應用。此等準則、修改和解釋預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：(續)

國際財務報告準則第9號(續)

雖然本集團尚未對金融資產的分類和計量進行詳細評估，但目前被分類為可供出售金融資產的債務票據似乎符合條件，可分類為按公允價值且其變動計入其他綜合收益(FVOCI)，因此該等資產的入賬並無改變。

本集團持有的其他金融資產包括：

- 現分類為可供出售而其可選擇FVOCI的股權工具；
- 現按公允價值而其變動透過損益入賬的股權投資(FVPL)，其將很可能繼續按國際財務報告準則第9號下的相同基準入賬。

因此，本集團不預期新指引會對其金融資產的分類和計量有重大影響。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

- (b) *A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below: (Continued)*

IFRS 9, 'Financial instruments' (Continued)

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the Group is yet to undertake a detailed assessment, it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.2 會計政策和披露的變動(續)

- (b) *多項新準則和準則的修改及解釋在二零一六年一月一日後開始的年度期間生效，但未有在本合併財務報表中應用。此等準則、修改和解釋預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：(續)*

國際財務報告準則第9號(續)

由於新規定僅影響被指定為按公允價值透過損益入賬的金融負債的會計法，而本集團並無任何該等負債，這將不會對本集團的金融負債有任何影響。終止確認規則引自國際會計準則第39號「金融工具：確認及計量」，沒有任何變動。

新套期會計規則將套期會計更緊密配合本集團的風險管理實務。作為一般性原則，因為準則引入更多原則為本的方針，所以更多套期關係可能符合套期會計條件。儘管本集團尚未作出詳細評估，但當國際財務報告準則第9號生效時，本集團當前的套期關係仍將符合條件繼續適用套期會計。因此，本集團預期不會對其套期會計有重大影響。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

- (b) *A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below: (Continued)*

IFRS 9, 'Financial instruments' (Continued)

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.2 會計政策和披露的變動(續)

- (b) 多項新準則和準則的修改及解釋在二零一六年一月一日後開始的年度期間生效，但未有在本合併財務報表中應用。此等準則、修改和解釋預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：(續)

國際財務報告準則第9號(續)

新減值模型要求按預期信貸損失(ECL)確認減值撥備，而非僅發生的信貸損失(根據國際會計準則第39號)。其適用於按攤銷成本分類的金融資產、按FVOCI計量的債務工具、國際財務報告準則第15號「與客戶之間的合同產生的收入」下的合同資產、應收租賃款、貸款承擔和若干財務擔保合同。儘管本集團尚未詳細評估新模型將如何影響其減值撥備，但有可能導致提早確認信貸損失。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

- (b) *A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below: (Continued)*

IFRS 9, 'Financial instruments'(Continued)

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.

IFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt IFRS 9 before its mandatory date.

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.2 會計政策和披露的變動(續)

- (b) 多項新準則和準則的修改及解釋在二零一六年一月一日後開始的年度期間生效，但未有在本合併財務報表中應用。此等準則、修改和解釋預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：(續)

國際財務報告準則第9號(續)

新準則亦增加了披露規定和列報的改變。預期將改變本集團有關其金融工具的披露性質和範圍，尤其是在新準則採納的年度內。

國際財務報告準則第9號必須在二零一八年一月一日後之後開始的財政年度起應用。根據國際財務報告準則第9號的過渡性條款，只容許就二零一五年二月一日前開始的年度報告期分階段提早採納。在該日後，新規則必須全數採納。本集團不打算在強制性日期前採納國際財務報告準則第9號。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

(b) *A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below: (Continued)*

- IFRS 15, 'Revenue from contracts with customers'

The new standard for the recognition of revenue will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.2 會計政策和披露的變動(續)

(b) 多項新準則和準則的修改及解釋在二零一六年一月一日後開始的年度期間生效，但未有在本合併財務報表中應用。此等準則、修改和解釋預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：(續)

- 國際財務報告準則第15號「與客戶之間的合同產生的收入」

該收入確認的新準則將取代國際會計準則第18號(涵蓋出售貨品和提供服務產生的收入)和國際會計準則第11號(涵蓋建造合同)。新準則的原則為收入於貨品或服務的控制權轉移至客戶時確認。此準則容許全面追溯採納或經修改追溯方式採納。

管理層現評估應用新準則對集團財務報表的影響，並已確定下述處理很可能受到影響：

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

(b) *A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below: (Continued)*

- IFRS 15, 'Revenue from contracts with customers' (Continued)
 - revenue from service – the application of IFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.
 - accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under IFRS 15, and

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.2 會計政策和披露的變動(續)

(b) 多項新準則和準則的修改及解釋在二零一六年一月一日後開始的年度期間生效，但未有在本合併財務報表中應用。此等準則、修改和解釋預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：(續)

- 國際財務報告準則第15號「與客戶之間的合同產生的收入」(續)
 - 服務收入 – 採用國際財務報告準則第15號或會導致確認獨立履約責任，這有可能影響收入的確認時間；
 - 履行合同時產生的若干成本的會計處理 – 根據國際財務報告準則第15號，目前被支銷的若干成本可能需要確認為資產；及

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

(b) *A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below: (Continued)*

- IFRS 15, 'Revenue from contracts with customers' (Continued)
- rights of return IFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.2 會計政策和披露的變動(續)

(b) 多項新準則和準則的修改及解釋在二零一六年一月一日後開始的年度期間生效，但未有在本合併財務報表中應用。此等準則、修改和解釋預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：(續)

- 國際財務報告準則第15號「與客戶之間的合同產生的收入」(續)
- 退貨權 — 國際財務報告準則第15號要求在資產負債表內獨立呈報從客戶收回貨品的權利和退款責任。

現階段，本集團未能估計新準則對集團財務報表的影響。本集團將在未來十二個月對影響作出更詳細的評估。

國際財務報告準則第15號必須在二零一八年一月一日或之後開始的財政年度採納。目前，本集團預計不會在生效日期前採納此準則。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

(b) *A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below: (Continued)*

- IFRS 16, 'Leases'

IFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. 重要會計政策摘要(續)

2.1 編製基礎(續)

2.1.2 會計政策和披露的變動(續)

(b) *多項新準則和準則的修改及解釋在二零一六年一月一日後開始的年度期間生效，但未有在本合併財務報表中應用。此等準則、修改和解釋預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：(續)*

- 國際財務報告準則第16號「租賃」

國際財務報告準則第16號「租賃」將導致差不多所有租賃在資產負債表內確認，經營租賃與融資租賃的劃分已被刪除。根據該新準則，資產(該租賃專案的使用權)與支付租金的金融負債被確認。唯一例外者為短期和低價值租賃。

對承租人的會計處理將不會有重大改變。

此新準則必須在二零一九年一月一日或之後開始的財政年度採納。目前，本集團預計不會在生效日期前採納此準則。

此外，沒有其他尚未生效的國際財務報告準則或國際財務報告解釋委員會一解釋公告預期會對本集團有重大影響。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.2 Consolidation and subsidiaries

2.2.1 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.

(a) 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 recognizes 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 recognized 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 IFRS.

2. 重要會計政策摘要(續)

2.2 合併及子公司

2.2.1 合併

子公司指本集團對其具有控制權的所有主體(包括結構性主體)。當本集團因為參與該主體而承擔可變回報的風險或享有可變回報的權益，並有能力透過其對該主體的權力影響此等回報時，本集團即控制該主體。子公司在控制權轉移至本集團之日起合併入賬。子公司在控制權終止之日起停止合併入賬。

(a) 業務合併

本集團利用購買法將業務合併入賬。購買一子公司所轉讓的對價，為所轉讓資產、對被收購方的前所有人產生的負債，及本集團發行的股本權益的公允價值。所轉讓的對價包括或有對價安排所產生的任何資產和負債的公允價值。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允價值計量。本集團按個別收購基準，確認在被購買方的任何非控制性權益。被購買方的非控制性權益為現時的擁有權權益，並賦予持有人一旦清盤是按比例應佔主體的淨資產，可按公允價值或按現時擁有權權益應佔被收購方可識別淨資產的確認金額比例而計量。非控制性權益的所有其他組成部分按收購日期的公允價值計量，除非國際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 (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.2 Consolidation and subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) 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 recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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 recognized 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 recognized directly in the consolidated statement of comprehensive income.

2. 重要會計政策摘要(續)

2.2 合併及子公司(續)

2.2.1 合併(續)

(a) 業務合併(續)

購買相關成本在產生時支銷。

如業務合併分階段進行，收購方之前在被收購方持有權益於收購日期的賬面值，按收購日期的公允價值重新計量，重新計量產生的任何盈虧在損益中確認。

本集團將轉讓的任何或有對價按收購日期的公允價值計量。被視為資產或負債的或有對價公允價值的其後變動，根據國際會計準則第39號的規定，在損益中或作為其他綜合收益的變動確認。分類為權益的或有對價不重新計量，其之後的結算在權益中入賬。

所轉讓對價、被收購方的任何非控制性權益數額，及在被收購方之前任何權益在收購日期的公允價值，超過購入可辨識淨資產公允價值的數額記錄為商譽。如所轉讓對價、確認的任何非控制性權益及之前持有的權益計量，低於購入子公司淨資產的公允價值，則將該數額直接在合併綜合收益表中確認。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.2 Consolidation and subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) 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.

2. 重要會計政策摘要(續)

2.2 合併及子公司(續)

2.2.1 合併(續)

(a) 業務合併(續)

集團內公司之間的交易、結餘及交易的未變現利得予以對銷。未變現損失亦予以對銷，除非交易提供所轉撥資產的減值證據。子公司報告的數額已按需要作出改變，以確保與本集團採用的政策符合一致。

(b) 子公司所有者權益變動但控制權不變

本集團將其與非控制性權益進行、不導致失去控制權的交易入賬為權益交易 — 即與子公司所有者以其作為所有者身份進行的交易。所支付任何對價的公允價值與相關應佔所收購子公司淨資產賬面價值的差額記錄為權益，向非控制性權益的處置的盈虧亦記錄在權益中。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.2 Consolidation and subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(c) Disposals of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized 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 recognized 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 recognized in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost 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 a dividend 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.

2. 重要會計政策摘要(續)

2.2 合併及子公司(續)

2.2.1 合併(續)

(c) 出售子公司

當集團不再持有控制權，在主體的任何保留權益與失去控制權當日重新計量公允價值，賬面值的變動在損益中確認。公允價值為就保留權益的後續入賬而言的初始賬面值，作為聯營、合營或金融資產。此外，之前在其他綜合收益中確認的任何數額猶如本集團已直接處置相關資產和負債。這意味著之前在其他綜合收益中確認的數額重新分類至損益。

2.2.2 獨立財務報表

子公司投資按成本扣除減值列賬。成本包括投資的直接歸屬成本。子公司的業績由本公司按已收及應收股利入賬。

如股利超過宣派股利期內子公司的綜合收益，或如在獨立財務報表的投資賬面值超過合併財務報表中被投資公司淨資產(包括商譽)的賬面值，則必須對子公司投資作減值測試。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.3 Associates

An associate is an entity 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 investments in associates include 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.

The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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.

2. 重要會計政策摘要(續)

2.3 聯營公司

聯營指所有本集團對其有重大影響力而無控制權的主體，通常附帶有20% – 50%投票權的股權。聯營投資以權益法入賬。根據權益法，投資初始以成本確認，而賬面值被增加或減少以確認投資者享有被投資者在收購日期後的損益份額。本集團於聯營的投資包括購買時已辨認的商譽。在購買聯營企業的投資時，購買成本與本集團享有的對聯營企業可辨認資產和負債的公允價值淨額的差額確認為商譽。

如聯營的權益持有被削減但仍保留重大影響力，只有按比例將之前在其他綜合收益中確認的數額重新分類至損益(如適當)。

本集團應佔聯營購買後利潤或虧損於利潤表內確認，而應佔其購買後的其他綜合收益變動則於其他綜合收益內確認，並相應調整投資賬面值。如本集團應佔一家聯營的虧損等於或超過其在該聯營的權益，包括任何其他無抵押應收款，本集團不會確認進一步虧損，除非本集團對聯營已產生法律或推定債務或已代聯營作出付款。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.3 Associates (Continued)

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 statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized 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 recognized in the statement of profit or loss.

2.4 Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 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 Company has assessed the nature of its joint arrangements and determined them to be joint ventures and joint operations.

2. 重要會計政策摘要(續)

2.3 聯營公司(續)

本集團在每個報告日期釐定是否有客觀證據證明聯營投資已減值。如投資已減值，本集團計算減值，數額為聯營可收回數額與其賬面值的差額，並在利潤表中確認於「享有按權益法入賬的投資的利潤份額」。

本集團與其聯營之間的上流和下流交易的利潤和虧損，在集團的財務報表中確認，但僅限於無關連投資者在聯營權益的數額。除非交易提供證據顯示所轉讓資產已減值，否則未實現虧損亦予以對銷。聯營的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

在聯營股權稀釋所產生的利得或損失於利潤表確認。

2.4 合營安排

本集團已對所有合營安排應用國際財務報告準則第11號。根據國際財務報告準則第11號，在合營安排的投資必須分類為共同經營或合營企業，視乎每個投資者的合同權益和義務而定。本公司已評估其合營安排的性質並釐定為共同經營和合營企業。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.4 Joint arrangements (Continued)

2.4.1 Joint ventures

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures 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 a joint venture equals or exceeds its interests in the joint ventures (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 recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

2. 重要會計政策摘要(續)

2.4 合營安排(續)

2.4.1 合營企業

根據權益法，合營企業權益初步以成本確認，其後經調整以確認本集團享有的收購後利潤或虧損以及其他綜合收益變動的份額。本集團對合營企業的投資包括在購買時已辨認的商譽。在購買合營企業的投資時，購買成本與本集團享有的對合營企業可辨認資產和負債的公允價值淨額的差額確認為商譽。當集團享有某一合營企業的虧損超過或相等於在該合營企業的權益(包括任何實質上構成集團在該合營淨投資的長期權益)，則集團不確認進一步虧損，除非集團已產生義務或已代合營企業付款。

集團與其合營企業之間的未變現交易利得按集團在該等合營企業的權益予以對消。未變現虧損也予以對消，除非交易提供證據證明所轉讓的資產出現減值。合營企業的會計政策如有需要已改變以符合集團採納的政策。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.4 Joint arrangements (Continued)

2.4.2 Joint operations

The Group's development and production activities in the PRC are conducted, through its subsidiaries, jointly with others through PSCs. These PSCs establish joint control over the development and production activities. The assets are not owned by a separate legal entity but are controlled by individual participants in the PSCs. Each participant is entitled to a predetermined share of the related output and bears an agreed share of the costs.

The consolidated financial statements reflect:

- the Group's share of any assets used in the joint operations;
- any liabilities that the Group incurred;
- the Group's share of any liabilities incurred jointly with the other PSC partners in relation to the joint production;
- any income from the sale or use of the Group's share of the output of the production, together with its share of any expenses incurred in the production; and
- any expense that the Group has incurred in respect of its interests in the production.

2. 重要會計政策摘要(續)

2.4 合營安排(續)

2.4.2 共同經營

本集團在中國通過子公司在產品分成合同下與其他方共同進行開發及生產活動。該等合同形成開發及生產活動的共同控制。該等資產並非由獨立法人實體擁有，而由產品分成合同的個人參與者控制。各參與者有權享有相關產品預先釐定的份額，並承擔協議份額的成本。

本合併財務報表反映：

- 本集團用於共同經營的資產份額；
- 本集團已產生的任何負債；
- 就共同生產而與其他產品分成合同參與者產生的任何負債內本集團的份額；
- 來自銷售或使用產品內本集團份額的收入，及其攤佔生產所產生的任何支出；及
- 本集團就產品權益所產生的任何支出。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is United States dollar ("US\$"). The presentation currency of the consolidated financial statements is RMB.

(b) 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 recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income' or 'finance costs'.

2. 重要會計政策摘要(續)

2.5 外幣折算

(a) 功能及列報貨幣

本集團每個主體的財務報表所列專案乃採用該實體經營所在地主要經濟環境的貨幣(「功能貨幣」)進行計量。本公司的功能貨幣為美元。合併財務報表的列報貨幣為人民幣。

(b) 交易及結餘

外幣交易採用交易或專案重新計量的估值日期的匯率折算為功能貨幣。結算此等交易及按年末匯率折算以外幣計值的貨幣資產及負債所導致的外匯收益及虧損計入損益。與借款和現金及現金等價物有關的匯兌利得和損失在合併綜合收益表內的「財務收入」或「財務費用」中列報。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.5 Foreign currency translation (Continued)

(b) Transactions and balances (Continued)

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

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2. 重要會計政策摘要(續)

2.5 外幣折算(續)

(b) 交易及結餘(續)

以外幣為單位及被分類為可供出售的債務證券的公允價值變動，按照證券的攤銷成本變動與該證券賬面值的其他變動所產生的折算差額進行分析。與攤銷成本變動有關的折算差額計入損益，賬面值的其他變動則於其他綜合收益中確認。

非貨幣性金融資產及負債(例如以公允價值計量且其變動計入損益的權益)的折算差額作為公允價值利得和損失的一部分計入損益。非貨幣性金融資產(例如分類為可供出售的權益)的折算差額包括在其他綜合收益中。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.5 Foreign currency translation (Continued)

(c) Group companies

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

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) income and expenses for each statement of comprehensive income 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 rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

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 closing rate. Currency translation differences arising are recognized in other comprehensive income.

2. 重要會計政策摘要(續)

2.5 外幣折算(續)

(c) 集團公司

其功能貨幣與本集團的列報貨幣不同的所有集團內的主體(當中沒有惡性通貨膨脹經濟的貨幣)的業績和財務狀況按如下方法折算為列報貨幣:

- (i) 每份列報的財務狀況表內的資產和負債按該財務狀況表日期的收市匯率折算;
- (ii) 每份綜合收益表內的收益和費用按平均匯率折算(除非此匯率並不代表交易日期匯率的累計影響的合理約數;在此情況下,收支專案按交易日期的匯率折算);及
- (iii) 所有由此產生的匯兌差額在其他綜合收益中確認。

購買境外主體產生的商譽及公允價值調整視為該境外主體的資產和負債,並按期末匯率折算。產生的外幣折算差異在其他綜合收益中入賬。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.5 Foreign currency translation (Continued)

(d) Disposals of foreign operation and partial disposal

On the disposals of a foreign operation (that is, a disposals of the Group's entire interest in a foreign operation, or a disposals involving loss of control over a subsidiary that includes a foreign operation, a disposals involving loss of joint control over a joint venture that includes a foreign operation, or a disposals 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.

In the case of a partial disposals that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. 重要會計政策摘要(續)

2.5 外幣折算(續)

(d) 境外經營的處置和部分處置

對於境外經營的處置(即處置本集團在境外經營中的全部權益,或者處置涉及喪失對擁有境外經營的子公司的控制權,或涉及喪失對擁有境外經營的合營企業的共同控制權,或涉及喪失對擁有境外經營的聯營企業的重大影響),就該項經營累計計入權益的歸屬於本公司所有者的所有匯兌差額均重分類至損益。

對於並不導致本集團喪失對擁有境外經營的子公司的控制權的部分處置,本集團在累計匯兌差額中的比例份額重新歸屬於非控制性權益並且不在損益中確認。對於所有其他部分處置(即本集團在聯營企業或合營企業中的所有權權益的減少並不導致本集團喪失重大影響或共同控制權),本集團在累計匯兌差額中的比例份額重分類至損益。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment

Property, plant and equipment, including oil and gas properties, is stated at historical cost less accumulated depreciation, depletion, amortization and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized 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 any replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The cost of oil and gas properties is amortized at the field level based on the unit of production method. Unit of production rates are based on oil and gas proved and probable developed producing reserves estimated to be recoverable from existing facilities based on the current terms of the respective production agreements. The Group's reserves estimates represent crude oil and gas which management believes can be reasonably produced within the current terms of their production agreements.

2. 重要會計政策摘要(續)

2.6 不動產、工廠及設備

包括油氣資產在內的不動產、廠房及設備按歷史成本減累計折舊、折耗及攤銷和累計減值損失後的價值列示。歷史成本包括直接歸屬於購買該等物品的支出。

後續發生的成本只有當與其相關的未來經濟利益很可能流入本集團並且此類支出能夠可靠計量時，才計入資產的賬面價值或確認為獨立資產。被替換部分的賬面價值將終止確認。此外的所有其他維修及保養支出，均在費用發生時計入該財務期間的損益。

油氣資產的成本乃以油田為單位按單位產量法予以攤銷。單位產量乃根據各自生產協定的現有期限，按照在現有設施下預計可回收石油及天然氣的已探明及概算已開發產油儲量計算。本集團的儲量估計為管理層認為可於此等生產協議現有期限內合理開採的原油及天然氣。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment (Continued)

Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Buildings and improvements	7–10 years
Office equipment	3 years
Motor vehicles and production equipment	10 years

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other gains, net' in profit or loss.

2. 重要會計政策摘要(續)

2.6 不動產、工廠及設備(續)

其它資產折舊以直線法按各項資產的預計可使用年限扣除殘值後計提。預計可使用年限如下：

樓宇及裝修	七至十年
辦公室設備	三年
汽車及生產設備	十年

本集團至少於報告期末對相關資產的殘值及可使用年限進行評估，並在必要時進行調整。當資產的賬面價值大於其預計的可回收金額時，相關資產賬面價值應立即撇減至其可回收金額。

處置的利得或損失按所得款與賬面值的差額確定，並計入損益中的「其他利得，淨額」。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.7 Exploration and evaluation expenditure

The successful efforts method of accounting is used for oil and gas exploration and production activities. Under this method, all costs for development wells, supporting equipment and facilities, and proved mineral interests in oil and gas properties are capitalized. Geological and geophysical costs are expensed when incurred. Costs of exploratory wells (including certain geophysical costs which are directly attributable to the drilling of these wells) are capitalized as exploration and evaluation assets pending determination of whether the wells find proved oil and gas reserves. Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and subject to impairment review. For exploratory wells that are found to have economically viable reserves in areas where major capital expenditure will be required before production can commence, the related well costs remain capitalized only if additional drilling is under way or firmly planned. Otherwise the related well costs are expensed as dry holes. The Group does not have any costs of unproved properties capitalized in oil and gas properties.

Identifiable exploration assets acquired are recognized as assets at their fair value, as determined by the requirements of business combinations. Exploration and evaluation expenditure incurred subsequent to the acquisition of an exploration asset in a business combination is accounted for in accordance with the policy outlined above.

2. 重要會計政策摘要(續)

2.7 勘探、評價資產和油氣資產

油氣勘探與生產活動採用成果法記賬。根據此方法，開發井、配套設施以及油氣資產中的已探明礦區權益的所有成本均予以資本化。地質及地球物理成本於產生時費用化。勘探井的成本(包括直接歸屬於鑽井服務的特定地質成本)乃根據該等井是否發現探明油氣儲量而決定是否作為在建工程予以資本化。探明油氣儲量為在現有經濟及作業條件(即於估算日的價格及成本)下，地質及工程資料表明於未來年度可合理肯定從已知油藏開採出原油及天然氣的估算量。價格包括僅按合同安排規定的現有價格變化的考慮，而並非根據未來條件調高價格。

於無需投入大量資本支出的地域的勘探井乃於完成鑽探的一年期內按經濟可行性予以評估。倘若釐定該等油氣井並不存在經濟可行性，則相關井乃作為乾井支出。否則，相關油氣井成本乃重新分類至油氣資產，並進行減值審閱。至於在可開始投產前將需投入大量資本支出的地域發現具有經濟可行儲量的勘探井，相關油氣井成本僅當正在進行或已正式計劃額外鑽探時仍維持資本化。否則，相關油氣井成本乃作為幹井支出。本集團並未將任何未探明資產的成本資本化於油氣資產中。

業務合併產生的可辨認勘探資產根據公允價值予以確認。收購後發生的勘探、評價支出按照上述會計政策予以賬務處理。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets

Intangible assets represent computer software, mineral extraction rights, mining rights and goodwill.

(a) Computer software

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years.

(b) Mineral extraction and mining rights

Mineral extraction rights and mining rights are amortized based on the unit of production method.

Unit of production rates are based on oil and gas proved and probable reserves estimated to be recoverable from existing facilities based on the current terms of the respective production agreements.

(c) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

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.

2. 重要會計政策摘要(續)

2.8 無形資產

無形資產指電腦軟體、礦產開採權、採礦權和商譽。

(a) 電腦軟體

所獲得的電腦軟體許可證已按獲得及使用有關軟體所產生的成本為基準撥充資本。該等成本乃按其估計可使用年期三年攤銷。

(b) 礦產開採權和採礦權

礦產開採權和採礦權利用單位產量法予以攤銷。

單位產量乃根據各自生產協定的現有效期限，按照在現有設施下預計可回收石油及天然氣的已探明及概算儲量計算。

(c) 商譽

商譽為收購子公司所得，並相當於所轉讓對價超過本公司在被收購方的可辨認資產、負債和或有負債淨公允價值權益的數額。

就減值測試而言，在業務合併中購入的商譽會分配至每個現金產出單元或現金產出單元組(預期可從合併中獲取協同利益)。商譽被分配的每個單元或單元組指在主體內商譽被監控作內部管理用途的最底層次。商譽在經營分部層次進行監控。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets (Continued)

(c) Goodwill (Continued)

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

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

2.10 Disposal groups classified as held for sale and discontinued operation

Disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The disposal group, are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates), which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2. 重要會計政策摘要(續)

2.8 無形資產(續)

(c) 商譽(續)

對商譽的減值檢討每年進行，或如事件或情況轉變顯示可能存在減值，則更頻密地檢討。商譽賬面值與可收回數額(使用價值與公允價值減出售成本較高者)比較。任何減值須即時確認及不得在之後期間撥回。

2.9 非金融資產減值

使用壽命不限定的無形資產或尚未可供使用的無形資產無需攤銷，但每年須就減值進行測試。須予攤銷的資產會於發生事項或情況出現變化而顯示面值未必能夠收回時，評估有否減值。減值虧損按有關資產的面值超逾其可收回金額的數額確認。可收回金額為資產的公允價值減銷售成本與使用價值兩者的較高者。於進行減值評估時，資產按可獨立識別現金流量的最小單位(現金產生單位)分類。出現減值的非金融資產(商譽除外)於各呈報日期檢討是否可能進行減值撥回。

2.10 持有待售的處置組和終止經營

當處置組的賬面值將主要透過一項出售交易收回而該項出售被視為極可能時，分類為持有待售。處置組按賬面值與公允價值減去處置費用兩者的較低者列賬。遞延稅項資產、職工福利產生之資產、金融資產(於子公司和聯營的投資除外)，乃分類為持有待售，將繼續根據附註2所載的政策計量。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.10 Disposal groups classified as held for sale and discontinued operation (Continued)

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

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of comprehensive income, which comprises the post-tax profit or loss of the discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposals of the assets or disposal group(s) constituting the discontinued operations.

2.11 Financial assets

2.11.1 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.

(a) 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 categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

2. 重要會計政策摘要(續)

2.10 持有待售的處置組和終止經營(續)

終止經營業務為本集團業務一個重要組成部分，其營運和現金流量可清晰地與本集團其餘業務分開，並代表業務或經營地域的一項獨立主要項目，或是出售業務或經營地域的一項獨立主要專案的單一協調計劃的一部分，或是一家全為了轉售而購入的子公司。

當一項業務被分類為終止經營時，綜合收益表中只列示單一合計金額，該合計金額為終止經營的稅後利潤或虧損加上按公允價值減去處置費用確認的稅後利得或損失，或者加上處置包含該終止經營業務的資產或處置組時確認的利得或損失。

2.11 金融資產

2.11.1 分類

本集團將其金融資產分類為以下類別：以公允價值計量且其變動計入損益、貸款及應收賬款，以及可供出售。分類視乎購入金融資產之目的。管理層應在初始確認時確定金融資產的分類。

(a) 以公允價值計量且其變動計入損益的金融資產

以公允價值計量且其變動計入損益的金融資產指交易性金融資產。金融資產若在購入時主要用作在短期內出售，則分類為此類別。衍生工具除非被指定為套期，否則亦分類為持作交易性。在此類別的資產分類為流動資產。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

2.11.1 Classification (Continued)

(b) 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 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(c) 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.

2. 重要會計政策摘要(續)

2.11 金融資產(續)

2.11.1 分類(續)

(b) 貸款及應收賬款

貸款及應收賬款為有固定或可確定付款額且沒有在活躍市場上報價的非衍生金融資產。此等項目包括在流動資產內，但預期將於報告期末起計超過12個月結算的數額，則分類為非流動資產。本集團的貸款及應收賬款由財務狀況表「應收賬款及其他應收款」與「現金及現金等價物」組成。

(c) 可供出售金融資產

可供出售金融資產為被指定作此類別或並無分類為任何其他類別的非衍生工具。除非投資到期或管理層有意在報告期末後12個月內處置該投資，否則此等資產列在非流動資產內。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognized 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 recognized at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognized 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. Loans and receivable 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 profit or loss within 'Other gains, net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in profit or loss as part of 'Other gains, net' when the Group's right to receive payments is established.

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

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in profit or loss as 'Other gains, net'.

2. 重要會計政策摘要(續)

2.11 金融資產(續)

2.11.2 確認和計量

常規購買及出售的金融資產在交易日確認 — 交易日指本集團承諾購買或出售該資產之日。對於以公允價值計量但其變動並非計入損益的所有金融資產，其投資初始按其公允價值加交易成本確認。以公允價值計量且其變動計入損益的金融資產，初始按公允價值確認，而交易成本則計入損益。當從投資收取現金流量的權利已到期或已轉讓，而本集團已實質上將所有權的所有風險和報酬轉讓時，金融資產即終止確認。可供出售金融資產及以公允價值計量且其變動計入損益的金融資產其後按公允價值列賬。貸款及應收賬款其後利用實際利率法按攤銷成本列賬。

「以公允價值計量且其變動計入損益的金融資產」類別的公允價值變動所產生的利得或損失，於其產生的期間呈列在損益中的「其他利得 — 淨值」內。以公允價值計量且其變動計入損益的金融資產的股利收入，當本集團收取款項的權利確定時列入損益作為「其他利得，淨值」的一部分。

分類為可供出售的貨幣性而非貨幣性證券的公允價值變動在其他綜合收益中確認。

當分類為可供出售的證券售出或減值時，在權益中確認的累計公允價值調整列入損益作為「其他利得，淨值」。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2. 重要會計政策摘要(續)

2.11 Financial assets (Continued)

2.11 金融資產(續)

2.11.2 Recognition and measurement (Continued)

2.11.2 確認和計量(續)

Interest on available-for-sale securities calculated using the effective interest method is recognized in profit or loss as part of 'Other gains/(losses), net'. Dividends on available-for-sale equity instruments are recognized in profit or loss as part of 'Other gains/(losses), net' when the Group's right to receive payments is established.

可供出售證券利用實際利率法計算的利息於損益中確認為「其他利得／(損失)，淨值」的一部分。至於可供出售權益工具的股利，當本集團收取有關款項的權利確定時，於損益中確認為「其他利得／(損失)，淨值」的一部分。

2.12 Offsetting financial instruments

2.12 金融工具的抵銷

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 recognized amounts and there is an intention to settle on a net basis or realize 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.

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，金融資產與負債可互相抵銷，並在財務狀況表報告其淨額。法定可執行權利必須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，這也必須具有約束力。

2.13 Impairment of financial assets

2.13 金融資產減值

(a) Assets carried at amortised cost

(a) 以攤銷成本列賬的資產

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.

本集團於每個報告期末評估是否存在客觀證據證明某一金融資產或某一金融資產組出現減值。只有當存在客觀證據證明於因為首次確認資產後發生一宗或多宗事件導致出現減值(「損失事項」)，而該宗(或該等)損失事項對該項或該組金融資產的估計未來現金流量構成的影響可以合理估計，有關的金融資產或金融資產組才算出現減值及產生減值虧損。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.13 Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

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.

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 recognized in the consolidated statement of comprehensive income. If a loan or held- to-maturity investment 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 recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

2. 重要會計政策摘要(續)

2.13 金融資產減值(續)

(a) 以攤銷成本列賬的資產(續)

減值虧損的證據可包括債務人或一組債務人遇上嚴重財政困難、逾期或拖欠償還利息或本金、債務人很有可能破產或進行其他財務重組，以及有可觀察資料顯示估計未來現金流有可計量的減少，例如與違約有相互關連的拖欠情況或經濟狀況改變。

對於貸款及應收款類別，損失金額乃根據資產賬面值與按金融資產原實際利率貼現而估計未來現金流量(不包括仍未產生的未來信用損失)的現值兩者的差額計量。資產賬面值予以削減，而損失金額於合併綜合收益表中確認。如貸款或持有至到期投資有浮動利率，計量任何減值損失的貼現率為按合同釐定的當前實際利率。在實際應用中，本集團可利用可觀察的市場價格，按工具的公允價值計量減值。

如在後繼期間，減值虧損的數額減少，而此減少可客觀地聯繫至減值在確認後才發生的事件(例如債務人的信用評級有所改善)，則之前已確認的減值虧損可在合併綜合收益表中轉回。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2. 重要會計政策摘要(續)

2.13 Impairment of financial assets (Continued)

2.13 金融資產減值(續)

(b) Assets classified as available for sale

(b) 可供出售金融資產

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.

本集團在每個報告期末評估是否有客觀證據證明某一金融資產或某一金融資產組已經減值。

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 recognized in profit or loss — is removed from equity and recognized 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 recognized in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

對於債券，若存在此等證據，累計虧損 — 按購買成本與當時公允價值的差額，減該金融資產之前在損益確認的任何減值虧損計算 — 自權益中剔除並在損益中記賬。如在較後期間，被分類為可供出售金融資產的債務工具的公允價值增加，而增加可客觀地與減值虧損在損益確認後發生的事件有關，則將減值虧損在合併綜合收益表中轉回。

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 recognized in profit or loss — is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

對於權益投資，證券公允價值的大幅度或長期跌至低於其成本值，亦是證券已經減值的證據。若存在此等證據，累計虧損 — 按購買成本與當時公允價值的差額，減該金融資產之前在損益確認的任何減值虧損計算 — 自權益中剔除並在損益中記賬。在合併綜合收益表中確認的權益工具的減值虧損不得透過合併的損益中轉回。

2.14 Derivative financial instruments

2.14 衍生金融工具

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Group has not designated any derivative financial instruments as hedging instruments. Changes in the fair value of these derivative instruments are recognized immediately in profit or loss with 'Other gains/(losses), net'.

衍生金融工具初始按衍生工具合同訂立日的公允價值確認，其後按其公允價值重新計量。本集團未指定任何衍生工具為套期工具。該等衍生工具公允價值的變動隨即在損益中確認為「其他利得／(損失)，淨值」。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.15 Inventories

Inventories are crude oil and materials and supplies which are stated at the lower of cost and net realizable value. Materials and supplies costs are determined using the first-in first-out method. Crude oil costs are determined using the weighted average cost method. The cost of crude oil comprises direct labour, depreciation, other direct costs and related production overhead, but excludes borrowing costs.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for oil and gas and other petroleum products sold or 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 recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks or other short-term highly liquid investments with original maturities of three months or less.

2.18 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

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.

2. 重要會計政策摘要(續)

2.15 存貨

存貨為按成本及可變現淨值間較低者列賬的原油、物料及供應品。物料及供應品成本乃按先進先出法釐定。原油成本乃按加權平均成本法釐定。原油成本包括直接勞工、折舊、其他直接成本及有關生產費用，惟不包括借款成本。

2.16 應收賬款及其他應收款

應收賬款為在日常經營活動中就油氣及其他石油產品銷售或提供服務而應收客戶的款項。如應收賬款及其他應收款的收回預期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動資產，否則分類為非流動資產。

應收賬款及其他應收款以公允價值為初始確認，其後利用實際利率法按攤銷成本扣除減值準備計量。

2.17 現金及現金等價物

在合併現金流量表中，現金及現金等價物包括庫存現金、銀行通知存款、原到期為三個月或以內的其他短期高流動性投資。

2.18 股本

普通股被分類為權益。強制性可贖回優先股分類為負債。

直接歸屬於發行新股或期權的新增成本在權益中列為所得款的減少(扣除稅項)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.18 Share capital (Continued)

Where any group company purchases the Company's equity share capital (shares held in trust), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.19 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized 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 balance sheet date in the countries where the Company's subsidiaries 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 and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. 重要會計政策摘要(續)

2.18 股本(續)

如任何集團公司購入本公司的權益股本(信託持有股份)，所支付的對價，包括任何直接所佔的新增成本(扣除所得稅)，自歸屬於本公司所有者的權益中扣除，直至股份被註銷或重新發行為止。如股份其後被重新發行，任何已收取的對價(扣除任何直接所佔的新增交易費用及相關受影響的所得稅)包括在歸屬於本公司所有者的權益內。

2.19 當期及遞延所得稅

本年度稅項支出包括當期及遞延稅項。稅項在損益中確認，惟其與其他綜合收益或直接於權益內確認的專案有關則除外。於此情況下，稅項亦分別於其他綜合收益或直接於權益內確認。

(i) 當期所得稅

當期所得稅支出按本公司及其子公司經營及產生應課稅收入的國家於資產負債表日已頒佈或實質上已頒佈的稅法計算。管理層就須對適用稅務法規作出詮釋的情況，定期評估報稅的狀況，並在適用時按預期須向稅務機關繳納的款項作出準備。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.19 Current and deferred income tax (Continued)

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, and deferred income tax is not accounted for if it arises from the 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 end of reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2. 重要會計政策摘要(續)

2.19 當期及遞延所得稅(續)

(ii) 遞延所得稅

內在差異

遞延所得稅利用負債法確認資產和負債的稅基與資產和負債在合併財務報表的賬面值的差額而產生的暫時性差異。然而，若遞延所得稅負債來自對商譽的初始確認，以及若遞延所得稅來自在交易(不包括業務合併)中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅利潤或損失，則不作記賬。遞延所得稅採用在資產負債表日已頒佈或實質上已頒佈，並在有關的遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用的稅率(及法例)而釐定。

遞延所得稅資產是就很可能有未來應課稅利潤而就此可使用暫時性差異而確認。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.19 Current and deferred income tax (Continued)

(ii) Deferred income tax (Continued)

Outside basis differences

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, 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 recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements 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 utilized.

(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 tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. 重要會計政策摘要(續)

2.19 當期及遞延所得稅(續)

(ii) 遞延所得稅(續)

外在差異

遞延稅項就子公司、聯營以及合營安排產生的暫時性差異確認遞延所得稅負債，但不包括本集團可以控制暫時性差異的轉回時間以及暫時性差異在可預見將來很可能不會轉回的遞延所得稅負債。

就子公司、聯營和合營安排產生的可扣減暫時性差異確認遞延所得稅資產，但只限於暫時性差異很可能在將來轉回，並有充足的應課稅利潤抵銷可用的暫時性差異。

(iii) 抵銷

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅主體或不同應課稅主體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.20 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized 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 capitalized as a pre-payment for liquidity services and amortized 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.

2.21 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 capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2. 重要會計政策摘要(續)

2.20 借款

一般及特定借款按公允價值並扣除產生的交易費用為初始確認。借款其後按攤銷成本列賬；所得款(扣除交易成本)與贖回價值的任何差額利用實際利率法於借款期間內於損益中確認。

設立貸款融資時支付的費用倘部分或全部融資將會很可能提取，該費用確認為貸款的交易費用。在此情況下，費用遞延至貸款提取為止。如沒有證據證明部分或全部融資將會很可能被提取，則該費用資本化作為流動資金服務的預付款，並按有關的融資期間攤銷。

除非本集團可無條件將負債的結算遞延至結算日後最少12個月，否則借款分類為流動負債。

2.21 借款成本

直接歸屬於收購、興建或生產合資格資產(指必須經一段長時間處理以作其預定用途或銷售的資產)的借款成本，加入該等資產的成本內，直至資產大致上備妥供其預定用途或銷售為止。

就特定借款，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的借款成本中扣除。

所有其他借款成本皆在產生期內的損益中確認。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.22 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.23 Provisions

Provisions are recognized 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.

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 recognized 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 recognized as interest expense.

2. 重要會計政策摘要(續)

2.22 應付賬款

應付賬款為在日常經營活動中購買商品或服務而應支付的債務。如應付款的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),其被分類為流動負債,否則分類為非流動負債。

應付賬款以公允價值為初始確認,其後利用實際利率法按攤銷成本計量。

2.23 準備

當本集團因已發生的事件而產生現有的法律或推定債務;很可能發生金額能夠可靠估計的資源流出以結算債務。

如有多項類似債務,其需要在結算中有資源流出的可能性,則可根據債務的類別整體考慮。即使在同一債務類別所包含的任何一個專案相關的資源流出的可能性極低,仍須確認準備。

準備採用稅前利率按照預期需結算有關債務的支出現值計量,該利率反映當時市場對金錢時間值和有關債務固有風險的評估。隨著時間過去而增加的準備確認為利息費用。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.23 Provisions (Continued)

Asset retirement obligations (including future decommissioning and restoration) which meet the criteria of provisions are recognized as provisions and the amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related oil and gas properties of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the oil and gas properties. Interest expenses from the assets retirement obligations for each period are recognized with the effective interest method during the useful life of the related oil and gas properties.

2.24 Employee benefits

(a) Defined contribution plan

The Group has various defined contribution plans for state pensions, housing fund and other social obligations in accordance with the local conditions in the PRC and practices in the municipalities and province in which they operate. A defined contribution plan is a pension and/or other social benefits plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due.

2. 重要會計政策摘要(續)

2.23 準備(續)

符合準備標準的資產棄置義務(包括有關未來停止運作及復原的準備)將確認為準備。確認金額為根據當地條件及要求確定的預計未來支出的現值。同時產生與準備數額相等的有關油氣資產的相應增加部分。該增加部分隨後作為油氣資產成本的一部分進行折舊。於每個期間的資產棄置義務產生的利息費用將按照實際利率法在相關油氣資產的使用壽命內予以確認。

2.24 僱員福利

(a) 定額供款計劃

本集團根據中國在省、市的地方條件及慣例實行若干的定額供款計劃，包括國家養老金、住房公積金及其他社會義務。定額供款計劃是本集團為其僱員向一個獨立實體(一項基金)支付固定金額的養老金及/或其他社會福利計劃，如該基金不能擁有足夠資產以支付與當期及過往期間僱員服務相關的所有僱員福利，本集團不再負有進一步支付供款的法定義務或推定義務。供款支付時確認為僱員福利支出。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.24 Employee benefits (Continued)

(b) Other post-employment obligations

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. 重要會計政策摘要(續)

2.24 僱員福利(續)

(b) 其他退休後義務

若干集團公司向退休職工提供退休後醫療福利。享有此等福利一般視乎職工在達到退休年齡前仍然維持服務，以及已完成最低服務期。此等福利的預期成本利用與設定受益退休計劃類似的會計方法，按僱用期累計。根據經驗調整產生的精算利得和損失以及精算假設的變動，在產生期間內於其他綜合收益的權益中扣除或貸記。此等債務每年由獨立合資格精算師估值。

(c) 辭退福利

辭退福利在本集團於正常退休日期前終止僱用職工，或當職工接受自願遣散以換取此等福利時支付。本集團在以下較早日期發生時確認辭退福利：(a) 當本集團不再能夠撤回此等福利要約時；及 (b) 當主體確認的重組成本屬於國際會計準則第37號的範圍並涉及支付辭退福利時。在鼓勵職工自動遣散的要約情況下，辭退福利按預期接受要約的職工數目計算。在報告期末後超過12個月支付的福利應貼現為現值。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.24 Employee benefits (Continued)

(d) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.25 Share-based payments

(a) Equity-settled share-based payment transactions

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 (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options 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 specific period of time).

2. 重要會計政策摘要(續)

2.24 僱員福利(續)

(d) 職工假期權益

職工的年假權益在假期累計至職工時確認。因職工提供服務而產生的年假估計負債，就截至結算日止作出準備。

職工的病假權益和產假在休假前不作確認。

2.25 以股份為基礎的支付

(a) 以權益結算的股份酬金

本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，主體收取職工的服務以作為本集團權益工具(期權)的對價。職工為換取獲授予期權而提供服務的公允價值確認為費用。將作為費用的總金額參考授予期權的公允價值釐定：

- 包括任何市場業績條件(例如主體的股價)；
- 不包括任何服務和非市場業績可行權條件(例如盈利能力、銷售增長目標和職工在某特定時期內留任實體)的影響；及
- 包括任何非可行權條件(例如規定職工儲蓄或在一段指定期間內持有股份)的影響。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.25 Share-based payments (Continued)

(a) Equity-settled share-based payment transactions (Continued)

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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 and share premium.

(b) Cash-settled share-based compensation

Compensation under the stock appreciation rights is measured based on the fair value of the liability incurred and is expensed over the vesting period. The liability is remeasured at each reporting period to its fair value until settlement with all the changes in liability related to the vested portion recorded as employee benefit expense in profit or loss, the related liability is included in the salaries and welfare payable.

(c) Share-based payment transactions among group entities

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 recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2. 重要會計政策摘要(續)

2.25 以股份為基礎的支付(續)

(a) 以權益結算的股份酬金(續)

此外，在某些情況下，職工可能在授出日期之前提供服務，因此授出日期的公允價值就確認服務開始期與授出日期之間內的支出作出估計。

在每個報告期末，本集團依據非市場表現和服務條件修訂其對預期可行權的期權數目的估計。於損益中確認對原估算修訂(如有)的影響，並對權益作出相應調整。

在期權行使時，本公司發行新股。收取的所得款扣除任何直接歸屬交易成本撥入股本和股本溢價。

(b) 以現金結算的股份酬金

股份增值權的酬金以歸屬期所產生負債的公允價值及其支出計量。負債在清償之前，於各報告期重新計量至公允價值，而其變動則記錄於損益表內員工薪酬成本項下，有關負債計入應付薪金及福利。

(c) 集團內以股份為基礎的支付交易

本公司向集團子公司的職工授予其權益工具的期權，被視為資本投入。收取職工服務的公允價值，參考授出日的公允價值計量，並在等待期內確認，作為對子公司投資的增加，並相對應對母公司賬目的權益貸記。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.25 Share-based payments (Continued)

(d) Social security contributions on share options gains

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from sales of goods is recognized when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, and retains neither continuing managerial involvement nor effective control over the goods sold, and it is probable that the economic benefits associated with the transaction will flow to the Group and related revenue and cost can be measured reliably.

With respect to the Group's operation under PSC, revenues are recognized upon delivery of crude oil that are allocated to the Group under the relevant PSCs (Note 9) and other conditions discussed above are met.

2. 重要會計政策摘要(續)

2.25 以股份為基礎的支付(續)

(d) 股份期權的社會保障投入

就授予股份期權而應支付的社會保障被視為是授予本身的整體組成部分，而開支將被視為以現金結算的交易。

2.26 收入確認

收入按已收或應收對價的公允價值計量，並相當於供應貨品的應收賬款，扣除折扣、退貨和增值稅後列賬。當收入的金額能夠可靠計量；當未來經濟利益很可能流入有關主體；及當本集團每項活動均符合具體條件時(如下文所述)，本集團便會將收入確認。

當本集團於其一般業務活動中將商品所有權的重大風險及回報轉讓予買方，對已售出商品不再繼續管理或保留控制權，且有關交易已產生或將產生的收入、成本及虧損的金額能可靠計量，而本集團可能獲得經濟利益時，方會確認收入。

在中國，交付產品分成合同(附註9)下分配予本集團的原油及滿足上述條件下的銷售時，會確認收入。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.27 Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

2.28 Dividend income

Dividend income is recognized when the right to receive payment is established.

2.29 Repairs and maintenance

Repairs and maintenance are recognized as expenses in the year in which they are incurred.

2.30 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. 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 capitalized 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.

2. 重要會計政策摘要(續)

2.27 利息收入

利息收入採用實際利率法按時間比例基準確認。倘貸款和應收款出現減值，本集團會將賬面值減至可收回款額，即估計的未來現金流量按該工具的原實際利率貼現值，並繼續將貼現計算並確認為利息收入。已減值貸款的利息收入利用原實際利率確認。

2.28 股利收益

股利收益在收取款項的權利確定時確認。

2.29 維修及維護

維修及維護於發生年度作為支出確認。

2.30 租賃

如租賃所有權的重大部分風險和報酬由出租人保留，分類為經營租賃。根據經營租賃支付的款項(扣除自出租人收取的任何激勵措施後)於租賃期內以直線法在合併綜合收益支銷。

本集團出租若干不動產、工廠及設備。本集團持有實質上所有所有權的風險和報酬的不動產、工廠及設備的租賃，分類為融資租賃。融資租賃於租賃開始時按租賃物業的公允價值與最低租賃付款現值兩者的較低者資本化。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

2. Summary of significant accounting policies (Continued)

2.30 Leases (Continued)

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.31 Dividend distributions

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.32 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 Board of Directors of the Company (Note 5).

2. 重要會計政策摘要(續)

2.30 租賃(續)

每項租賃付款在負債和融資費用之間分攤。相應的租金債務在扣除融資費用後，包括在其他長期應付款中。融資成本的利息部分按租賃期在損益中扣除，以對每個期間餘下負債結餘產生常數定期比率。根據融資租賃購買的不動產、工廠及設備按資產的可使用年期與租期兩者的較短者折舊。

2.31 股利分配

向本公司股東分配的股利在股利獲本公司股東批准的期間內於本集團及本公司的財務報表內列為負債。

2.32 分部報告

經營分部按照向首席經營決策者提供的內部報告貫徹一致的方式報告。首席經營決策者為本公司董事會，負責分配資源和評估經營分部的表現(附註5)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures, but hedge accounting had not been applied.

Risk management is carried out by the Company headquarter financial department ("Group Finance Team") on a regular basis under policies approved by the Board of Directors. Group Finance Team identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The majority of the Group's sales in the PRC are transacted in US\$, while production and other expense are mainly denominated in RMB.

3. 財務風險管理

3.1 財務風險因素

本集團的活動承受著多種的財務風險：市場風險(包括匯率風險、公允價值利率風險及價格風險)、信用風險及流動性風險。本集團的整體風險管理計劃專注於財務市場的不可預測性，並尋求儘量減低對本集團財務表現的潛在不利影響。本集團利用衍生金融工具套期若干承受的風險。套期會計並沒有得到應用。

風險管理由本公司總部財務部(以下簡稱「集團財務團隊」)按照董事會批准的政策定期執行。集團財務團隊透過與本集團經營單位的緊密合作，負責確定、評估和套期財務風險。董事會為整體風險管理訂定書面原則，亦為若干特定範疇提供書面政策，例如外匯風險、利率風險、信用風險、使用衍生和非衍生金融工具，以及投資剩餘的流動資金。

(a) 市場風險

(i) 外匯風險

本集團在全球經營，故此承受多種因不同貨幣而產生的外匯風險，主要涉及美元。外匯風險來自未來商業交易、已確認資產和負債以及境外經營淨投資。

本集團在在中國大部分銷售以美元計值，而生產及其他支出則分別以人民幣為主要幣種。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

3. Financial risk management (Continued)

3. 財務風險管理(續)

3.1 Financial risk factors (Continued)

3.1 財務風險因素(續)

(a) Market risk (Continued)

(a) 市場風險(續)

(i) Foreign exchange risk (Continued)

(i) 外匯風險(續)

RMB is not a freely convertible currency and is regulated by the PRC government. Limitation in foreign exchange transactions imposed by the PRC government could cause future exchange rates to vary significantly from current or historical exchange rates. Management is not in a position to anticipate changes in the PRC foreign exchange regulations and as such is unable to reasonably anticipate the impacts on the Group's results of operations or financial position arising from future changes in exchange rates.

人民幣並非為自由轉換貨幣，須受中國政府監管。中國政府對外匯交易所設定的限制可能導致遠期匯率與當期匯率或歷史匯率相比產生重大波動。管理層無法預測中國外匯監管變化，故無法合理估計遠期匯率變動對本集團經營業績或財務狀況的影響。

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

本集團持有若干境外經營投資，其淨資產承受外幣折算風險。來自本集團境外經營淨資產所產生的匯率風險，主要透過以相關外幣計值的借款來管理。

At December 31, 2016, if US\$ had weakened/strengthened by 1% (2015: 1%) against the RMB with all other variables held constant, the Group's pre-tax loss for the year ended December 31, 2016 would have been RMB26.2 million (2015: RMB44.0 million) higher/lower respectively, mainly as a result of foreign exchange gains/losses on translation of US\$-denominated trade and other receivables, bank deposits and borrowings.

於二零一六年十二月三十一日，倘美元兌人民幣貶值/升值1% (二零一五年：1%)，而所有其他因素維持不變，則本集團於此等年度的除所得稅前利潤將增加/減少人民幣26.2百萬元 (二零一五年：人民幣44.0百萬元)，主要由於折算以美元計值的應收及其他應收賬款、銀行存款及借款產生外匯收益/虧損所致。

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the years presented.

上述變化代表了管理層對截至下一個資產負債表日年度外匯合理變化可能性的評估。該分析的基礎與以前報告年度一致。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Fair value interest rate risk

The Group's interest rate risk arises from borrowings, including bank loans and senior notes payable. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2016, all the borrowings were at fixed rate, denominated in US\$ and RMB.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group has no material interest bearing cash assets. The Group's income and operating cash flows are substantially independent of the changes in market rates. The Group's interest rates risk arises from borrowings. A detailed analysis of the Group's borrowings, together with their respective effective interest rates and maturity dates, are included in Note 26.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 公允價值利率風險

本集團的利率風險來自借款，包括銀行借款和應付優先票據。以浮動利率獲得的借款令本集團承受現金流利率風險，該風險部分由持有的浮動利率現金存款所抵銷。以固定利率獲得的借款令本集團承受公允價值利率風險。於二零一六年內，所有的借款都為固定利率以美元和人民幣為單位。

本集團以動態基礎分析其利率風險。本集團利用多個模擬方案，以計入再融資、現有持倉的續訂、其他可採用的融資和套期。根據此等方案，本集團計算界定利率轉移對利潤和虧損的影響。就每個模擬方案，所有貨幣均採用同一利率轉移。此等模擬方案只運用於主要計息持倉的負債上。

本集團並無重大計息資產。本集團的收入及經營現金流量大致上獨立於市場利率的變動。本集團的利率風險來自於借款。有關本集團借款的詳細分析連同其各自實際利率及到期日，列載於附註26。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Oil price risk

The Group is engaged in crude oil development, production and selling activities. Prices of crude oil are affected by both domestic and global factors which are beyond the control of the Group. The fluctuations in such prices may have favourable or unfavourable impacts to the Group. Therefore the Group was exposed to general price fluctuations of crude oil.

(b) Credit risk

As the majority of the cash at bank balance is placed with PRC state-owned banks and major financial institutions, the directors of the Company are of their opinion that the corresponding credit risk is relatively low. Therefore, credit risk arises primarily from trade and other receivables. The Group has controls in place to assess the credit quality of its customers. The carrying amounts of cash and cash equivalents, pledged deposits, amounts due from related parties and trade and other receivables included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk. At December 31, 2016 and 2015, the Group has no significant concentration of credit risk for its cash and cash equivalents.

During the year ended December 31, 2016, the Group has one customer in China which in aggregate accounts for 97.3% (2015: 98.0%) of the Group's revenue and as such, has concentration of credit risk for its trade and other receivables. However, the Group regards it as low risk as the customer in China is PetroChina Company Limited ("PetroChina"), a PRC state-owned enterprise with high credit rating in China.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 石油價格風險

本集團從事原油開發、生產及銷售。原油價格受本集團無法控制的諸多國內國際因素影響。上述價格波動可能對本集團構成有利或不利影響。因此，本集團面臨原油總體價格波動風險。

(b) 信用風險

因大部分銀行現金結餘存放於中國國有銀行及主要金融機構，故本公司董事認為信貸風險相對較低。因此，應收及其他應收賬款成為信貸風險的主要來源。本集團對客戶信用品質的評價進行控制。計入合併財務狀況表的現金及現金等價物、受限制現金、應收關聯方款項及應收及其他應收賬款的賬面價值反映了本集團所面臨的最大信貸風險。於二零一六年及二零一五年十二月三十一日，就其現金及現金等價物而言，本集團並無重大信貸集中風險。

截至二零一六年十二月三十一日止年度，本集團在中國的收益來自單一客戶，總計約佔本集團收益的97.3% (二零一五年：98.0%)，因此本集團的應收及其他應收賬款存在信貸集中風險。然而，由於本集團在中國的單一客戶為具有高信貸評級的國有企業中國石油天然氣股份有限公司(以下簡稱「中石油」)，因此本集團認為信貸集中風險較低。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit facilities.

Group Finance Team monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs through: (i) maintaining flexibility by placing reliance primarily on external borrowings; (ii) periodically evaluating banking facilities position and maintaining sufficient headroom on its undrawn committed borrowing facilities; (iii) compliance with borrowing limits or covenants on any of its borrowing facilities – for example: fixed charge coverage ratio, limitation on restricted payments, limitation on liens and asset sales, etc. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

The table below analyzes the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to their contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows of principal amount and interests.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動性風險

本集團的流動性風險管理包括維持足夠的現金及現金等價物以及依靠充裕的已承諾信貸融資額維持的可用資金額度。

審慎的流動性風險管理是指維持充足的現金及現金等價物，通過足夠的已承諾信貸融資額度維持可用資金，以及結算市場持倉的能力。由於相關業務的變動性質，本集團旨在通過已承諾信貸額度維持資金的靈活性。

集團財務團隊監控對本集團流動性需求的滾動預測，並通過如下管道確保有足夠資金滿足經營需要：(i) 主要依賴於銀行借款以維持流動彈性；(ii) 定期評估銀行授信額度狀況並維持充足的未提取承諾借款額度；(iii) 遵循借款限額或條款（例如對抵押資產的恰當管理，滿足特定債務比率以及其他信用等級要求等）。此等預測考慮了本集團債務融資計劃、條款遵從以及符合內部資產負債表比率目標。

下表顯示本集團及本公司的非衍生金融負債按照相關的到期組別，根據報告期末起至合同到期日的剩餘期間的分析。表中披露的金額為合同列示本金和利息的未折現現金流量。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

3. Financial risk management (Continued)

3. 財務風險管理(續)

3.1 Financial risk factors (Continued)

3.1 財務風險因素(續)

(c) Liquidity risk (Continued)

(c) 流動性風險(續)

		Less than 1 year 少於一年 RMB'000 人民幣千元	Between 1 and 2 years 一至兩年 RMB'000 人民幣千元	Between 2 and 5 years 二至五年 RMB'000 人民幣千元	Over 5 years 五年以上 RMB'000 人民幣千元
At December 31, 2016	於二零一六年 十二月三十一日				
Borrowings	借款	104,000	1,387,400	3,302,012	–
Interest payables on borrowings	借款利息	344,349	257,320	78,875	–
Trade and notes payable	應付賬款及應付票據	74,196	14,161	–	–
Provisions, accruals and other liabilities	準備、預提及其他負債	202,640	–	–	15,757
At December 31, 2015 (Re-presented)	於二零一五年 十二月三十一日 (重新呈列)				
Borrowings	借款	529,872	–	4,545,520	–
Interest payables on borrowings	借款利息	341,598	332,797	330,117	–
Trade and notes payable	應付賬款及應付票據	372,615	37,329	–	–
Provisions, accruals and other liabilities	準備、預提及其他負債	251,299	4,436	3,518	46,716

3.2 Capital management

3.2 資本管理

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

本集團的資本管理政策，是保障本集團能持續經營，以為股東提供回報和為其他利益關係者提供利益，同時維持最佳的資本結構以減低資本成本。

The Group monitors capital on the basis of Debt over EBITDA. Debt is calculated as total borrowings including 'current and non-current borrowings' as shown in the consolidated statement of financial position. EBITDA is determined as continuing operation loss before finance income, finance cost, income tax and depreciation, depletion and amortization.

本集團以債務對息稅前營運盈利(以下簡稱「EBITDA」)比率為基準監控其資本。債務等於借款總額(包括合併財務狀況表所列示的「流動及非流動借款」)。EBITDA等於除財務收入、財務費用、所得稅、折舊、折耗及攤銷前的持續經營利潤。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

3. Financial risk management (Continued)

3.2 Capital management (Continued)

The Debt over EBITDA ratios at December 31, 2016 and 2015 were as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列 Note 2.1.1 附註2.1.1
Total borrowings (Note 26)	借款總額(附註26)	4,690,555	4,954,119
Loss before income tax from continuing operation	源於持續經營的除所得稅前虧損	(457,981)	(1,467,259)
Finance income	財務收入	(17,490)	(19,610)
Finance cost	財務費用	403,951	441,384
Depreciation, depletion and amortization	折舊、折耗及攤銷	363,860	520,239
EBITDA	EBITDA	292,340	(525,246)
Debt over EBITDA ratio	債務總額與EBITDA的比率	16.0	(9.4)

The Debt over EBITDA increased as at December 31, 2016 compared to the prior year mainly due to the decrease of the losses incurred by the Group for the year then ended.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at December 31, 2016 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

3. 財務風險管理(續)

3.2 資本管理(續)

於二零一六年及二零一五年十二月三十一日的債務總額與EBITDA的比率列載如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列 Note 2.1.1 附註2.1.1
Total borrowings (Note 26)	借款總額(附註26)	4,690,555	4,954,119
Loss before income tax from continuing operation	源於持續經營的除所得稅前虧損	(457,981)	(1,467,259)
Finance income	財務收入	(17,490)	(19,610)
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Depreciation, depletion and amortization	折舊、折耗及攤銷	363,860	520,239
EBITDA	EBITDA	292,340	(525,246)
Debt over EBITDA ratio	債務總額與EBITDA的比率	16.0	(9.4)

由於本年虧損減少，債務總額與EBITDA的比率於二零一六年十二月三十一日轉為正值。

3.3 公允價值估計

下表根據在評估公允價值的估值技術中所運用到的輸入的層級，分析本集團於二零一六年十二月三十一日按公允價值入賬的金融工具。這些輸入按照公允價值層級歸類為如下三層：

- 相同資產或負債在活躍市場的報價(未經調整)(第一層)。
- 除了第一層所包括的報價外，該資產和負債的可觀察的其他輸入，可為直接(即例如價格)或間接(即源自價格)(第二層)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at December 31, 2016.

		Level 1 第一層 RMB'000 人民幣千元	Level 2 第二層 RMB'000 人民幣千元	Level 3 第三層 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Assets	資產				
As at December 31, 2016	於二零一六年 十二月三十一日				
Available-for-sale financial assets:	可供出售金融資產：				
– Equity investments	– 權益投資	15,685	–	42,246	57,931
– Debt investments	– 債務投資	–	–	5,399	5,399
Derivative financial instruments	衍生金融工具				
– MAST index Linked investment	– 與美林指數相關的 投資	–	90,325	–	90,325
		15,685	90,325	47,645	153,655
Liabilities	負債				
As at December 31, 2016	於二零一六年 十二月三十一日				
Derivative financial instruments	衍生金融工具				
– Oil options	– 原油期權	–	20,576	–	20,576
		–	20,576	–	20,576
Assets	資產				
As at December 31, 2015	於二零一五年 十二月三十一日				
Available-for-sale financial assets:	可供出售金融資產：				
– Equity investments	– 權益投資	2,511	–	22,487	24,998
– Debt investments	– 債務投資	–	–	2,107	2,107
		2,511	–	24,594	27,105

There were no transfers between level 1, level 2 and level 3 during the year.

3. 財務風險管理(續)

3.3 公允價值估計(續)

- 資產和負債並非依據可觀察市場資料的輸入(即非可觀察輸入)(第三層)。

下表呈列本集團於二零一六年十二月三十一日以公允價值計量的金融資產。

本年度無第一層級，第二層級以及第三層間的轉換。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. 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 closing price as at December 31, 2016. These instruments are included in level 1, and represent equity investments listed on NYSE, which are classified as 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. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(c) Financial instruments in level 3

With respect to the level 3 fair value measurement for the Group's financial assets at fair value that are unlisted equity investments and debt investments with no active market exists, the Group's finance department benchmark to the market price of certain comparable listed companies within the same or similar operation/industry and apply certain adjustments/discount for non-marketability. At December 31, 2016, the directors of the Company are of their opinion that there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

3. 財務風險管理(續)

3.3 公允價值估計(續)

(a) 在第一層內的金融工具

在活躍市場中交易的金融工具的報告期末的公允價值皆源於市場報價。倘市場報價易於定期從交易所、經銷商、經紀人、行業協會、定價服務機構或監管機構獲得，則該價格代表按市場規律實際發生的市場交易，則該市場視為活躍市場。本集團持有的金融資產所使用的市場報價乃二零一六年十二月三十一日的收盤價。這些金融工具為於紐交所上市的權益投資，分類為可供出售，歸屬於第一層級。

(b) 在第二層內的金融工具

沒有在活躍市場買賣的金融工具(例如場外衍生工具)的公允價值利用估值技術釐定。估值技術盡量利用可觀察市場資料(如有)，盡量少依賴主體的特定估計。如計算一金融工具的公允價值所需的所有重大輸入為可觀察資料，則該金融工具歸屬於第二層。如一項或多項重大輸入並非根據可觀察市場資料，則該金融工具歸屬於第三層。

(c) 在第三層內的金融工具

對於本集團以公允價值計量的金融資產中以第三層公允價值確認其公允價值的部分，因其為非上市的權益投資和債務投資，無活躍市場存在，本集團財務部門會對標若干相同或相似的行業／運營模式的可比上市公司的市價，並因其無市場可交易性作出特定調整／折讓。於二零一六年十二月三十一日，本公司董事認為，可確認的公允價值存在一個較大區間，在此區間內成本可代表其公允價值的最佳估計。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Estimation of proved and probable reserves

Proved reserves are those quantities of petroleum that by analysis of geoscience and engineering data can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. Economic conditions include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions. Proved developed producing reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Proved undeveloped reserves are quantities expected to be recovered through future investments: from new wells on undrilled acreage in known accumulations, from extending existing wells to a different (but known) reservoir, or from infill wells that will increase recovery. Probable reserves are additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely to be recovered.

4. 關鍵會計估計及判斷

估計和判斷乃按持續基準進行評估，並基於過往經驗及其他因素，包括在若干情況下對未來事項作出相信是合理的預期。

4.1 關鍵會計估計及假設

本集團對未來作出會計估計和假設。所得出的會計估計如其定義，很少會與其實際結果相同。有重大風險可能會導致對下一個財政年度的資產和負債的賬面價值作出重大調整的估計和假設討論如下。

(i) 已探明儲量和概算儲量的估計

已探明儲量為透過分析地球科學及工程資料，於明確的經濟條件、操作方法及政府法規下，從特定未來日期起自己知油藏以合理確信估計可商業開採回收的石油數量。經濟條件包括考慮僅由合同安排規定的現有價格變動，惟日後條件引致的增長除外。探明已開發儲量為預期從處於開放及產油狀態的完井層段中開採的儲量。探明未開發儲量為通過未來投資預期採出的油氣數量，包括開採已知油藏的未鑽的新井，延伸現有井至不同(但為已知)的油藏，或通過加密井提高採收率。概算儲量為相比探明儲量存在較大開採不確定性的額外儲量，但其與探明儲量一樣均存在獲取的可能性。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

4. Critical accounting estimates and judgements (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(i) Estimation of proved and probable reserves (Continued)

The Group's reserve estimates were prepared for each oilfield and include only reserves that the Group believes can be reasonably produced within current economic and operating conditions.

Proved and probable reserves cannot be measured exactly. Reserve estimates are based on many factors related to reservoir performance that require evaluation by the engineers interpreting the available data, as well as price and other economic factors. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data, and the production performance of the reservoirs as well as engineering judgement. Consequently, reserve estimates are subject to revision as additional data become available during the producing life of a reservoir. When a commercial reservoir is discovered, proved reserves are initially determined based on limited data from the first well or wells. Subsequent data may better define the extent of the reservoir and additional production performance. Well tests and engineering studies will likely improve the reliability of the reserve estimate. The evolution of technology may also result in the application of improved recovery techniques such as supplemental or enhanced recovery projects, or both, which have the potential to increase reserves beyond those envisioned during the early years of a reservoir's producing life.

In general, changes in the technical maturity of reserves resulting from new information becoming available from development and production activities and change in oil and gas price have tended to be the most significant cause of annual revisions.

4. 關鍵會計估計及判斷(續)

4.1 關鍵會計估計及假設(續)

(i) 已探明儲量和概算儲量的估計(續)

本集團的儲量估計乃就各油田而編製，僅包括本集團認為可於現時經濟及操作條件下合理生產的原油。

已探明儲量和概算儲量無法予以精確計量。儲量估計乃基於有關油藏動態的眾多因素(需要工程師詮釋所獲得資料的評估)以及價格等其他經濟因素。在任何方面該等估計的可靠性視乎技術及經濟資料的品質及數量、油藏的產量動態及工程判斷而定。因此，於油藏的生產週期內，如有額外資料時，儲量估計可予以修訂。於發現商業油藏時，已探明儲量首先乃根據首個或首批油井的有限資料而釐定。其後資料或可更好地確定油藏的範圍及額外產量動態，而油井試驗及工程研究將可能提升儲量估計的可靠性。技術的發展亦可導致應用經改善的採油技術，例如補充或經提升採油專案，或兩者，該等項目有潛力使儲量增至超逾於油藏生產週期初期數年內所預想者。

一般而言，自開發及生產活動取得新資料而導致石油儲量技術成熟度變動以及油氣價格變動已趨向成為年度修訂的最重要因素。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

4. Critical accounting estimates and judgements (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(ii) **Depletion, depreciation and amortization of property, plant and equipment and intangible assets**

In addition to the depletion, depreciation and amortization of oil and gas properties, mining extraction and mining rights using the unit of production method (Notes 2.6 and 2.7) based on the estimated reserves as disclosed in Note 4.1(i), management of the Group determines the estimated useful lives and related depreciation and amortization charges for other property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions, or based on value-in-use calculations or market valuations according to the estimated periods that the Group intends to derive future economic benefits from the use of intangible assets.

Management will adjust the estimated useful lives where useful lives vary with previously estimated useful lives. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require material adjustments to the carrying amount of property, plant and equipment and intangible assets.

4. 關鍵會計估計及判斷(續)

4.1 關鍵會計估計及假設(續)

(ii) **不動產、工廠及設備以及無形資產的折舊、折耗及攤銷**

關於油氣資產和基於估計儲量採用單位產量法(附註2.6和2.7)核算的礦產開採權及採礦權的折舊、耗損及攤銷已在附註4.1(i)中披露。除此之外,本集團管理層還需對其他不動產、工廠及設備和無形資產的預計使用年限及相關折舊和攤銷進行估計。此類估計依賴於類似性質和功能的不動產、工廠及設備的實際使用年限的歷史經驗,或者基於使用價值法或本集團預計使用該無形資產在未來期間產生經濟價值的市場價值法。

管理層通過比較已估計使用年限與目前可使用年限對不動產、工廠及設備和無形資產預計可使用年限進行調整。基於對現有情況的瞭解,可以合理的認為不動產、工廠及設備和無形資產的賬面價值於未來財政年度中不同的假設條件下可能出現重大調整。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

4. Critical accounting estimates and judgements (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(iii) Estimation of impairment of property, plant and equipment and intangible assets

Property, plant and equipment, including oil and gas properties, and intangible assets are reviewed for possible impairments when 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 involve management estimates and judgements such as forecast crude oil prices, forecast production volumes, forecast operating costs and capital expenditures and discount rates. 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.

4. 關鍵會計估計及判斷(續)

4.1 關鍵會計估計及假設(續)

(iii) 不動產、工廠、設備及無形資產減值估計

在有相關事件或情況變化表明賬面價值無法收回的情況下，為應對可能存在的減值會對包括石油和天然氣資產在內的不動產、工廠及設備和無形資產進行評估。確定一項資產是否以及減值多少涉及管理預測和判斷，如預測原油價格，預測產量，預測經營成本和資本支出以及貼現率。但是，減值評估和計算基於與本集團業務計劃一致的假設。對某些假設的有利變化可能會使本集團避免在近些年對任何資產進行減值，而不利的變化可能導致資產發生減值。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

4. Critical accounting estimates and judgements (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(iv) Provision for remediation and restoration

Provision for remediation and restoration included environmental remediation costs, assets retirements obligation and similar obligation in relation to the Group's operations. Provision is made when the related environmental disturbance and present obligations occur, based on the net present value of estimated future costs. The ultimate cost of environmental disturbances, asset retirement and similar obligation are uncertain and management uses its judgment and experience to provide for these costs over the life of operations. Cost estimates can vary in response to many factors including changes to the relevant legal requirements, the Group's related policies, the emergence of new restoration techniques and the effects of inflation. Cost estimates are updated throughout the life of the operation. The expected timing of expenditure included in cost estimates can also change, for example in response to changes in reserves, or production volumes or economic conditions. Expenditure may occur before and after closure and can continue for an extended period of time depending on the specific site requirements. Cash flows must be discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk free discount rate used for this purpose also requires judgment. As a result of all of the above factors there could be significant adjustments to the provision for close down, restoration and clean-up costs which would affect future financial results.

4. 關鍵會計估計及判斷(續)

4.1 關鍵會計估計及假設(續)

(iv) 補償及復用準備

補償及修復準備包括環境治理成本，資產棄置義務以及與本集團經營活動有關的其他類似義務。當發生相關環境破壞和現實義務時，依據估計未來成本的淨現值來確定準備金額。環境破壞，資產報廢和其他義務的最終成本是不確定的。管理層將依據經驗和判斷在經營期限內確定準備費用。費用的估計需要考慮和比較眾多因素，包括相關法律需求、集團相關政策、新修復技術的更新以及通貨膨脹等因素。費用估計將在經營期限內進行更新。估計費用的預期支出發生時間也會隨儲量、產量和經濟形勢的變化而發生變化。該項費用的支出會根據特定現實需求發生在期前或期後，並影響其後的一個期間。若上述事項產生重大影響，則現金流需進行折現。為此所選擇的無風險折現率也需進行重新評估和判斷。所以，上述因素的影響可能導致對恢復和清理費用的準備的重大調整，也會影響到未來期間的財務業績。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

4. Critical accounting estimates and judgements (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(iv) Provision for remediation and restoration (Continued)

The Group currently operates mainly in PRC. The outcome of environmental and other similar obligations under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material. Under existing legislation, however, the directors of the Company are in their opinion that there are no probable liabilities that are in addition to amounts which have already been reflected in the financial statements that will have a materially adverse effect on the financial position of the Group.

(v) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is still subject to finalisation. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4. 關鍵會計估計及判斷(續)

4.1 關鍵會計估計及假設(續)

(iv) 補償及複用準備(續)

本集團當下主要於中國作業。在當前已有或未來的環境法律框架下，對環境及其他類似義務的影響目前暫時無法合理估計，且該影響可能是重大的。然而，在現有法律框架下，本公司董事認為，除已於本財務報表反映的負債之外，不存在可能的負債對本集團財務狀況產生潛在重大不利影響。

(v) 所得稅

本集團於多個管轄區內繳納所得稅。本集團存在一些交易及事件的所得稅處理還需要最終敲定。在計算不同地區的所得稅費用時，本集團會作出重大會計判斷。根據對額外稅項是否到期的估計，本集團就預期稅務審計問題對負債進行了確認。倘這些事項的最終稅務結果與其初始記錄金額出現差異，這些差異將影響確定期間的當期及遞延所得稅資產及負債。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

5. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors of the Company that are used to make strategic decisions.

The Board of Directors considers the business performance of the Group from a geographic perspective being the PRC, Kazakhstan and North America. The PRC segment derives its revenue substantially from the sale of oil. Revenue is realized from the sale of the Group's share of crude oil to PetroChina pursuant to respective PSCs (Note 9). Before the disposal of 60% equity interest in Palaeontol B.V. as disclosed in Note 17 (a), the Kazakhstan segment derives its revenue from the sale of oil and gas through the operation of an oil and gas exploration and four production contracts in Kazakhstan. After the disposal, the Kazakhstan segment derives its share of profit from the remaining 40% equity investment in the Palaeontol B.V.. The North America segment derives its revenue from the sale of shale oil and gas through working interest in the Niobrara asset in the USA and its share of profit from the investment in associate in Canada.

The Board of Directors assesses the performance of the operating segments based on each segment's operating result.

5. 分部信息

管理層已根據經本公司董事會審議用於分配資源和評估表現的報告釐定經營分部。

董事會從地域的角度考慮了中國，哈薩克和北美區塊的業績表現。中國區塊主要收入來源於的原油銷售。中國分部的收入主要來自於中國各區塊根據產品分成合同(附註9)取得的對中石油的銷售款。在處置Palaeontol B.V.百分之六十(附註17(a))的股權之前，哈薩克分部的收入主要來源在哈薩克進行的油氣勘探與四項生產合同相關的天然氣與原油銷售。處置後，哈薩克區塊的利潤來源於享有對Palaeontol B.V.百分之四十的權益的投資利潤份額。北美分部的收入主要來源於在位於美國的Niobrara所擁有的作業權益產生的頁岩油和天然氣銷售收入以及享有的一家加拿大聯營企業投資的利潤份額。

董事會基於每個經營分部的經營業績對其進行業績評價。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

5. Segment information (Continued)

The segment information provided to the Board of Directors for the reportable segments for the year ended December 31, 2016 is as follows:

5. 分部信息(續)

截至二零一六年十二月三十一日止年度向董事會提供的經營分部信息如下：

		PRC 中國 RMB'000 人民幣千元	Kazakhstan 哈薩克斯坦 RMB'000 人民幣千元	North America 北美 RMB'000 人民幣千元	Corporate and others 總部及其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
From continuing operations	源於持續經營					
Segment revenue	分部收益	530,908	-	4,066	-	534,974
Depreciation, depletion and amortization	折舊、折耗及攤銷	(360,141)	-	(3,258)	(461)	(363,860)
Taxes other than income taxes (Note 28)	稅項(所得稅除外)(附註 28)	(2,935)	-	-	(10,479)	(13,414)
Employee benefit expense	員工薪酬成本	(65,683)	-	(2,019)	(65,589)	(133,291)
Purchases, services and other direct costs	採購、服務及其他	(102,017)	-	(3,556)	-	(105,573)
Distribution expense	銷售支出	(18,172)	-	-	-	(18,172)
General and administrative expense	管理費用	(20,495)	-	(2,687)	(44,484)	(67,666)
Impairment charges	資產減值損失	(150,245)	-	(3,083)	(81,339)	(234,667)
Other (losses)/gains, net	其他(損失)/收益, 淨值	(133,952)	-	(6,188)	437,989	297,849
Finance income	財務收入	700	-	3,277	13,513	17,490
Finance costs	財務費用	(24,724)	-	(43)	(379,184)	(403,951)
Share of profits of investments in associates	享有聯營企業投資的利潤份額	-	-	35,682	-	35,682
Share of losses of investments in joint venture	享有合營企業投資的虧損份額	-	-	-	(3,382)	(3,382)
(Loss)/profit before income tax	除所得稅前(虧損)/收益	(346,756)	-	22,191	(133,416)	(457,981)
Income tax expense	所得稅費用	(29,503)	-	(52)	(117,611)	(147,166)
(Loss)/profit for the year from continuing operations	本年持續經營所得(虧損)/收益	(376,259)	-	22,139	(251,027)	(605,147)
From discontinued operations	源於終止經營					
Loss for the year from discontinued operations	本年終止經營所得虧損	-	(717,086)	-	-	(717,086)
(Loss)/profit for the year	本年(虧損)/利潤	(376,259)	(717,086)	22,139	(251,027)	(1,322,233)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

5. Segment information (Continued)

The segment information provided to the Board of Directors for the reportable segments for the year ended December 31, 2016 is as follows (Continued):

5. 分部信息(續)

截至二零一六年十二月三十一日止年度向董事會提供的經營分部信息如下(續)：

		PRC 中國 RMB'000 人民幣千元	North America 北美 RMB'000 人民幣千元	Corporate and others 總部及其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Total assets	資產總額	2,998,635	9,750	2,839,243	5,847,628
Total assets includes:	資產總額包括：				
Property, plant and equipment	不動產、工廠及設備	2,400,696	6,053	1,209	2,407,958
Intangible assets	無形資產	8,849	-	-	8,849
Investments in associates	聯營企業投資	-	246,667	-	246,667
Additions to non-current assets	非流動資產增加	581	1,393	14	1,988
Total liabilities	負債總額	303,611	3,972	4,900,258	5,207,841

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

5. Segment information (Continued)

The segment information provided to the Board of Directors for the reportable segments for the year ended December 31, 2015 is as follows:

5. 分部信息(續)

截至二零一五年十二月三十一日止年度向董事會提供的經營分部信息如下：

	PRC 中國	Kazakhstan 哈薩克斯坦	North America 北美	Corporate and others 總部及其他	Total 總計
	Re-presented 重新呈列	Re-presented 重新呈列			
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
From continuing operations	源於持續經營				
Segment revenue	分部收益				
Depreciation, depletion and amortization	716,758	-	5,427	-	722,185
Taxes other than income taxes (Note 28)	(514,655)	-	(5,127)	(457)	(520,239)
Employee benefit expense	(4,334)	-	(217)	(18,780)	(23,331)
Purchases, services and other direct costs	(71,672)	-	-	(72,172)	(143,844)
Distribution expense	(115,687)	-	(5,279)	-	(120,966)
General and administrative expense	(20,516)	-	-	-	(20,516)
Impairment charges	(27,304)	-	(3,798)	(68,129)	(99,231)
Other (losses)/gains, net	(748,309)	-	(16,705)	-	(765,014)
Finance income	(15,532)	-	30,733	(63,103)	(47,902)
Finance costs	670	-	3,073	15,867	19,610
Share of losses of investments in joint venture	(85,950)	-	(3,414)	(352,020)	(441,384)
	-	-	-	(26,627)	(26,627)
(Loss)/profit before income tax	除所得稅前(虧損)/利潤				
Income tax credit/(expense)	所得稅收益/(費用)				
(Loss)/profit for the year from continuing operations	121,262	-	-	(144)	121,118
	(765,269)	-	4,693	(585,565)	(1,346,141)
From discontinued operations	源於終止經營				
Loss for the year from discontinued operations	-	(179,147)	-	-	(179,147)
(Loss)/profit for the year	本年(虧損)/利潤				
	(765,269)	(179,147)	4,693	(585,565)	(1,525,288)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

5. Segment information (Continued)

The segment information provided to the Board of Directors for the reportable segments for the year ended December 31, 2015 is as follows (Continued):

5. 分部信息(續)

截至二零一五年十二月三十一日止年度向董事會提供的經營分部信息如下(續)：

		PRC 中國 Re-presented 重新呈列 RMB'000 人民幣千元	Kazakhstan 哈薩克斯坦 Re-presented 重新呈列 RMB'000 人民幣千元	North America 北美 RMB'000 人民幣千元	Corporate and others 總部及其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Total assets	資產總額	3,942,814	3,036,764	47,177	1,063,350	8,090,105
Total assets includes:	資產總額包括：					
Property, plant and equipment	不動產、工廠及設備	3,038,383	2,551,430	9,728	34,035	5,633,576
Intangible assets	無形資產	15,089	343,738	768	-	359,595
Investments in joint venture	合營企業的投資	-	-	-	505,994	505,994
Additions to non-current assets	非流動資產增加	10,306	349,407	4,371	12	364,096
Total liabilities	負債總額	744,088	531,269	4,519	4,599,233	5,879,109

All segment information above re-presented segment results after elimination of inter-segment transactions, which primarily include interest income or expense from intra-group accounts and loans.

上述分部報告信息為各分部之間交易抵銷之後進行列示。分部之間交易主要包括集團內公司賬目往來和借款產生的利息收入或支出。

The revenue reported to the Board of Directors is measured consistently with that in the consolidated statement of comprehensive income. The amounts provided to the Board of Directors with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

向董事會報告的收益的計量方法與合併綜合收益表的計量方法一致。向董事會提供有關資產及負債總額的計量方法與合併財務報表的計量方法一致。此等資產及負債根據分部的經營和資產的實際位置分配。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

5. Segment information (Continued)

Entity-wide information

Analysis of revenue by category

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Sales of oil and gas	銷售原油及天然氣	524,331	713,480
Provision of services	提供服務	10,643	8,705
		534,974	722,185

For the year ended December 31, 2016, total revenue from crude oil sales in the PRC amounting to RMB519.6 million (2015: RMB707.1 million) are derived solely from PetroChina. Crude oil sales revenues from PetroChina accounted for 97.1% (2015: 97.9%) of the Group's total revenue for the year ended December 31, 2016.

截至二零一六年十二月三十一日止年度，本集團在中國的原油銷售收入金額為人民幣519.6百萬元(二零一五年：人民幣707.1百萬元)，均為銷售給中石油取得的收入。截至二零一六年十二月三十一日止年度從中石油取得的原油收入佔本集團總收入的97.1%(二零一五年：97.9%)。

5. 分部信息(續)

企業層面信息

收入按類別分析

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

6. Property, plant and equipment

6. 不動產、工廠及設備

		Exploration and evaluation assets 勘探及評價資產 RMB'000 人民幣千元	Oil and gas properties 油氣資產 RMB'000 人民幣千元	Buildings and improvements 建築物及設施 RMB'000 人民幣千元	Vehicles, office and other production equipment 汽車、辦公室設備及生產設備 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2015	於二零一五年一月一日						
Cost	成本	154,594	11,148,585	19,970	116,624	509,696	11,949,469
Accumulated depreciation and impairment	累計折舊及減值	(12,036)	(5,243,034)	(5,085)	(59,641)	-	(5,319,796)
Net book amount	賬面淨值	142,558	5,905,551	14,885	56,983	509,696	6,629,673
Year ended December 31, 2015	截至二零一五年十二月三十一日止年度						
Opening net book amount	年初賬面淨值	142,558	5,905,551	14,885	56,983	509,696	6,629,673
Exchange differences	匯兌差額	6,359	112,517	802	1,061	26,744	147,483
Additions	增加	40,106	30,146	11,071	941	269,971	352,235
Disposals	處置	-	-	(976)	(3,088)	-	(4,064)
Transfers	轉撥	(98,465)	169,474	-	(43)	(70,966)	-
Depreciation charge	折舊費用	-	(636,851)	(3,209)	(11,193)	-	(651,253)
Impairment charge	減值損失	-	-	-	-	-	-
- Continued operations (Note(d))	- 持續經營(附註(d))	-	(746,781)	-	-	(17,011)	(763,792)
- Discontinued operations (Note 17(a))	- 終止經營(附註17(a))	-	(53,022)	-	-	(23,684)	(76,706)
Closing net book amount	年末賬面淨值	90,558	4,781,034	22,573	44,661	694,750	5,633,576
At December 31, 2015 (Re-presented)	於二零一五年十二月三十一日(重新呈列)						
Cost	成本	103,329	11,663,182	31,255	104,731	736,407	12,638,904
Accumulated depreciation and impairment	累計折舊及減值	(12,771)	(6,882,148)	(8,682)	(60,070)	(41,657)	(7,005,328)
Net book amount	賬面淨值	90,558	4,781,034	22,573	44,661	694,750	5,633,576
Year ended December 31, 2016	截至二零一六年十二月三十一日止年度						
Opening net book amount	年初賬面淨值	90,558	4,781,034	22,573	44,661	694,750	5,633,576
Exchange differences	匯兌差額	9,993	102,433	702	838	33,625	147,591
Additions	增加	11,527	6,698	159	1,237	60,616	80,237
Disposals	處置	-	-	-	(344)	-	(344)
Reclassification	重分類	-	-	-	-	(134,030)	(134,030)
Disposals of subsidiaries	處置子公司	(215,833)	(1,652,241)	(11,568)	(12,337)	(601,029)	(2,493,008)
Transfers	轉撥	103,755	(72,400)	-	-	(31,355)	-
Depreciation charge	折舊費用	-	(492,251)	(3,307)	(9,265)	-	(504,823)
Impairment charge	減值損失	-	-	-	-	-	-
- Continued operations (Note(d))	- 持續經營(附註(d))	-	(153,288)	-	-	-	(153,288)
- Discontinued operations (Note 17(a))	- 終止經營(附註17(a))	-	(161,510)	-	-	(6,443)	(167,953)
Closing net book amount	年末賬面淨值	-	2,358,475	8,559	24,790	16,134	2,407,958
At December 31, 2016	於二零一六年十二月三十一日						
Cost	成本	-	8,819,467	10,375	74,582	33,146	8,937,570
Accumulated depreciation and impairment	累計折舊及減值	-	(6,460,992)	(1,816)	(49,792)	(17,012)	(6,529,612)
Net book amount	賬面淨值	-	2,358,475	8,559	24,790	16,134	2,407,958

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

6. Property, plant and equipment (Continued)

6. 不動產、工廠及設備(續)

(a)

(a)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Depreciation charge is recognized as:	折舊費用確認如下：		
Charged to loss for the year	計入本年虧損	487,866	628,204
Capitalized into oil in tank	資本化入庫存油	16,957	23,049
		504,823	651,253

(b)

(b)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Recognition of charges relating to asset retirement obligations in the additions of oil and gas properties (Note 25)	於增加的油氣資產中確認了資產棄置義務(附註25)	1,354	6,076

(c)

(c)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Assets directly used in and operated under the Group's PSCs with PetroChina in the PRC	本集團與中石油訂立的產品分成合同直接予以使用及操作的資產		
— Cost	— 成本	8,694,370	8,827,785
— Accumulated depreciation and impairment	— 累計折舊及減值	(6,302,272)	(5,799,335)
		2,392,098	3,028,450

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

6. Property, plant and equipment (Continued)

(d) Impairment assessment – Continuing operations

As set out in Note 2.9, management has identified indicator of impairment on non-current assets exist in three cash generating units (“CGUs”) as at year end date, namely two individual blocks under the PSCs in the PRC and a working interest in the USA.

The carrying value of the CGUs is compared against respective recoverable amount, which is estimated based on value-in-use. Value-in-use is calculated based on pre-tax cash flow projections which is consistent with the financial budgets as approved by the Board of Directors.

In performing the impairment assessment, key assumptions and input data adopted by the management include forecast crude oil prices, forecast production volumes, forecast operating costs and capital expenditures and discount rates. Management determined the forecast crude oil prices based on the approved financial budgets and also bench-marked against a range of price forecasts published by various reputable banks and industry organisations. The forecast production volumes were based on management’s production plan and forecast production volume for the remaining concession periods as set out in the reserve reports. Management determined the forecast operating costs and capital expenditures based on its financial budget and business plan. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

6. 不動產、工廠及設備(續)

(d) 減值評估 – 持續經營

如附註2.9所示，管理層在年末識別出在三個現金產出單元中的長期資產存在減值的跡象，換而言之，三個現金產出單元分別是位於中國在產品分成合同之下的兩個區塊和位於美國的擁有作業權益的區塊。

將現金產出單元的賬面價值與可回收金額進行比較，可回收金額是根據使用價值進行估計。使用價值是根據與董事會批准的財務預算相一致的稅前現金流量預測計算的。

在進行減值評估時，管理層所採用的關鍵假設和數據包括原油價格預測，預測產量，預測操作費用和投資支出以及貼現率。其中，管理層將根據批准的財務預算來預測原油價格，並採用各種知名的銀行和行業組織發佈的預測原油價格範圍進行參考。而預測產量是根據儲量報告中呈列出的剩餘合同期的管理生產計劃和預測產量進行預測。管理層根據其財務預算和業務計劃制定預測操作費用和投資支出。所使用的貼現率為稅前貼現率，並且稅前貼現率可反映與行業相關的特定風險。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

6. Property, plant and equipment (Continued)

(d) Impairment assessment — Continuing operations (Continued)

Lower global crude oil prices gave rise to indication that the carrying amounts of oil and gas properties of the Group as at 31 December 2016 might not be recoverable. During the year ended December 31, 2016, the Group recognized an impairment charge on property, plant and equipment of RMB153.3 million (2015: RMB763.8 million). For the year ended December 31, 2016, impairment charge of RMB150.3 million and RMB3.0 million are related to one block in the PRC and the working interest in the USA, respectively, to reduce their carrying value to the respective estimated recoverable amounts calculated based on value-in-use. The pre-tax discount rates used in the calculations of recoverable amount for the two blocks in the PRC are 12.4% and 13.6% and for the working interest in the USA is 12.5%.

6. 不動產、工廠及設備(續)

(d) 減值評估 — 持續經營(續)

因全球原油價格持續走低導致本集團截至2016年12月31日的油氣資產賬面價值與實際價值有所偏差。故此截止至2016年12月31日，集團確認了對不動產、廠房及設備的減值準備約為人民幣153.3百萬元(2015年：人民幣763.8百萬元)。其中150.3百萬元減值準備來源於中國區下的一個開採區塊，剩餘的3.0百萬元則是針對集團在美國所持有的開採利益進行的減值準備。減值準備的金額是各區塊賬面價值以及可回收金額的差額，其中可回收金額則是基於使用價值進行測算得到的結果。在對可回收金額的計算過程中，針對中國兩個區塊採用的稅前貼現率分別為12.4%和13.6%，對美國區塊開採利益所採用的稅前貼現率則為12.5%。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

7. Intangible assets

7. 無形資產

		Software 軟件 RMB'000 人民幣千元	Mineral extraction rights 礦產開採權 RMB'000 人民幣千元	Mining rights 採礦權 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2015	於二零一五年一月一日				
Cost	成本	24,304	18,132	555,874	598,310
Accumulated amortization and impairment	累計攤銷及減值	(16,586)	(15,358)	(71,814)	(103,758)
Net book amount	賬面淨值	7,718	2,774	484,060	494,552
Year ended December 31, 2015	截至二零一五年十二月三十一日 止年度				
Opening net book amount	年初賬面淨值	7,718	2,774	484,060	494,552
Exchange differences	匯兌差額	29	84	22,963	23,076
Additions	增加	11,870	-	-	11,870
Amortization charge	攤銷費用	(3,609)	(869)	(7,021)	(11,499)
Impairment charge	減值損失				
— Continuing operations	— 持續經營	-	(1,222)	-	(1,222)
— Discontinued operations	— 終止經營	-	-	(157,182)	(157,182)
Closing net book amount	年末賬面淨值	16,008	767	342,820	359,595
At December 31, 2015 (Re-presented)	於二零一五年十二月三十一日 (重新呈列)				
Cost	成本	36,251	19,241	589,905	645,397
Accumulated amortization and impairment	累計攤銷	(20,243)	(18,474)	(247,085)	(285,802)
Net book amount	賬面淨值	16,008	767	342,820	359,595

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

7. Intangible assets (Continued)

7. 無形資產(續)

		Software 軟件 RMB'000 人民幣千元	Mineral extraction rights 礦產開採權 RMB'000 人民幣千元	Mining rights 採礦權 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Year ended December 31, 2016	截至二零一六年十二月三十一日 止年度				
Opening net book amount	年初賬面淨值	16,008	767	342,820	359,595
Exchange differences	匯兌差額	61	20	14,015	14,096
Additions	增加	251	-	-	251
Disposals of subsidiaries	處置子公司	(1,107)	-	(185,037)	(186,144)
Amortization charge	攤銷費用	(6,364)	(747)	(4,137)	(11,248)
Impairment charge	減值損失				
– Continuing operations	– 持續經營	-	(40)	-	(40)
– Discontinued operations (Note 17(a))	– 終止經營(附註17(a))	-	-	(167,661)	(167,661)
Closing net book amount	年末賬面淨值	8,849	-	-	8,849
At December 31, 2016	於二零一六年十二月三十一日				
Cost	成本	34,459	20,555	-	55,014
Accumulated amortization and impairment	累計攤銷及減值	(25,610)	(20,555)	-	(46,165)
Net book amount	賬面淨值	8,849	-	-	8,849

8. Investments in associates

8. 聯營企業投資

		2016 二零一六年 RMB'000 人民幣千元
At January 1,	於一月一日	-
Additions	增加	283,677
Share of profits for the year	年內享有的利潤份額	36,115
Impairment (Note (a)(iii))	減值(附註(a)(iii))	(81,339)
Exchange differences	匯兌差額	8,647
Others	其他	(433)
At December 31,	於十二月三十一日	246,667

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

8. Investments in associates (Continued)

8. 聯營企業投資(續)

(a) Details of investments in associates

(a) 聯營企業投資詳情：

Name of entity 公司名稱	Place of business/ country of incorporation 經營地點/ 企業註冊地址	Principal activities 主要活動	% of interest held indirectly 間接持有 權益比例	Measurement method 核算方法
Palaeontol B.V. ("PBV") (Note(i))	Netherlands 荷蘭	Exploration and production of oil in Kazakhstan through associate 通過聯營企業形式在哈薩克斯坦 生產及出售石油	40.0%	Equity 權益法
Journey Energy Inc. ("Journey") (Note(ii))	Canada 加拿大	Exploration and production of conventional, oil- weighted assets in western Canada 在加拿大西部進行以油為主的 常規資產的勘探和開發	37.4%	Equity 權益法
PetroBroad Copower Limited ("PetroBroad") (Note(iii))	PRC/Hong Kong 中國/香港	Exploration of petroleum products in the northern part of the South China Sea pursuant to the PSC with CNOOC 按照其與中海油簽訂的產品分成 合同約定在中國南海的北部 對海上石油項目進行勘探。	34.0%	Equity 權益法

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

8. Investments in associates (Continued)

(a) Details of investments in associates (Continued)

(i) PBV

As disclosed in Note 17 (a), upon completion of the disposal in November 2016, the Group retained the remaining 40.0% equity interest in PBV and it became an associate to the Group. According to the fair value calculation based on the consideration, the initial cost of the investment in PBV is nil.

(ii) Journey

On September 15, 2016, the Group entered into a share purchase agreement to subscribe for 37.5% interest in Journey, a company listed on the Toronto Stock Exchange, at a consideration of CAD 33.8 million (equivalent to RMB171.7 million). As at December 31, 2016, the Group's equity interest in Journey reduced from 37.5% to 37.4% due to issuance of new shares in Journey.

With the assistance of external professional experts, management performed the fair value assessment for allocation of the purchase price in respect of the investment in Journey at the acquisition date. Based on the assessment, a gain of RMB29.8 million arising from the acquisition (Note 27) mainly due to the under valued share price of Journey resulted by the current low commodity prices environment.

8. 聯營企業投資(續)

(a) 聯營企業投資詳情：(續)

(i) PBV

如附註17(a)所披露，在部分處置交易完成後本集團仍持有的PBV 40.0%股權使之成為本集團的聯營公司。以交易對價為基礎計算的公允價值下對PBV的初始投資對價為零。

(ii) Journey

二零一六年九月十五日，本集團簽署了購買在多倫多證券交易所上市的Journey 37.5%股份的協議，交易對價為加幣33.8百萬元(等於人民幣171.7百萬元)。由於Journey發行新股，於二零一六年十二月三十一日，由於新發行股份，集團持有Journey股份由37.5%減少至37.4%。

在外部專家的協助下，管理層對購買日的「Journey」投資進行了購買價格分配的公允價值評估。根據該項評估，收購產生的收益為人民幣29.8百萬元(附註27)，主要是由於當前較低的商品價格環境造成的Journey股價低估。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

8. Investments in associates (Continued)

(a) Details of investments in associates (Continued):

(iii) PetroBroad

In May 2016, the Company entered into an investment cooperation agreement to subscribe for 34.0% interest in PetroBroad for a consideration comprising cash of HK\$3,400; and a shareholder's loan of RMB84.8 million. The shareholder's loan is equity in nature and is recognised as investment in PetroBroad.

As indicated by the accumulated loss incurred in PetroBroad and the current result from its exploration activities, the Company has provided a full impairment provision on the investment in PetroBroad of RMB81.3 million.

(b) Fair value

PBV and PetroBroad are private companies and there are no quoted market price available for its shares.

As at December 31, 2016, the fair value of the Group's interest in Journey was CAD45.8 million (equivalent to RMB235.4 million).

8. 聯營企業投資(續)

(a) 聯營企業投資詳情(續)：

(iii) 博道長和

於二零一六年五月，公司簽署投資合作協議購買博道長和石油有限公司(「博道長和」)34.0%股權及認購對價等值於3,400港元的股份提供股東貸款金額為人民幣84.8百萬元。該筆股東貸款為權益性質作為對博道長和的投資。

根據博道長和的累計損失及其目前勘探情況，本公司將對其的人民幣81.3百萬元的投資全部計提減值。

(b) 公允價值

PBV及PetroBroad為非上市公司，因此其股份沒有可用的市場價格。

於二零一六年十二月三十一日，本集團持有的Journey股份的公允價值為加幣45.8百萬加元(折合人民幣235.4百萬元)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

8. Investments in associates (Continued)

(c) Accounting policies

Major differences in accounting policies between the Group and Journey are listed as below:

- Journey adopts full cost method for its gas exploration and production activities. Under this method, all costs incurred in exploring for, acquiring and developing oil and gas reserves are capitalized, regardless of whether the results of specific costs are successful, as exploration and evaluation assets and will be transferred to oil & gas properties, and ultimately being depreciated on the unit-of-production basis upon production phase of the project in future.
- The Group adopts successful efforts method, and certain expenditures incurred and capitalized by Journey would not be qualified for capitalization under successful efforts method; therefore, such expenditures were expensed off to ensure consistency with the Group's policies.

(d) Contingent liabilities

As December 31, 2016 and 2015, there are no contingent liabilities relating to the Group's interest in its associates.

8. 聯營企業投資(續)

(c) 會計政策

本集團與 Journey 的主要會計政策差異：

- Journey 對其天然氣開採及生產活動採用完全成本法核算。於該方法下，勘探、獲取和開發石油及天然氣儲量發生的所有成本，不論其結果是否成功，均於發生時資本化計入勘探和開發資產，並轉入油氣資產後最終於未來項目生產階段按單位產量法進行折舊。
- 本集團採用成果法核算，在該方法下，Journey 原已發生並資本化的特定支出不符合資本化條件，為與本集團政策保持一致性，該等支出將會費用化。

(d) 或有負債

於二零一五年和二零一六年十二月三十一日，沒有與集團在聯營企業的利益相關的或有負債。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

8. Investments in associates (Continued)

(e) Summarized financial information:

Summarized statement of comprehensive income

Revenue	收入	23,313	117,319	140,632
Depreciation and amortisation expense	折舊及攤銷費用	(6,970)	(38,334)	(45,304)
General and administration expenses	管理費用	(7,164)	(13,223)	(20,387)
Taxes other than income taxes	除所得稅外其他稅費	(7,374)	-	(7,374)
Others	其他	42,204	149,123	191,327
Profit before income tax	除所得稅前收益	44,009	214,885	258,894
Income tax expense	所得稅費用	(14,853)	(119,175)	(134,028)
Profit for the year	本年收益	29,156	95,710	124,866
Total comprehensive income for the year	本年綜合收益總額	29,156	95,710	124,866

8. 聯營企業投資(續)

(e) 摘要財務資料如下：

摘要綜合收入表

		Period starting from recognition date 自初始確認日開始的期間		
		Palaeontol B.V. PBV RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue	收入	23,313	117,319	140,632
Depreciation and amortisation expense	折舊及攤銷費用	(6,970)	(38,334)	(45,304)
General and administration expenses	管理費用	(7,164)	(13,223)	(20,387)
Taxes other than income taxes	除所得稅外其他稅費	(7,374)	-	(7,374)
Others	其他	42,204	149,123	191,327
Profit before income tax	除所得稅前收益	44,009	214,885	258,894
Income tax expense	所得稅費用	(14,853)	(119,175)	(134,028)
Profit for the year	本年收益	29,156	95,710	124,866
Total comprehensive income for the year	本年綜合收益總額	29,156	95,710	124,866

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

8. Investments in associates (Continued)

8. 聯營企業投資(續)

(e) Summarized financial information: (Continued)

(e) 摘要財務資料如下：(續)

Summarized statement of financial position

摘要財務狀況表

		As at December 31, 2016 於二零一六年十二月三十一日		
		Palaeontol B.V. PBV RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Current	流動			
Cash and cash equivalents	現金及現金等價物	97,659	12,093	109,752
Other current assets	其他流動資產	79,437	80,686	160,123
Total current assets	流動資產總額	177,096	92,779	269,875
Trade payables	應付賬款	72,222	115,245	187,467
Other current liabilities	其他流動負債	421,022	490,873	911,895
Total current liabilities	流動負債總額	493,244	606,118	1,099,362
Non-current	非流動			
Property, plant and equipment	不動產、工廠及設備	2,167,554	1,846,618	4,014,172
Other non-current assets	其他非流動資產	161,921	214,826	376,747
Total non-current assets	非流動資產總額	2,329,475	2,061,444	4,390,919
Total non-current liabilities	非流動負債總額	1,983,214	892,326	2,875,540
Net assets	淨資產	30,113	655,779	685,892

The information above reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates (if any), and not the Group's share of those amounts.

以上數據反映在聯營企業的財務報表內呈列的數額(並非本集團享有此等數額的份額)，並經就本集團與聯營企業之間會計政策的差異作出調整。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

8. Investments in associates (Continued)

8. 聯營企業投資(續)

(f) Reconciliation of summarized financial information

(f) 摘要財務資料的調節

		2016 二零一六年 Total 總計 RMB'000 人民幣千元
Initial recognition of net assets	初始確認的淨資產	534,952
Profit for the year	本年收益	124,866
Currency translation differences	外幣折算差額	26,074
Closing net assets	年末淨資產	685,892
Interest in associates	聯營權益	246,667
Carrying value	賬面價值	246,667

9. Joint arrangements

9. 合營安排

(a) Investments in joint ventures

(a) 合營企業投資

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
At January 1,	於一月一日	505,994	499,284
Additions	增加	1,765	29,874
Share of losses for the year	年內享有的虧損份額	(3,382)	(26,627)
Adjustment for unrealized gains resulting from downstream transactions	順流交易產生的 未實現利得調整	(16,538)	(26,447)
Disposals(Notes 17(b))	處置(附註 17(b))	(448,163)	-
Exchange differences	匯兌差額	(39,676)	29,910
At December 31,	於十二月三十一日	-	505,994

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

9. Joint arrangements (Continued)

(b) Joint operations

During the year ended December 31, 2016, through its subsidiaries, the Group has the following joint arrangements which are accounted for as joint operation in accordance with IFRS 11 “Joint arrangements”.

Daan and Moliqing PSCs

The Group and Global Oil Corporation (“GOC”), a limited liability company incorporated in Bahamas, (collectively the “Foreign Contractors”), respectively hold a 90% interest and a 10% interest in the foreign participating interest in each of Daan and Moliqing blocks within the Daan and Moliqing oilfields located in Northeast region in the PRC. These oilfields had been in the commercial production phase since 2005 and 2008, respectively, the Daan PSC would expire after about 8 years in 2024, whereas the Moliqing PSC would expire after about 12 years in 2028.

Pursuant to the respective PSCs with PetroChina the annual gross production of the crude oil shall, after payment for value added tax and royalty, be firstly deemed as the cost recovery oil and shall be used for cost recovery in the following sequence:

- (i) Payment in kind for the operating costs actually incurred by Foreign Contractors and PetroChina.
- (ii) The remainder of the cost recovery oil shall, after payment for the operating costs, be deemed as investment recovery oil. Such investment recovery oil shall be used for the simultaneous recovery of the pilot test costs and the development costs incurred by Foreign Contractors and predevelopment costs spent by PetroChina in proportion of 20% by PetroChina and 80% by Foreign Contractors. The unrecovered costs of the parties shall be carried forward to and recovered from the investment recovery oil in succeeding calendar years until being fully recovered.

9. 合營安排(續)

(b) 共同經營

截至二零一六年十二月三十一日止年度，通過其子公司，本集團擁有以下共同經營業務根據國際財務報告準則第11號「合營安排」釐定為共同經營。

大安和莫里青產品分成合同

本集團與澳大利亞環球石油公司(以下簡稱「環球石油」)，一家設立於巴哈馬的公司，(統稱「外方合同者」)於大安及莫里青兩個區塊產品分成合同的外國參與權益內分別持有90%及10%的權益。大安及莫里青油田位於中國東北地區。上述兩個區塊分別在二零零五年和二零零八年進入商業生產期。大安產品分成合同將於二零二四年到期，合同剩餘有效時間約為八年；莫里青產品分成合同將於二零二八年到期，合同剩餘有效時間約為十二年。

根據與中石油的相關產品分成合同，原油的年度總產量在支付增值稅及礦區使用費後，將首先被視為費用回收油，並將按如下步驟用於費用回收：

- (i) 就外方合同者及中石油實際產生的操作費作出實物付款。
- (ii) 費用回收油的剩餘部分在支付操作費後，將被視為投資回收油。該投資回收油將被用於按中石油分佔20%及外方合同者分佔80%的比例，同步回收外方合同者所產生的先導試驗期成本、開發費用及中石油所支付的前期開發費用。訂約方未回收的成本則被結轉至隨後日曆年的投資回收油，並於其中回收，直至全數回收為止。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

9. Joint arrangements (Continued)

(b) Joint operations (Continued)

Daan and Moliqing PSCs (Continued)

- (iii) After all pilot test costs and development costs incurred up to that time have been recovered, the remainder of the gross production of crude oil for that period is referred to as profit oil and shall be allocated in proportion of PetroChina 52% and Foreign Contractors 48%.
- (iv) The operating costs so incurred after the date of commencement of commercial production shall be paid respectively by PetroChina and Foreign Contractors in accordance with the proportion of oil allocated to each party.

GOC is entitled to a 10% share of the Foreign Contractors' interest in property, plant and equipment, income and expenses. The Group received income and paid expenses on behalf of GOC, which has been recorded in the relevant accounts with GOC (Note 37).

9. 合營安排(續)

(b) 共同經營(續)

大安和莫里青產品分成合同(續)

- (iii) 於任何日曆年，在當期先導試驗期成本及開發費用回收後，該期間原油總產量的剩餘部分將作為利潤分成油並且按中石油分佔52%及外方合同者分佔48%的比例進行分配。
- (iv) 開始商業生產後所產生的操作費將分別由中石油及外方合同者按石油分配的比例予以支付。

環球石油有權分佔外方合同者不動產、工廠及設備、收入及支出份額中的10%。本集團代表環球石油收取收入，並支付支出。此等款項已記錄於環球石油有關賬目內(附註37)。

10. Subsidiaries

Details of principal subsidiaries

Name 名稱	Country of incorporation 註冊成立地點	Kind of legal entity 法律實體類型	Principal activities and Place of operation 主要業務及經營地點	Particulars of issued share 註冊及全部注入資本	Proportion (%) of ordinary shares held by		
					The Company 公司	The Group 集團	Non- controlling interests 非控制權益
Gobi Energy Limited ("Gobi")	Cayman 開曼群島	Limited liability company 有限責任公司	Production and sale of oil in the PRC 在中國生產及出售石油	100 ordinary shares of 1 US\$ each 100 普通股，每股一美元	100%	100%	-
Riyadh Energy Limited ("Riyadh")	Cayman 開曼群島	Limited liability company 有限責任公司	Production and sale of oil in the PRC 在中國生產及出售石油	100 ordinary shares of 1 US\$ each 100 普通股，每股一美元	100%	100%	-
Camel Oil and Gas Technical Service (Tianjin) Limited	PRC 中國	Limited liability company 有限責任公司	Research and technical development in the PRC 在中國從事研究及 技術開發	Registered capital of US\$2 million 註冊資本2百萬美元	100%	100%	-

10. 子公司

主要子公司詳情

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

11. Financial instruments by category

11. 金融工具(按類別)

		Loans and receivables 貸款及應收款 RMB'000 人民幣千元	Available-for-sale 可供出售 金融資產 RMB'000 人民幣千元	Derivative financial instruments 衍生 金融工具 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
December 31, 2016	二零一六年十二月三十一日				
Assets as per statement of financial position	根據財務狀況表的資產				
Available-for-sale financial assets	可供出售金融資產	-	63,330	-	63,330
Trade and other receivables excluding prepayments	應收賬款及其他應收款， 不包括預付款	2,046,989	-	-	2,046,989
Derivative financial instruments	衍生金融工具	-	-	90,325	90,325
Cash and cash equivalents	現金及現金等價物	904,961	-	-	904,961
		2,951,950	63,330	90,325	3,105,605

		Other financial liabilities at amortised cost 其他 金融負債， 按攤銷成本 RMB'000 人民幣千元	Derivative financial instruments 衍生金融工具 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Liabilities as per statement of financial position	根據財務狀況表的負債			
Borrowings	借款	4,690,555	-	4,690,555
Trade and other payables excluding non-financial liabilities	應付賬款及其他應付款， 不包括非金融負債	306,757	-	306,757
Derivative financial instruments	衍生金融工具	-	20,576	20,576
		4,997,312	20,576	5,017,888

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

11. Financial instruments by category (Continued)

11. 金融工具(按類別)(續)

		Loans and receivables 貸款及應收款 RMB'000 人民幣千元	Available-for-sale 可供出售 金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At December 31, 2015 (Re-presented)	於二零一五年十二月(重新呈列)			
Assets as per statement of financial position	根據財務狀況表的資產			
Available-for-sale financial assets	可供出售金融資產	–	27,105	27,105
Trade and other receivables excluding prepayments	應收賬款及其他應收款， 不包括預付款	737,955	–	737,955
Cash and cash equivalents	現金及現金等價物	202,967	–	202,967
Restricted cash	受限制現金	471,164	–	471,164
		1,412,086	27,105	1,439,191
			Other financial liabilities at amortised cost 其他金融負債， 按攤銷成本 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Liabilities as per statement of financial position	根據財務狀況表的負債			
Borrowings	借款		4,954,119	4,954,119
Trade and other payables excluding non-financial liabilities	應付賬款及其他應付款， 不包括非金融負債		715,913	715,913
			5,670,032	5,670,032

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

12. Available-for-sale financial assets

12. 可供出售金融資產

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
At January 1,	於一月一日	27,105	75,541
Exchange differences	匯兌差額	4,845	3,096
Addition	增加	39,044	7,156
Net gain/(loss) transfer to equity (Note 22)	淨收益/(虧損) 轉撥入權益 (附註 22)	18,405	(24,762)
Disposal	處置	(26,069)	(33,926)
At December 31,	於十二月三十一日	63,330	27,105
Represent:	包括：		
Listed securities:	上市證券：		
— Ordinary shares	— 普通股		
— USA	— 美國	1,039	2,511
— Hong Kong	— 香港	14,646	-
Unlisted securities:	非上市證券：		
— Equity interest	— 股權投資	42,246	22,487
— Corporate debenture	— 公司債	5,399	2,107
		63,330	27,105
Market value of listed securities	上市證券市場價值	15,685	2,511

(a) The carrying amounts are denominated in the following currencies:

(a) 賬面金額以下列貨幣為單位：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
US\$	美元	43,285	24,998
HKD	港幣	20,045	2,107
		63,330	27,105

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

12. Available-for-sale financial assets (Continued)

- (b) The fair value of unlisted securities are based on cash flows discounted using a rate based on the market interest rate and risk premium specific to the unlisted securities. The fair value are within level 3 of the fair value hierarchy (Note 3.3).
- (c) The maximum exposure to credit risk at the reporting date is the carrying value of the debt investments classified as available-for-sale.
- (d) None of these financial assets is either past due or impaired.

13. Derivative financial instruments

12. 可供出售金融資產(續)

- (b) 非上市證券的公允價值是根據現金流量採用市場利率以及非上市證券獨有的風險溢價貼現計算。公允價值在公允價值層級的第三層內(附註3.3)。
- (c) 在報告日期,信用風險的最高風險承擔為可供出售債務投資的賬面價值。
- (d) 上述金融資產概無已逾期或減值。

13. 衍生金融工具

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Assets	資產		
Current	流動部分		
MAST Index Linked Investment (Note(a))	與美林指數相關投資 (附註(a))	90,325	-
Liabilities	負債		
Current	流動部分		
Oil options (Note(b))	石油期權(附註(b))	20,576	-

(a) MAST Index Linked Investment

On December 29, 2016, the Group entered into an investment agreement with Hammer Capital Group Limited ("HCG"), pursuant to which the Group purchased an investment that pays a coupon linked to the 4% volatility target performance of Merrill Lynch Multi Asset Strategy Index (the "MAST Index") at an consideration of US\$13.0 million (equivalent to RMB90.3 million) (the "MAST Index Linked Investment"). The maturity date of the investment is March 29, 2017. As at December 31, 2016, the fair value of the MAST Index Linked Investment does not change and no gains/losses was recognised due to the changes in fair value.

(a) 與美林指數相關投資

二零一六年十二月二十九日,本集團與黑馬資本集團有限公司(「黑馬資本」)簽訂投資協議,據此,本集團購入投資,該投資股息與4%的美林多元資產策略指數波動目標性能掛鉤(「美林指數」),金額為美元13.0百萬元(折合人民幣90.3百萬元)(美林指數相關聯投資)。到期日為二零一七年三月二十九日。在二零一六年十二月三十一日,美林指數相關聯投資的公允價值並無變化,且無由於公允價值變化產生的收益或損失被確認。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

13. Derivative financial instruments (Continued)

13. 衍生金融工具(續)

(b) Oil option

During the year ended December 31, 2016, the Group entered the following oil options contracts with Citibank, N.A., Hong Kong Branch ("Citibank"):

(b) 原油期權

在截至二零一六年十二月三十一日止年度，本集團訂立與花旗銀行香港分行（「花旗銀行」）以下的原油期權合同：

Contracts 合同	Trade Date 交易日期	Termination Date 終止日期	Monthly Notional Quantity (barrels) 月估計量(桶)
Trade 1	27 April, 2016	31 December, 2016	50,000
Trade 2	29 April, 2016	31 December, 2016	50,000
Trade 3	11 May, 2016	31 December, 2016	50,000
Trade 4*	30 November, 2016	30 September, 2017	30,000
Trade 5*	01 December, 2016	30 September, 2017	30,000
Trade 6*	05 December, 2016	30 September, 2017	20,000
Trade 7	29 December, 2016	30 June, 2017	50,000
Trade 8	29 December, 2016	30 June, 2017	50,000
Trade 9	29 December, 2016	30 June, 2017	50,000

* According to the oil options contracts, Citibank has the right but not obligation to extend transactions into December 31, 2017 at pre-agreed strikes and monthly volumes as above. If Citibank chooses not to exercise the option of extension, these oil option contracts will expire on September 30, 2017.

* 根據二零一六年的原油期權合同，花旗銀行在如上事先約定的期權執行價格和月成交量的情況下，有權利但沒有義務將交易延期到二零一七年十二月三十一日。如果花旗銀行選擇不行使延期的選擇，原油期權合約將於二零一七年九月三十日期滿。

The change in fair value of oil option, which are not designated as cash flow hedges for accounting purposes, are recognized in the consolidated statement of comprehensive income (Note 27).

本集團並非以現金流套期為目的的原油期權公允價值變動，已在合併綜合收益表中確認為損失(附註27)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

14. Prepayments, deposits and other receivables 14. 預付款項、保證金及其他應收款

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Amounts due from related parties	應收關聯方款項		
— Palaeontol B.V. (Note (d))	— Palaeontol B.V. (附註(d))	935,998	—
— Others	— 其他	223,530	490,970
Loans granted to third parties (Note (e))	授予第三方的貸款(附註(e))	293,224	—
Other receivables	其他應收款項	227,252	108,077
Consideration receivables from disposals of subsidiaries (Note 17(a))	應收處置子公司股權轉讓款 (附註17(a))	320,675	41,307
Deposits	保證金	128,335	55,196
Interest receivable	應收利息	10,267	16,867
Advances to employees	員工備用金	1,736	2,765
		2,141,017	715,182
Less: impairment provision (Note (b))	減：壞賬準備(附註(b))	(197,596)	(68,183)
		1,943,421	646,999
Value-added-tax recoverable	待抵扣增值稅	—	36,454
Prepaid expenses	待攤費用	6,568	13,153
Advances to suppliers	預付賬款	153,107	41,409
Current income tax prepayment	預繳當期所得稅	—	4,825
Less: impairment provision (Note (b))	減：壞賬準備(附註(b))	(151,871)	(21,243)
		1,951,225	721,597
Current	流動	1,131,001	223,719
Non-current	非流動	820,224	497,878
		1,951,225	721,597

(a) The fair value of loans and receivables approximates to their carrying amounts.

(a) 貸款和應收賬款的公允價值與其賬面金額相近。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

14. Prepayments, deposits and other receivables (Continued)

(b) Movements on impairment provision

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
At January 1,	於一月一日，	89,426	1,090
Unused amounts reversed	未用金額轉回	-	(1,157)
Impairment provision	計提壞賬準備	252,756	86,673
Disposals of subsidiaries	出售子公司	(2,364)	-
Exchange differences	匯兌差額	9,649	2,820
At December 31,	於十二月三十一日，	349,467	89,426

Provision and reversal of impairment provision have been included in 'other gains/losses, net' in the consolidated statement of comprehensive income.

The other classes within prepayments and other receivables do not contain assets made impairment provisions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of prepayments and other receivables mentioned above.

Aging analysis of impaired receivable balance:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within 1 year	1年以內	22,717	-
Between 1 and 2 years	1-2年	56,293	15,303
Between 2 and 3 years	2-3年	13,874	-
Above 3 years	3年以上	256,583	74,123
		349,467	89,426

(c) The carrying amounts are denominated in the following currencies:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
US\$	美元	2,042,825	533,458
RMB	人民幣	98,192	167,881
KZT	堅戈	-	13,843
		2,141,017	715,182

14. 預付款項、保證金及其他應收款(續)

(b) 壞賬準備變動

壞賬準備的計提和轉回已包括在合併綜合收益表中「其他收益／損失，淨值」內。

預付及其他應收款中的其他類別不包含已計提壞賬準備資產。於報告日，最大的信用風險敞口為以上提及的各類預付及其他應收款的賬面價值。

已計提壞賬應收款項的賬齡如下：

(c) 賬面金額以下列貨幣為單位：

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

14. Prepayments, deposits and other receivables (Continued)

- (d) The amounts due from Palaeontol B.V. consists of shareholder loans and other receivables. The shareholder loans are unsecured, bear interest ranging from 4.9% to 11.9% per annum (Note 37(b)) and maturing in 2019 and 2036 respectively.
- (e) Loans granted to third parties bear interests ranging from 9.0% to 13.5% per annum and repayable within one year. Included in the balance was an amount of RMB208 million, which is secured against 50% shareholding of an indirectly wholly-owned subsidiary of the borrower. The remaining balances are unsecured.

15. Trade receivables

Trade receivables from:	應收貿易款
— PetroChina, billed (Note 37(b))	— 中石油，已結算部分 (附註 37(b))
— PetroChina, unbilled (Note 37(b))	— 中石油，未結算部分 (附註 37(b))
— Others	— 其他
Less: impairment provision	減：減值準備

- (a) The fair value of trade receivables approximates their carrying amount.

14. 預付款項、保證金及其他應收款(續)

- (d) 應收 Palaeontol B.V. 的款項包含股東貸款和其他應收款兩部分。其中股東貸款是無擔保的，年利率為 4.9% 到 11.9% (附註 37(b))，分別於 2019 年和 2036 年到期。
- (e) 授予第三方的貸款年利率為 9.0% 至 13.5%，且在一年內償還。其中金額為 208 百萬元貸款通過借款人間接全資子公司 50% 的股權質押擔保。剩餘的貸款是無擔保的。

15. 應收賬款

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Trade receivables from:		
— PetroChina, billed (Note 37(b))	43,460	56,360
— PetroChina, unbilled (Note 37(b))	51,191	20,566
— Others	8,917	14,030
Less: impairment provision	—	—
	103,568	90,956

- (a) 應收賬款的公允價值與其賬面金額相近。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

15. Trade receivables (Continued)

(b) Aging analysis

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Up to 30 days	未超過 30 日	101,771	82,010
31–180 days	31 至 180 日	644	7,004
Over 180 days	超過 180 日	1,153	1,942
		103,568	90,956
Past due but not impaired	已逾期而未減值	1,153	1,942

(c) As of 31 December 2016, trade receivables of RMB1.2 million (2015: RMB1.9 million) were past due but not impaired. These relate to a customer for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Pass due up to 180 days	逾期未超過 180 日	568	232
Pass due over 180 days	逾期超過 180 日	585	1,710
		1,153	1,942

The Group grants credit terms of between 30 days to 180 days.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

The Group does not hold any collateral as security.

15. 應收賬款(續)

(b) 賬齡分析

(c) 於二零一六年十二月三十一日，逾期但未提減值的應收賬款金額為人民幣1.2百萬元(2015：人民幣1.9百萬元)。與此部分應收賬款相關的客戶並無重大財務困境，根據以往經驗，逾期金額可以收回。此部分應收賬款的賬齡分析如下：

本集團應收賬款的信用期為三十至一百八十日。

於報告日，最大的信用風險敞口為各類應收賬款的賬面價值。

本集團並未持有任何擔保品作為抵押。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

15. Trade receivables (Continued)

(d) The carrying amounts are denominated in the following currencies:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
US\$	美元	487	5,046
RMB	人民幣	103,081	84,363
KZT	堅戈	-	1,547
		103,568	90,956

15. 應收賬款(續)

(d) 賬面金額以下列貨幣為單位：

16. Inventories

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Oil in tank	庫存油	9,666	26,899
Materials and supplies	物料及供應品	20,489	26,457
		30,155	53,356

16. 存貨

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

17. Disposals of subsidiaries/discontinued operations

17. 處置子公司／終止經營

(a) Discontinued operation — Disposal of 60% equity interest in Palaeontol B.V.

(a) 終止經營 — 處置Palaeontol B.V. 60%股份

		Period ended disposal date 截止至處置日期 2016 二零一六年 RMB'000 人民幣千元	Year ended December 31, 截至十二月三十一日 止年度 2015 二零一五年 RMB'000 人民幣千元
Revenue	收入	262,796	310,549
Expenses	費用		
— Impairment provision	— 減值		
— Property, plant and equipment	— 不動產、工廠及設備	(167,953)	(76,706)
— Intangible assets	— 無形資產	(167,661)	(157,182)
— Others	— 其他	(349,517)	(313,923)
		(685,131)	(547,811)
Loss before tax from discontinued operations	除所得稅前終止經營所得虧損	(422,335)	(237,262)
Income tax credit	所得稅收益	63,920	58,115
Loss after tax from discontinued operations	所得稅後終止經營所得虧損	(358,415)	(179,147)
Net loss on disposals	處置淨損失	(358,671)	—
Loss from discontinued operations attributable to the owners of the Company	歸屬於本公司所有者的終止經營所得虧損	(717,086)	(179,147)

On March 5, 2016, the Company and REB entered into a sale and purchase agreement in relation to the disposal of 60% equity interest in Palaeontol B.V. and assignment of 60% of the shareholder loans due to the Group at the adjusted consideration of USD175.9 million (equivalent to approximately RMB1,211.0 million).

於二零一六年三月五日，本公司與REB簽署買賣合同，關於向買方出售Palaeontol B.V. 60%的股份以及向買方轉讓本公司相關百分比的股東貸款，交易完成後調整的交易對價為美元175.9百萬元（折合人民幣1,211.0百萬元）。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

17. Disposals of subsidiaries/discontinued operations (Continued)

(a) Discontinued operation — Disposal of 60% equity interest in Palaeontol B.V. (Continued)

The transaction was completed on November 25, 2016, resulting in a loss on disposal of RMB358.7 million. Upon completion, Palaeontol B.V. becomes an associate of the Group.

The adjusted transaction consideration at completion was US\$175.9 million (equivalent to approximately RMB1,211.0 million). The Group received an initial payment of the proceeds amounting to US\$131.8 million (equivalent to approximately RMB907.4 million) at the completion and the remaining consideration US\$44.1 million (equivalent to approximately RMB305.5 million) is expected to be received by the Group within one year.

As Emir-Oil represents substantially the Kazakhstan operations of the Group, the Directors regard the Kazakhstan segment as discontinued operations as required under IFRS 5. The comparative figures have been re-presented on a consistent basis.

Summarised financial information

		Period ended disposal date 截止至處置日期間 2016 二零一六年 RMB'000 人民幣千元	Year ended December 31, 截至 十二月三十一日 止年度 2015 二零一五年 RMB'000 人民幣千元
Cumulative gains recognized in other comprehensive income relating to discontinued operations	其他綜合收益中確認的與終止經營相關的累計收益		
Currency translation differences	外幣折算差異	21,340	30,873
Cash flows	現金流量		
Operating cash flows	經營活動產生的現金流量	(81,057)	192,223
Investing cash flows	投資活動所用的現金流量	(205,736)	(390,094)
		(286,793)	(197,871)

17. 處置子公司／終止經營(續)

(a) 終止經營 — 處置 Palaeontol B.V. 60% 股份(續)

該處置交易於2016年11月25日完成，處置損失為人民幣358.7百萬元。處置完成後，Palaeontol B.V. 成為本集團的聯營公司。

於交割日的調整後的交易對價為美元175.9百萬元(折合人民幣1,211.0百萬元)。交割完成後本集團收到首筆處置款為美元131.8百萬元(折合人民幣約為人民幣907.4百萬元)，剩餘款項44.1百萬元(折合人民幣305.5百萬元)預計將於一年內收回。

由於Emir-Oil代表集團在哈薩克斯坦的主要經營業務，根據國際財務準則五號「持有至待售長期資產」(「IFRS 5」)，本集團董事將哈薩克斯坦分部作為終止經營披露。比較數字已基於一致性原則進行重新呈列。

財務信息摘要

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

17. Disposals of subsidiaries/discontinued operations (Continued)

(b) Continuing operations — Disposal of 100% equity interest in Asia Gas

On April 1, 2016, the Company acquired all the 7.82% non-controlling interests in Asia Gas & Energy Ltd. ("Asia Gas") for a consideration of RMB105.1 million. The carrying amount of the non-controlling interests in Asia Gas on the date of acquisition was RMB39.6 million. The Group recognised an decrease in non-controlling interests of RMB39.6 million and a decrease in equity attributable to owners of the Company of RMB65.5 million.

On April 26, 2016, the Company entered into an agreement with an independent third party purchaser pursuant to which the Company agreed to sell and the purchaser agreed to purchase the entire issued share capital of Asia Gas and the shareholder's loan. As at the date of the purchase and sale agreement, Asia Gas is a 100% wholly owned subsidiary of the Company. The principal business activity of Asia Gas is, through its joint venture Sino Gas & Energy Limited ("SGE"), the exploration and development of unconventional gas assets located on the eastern flank of the Ordos Basin in the PRC pursuant to two separate PSCs (Note 9). The disposal has been completed on July 20, 2016.

The adjusted purchase price at completion is US\$208.2 million (equivalent to approximately RMB1,380.4 million). Asia Gas ceased to be a subsidiary of the Group upon completion and it did not constitute a discontinued operation. A gain arising on the disposal of RMB526.1 million was recognised in the consolidated statement of comprehensive income (Note 27).

17. 處置子公司／終止經營(續)

(b) 持續經營 — 處置Asia Gas 100%權益

二零一六年四月一日，本公司以人民幣105.1百萬元購買了亞洲天然氣能源有限公司(亞洲天然氣)7.82%的非控制性權益。在購買日持有亞洲天然氣的非控制性權益賬面價值為39.6百萬元。集團確認非控制性權益減少39.6百萬元及歸屬於本公司所有者權益減少65.5百萬元。

二零一六年四月二十六日，本公司與獨立第三方購買方簽訂買賣合同，本公司同意出售且買家同意收購亞洲天然氣全部已發行股本以及股東貸款。於買賣合同簽訂日，本公司擁有亞洲天然氣100%的權益。亞洲天然氣的主要經營活動是通過合營企業中澳煤層氣有限公司(中澳公司)在中國鄂爾多斯盆地東側，依照兩份產品分成合同從事勘探、開發非常規天然氣資產(附註9)。此次處置已於二零一六年七月二十日完成。

交割時經調整後確定的購買價款金額為美元208.2百萬元(約人民幣1,380.4百萬元)。交割後，亞洲天然氣不再是本公司的子公司，該處置不構成終止經營。本次處置所產生的收益的金額人民幣526.1百萬元已在合併綜合收益表中列示(附註27)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

18. Restricted cash

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Current	流動	-	462,669
Non-current	非流動	-	8,495
		-	471,164

18. 受限制現金

19. Cash and cash equivalents

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Cash on hand	現金	38	153
Cash at bank	銀行存款	904,923	202,814
		904,961	202,967

19. 現金及現金等價物

(a) Carrying amounts are denominated in the following currencies:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
RMB	人民幣	176,093	26,306
US\$	美元	698,691	149,201
KZT	堅戈	-	293
HKD	港幣	28,712	27,148
Other currencies	其他貨幣	1,465	19
		904,961	202,967

(a) 賬面金額以下列貨幣為單位：

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

20. Share capital

20. 股本

Ordinary shares, issued and fully paid:

已發行並已繳足普通股：

		Number of shares 股數 (Thousand) 千股	Ordinary shares 股本 RMB'000 人民幣千元	Share premium 股本溢價 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2015	於二零一五年一月一日	2,632,157	17,533	824,987	842,520
Shares placing	增發股份	276,300	1,754	198,209	199,963
Allotment and issue of settlement shares to ACAP Limited	增發配股用於支付股份給 ACAP Limited	55,718	359	43,599	43,958
Shares repurchase and cancellation	股份回購及註銷	(25,578)	(157)	(17,488)	(17,645)
At December 31, 2015	於二零一五年十二月三十一日	2,938,597	19,489	1,049,307	1,068,796
At January 1, 2016 and December 31, 2016	於二零一六年一月一日及 十二月三十一日	2,938,597	19,489	1,049,307	1,068,796

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

21. Share-based payments

Details of the equity-settled share option schemes, share award scheme and cash-settled stock appreciation rights plan adopted by the Company are as follows:

The share options, stock appreciation rights and share awards granted generally vest over a two or three-year period following a specified vesting commencement date. Typically, the share options, stock appreciation rights and share awards granted vest at each anniversary of the grant date within the vesting period, subject to the participant continuing to be an employee on each vesting date. The terms of share options, stock appreciation rights and share awards granted will not exceed ten years from the grant date.

(a) Stock incentive compensation plan (the “Plan”)

The Plan was adopted on November 20, 2009 with the purpose of providing additional incentive to employees, directors and consultants to attract and retain the best available personnel for positions of substantial responsibility. The Company originally reserved 6,072,870 ordinary shares for issuance under the Plan.

21. 股份支付

本公司採用的以股權結算的購股權、獎勵股份和現金結算的股份增值權計劃詳情載列如下：

授出的購股權、股份增值權和獎勵股份一般於指定歸屬開始日期隨後的兩年或三年期間內歸屬。一般來講，所授出的購股權在歸屬期內的授出日期各周年屆滿日歸屬，惟參與者須於各歸屬日期仍為僱員。授出的購股權、股份增值權和獎勵股份的期限自授出日期起計不會超過十年。

(a) 股份獎勵酬金計劃(以下簡稱「計劃」)

本公司董事會於二零零九年十一月二十日所採納的股份獎勵酬金計劃，旨在為擔負重要職責的職位招攬及挽留最優秀的可用人員，並為僱員、董事及顧問提供額外獎勵。本公司原先預留6,072,870股普通股以預備股份獎勵酬金計劃。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

21. Share-based payments (Continued)

(a) Stock incentive compensation plan (the "Plan") (Continued)

(i) Stock options under the Plan

Movements in the number of share options and their expiring date and exercise prices under the Plan are as follows:

		2016 二零一六年		2015 二零一五年	
		Average exercise price per share 平均 行使價每股	Options 期權	Average exercise price per share 平均 行使價每股	Options 期權
At January 1, and December 31,	於一月一日及 十二月三十一日	US\$0.15	20,127,386	US\$0.15	20,127,386
Expiry date	到期日				
November 20, 2019	二零一九年 十一月二十日	US\$0.13	17,048,120	US\$0.13	17,048,120
November 23, 2020	二零二零年 十一月二十三日	US\$0.25	3,079,266	US\$0.25	3,079,266
			20,127,386		20,127,386
Exercisable	可行使		20,127,386		20,127,386

At December 31, 2016 and 2015, all the Share options were exercisable.

21. 股份支付(續)

(a) 股份獎勵酬金計劃(以下簡稱「計劃」)(續)

(i) 該計劃中包含的購股權

該計劃中包含未行使購股權數目、其到期日及行權價的變動如下：

於二零一六年及二零一五年十二月三十一日，所有尚未行使的購股權均為可行使購股權。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

21. Share-based payments (Continued)

(a) Stock incentive compensation plan (the "Plan") (Continued)

(ii) Stock appreciation rights granted under the Plan

Movements in the number of stock appreciation rights and their expiring date and exercise prices under the Plan are as follows:

		2016 二零一六年		2015 二零一五年	
		Average exercise price per share 平均 行使價每股	Stock appreciation rights 股份增值權	Average exercise price per share 平均 行使價每股	Stock appreciation rights 股份增值權
At January 1	於一月一日	US\$0.13	44,194,443	US\$0.13	43,930,190
Granted	已授予	-	-	HKD0.01	2,140,000
Lapsed	已失效	US\$0.15	(7,446,547)	US\$0.13	(1,041,457)
Exercised	已行使	HKD0.01	(1,530,000)	US\$0.13	(834,290)
At December 31	於十二月三十一日	US\$0.13	35,217,896	US\$0.13	44,194,443
Expiry date	到期日				
November 20, 2019	二零一九年 十一月二十日	US\$0.13	34,363,252	US\$0.13	38,599,799
February 26, 2020	二零二零年 二月二十六日	US\$0.26	454,644	US\$0.26	454,644
March 19, 2024	二零二四年三月十九日	HKD1.40	-	HKD1.40	3,000,000
November 20, 2025	二零二五年 十一月二十日	HKD0.01	400,000	HKD0.01	2,140,000
			35,217,896		44,194,443

At December 31, 2016, all outstanding stock appreciation rights were exercisable. (2015: 42,054,443 out of the 44,194,443 outstanding stock appreciation rights were exercisable).

21. 股份支付(續)

(a) 股份獎勵酬金計劃(以下簡稱「計劃」)(續)

(ii) 該計劃中包含的股份增值權

該計劃中包含的未行使股份增值權數目、其到期日及行權價的變動如下：

於二零一六年十二月三十一日，全部尚未行使的股份增值權均為可行使股份增值權(二零一五年：44,194,443份尚未行使的股份增值權中，42,054,443份為可行使股份增值權)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

21. Share-based payments (Continued)

(b) Share option scheme under Chapter 17 of the Listing Rules (the "Scheme")

The Scheme adopted by the Company was approved by shareholders on November 27, 2010 in accordance with Chapter 17 of the Listing Rules. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group.

The following table discloses details of the Company's options under the Scheme held by employees (including directors) and movement in such holdings during each of the two years ended December 31, 2016 and 2015:

		2016 二零一六年		2015 二零一五年	
		Average exercise price per share 平均 行使價每股	Options 期權	Average exercise price per share 平均 行使價每股	Options 期權
At January 1	於一月一日	HKD1.61	108,947,705	HKD1.66	133,974,355
Granted	授予	HKD0.816	95,920,000	-	-
Lapsed	已失效	HKD1.40	(10,474,866)	HKD1.61	(25,026,650)
At December 31	於十二月三十一日	HKD1.23	194,392,839	HKD1.61	108,947,705
Expiry date	到期日				
September 20, 2021	二零二一年 九月二十日	HKD2.254	26,962,334	HKD2.254	26,962,334
March 20, 2024	二零二四年 三月二十日	HKD1.40	71,510,505	HKD1.4	81,985,371
December 8, 2026	二零二六年 十二月八日	HKD0.816	95,920,000	-	-
			194,392,839		108,947,705

At December 31, 2016, out of the 194,392,839 options (2015: 108,947,705 options), 73,168,943 shares (2015: 26,962,334 options) were exercisable.

於二零一六年十二月三十一日，在 194,392,839 份未行使的購股權中 (二零一五年：108,947,705 份)，73,168,943 份 (二零一五年：26,962,334 份) 為可行使購股權。

21. 股份支付(續)

(b) 購股權計劃(基於上市規則第十七章)(計劃)

根據上市規則第十七章，購股權計劃於二零一零年十一月二十七日被公司股東所採納，購股權計劃的目的是為了給為集團作出貢獻的特定員工授予股權作為激勵。

在上述計劃下本公司員工(包括董事)持有的未行使的期權於截至二零一六年及二零一五年十二月三十一日止年度的數目及變動明細列示如下：

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

21. Share-based payments (Continued)

(c) 2015 Share Award Scheme

Apart from above Plan and Scheme, to recognize the contributions by certain grantees and to give incentives thereto in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group, the Board of Directors resolved to adopt the 2015 Share Award Scheme on January 6, 2015.

During the year ended December 31, 2016, 12,000,000 shares of the Company were granted and offered to certain directors under the 2015 Share Award Scheme at the exercise price at nil.

21. 股份支付(續)

(c) 二零一五年股份獎勵計劃

除上述股份獎勵酬金計劃及購股權計劃以外，本公司董事會已分別於二零一五年一月六日決議採納，並於二零一五年十一月二十日決議修訂2015股份獎勵計劃，目的是認可特定承授人所做的貢獻並給予激勵，為本集團的持續運營和發展聘留特定承授人，並為本集團進一步發展吸引適用人才。

截止二零一六年十二月三十一日年度，在二零一五年購股權計劃下，12,000,000公司股份被授予特定董事且行使價格為零。

		2016 二零一六年 Awarded Shares 獎勵股份	2015 二零一五年 Awarded Shares 獎勵股份
At January 1	於一月一日	14,200,000	-
Granted	本年授予	12,000,000	14,200,000
Exercise	本年已行使	(9,500,000)	-
At December 31	於十二月三十一日	16,700,000	14,200,000
Expiry date	到期日		
November 20, 2025	二零二五年十一月二十日	4,700,000	14,200,000
December 8, 2026	二零二六年十二月八日	12,000,000	-
		16,700,000	14,200,000

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

21. Share-based payments (Continued)

(d) Fair values

Share options and stock appreciation rights

At December 31, 2016, the fair value of stock appreciation rights and share options outstanding is determined using the Binomial Model and the Black-Scholes model, respectively. Their fair values and significant inputs into the model are as follows:

		2009 Grants 二零零九年 授予	2010 Grants 二零一零年 授予	2015 Grants 二零一五年 授予	2016 Grants 二零一六年 授予
		Stock appreciation rights 股份增值權			Share options 購股權
		2016 二零一六年 US\$ 美元	2016 二零一六年 US\$ 美元	2016 二零一六年 HKD 港幣	2016 二零一六年 HKD 港幣
Fair value per unit	每單元公允價值	0.02	0.01	0.73	0.45
Share price at grant date	授予日股價	-	-	0.95	0.79
Fair value per share at period end	期末每股公允價值	0.10	0.10	0.74	0.74
Exercise price	行權價	0.13	0.26	0.01	0.82
Volatility (%)	波幅(百分比)	49.39	47.91	68.77	69.14
Dividend yield (%)	股息率(百分比)	-	-	-	-
Annual risk-free rate (%)	年度無風險利率(百分比)	1.32	1.36	1.89	1.57
Remaining term (year)	剩餘期限(年)	2.88	3.15	8.89	10.00

21. 股份支付(續)

(d) 公允價值

購股權及股份增值權

於二零一六年十二月三十一日，股份增值權及購股權的公允價值分別採用二項式模型和Black-Scholes模型釐定；其公允價值及重要輸入參數列示如下：

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

22. Other reserves

22. 其他儲備

		Repurchased shares held by trust (Note(a)) 信托持有 回購股份 (附註(a)) RMB'000 人民幣千元	Currency translation reserve 外幣 折算儲備 RMB'000 人民幣千元	Share based payment reserve 股份支付 儲備 RMB'000 人民幣千元	Safety fund reserve 安全基金 儲備 RMB'000 人民幣千元	Available- for-sale financial assets 可供出售 金融資產 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2015	於二零一五年一月一日	(59,824)	(84,849)	109,829	187,356	(95)	1,447	153,864
Currency translation differences	外幣折算差額	-	(29,937)	-	-	-	-	(29,937)
Change in fair value of available- for-sale financial assets	可供出售金融資產的公允 價值變動	-	-	-	-	(23,920)	-	(23,920)
Reclassification of accumulated change in value of available-for- sale financial assets upon disposal – gross	重分類處置可供出售金融資產 價值累計變動 – 總值	-	-	-	-	(842)	-	(842)
Employees stock option scheme – value of employee services	僱員購股權計劃 – 僱員服務價值	-	-	22,515	-	-	-	22,515
Acquisition of additional interest in a subsidiary	額外取得子公司權益	-	-	-	-	-	(45,160)	(45,160)
Shares purchased under Share Award Scheme	股份獎勵計劃所購股份	(11,063)	-	-	-	-	-	(11,063)
At December 31, 2015	於二零一五年十二月三十一日	(70,887)	(114,786)	132,344	187,356	(24,857)	(43,713)	65,457

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

22. Other reserves (Continued)

22. 其他儲備(續)

		Repurchased shares held by trust (Note(a)) 信托持有 回購股份 (附註(a)) RMB'000 人民幣千元	Currency translation reserve 外幣折算 儲備 RMB'000 人民幣千元	Share based payment reserve 股份支付 儲備 RMB'000 人民幣千元	Safety fund reserve 安全基金 儲備 RMB'000 人民幣千元	Available- for-sale financial assets 可供出售 金融資產 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2016	於二零一六年一月一日	(70,887)	(114,786)	132,344	187,356	(24,857)	(43,713)	65,457
Currency translation differences	外幣折算差額	-	(129,976)	-	-	-	-	(129,976)
Change in fair value of available-for-sale financial assets	可供出售金融資產的公允價值變動	-	-	-	-	18,405	-	18,405
Share of other comprehensive income of investments accounted for using the equity method	享有按權益法入賬的投資的其他綜合收益的份額	-	-	-	-	-	2,799	2,799
Employees stock option scheme – value of employee services	僱員購股權計劃 – 僱員服務價值	-	-	27,990	-	-	-	27,990
– shares to settle SARs under the Plan	– 授出給股份增值權計劃下股份	599	-	-	-	-	-	599
– shares transferred to the Awarded Shares Grantees	– 轉移給獎勵股份被授予者	6,707	-	(6,707)	-	-	-	-
Shares purchased under Share Award Scheme	股份獎勵計劃所購股份	(63,706)	-	-	-	-	-	(63,706)
Acquisition of additional interest in a subsidiary	額外取得子公司權益	-	-	-	-	-	(65,531)	(65,531)
At December 31, 2016	於二零一六年十二月三十一日	(127,287)	(244,762)	153,627	187,356	(6,452)	(106,445)	(143,963)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

22. Other reserves (Continued)

(a) Shares repurchased under Share Award Scheme

To supplement the Plan in respect the operation of SARs, the Board of Directors of the Company resolved on May 30, 2012 to adopt a share award scheme under which the Company will grant the SARs holders number of awarded shares of the Company ("2012 Awarded Shares") that is equal to the number of outstanding notional SARs held by such holders. For the year ended December 31, 2016, no shares were repurchased (2015: nil) and 870,000 shares were sold in settlement of equal number of outstanding SARs (2015: nil). As at December 31, 2016, total shares held in trust under Share Award Scheme amounts to 400,000 shares (December 31, 2015: 2,140,000).

During the year ended December 31, 2016, 9,500,000 shares held in trust under the 2015 Share Award Scheme has been transferred to the Share Award Grantees, including 4,700,000 shares held by trust on behalf of holder (2015: nil). As at December 31, 2016, the shares held in trust under 2015 Share Award Scheme is 16,700,000 shares (December 31, 2015: 16,600,000).

22. 其他儲備(續)

(a) 為股份獎勵計劃回購股份

作為對股份增值權計劃(以下簡稱「股份增值權」)實施情況的補充,本公司董事會於二零一二年五月三十日作出決議採納一項股份獎勵計劃,即向持有股份增值權人士授出本公司獎勵股份(以下簡稱「2012獎勵股份」),而所授出之獎勵股份數目相等於承授人相關股份增值權的尚未發行名義股份數目。截至二零一六年十二月三十一日止年度期間,在二零一二年獎勵股份計劃下無股票回購(二零一五年:零)並售出870,000股數目相等於承授人相關股份增值權的尚未發行名義股份數目(二零一五年:零)。於二零一六年十二月三十一日,股份獎勵計劃項下由受託人持有的總股數為400,000股(二零一五年十二月三十一日:2,140,000股)。

截至二零一六年十二月三十一日止年度期間內,2015股份獎勵計劃項下由受託人持有的總股數為9,500,000股已經轉移給股份獎勵被授者,其中4,700,000股由受託人代為持有(二零一五年:零)。截止二零一六年十二月三十一日,2015股份獎勵計劃項下由受託人持有的總股數為16,700,000股(二零一五年十二月三十一日:16,600,000股)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

23. Deferred income tax

23. 遞延所得稅

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Deferred tax assets:	遞延稅項資產：		
Deferred tax assets to be recovered after more than 12 months	將於12個月後收回的遞延稅項資產	40,590	23,795
Deferred tax liabilities:	遞延稅項負債：		
Deferred tax liabilities to be settled after more than 12 months	將於12個月後清還的遞延稅項負債	(66,401)	(137,882)
Deferred tax liabilities — net	遞延稅負債 — 淨額	(25,811)	(114,087)

(a) Movements of deferred tax account

(a) 遞延所得稅總體變動

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
At January 1,	於一月一日	(114,087)	(292,433)
Exchange differences	匯兌差額	(4,728)	(8,079)
Tax charged to continuing profit or loss (Note 32)	費用於持續經營損益確認 (附註32)	(31,854)	126,988
Tax charged to discontinued profit or loss	費用於終止經營損益確認	64,876	59,437
Disposals of subsidiaries	處置子公司	59,982	-
At December 31,	於十二月三十一日	(25,811)	(114,087)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

23. Deferred income tax (Continued)

(b) The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction

Deferred income tax assets

		Accelerated tax depreciation 稅項加速折舊 RMB'000 人民幣千元	Asset retirement obligations 資產棄置義務 RMB'000 人民幣千元	Tax losses 稅損 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2015	於二零一五年一月一日	19,539	11,599	66,670	33,026	130,834
(Charged)/credited to continuing profit or loss	(費用)/收益於持續 經營損益確認	(15,189)	176	129,544	(89)	114,442
(Charged)/credited to discontinued profit or loss	(費用)/收益於終止 經營損益確認	-	(2,167)	222,159	(11,280)	208,712
Exchange differences	匯兌差額	-	407	13,107	1,471	14,985
At December 31, 2015 (Re-presented)	於二零一五年 十二月三十一日 (重新呈列)	4,350	10,015	431,480	23,128	468,973
(Charged)/credited to continuing profit or loss	(費用)/收益於持續 經營損益確認	(4,073)	170	81,988	(58)	78,027
Credited/(charged) to discontinued profit or loss	收益/(費用)於終止 經營損益確認	-	174	(39,150)	(18,134)	(57,110)
Disposals of subsidiaries	處置子公司	-	(6,897)	(279,521)	(4,187)	(290,605)
Exchange differences	匯兌差額	-	390	16,736	604	17,730
At December 31, 2016	於二零一六年 十二月三十一日	277	3,852	211,533	1,353	217,015

23. 遞延所得稅(續)

(b) 遞延稅項資產與負債的變動(沒有考慮結餘可在同一徵稅區內抵銷)

遞延所得稅資產

		Accelerated tax depreciation 稅項加速折舊 RMB'000 人民幣千元	Asset retirement obligations 資產棄置義務 RMB'000 人民幣千元	Tax losses 稅損 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2015	於二零一五年一月一日	19,539	11,599	66,670	33,026	130,834
(Charged)/credited to continuing profit or loss	(費用)/收益於持續 經營損益確認	(15,189)	176	129,544	(89)	114,442
(Charged)/credited to discontinued profit or loss	(費用)/收益於終止 經營損益確認	-	(2,167)	222,159	(11,280)	208,712
Exchange differences	匯兌差額	-	407	13,107	1,471	14,985
At December 31, 2015 (Re-presented)	於二零一五年 十二月三十一日 (重新呈列)	4,350	10,015	431,480	23,128	468,973
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Credited/(charged) to discontinued profit or loss	收益/(費用)於終止 經營損益確認	-	174	(39,150)	(18,134)	(57,110)
Disposals of subsidiaries	處置子公司	-	(6,897)	(279,521)	(4,187)	(290,605)
Exchange differences	匯兌差額	-	390	16,736	604	17,730
At December 31, 2016	於二零一六年 十二月三十一日	277	3,852	211,533	1,353	217,015

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

23. Deferred income tax (Continued)

(b) The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction (Continued)

Deferred income tax liabilities

		Accelerated tax depreciations	Fair value gains of mining rights 採礦權	Total
		稅項加速折舊 RMB'000 人民幣千元	公允價值利得 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At January 1, 2015	於二零一五年一月一日	(326,455)	(96,812)	(423,267)
Credited to continuing profit or loss	收益於持續經營損益確認	12,545	-	12,545
Credited/(charged) to discontinued profit or loss	收益/(費用)於終止經營損益確認	(150,678)	1,404	(149,274)
Exchange differences	匯兌差額	(17,194)	(5,870)	(23,064)
At December 31, 2015 (Re-presented)	於二零一五年十二月三十一日 (重新呈列)	(481,782)	(101,278)	(583,060)
Charged to continuing profit or loss	費用於持續經營損益確認	(109,881)	-	(109,881)
Credited to discontinued profit or loss	收益於終止經營損益確認	54,241	67,745	121,986
Disposals of subsidiaries	處置子公司	313,580	37,007	350,587
Exchange differences	匯兌差額	(18,984)	(3,474)	(22,458)
At December 31, 2016	於二零一六年十二月三十一日	(242,826)	-	(242,826)

23. 遞延所得稅(續)

(b) 遞延稅項資產與負債的變動(沒有考慮結餘可在同一徵稅區內抵銷)(續)

遞延所得稅負債

		Accelerated tax depreciations	Fair value gains of mining rights 採礦權	Total
		稅項加速折舊 RMB'000 人民幣千元	公允價值利得 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At January 1, 2015	於二零一五年一月一日	(326,455)	(96,812)	(423,267)
Credited to continuing profit or loss	收益於持續經營損益確認	12,545	-	12,545
Credited/(charged) to discontinued profit or loss	收益/(費用)於終止經營損益確認	(150,678)	1,404	(149,274)
Exchange differences	匯兌差額	(17,194)	(5,870)	(23,064)
At December 31, 2015 (Re-presented)	於二零一五年十二月三十一日 (重新呈列)	(481,782)	(101,278)	(583,060)
Charged to continuing profit or loss	費用於持續經營損益確認	(109,881)	-	(109,881)
Credited to discontinued profit or loss	收益於終止經營損益確認	54,241	67,745	121,986
Disposals of subsidiaries	處置子公司	313,580	37,007	350,587
Exchange differences	匯兌差額	(18,984)	(3,474)	(22,458)
At December 31, 2016	於二零一六年十二月三十一日	(242,826)	-	(242,826)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

23. Deferred income tax (Continued)

(c) Deferred income tax assets not recognised

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Tax losses and temporary difference	未來應納稅所得結轉的虧損和暫時性差異	851,912	199,804
Deferred income tax assets not recognised	未確認的遞延所得稅資產	212,978	49,951

Deferred income tax assets are recognized for tax loss carry-forwards and deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable.

Tax losses without recognition of deferred income tax assets can be carried forward against future taxable income. These losses amounting to RMB336.6 million (2015: RMB199.8 million) and RMB228.1 million will expire in 2020 and 2021, respectively.

23. 遞延所得稅(續)

(c) 未確認遞延所得稅資產

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Tax losses and temporary difference	未來應納稅所得結轉的虧損和暫時性差異	851,912	199,804
Deferred income tax assets not recognised	未確認的遞延所得稅資產	212,978	49,951

對可抵扣虧損及可抵扣暫時性差異確認為遞延所得稅資產的數額，是根據很可能產生的未來應課稅利潤而實現的相關稅務利益確認。

未確認遞延所得稅資產的稅務損失可以抵扣未來應納稅所得額，其中虧損金額人民幣336.6百萬元(二零一五年：人民幣199.8百萬元)和虧損金額人民幣228.1百萬元(二零一五年：零)將分別於二零二零年和二零二一年到期。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

24. Trade and notes payable

24. 應付賬款及應付票據

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Trade payables	應付賬款	88,360	409,944
Less: non-current portion of trade payables	減：非流動應付賬款	(14,161)	(37,329)
Current	流動	74,199	372,615

(a) Aging analysis

(a) 賬齡分析

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Up to 6 months	不超過6個月	52,262	190,178
6 months–1 year	6個月至1年	4,727	152,561
1–2 years	1至2年	8,184	51,506
2–3 years	2至3年	16,596	9,884
Over 3 years	多於3年	6,591	5,815
		88,360	409,944

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

24. Trade and notes payable (Continued)

(b) The carrying amounts are denominated in the following currencies:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
RMB	人民幣	87,940	138,091
US\$	美元	420	107,162
KZT	堅戈	-	164,691
		88,360	409,944

(c) The fair values of trade and notes payables approximate their carrying amounts.

24. 應付賬款及應付票據(續)

(b) 賬面金額以下列貨幣為單位：

(c) 應付賬款及應付票據的公允價值與其賬面金額相近。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

25. Provisions, accruals and other liabilities

25. 準備、預提及其他負債

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Asset retirement obligations (Note (a))	資產棄置義務(附註(a))	15,757	46,716
Interest payable	應付利息	82,477	93,198
Salary and welfare payable	應付薪金及福利	22,810	31,689
Withholding and other tax payable	代扣代繳稅及其他應付稅	46,601	35,094
Other payables	其他應付款項	120,163	166,055
		287,808	372,752
Less: non-current portion of	減：非流動部分之		
– Asset retirement obligations	– 資產棄置義務	(15,757)	(46,716)
– Withholding tax payable	– 代扣代繳稅	(45,052)	(32,892)
– Other payables	– 其他應付款項	–	(8,289)
		(60,809)	(87,897)
Current	流動	226,999	284,855

(a) Movements of asset retirement obligations

(a) 資產棄置義務變動列示如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
At January 1,	於一月一日	46,716	54,684
Additional provision	額外準備	1,354	6,076
Disposals of subsidiaries	處置子公司	(34,486)	–
Accretion expenses	增值費用	2,644	3,652
Exchange differences	匯兌差額	(471)	(17,696)
At December 31,	於十二月三十一日	15,757	46,716

(b) At December 31, 2016, included in salary and welfare payable was stock appreciation rights liabilities of RMB4.2 million (2015: RMB12.3 million) both for the Group and the Company.

(b) 於二零一六年十二月三十一日，應付薪金及福利中包含本集團和本公司的應付股份增值權金額為人民幣4.2百萬元(二零一五年：人民幣12.3百萬元)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

25. Provisions, accruals and other liabilities (Continued)

25. 準備、預提及其他負債(續)

(c) The carrying amounts are denominated in the following currencies

(c) 賬面金額以下列貨幣為單位：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
RMB	人民幣	116,306	41,689
US\$	美元	170,616	322,874
KZT	堅戈	-	6,164
HKD	港幣	886	2,025
		287,808	372,752

(d) The fair values of provisions, accruals and other liabilities approximate their carrying amounts.

(d) 準備、預提及其他負債的公允價值與其賬面金額相近。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

26. Borrowings

26. 借款

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Current	流動		
— Bank borrowings secured (Note (a))	— 抵押銀行貸款(附註(a))	104,000	529,872
Non-current	非流動		
— Senior notes (Note(b))	— 優先票據(附註(b))	4,586,555	4,424,247
		4,690,555	4,954,119

(a) The bank borrowings are secured over the Group's right to receive its share of revenue allocated under Daan PSC.

(a) 本集團的有擔保銀行借款以本集團根據大安產品分成合同所擁有的應收原油銷售款分成份額作為質押擔保。

(b)

(b)

	Coupon rate 票面利率	Due date 到期日		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
2018 Notes 2018 票據	6.875%	February 6, 2018 二零一八年二月六日		1,363,390	1,266,562
2019 Notes 2019 票據	7.5%	April 25, 2019 二零一九年四月二十五日		3,223,165	3,157,685
				4,586,555	4,424,247

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

26. Borrowings (Continued)

(b) (Continued)

During the year ended December 31, 2016, the Company repurchased a portion of the 2019 Notes from the open market of US\$24.0 million (equivalent to RMB159.1 million) in aggregate principal amount. The purchase consideration paid was US\$17.1 million (equivalent to RMB110.7 million) and a gain of US\$6.3 million (equivalent to RMB41.6 million) arose by comparing the consideration paid with the unamortized carrying amount of this portion of 2019 Notes (Note 29). On August 12, 2016, the repurchased portion of the 2019 Notes has been cancelled by the Company and as at the date of cancellation, US\$476.0 million (equivalent to RMB3,302.0 million) in aggregate principal amount of the 2019 Notes remains outstanding.

All Senior Notes are listed on the Singapore Exchange Securities Trading Limited.

(c) Effective interest rate and estimated fair value

		Bank borrowings 銀行借款	Senior Notes 優先票據	Total 總計
Effective interest rate:	實際利率：			
As at December 31, 2016	於二零一六年十二月三十一日	4.79%	8.86% to 8.99%	4.79% to 8.99%
As at December 31, 2015	於二零一五年十二月三十一日	1.5% to 7.5%	8.47% to 8.79%	1.50% to 8.79%
Estimated fair value	估計公允價值：			
As at December 31, 2016	於二零一六年十二月三十一日	104,000	3,486,007	3,590,007
As at December 31, 2015	於二零一五年十二月三十一日	529,872	2,061,718	2,591,590

The fair values of Senior Notes are based on its closing prices quoted on Singapore Exchange Securities Trading Limited and are within level 1 of the fair value hierarchy; and the fair value of bank borrowings is based on the borrowing rate at 4.79% (2015: 1.5% to 7.5%) and within level 2 of the fair value hierarchy.

The Senior Notes which bear fixed interest rates are not subject to interest rate changes.

26. 借款(續)

(b) (續)

截至二零一六年十二月三十一日止年度，本集團於公開市場回購累計票面價值為美元24.0百萬元(等價於人民幣159.1百萬元)的2019優先票據。回購支付的對價為美元17.1百萬元(等價於人民幣110.7百萬元)，回購對價與回購日優先票據的攤餘成本的差額確認了收益美元6.3百萬元(等價於人民幣41.6百萬元)(附註29)。二零一六年八月十二日本集團已全部註銷回購的優先票據，剩餘的票面價值總額為美元476.0百萬元(等價於人民幣3,302.0百萬元)的2019優先票據仍在外流通。

優先票據均已在新加坡證券交易所有限公司上市。

(c) 實際利率以及估計的公允價值

優先票據的公允價值是基於其在新加坡證券交易所的收盤報價而定，並歸屬於公允價值第一層級；而銀行借款的公允價值是基於借款利率4.79%(二零一五年：1.5%-7.5%)而定，並歸屬於公允價值第二層級。

優先票據的票面利率固定，且不隨利率波動而變動。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

26. Borrowings (Continued)

(d) The Group's borrowings were repayable as follows:

		Bank borrowings 銀行借款		Senior Notes 優先票據	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within 1 year	一年以內	104,000	529,872	-	-
Between 1 and 2 years	一至二年	-	-	1,387,400	-
Between 2 and 5 years	二至五年	-	-	3,302,012	4,545,520
		104,000	529,872	4,689,412	4,545,520

(d) 本集團的借款需要償還的金額如下所示：

(e) Carrying amounts are denominated in the following currencies:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
RMB	人民幣	104,000	96,100
US\$	美元	4,586,555	4,858,019
		4,690,555	4,954,119

(e) 賬面金額以如下貨幣為單位：

(f) Undrawn banking facilities:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Floating rate:	浮動利率		
- Expiring within one year	一年內到期	-	290,000
Fixed rate:	固定利率		
- Expiring within one year	一年內到期	-	143,900
		-	433,900

(f) 未提取銀行授信額度：

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

27. Other gains/(losses), net

27. 其他利得/(損失) — 淨額

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Gains on disposal of a subsidiary (Note 17(b))	處置子公司利得 (附註 17(b))	526,132	-
Provisions for receivable	計提應收款項壞賬準備	(252,756)	(84,447)
Gains arising from acquisition of an associate (Note 8(a)(ii))	收購聯營企業產生的收益 (附註 8(a)(ii))	29,798	-
Losses on financial instruments	金融工具損失	(19,595)	-
Gains from write off of payables	債務處理利得	-	29,387
Others	其他	14,270	7,158
		297,849	(47,902)

28. Taxes other than income taxes

28. 稅項(所得稅除外)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
<i>PRC:</i>	<i>中國:</i>		
Urban construction tax and education surcharge	城建稅及教育附加費	2,839	3,849
Others	其他	96	484
		2,935	4,333
<i>Corporate and other segments:</i>	<i>總部及其他分部:</i>		
Withholding tax and others (Note)	代扣代繳稅及其他 (附註)	10,479	18,998
		13,414	23,331

Note:

During the year, all (2015: all) withholding tax is related to interest expenses arising from the intra-group loans.

附註:

於本年度, 所有(二零一五年: 所有)代扣代繳稅皆與集團內部貸款所產生的利息相關。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

29. Finance costs — net

29. 財務費用 — 淨值

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Finance income	財務收入		
Interest income on deposits	存款利息收入	17,490	19,610
Finance costs	財務費用		
Interest expenses at coupon rates/bank rates	利息費用(按照票面利率和銀行利率核算)	(369,061)	(352,029)
Amortization of discounts	貼現攤銷	(52,066)	(53,716)
Gains on repurchase of 2019 Notes (Note 26)	回購2019優先票據的收益(附註26)	41,592	—
Other fees	其他費用	(558)	(1,607)
		(380,093)	(407,352)
Exchange losses, net	匯兌損失, 淨額	(23,858)	(34,032)
		(403,951)	(441,384)
Finance costs — net	財務費用 — 淨值	(386,461)	(421,774)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

30. Expenses by nature

30. 按性質分類的費用

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Employee benefit expense (Note 31)	員工薪酬成本 (附註 31)	133,291	143,844
Depreciation and depletion of property, plant and equipment	不動產、工廠及設備的折舊及折耗	356,873	515,850
Amortization of intangible assets	無形資產攤銷	6,987	4,389
Impairment charges on property, plant and equipment (Note 6)	不動產、工廠及設備的減值損失 (附註 6)	153,288	763,792
Impairment charges on investments in associates (Note 8)	聯營企業投資減值 (附註 8)	81,339	-
Impairment charges on intangible assets (Note 7)	無形資產減值損失 (附註 7)	40	1,222
Auditor's remuneration	核數師報酬		
— audit and audit related services	— 審計及審計相關服務	4,655	7,164
— non-audit services	— 非審計服務	604	-
Operating lease expenses	經營租賃費用	11,264	12,504

31. Employee benefit expense

31. 員工薪酬成本

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Wages, salaries and allowances	工資、薪金及津貼	92,959	97,412
Housing subsidiaries	住房補貼	2,166	2,163
Share options — value of employee services (Note 22)	購股權 — 僱員服務價值 (附註 22)	18,242	15,008
Awarded shares — value of employee services (Note 22)	獎勵股份 — 僱員服務價值 (附註 22)	9,748	7,090
Stock appreciation rights expenses	股份增值權費用	(7,414)	3,739
Pension costs — defined contribution plans (Note)	退休金成本 — 設定提存計劃 (附註)	11,106	11,877
Welfare and other expenses	福利及其他費用	6,484	6,555
		133,291	143,844

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

31. Employee benefit expense (Continued)

Note:

The Group is required to make specific contributions to the state-sponsored retirement plan at a rate of 20% (2015: 20%) of the specified salaries of the qualified employees in the PRC. The PRC government is responsible for the pension liability to the retired employees.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2016 and 2015 are as follows:

		2016 二零一六年	2015 二零一五年
Directors	董事	4	4
Non-director individual	非董事人士	1	1

The details of emoluments paid to the five highest individuals who were Directors of the Company during the years ended December 31, 2016 and 2015 have been included in Note 38. Details of emoluments paid to the remaining non-director individual are as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Salaries and allowances	薪金及津貼	3,267	3,120
Discretionary bonuses	酌情獎金	-	2,808
Pension costs — defined contribution plans	退休金成本 — 設定提存計劃	-	14
		3,267	5,942

31. 員工薪酬成本(續)

附註：

本集團需按合資格中國員工特定工資的20% (二零一五年：20%) 的款項支付予國家規定的職工退休金計劃。中國政府負責該等退休員工的養老金責任。

(a) 五名最高薪人士

本集團截至二零一六年及二零一五年十二月三十一日止年度五名最高薪人士如下：

本公司截至二零一六年及二零一五年十二月三十一日止年度已付五名最高薪人士中的本公司董事的酬金詳情已在附註38列示。已付餘下非董事人士的酬金詳情如下：

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

31. Employee benefit expense (Continued)

(a) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

Emolument bands (in HKD)	薪酬範圍 (港元)	Number of individuals 人數	
		2016 二零一六年	2015 二零一五年
HKD3,000,001 – HKD4,500,000	3,000,001 港元 – 4,500,000 港元	1	–
HKD4,500,001 – HKD5,000,000	4,500,001 港元 – 5,000,000 港元	1	–
HKD5,500,001 – HKD6,000,000	5,500,001 港元 – 6,000,000 港元	–	1
HKD6,000,001 – HKD6,500,000	6,000,001 港元 – 6,500,000 港元	–	2
HKD6,500,001 – HKD7,000,000	6,500,001 港元 – 7,000,000 港元	1	–
HKD7,000,001 – HKD7,500,000	7,000,001 港元 – 7,500,000 港元	–	1
HKD9,500,001 – HKD10,000,000	9,500,001 港元 – 10,000,000 港元	1	–
HKD10,500,001 – HKD11,000,000	10,500,001 港元 – 11,000,000 港元	1	1
		5	5

(b) During the financial year ended December 31, 2016, none of the directors of the Company and the five highest paid individuals:

- (i) received any emolument from the Group as an inducement upon joining the Group;
- (ii) waived or has agreed to waive any emoluments.

(c) Senior management remuneration band

Details of the remuneration of each of the Directors for the year ended December 31, 2016 are set out in Note 38. The senior management's remuneration for the year ended December 31, 2016 is within the following bands:

31. 員工薪酬成本(續)

(a) 五名最高薪人士(續)

此等薪酬在下列組合範圍內：

(b) 於截至二零一六年十二月三十一日止的財政年度期間，無任何本公司董事或五名最高薪人士涉及下列之事項：

- (i) 收取任何酬金作為加入本集團時的獎勵；
- (ii) 放棄或同意放棄任何報酬。

(c) 高級管理層薪酬按組合範圍呈列

各董事截至二零一六年十二月三十一日止年度的薪酬詳情載於附註38。截至二零一六年十二月三十一日止年度高級管理人員的薪酬範圍如下：

Emolument bands (in HKD)	薪酬範圍 (港元)	Number of individuals 人數	
		2016 二零一六年	2015 二零一五年
HKD3,000,001 – HKD3,500,000	3,000,001 港元 – 3,500,000 港元	1	–
HKD3,500,001 – HKD4,000,000	3,500,001 港元 – 4,000,000 港元	–	–
HKD4,500,001 – HKD5,000,000	4,500,001 港元 – 5,000,000 港元	–	1
		1	1

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

32. Income tax expense/(credit)

32. 所得稅費用／(收益)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Current income tax — overseas	當期所得稅 — 海外	115,312	5,870
Deferred income tax (Note 23)	遞延所得稅 (附註 23)	31,854	(126,988)
		147,166	(121,118)

- (a) Taxation has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.
- (b) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

- (a) 課稅按照本年度估計應課稅利潤計算，計算基礎乃本集團經營業務所在國家的現行稅率。
- (b) 本集團就除稅前利潤的稅項，與採用合併主體利潤適用的加權平均稅率而應產生的理論稅額的差額如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Loss before income tax	除所得稅前虧損	(457,981)	(1,467,259)
Tax calculated at domestic tax rates applicable to profits in the respective countries	在各有關國家的利潤按適用的當地稅率計算的稅項	(90,440)	(184,831)
Tax effects of:	稅項影響		
— Income not subject to tax	— 無需繳稅收入	(622)	—
— Expenses not deductible for tax purposes	— 不可扣稅支出	10,641	683
— Tax losses and temporary differences for which no deferred income tax asset was recognized	— 未確認遞延所得稅資產的稅務虧損及暫時性差異	163,027	48,545
— Adjustments in respect of prior years	— 以前年度調整	757	1,305
— Others	— 其他	63,803	13,180
Tax charge	稅項支出	147,166	(121,118)

The weighted average effective tax rate was -32% (2015: 8%) for the year ended December 31, 2016.

截至二零一六年十二月三十一日止年度之加權平均有效稅率為-32% (二零一五年：8%)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

33. Dividends

The directors do not propose dividend for the year (2015: Nil).

34. Loss per share

(a) Basic

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

33. 權益分派

本公司董事決定本年度不派發股利 (2015: 無)。

34. 每股虧損

(a) 基本

基本每股收益是根據本公司所有者的應佔利潤，除以本年度內已發行普通股的加權平均數目計算。

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Loss for the year attribute to owners of the company arising from:	本年本公司所有者應佔虧損的每股虧損：		
— Continuing operations	— 持續經營	(605,367)	(1,344,056)
— Discontinued operations	— 終止經營	(717,086)	(179,147)
Weighted average number of ordinary shares (thousands)	加權平均普通股數目(千股)	2,860,410	2,599,744
Basic loss per share	基本每股虧損		
— Continuing operations	— 持續經營	(0.21)	(0.52)
— Discontinued operations	— 終止經營	(0.25)	(0.07)
		(0.46)	(0.59)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

34. Loss per share (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options outstanding which are potentially dilutive. A calculation is performed to determine the number of ordinary shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the weighted average number of outstanding share options. The number of ordinary shares calculated above for basic earnings per share is increased by the number of ordinary shares that would have been issued assuming the exercise of the share options at the date later of beginning of the relevant period or the date of issue.

34. 每股虧損(續)

(b) 稀釋

每股稀釋收益乃假設所有稀釋潛在普通股獲兌換後，經調整已發行普通股的加權平均數計算。本公司尚未行使之購股權具有潛在稀釋效應。至於購股權，根據未行使購股權的加權平均數所附認購權的貨幣價值，釐定可能已按公允價值(即本公司股份的平均年度市價)購入的普通股數目。按以上基本每股收益方式計算的普通股數目，需加上假設購股權於相關期間期初或實際發行日兩者之中較晚日期獲行使或轉換而發行的普通股數量。

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Loss attributable to owners of the Company used to determine diluted earnings per share	用於釐定每股稀釋收益的本公司所有者的損失		
— Continuing operations	— 持續經營	(605,367)	(1,344,056)
— Discontinued operations	— 終止經營	(717,086)	(179,147)
Weighted average number of ordinary shares (thousands)	加權平均普通股數目(千股)	2,860,410	2,599,744
Weighted average number of diluted potential ordinary shares for diluted earnings per share (thousands)	為計算每股稀釋收益的稀釋潛在普通股加權平均數(千股)	2,860,410	2,599,744
Diluted loss per share	稀釋每股虧損		
— Continuing operations	— 持續經營	(0.21)	(0.52)
— Discontinued operations	— 終止經營	(0.25)	(0.07)
		(0.46)	(0.59)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

35. Cash generated from operating activities

35. 經營活動產生的現金

		Year ended December 31, 截至十二月三十一日止年度	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Loss before income tax	除所得稅前虧損	(457,981)	(1,467,259)
Adjustments for:	調整：		
Gains on disposal of subsidiaries (Note 27)	處置子公司利得(附註27)	(526,132)	—
Depreciation, depletion and amortization	折舊、折耗及攤銷	363,860	520,239
Interest expenses — net (Note 29)	淨利息支出(附註29)	362,603	387,742
Provision for receivable	計提應收賬項準備	252,756	84,447
Impairment loss	減值損失	234,667	765,014
Share of profits from investments in associates	享有聯營企業投資的利潤份額	(35,682)	—
Share of losses from investments in joint ventures	享有合營企業投資的虧損份額	3,382	26,627
Gain arising from acquisition of an associate	收購聯營企業產生的收益	(29,798)	—
Share-based payment to employees	購股權計劃下僱員服務成本	27,990	22,098
Exchange losses (Note 29)	匯兌損失(附註29)	23,858	34,032
Losses on derivative financial instruments	衍生金融工具損失	19,595	—
Gains on write-off of payables (Note 27)	清理債務利得(附註27)	—	(29,387)
Others	其他	(14,270)	—
Changes in working capital:	營運資金變動：		
Trade and other receivable	應收及其他應收款	(123,015)	298,604
Trade and other payable	應付及其他應付款	65,516	(161,413)
Inventories	存貨	(4,607)	63
Cash generated from operations	經營產生的現金	162,742	480,807
Cash flows from operating activities	經營活動產生的現金流量		
Cash generated from continuing operations	持續經營產生的現金	162,742	480,807
Interest paid	已付利息	(382,997)	(337,903)
Income tax paid	已付所得稅	(69,567)	(9,055)
Cash (used in)/generated from discontinued operations	終止經營(使用)/產生的現金	(81,057)	192,223
Net cash (used in)/generated from operating activities	經營活動(使用)/產生的現金淨額	(370,879)	326,072

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

36. Commitments and contingencies

(a) Commitments

(i) Capital commitments for the purchase of property, plant and equipment

		As at December 31, 於十二月三十一日	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Authorized by the Board of Directors but not contracted for	董事會已批准但未簽約	131,563	598,993
Contracted but not provided for	已簽約但未撥備	-	31,377
		131,563	630,370

(ii) Operating lease commitments

The Group has operating lease commitments related to its non-cancellable operating leases for offices. The future aggregate minimum lease payments under these operating leases are as follows:

		As at December 31, 於十二月三十一日	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Less than 1 year	少於一年	8,846	10,662
Within 1-2 years	一至兩年	4,235	7,680
Within 2-5 years	二至五年	472	7,373
Over 5 years	五年以上	-	52
		13,553	25,767

36. 承諾事項及或有負債

(a) 承諾

(i) 購買不動產、工廠及設備之資本性承諾事項

		As at December 31, 於十二月三十一日	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Authorized by the Board of Directors but not contracted for	董事會已批准但未簽約	131,563	598,993
Contracted but not provided for	已簽約但未撥備	-	31,377
		131,563	630,370

(ii) 經營租賃承諾

本集團因經營租賃辦公室而擁有不可撤銷的經營租約承諾。經營租賃項下的未來最低租賃付款額列示如下：

		As at December 31, 於十二月三十一日	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Less than 1 year	少於一年	8,846	10,662
Within 1-2 years	一至兩年	4,235	7,680
Within 2-5 years	二至五年	472	7,373
Over 5 years	五年以上	-	52
		13,553	25,767

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

36. Commitments and contingencies (Continued) 36. 承諾事項及或有負債(續)

(b) Contingencies

On August 28, 2000, MIE entered into a PSC with Sinopec for exploration and development of Luojiayi 64 block at Shengli oilfield in Shandong Province, which was suspended since the end of 2004. In April 2005, MIE requested an extension from Sinopec to restart the project. On September 27, 2006, MIE received a letter from Sinopec denying the request to restart the project and seeking to terminate the PSC on the grounds that the extension period of the trial-development phase had expired and MIE had not met its investment commitment under the PSC. The Company believes its investment in the project at Shengli oilfield had met the required commitment amount under the PSC. The PSC with Sinopec has not been formally terminated and the dispute has not entered any judicial proceedings. As advised by the external legal counsel of the Company, the probability of claim from Sinopec for unfulfilled investment commitment, if any, in relation to the pilot-development phase is remote as the statute of limitations has run out

Apart from the above, the Group has contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2016, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the financial statements

(b) 或有負債

於二零零零年八月二十八日，MIE與中石化訂立產品分成合同，以勘探及開發位於山東省勝利油田的羅家義64區塊。該項目已自二零零四年末起被擱置。二零零五年四月，MIE向中石化要求延長期限以重新啟動勝利油田項目。於二零零六年九月二十七日，MIE接獲中石化否決其重新啟動該項目要求的函件，且中石化以試驗開發階段延長期限已屆滿及MIE並未履行產品分成合同項下的投資承諾為由，要求終止產品分成合同。MIE認為於勝利油田項目中的投資已符合產品分成合同的所規定的承諾金額。與中石化的產品分成合同並未正式終止，且該爭端並未進入任何司法程序。根據本公司所獲外部法律顧問建議，中石化對試驗開發階段相關未完成投資承諾索賠(如有)的可能性較小，概因已超過訴訟時效。

除上述情況外，本集團在日常業務中時而會發生與索償或其他法律程序相關的或有負債。於二零一六年十二月三十一日，本公司董事預期除已於財務報表中撥備外，不存在任何或有負債將構成重大負債的事項。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

37. Related party transactions

The Group is controlled by Far East Energy Limited (“FEEL”), which owns 48.13% of the Company’s shares and is also the ultimate parent company of the Group. FEEL is a limited liability company incorporated in Hong Kong and its ultimate benefit owners are Mr. Zhang Ruilin, Mr. Zhao Jiangwei and Ms. Zhao Jiangbo (“Mrs. Zhang”, Mr. Zhang’s spouse).

(a) In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

37. 關聯方交易

本集團受Far East Energy Limited (以下簡稱「FEEL」)直接控制。FEEL擁有本公司股本的48.13%，並且是本集團的最終母公司。FEEL為一家在香港註冊的有限責任公司，其最終受益方為張瑞霖先生、趙江巍先生及趙江波女士(張先生之配偶，以下簡稱「張夫人」)。

(a) 除了財務報表其他地方所披露外，與關聯方的交易列示如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Transactions with PSC partners	與產品分成合同夥伴的交易		
Global Oil Corporation (“GOC”)	環球石油		
– Cash receipts from the PSCs received by the Group on GOC’s behalf	– 根據產品分成合同代表環球石油收取的款項	54,161	82,498
– Advances to GOC	– 預付環球石油款項	(82,638)	(45,869)
– Repayment received from GOC	– 收到環球石油還款	27,546	25,462
– Expenditures for PSCs incurred on GOC’s behalf	– 根據產品分成合同代表環球石油所付生產費用	(21,087)	(25,874)
– Deposit paid on GOC’s behalf	– 代環球石油支付勞動用工風險保證金	–	(18)
PetroChina	中石油		
– Sales to PetroChina	– 對中石油的銷售額	520,264	708,053
– Expenditures for PSCs incurred on PetroChina’s behalf	– 根據產品分成合同代表中石油所支付的生產費用	(181,908)	(207,748)
Transactions with joint ventures	與合營企業的交易		
SGE	中澳項目		
– Shareholder’s loan to SGE	– 提供予中澳項目的股東貸款	(24,341)	(186,111)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

37. Related party transactions (Continued)

(a) In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties: (Continued)

37. 關聯方交易(續)

(a) 除了財務報表其他地方所披露外，與關聯方的交易列示如下：(續)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Transactions with controlling shareholder of the Company's ultimate holding company and/or a company/person related to the controlling shareholder of the Company's ultimate holding company (*)	與本公司最終控股公司控股股東或本公司最終控股公司控股股東的關聯公司/人士的交易(*)		
— Purchases of spare parts	— 採購備品備件	—	(81)
— Purchase for oilfield services	— 購買鑽井服務	(70,015)	(74,103)
— Sales of vehicles	— 出售車輛	—	(494)
— Rental of vehicles and office premises	— 汽車和房屋的租賃	(946)	(820)
— Loan advanced during the year	— 本年提供借款	—	(1,080)
— Loan repayment received during the year	— 本年收到還款	—	1,080

* All amounts disclosed above re-presented gross amount transacted between the Group's subsidiaries, acting as operator for Daan, and Moliqing with Jilin Guotai Petroleum Development Company and its subsidiaries, and Wide Reliance (Hong Kong) Limited which are controlled by Mrs. Zhang.

* 以上所披露的金額為本集團子公司(作為大安和莫里青的作業者)與關聯公司交易的總額。吉林省國泰石油開發有限公司及其子公司，以及信廣(香港)有限公司為張夫人所控制。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

37. Related party transactions (Continued)

37. 關聯方交易(續)

(b) Year-end balances with related parties are summarized as follows:

(b) 關聯方交易年末餘額總結如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Included in 'trade and other receivables':	「應收及其他應收款」包括：		
Trade receivables from PSC partner	應收產品分成合同夥伴貿易款項	94,651	76,926
Other receivables from PSC partners	其他應收產品分成合同夥伴款項	205,837	148,005
Shareholder loan receivable and interest from joint venture	應收本集團合營企業股東借款及利息	-	330,647
Other receivables from Palaeontol B.V	其他應收 Palaeontol B.V 款項	112,781	-
Shareholder loans granted to Palaeontol B.V	授予 Palaeontol B.V 股東借款	823,217	-
Other receivables from companies controlled by the controlling shareholder of the Company's ultimate holding company	其他應收受本公司最終控股方控股股東控制的公司的款項	19,365	14,066
		1,255,851	569,644
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Included in 'trade and other payables':	「應付及其他應付款」包括：		
Trade payables to companies controlled by the controlling shareholder of the Company's ultimate holding company	應付受本公司最終控股方控股股東控制的公司的貿易款項	7,054	6,326
Others	其他	5,550	-
		12,604	6,326

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

37. Related party transactions (Continued)

(b) Year-end balances with related parties are summarized as follows: (Continued)

Other receivables from PSC partners represent advances to GOC and PetroChina mainly from cash receipts received by the Group on the behalf of GOC and expenditures incurred from and for the respective PSCs by the Group on the behalf of GOC and PetroChina, respectively.

Trade payables to companies controlled by the controlling shareholder of the Company's ultimate holding company represent payables for oilfield related services from Jilin Guotai Petroleum Development Company and its subsidiaries, Songyuan Guotai Petroleum Technology Service Company and Jilin Guotai Drilling Engineering Technology Service Company.

At December 31, 2016, all (2015: all) cash call balances are interest-free and unsecured, and the balances of shareholders' loans are unsecured, carrying nominal interest rate of ranging from 4.9% to 11.9% per annum (2015: 6.15%).

37. 關聯方交易(續)

(b) 關聯方交易年末餘額總結如下：
(續)

「其他應收產品分成合同合作夥伴款項」為預付給環球石油和中石油的款項，主要來自於本集團按照環球石油應享有的份額代環球石油收取的款項及根據產品分成合同代環球石油和中石油代墊的費用。

「應付受本公司最終控股方控股股東控制的公司的貿易款項」為向吉林省國泰石油開發有限公司及其子公司松原市國泰石油科技服務有限公司及吉林省國泰鑽採工程技術服務有限公司支付油田相關服務的應付款項。

於二零一六年十二月三十一日，所有(二零一五年：所有)現金供款款項無抵押性質且不計利息，所有(二零一五年：所有)股東借款為無抵押性質，名義年利率範圍為4.9%至11.9%(二零一五年：6.15%)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

37. Related party transactions (Continued)

37. 關聯方交易(續)

(c) Loan to related parties

(c) 予關聯方貸款

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 Re-presented 重新呈列
Loan to a joint venture: At January 1,	予合營企業貸款： 於一月一日	330,647	159,204
Loans advanced during the year	年內預付貸款	22,998	186,111
Discounting impact of shareholder's loan	股東貸款的折現影響	(1,743)	(30,901)
Loan repayments received	已償還貸款	-	(16,940)
Interest charged	利息收入	15,897	23,434
Disposals of subsidiaries	處置子公司	(376,369)	-
Exchange difference	匯兌差額	8,570	9,739
At December 31,	於十二月三十一日	-	330,647
Loan to an associate: At recognition date,	予聯營企業貸款： 在初始確認日期，	809,472	-
- Addition	- 增加	3,857	-
- Interest charged	- 利息收入	1,145	-
- Interest receivable	- 應收利息	2,807	-
- Exchange gain/(loss)	- 匯兌損益	5,936	-
At December 31,	於十二月三十一日	823,217	-

The shareholders loans to associate as at December 31, 2016 is unsecured, carries interest ranging from 4.9% to 11.9% per annum (2015: 6.15%).

於二零一六年十二月三十一日，本集團授予聯營企業的股東貸款是無抵押貸款，名義年利率範圍為4.9%至11.9%（二零一五年：6.15%）。

(d) Key management compensation:

(d) 主要管理人員酬金列示如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Salaries	薪金	15,319	23,518
Bonuses	獎金	8,446	6,864
Value of share based payment— employee services	股份支付金額—僱員服務價值	12,754	11,423
Benefits in-kind	其他福利	1,780	1,647
		38,299	43,452

Bonuses fall due wholly within twelve months after the end of the reporting period in which management rendered the related services.

獎金將會在管理層完成相應服務後一年內發放。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

38. 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)

38. 董事的利益和權益(由香港《公司條例》(第622章)第383條及公司(披露董事利益資料)規例》(第622G章)規定的披露)

(a) Directors' and chief executive's emoluments

(a) 董事及首席執行官酬金

The remuneration of every director and the chief executive officer for the years ended December 31, 2016 is set out below:

截至二零一六年十二月三十一日止年度，每位董事及首席執行官的酬金載列如下：

Name of Director	董事姓名	Fees	Salaries and allowances	Discretionary bonuses	Housing allowance	Share options expenses	Awarded Shares expenses	Employer's contribution to pension scheme	Other benefits	Total
								退休計劃的僱主供款		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
For the year ended December 31, 2016	截至二零一六年十二月三十一日止年度									
Zhang Ruilin*	張瑞霖*	-	3,500	3,326	365	684	-	23	456	8,354
Zhao Jiang Wei	趙江巍	-	3,000	665	271	684	848	64	337	5,869
Mei Jianping	梅建平	266	-	-	-	-	-	-	-	266
Jeffrey Willard Miller	Jeffrey Willard Miller	333	-	-	-	-	-	-	-	333
Guo Yanjun***	郭燕軍***	266	-	-	-	-	-	-	-	266
Xie Na***	謝娜***	-	-	-	-	-	-	-	-	-
Tao Tak Yin **	陶德賢**	-	1,083	2,608	-	-	-	6	-	3,697
Andrew Sherwood Harper	Andrew Sherwood Harper	-	3,267	-	-	877	-	-	-	4,144
Tian Hongtao	田洪濤	-	1,996	1,597	31	2,728	6,281	48	30	12,711
		865	12,846	8,196	667	4,973	7,129	141	823	35,640

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

38. 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)

38. 董事的利益和權益(由香港《公司條例》(第622章)第383條及公司(披露董事利益資料)規例》(第622G章)規定的披露)(續)

(a) Directors' and chief executive's emoluments (Continued)

(a) 董事及首席執行官酬金(續)

The remuneration of every director and the chief executive officer for the years ended December 31, 2015 is set out below:

截止二零一五年十二月三十一日止年度，每位董事及首席執行官的酬金載列如下：

Name of Director	董事姓名	Fees	Salaries and allowances	Discretionary bonuses	Housing allowance	Share options expenses	Awarded shares expenses	Employer's contribution to pension scheme	Other benefits	Stock appreciation rights granted	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
For the year ended December 31, 2015	截至二零一五年十二月三十一日止年度										
Zhang Ruilin*	張瑞霖*	-	3,500	3,120	365	507	-	23	-	306	7,821
Zhao Jiang Wei	趙江巍	-	3,000	624	268	507	1,148	61	-	372	5,980
Mei Jianping	梅建平	250	-	-	-	-	-	-	98	-	348
Jeffrey Willard Miller	Jeffrey Willard Miller	312	-	-	-	-	-	-	98	-	410
Sing Wang****	王統****	-	-	-	-	-	-	-	-	-	-
Hung Leung****	洪亮****	-	-	-	-	-	-	-	-	-	-
Cai Rucheng****	才汝成****	216	-	-	-	-	-	-	-	-	216
Guo Yanjun***	郭燕軍***	33	-	-	-	-	-	-	-	-	33
Xie Na***	謝娜***	-	-	-	-	-	-	-	-	-	-
Tao Tak Yin**	陶德賢**	-	2,496	-	-	-	2,397	14	743	-	5,650
Andrew Sherwood Harper	Andrew Sherwood Harper	-	3,045	-	-	576	-	-	-	-	3,621
Tian Hongtao	田洪濤	-	1,872	-	28	561	2,397	47	-	29	4,934
		811	13,913	3,744	661	2,151	5,942	145	939	707	29,013

* Mr. Zhang Ruilin is also the chief executive officer

* 張瑞霖先生亦為首席執行官。

** Resigned with effect from May 31, 2016

** 於二零一六年五月三十一日辭職。

*** Appointed with effect from November 13, 2015

*** 於二零一五年十一月十三日獲委任。

**** Resigned with effect from November 13, 2015

**** 於二零一五年十一月十三日辭任。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

38. 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

The retirement benefits paid to Mr. Zhang Ruilin, during the year ended December 31, 2016 by a defined benefit pension plan operated by the group in respect of Mr. Zhang Ruilin's services as a director of the company and its subsidiaries is RMB23,410 (2015: RMB22,890).

The retirement benefits paid to Mr. Zhao Jiangwei, during the year ended December 31, 2016 by a defined benefit pension plan operated by the group in respect of Mr. Zhao Jiangwei's services as a director of the company and its subsidiaries is RMB63,898 (2015: RMB61,024).

The retirement benefits paid to Mr. Dexter Tao, during the year ended December 31, 2016 by a defined benefit pension plan operated by the group in respect of Mr. Dexter Tao's services as a director of the company and its subsidiaries is RMB6,429 (2015: RMB14,490).

The retirement benefits paid to Mr. Tian Hongtao, during the year ended December 31, 2016 by a defined benefit pension plan operated by the group in respect of Mr. Tian Hongtao's services as a director of the company and its subsidiaries is RMB48,468 (2015: RMB46,534).

38. 董事的利益和權益(由香港《公司條例》(第622章)第383條及公司(披露董事利益資料)規例》(第622G章)規定的披露)(續)

(b) 董事的退休福利

截至二零一六年十二月三十一日止年度，由本集團營運的設定收益退休計劃向張瑞霖先生就其作為本公司及其子公司董事提供服務而向其支付的退休福利為人民幣23,410元(二零一五年：人民幣22,890元)。

截至二零一六年十二月三十一日止年度，由本集團營運的設定收益退休計劃向趙江巍先生就其作為本公司及其子公司董事提供服務而向其支付的退休福利為人民幣63,898元(二零一五年：人民幣61,024元)。

截至二零一六年十二月三十一日止年度，由本集團營運的設定收益退休計劃向陶德賢先生就其作為本公司及其子公司董事提供服務而向其支付的退休福利為人民幣6,429元(二零一五年：人民幣14,490元)。

截至二零一六年十二月三十一日止年度，由本集團營運的設定收益退休計劃向田洪濤先生就其作為本公司及其子公司董事提供服務而向其支付的退休福利為人民幣48,468元(二零一五年：人民幣46,534元)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

39. Statement of financial position and reserve movement of the Company

39. 本公司的財務狀況表及儲備變動

Statement of financial position of the Company

本公司的財務狀況表

		As at December 31, 於十二月三十一日	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
	Note 附註		
Assets	資產		
Non-current assets	非流動資產		
Property, plant and equipment	不動產、工廠及設備	1,209	1,567
Interests in subsidiaries	子公司權益	3,846,254	4,109,400
Loans to subsidiaries	予子公司貸款	758,732	1,862,992
Available-for-sale financial assets	可供出售金融資產	21,084	4,618
		4,627,279	5,978,577
Current assets	流動資產		
Amounts due from associate	應收聯營公司款項	174,903	–
Amounts due from subsidiaries	應收子公司款項	–	170,048
Prepayments, deposits and other receivables	預付款、保證金及其他應收款	778,444	69,541
Restricted cash	受限制現金	–	259,744
Cash and cash equivalents	現金及現金等價物	724,919	132,213
		1,678,266	631,546
Total assets	資產總額	6,305,545	6,610,123
Equity	權益		
Equity attributable to owners of the Company	歸屬於本公司所有者的權益		
Share capital	股本	1,068,796	1,068,796
Other reserves	其他儲備	1,428,398	1,352,461
Retained earnings	留存收益	(1,091,227)	(409,230)
Total equity	權益總額	1,405,967	2,012,027
Liabilities	負債		
Non-current liabilities	非流動負債		
Borrowings	借款	4,586,555	4,424,247
Provisions, accruals and other liabilities	準備、預提及其他負債	45,053	32,891
		4,631,608	4,457,138
Current liabilities	流動負債		
Provisions, accruals and other liabilities	準備、預提及其他負債	193,253	140,958
Current income tax liabilities	當期所得稅負債	54,141	–
Derivative financial instruments	衍生金融工具	20,576	–
		267,970	140,958
Total liabilities	負債總額	4,899,578	4,598,096
Total equity and liabilities	權益及負債總額	6,305,545	6,610,123

The statement of financial position of the Company was approved by the Board of Directors on March 30, 2017 and was signed on its behalf.

本公司財務狀況表已於二零一七年三月三十日獲董事會批准，並代表董事會簽署。

Zhang Ruilin
張瑞霖
Director
董事

Tian Hongtao
田洪濤
Director
董事

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

39. Statement of financial position and reserve movement of the Company (Continued)

39. 本公司的財務狀況表及儲備變動(續)

Statement of financial position of the Company (Continued)

本公司的財務狀況表(續)

(a): Other reserve movement of the Company

(a): 本公司的其他儲備變動

		Repurchased shares held by trust (Note 22(a)) 信托持有 回購股份 (附註 22(a)) RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元	Currency translation reserve 外幣 折算儲備 RMB'000 人民幣千元	Share based payment reserves 股份支付 儲備 RMB'000 人民幣千元	Available- for-sale financial assets 可供出售 金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2015	於二零一五年一月一日	(59,824)	1,366,956	(193,138)	99,042	(95)	1,212,941
Currency translation differences	外幣折算差額	-	-	131,736	-	-	131,736
Employees stock option scheme	僱員購股權計劃	-	-	-	20,119	-	20,119
- value of employee services	- 僱員服務價值	-	-	-	20,119	-	20,119
Reclassification of accumulated change in value of available-for-sale financial assets upon disposals	重分類可供出售金融資產處置	-	-	-	-	(842)	(842)
Revaluation of available-for-sale financial assets	可供出售金融資產重新估值	-	-	-	-	(430)	(430)
Shares purchased under Share Award Scheme	股份獎勵計劃計劃所購股份	(11,063)	-	-	-	-	(11,063)
At December 31, 2015	於二零一五年十二月三十一日	(70,887)	1,366,956	(61,402)	119,161	(1,367)	1,352,461

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

39. Statement of financial position and reserve movement of the Company (Continued)

39. 本公司的財務狀況表及儲備變動(續)

Statement of financial position of the Company (Continued)

本公司的財務狀況表(續)

(a) Other reserve movement of the Company (Continued)

(a) 本公司的其他儲備變動(續)

		Repurchased shares held by trust (Note 22(a)) 信托持有 回購股份 (附註 22(a)) RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元	Currency translation reserve 外幣 折算儲備 RMB'000 人民幣千元	Share based payment reserves 股份支付 儲備 RMB'000 人民幣千元	Available- for-sale financial assets 可供出售 金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at January 1, 2016	於二零一六年一月一日	(70,887)	1,366,956	(61,402)	119,161	(1,367)	1,352,461
Currency translation differences	外幣折算差額	-	-	109,397	-	-	109,397
Available-for-sale financial assets	可供出售金融資產	-	-	-	-	1,657	1,657
Employees stock option scheme	僱員購股權計劃						
- value of employee services	- 僱員服務價值	-	-	-	27,990	-	27,990
- shares to settle SARs under the Plan	- 授出給股份增值權計劃下股份	-	-	-	599	-	599
- shares transferred to the Awarded Shares Grantees	- 轉移給獎勵股份被授予者	6,707	-	-	(6,707)	-	-
Shares purchased under Share Award Scheme	股份獎勵計劃所購股份	(63,706)	-	-	-	-	(63,706)
At December 31, 2016	於二零一六年十二月三十一日	(127,886)	1,366,956	47,995	141,043	290	1,428,398

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

40. Re-presentation of comparative figures

As a result of the impact of the matters as disclosed in Note 2.1.1, prior year financial statements had to be re-presented. The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the change have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The impact on the current period is not disclosed.

(a) consolidated statement of financial position

40. 比較數字的重新呈列

如附註2.1.1所披露事項的影響，以前年度財務報表需進行重新呈列。下述表格列示了對相關報表科目的調整，沒有包含未受影響的報表科目。因此，所披露的小計以及總計數不能用所列示的數據重新計算得到。重新呈列對本期的影響未予披露。

(a) 合併財務狀況表

		As at December 31, 2015 於二零一五年十二月三十一日		
		As previously reported 前期呈列	Re-presentation adjustments 重新呈列調整 Note 2.1.1(b) 附註2.1.1(b)	Re-presented 重新呈列
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Assets	資產			
Non-current assets	非流動資產			
Property, plant and equipment	不動產、工廠及設備	5,214,718	418,858	5,633,576
Intangible assets	無形資產	355,810	3,785	359,595
Prepayments, deposits and other receivables	預付款、保證金及其他應收款	496,214	1,664	497,878
		6,632,131	424,307	7,056,438
Current assets	流動資產			
Inventories	存貨	44,308	9,048	53,356
Prepayments, deposits and other receivables	預付款、保證金及其他應收款	221,184	2,535	223,719
Trade receivables	應收賬款	82,595	8,361	90,956
Cash and cash equivalents	現金及現金等價物	199,166	3,801	202,967
		1,009,922	23,745	1,033,667
Assets of disposal group classified as held for sale	持有待售的處置組的資產	448,052	(448,052)	-
		1,457,974	(424,307)	1,033,667
Total assets	資產總額	8,090,105	-	8,090,105

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

40. Re-presentation of comparative figures (Continued)

40. 比較數字的重新呈列(續)

(a) consolidated statement of financial position (Continued)

(a) 合併財務狀況表(續)

		As at December 31, 2015 於二零一五年十二月三十一日		
		As previously reported 前期呈列	Re-presentation adjustments 重新呈列調整 Note 2.1.1(b) 附註2.1.1(b)	Re-presented 重新呈列
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Liabilities	負債			
Non-current liabilities	非流動負債			
Deferred income tax liabilities	遞延所得稅負債	120,130	17,752	137,882
Trade and notes payable	應付賬款及應付票據	36,589	740	37,329
Provisions, accruals and other liabilities	準備、預提及 其他負債	82,340	5,557	87,897
		4,663,306	24,049	4,687,355
Current liabilities	流動負債			
Trade and notes payable	應付賬款及應付票據	354,151	18,464	372,615
Provisions, accruals and other liabilities	準備、預提及其他 負債	281,933	2,922	284,855
		1,170,368	21,386	1,191,754
Liabilities of disposal group classified as held for sale	持有待售的處置組 的負債	45,435	(45,435)	-
		1,215,803	(24,049)	1,191,754
Total liabilities	負債總額	5,879,109	-	5,879,109
Total equity and liabilities	權益及負債總額	8,090,105	-	8,090,105

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

40. Re-presentation of comparative figures (Continued)

40. 比較數字的重新呈列(續)

(b) consolidated statement of comprehensive income

(b) 合併綜合收益表

		For the year ended December 31, 2015 截至二零一五年十二月三十一日止年度			
		As previously presented 前期呈列	Re-presentation adjustments 重新呈列調整		Re-presented 重新呈列
			Note 2.1.1(a) 附註2.1.1(a)	Note 2.1.1(b) 附註2.1.1(b)	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Continuing operations	持續經營				
Revenue	收益	1,032,734	(310,549)	–	722,185
Depreciation, depletion and amortization	折舊、折耗及攤銷	(596,893)	130,325	(53,671)	(520,239)
Taxes other than income taxes	稅項 (所得稅除外)	(153,971)	130,640	–	(23,331)
Employee benefit expense	員工薪酬成本	(174,405)	30,561	–	(143,844)
Purchases, services and other direct costs	採購、服務及其他直接成本	(169,675)	48,709	–	(120,966)
Distribution expense	銷售支出	(89,435)	68,919	–	(20,516)
General and administrative expense	管理費用	(115,469)	16,238	–	(99,231)
Impairment charges	資產減值損失	(724,032)	233,888	(274,870)	(765,014)
Other losses, net	其他損失，淨值	(378,669)	2,226	328,541	(47,902)
Finance income	財務收入	20,496	(886)	–	19,610
Finance costs	財務費用	(328,575)	(112,809)	–	(441,384)
Loss before income tax	除所得稅前虧損	(1,704,521)	237,262	–	(1,467,259)
Income tax credit/ (expense)	所得稅收益/ (費用)	179,233	(58,115)	–	121,118
Loss for the year	本年虧損	(1,525,288)	179,147	–	(1,346,141)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註(續)

40. Re-presentation of comparative figures (Continued)

40. 比較數字的重新呈列(續)

(b) consolidated statement of comprehensive income (Continued)

(b) 合併綜合收益表(續)

For the year ended December 31, 2015
截至二零一五年十二月三十一日止年度

		As previously	Re-presentation adjustments		Re-presented
		presented	Note 2.1.1(a)	Note 2.1.1(b)	重新呈列
		前期呈列	重新呈列調整		
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Discontinued operations	終止經營				
Loss for the period from discontinued operations	本年終止經營所得虧損	-	(179,147)	-	(179,147)
Basic (loss)/earnings per share	基本每股(虧損)/收益				
- Continuing operations	- 持續經營	(0.59)	0.07	-	(0.52)
- Discontinued operations	- 終止經營	-	(0.07)	-	(0.07)
		(0.59)	-	-	(0.59)
Diluted (loss)/earnings per share	稀釋每股(虧損)/收益				
- Continuing operations	- 持續經營	(0.59)	0.07	-	(0.52)
- Discontinued operations	- 終止經營	-	(0.07)	-	(0.07)
		(0.59)	-	-	(0.59)



MIE HOLDINGS CORPORATION
MI 能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock code 股份代號: 1555)

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