

Interim Report

2017

中期報告



KunLun Energy Company Limited

(incorporated in Bermuda with limited liability 於百慕達註冊之有限公司)

昆 侖 能 源 有 限 公 司

(Stock Code 股份代號 : 00135.HK)



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BOARD OF DIRECTORS

Executive Directors

Mr Huang Weihe (*Chairman*)
Mr Wu Enlai
Mr Zhao Yongqi (*Chief Executive Officer*)
Mr Zhao Zhongxun
Mr Ding Shilu
Mr Zhang Yaoming

Independent Non-Executive Directors

Mr Li Kwok Sing Aubrey
Dr Liu Xiao Feng
Mr Sun Patrick

COMPANY SECRETARY

Mr Cheng Cheng

BERMUDA RESIDENT REPRESENTATIVE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11, Bermuda

AUDITOR

KPMG

BANKERS

Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
Bank of China Limited
Agricultural Bank of China Limited

STOCK CODE

The Stock Exchange of Hong Kong Limited
00135.HK

WEBSITE

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

董事會

執行董事

黃維和先生 (*主席*)
吳恩來先生
趙永起先生 (*行政總裁*)
趙忠勳先生
丁士爐先生
張耀明先生

獨立非執行董事

李國星先生
劉曉峰博士
辛定華先生

公司秘書

成城先生

駐百慕達代表

Codan Services Limited
Clarendon House
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核數師

畢馬威會計師事務所

往來銀行

中國工商銀行股份有限公司
中國建設銀行股份有限公司
中國銀行股份有限公司
中國農業銀行股份有限公司

股份代號

香港聯合交易所有限公司
00135.HK

網站

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

PRINCIPAL BOARD COMMITTEES

Audit Committee

Mr Sun Patrick (*Chairman*)
Mr Li Kwok Sing Aubrey
Dr Liu Xiao Feng

Remuneration Committee

Mr Li Kwok Sing Aubrey (*Chairman*)
Dr Liu Xiao Feng
Mr Sun Patrick

Nomination Committee

Mr Huang Weihe (*Chairman*)
Mr Li Kwok Sing Aubrey
Dr Liu Xiao Feng
Mr Sun Patrick

SOLICITORS

Clifford Chance

REGISTERED OFFICE

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REGISTRARS IN HONG KONG

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Hong Kong

主要董事委員會

審核委員會

辛定華先生 (*主席*)
李國星先生
劉曉峰博士

薪酬委員會

李國星先生 (*主席*)
劉曉峰博士
辛定華先生

提名委員會

黃維和先生 (*主席*)
李國星先生
劉曉峰博士
辛定華先生

律師

高偉紳律師行

註冊辦事處

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主要股份過戶登記處

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Clarendon House
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香港股份過戶登記處

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BUSINESS REVIEW

I am pleased to report the results of Kunlun Energy Company Limited (the “Company”) and its subsidiaries (together, the “Group”) for the six months ended 30 June 2017 (the “Period”) to the shareholders on behalf of the Board.

During the Period, macro-economy continued to improve. With the effective implementation of China's air pollution control action plan and the supply of heat (natural gas as fuel) in northern China, the continued growth in LNG vehicle market and the increased demand for natural gas for use in power generation, chemicals and industrial fuels, the natural gas consumption increased significantly. The Group continued to improve and optimise the business structure and assets structure. As a result, the natural gas pipeline transmission volume recorded steady growth, and LNG gasification and entrucking significantly increased. City gas business showed a strong growth momentum, and LPG sales business accelerated transformation and upgrading. The Group's operating results met the expectations and maintained a stable development momentum.

During the Period, the Group realised revenue of RMB40,078 million, representing an increase of 19.07% compared with RMB33,659 million (restated) for the same period of last year; profit before income tax expense was RMB6,045 million, representing an increase of 13.52% compared with RMB5,325 million (restated) for the same period of last year; profit attributable to owners of the Company was RMB2,419 million, representing an increase of 0.42% compared with RMB2,409 million (restated) for the same period of last year. During the Period, the Group made provision of RMB100 million for the impairment loss of the LNG plant in Zhaoqing and provision of RMB329 million for impairment loss on accounts receivable. Excluding these factors, core profit before income tax expense for the year would be RMB6,474 million, representing an increase of 21.58%; core profit attributable to shareholders and core basic earnings per share were RMB2,744 million and RMB33.99 cent respectively, representing an increase of 13.91% and 13.91% compared with the same period of last year respectively.

During the Period, the Company's registration for issuance of medium notes in the principal of RMB10 billion was approved by the National Association of Financial Market Institutional Investors. The Company pays more attention to social responsibility and issued the first environmental, social and governance report.

業務回顧

本人謹代表昆侖能源有限公司(「本公司」)董事會向各位股東報告本公司及其附屬公司(「本集團」)截至二零一七年六月三十日止六個月(「本期內」)業績。

本期內，宏觀經濟持續改善，國家大氣污染防治行動計劃及北方地區清潔供暖有效實施，LNG汽車市場持續增長，發電、化工及工業燃料用氣需求增加，天然氣消費增長較為明顯。本集團持續改善和優化業務結構和資產結構，天然氣管道輸氣量穩步增長，LNG接收站氣化裝車量大幅增加，城市燃氣業務增長勢頭明顯，LPG銷售業務加快轉型升級。本期內集團經營效益符合預期，繼續保持平穩發展勢頭。

本期內，本集團實現收入人民幣400.78億元，較去年同期人民幣336.59億元(重列)增加19.07%；除所得稅費用前溢利人民幣60.45億元，較上年同期的人民幣53.25億元(重列)增加13.52%；本公司股東應佔溢利人民幣24.19億元，較去年同期的人民幣24.09億元(重列)增加0.42%。本期內，本集團計提肇慶LNG工廠減值虧損人民幣1.00億元，計提應收賬款減值虧損人民幣3.29億元，扣除上述因素，本年度除所得稅費用前核心溢利為人民幣64.74億元，較去年同期增加21.58%；股東應佔核心溢利和每股基本核心盈利分別為人民幣27.44億元及人民幣33.99分，較去年同期分別增加13.91%和13.91%。

本期內，本公司在中國銀行間市場交易商協會註冊發行人民幣100億元中期票據獲得通過。高度重視社會責任，發佈了首份《環境、社會及管治報告》。

I. Exploration and Production

During the Period, the sales volume of crude oil in the Exploration and Production business was 6.35 million barrels, representing a decrease of 1.79 million barrels or 21.99% compared with 8.14 million barrels for the same period of last year. Revenue from sales of crude oil was RMB734 million, representing an increase of RMB10 million or 1.38% compared with the same period of last year. Due to the Company's exit from Xinjiang Contract in August 2016, sales volume of crude oil decreased by 1.33 million barrels compared with the same period of last year. During the Period, international crude oil price recovered from the same period of last year, and the average realised crude oil selling price of the Group increased to US\$45.55/barrel for the Period from US\$29.26/barrel during the same period of last year. Profit before income tax expense was RMB416 million, representing an increase of RMB567 million or 375.50% from loss of RMB151 million (restated) for the same period of last year.

II. Natural Gas Pipeline

During the Period, the transmission volume of Natural Gas Pipeline business was 20,160 million cubic metres, representing an increase of 2,593 million cubic metres or 14.76% compared with 17,567 million cubic metres for the same period of last year. Revenue was RMB6,196 million, representing an increase of RMB483 million or 8.45% compared with RMB5,713 million (restated) for the same period of last year. Profit before income tax expense was RMB4,452 million, representing an increase of RMB390 million or 9.60% compared with RMB4,062 million (restated) for last year.

During the Period, the transmission volume of PetroChina Beijing Gas Pipeline Co., Ltd. under the Group was 18,730 million cubic metres, representing an increase of 12.74% compared with the same period of last year. Construction of No. 4 Shaanxi-Beijing Pipeline project was in steady progress and is expected to be completed and commence operation by the end of 2017.

一、 勘探與生產

本期內，勘探與生產業務銷售原油635萬桶，較去年同期814萬桶減少179萬桶或21.99%；原油銷售收入為人民幣7.34億元，較去年同期增加人民幣0.10億元或1.38%。2016年8月公司退出新疆合同，影響原油銷售量同比減少133萬桶；本期內，國際油價較去年同期有所回升，本集團平均實現原油銷售價格從去年同期的29.26美元/桶增加至45.55美元/桶。除所得稅費用前溢利人民幣4.16億元，較去年同期虧損人民幣1.51億元(重列)增加人民幣5.67億元或375.50%。

二、 天然氣管道

本期內，天然氣管道業務輸氣量為201.60億立方米，較去年同期175.67億立方米增加25.93億立方米或14.76%；收入為人民幣61.96億元，較去年同期人民幣57.13億元(重列)增加人民幣4.83億元或8.45%；除所得稅費用前溢利為人民幣44.52億元，較去年同期人民幣40.62億元(重列)增加人民幣3.90億元或9.60%。

本期內，本集團所屬中石油北京天然氣管道有限公司輸氣量為187.30億立方米，同比增長12.74%。陝京四線輸氣管道工程有序安排，施工進展順利，預計將於2017年年底前建成投產。

III. LNG Terminal

During the Period, LNG gasification volume of Jiangsu LNG Terminal and Dalian LNG Terminal under the Group amounted to 2,858 million cubic metres, representing an increase of 1,186 million cubic metres or 70.93% compared with 1,672 million cubic metres for the same period of last year, and their LNG entrucking amounted to 771 million cubic metres, representing an increase of 535 million cubic metres or 226.69% compared with 236 million cubic metres for the same period of last year. Revenue was RMB1,097 million, representing an increase of RMB521 million or 90.45% compared with RMB576 million (restated) for the same period of last year. Profit before income tax expense was RMB672 million, representing an increase of RMB492 million or 273.33% compared with RMB180 million (restated) for the same period of last year.

IV. Sales of Natural Gas and LNG Processing

During the Period, the Group's natural gas sales volume was 13,384 million cubic metres, representing an increase of 1,673 million cubic metres or 14.29% compared with 11,711 million cubic metres for the same period of last year. Revenue was RMB33,357 million, representing an increase of RMB6,425 million or 23.86% compared with RMB26,932 million (restated) for the same period of last year. Profit before income tax expense for the period was RMB629 million, representing a decrease of RMB680 million or 51.95% from RMB1,309 million (restated) for the same period of last year. Excluding the effect of impairment losses, core profit before income tax expense for this business segment would be RMB1,058 million, representing a decrease of RMB251 million or 19.17% compared with RMB1,309 million (restated) for the same period of last year.

During the Period, the sales volume of city gas business was 5,439 million cubic metres, representing an increase of 18.34% compared with the same period of last year. Lijiang and Ruili projects were put into operation, and the exclusive operating right for the projects at E'zhou Huahu Development Zone in Hubei and E'jina Banner, Alxa in Inner Mongolia were obtained. The Group developed 261,000 coal-to-gas users in rural areas in Hebei Province.

三、LNG接收站

本期內，本集團所屬的江蘇LNG接收站和大連LNG接收站LNG氣化量28.58億立方米，較去年同期16.72億立方米增加11.86億立方米或70.93%及裝車量為7.71億立方米，較去年同期2.36億立方米增加5.35億立方米或226.69%。收入為人民幣10.97億元，較去年同期人民幣5.76億元（重列）增加人民幣5.21億元或90.45%；除所得稅費用前溢利為人民幣6.72億元，較去年同期人民幣1.80億元（重列）增加人民幣4.92億元或273.33%。

四、天然氣銷售及LNG加工

本期內，實現天然氣銷售量133.84億立方米，較去年同期117.11億立方米增加16.73億立方米或14.29%。收入為人民幣333.57億元，較去年同期人民幣269.32億元（重列）增加人民幣64.25億元或23.86%。本期除所得稅費用前溢利為人民幣6.29億元，較去年同期人民幣13.09億元（重列）減少人民幣6.80億元或51.95%。如扣除減值虧損因素的影響，本業務板塊除所得稅費用前核心溢利為人民幣10.58億元，較去年同期人民幣13.09億元（重列）減少人民幣2.51億元或19.17%。

本期內，城市燃氣業務實現銷量54.39億立方米，較上年同期增加18.34%。麗江、瑞麗項目投產，湖北鄂州花湖開發區、內蒙古阿拉善額濟納旗項目獲得特許經營權。開發河北農村「煤改氣」用戶26.1萬戶。

LNG sales volume for the Period was 2,108 million cubic metres, representing an increase of 51.98% compared with the same period of last year. Seven plants commenced operation during the Period and operated for a total of 902 days, with average utilisation rate increasing by 42% compared with the same period of last year. The Group continued to strengthen the development of LNG vehicle market in Beijing, Tianjin and Hebei, and developed a total of 26,000 LNG vehicles. By adhering to the principle of mutual benefits and win-win, the Group expanded the cooperation with refined oil distributors in Xinjiang, Fujian and Chongqing and facilitated 37 oil-gas stations. Leveraging on its existing business outlets and extensive marketing channels, the Group deeply explored the needs of users and fully facilitated in-house value-added services for residents.

The branch pipeline construction was progressing in an orderly manner, which will commence operation simultaneously with the development of downstream users. There was a significant increase in the completion of branch pipelines construction, with distribution volume increased by 25.4% during the Period. The Group expanded the strategic cooperation with state-owned power generation groups and local energy companies, and pushed forward the construction of natural gas generator and distributed energy projects. Cooperative framework agreements were entered into in respect of six natural gas generator projects and four distributed energy projects, and Zhoukou Power Plant entered a period of intensive equipment installation. The construction of CHD's project in Zengcheng, Guangzhou commenced.

For LPG sales, the Group strived to optimise sales structure and carry out effective marketing based on quality improvement and efficiency enhancement. The Group expanded the sources of external purchase, with the ratio of resources from external purchase 27% higher than that of the same period last year. The Group pushed forward 53 terminal network construction projects and built demonstration stations, and sales volume to residential users increased by 12% compared with the same period of last year. The Group promoted the technical integration of terminal business with the technologies for the Internet of Things and the Internet, and completed the initial design of a big data marketing platform.

本期銷售LNG 21.08億立方米，較上年同期增加51.98%，其中本期7座工廠開工，累計運行902天，平均運行負荷較上年同期提升42%。繼續加強京津冀地區LNG汽車市場開發，累計開發各類LNG車輛2.6萬輛。堅持互利共贏，與新疆、福建、重慶等地成品油銷售企業深化合作，推進實施油氣混合站37座。依託現有營業網點，豐富營銷渠道，深挖用戶需求，全面推進居民戶內增值業務。

支線管道建設有序推進，支線建設與下游用戶同步投產，已建成支線管輸量增幅明顯，本期內代輸銷量增長25.4%。深化與國有發電集團和地方能源企業戰略合作，推進氣電和分佈式能源項目建設，6個氣電項目及4個分佈式能源項目簽訂合作框架協議，周口電廠進入設備密集安裝期，華電廣州增城項目開工建設。

LPG銷售立足提質增效，優化銷售結構，科學營銷。拓寬資源渠道，外采資源同比提高27%。推進53個終端網絡建設項目，創建示範站點，民用終端銷量較上年同期增加12%。推動終端業務與物聯網、互聯網技術融合，初步完成營銷大數據平台方案設計。

BUSINESS PROSPECTS

Since the beginning of the year, the PRC government issued many industrial policies to guide and support the development of the natural gas industry. The Group expects international oil price to remain volatile in the second half of the year and to stabilise and rebound in the coming years. It is expected that the PRC economy will run smoothly. With the “coal-to-gas” project, in particular the continuous implementation of the 2017 Air Pollution Control Action Plan for Beijing, Tianjin, Hebei and Neighbouring Areas, and as the Opinions on Acceleration of Use of Natural Gas and the price reform measures were gradually effective, the trend of rapid growth in the demand for natural gas in the PRC will continue in the second half of the year. As a result of excessive supply in the international natural gas market and the progress of the natural gas market reform, the import of LNG will maintain growth momentum.

The Group will continue to adhere to the development concepts of safety and environmental protection, compliance, cooperation and sharing and open integration. The Group will make use of the industrial structure advantage, carefully analyse the market opportunities brought by the promulgation of the “Several Opinions on the Deepening of Oil and Natural Gas System Reform”, continue to promote innovations and development with strong support from PetroChina, the parent company, strive to balance market risks, maintain the strong ability of the assets to strengthen performance, make full use of the strengths of vertically-integrated industrial chain from LNG trading business, LNG terminal, LNG factory to end users, and focus on the development of natural gas utilisation business.

The Group will be committed to innovations and breakthroughs, and will go all out to realise quality improvement and efficiency enhancement and strongly facilitate the improvement in both sales volume and efficiency of city gas. The Group will continue to improve the ability to increase LPG sales, deeply facilitate the integrated operation of LNG, and continue to explore the potential of LNG and CNG terminals. The Group will push forward the steady development of key branch pipelines, and actively promote the development of natural gas generator and distributed energy. The Group will accelerate the creation of sources of profit of non-natural gas business, effectively promote strategic cooperation and capital operation, and continue to improve the development of the environmental, social and governance system, in order to capture the development opportunities in the PRC natural gas industry, to constantly improve the values and to provide the shareholders with satisfactory returns.

業務展望

今年以來，國家密集出台產業政策，引導和支持天然氣產業發展。本集團預計下半年國際油價持續震盪並可能於未來幾年企穩回升。預計國內經濟平穩運行，隨「煤改氣」工程特別是《京津冀及周邊地區2017年大氣污染防治工作方案》的持續推進，加之《加快推進天然氣利用的意見》和價格改革政策實施效果逐步體現，下半年國內天然氣市場需求將延續快速增長趨勢。受國際天然氣市場供大於求和天然氣市場改革進程的影響，進口LNG繼續保持增長態勢。

本集團將繼續秉承「安全環保、依法合規、合作共享、開放融合」的發展理念，認真研判國家《關於深化石油天然氣體制改革的若干意見》出台帶來的市場機遇，在母公司中國石油的大力支持下，繼續推進創新發展，努力平衡市場風險，保持高效資產的創效能力，充分發揮LNG業務貿易、接收站、工廠到終端環節的全產業鏈競爭優勢，聚焦發展天然氣終端綜合利用業務。

本集團將致力創新突破，全力以赴提質增效，大力推動城市燃氣量效齊增，持續提升LPG銷售創效能力，深入推進LNG一體化運行，持續推進LNG和CNG終端挖潛創效，穩步推進重點支線建設，積極推進氣電和分佈式能源開發，加快打造非氣業務效益增長點，有效推動戰略合作與資本運作，繼續完善「環境、社會及管治」體系建設，搶抓中國天然氣產業發展機遇，持續提升企業價值，為股東提供滿意的回報。

INTERIM DIVIDEND

The Board does not recommend the declaration of interim dividend for the Period.

By order of the Board

Huang Weihe
Chairman

Hong Kong, 22 August 2017

中期股息

董事會已議決不宣派本期內之中期股息。

承董事會命

主席
黃維和

香港，二零一七年八月二十二日

Management Discussion and Analysis

管理層討論與分析

Kunlun Energy Company Limited (the “Company”) and its subsidiaries (together, the “Group”) continued to develop its natural gas business segment during the period ended 30 June 2017 (the “Period”). Profit before income tax expense of the Group for the Period was approximately RMB6,045 million, representing an increase of 13.52% as compared with RMB5,325 million (restated) for the last period. Profit attributable to owners of the Company for the Period was approximately RMB2,419 million, representing an increase of 0.42% as compared with RMB2,409 million (restated) for the last period.

REVENUE

Revenue for the Period was approximately RMB40,078 million, representing an increase of 19.07% as compared with amount of RMB33,659 million (restated) for the last period. The increase was mainly due to the expansion of natural gas business.

Revenue from the Natural Gas Distribution business segment accounted for 98.17% (same period of 2016: 97.85%) of the Group’s total revenue amounting to approximately RMB39,344 million (same period of 2016 restated: RMB32,935 million).

The table below sets out the sales volume and revenue of different segments of the Group for the period ended 30 June 2017 and 2016, and percentages of change during these two periods.

昆侖能源有限公司(「本公司」)及其附屬公司(統稱「本集團」)於截至二零一七年六月三十日止期間(「本期內」)繼續擴大天然氣業務板塊。本集團於本期內之除所得稅費用前溢利約為人民幣6,045百萬元，比去年同期金額人民幣5,325百萬元(重列)增加13.52%。本期內本公司股東應佔溢利約為人民幣2,419百萬元，比去年同期金額人民幣2,409百萬元(重列)增加0.42%。

收入

本期內之收入約為人民幣40,078百萬元，比去年同期金額人民幣33,659百萬元(重列)增加19.07%。增加主要是由於天然氣業務擴張所致。

來自天然氣分銷業務板塊之收入佔本集團總收入98.17%(二零一六年同期:97.85%)，約人民幣39,344百萬元(二零一六年同期重列:人民幣32,935百萬元)。

下表載列本集團各板塊於截至二零一七年及二零一六年六月三十日止期間之銷售量及收入，以及該兩個期間之百分比變動。

Management Discussion and Analysis

管理層討論與分析

		Sale volume for the period ended 30 June 銷售量 截至六月三十日止期間			Revenue for the period ended 30 June 收入 截至六月三十日止期間		
		2017 二零一七年 (’000 Barrel) (千桶)	2016 二零一六年 (’000 Barrel) (千桶)	Change 變動 %	2017 二零一七年 RMB million 人民幣百萬元	2016 二零一六年 RMB million 人民幣百萬元 (restated) (重列)	Change 變動 %
Exploration and Production business	勘探與生產業務						
The People's Republic of China (the "PRC") (note (1))	中華人民共和國 (「中國」)(附註(1))	1,109	2,505	(55.73)	385	452	(14.82)
South America (note (2))	南美(附註(2))	262	293	(10.58)	189	154	22.73
Central Asia	中亞	295	312	(5.45)	92	61	50.82
South East Asia (note (3))	東南亞(附註(3))	200	264	(24.24)	68	57	19.30
Sub-total	小計	1,866	3,374	(44.69)	734	724	1.38
Share of an associate in Central Asia	應佔一間 中亞聯營公司	2,322	2,537	(8.47)	-	-	N/A
Share of a joint venture in Middle East	應佔一間 中東合資企業	2,158	2,225	(3.01)	-	-	N/A
Total of Exploration and Production	勘探與生產總額	6,346	8,136	(22.00)	734	724	1.38

Notes:

- (1) One of the oil production contracts in PRC expired on 31 August 2016.
- (2) Only the Group's 50% share of sales volume from an oilfield in South America is stated while its revenue is shown as 100% per consolidation requirement.
- (3) Only the Group's 96.11% share of sales volume from an oilfield in South East Asia is stated while its revenue is shown as 100% per consolidation requirement.

附註：

- (1) 中國其中一個石油生產合同於二零一六年八月三十一日期滿。
- (2) 僅呈列本集團應佔來自南美的一個油田銷售量之50%，而其收入按合併要求以100%列示。
- (3) 僅呈列本集團應佔來自東南亞的一個油田銷售量之96.11%，而其收入按合併要求以100%列示。

Management Discussion and Analysis

管理層討論與分析

		Sale/processing volume for the period ended 30 June		
		銷售／加工量 截至六月三十日止期間		
		2017	2016	Change
		二零一七年	二零一六年	變動
		('000	('000	%
		cubic metre)	cubic metre)	
		(千立方米)	(千立方米)	
Natural Gas Distribution business	天然氣分銷業務			
Natural Gas Pipeline	天然氣管道	20,159,577	17,567,429	14.76
LNG Terminal	LNG接收站	3,629,672	1,907,856	90.25
Natural Gas Sales (note (4))	天然氣銷售(附註(4))	12,878,225	11,533,490	11.66
LNG Processing	LNG加工	505,630	177,843	184.31
Sub-total	小計	13,383,855	11,711,333	14.28
Less: Inter-company adjustment	減：公司間調整	(1,068,395)	(298,949)	257.38
Total of Natural Gas Distribution	天然氣分銷總額	36,104,709	30,887,669	16.89

Notes:

附註：

(4) Under the Natural Gas Sales volume, it included LPG of 4,054,430 thousand cubic meter (2016: 4,141,470 thousand cubic meter), equivalent to 3,219,037 tonnes (2016: 3,266,675 tonnes).

(4) 天然氣銷售量包括LPG 4,054,430千立方米(二零一六年：4,141,470千立方米)·相當於3,219,037噸(二零一六年：3,266,675噸)。

		Revenue for the period ended 30 June		
		收入 截至六月三十日止期間		
		2017	2016	Change
		二零一七年	二零一六年	變動
		RMB million	RMB million	%
		人民幣百萬元	人民幣百萬元	
			(restated)	
			(重列)	
Natural Gas Distribution business	天然氣分銷業務			
Natural Gas Pipeline	天然氣管道	6,196	5,713	8.45
LNG Terminal	LNG接收站	1,097	576	90.45
Natural Gas Sales	天然氣銷售	32,325	26,506	21.95
LNG Processing	LNG加工	1,032	426	142.25
Sub-total	小計	33,357	26,932	23.86
Less: Inter-company adjustment	減：公司間調整	(1,306)	(286)	356.64
Total of Natural Gas Distribution	天然氣分銷總額	39,344	32,935	19.46
Total revenue	總收入	40,078	33,659	19.07

OTHER GAINS, NET

Other gains, net for the Period was approximately RMB563 million, representing an increase of 14.20% as compared with amount of RMB493 million (restated) for the last period. The increase was mainly due to the appreciation of RMB against US\$ during the Period.

INTEREST INCOME

Interest income for the Period was approximately RMB125 million, representing a decrease of 39.90% as compared with amount of RMB208 million (restated) for the last period. The decrease was mainly due to a decrease in average balance of cash and cash equivalents.

PURCHASES, SERVICES AND OTHERS

Purchases, services and others were approximately RMB28,271 million for the Period, representing an increase of 22.13% as compared with amount of RMB23,148 million (restated) for the last period. The increase was mainly due to the increase in purchase volume of natural gas which is in line with the increase in sales of natural gas business.

EMPLOYEE COMPENSATION COSTS

Employee compensation costs of the Group was approximately RMB1,839 million for the Period, representing an increase of 3.14% as compared with amount of RMB1,783 million (restated) for the last period.

DEPRECIATION, DEPLETION AND AMORTISATION

Depreciation, depletion and amortisation for the Period was approximately RMB2,665 million, representing a decrease of 2.20% as compared with amount of RMB2,725 million (restated) for the last period. The decrease was mainly due to one of the oil production contracts in PRC expired on 31 August 2016.

IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT

Impairment loss on property, plant and equipment was RMB100 million (same period of 2016: Nil). This was mainly due to the increased competition from imported LNG.

其他收益，淨額

本期內之其他收益淨額約為人民幣563百萬元，比去年同期金額人民幣493百萬元(重列)增加14.20%。此增加主要由於本期內人民幣兌美元升值。

利息收入

本期內之利息收入約為人民幣125百萬元，比去年同期金額人民幣208百萬元(重列)減少39.90%。此減少主要由於現金及現金等值項目平均結餘減少所致。

採購、服務及其他

本期內之採購、服務及其他約為人民幣28,271百萬元，比去年同期金額人民幣23,148百萬元(重列)增加22.13%。此增加主要由於天然氣的採購數量增加所致，與天然氣業務銷售額增加一致。

僱員酬金成本

本期內，本集團之僱員酬金成本約為人民幣1,839百萬元，比去年同期金額人民幣1,783百萬元(重列)增加3.14%。

折舊、損耗及攤銷

本期內之折舊、損耗及攤銷約為人民幣2,665百萬元，比去年同期金額人民幣2,725百萬元(重列)減少2.20%。此減少主要由於中國其中一個石油生產合同於二零一六年八月三十一日期滿。

物業、廠房及設備減值虧損

物業、廠房及設備減值虧損為人民幣100百萬元(二零一六年同期：無)。此乃主要由於進口LNG競爭加劇。

Management Discussion and Analysis

管理層討論與分析

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the Period were approximately RMB1,664 million, representing an increase of 40.78% as compared with amount of RMB1,182 million (restated) for the last period. The increase was mainly due to the impairment loss on accounts receivables of RMB329 million recognised during the Period. Besides, the increase in variable selling, general and administrative expenses was in line with the expansion of natural gas business. In addition, the increase in royalty expenses in Exploration and Production business was due to the increase in realised crude oil selling price.

TAXES OTHER THAN INCOME TAXES

Taxes other than income taxes for the Period was approximately RMB215 million, representing a decrease of 17.31% as compared with amount of RMB260 million (restated) for the last period. The decrease was mainly due to the implementation of VAT Reform that eliminated business tax in the PRC.

INTEREST EXPENSES

Interest expenses for the Period was approximately RMB481 million, representing an increase of 146.67% as compared with amount of RMB195 million (restated) for the last period. The increase was mainly due to new interest bearing borrowings for settling the consideration for the acquisition of Kunlun Gas in May 2016.

Total interest expenses for the Period was approximately RMB773 million of which RMB292 million was capitalised under construction-in-progress.

SHARE OF PROFITS LESS LOSSES OF ASSOCIATES

Share of profits less losses of associates for the Period increased by 117.30% to approximately RMB402 million (same period of 2016 restated: RMB185 million). The increase was mainly due to the increase in realised crude oil selling price during the Period that in turn led to the increase in the shared operating result from CNPC-Aktobemunaigas Joint Stock Company ("Aktobe").

銷售、一般性和管理費用

本期內之銷售、一般性和管理費用約為人民幣1,664百萬元，比去年同期金額人民幣1,182百萬元(重列)增加40.78%。此增加主要由於期內確認的應收賬款減值虧損人民幣329百萬元所致。除此之外，天然氣業務擴張，使可變銷售、一般性和管理費用增加。另外，實現原油銷售價格上漲導致勘探與生產業務之礦區使用費增加。

除所得稅以外之稅項

本期內，除所得稅以外之稅項約為人民幣215百萬元，比去年同期金額人民幣260百萬元(重列)減少17.31%。此減少主要由於中國實施營改增抵消營業稅所致。

利息支出

本期內利息支出約為人民幣481百萬元，比去年同期金額人民幣195百萬元(重列)增加146.67%。此增加主要由於二零一六年五月成功收購昆侖燃氣，為支付代價而引起的新增有息借款。

本期內利息支出總額約為人民幣773百萬元，其中人民幣292百萬元已於在建工程被資本化。

應佔聯營公司溢利減虧損

本期內應佔聯營公司溢利減虧損增加117.30%至約人民幣402百萬元(二零一六年同期重列：人民幣185百萬元)。此增加主要由於本期內實現原油銷售價格上漲，從而造成CNPC-Aktobemunaigas Joint Stock Company(「Aktobe」)之應佔經營業績增加。

SHARE OF PROFITS LESS LOSSES OF JOINT VENTURES

Share of profits less losses of joint ventures for the Period increased by 53.42% to approximately RMB112 million (same period of 2016 restated: RMB73 million). The increase was mainly due to the increase in realised crude oil selling price during the Period that in turn led to the increase in shared operating result from Oman project.

PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense for the Period was approximately RMB6,045 million, representing an increase of 13.52% as compared with amount of RMB5,325 million (restated) for the last period.

The table below sets out the profit/(loss) before income tax expense and percentage of change of different segments of the Group for the period ended 30 June 2017 and 2016.

應佔合資企業溢利減虧損

本期內應佔合資企業溢利減虧損增加53.42%至約人民幣112百萬元(二零一六年同期重列：人民幣73百萬元)。此增加主要由於本期內實現原油銷售價格上漲，從而造成阿曼項目之應佔經營業績增加。

除所得稅費用前溢利

本期內除所得稅費用前溢利約為人民幣6,045百萬元，比去年同期金額人民幣5,325百萬元(重列)增加13.52%。

下表載列本集團各板塊於截至二零一七年及二零一六年六月三十日止期間之除所得稅費用前溢利/(虧損)及該兩個期間百分比變動。

Profit/(loss) before income tax expense for the period ended 30 June

除所得稅費用前溢利/(虧損)
截至六月三十日止期間

		2017 二零一七年 RMB million 人民幣百萬元	2016 二零一六年 RMB million 人民幣百萬元 (restated) (重列)	Change 變動 %
Exploration and Production business	勘探與生產業務			
The PRC	中國	(51)	(216)	(76.39)
South America	南美	41	28	46.43
Central Asia	中亞	19	(42)	(145.24)
South East Asia	東南亞	16	(15)	(206.67)
Sub-total	小計	25	(245)	(110.20)
Share of an associate in Central Asia	應佔一間中亞聯營公司	267	21	1,171.43
Share of a joint venture in Middle East	應佔一間中東合資企業	124	73	69.86
Total of Exploration and Production	勘探與生產總額	416	(151)	375.50
Natural Gas Distribution business	天然氣分銷業務			
Natural Gas Pipeline	天然氣管道	4,452	4,062	9.60
LNG Terminal	LNG接收站	672	180	273.33
Natural Gas Sales	天然氣銷售	1,029	1,595	(35.49)
LNG Processing	LNG加工	(400)	(286)	39.86
Sub-total	小計	629	1,309	(51.95)
Total of Natural Gas Distribution	天然氣分銷總額	5,753	5,551	3.64
		6,169	5,400	14.24

Management Discussion and Analysis

管理層討論與分析

INCOME TAX EXPENSE

Income tax expense for the Period was approximately RMB1,878 million, representing an increase of 36.68% as compared with amount of RMB1,374 million (restated) for the last period. The increase was mainly due to an increase in taxable income.

PROFIT FOR THE PERIOD AND PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit for the Period of the Group was approximately RMB4,167 million, representing an increase of 5.47% as compared with amount of RMB3,951 million (restated) for the last period. The profit attributable to owners of the Company for the Period was approximately RMB2,419 million, representing an increase of 0.42% as compared with amount of RMB2,409 million (restated) for the last period.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2017, the carrying value of total assets of the Group was approximately RMB124,245 million, representing an increase of RMB944 million or 0.77% as compared with RMB123,301 million (restated) as at 31 December 2016.

The gearing ratio of the Group was 35.76% as at 30 June 2017 compared with 36.37% as at 31 December 2016, representing a decrease of 0.61%. It is computed by dividing the sum of interest bearing borrowings, convertible bonds and obligations under finance leases of RMB34,750 million (31 December 2016 restated: RMB33,661 million) by the sum of total equity, interest bearing borrowings, convertible bonds and obligations under finance leases of RMB97,181 million (31 December 2016 restated: RMB92,561 million).

Adjusted profit before income tax expense, excluding impairment loss on property, plant and equipment and account receivable, interest and depreciation, depletion and amortisation for the Period was approximately RMB9,495 million, representing an increase of 18.14% as compared with the amount of RMB8,037 million (restated) for the last period.

所得稅費用

本期內所得稅費用約為人民幣1,878百萬元，比去年同期金額人民幣1,374百萬元(重列)增加36.68%。此乃由於應課稅收入增加所致。

本期內溢利及本公司股東應佔溢利

本集團之本期內溢利約為人民幣4,167百萬元，比去年同期金額人民幣3,951百萬元(重列)增加5.47%。本公司股東應佔本期內溢利約為人民幣2,419百萬元，比去年同期金額人民幣2,409百萬元(重列)增加0.42%。

資產流動性及資本資源

於二零一七年六月三十日，本集團總資產之賬面值約為人民幣124,245百萬元，比二零一六年十二月三十一日金額人民幣123,301百萬元(重列)增加人民幣944百萬元或0.77%。

本集團於二零一七年六月三十日之負債比率為35.76%，與二零一六年十二月三十一日之36.37%相比減少0.61%。負債比率乃按計息借貸、可轉換債券與融資租賃承擔之和人民幣34,750百萬元(二零一六年十二月三十一日重列：人民幣33,661百萬元)除以總權益、計息借貸、可轉換債券與融資租賃承擔之和人民幣97,181百萬元(二零一六年十二月三十一日重列：人民幣92,561百萬元)計算。

本期內除所得稅費用前經調整溢利(不包括物業、廠房及設備及應收賬款減值虧損、利息及折舊、損耗及攤銷)約為人民幣9,495百萬元，比去年同期金額人民幣8,037百萬元(重列)增加18.14%。

Management Discussion and Analysis

管理層討論與分析

The Company issued convertible bonds in 2016 to improve the debt profile:

二零一六年內，本公司已發行可轉換債券以改善其債務狀況：

Items		Date of issue	Nominal Amount RMB million 面值 人民幣百萬元	Tenor year 期限年期	Annual Interest 年利率 %
項目		發行日期			
Convertible bonds (Stock code: 5690) (note)	可轉換債券 (證券代號：5690) (附註)	25 July 2016 二零一六年七月二十五日	3,350	3	1.625

Note: Please refer to the announcements on the issue of convertible bonds published by the Company on the websites of The Stock Exchange of Hong Kong Limited and the Company in July 2016.

附註：請參閱本公司於二零一六年七月就發行可轉換債券，刊發於香港聯合交易所有限公司網站及本公司網站之公告。

As at 30 June 2017, the Group has total borrowings of RMB31,132 million which will be repayable as follows:

於二零一七年六月三十日，本集團之總借貸人民幣31,132百萬元須按如下償還：

		31 December 2017 二零一七年 十二月三十一日 RMB million 人民幣百萬元	31 December 2016 二零一六年 十二月三十一日 RMB million 人民幣百萬元 (restated) (重列)
Within one year	一年內	8,547	14,085
Between one to two years	一至兩年	1,142	1,440
Between two to five years	兩至五年	17,168	10,164
After five years	五年以上	4,275	4,316
		31,132	30,005

Management Discussion and Analysis

管理層討論與分析

The carrying amounts of the borrowings are mainly denominated in RMB, US\$ and HK\$.

The functional currency of the Company and most of its subsidiaries is RMB and the Company and most of its subsidiaries are exposed to the exchange gain/(loss) when the RMB is appreciated/depreciated against other currencies. Please refer to Note 3(a) in the Notes to the Unaudited Interim Financial Report and the announcement of the Company dated 8 August 2017 with respect to the Company's change of presentation currency from Hong Kong dollars to Renminbi with effect from 1 January 2017.

During the Period, no share option (same period of 2016: no share option) has been exercised by the senior executives of the Company as the exercise price of HK\$12.632 was above the market price of HK\$7.06 on the share option expiry date and the share options were lapsed. The share option scheme was expired in 2012 and there was no more outstanding share option as at 30 June 2017.

As at 30 June 2017, the Group had net current liabilities of RMB5,868 million, representing a decrease of RMB7,864 million or 57.27% as compared with RMB13,732 million (restated) as at 31 December 2016. Notwithstanding the net current liabilities of the Group at 30 June 2017, the Group's consolidated interim financial statements have been prepared on a going concern basis because the directors of the Company (the "Directors") are of the opinion that the Group would have adequate funds to meet its obligation, as and when they fall due, having regard to the following:

- (i) the Group has committed credit from China Petroleum Finance Company Limited amounting to RMB20 billion, of which RMB11 billion is undrawn as at 30 June 2017;
- (ii) the Group expects to generate positive operating cash flows in the future; and
- (iii) the Directors consider that the Group could obtain financing from various sources of funding.

Consequently, the consolidated interim financial statements have been prepared on a going concern basis.

借貸之賬面值主要以人民幣、美元及港元計值。

本公司及多數附屬公司之功能貨幣為人民幣，當其他貨幣兌人民幣增值／貶值時，本公司及多數附屬公司面臨匯兌收益／(虧損)。請參閱未經審核中期財務報告附註之附註3(a)以及本公司日期為二零一七年八月八日之公告，內容有關本公司將呈列貨幣由港元更改至人民幣，自二零一七年一月一日起生效。

本期內，由於購股權到期當日行使價12.632港元高於市價7.06港元且購股權已失效，本公司高級行政人員概無行使購股權(二零一六年同期：無行使購股權)。購股權計劃於二零一二年到期，於二零一七年六月三十日概無其他尚未行使的購股權。

於二零一七年六月三十日，本集團的流動負債淨額為人民幣5,868百萬元，比二零一六年十二月三十一日人民幣13,732百萬元(重列)減少人民幣7,864百萬元或57.27%。儘管本集團於二零一七年六月三十日錄得流動負債淨額，本集團綜合中期財務報表已根據持續經營基準編製，乃由於本公司董事(「董事」)經考慮以下情況後認為本集團將具備充足資金支付其到期債務：

- (i) 本集團獲得來自中油財務有限責任公司的承諾信貸達人民幣200億元；於二零一七年六月三十日其中人民幣110億元未提取；
- (ii) 本集團預期未來產生正經營現金流量；及
- (iii) 董事認為，本集團可透過不同資金來源獲得融資。

因此，綜合中期財務報表乃按持續經營基準編製。

USE OF PROCEEDS

Use of Net Proceeds from Issuance of Convertible Bonds

Reference is made to the Company's announcements dated 14 July 2016 and 25 July 2016 in relation to, among other things, the issuance of RMB3,350 million in aggregate principal amount of 1.625% US\$ settled convertible bonds due 2019 (stock code: 5690) (the "Convertible Bonds") (the "CB Announcements"). Consistent with the intended use as disclosed in the CB Announcements, the Company has utilised all of the net proceeds from the issuance of the Convertible Bonds of approximately US\$497 million for the payment for the acquisition of Kunlun Gas. As of 30 June 2017, the net proceeds from the issuance of Convertible Bonds have been fully utilised.

Interest paid

The Group paid interest of RMB621 million (same period of 2016 restated: RMB393 million) during the Period.

Dividend paid

2016 final dividend of HK7.4 cents per share amounting to RMB522 million (restated) (2016: 2015 final dividend of HK6.0 cents per share amounting to RMB407 million (restated)) was distributed to owners of the Company during the Period.

PLEDGE OF ASSETS

As at 30 June 2017 and 31 December 2016, no short-term and long-term borrowings were secured by property, plant and equipment or advanced operating lease payment.

所得款項用途

發行可轉換債券之所得款項淨額用途

茲提述本公司日期為二零一六年七月十四日及二零一六年七月二十五日之公告，內容有關(其中包括)發行於二零一九年到期本金總額為人民幣3,350百萬元之1.625%美元結算可轉換債券(證券代號: 5690)(「可轉換債券」)(「可轉換債券公告」)。與可轉換債券公告所披露的擬定用途一致，本公司已動用發行可轉換債券的所有所得款項淨額約497百萬美元支付收購昆侖燃氣的款項。於二零一七年六月三十日，發行可轉換債券的所得款項淨額已悉數動用。

利息支付

本集團於本期內支付利息人民幣621百萬元(二零一六年同期重列: 人民幣393百萬元)。

股息支付

本期內，分派予本公司股東之二零一六年末期股息為每股7.4港仙，金額為人民幣522百萬元(重列)(二零一六年: 二零一五年末期股息每股6.0港仙，金額為人民幣407百萬元(重列))。

資產抵押

於二零一七年六月三十日及二零一六年十二月三十一日，概無短期及長期借貸以物業、廠房及設備或預付經營租賃款作為抵押。

Management Discussion and Analysis

管理層討論與分析

NEW INVESTMENT IN MAJOR PROJECTS

There is no investment in major project during the Period.

MATERIAL INVESTMENTS

Material investments of the Group are its investments in associates and in joint ventures.

The Group's major investment in associates are mainly in its Exploration and Production segment. The Group has invested in an associate, Aktobe, located in the Republic of Kazakhstan with an effective equity interest of 15.072%.

There is no single material joint venture which significantly affects the results and/or net assets of the Group.

EMPLOYEE

As at 30 June 2017, the Group had approximately 35,005 employees globally (excluding the employees under entrustment contracts) (same period of 2016: 39,523 employees). Remuneration package and benefits were determined in accordance with market terms, industry practice as well as the duties, performance, qualifications and experience of the employees.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the Period ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Period.

CORPORATE GOVERNANCE

The Company is committed to the maintenance of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain high corporate governance standard. The Board of Directors is of the view that the Company has complied with all the code provisions in the Code on Corporate Governance Practices during the Period.

於主要項目之新投資

本期內並無投資主要項目。

重大投資

本集團重大投資為其於聯營公司及合資企業之投資。

本集團於聯營公司之主要投資主要為其勘探與生產板塊。本集團已對位於哈薩克斯坦共和國之聯營公司Aktobe進行投資並擁有15.072%實際股權。

概無單一重大合資企業重大影響本集團業績及／或資產淨值。

僱員

於二零一七年六月三十日，本集團在全球僱用約35,005名僱員（通過委託合同聘任除外）（二零一六年同期：39,523名僱員）。薪酬及有關福利一般根據市場情況、行業慣例及個別僱員之職責、表現、履歷及經驗而釐定。

中期股息

董事會決議不派截至二零一七年六月三十日止期間的任何中期股息。

購入、出售或贖回股份

本公司或其任何附屬公司於本期內概無購入、出售或贖回本公司任何股份。

企業管治

本公司致力於維持嚴謹的企業管治常規及程序，旨在提升投資者信心及本公司的問責性及透明度。本公司竭力維持高企業管治標準。董事會認為，本公司於本期內已遵守企業管治常規守則的所有守則條文。

REVIEW OF INTERIM FINANCIAL INFORMATION

Pursuant to paragraph 46(6) of Appendix 16 to the Listing Rules Governing the Listing of Securities on the Stock Exchange, the Board of Directors of the Company wishes to confirm that the Audit Committee of the Company has reviewed with the management the accounting policies and standards adopted by the Company and its subsidiaries and discussed the internal control and financial reporting matters related to the preparation of the unaudited interim financial report for the Period.

The unaudited consolidated interim financial information of the Group for the Period has been reviewed by the Audit Committee of the Company and has also been reviewed by the Company's auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted written guidelines on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transaction.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the period ended 30 June 2017.

DIRECTORS' INTERESTS IN CONTRACTS

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

審閱中期財務資料

根據聯交所證券上市規則附錄十六第46(6)段規定，本公司之董事會確認就編製本期內之未經審核中期財務報告一事，本公司之審核委員會與管理層已審閱本公司及其附屬公司所採納之會計政策及準則，以及討論內部監控及財務申報等事宜。

本公司審核委員會及本公司核數師畢馬威會計師事務所已根據香港會計師公會頒佈之香港審閱聘任準則第2410號，由實體之獨立核數師審閱中期財務資料審閱本集團本期內之未經審核綜合中期財務資料。畢馬威會計師事務所之未經修訂審閱報告將收錄於致股東的中期報告內。

董事進行證券交易的標準守則

本公司已採納條款不比上市規則附錄十所載之上市發行人董事進行證券交易之標準守則（「標準守則」）寬鬆之書面指引，作為有關董事證券交易之行為守則。

經向全體董事作出具體查詢，董事已確認截至二零一七年六月三十日止期間內一直遵守標準守則。

董事於合同之權益

於本期內終結日或本期內任何時間，本公司、其任何附屬公司、同集團附屬公司或其控股公司概無訂立對本集團業務而言為重大，而本公司董事直接或間接於其中佔有重大權益之合同。

Management Discussion and Analysis

管理層討論與分析

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2017, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities Future Ordinance (the "SFO")) which (a) 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 or short positions which any such director and chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules are set out below.

Ordinary shares of HK\$0.01 each of the Company.

董事於股份之權益

於二零一七年六月三十日，本公司各董事及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（「證券及期貨條例」）第XV部）之股份、相關股份及債券中，擁有(a)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之權益或淡倉（包括根據證券及期貨條例之條文被當作或視為本公司任何董事及主要行政人員擁有之權益或淡倉）；或(b)根據證券及期貨條例第352條須列入本公司所存置之登記冊內之權益或淡倉；或(c)根據上市規則所載《上市發行人董事進行證券交易之標準守則》須知會本公司及聯交所之權益或淡倉載列如下。

本公司每股面值0.01 港元之普通股。

Name	姓名	Number of shares 股份數目	Capacity and nature of interests 身份及權益性質	Percentage of issued shares 佔已發行股份之百分比
Li Kwok Sing Aubrey (Note)	李國星(附註)	1,000,000	Beneficial owner 實益擁有人	0.012%

Note: The interests held by Mr Li Kwok Sing Aubrey represent long position in the shares of the Company.

附註：李國星先生持有之權益為於本公司股份之好倉。

Share options are granted to directors and chief executive under the executive share option scheme approved by the Board of Directors on 3 June 2002 ("2002 Share Option Scheme") and it expired on 2 June 2012. Details of the outstanding shares options granted under the 2002 Share Option Scheme not yet exercised are set out in the section headed "Share Options" of this report.

購股權乃根據董事會於二零零二年六月三日批准之行政人員購股權計劃（「二零零二年購股權計劃」）授予董事及主要行政人員，且該計劃已於二零一二年六月二日到期。根據二零零二年購股權計劃已授出但尚未行使之購股權詳情載於本報告「購股權」一節。

Save as disclosed above, at no time during the Period was the Company or any of its subsidiaries, its fellow subsidiaries and its holding companies a party to any arrangement to enable the directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations.

除上文所披露者外，本公司或其任何附屬公司、同集團附屬公司或控股公司於本期內任何時間概無參與任何安排，以致本公司董事及主要行政人員（包括彼等之配偶或十八歲以下之子女）持有本公司或其相聯法團之股份或相關股份或債券之任何權益或淡倉。

SHARE OPTIONS

The following table discloses the movements during the Period in the number of share options of the Company which have been granted to the directors and employees of the Company:

購股權

下表披露本公司已授予董事及僱員之本公司購股權數目於本期內之變動：

Name 姓名	Date of grant 授出日期	Exercise period 行使期間	Exercise price 行使價 HK\$ 港元	Number of Share Options 購股權數目				Outstanding at 30 June 2017 於二零一七年六月三十日 尚未行使 '000 千份
				Outstanding at 1 January 2017 於二零一七年一月一日 尚未行使 '000 千份	Granted during the Period 於本期內 已授出 '000 千份	Exercised during the Period 於本期內 已行使 '000 千份	Lapsed during the Period 於本期內 已失效 '000 千份	
Directors 董事	-	-	-	-	-	-	-	-
Employees 僱員	17/05/12	17/8/12-16/5/17	12.632	14,200	-	-	(14,200)	-
				14,200	-	-	(14,200)	-

The closing price of the Company's shares immediately before the date on which the share options were lapsed was HK\$7.06.

本公司股份緊接購股權失效日期前之收市價為7.06港元。

Management Discussion and Analysis

管理層討論與分析

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

As at 30 June 2017, the register of substantial shareholders maintained under section 336 of the SFO, showed that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and the chief executive of the Company.

主要股東於股份之權益

於二零一七年六月三十日，根據證券及期貨條例第336條規定由本公司存置之主要股東登記冊所示，本公司已獲通知下列主要股東擁有本公司已發行股本5%或以上之權益。該等權益為在上文就本公司董事及主要行政人員所披露者以外之權益。

Name	名稱	Number of shares 股份數目		Percentage of issued shares 佔已發行股份 總數百分比
		Direct interest 直接權益	Indirect interest 間接權益	
Sun World Limited ("Sun World") ⁽¹⁾	Sun World Limited (「Sun World」) ⁽¹⁾	4,708,302,133 (L)	–	58.33%
PetroChina Hong Kong (BVI) Ltd. ("PetroChina (BVI)") ⁽¹⁾	PetroChina Hong Kong (BVI) Ltd. (「PetroChina (BVI)」) ⁽¹⁾	–	4,708,302,133 (L)	58.33%
PetroChina Hong Kong Ltd. ("PetroChina Hong Kong") ⁽¹⁾	中石油香港有限公司 (「中石油香港」) ⁽¹⁾	–	4,708,302,133 (L)	58.33%
PetroChina Company Limited ("PetroChina") ⁽¹⁾	中國石油天然氣股份 有限公司 (「中國石油」) ⁽¹⁾	–	4,708,302,133 (L)	58.33%
Fairy King Investments Ltd. CNPC International Ltd. ("CNPCI") ⁽²⁾	Fairy King Investments Ltd. CNPC International Ltd. (「CNPCI」) ⁽²⁾	277,432,000 (L)	–	3.43%
China National Oil and Gas Exploration and Development Corporation ("CNODC") ⁽²⁾	中國石油天然氣勘探 開發公司(「CNODC」) ⁽²⁾	–	277,432,000 (L)	3.43%
China National Petroleum Corporation ("CNPC") ⁽¹⁾⁽²⁾	中國石油天然氣集團公司 (「CNPC」) ⁽¹⁾⁽²⁾	–	4,985,734,133 (L)	61.76%

Notes:

- (1) Sun World is a wholly-owned subsidiary of PetroChina (BVI), which in turn is wholly-owned by PetroChina Hong Kong. PetroChina Hong Kong is wholly-owned by PetroChina, which is in turn owned as to 86.47% by CNPC. Accordingly, CNPC is deemed to have interest in the 4,708,302,133 (L) shares held by Sun World. Mr. Huang Weihe, Executive Director of the Company, is also director of Sun World, which is a substantial shareholder of the Company (within the meaning of Part XV of the SFO).
- (2) Fairy King Investments Ltd. is a wholly-owned subsidiary of CNPCI, which in turn is wholly-owned by CNODC, which is in turn owned as to 100.00% by CNPC. Accordingly, CNPC is deemed to have interest in the 277,432,000 (L) shares held by Fairy King Investments Ltd..

Save as disclosed above, as at 30 June 2017, the directors and the chief executive of the Company were not aware of any person (other than a director or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

As at 30 June 2017, the directors and the chief executive of the Company were not aware of any person (other than a director or chief executive of the Company) who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

By the Order of the Board

Zhao Yongqi

Chief Executive Officer & Executive Director

Hong Kong, 22 August 2017

附註：

- (1) Sun World乃PetroChina (BVI)之全資附屬公司，而PetroChina (BVI)乃由中石油香港全資擁有。中石油香港由中國石油全資擁有，而中國石油則由CNPC擁有86.47%權益。因此，CNPC被視為於Sun World所持之4,708,302,133股(好)股份中擁有權益。黃維和先生為本公司執行董事，亦為本公司主要股東(定義見證券及期貨條例第XV部)Sun World之董事。
- (2) Fairy King Investments Ltd.乃CNPCI之全資附屬公司，而CNPCI由CNODC全資擁有，且CNPC擁有CNODC之100.00%權益。因此，CNPC被視為於Fairy King Investments Ltd.所持之277,432,000股(好)股份中擁有權益。

除上文所披露者外，於二零一七年六月三十日，本公司董事及主要行政人員並不知悉任何人士(本公司董事或主要行政人員除外)於本公司之股份或相關股份中擁有本公司根據證券及期貨條例第XV部第2及3分部之規定而須向本公司披露之任何權益或淡倉。

於二零一七年六月三十日，本公司董事及主要行政人員並不知悉任何人士(本公司董事或主要行政人員除外)直接或間接擁有附帶在一切情況下可在本集團內任何其他成員公司的股東大會上投票的權利的任何類別股本面值10%或以上或擁有該等股本之任何購股權。

承董事會命

行政總裁兼執行董事

趙永起

香港，二零一七年八月二十二日

Unaudited Consolidated Interim Statement of Comprehensive Income

未經審核綜合中期全面收益表

For the six months ended 30 June 2017 截至二零一七年六月三十日止六個月

		Six months ended 30 June	
		截至六月三十日止六個月	
		2017	2016
		二零一七年	二零一六年
		RMB million	RMB million
		人民幣百萬元	人民幣百萬元
			(restated)
			(重列)
Revenue	收入	4	33,659
Other gains, net	其他收益，淨額	5	493
Interest income	利息收入		208
Purchases, services and others	採購、服務及其他	(28,271)	(23,148)
Employee compensation costs	僱員酬金成本	(1,839)	(1,783)
Depreciation, depletion and amortisation	折舊、損耗及攤銷	(2,665)	(2,725)
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	(100)	—
Selling, general and administrative expenses	銷售、一般性和管理費用	(1,664)	(1,182)
Taxes other than income taxes	除所得稅以外之稅項	(215)	(260)
Interest expenses	利息支出	6	(195)
Share of profits less losses of:	應佔溢利減虧損：		
– Associates	– 聯營公司	402	185
– Joint ventures	– 合資企業	112	73
Profit before income tax expense	除所得稅費用前溢利	7	5,325
Income tax expense	所得稅費用	8	(1,374)
Profit for the period	本期內溢利	4,167	3,951
Other comprehensive income:	其他全面收益：		
Items that may be reclassified subsequently to profit or loss:	其後可重新分類至損益之項目：		
– Exchange differences on translation of financial statements of:	– 財務報表換算之匯兌影響		
– Subsidiaries	– 附屬公司	21	(31)
– Associates	– 聯營公司	5	(21)
– Joint ventures	– 合資企業	(17)	11
– Fair value loss on available-for-sale financial assets	– 可供出售金融資產之公平值虧損	(44)	(230)
Other comprehensive income for the period, net of nil tax	本期內其他全面收益，扣除零稅項後	(35)	(271)
Total comprehensive income for the period	本期內全面收益總額	4,132	3,680

Unaudited Consolidated Interim Statement of Comprehensive Income

未經審核綜合中期全面收益表

For the six months ended 30 June 2017 截至二零一七年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年	2016 二零一六年
		RMB million 人民幣百萬元	RMB million 人民幣百萬元 (restated) (重列)
	Note 附註		
Profit for the period attributable to:			
– Owners of the Company		2,419	2,409
– Non-controlling interests		1,748	1,542
		4,167	3,951
Total comprehensive income for the period attributable to:			
– Owners of the Company		2,397	2,200
– Non-controlling interests		1,735	1,480
		4,132	3,680
Earnings per share for profit attributable to owners of the Company			
– Basic (RMB cent)	9	29.97	29.84
– Diluted (RMB cent)		28.52	29.84

The notes on pages 33 to 66 form part of this interim financial report. 第33至66頁之附註構成本中期財務報告的一部分。

Unaudited Consolidated Interim Statement of Financial Position

未經審核綜合中期財務狀況表

As at 30 June 2017 於二零一七年六月三十日

			30 June 2017 二零一七年 六月三十日 RMB million 人民幣百萬元	31 December 2016 二零一六年 十二月三十一日 RMB million 人民幣百萬元 (restated) (重列)
Assets	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	86,365	83,077
Advanced operating lease payments	預付經營租賃款		3,577	3,637
Investments in associates	於聯營公司之投資	12	3,082	2,803
Investments in joint ventures	於合資企業之投資	13	1,219	1,285
Available-for-sale financial assets	可供出售金融資產		407	457
Intangible and other non-current assets	無形及其他非流動資產	14	1,301	2,422
Deferred tax assets	遞延稅項資產		1,204	1,050
			97,155	94,731
Current assets	流動資產			
Inventories	存貨		1,431	1,242
Accounts receivable	應收賬款	15	3,109	2,767
Prepaid expenses and other current assets	預付款及其他流動資產		5,778	5,398
Cash and cash equivalents	現金及現金等值項目		16,772	19,163
			27,090	28,570
Total assets	總資產		124,245	123,301
Equity	權益			
Capital and reserves attributable to owners of the Company	本公司股東應佔股本及儲備			
Share capital	股本	16(a)	65	65
Retained earnings	滾存盈利		23,506	21,680
Other reserves	其他儲備		14,628	14,579
			38,199	36,324
Non-controlling interests	非控制性權益		24,232	22,576
Total equity	總權益		62,431	58,900

Unaudited Consolidated Interim Statement of Financial Position

未經審核綜合中期財務狀況表

As at 30 June 2017 於二零一七年六月三十日

			30 June 2017 二零一七年 六月三十日 RMB million 人民幣百萬元	31 December 2016 二零一六年 十二月三十一日 RMB million 人民幣百萬元 (restated) (重列)
Liabilities	負債			
Current liabilities	流動負債			
Accounts payable and accrued liabilities	應付賬款及應計負債	18	23,655	26,704
Income tax payable	應付所得稅		293	693
Other tax payable	其他應付稅項		300	654
Short-term borrowings	短期借貸	19	8,547	14,085
Obligations under finance leases	融資租賃承擔		163	166
			32,958	42,302
Non-current liabilities	非流動負債			
Long-term borrowings	長期借貸	19	22,585	15,920
Convertible bonds	可轉換債券		3,192	3,156
Deferred tax liabilities	遞延稅項負債		1,223	907
Obligations under finance leases	融資租賃承擔		263	334
Other liabilities	其他負債		1,593	1,782
			28,856	22,099
Total liabilities	總負債		61,814	64,401
Total equity and liabilities	權益及負債總額		124,245	123,301
Net current liabilities	流動負債淨值		(5,868)	(13,732)
Total assets less current liabilities	總資產減流動負債		91,287	80,999

The notes on pages 33 to 66 form part of this interim financial report. 第33至66頁之附註構成本中期財務報告的一部分。

Unaudited Consolidated Interim Statement of Changes in Equity

未經審核綜合中期權益變動表

For the six months ended 30 June 2017 截至二零一七年六月三十日止六個月

		Attributable to owners of the Company				Non-controlling interests	Total equity
		本公司股東應佔					
		Share capital	Retained earnings	Other reserves	Sub-total		
股本	滾存盈利	其他儲備	小計	非控制性權益	權益總額		
Note	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	
附註	人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元	
Balance as at 1 January 2016, as restated	於二零一六年一月一日結餘 (如重列)	65	22,072	29,619	51,756	22,556	74,312
Profit for the period	本期內溢利	—	2,409	—	2,409	1,542	3,951
Other comprehensive income	其他全面收益	—	—	(209)	(209)	(62)	(271)
Total comprehensive income for the period	本期內之全面收益總額	—	2,409	(209)	2,200	1,480	3,680
Transfer between reserves	儲備間轉撥	—	(108)	108	—	—	—
Final dividend for 2015	二零一五年末期股息	10(a)	(407)	—	(407)	—	(407)
Lapsed share options	已失效購股權	—	34	(34)	—	—	—
Dividend to non-controlling interests	屬於非控制性權益之股息	—	—	—	—	(236)	(236)
Capital contributions from non-controlling interests	非控制性權益之注資	—	—	—	—	136	136
Acquisition from non-controlling interests	收購非控股性權益	—	—	—	—	(1)	(1)
Acquisition of PetroChina Kunlun Gas Co., Ltd. ("Kunlun Gas")	收購中石油昆侖燃氣有限公司(「昆侖燃氣」)	2	—	(15,612)	(15,612)	—	(15,612)
		—	(481)	(15,538)	(16,019)	(101)	(16,120)
Balance as at 30 June 2016, as restated	於二零一六年六月三十日結餘 (如重列)	65	24,000	13,872	37,937	23,935	61,872

Unaudited Consolidated Interim Statement of Changes in Equity

未經審核綜合中期權益變動表

For the six months ended 30 June 2017 截至二零一七年六月三十日止六個月

		Attributable to owners of the Company				Non-controlling interests	Total equity
		本公司股東應佔					
		Share capital	Retained earnings	Other reserves	Sub-total		
股本	滾存盈利	其他儲備	小計	非控制性權益	權益總額		
Note		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
附註		人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元
Balance as at 1 January 2017, as restated	於二零一七年一月一日結餘 (如重列)	65	21,680	14,579	36,324	22,576	58,900
Profit for the period	本期內溢利	–	2,419	–	2,419	1,748	4,167
Other comprehensive income	其他全面收益	–	–	(22)	(22)	(13)	(35)
Total comprehensive income for the period	本期內之全面收益總額	–	2,419	(22)	2,397	1,735	4,132
Transfer between reserves	儲備間轉撥	–	(110)	110	–	–	–
Final dividend for 2016	二零一六年末期股息	10(b)	(522)	–	(522)	–	(522)
Lapsed share options	已失效購股權	–	39	(39)	–	–	–
Disposal of subsidiary	出售子公司	–	–	–	–	(2)	(2)
Dividend to non-controlling interests	屬於非控制性權益之股息	–	–	–	–	(333)	(333)
Capital contributions from non-controlling interests	非控制性權益之注資	–	–	–	–	258	258
Acquisition from non-controlling interests	收購非控股性權益	–	–	–	–	(2)	(2)
		–	(593)	71	(522)	(79)	(601)
Balance as at 30 June 2017	於二零一七年六月三十日結餘	65	23,506	14,628	38,199	24,232	62,431

The notes on pages 33 to 66 form part of this interim financial report. 第33至66頁之附註構成本中期財務報告的一部分。

Unaudited Consolidated Interim Condensed Statement of Cash Flows

未經審核綜合中期簡明現金流量表

For the six months ended 30 June 2017 截至二零一七年六月三十日止六個月

Six months ended 30 June
截至六月三十日止六個月
2017
二零一七年
RMB million
人民幣百萬元
2016
二零一六年
RMB million
人民幣百萬元
(restated)
(重列)

		2017 二零一七年 RMB million 人民幣百萬元	2016 二零一六年 RMB million 人民幣百萬元 (restated) (重列)
Operating activities	經營業務		
Cash generated from operations	經營業務所得之現金	7,697	7,648
Tax paid	已付稅項	(2,211)	(1,724)
Net cash generated from operating activities	經營業務所得之現金淨額	5,486	5,924
Investing activities	投資業務		
Acquisition of Kunlun Gas	收購昆侖燃氣	—	(5,000)
Capital expenditure	資本開支	(6,127)	(2,138)
Decrease in amount due from an intermediate holding company	應收中間控股公司款項減少	78	3,222
Other cash flows arising from investing activities	投資業務所得之其他現金流量	709	419
Net cash used in investing activities	投資活動所用之現金淨額	(5,340)	(3,497)
Financing activities	融資活動		
Dividend paid to equity shareholders of the Company	已付本公司權益股東股息	(522)	(407)
Dividends paid to non-controlling interests	已付非控制性權益股息	(2,441)	(245)
Capital contribution from non-controlling interests	非控制性權益之注資	72	81
Increase in borrowings	借貸增加	11,792	5,191
Repayments in borrowings	償還借貸	(10,490)	(4,185)
Other cash flows arising from financing activities	融資活動所得之其他現金流量	(709)	(484)
Net cash used in financing activities	融資活動所用之現金淨額	(2,298)	(49)
Net (decrease)/increase in cash and cash equivalents	現金及現金等值項目之淨額(減少)/增加	(2,152)	2,378
Cash and cash equivalents at 1 January	於一月一日之現金及現金等值項目	19,163	14,378
Effect of foreign exchange rate changes	匯率變動之影響	(239)	(41)
Cash and cash equivalents at 30 June	於六月三十日之現金及現金等值項目	16,772	16,715

The notes on pages 33 to 66 form part of this interim financial report. 第33至66頁之附註構成本中期財務報告的一部分。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

1 GENERAL INFORMATION

Kunlun Energy Company Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate holding company is China National Petroleum Corporation (“CNPC”) which is a company established in the People’s Republic of China (the “PRC”). The immediate holding company of the Company is Sun World Limited (“Sun World”), which is a company incorporated in the British Virgin Islands. On 18 December 2008, PetroChina Company Limited (“PetroChina”), a subsidiary of CNPC, acquired 100% equity interest in Sun World. Since then, PetroChina became an intermediate holding company of the Company. As at 30 June 2017, PetroChina indirectly owned 58.33% (31 December 2016: 58.33%) equity interest in the Company.

The address of the Company’s principal office and registered office are 39/F, 118 Connaught Road West, Hong Kong and Clarendon House, 2 Church Street Hamilton HM11, Bermuda, respectively.

The Company acts as an investment holding company. The Company and its subsidiaries are collectively referred to as the “Group”. The principal activities of its subsidiaries, associates and joint ventures are the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan, the Sultanate of Oman, Peru, the Kingdom of Thailand and the Azerbaijan Republic, the sales and distribution of natural gas, liquefied natural gas (“LNG”) processing, LNG terminal business and transmission of natural gas in the PRC.

1 一般資料

昆侖能源有限公司(「本公司」)為於百慕達註冊成立為獲豁免有限公司，而其股份在香港聯合交易所有限公司(「聯交所」)上市。本公司的最終控股公司為中國石油天然氣集團公司(「CNPC」)，一間於中華人民共和國(「中國」)成立之公司。本公司之直接控股公司為Sun World Limited(「Sun World」)，該公司為一間於英屬處女群島註冊成立之公司。於二零零八年十二月十八日，CNPC之附屬公司中國石油天然氣股份有限公司(「中國石油」)收購Sun World之100%股權。此後，中國石油成為本公司之中間控股公司。於二零一七年六月三十日，中國石油間接擁有本公司之58.33%股權(二零一六年十二月三十一日：58.33%)。

本公司之主要辦事處及註冊辦事處地址分別為香港干諾道西118號39樓及Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。

本公司為投資控股公司。本公司及其附屬公司統稱「本集團」。本公司之附屬公司、聯營公司及合資企業之主要業務為於中國、哈薩克斯坦共和國、阿曼蘇丹國、秘魯、泰國及阿塞拜疆共和國勘探及生產原油及天然氣，以及於中國銷售與分銷天然氣、液化天然氣(「LNG」)加工、LNG接收站業務及輸送天然氣。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 22 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 67 to 68.

2 編製基準

中期財務報告已根據香港聯合交易所有限公司證券上市規則(「上市規則」)之適用披露規定及遵照香港會計師公會(「香港會計師公會」)頒佈之香港會計準則(「香港會計準則」)第34號，*中期財務報告編製*，並於二零一七年八月二十二日獲授權刊發。

編製本中期財務報告所採納之會計政策與編製二零一六年年末財務報表所採納者相同，惟預期於二零一七年年末財務報表內反映的會計政策變動除外。該等會計政策變動的詳情載於附註3。

按照香港會計準則第34號編製之中期財務報告需要管理層作出判斷、估計及假設，從而影響會計政策之應用，以及按本年截至報告日期為止呈報之資產及負債、收入及支出之金額。實際結果有可能與估計有差異。

此中期財務報告載有簡明綜合財務報表及部分說明性附註。附註所載的解釋，有助於了解自本集團編制二零一六年年末財務報表以來，對財務狀況和業績表現方面的變動構成重要影響的事件和交易。簡明綜合中期財務報表及有關附註並不包括根據香港財務報告準則(「香港財務報告準則」)編制之全份財務報表之所有資料。

中期財務報告未經審核，但已由畢馬威會計師事務所根據香港會計師公會頒佈之香港審閱聘任準則第2410號，*由實體之獨立核數師審閱中期財務資料進行審閱*。畢馬威會計師事務所致董事會之獨立審閱報告收錄於第67至68頁。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

2 BASIS OF PREPARATION (CONTINUED)

As at 30 June 2017, the Group had net current liabilities of RMB5,868 million. Notwithstanding the net current liabilities of the Group at 30 June 2017, the Group's consolidated interim financial statements have been prepared on a going concern basis because the directors of the Company (the "Directors") are of the opinion that the Group would have adequate funds to meet its obligation, as and when they fall due, having regard to the following:

- (i) the Group has committed credit from China Petroleum Finance Company Limited ("CP Finance") amounting to RMB20 billion, of which RMB11 billion is undrawn as at 30 June 2017; and
- (ii) the Group expects to generate positive operating cash flows in the future; and
- (iii) the Directors consider that the Group could obtain financing from various sources of funding.

Consequently, the consolidated interim financial statements have been prepared on a going concern basis.

On 28 December 2015, the Group entered into the acquisition agreement with PetroChina ("Agreement"), pursuant to which, the Group has agreed to purchase, and PetroChina has agreed to sell, the entire equity interest in PetroChina Kunlun Gas Co., Ltd ("Kunlun Gas") at a cash consideration of approximately RMB14,827 million, subject to adjustment on gain or loss of Kunlun Gas during the transition period, as defined in the Agreement. The acquisition was completed on 31 May 2016, and Kunlun Gas has become a wholly owned subsidiary of the Group since then. As PetroChina and the Group are ultimately controlled by CNPC, the acquisition of Kunlun Gas was regarded as business combination under common control. To consistently apply the Group's accounting policy for common control combination, the acquisition has been accounted for based on the principles of merger accounting in accordance with Accounting Guideline 5, *Merger Accounting for Common Control Combinations* issued by the HKICPA. The financial statements of the Group have been prepared using the merger basis of accounting as if the current group structure had been in existence throughout the periods presented. The final consideration of RMB15,612 million payable by the Group has been treated as an equity transaction.

2 編製基準(續)

於二零一七年六月三十日，本集團的流動負債淨額為人民幣5,868百萬元。儘管本集團於二零一七年六月三十日錄得流動負債淨額，本集團綜合中期財務報表已根據持續經營基準編製，乃由於本公司董事（「董事」）經考慮以下情況後認為本集團將具備充足資金支付其到期債務：

- (i) 本集團獲得來自中油財務有限責任公司（「中油財務」）的承諾信貸達人民幣200億元，於二零一七年六月三十日其中人民幣110億元未提取；及
- (ii) 本集團預期未來產生正經營現金流量；及
- (iii) 董事認為，本集團可透過不同資金來源獲得融資。

因此，綜合中期財務報表乃按持續經營基準編製。

於二零一五年十二月二十八日，本集團與中國石油訂立收購協議（「該協議」），據此，本公司同意收購及中國石油同意出售中國石油所持有的中石油昆侖燃氣有限公司（「昆侖燃氣」）之全部股權，現金代價約人民幣14,827百萬元（可根據昆侖燃氣於過渡期損益（定義見該協議）而作出調整）。收購於二零一六年五月三十一日完成，而昆侖燃氣自此成為本集團的全資附屬公司。由於中國石油及本集團最終由CNPC控制，因此，收購昆侖燃氣視為共同控制下業務合併。為了一致地採納本集團有關共同控制合併的會計政策，收購已根據香港會計師公會頒佈的香港會計指引第5號（*共同控制合併的合併會計法*）所載的合併會計原則。本集團的財務報告已採用會計合併基準編製，猶如現時的集團架構已於所示期間一直存在。本集團最終支付的代價人民幣15,612百萬元已被視為股權交易。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

3 CHANGES IN ACCOUNTING POLICIES

(a) Change in presentation currency

The previous interim financial report of the Group have been presented in Hong Kong dollars (“HK\$”). Having considered that most of the Group’s transactions are denominated and settled in Renminbi (“RMB”) following the Company’s acquisition of Kunlun Gas in 2016, the Board of Directors considers that the change of presentation currency from HK\$ to RMB in the interim financial report enables the shareholders of the Company to have a more accurate picture of the Group’s financial performance.

The change in presentation currency have been applied retrospectively. The comparative figures in the interim financial report were then translated from HK\$ to RMB using the applicable closing rates for assets and liabilities in the condensed consolidated interim statement of financial position and applicable average rates that approximated to actual rates for items in the condensed consolidated interim statement of comprehensive income. Share capital, share premium and reserves were translated at the exchange rate at the date when the respective amounts were determined (i.e. historical exchange rates).

(b) New and amended standards adopted by the Group

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 會計政策變動

(a) 呈列貨幣變動

本集團以往中期財務報告一直以港元(「港元」)呈列。考慮到二零一六年本公司收購昆侖燃氣後，本集團大部分交易以人民幣(「人民幣」)計值及結算，本公司認為，於中期財務報告更改呈列貨幣由港元至人民幣令本公司股東可更準確地了解本集團財務表現。

呈列貨幣變動已追溯應用。於中期財務報告中的比較數字已經由港元換算為人民幣。其中於簡明綜合中期財務狀況表中的資產及負債使用適用的收市匯率，於中期簡明綜合全面收益表的項目使用適用的(與簡明綜合中期全面收益表中項目的實際匯率相若)平均匯率、股本、股份溢價及儲備使用按相關金額釐定日的匯率(即歷史匯率)。

(b) 本集團採納的新訂及經修訂準則

香港會計師公會已頒佈於本集團本會計期間首次生效的數項香港財務報告準則的修訂。該等發展動態對本中期財務報告所編製或呈列的本集團於本期間或過往期間的業績及財務狀況並無任何影響。

本集團並無應用於本會計期間尚未生效的任何新訂準則或詮釋。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

4 REVENUE

Revenue mainly represents the sales of crude oil, the sales and distribution of natural gas, LNG processing, LNG terminal business and transmission of natural gas. Analysis of revenue by segment is shown in Note 20.

5 OTHER GAINS, NET

4 收入

收入主要指來自銷售原油、銷售與分銷天然氣、LNG加工、LNG接收站業務及輸送天然氣。板塊收入分析列示於附註20。

5 其他收益，淨額

		Six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年 RMB million 人民幣百萬元	2016 二零一六年 RMB million 人民幣百萬元 (restated) (重列)
Net exchange gains/(losses)	匯兌收益／(虧損)淨額	171	(79)
Rental income	租金收入	46	41
Government grants	政府補貼	274	419
Others	其他	72	112
		563	493

Government grants for the six months ended 30 June 2017 and 2016 primarily represented compensation of reduction in income due to the implementation of Value-Added-Tax Reform from the government. There were no unfulfilled conditions and other contingencies attached to the receipts of these grants. There is no assurance that the Group will continue to receive such grant in the future. During the six months ended 30 June 2017, the Group has recognised related government grants of RMB216 million (six months ended 30 June 2016 restated: RMB375 million).

截至二零一七年及二零一六年六月三十日止六個月之政府補貼主要指中國政府對實施增值稅改革導致收入減少的補償。接受該等補貼並無附帶未達成條件和其他或有事項。無法保證本集團將來會繼續獲得此等補貼。截至二零一七年六月三十日止六個月，本集團已確認相關政府補貼人民幣216百萬元(截至二零一六年六月三十日止六個月重列：人民幣375百萬元)。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

6 INTEREST EXPENSES

6 利息支出

		Six months ended 30 June	
		截至六月三十日止六個月	
		2017	2016
		二零一七年	二零一六年
		RMB million	RMB million
		人民幣百萬元	人民幣百萬元
			(restated)
			(重列)
Interest expenses	利息支出	773	514
Less: Amounts capitalised	減：資本化金額	(292)	(319)
Total interest expenses	總利息支出	481	195

Amounts capitalised are borrowing costs that are attributable to the construction of qualifying assets. The average interest rate used to capitalise such borrowing costs was 4.08% (six months ended 30 June 2016: 4.05%) per annum for the six months ended 30 June 2017.

資本化金額即為建造符合條件之資產而借入資金相關的借貸成本。截至二零一七年六月三十日止六個月，資本化此等借貸成本所用之平均年利率為4.08% (截至二零一六年六月三十日止六個月：4.05%)。

7 PROFIT BEFORE INCOME TAX EXPENSE

7 除所得稅費用前溢利

Items charged in arriving at the profit before income tax expense include:

除所得稅費用前溢利已扣除以下項目：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2017	2016
		二零一七年	二零一六年
		RMB million	RMB million
		人民幣百萬元	人民幣百萬元
			(restated)
			(重列)
Amortisation of advanced operating lease payments and intangible assets	預付經營租賃款及無形資產之攤銷	77	75
Cost of inventories recognised as expense	已確認為開支之存貨成本	28,510	23,547
Operating lease expenses	經營租賃開支	210	219
Impairment loss on accounts receivable	應收賬款減值虧損	329	-

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

8 INCOME TAX EXPENSE

8 所得稅費用

		Six months ended 30 June	
		截至六月三十日止六個月	
		2017	2016
		二零一七年	二零一六年
		RMB million	RMB million
		人民幣百萬元	人民幣百萬元
			(restated)
			(重列)
Current tax	即期稅項		
– PRC	– 中國	1,660	1,486
– Overseas	– 海外	47	8
		1,707	1,494
Deferred tax	遞延稅項	171	(120)
		1,878	1,374

Hong Kong Profits Tax has not been provided for as the Group has no assessable profit for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

In accordance with the relevant PRC income tax rules and regulations, the PRC corporate income tax rate applicable to the Group's subsidiaries in the PRC is principally 25% (six months ended 30 June 2016: 25%). The operations of the Group's certain regions in the PRC have qualified for certain tax incentives in the form of a preferential income tax rates ranging from 15% to 20% (six months ended 30 June 2016: 15% to 20%).

Income tax on overseas profits has been calculated on the estimated assessable profit for the six months ended 30 June 2017 at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

由於本集團於截至二零一七年六月三十日止六個月內並無應課稅溢利，故並無就香港利得稅計提撥備(截至二零一六年六月三十日止六個月：無)。

根據中國所得稅法規之相關規定，適用於本集團於中國之附屬公司之中國企業所得稅稅率主要為25%(截至二零一六年六月三十日止六個月：25%)。本集團在中國若干地區之經營符合若干稅務優惠條件，該等優惠以所得稅稅率形式體現，而稅率介於15%至20%(截至二零一六年六月三十日止六個月：15%至20%)。

海外溢利之所得稅已按截至二零一七年六月三十日止六個月內之估計應課稅溢利及適用於本集團經營所在之司法管轄區之現行稅率計算。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

9 BASIC AND DILUTED EARNINGS PER SHARE

- (a) The calculation of basic earnings per share is based on the Group's profit attributable to owners of the Company of approximately RMB2,419 million (six months ended 30 June 2016 restated: RMB2,409 million) and weighted average number of ordinary shares in issue during the six months ended 30 June 2017 of approximately 8,072 million shares (six months ended 30 June 2016: 8,072 million shares).
- (b) Diluted earnings per share is calculated based on the Group's profit attributable to owners of the Company of approximately RMB2,459 million (six months ended 30 June 2016 restated: RMB2,409 million) and the weighted average number of ordinary shares of approximately 8,623 million shares (six months ended 30 June 2016: 8,072 million shares) after adjusting for the effect of convertible bonds, calculated as follows:

(i) Profit attributable to owners of the Company (diluted)

9 每股基本及攤薄盈利

- (a) 每股基本盈利乃根據本公司股東應佔本集團之溢利約人民幣2,419百萬元(截至二零一六年六月三十日止六個月重列: 人民幣2,409百萬元)及截至二零一七年六月三十日止六個月內已發行普通股加權平均數約8,072百萬股(截至二零一六年六月三十日止六個月: 8,072百萬股)計算。
- (b) 就可轉換債券的影響作出調整後, 每股攤薄盈利乃根據本公司股東應佔本集團之溢利約人民幣2,459百萬元(截至二零一六年六月三十日止六個月重列: 人民幣2,409百萬元)及普通股加權平均數約8,623百萬股(截至二零一六年六月三十日止六個月: 8,072百萬股)按以下計算:

(i) 本公司股東應佔溢利(攤薄)

		Six months ended 30 June	
		截至六月三十日止六個月	
		2017	2016
		二零一七年	二零一六年
		RMB million	RMB million
		人民幣百萬元	人民幣百萬元
			(restated)
			(重列)
Profit attributable to owners of the Company	本公司股東應佔溢利	2,419	2,409
After tax effect of effective interest on the liability component of convertible bonds	實際利率對可轉換債券的負債部分的除稅後影響	40	—
Profit attributable to owners of the Company (diluted)	本公司股東應佔溢利(攤薄)	2,459	2,409

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

9 BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

(b) (Continued)

(ii) Weighted average number of ordinary shares (diluted)

		Six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年 million shares 百萬股	2016 二零一六年 million shares 百萬股
Weighted average number of ordinary shares at 30 June	於六月三十日的普通股加權平均數	8,072	8,072
Effect of conversion of convertible bonds	可轉換債券之轉換影響	551	—
Weighted average number of ordinary shares (diluted) at 30 June	於六月三十日的普通股加權平均數(攤薄)	8,623	8,072

The effect of the Company's share options was anti-dilutive for the six months ended 30 June 2017 and 2016.

截至二零一七年及二零一六年六月三十日止六個月本公司購股權的影響為反攤薄。

9 每股基本及攤薄盈利(續)

(b) (續)

(ii) 普通股加權平均數(攤薄)

10 DIVIDENDS

- (a) Final dividend attributable to owners of the Company in respect of 2015 of HK6 cents per share amounting to a total of approximately HK\$484 million (approximately RMB407 million) was approved by the shareholders in the Annual General Meeting on 12 May 2016. The amount is based on approximately 8,072 million shares in issue as at 17 March 2016 which was paid on 17 June 2016.
- (b) Final dividend attributable to owners of the Company in respect of 2016 of HK7.4 cents per share amounting to a total of approximately HK\$597 million (approximately RMB522 million) was approved by the shareholders in the Annual General Meeting on 2 June 2017. The amount is based on approximately 8,072 million shares in issue as at 28 March 2017 which was paid on 30 June 2017.
- (c) The Directors do not recommend a payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

10 股息

- (a) 本公司股東應佔二零一五年末期股息為每股6港仙，為數合共484百萬港元(約人民幣407百萬元)，股東已於二零一六年五月十二日舉行之股東週年大會上批准。該數額乃基於於二零一六年三月十七日已發行約8,072百萬股股份而計算，並已於二零一六年六月十七日支付。
- (b) 本公司股東應佔二零一六年末期股息為每股7.4港仙，為數合共597百萬港元(約人民幣522百萬元)，股東已於二零一七年六月二日舉行之股東週年大會上批准。該數額乃基於於二零一七年三月二十八日已發行約8,072百萬股股份而計算，並已於二零一七年六月三十日支付。
- (c) 董事不建議派截至二零一七年六月三十日止六個月之中期股息(截至二零一六年六月三十日止六個月：無)。

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未經審核中期財務報告附註

11 PROPERTY, PLANT AND EQUIPMENT

11 物業、廠房及設備

Six months
ended 30 June
截至六月三十日
止六個月
RMB million
人民幣百萬元

Cost:		成本：	
Balance as at 1 January 2016, as restated	於二零一六年一月一日結餘(如重列)	123,369	
Currency translation differences	貨幣匯兌差額	89	
Additions	添置	1,586	
Disposals	出售	(141)	
Balance as at 30 June 2016, as restated		於二零一六年六月三十日結餘(如重列)	124,903
Accumulated depreciation and depletion:		累計折舊及損耗：	
Balance as at 1 January 2016, as restated	於二零一六年一月一日結餘(如重列)	40,450	
Currency translation differences	貨幣匯兌差額	85	
Charge for the period	本期內支出	2,650	
Disposals	出售	(78)	
Balance as at 30 June 2016, as restated		於二零一六年六月三十日結餘(如重列)	43,107
Net book value:		賬面淨值：	
Balance as at 31 December 2015, as restated	於二零一五年十二月三十一日結餘(如重列)	82,919	
Balance as at 30 June 2016, as restated	於二零一六年六月三十日結餘(如重列)	81,796	

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED) 11 物業、廠房及設備(續)

Six months
ended 30 June
截至六月三十日
止六個月
RMB million
人民幣百萬元

Cost:	成本：	
Balance as at 1 January 2017, as restated	於二零一七年一月一日結餘(如重列)	132,657
Currency translation differences	貨幣匯兌差額	(8)
Additions	添置	6,064
Disposals	出售	(153)
		138,560
Balance as at 30 June 2017	於二零一七年六月三十日結餘	138,560
Accumulated depreciation and depletion:	累計折舊及損耗：	
Balance as at 1 January 2017, as restated	於二零一七年一月一日結餘(如重列)	49,580
Currency translation differences	貨幣匯兌差額	(17)
Charge for the period	本期內支出	2,588
Disposals	出售	(56)
Impairment loss	減值虧損	100
		52,195
Balance as at 30 June 2017	於二零一七年六月三十日結餘	52,195
Net book value:	賬面淨值：	
Balance as at 31 December 2016, as restated	於二零一六年十二月三十一日結餘(如重列)	83,077
Balance as at 30 June 2017	於二零一七年六月三十日結餘	86,365

During the six months ended 30 June 2017, certain LNG factories were operating at losses. In view of the increased competition from imported LNG during the period, the Group assessed the recoverable amounts of those LNG factories. As a result, the carrying amount of a factory was written down to its recoverable amount. An impairment loss of RMB100 million was recognised under "Impairment loss on property, plant and equipment" in the Group's consolidated interim statement of comprehensive income. The recoverable amount was determined by using the value in use calculation.

截至二零一七年六月三十日止六個月，若干LNG工廠經營虧損。鑒於本期間內進口LNG競爭加劇，本集團已評估LNG工廠的可收回金額。因此該LNG工廠的賬面值已撇減至其可收回金額。減值虧損人民幣100百萬元於本集團綜合中期全面收益表「物業、廠房及設備減值虧損」確認。可收回金額乃採用使用價值計算釐定。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

12 INVESTMENTS IN ASSOCIATES

12 於聯營公司之投資

		30 June 2017	31 December 2016
		二零一七年 六月三十日	二零一六年 十二月三十一日
		RMB million	RMB million
		人民幣百萬元	人民幣百萬元 (restated) (重列)
Share of net assets	應佔資產淨值	2,732	2,453
Goodwill	商譽	350	350
		3,082	2,803

13 INVESTMENTS IN JOINT VENTURES

13 於合資企業之投資

		30 June 2017	31 December 2016
		二零一七年 六月三十日	二零一六年 十二月三十一日
		RMB million	RMB million
		人民幣百萬元	人民幣百萬元 (restated) (重列)
Share of net assets	應佔資產淨值	1,180	1,246
Loans to joint ventures	向合資企業貸款	39	39
		1,219	1,285

As at 30 June 2017, included in loans to joint ventures is an amount of RMB39 million (31 December 2016 restated: RMB39 million) which is unsecured, interest-free and recoverable on demand.

於二零一七年六月三十日向合資企業貸款包括人民幣39百萬元(二零一六年十二月三十一日重列: 人民幣39百萬元), 該金額為無抵押、免息及應要求償還。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

14 INTANGIBLE AND OTHER NON-CURRENT ASSETS

14 無形及其他非流動資產

		30 June 2017 二零一七年 六月三十日 RMB million 人民幣百萬元	31 December 2016 二零一六年 十二月三十一日 RMB million 人民幣百萬元 (restated) (重列)
Intangible assets	無形資產	475	501
Prepaid construction costs	預付建造成本	799	1,825
Loans to third parties	向第三方貸款	3	72
Others	其他	24	24
		1,301	2,422

15 ACCOUNTS RECEIVABLE

15 應收賬款

As of the end of the reporting period, the ageing analysis of accounts receivable, based on the invoice date and net of allowance for doubtful debts, is as follows:

截至報告期末，根據發票日期的應收賬款（扣除呆壞賬撥備）之賬齡分析如下：

		30 June 2017 二零一七年 六月三十日 RMB million 人民幣百萬元	31 December 2016 二零一六年 十二月三十一日 RMB million 人民幣百萬元 (restated) (重列)
Within 3 months	三個月以內	2,045	1,771
Between 3 to 6 months	三個月至六個月內	561	191
Over 6 months	六個月以上	503	805
		3,109	2,767

The Group's revenue from sales of crude oil and rendering of terminal and pipeline services are generally collectable within a period ranging from 30 to 90 days from the invoice date while the sales and distribution of natural gas are made in cash or on credit terms no more than 90 days. As at 30 June 2017, accounts receivable aged over three months of approximately RMB1,064 million (31 December 2016 restated: RMB996 million) were past due but for which the Group has not provided for impairment loss. These accounts receivable relate to a number of independent customers that have a good track record with the Group.

本集團銷售原油以及提供接收站及管道服務產生的收入一般於發票日期起計30日至90日期間收回，而銷售及分銷天然氣以現金支付或信貸期不超過90日。於二零一七年六月三十日，賬齡三個月或以上的應收賬款約人民幣1,064百萬元（二零一六年十二月三十一日重列：人民幣996百萬元）已逾期，而本集團並無就此作出減值撥備。該等應收賬款來自數家與本集團擁有良好往績記錄的獨立客戶。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

16 SHARE CAPITAL AND SHARE OPTION SCHEMES

16 股本及購股權計劃

(a) Share capital

(a) 股本

		Number of ordinary shares 普通股數目 'million 百萬股	Nominal value of ordinary shares 普通股面值 HK\$'million 百萬港元
Authorised:	法定：		
<i>Ordinary shares of HK\$0.01 each</i>	<i>每股面值0.01港元之普通股</i>		
At 1 January 2016,	於二零一六年一月一日、		
30 June 2016,	二零一六年六月三十日、		
31 December 2016,	二零一六年十二月三十一日、		
1 January 2017 and	二零一七年一月一日及		
30 June 2017	二零一七年六月三十日	16,000	160
		Number of ordinary shares 普通股數目 'million 百萬股	Nominal value of ordinary shares 普通股面值 RMB million 人民幣百萬元
Issued and fully paid:	已發行及悉數繳付：		
<i>Ordinary shares of HK\$0.01 each</i>	<i>每股面值0.01港元之普通股</i>		
At 1 January 2016,	於二零一六年一月一日、		
30 June 2016,	二零一六年六月三十日、		
31 December 2016 and	二零一六年十二月三十一日及		
1 January 2017, as restated	二零一七年一月一日(如重列)及		
and 30 June 2017	二零一七年六月三十日	8,072	65

16 SHARE CAPITAL AND SHARE OPTION SCHEMES (CONTINUED)

(b) Share option schemes

Pursuant to executive share option scheme (the “2002 Share Option Scheme”) of the Company dated 3 June 2002, the directors of the Company are authorised, at any time within ten years after the adoption of the 2002 Share Option Scheme, to grant options to any directors or employees of the Company or any of its subsidiaries to subscribe for the Company’s shares at a price not less than the average of the closing prices of the Company’s shares on the five trading days immediately preceding the offer date of the options, the closing price of the Company’s shares on the offer day or the nominal value of the Company’s shares, whichever is the highest. Unless otherwise lapsed or amended, the 2002 Share Option Scheme will be valid and effective for a period of ten years from the date of adoption. The maximum number of shares in respect of which options may be granted under the 2002 Share Option Scheme cannot exceed 10% of the issued share capital of the Company. Notwithstanding aforesaid in this paragraph, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Share Option Scheme (and under any other shares of the Company) shall not exceed 30% of the shares in issue from time to time.

Options granted under the 2002 Share Option Scheme must be taken up within the period as specified in the offer of the options and no amount shall be payable by the grantee to the exercising of the right to accept an offer of an option. All of the options are vested to the option holders after 3 months from the date on which the options are granted. The exercise period of the option is 5 years from the grant date.

The 2002 Share Option Scheme expired on 2 June 2012.

No new shares option scheme was adopted after the expiration of 2002 Share Option Scheme.

16 股本及購股權計劃 (續)

(b) 購股權計劃

根據本公司日期為二零零二年六月三日之行政人員購股權計劃(「二零零二年購股權計劃」)，本公司董事獲授權於採納二零零二年購股權計劃後十年內任何時間，授予本公司或其任何附屬公司之任何董事或僱員購股權，認購本公司股份，其作價並不可低於購股權授予日期前五個交易日本公司股份之平均收市價、授予當日本公司股份收市價或本公司股份面值(以最高者為準)。除另行失效或修訂外，二零零二年購股權計劃將於採納當日起計十年內維持有效。根據二零零二年購股權計劃所授出購股權而涉及之股份最高數目不可超過本公司已發行股本之10%。儘管有本段所述者，因根據二零零二年購股權計劃(及本公司任何其他股份)授出及尚未獲行使之所有尚未行使購股權獲行使而發行之股份最高數目不得超過不時已發行股份之30%。

根據二零零二年購股權計劃授出之購股權須於購股權指定授出期內接納，而承授人毋須就行使接納授出購股權之權利而支付款項。所有購股權於授出購股權之日起三個月歸屬予購股權持有人。購股權之行使期自授出之日起計五年。

二零零二年購股權計劃於二零一二年六月二日到期。

二零零二年股份購股權計劃屆滿後並無採納新購股權計劃。

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未經審核中期財務報告附註

16 SHARE CAPITAL AND SHARE OPTION SCHEMES (CONTINUED)

(b) Share option schemes (Continued)

During the six months ended 30 June 2017 and 2016, no share options have been exercised by the directors and employees of the Company respectively as the exercised price of the lapsed share options were above the market price of the Company's shares, and the share options were lapsed.

Details of share options lapsed and exercised during the six months ended 30 June 2017 and 2016 are as follows:

		Six months ended 30 June					
		2017			2016		
		二零一七年			二零一六年		
		Lapsed	Exercised	Exercise price	Lapsed	Exercised	Exercise price
		已失效	已行使	每股行使價	已失效	已行使	每股行使價
		'000	'000	HK\$	'000	'000	HK\$
		千份	千份	港元	千份	千份	港元
Directors	董事	—	—	11.730	3,900	—	11.730
		—	—	12.632	—	—	12.632
Employees	僱員	—	—	11.730	6,000	—	11.730
		14,200	—	12.632	1,500	—	12.632
		14,200	—		11,400	—	

(b) 購股權計劃(續)

截至二零一七年及二零一六年六月三十日止六個月，由於已失效購股權乃高於本公司市價，而及該等購股權已失效，本公司董事及僱員概無行使購股權。

以下為截至二零一七年及二零一六年六月三十日止六個月已失效及行使的購股權詳情：

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

16 SHARE CAPITAL AND SHARE OPTION SCHEMES (CONTINUED) 16 股本及購股權計劃(續)

(b) Share option schemes (Continued)

Details of the options granted under the 2002 Share Option Scheme outstanding as at 30 June 2017 and 31 December 2016 are as follows:

(b) 購股權計劃(續)

以下為根據二零零二年購股權計劃授出並於二零一七年六月三十日及二零一六年十二月三十一日尚未行使的購股權詳情：

	Date of grant 授出日期	Exercise period 行使期間	Exercise price per share 每股行使價 HK\$ 港元	Number of shares subject to the options 待購股權行使後的股份數目	
				30 June 2017 二零一七年 六月三十日 '000 千份	31 December 2016 二零一六年 十二月三十一日 '000 千份
Employees 僱員	17 May 2012 二零一二年五月十七日	17 August 2012 – 16 May 2017 二零一二年八月十七日至 二零一七年五月十六日	12.632	–	14,200

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未經審核中期財務報告附註

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

17 金融工具公平值計量

(a) 按公平價計量之金融資產

公平價層級

下表呈列本集團金融工具之公平值，該等金融工具於報告期末按經常性基準計量，並分類為香港財務報告準則第13號，*公平值計量*所界定之三級公平值架構。將公平值計量分類之層級乃經參考如下估值方法所用數據之可觀察性及重要性後釐定：

- 第一級估值：僅使用第一級輸入數據（即於計量日同等資產或負債於活躍市場之未經調整報價）計量之公平值。
- 第二級估值：使用第二級輸入數據（即未能達到第一級之可觀察輸入數據）且並未使用重大不可觀察輸入數據計量之公平值。不可觀察輸入數據為無市場數據之輸入數據。
- 第三級估值：使用重大不可觀察輸入數據計量之公平值。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED) 17 金融工具公平值計量(續)

(a) Financial assets measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at 30 June 2017 於二零一七年六月三十日之公平值 RMB million 人民幣百萬元	Fair value measurements as at 30 June 2017 categorised into			Fair value at 31 December 2016 於二零一六年十二月三十一日之公平值 RMB million 人民幣百萬元 (restated) (重列)	Fair value measurements as at 31 December 2016 categorised into		
		Level 1 第一級 RMB million 人民幣百萬元	Level 2 第二級 RMB million 人民幣百萬元	Level 3 第三級 RMB million 人民幣百萬元		Level 1 第一級 RMB million 人民幣百萬元 (restated) (重列)	Level 2 第二級 RMB million 人民幣百萬元 (restated) (重列)	Level 3 第三級 RMB million 人民幣百萬元 (restated) (重列)
Recurring fair value measurements 經常性公平值計量								
Available-for-sale financial assets 可供出售金融資產								
- Listed - 上市	333	333	-	-	383	383	-	-
- Unlisted - 非上市	74	-	-	74	74	-	-	74

During the six months ended 30 June 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about fair value measurements

As at the date of the statement of financial position, all the listed equity securities are stated at fair values, which have been determined by reference to bid prices quoted in the respective stock exchanges. The equity securities in the PRC amounting to approximately RMB74 million (31 December 2016 resated: RMB74 million) are stated at cost. These securities do not have quoted market price in an active market and their fair values cannot be reliably measured.

(a) 按公平價計量之金融資產(續)

公平價層級(續)

截至二零一七年及二零一六年六月三十日止六個月，第一級及第二級之間並無轉撥，或轉入或轉出第三級。本集團之政策為於發生之報告期末確認各公平值層級水平之轉撥。

有關公平值計量之資料

於財務狀況表日期，所有上市之股本證券均按公平值列賬，乃經參考分別於相關聯交所之買入價而釐定。於中國之股本證券為數約人民幣74百萬元(二零一六年十二月三十一日重列：人民幣74百萬元)按成本列賬。該等證券並無擁有交投活躍市場之市場報價，其公平值無法可靠計量。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets measured at fair value (Continued)

Information about fair value measurements (Continued)

The movements during the period in the balance of the Level 3 fair value measurements are as follows:

		At 30 June 於六月三十日 RMB million 人民幣百萬元
Unlisted available-for-sale equity securities: At 1 January 2016, as restated	非上市可供出售股本證券： 於二零一六年一月一日(如重列)	79
Additions	增加	5
At 30 June 2016, as restated	於二零一六年六月三十日(如重列)	84
Unlisted available-for-sale equity securities: At 31 December 2016 and 1 January 2017, as restated and 30 June 2017	非上市可供出售股本證券： 於二零一六年十二月三十一日及 二零一七年一月一日(如重列) 及二零一七年六月三十日	74

There were no gains or losses from Level 3 fair value measurements recognised in profit or loss and other comprehensive income for the six months ended 30 June 2017 and 2016.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost as of 30 June 2017 and 31 December 2016 are short-term in nature and are not materially different from their fair values.

17 金融工具公平值計量(續)

(a) 按公平價計量之金融資產(續)

有關公平值計量之資料(續)

本期內第三級公平值計量結餘之變動如下：

		At 30 June 於六月三十日 RMB million 人民幣百萬元
Unlisted available-for-sale equity securities: At 1 January 2016, as restated	非上市可供出售股本證券： 於二零一六年一月一日(如重列)	79
Additions	增加	5
At 30 June 2016, as restated	於二零一六年六月三十日(如重列)	84
Unlisted available-for-sale equity securities: At 31 December 2016 and 1 January 2017, as restated and 30 June 2017	非上市可供出售股本證券： 於二零一六年十二月三十一日及 二零一七年一月一日(如重列) 及二零一七年六月三十日	74

於二零一七年及二零一六年六月三十日止六個月，概無於損益及其他全面收益表確認第三級公平值計量之收益或虧損。

(b) 以公平值以外列賬之金融資產及負債的公平價

於二零一七年六月三十日及二零一六年十二月三十一日，本集團按成本或攤銷成本計量之金融工具之賬面值屬短期性質，與其公平值並無重大差異。

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未經審核中期財務報告附註

18 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

18 應付賬款及應計負債

		30 June	31 December
		2017	2016
		二零一七年	二零一六年
		六月三十日	十二月三十一日
		RMB million	RMB million
		人民幣百萬元	人民幣百萬元
			(restated)
			(重列)
Accounts payable	應付賬款	3,427	3,214
Advances from customers	客戶墊款	6,940	7,144
Salaries and welfare payable	應付薪金及福利	324	254
Accrued expenses	應計開支	404	21
Dividends payable	應付股息	1,137	3,246
Interest payable	應付利息	251	205
Construction fee and equipment cost payables	應付建設費及設備成本	8,472	9,765
Amounts due to related parties	應付關連人士款項		
– Non-controlling interests	– 非控制性權益	1	185
– Others	– 其他	15	11
Other payables	其他應付款項	2,684	2,659
		23,655	26,704

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

18 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (CONTINUED)

As of the end of the reporting period, the ageing analysis of accounts payable, based on the invoice date, is as follows:

		30 June 2017 二零一七年 六月三十日 RMB million 人民幣百萬元	31 December 2016 二零一六年 十二月三十一日 RMB million 人民幣百萬元 (restated) (重列)
Within 3 months	三個月以內	1,951	2,373
Between 3 to 6 months	三個月至六個月內	938	446
Over 6 months	六個月以上	538	395
		3,427	3,214

截至報告期末，應付賬款按發票日期之賬齡分析如下：

19 BORROWINGS

19 借貸

		30 June 2017 二零一七年 六月三十日 RMB million 人民幣百萬元	31 December 2016 二零一六年 十二月三十一日 RMB million 人民幣百萬元 (restated) (重列)
Short-term borrowings – unsecured	短期借貸 – 無抵押	4,225	9,649
Current portion of long-term borrowings	長期借貸之即期部分	4,322	4,436
		8,547	14,085
Long-term borrowings – secured	長期借貸 – 有抵押	61	167
Long-term borrowings – unsecured	長期借貸 – 無抵押	26,846	20,189
Less: Current portion of long-term borrowings	減：長期借貸之即期部分	(4,322)	(4,436)
		22,585	15,920
		31,132	30,005

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未經審核中期財務報告附註

19 BORROWINGS (CONTINUED)

As at 30 June 2017 and 31 December 2016, the borrowings of the Group were repayable as follows:

19 借貸(續)

於二零一七年六月三十日及二零一六年十二月三十一日，本集團的借貸須按如下償還：

		Bank loans		Loans other than bank loans	
		銀行貸款		除銀行貸款以外的貸款	
		30 June	31 December	30 June	31 December
		2017	2016	2017	2016
		二零一七年	二零一六年	二零一七年	二零一六年
		六月三十日	十二月三十一日	六月三十日	十二月三十一日
		RMB million	RMB million	RMB million	RMB million
		人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元
			(restated)		(restated)
			(重列)		(重列)
Within one year	一年內	3,143	3,648	5,404	10,437
Between one to two years	一至二年	1,086	1,390	56	50
Between two to five years	二至五年	1,824	1,596	15,344	8,568
After five years	五年以後	901	904	3,374	3,412
		6,954	7,538	24,178	22,467

As at 30 June 2017, included in the loans other than bank loans were unsecured borrowings from an immediate holding company, an intermediate holding company, a fellow subsidiary and CP Finance, which bore interest ranging from 2% to 6.50% per annum (31 December 2016: 2% to 6.46% per annum). As at 30 June 2017, loans other than bank loans also included senior notes issued by the Company of RMB6,779 million (31 December 2016 restated: RMB6,862 million), which bore interest ranging from 2.875% to 3.750% per annum.

於二零一七年六月三十日，除銀行貸款以外的貸款乃來自一間直接控股公司、一間中間控股公司、一間同系附屬公司及中油財務之借貸，為無抵押及分別按2%至6.50%的年利率計息(二零一六年十二月三十一日：每年2%至6.46%)。於二零一七年六月三十日，除銀行貸款以外的貸款包括由本公司發行之優先票據為人民幣6,779百萬元(二零一六年十二月三十一日重列：人民幣6,862百萬元)，為按年利率介乎2.875%至3.750%計息。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

20 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is determined as the Executive Directors of the Company.

The Group organises its business around products and services. From the products and services perspective, the Group is engaged in a broad range of petroleum related activities and derives its revenue from its two operating segments: Exploration and Production and Natural Gas Distribution.

The Exploration and Production segment is engaged in the exploration, development, production and sales of crude oil and natural gas. It is further evaluated on a geographic basis (the PRC and other territories).

The Natural Gas Distribution segment is engaged in the sales and distribution of natural gas, LNG processing, LNG terminal business and transmission of natural gas in the PRC. It is evaluated on a business basis, Natural Gas Distribution segment includes Natural Gas Sales, LNG Processing, LNG Terminal and Natural Gas Pipeline.

No sales between operating segments are undertaken. The Executive Directors assess the performance of the operating segments based on each segment's profit/(loss) before income tax expense, share of profits less losses of associates and joint ventures ("segment results").

Total assets exclude deferred and current taxes, available-for-sale financial assets, investments in associates and joint ventures, all of which are managed on a centralised basis ("segment assets").

Corporate income and expenses, net, mainly refers to interest income earned from cash and cash equivalents, net exchange gains/losses and general and administrative expenses and interest expenses incurred at corporate level.

Corporate assets mainly comprise cash and cash equivalents held at corporate level.

20 板塊資料

營運板塊之呈報方式與向主要營運決策者提供之內部報告貫徹一致，乃由本公司執行董事決定。

本集團按產品及服務組織其業務。就產品及服務而言，本集團廣泛從事一系列石油相關業務，其收入來自其兩個營運板塊：勘探與生產以及天然氣分銷。

勘探與生產板塊從事原油及天然氣之勘探、開發、生產和銷售。該板塊可進一步按地區基準(中國及其他地區)分類。

天然氣分銷板塊於中國從事天然氣分銷、LNG加工、LNG接收站業務以及天然氣之輸送。按業務基礎評估，天然氣分銷板塊包括天然氣銷售、LNG加工、LNG接收站及天然氣管道。

營運板塊之間並沒有進行銷售。執行董事根據各板塊之除所得稅費用前溢利／(虧損)、應佔聯營公司之溢利減虧損及合資企業之溢利減虧損評估營運板塊之表現(「板塊業績」)。

總資產不包括遞延及即期稅項、可供出售金融資產、於聯營公司及合資企業之投資，以上各項均集中管理(「板塊資產」)。

公司收支淨額主要指現金及現金等值項目所賺取的利息收入、外匯淨額收益／虧損及公司產生之一般性和管理費用及利息支出。

公司資產主要包括公司所持有之現金及現金等值項目。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

20 SEGMENT INFORMATION (CONTINUED)

20 板塊資料(續)

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2017 and 2016 are as follows:

截至二零一七年及二零一六年六月三十日止六個月，向執行董事提供的可報告板塊的板塊資料如下：

	Exploration and Production 勘探與生產		Natural Gas Distribution 天然氣分銷					Corporate 公司		Inter-company adjustment 公司間調整		Total 總計	
	PRC		Natural Gas Sales 天然氣銷售		LNG Processing LNG 加工		LNG Terminal 接收站		Natural Gas Pipeline 天然氣管道		Sub-total 小計		
	RMB million 人民幣百萬元	RMB million 人民幣百萬元	RMB million 人民幣百萬元	RMB million 人民幣百萬元	RMB million 人民幣百萬元	RMB million 人民幣百萬元	RMB million 人民幣百萬元	RMB million 人民幣百萬元	RMB million 人民幣百萬元	RMB million 人民幣百萬元	RMB million 人民幣百萬元		RMB million 人民幣百萬元
For the six months ended 30 June 2017													
Gross revenue	385	349	734	32,325 (481)	1,032 (662)	33,357 (1,163)	1,097 (138)	6,196 (5)	40,650 (1,306)	-	-	41,384 (1,306)	
Less: Inter-company adjustment	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue from external customers	385	349	734	31,844	350	32,194	959	6,191	38,344	-	-	40,078	
Segment results	(51)	76	25	906	(400)	506	672	4,452	5,630	(124)	-	5,531	
Share of profits/losses of:	-	267	267	135	-	135	-	-	135	-	-	402	
- Associates	-	124	124	(12)	-	(12)	-	-	(12)	-	-	112	
- Joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	
Profit/loss before income tax expense	(51)	467	416	1,029	(400)	629	672	4,452	5,753	(124)	-	6,045	
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	(1,878)	
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	4,167	
Segment results included:													
- Interest income	1	2	3	131	1	132	1	8	141	174	(183)	125	
- Depreciation, depletion and amortisation	(107)	(48)	(155)	(1,094)	(212)	(1,306)	(309)	(894)	(2,509)	(1)	-	(2,665)	
- Impairment loss on property, plant and equipment	-	-	-	-	(100)	(100)	-	-	(100)	-	-	(100)	
- Interest expenses	-	-	-	(76)	(120)	(196)	(9)	(21)	(220)	(454)	193	(461)	
As at 30 June 2017													
Non-current assets	466	520	976	34,821	10,050	44,871	8,238	37,138	90,247	20	-	91,243	
Current assets	622	651	1,273	17,937	1,335	19,272	1,224	1,545	22,041	3,645	-	26,959	
Segment assets	1,078	1,171	2,249	52,758	11,385	64,143	9,462	38,683	112,288	3,665	-	118,202	
Investments in associates	-	328	328	2,749	-	2,749	5	-	2,754	-	-	3,082	
Investments in joint ventures	-	1,062	1,062	104	-	104	-	-	104	53	-	1,219	
Sub total	1,078	2,561	3,639	55,611	11,385	66,996	9,467	38,683	115,146	3,718	-	122,503	
Available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	407	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	1,204	
Others	-	-	-	-	-	-	-	-	-	-	-	131	
Total assets	-	-	-	-	-	-	-	-	-	-	-	124,245	

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未經審核中期財務報告附註

20 SEGMENT INFORMATION (CONTINUED)

20 板塊資料(續)

	Exploration and Production 勘探與生產		Natural Gas Distribution 天然氣分銷				Corporate 公司	Inter-company adjustment 公司間調整	Total		
	PRC		Natural Gas Sales 天然氣銷售		LNG Terminal LNG 接收站					Sub-total	
	RMB million 人民幣百萬元	Other 其他	Natural Gas Sales 天然氣銷售	LNG Processing LNG 加工	LNG Processing LNG 加工	LNG Terminal LNG 接收站				RMB million 人民幣百萬元	RMB million 人民幣百萬元
截至二零一六年六月三十日止六個月(如重列)											
Gross revenue	452	272	26,536	426	576	5,713	—	33,945			
Less: Inter-company adjustment	—	—	(47)	(198)	(86)	(6)	—	(286)			
Revenue from external customers	452	272	26,489	228	540	5,708	—	33,659			
Segment results	(216)	(29)	1,429	(286)	180	4,062	(73)	5,067			
Share of profits/losses of:											
- Associates	—	21	164	—	—	—	—	185			
- Joint ventures	—	73	2	—	—	—	(2)	73			
Profit/loss after income tax expense	(216)	65	1,595	(286)	180	4,062	(75)	5,325			
Income tax expense	—	—	—	—	—	—	—	(1,374)			
Profit for the period	—	—	—	—	—	—	—	3,951			
Segment results included:											
- Interest income	21	1	155	1	1	12	186	208			
- Depreciation, depletion and amortisation	(208)	(155)	(1,069)	(157)	(276)	(863)	(1)	(2,729)			
- Interest expenses	—	—	(19)	(121)	—	(25)	(203)	(195)			
As at 31 December 2016, as restated (如重列)											
Non-current assets	564	569	34,242	11,039	8,492	34,209	21	89,136			
Current assets	929	443	20,459	82	695	2,718	2,468	28,544			
Segment assets	1,493	1,012	54,701	11,871	9,187	36,927	2,489	117,680			
Investments in associates	—	216	2,582	—	5	—	—	2,803			
Investments in joint ventures	—	1,114	117	—	—	—	54	1,285			
Sub-total	1,493	2,342	57,400	11,871	9,192	36,927	2,543	121,768			
Available-for-sale financial assets	—	—	—	—	—	—	—	457			
Deferred tax assets	—	—	—	—	—	—	—	1,050			
Others	—	—	—	—	—	—	—	26			
Total assets	—	—	—	—	—	—	—	123,301			

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未經審核中期財務報告附註

20 SEGMENT INFORMATION (CONTINUED)

Neither the Group's revenue is derived from nor the Group's non-current assets are located in the place of domicile of the Company.

For the six months ended 30 June 2017, revenue of approximately RMB6,195 million (six months ended 30 June 2016 restated: RMB5,283 million) is derived from one (six months ended 30 June 2016: one) customer with whom transactions have exceeded 10% of the Group's revenues. The revenue is attributable to the Exploration and Production and Natural Gas Distribution segments.

21 COMMITMENTS

(a) Operating lease commitments

Operating lease commitments of the Group are mainly for leasing of land and buildings and equipment. Leases range from one to thirty years and usually do not contain renewal options. Future minimum lease payments as of 30 June 2017 and 31 December 2016 under non-cancellable operating leases are as follows:

		30 June 2017 二零一七年 六月三十日 RMB million 人民幣百萬元	31 December 2016 二零一六年 十二月三十一日 RMB million 人民幣百萬元 (restated) (重列)
Not later than one year	一年內	225	252
Later than one year and not later than five years	第二至第五年內	422	504
More than five years	五年以上	477	535
		1,124	1,291

20 板塊資料(續)

本集團之收入並非源自本公司所在地，而本集團之非流動資產亦並非位於本公司所在地。

截至二零一七年六月三十日止六個月，收入約人民幣6,195百萬元(截至二零一六年六月三十日止六個月重列：人民幣5,283百萬元)來自一名(截至二零一六年六月三十日止六個月：一名)客戶，該等客戶之交易佔本集團收入之10%以上。收入來自勘探與生產以及天然氣分銷板塊。

21 承擔

(a) 經營租賃承擔

本集團之經營租賃承擔主要為租賃土地及樓宇以及設備。租賃介乎一至三十年之間，一般不包括續約權利。於二零一七年六月三十日及二零一六年十二月三十一日，根據不可註銷之經營租賃有下列未來最低租金付款：

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未經審核中期財務報告附註

21 COMMITMENTS (CONTINUED)

(b) Capital commitments

	30 June 2017 二零一七年 六月三十日 RMB million 人民幣百萬元	31 December 2016 二零一六年 十二月三十一日 RMB million 人民幣百萬元 (restated) (重列)
Contracted but not provided for: 已訂約但未作出撥備：		
– Oil field development costs – 油田開發費用	–	–
– Acquisitions of/capital contributions to investments – 收購投資項目／向投資項目出資	–	–
– Other property, plant and equipment – 其他物業、廠房及設備	6,287	6,811
	6,287	6,811
Authorised but not contracted for: 已批准但未訂約：		
– Oil field development costs – 油田開發費用	381	522
– Acquisitions of/capital contributions to investments – 收購投資項目／向投資項目出資	393	3,523
– Other property, plant and equipment – 其他物業、廠房及設備	5,099	12,875
	5,873	16,920

22 RELATED PARTY TRANSACTIONS

CNPC, the controlling shareholder of the Company, is a state-controlled enterprise directly controlled by the PRC government. The PRC government is the ultimate controlling party of the Company. Related parties include CNPC and its subsidiaries (together, the “CNPC Group”), other state-owned enterprises and their subsidiaries which the PRC government has control, joint control or significant influence over the enterprises which the Group is able to control, joint control or exercise significant influence over, key management personnel of the Company and CNPC and their close family members and any entity, of any member of a group of which it is a part, provides key management personnel services to the Group’s parent.

21 承擔(續)

(b) 資本承擔

22 關連人士交易

CNPC(本公司控股股東)為由中國政府直接控制之國有企業。中國政府為本公司之最終控股方。關連人士包括CNPC及其附屬公司(統稱「中油集團」)，由中國政府控制、共同控制或施加重大影響之其他國有企業及彼等之附屬公司，同時本集團能夠控制、共同控制或行使重大影響之企業，本公司及CNPC之主要管理人員及彼等之近親家族成員、或一間集團之任何成員公司(為集團之一部分)向本集團之母公司提供主要管理人員服務。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

22 RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to the related party information shown elsewhere in the interim financial report, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period and balances arising from related party transactions at the end of the period indicated below:

(a) Transactions with CNPC Group, associates and joint ventures

The Group has extensive transactions with other companies in the CNPC Group. Due to these relationships, it is possible that the terms of the transactions between the Group and other members of the CNPC Group are not the same as those that would result from transactions with other related parties or wholly unrelated parties.

The principal related party transactions with the CNPC Group and associates and joint ventures of the Group which were carried out in the ordinary course of business, are as follows:

- (i) The Group entered into (i) the Xinjiang Contract and the Leng Jiapu Contract (together, the “PSAs”) with the CNPC Group in 1996 and 1997 respectively and (ii) a master agreement in 2003, which was subsequently amended and supplemented pursuant to the first supplement agreement in 2006, the second supplemental agreement in 2009, the third supplemental agreement in 2010 and the fourth supplemental agreement in 2011. The Xinjiang Contract expired on 31 August 2016.

22 關連人士交易(續)

除於中期財務報告其他部分提供之關連人士資料之外，本集團與其關連人士於本期內於一般業務範圍內訂立之重大關連人士交易及期末關連人士交易產生之結餘概述如下：

(a) 與中油集團、聯營公司及合資企業之交易

本集團與中油集團其他成員公司有廣泛的交易。由於此等關係，本集團與中油集團其他成員公司之間的交易條款可能與其他關連人士或毫無相關人士之間的交易條款有所不同。

與中油集團及本集團之聯營公司及合資企業的主要關連人士交易乃於日常業務過程中進行，並載列如下：

- (i) 本集團與中油集團(i)分別於一九九六年及一九九七年訂立新疆合同及冷家堡合同(統稱為「生產分成協議」)，及(ii)於二零零三年訂立總協議(其後於二零零六年根據第一份補充協議、於二零零九年根據第二份補充協議、於二零一零年根據第三份補充協議及於二零一一年根據第四份補充協議作出修訂及補充)。新疆合同已於二零一六年八月三十一日屆滿。

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未經審核中期財務報告附註

22 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with CNPC Group, associates and joint ventures (Continued)

(i) (Continued)

Under the PSAs, the Group procures from the CNPC Group on a continuing basis certain services and assistance. Whereas, the master agreement provides a framework for a range of products and services to be procured from the CNPC Group to the Group and vice versa including oil and gas products, general products and services, financial services and rental services. The master agreement expired on 31 December 2011. On 14 November 2011, the Group and CNPC entered into the fourth supplement agreement for the purpose of renewing the term of the master agreement for three years ended 31 December 2014. On 6 November 2014, the Group and CNPC entered into the fifth supplemental agreement for the purpose of renewing the term of the master agreement for three years ending on 31 December 2017.

- Provision of general products and services by the CNPC Group to the Group amounted to approximately RMB2,879 million (six months ended 30 June 2016 restated: RMB1,611 million) for the six months ended 30 June 2017 which includes interest charged on the loans and advances obtained from CNPC, PetroChina, Sun World and fellow subsidiaries of approximately RMB397 million (six months ended 30 June 2016 restated: RMB272 million).
- Purchase of the Group's share of crude oil production by the CNPC Group amounted to approximately RMB385 million (six months ended 30 June 2016 restated: RMB452 million) for the six months ended 30 June 2017.

22 關連人士交易(續)

(a) 與中油集團、聯營公司及合資企業之交易(續)

(i) (續)

根據生產分成協議，本集團會持續促使中油集團提供若干服務及協助。為此，總協議為本集團提供一個框架，可向中油集團採購一系列產品及服務，包括提供之石油天然氣產品、一般產品及服務、金融服務及租賃服務，反之亦然。總協議於二零一一年十二月三十一日到期。於二零一一年十一月十四日，本集團及CNPC訂立第四份補充協議，以續訂總協議之期限至截至二零一四年十二月三十一日止，為期三年。於二零一四年十一月六日，本集團及CNPC訂立第五份補充協議，以重續截至二零一七年十二月三十一日止三年之總協議條款。

- 截至二零一七年六月三十日止六個月，中油集團向本集團提供一般產品及服務約為人民幣2,879百萬元(截至二零一六年六月三十日止六個月重列：人民幣1,611百萬元)，其中包括自CNPC、中國石油、Sun World及同系附屬公司貸款及墊款之利息約人民幣397百萬元(截至二零一六年六月三十日止六個月重列：人民幣272百萬元)。
- 截至二零一七年六月三十日止六個月，中油集團購買本集團之原油生產分成約為人民幣385百萬元(截至二零一六年六月三十日止六個月重列：人民幣452百萬元)。

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未經審核中期財務報告附註

22 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with CNPC Group, associates and joint ventures (Continued)

(i) (Continued)

- Rental payments by the Group for leasing of certain offices and warehouses in Hong Kong and the PRC from the CNPC Group amounted to approximately RMB3 million (six months ended 30 June 2016 restated: RMB4 million) for the six months ended 30 June 2017.
- Purchase of crude oil, natural gas, refined oil products, chemical products and other ancillary or similar products by the Group from the CNPC Group amounted to approximately RMB16,429 million (six months ended 30 June 2016 restated: RMB14,276 million) for the six months ended 30 June 2017.
- Provision of general products and services by the Group to the CNPC Group amounted to approximately RMB5,778 million (six months ended 30 June 2016 restated: RMB4,774 million) for the six months ended 30 June 2017.

- (ii) The Group has entered into agreement for the sales of natural gas to certain associates of the Group amounted to approximately RMB31 million (six months ended 30 June 2016 restated: RMB56 million) for the six months ended 30 June 2017.

The above transactions in (i) and (ii) constituted connected transactions in accordance with Chapter 14A of the Listing Rules.

22 關連人士交易(續)

(a) 與中油集團、聯營公司及合資企業之交易(續)

(i) (續)

- 截至二零一七年六月三十日止六個月，本集團就於香港及中國向中油集團租賃若干辦公室及倉庫作出之租金付款約為人民幣3百萬元(截至二零一六年六月三十日止六個月重列：人民幣4百萬元)。
- 截至二零一七年六月三十日止六個月，本集團向中油集團購買原油、天然氣、煤油產品、化工產品及其他附屬或同類產品約為人民幣16,429百萬元(截至二零一六年六月三十日止六個月重列：人民幣14,276百萬元)。
- 截至二零一七年六月三十日止六個月，本集團向中油集團提供之一般產品及服務約為人民幣5,778百萬元(截至二零一六年六月三十日止六個月重列：人民幣4,774百萬元)。

- (ii) 本集團訂立協議，向本集團若干聯營公司銷售天然氣，於截至二零一七年六月三十日止六個月約為人民幣31百萬元(截至二零一六年六月三十日止六個月重列：人民幣56百萬元)。

上述交易(i)和(ii)根據上市規則第14A章構成關連交易。

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未經審核中期財務報告附註

22 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with CNPC Group, associates and joint ventures (Continued)

- (iii) As at 30 June 2017 and 31 December 2016, amounts due from and to CNPC Group, associates and joint ventures of the Group, which are unsecured and interest free except borrowings and obligations under finance leases, are included in the following accounts captions and summarised as follows:

		30 June 2017 二零一七年 六月三十日 RMB million 人民幣百萬元	31 December 2016 二零一六年 十二月三十一日 RMB million 人民幣百萬元 (restated) (重列)
Intangible and other non-current assets	無形及其他非流動資產	336	1,411
Accounts receivable	應收賬款	588	497
Prepaid expenses and other current assets	預付款及其他流動資產	505	584
Accounts payable and accrued liabilities	應付賬款及應計負債	2,784	4,151
Borrowings	借貸	17,413	15,659
Obligations under finance leases	融資租賃承擔	268	319

22 關連人士交易(續)

(a) 與中油集團、聯營公司及合資企業之交易(續)

- (iii) 於二零一七年六月三十日及二零一六年十二月三十一日，應收及應付予中油集團、本集團之聯營公司及合資企業之款項(除融資租賃項下之借款及義務外為無抵押及免息)已計入下列會計項目內並概述如下：

22 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with Beijing Enterprises Holdings Limited (“Beijing Enterprises Holdings”) and its subsidiaries (together, the “Beijing Enterprises Group”)

PetroChina Beijing Gas Pipeline Co., Ltd (“Beijing Pipeline”), a subsidiary of the Company, has entered into an agreement with PetroChina (the “Natural Gas Transmission Agreement”), pursuant to which PetroChina has commissioned Beijing Pipeline for the transmission of natural gas to its designated natural gas buyers and Beijing Pipeline has commissioned PetroChina to collect from such natural gas buyers payments relating to the natural gas transmission. Under the terms of Natural Gas Transmission Agreement, the pipeline transmission fee shall be payable on such basis as set out in the agreement entered into between PetroChina and the relevant natural gas buyers. A subsidiary of Beijing Enterprises Holdings, a non-controlling interest in Beijing Pipeline, is one of such natural gas buyers designated by PetroChina. Revenue from transmission of natural gas received and receivable from the Beijing Enterprises Group amounted to approximately RMB2,612 million (six months ended 30 June 2016 restated: RMB2,422 million) for the six months ended 30 June 2017. This transaction constituted connected transactions in accordance with Chapter 14A of the Listing Rules and was accounted for in a manner similar to a uniting of interests basis.

22 關連人士交易(續)

(b) 與北京控股有限公司(「北京控股」)及附屬公司(統稱「北京控股集團」)之交易

根據中石油北京天然氣管道有限公司(「北京管道」, 本公司附屬公司, 與中國石油訂立之一份協議(「天然氣輸送協議」), 中國石油委託北京管道向其指定天然氣買方輸送天然氣, 而北京管道已委託中國石油代其向該等天然氣買方收取有關輸送天然氣之款項。根據天然氣輸送協議之條款, 管道輸送費將根據中國石油與相關天然氣買方訂立之協議所載之基準支付。北京控股之一間附屬公司, 同為北京管道之非控制性權益, 為中國石油指定之該等天然氣買方之一。截至二零一七年六月三十日止六個月, 已收及應收北京控股集團之來自輸送天然氣之收入達約人民幣2,612百萬元(截至二零一六年六月三十日止六個月重列: 人民幣2,422百萬元)。該交易根據聯交所證券上市規則第14A章構成關連交易並以類似權益結合之方式入賬。

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22 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

		Six months ended 30 June 截至六月三十日止六個月	
		2017 RMB million 二零一七年 人民幣百萬元	2016 RMB million 二零一六年 人民幣百萬元 (restated) (重列)
Salaries and allowances	薪金及酬金	2	3
Retirement benefits – defined contribution scheme	退休金 – 界定供款計劃	-	1
		2	4

(d) Transactions with other state-controlled entities in the PRC

Apart from the aforementioned transactions with the CNPC Group, associates and joint ventures, the Group has transactions with other state-controlled entities include but not limited to (i) sales and purchases of goods and services; (ii) purchases of assets; (iii) lease of assets; and (iv) bank deposits and borrowings.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

22 關連人士交易(續)

(c) 主要管理層之酬金

		Six months ended 30 June 截至六月三十日止六個月	
		2017 RMB million 二零一七年 人民幣百萬元	2016 RMB million 二零一六年 人民幣百萬元 (restated) (重列)
Salaries and allowances	薪金及酬金	2	3
Retirement benefits – defined contribution scheme	退休金 – 界定供款計劃	-	1
		2	4

(d) 與中國其他國有實體之交易

除以上提及和與中油集團、聯營公司及合資企業之交易外，本集團與其他國有實體之交易包括(但不限於)(i)銷售及購買貨品及服務；(ii)購買資產；(iii)租賃資產；及(iv)銀行存款及借貸。

該等交易乃按與其他非國有實體相若之條款於本集團之日常業務過程中進行。



TO THE BOARD OF DIRECTORS OF KUNLUN ENERGY COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 26 to 66 which comprises the consolidated interim statement of financial position of Kunlun Energy Company Limited (the “Company”) as at 30 June 2017 and the consolidated interim statement of comprehensive income, the consolidated interim statement of changes in equity and the consolidated interim condensed statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

致昆侖能源有限公司董事會

(於百慕達註冊成立的有限公司)

引言

我們已審閱列載於第26至66頁昆侖能源有限公司(「貴公司」)的綜合中期財務報告，此中期財務報告包括於二零一七年六月三十日的綜合中期財務狀況表與截至該日止六個月期間的綜合中期全面收益表、綜合中期權益變動表和綜合中期簡明現金流量表，以及其他附註解釋。《香港聯合交易所有限公司證券上市規則》規定，就中期財務報告編製必須符合有關規則的有關條文以及香港會計師公會頒佈的《香港會計準則》第34號，*中期財務報告*。貴公司董事須負責根據《香港會計準則》第34號編製及列報中期財務報告。

我們的責任是根據我們的審閱對中期財務報告作出結論，並按照委聘之條款僅向全體董事會報告，除此之外本報告別無其他用途。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。

審閱範圍

我們已根據香港會計師公會頒佈的《香港審閱工作準則》第2410號，*由實體之獨立核數師審閱中期財務資料*進行審閱。審閱中期財務報告包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能保證我們會注意到在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

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

22 August 2017

結論

按照我們的審閱，我們並無注意到任何事項，令我們相信於二零一七年六月三十日的中期財務報告在各重大方面未有根據《香港會計準則》第34號，*中期財務報告編製*。

畢馬威會計師事務所
執業會計師

香港中環
遮打道十號
太子大廈八樓

二零一七年八月二十二日



KunLun Energy Company Limited
昆侖能源有限公司

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