



中油燃氣集團有限公司

CHINA OIL AND GAS GROUP LIMITED

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

Stock Code: 603
股份代號: 603

Interim Report
中期報告 2017

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Enterprise Culture 企業文化



Natural Gas Distribution Business in China

中國天然氣分銷業務

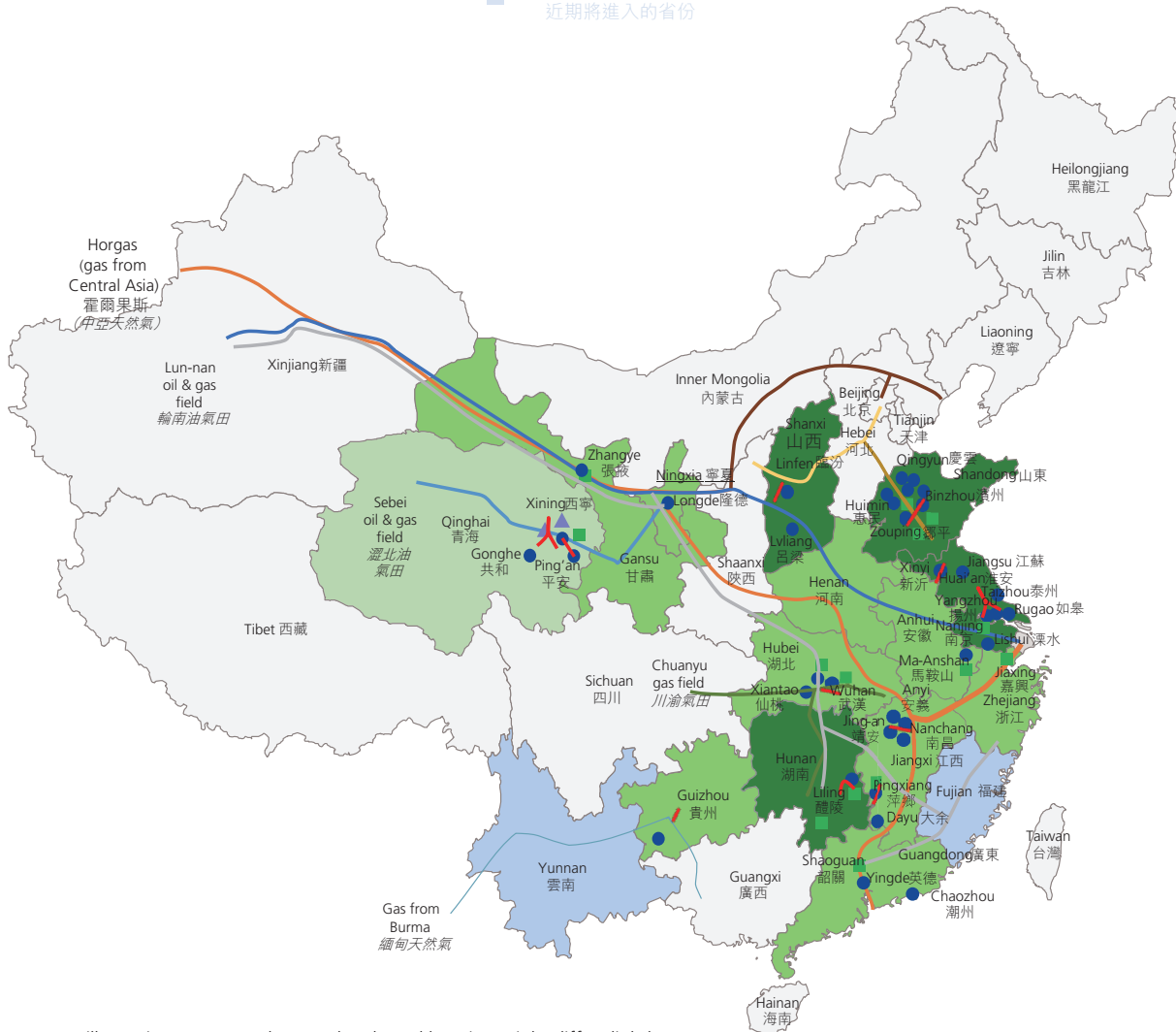


Main trunk pipeline 主管道

- West-to-East line 1
西氣東輸一線
- West-to-East line 2
西氣東輸二線
- West-to-East line 3
西氣東輸三線
- Se-Ning-Lan line
澀寧蘭線
- Shaan-Jing line 4
陝京四線
- Shaan-Jing line 3
陝京三線
- CangZi Line
滄涿線
- ZhongWu Line
忠武線
- Myanmar-China Line
中緬線

Company operating assets / data 公司運營資產與資料

- Branch pipeline
支線
- City gas project with concession right
擁有特許經營權的城市特許經營權項目
- ▲ LNG processing plant
LNG加工廠
- CNG/LNG/L-CNG station
CNG/LNG/L-CNG站
- Province with natural gas sales volume > 500mn m³ in 1H17
銷氣量大於5億立方米的省份(2017上半年)
- Province with natural gas sales volume between 100-500mn m³ in 1H17
銷氣量在1~5億立方米的省份(2017上半年)
- Province with natural gas sales volume < 100mn m³ in 1H17
銷氣量小於1億立方米的省份(2017上半年)
- Province to enter in near term
近期將進入的省份

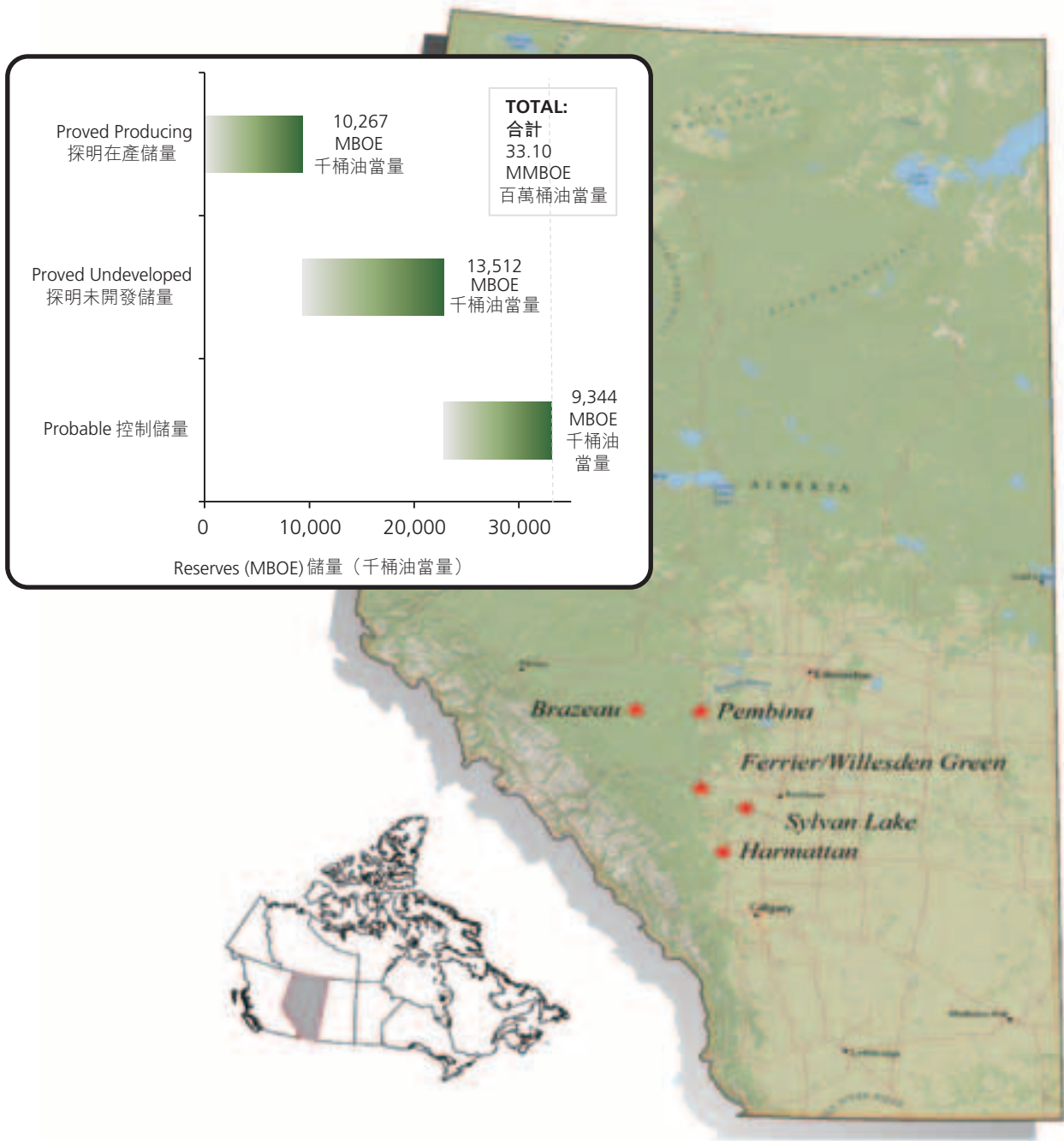


Note: For illustrative purpose only, actual scale and location might differ slightly
 註：此圖為示意圖，比例與位置可能和實際情況略有出入



Oil and Gas Production Business in Canada

加拿大油氣生產業務





BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

LI Yunlong
WANG Guangtian
YANG Jie

COMPANY SECRETARY

CHAN Yuen Ying Stella, *FCIS, FCS, MHKIoD*

AUTHORISED REPRESENTATIVES

XU Tie-liang
CHAN Yuen Ying Stella

AUDIT COMMITTEE

LI Yunlong (*chairman*)
WANG Guangtian
YANG Jie

REMUNERATION COMMITTEE

LI Yunlong (*chairman*)
WANG Guangtian
CHEUNG Shing

NOMINATION COMMITTEE

WANG Guangtian (*chairman*)
LI Yunlong
CHEUNG Shing

CORPORATE GOVERNANCE COMMITTEE

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

AUDITOR

PricewaterhouseCoopers

董事局

執行董事

許鈺良 (*主席兼行政總裁*)
朱 遠
關誌君
張 成

獨立非執行董事

李雲龍
王廣田
楊傑

公司秘書

陳婉縈 *FCIS, FCS, MHKIoD*

授權代表

許鈺良
陳婉縈

審核委員會

李雲龍 (*主席*)
王廣田
楊傑

薪酬委員會

李雲龍 (*主席*)
王廣田
張 成

提名委員會

王廣田 (*主席*)
李雲龍
張 成

企業管治委員會

許鈺良 (*主席*)
朱 遠
關誌君
張 成
羅盈珊
陳婉縈

核數師

羅兵咸永道會計師事務所



Corporate Information 公司資料

LEGAL ADVISERS

(As to Hong Kong Law)
LI & Partners

(As to PRC Law)
Beijing Huaao Law & Partners

PRINCIPAL REGISTRARS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

603

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E-mail: info@hk603.com

法律顧問

(香港法律)
李偉斌律師行

(中國法律)
北京市華澳律師事務所

主要股份過戶登記處

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

香港股份過戶登記分處

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

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

總辦事處及香港之主要營業地點

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

主要往來銀行

香港上海滙豐銀行有限公司

股份代號

603

網址及電郵地址

網址：<http://www.hk603.com>
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The board (the "Board") of directors (the "Directors") of China Oil And Gas Group Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017 (the "Period").

中油燃氣集團有限公司(「公司」)董事(「董事」)局(「董事局」)宣佈公司及其附屬公司(統稱「集團」)截至二零一七年六月三十日止六個月(「期內」)之未經審核簡明綜合中期業績。

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

簡明綜合全面收益表

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
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
	Notes 附註		
Revenue	4	3,656,957	3,298,290
Cost of sales		(3,024,054)	(2,708,278)
Gross profit		632,903	590,012
Other income	5	24,099	15,091
Other gains, net	6	7,110	124,842
Selling and distribution costs		(20,956)	(23,158)
Administrative expenses		(143,848)	(139,884)
Operating profit		499,308	566,903
Finance income	7	53,953	42,120
Finance costs	7	(104,003)	(87,706)
Share of profits/(losses) of investments accounted for using the equity method		893	(7,147)
Profit before taxation		450,151	514,170
Taxation	8	(101,416)	(101,282)
Profit for the period		348,735	412,888



Interim Results

中期業績

Condensed Consolidated Statement of Comprehensive Income (Continued)

For the six months ended 30 June 2017

簡明綜合全面收益表(續)

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
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
Notes	附註		
	Other comprehensive income:		
	<i>Items that may be reclassified to profit or loss:</i>		
	Currency translation differences	206,817	79,242
	Changes in value of available-for-sale financial assets	14,674	8,597
	Release of exchange reserve upon disposal of a subsidiary	-	4,456
	Total comprehensive income for the period	570,226	505,183
	Profit for the period attributable to:		
	Owners of the Company	170,251	200,062
	Non-controlling interests	178,484	212,826
		348,735	412,888
	Total comprehensive income attributable to:		
	Owners of the Company	328,341	290,574
	Non-controlling interests	241,885	214,609
		570,226	505,183
		HK cents	HK cents
		港仙	港仙
	Earnings per share		
	- Basic	3.286	3.824
	- Diluted	3.272	3.817

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Condensed Consolidated Statement of Financial Position

As at 30 June 2017

簡明綜合財務狀況表

於二零一七年六月三十日

		Notes 附註	30.6.2017 二零一七年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	31.12.2016 二零一六年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Assets	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	6,927,292	6,624,992
Exploration and evaluation assets	勘探及評估資產		231,338	213,548
Land use rights	土地使用權		407,502	393,344
Intangible assets	無形資產		1,012,886	1,002,291
Investments accounted for using the equity method	使用權益法入賬之投資		296,958	300,065
Available-for-sale financial assets	可供出售財務資產		692,039	638,262
Other non-current assets	其他非流動資產		948,090	792,258
Deferred tax assets	遞延稅項資產		20,051	19,510
			10,536,156	9,984,270
Current assets	流動資產			
Inventories	存貨		199,858	190,573
Deposits, trade and other receivables	按金、貿易及其他應收款項	12	1,591,385	1,516,892
Financial assets at fair value through profit or loss	按公平值經損益入賬之財務資產		49,030	47,448
Current tax recoverable	當期可收回稅項		6,210	6,003
Time deposits with maturity over three months	存款期超過三個月之定期存款		–	25,170
Cash and cash equivalents	現金及現金等值項目		1,770,933	1,833,483
			3,617,416	3,619,569
Total assets	總資產		14,153,572	13,603,839



Interim Results

中期業績

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2017

簡明綜合財務狀況表(續)

於二零一七年六月三十日

		Notes 附註	30.6.2017 二零一七年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	31.12.2016 二零一六年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Liabilities	負債			
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	13	1,386,543	1,327,747
Receipt in advance	預收款項		1,012,529	1,156,195
Short-term borrowings	短期借貸		425,176	360,907
Current tax payable	當期應付稅項		156,220	152,095
			2,980,468	2,996,944
Non-current liabilities	非流動負債			
Long-term borrowings	長期借貸		109,250	–
Senior notes	優先票據		4,971,976	5,006,417
Deferred tax liabilities	遞延稅項負債		254,254	240,801
Assets retirement obligation	資產報廢承擔		114,767	108,723
			5,450,247	5,355,941
Total liabilities	負債總額		8,430,715	8,352,885
Equity	權益			
Equity attributable to owners of the Company	公司擁有人應佔權益			
Share capital	股本	15	58,257	58,257
Reserves	儲備		3,057,320	2,772,174
			3,115,577	2,830,431
Non-controlling interests	非控股權益		2,607,280	2,420,523
Total equity	權益總額		5,722,857	5,250,954
Total equity and liabilities	權益及負債總額		14,153,572	13,603,839



Condensed Consolidated Statement of Changes In
Equity

For the six months ended 30 June 2017

簡明綜合權益變動表

截至二零一七年六月三十日止六個月

		Attributable to owners of the Company 公司擁有人應佔									
		Share capital	Share premium	Shares held for share award scheme 為股份 獎勵計劃 所持股份	Other reserves 其他儲備	Exchange fluctuation reserve 匯兌波動 儲備	Share-based compensation reserve 以股份為 基礎之酬金 儲備	Retained profits 保留溢利	Non- controlling interests 總額 非控股權益	Total equity 權益總額	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK'000 千港元	HK'000 千港元	
At 1 January 2017	於二零一七年一月一日	58,257	24,578	(305,706)	1,536,561	(604,730)	3,441	2,118,030	2,830,431	2,420,523	5,250,954
Profit for the period	期內溢利	-	-	-	-	-	-	170,251	170,251	178,484	348,735
Other comprehensive income:	其他全面收入：										
Exchange differences on translating foreign operations	換算海外業務之匯兌差額	-	-	-	-	143,416	-	-	143,416	63,401	206,817
Changes in value of available-for-sale financial assets	可供出售財務資產價值變動	-	-	-	14,674	-	-	-	14,674	-	14,674
Total comprehensive income for the period	期內全面收入總額	-	-	-	14,674	143,416	-	170,251	328,341	241,885	570,226
Equity-settled share-based payments	權益結算以股份為基準之付款	-	-	991	-	-	-	-	991	-	991
Shares purchased for share award scheme	為股份獎勵計劃購買股份	-	-	(14,824)	-	-	-	-	(14,824)	-	(14,824)
Value of employee services	僱員服務價值	-	-	-	-	-	1,877	-	1,877	-	1,877
Capital injection by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	8,208	8,208
Dividend paid to non-controlling interests	支付股息予非控股權益	-	-	-	-	-	-	-	-	(59,122)	(59,122)
Final dividend for the year ended 31 December 2016	截至二零一六年十二月三十一日 止年度之末期股息	-	-	-	(29,128)	-	-	-	(29,128)	-	(29,128)
Change in the ownership interests in subsidiaries that do not result in a loss of control	不導致失去控制權的附屬公司 擁有權變動	-	-	-	(2,111)	-	-	-	(2,111)	(4,214)	(6,325)
At 30 June 2017	於二零一七年六月三十日	58,257	24,578	(319,539)	1,519,996	(461,314)	5,318	2,288,281	3,115,577	2,607,280	5,722,857



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Condensed Consolidated Statement of Changes In Equity (Continued)

For the six months ended 30 June 2017

簡明綜合權益變動表(續)

截至二零一七年六月三十日止六個月

		Attributable to owners of the Company 公司擁有人應佔									
		Share capital	Share premium	Shares held for share award scheme 為股份獎勵計劃所持股份	Other reserves 其他儲備	Exchange fluctuation reserve 匯兌波動儲備	Share-based compensation reserve 以股份為基礎之報酬儲備	Retained profits 保留溢利	Total	Non-controlling interests 非控股權益	Total equity 權益總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK'000 千港元	HK'000 千港元
At 1 January 2016	於二零一六年一月一日	58,257	24,578	(275,629)	1,534,741	(371,122)	-	1,806,239	2,777,064	2,423,190	5,200,254
Profit for the period	期內溢利	-	-	-	-	-	-	200,062	200,062	212,826	412,888
Other comprehensive income:	其他全面收入:										
Exchange differences on translating foreign operations	換算海外業務之匯兌差額	-	-	-	-	79,242	-	-	79,242	-	79,242
Changes in value of available-for-sale financial assets	可供出售財務資產價值變動	-	-	-	8,597	-	-	-	8,597	-	8,597
Release of exchange reserve upon disposal of a subsidiary	於出售一間附屬公司時 變現匯兌儲備	-	-	-	-	2,673	-	-	2,673	1,783	4,456
Total comprehensive income for the period	期內全面收入總額	-	-	-	8,597	81,915	-	200,062	290,574	214,609	505,183
Equity-settled share-based payments	權益結算以股份為基準之付款	-	-	1,798	-	-	1,710	-	3,508	-	3,508
Shares purchased for share award scheme	為股份獎勵計劃購買股份	-	-	(7,966)	-	-	-	-	(7,966)	-	(7,966)
Capital injection by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	8,400	8,400
Dividend paid to non-controlling interests	支付股息予非控股權益	-	-	-	-	-	-	-	-	(64,382)	(64,382)
Disposal of a subsidiary	出售一間附屬公司	-	-	-	-	-	-	-	-	(86,841)	(86,841)
At 30 June 2016	於二零一六年六月三十日	58,257	24,578	(281,797)	1,543,338	(289,207)	1,710	2,006,301	3,063,180	2,494,976	5,558,156



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

簡明綜合現金流量表

截至二零一七年六月三十日止六個月

	Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2017 二零一七年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2016 二零一六年 一月一日至 六月三十日 HK\$'000 千港元
Net cash generated from operating activities 經營活動產生之現金淨額	432,411	384,038
Net cash used in investing activities 投資活動所用之現金淨額	(402,531)	(44,742)
Net cash used in financing activities 融資活動所用之現金淨額	(133,177)	(785,722)
Net decrease in cash and cash equivalents 現金及現金等值項目減少淨額	(103,297)	(446,426)
Cash and cash equivalents at beginning of the period 期初現金及現金等值項目	1,833,483	2,303,704
Effect of foreign exchange rate changes 匯率變動影響	40,747	-
Cash and cash equivalents at end of the period 期終現金及現金等值項目	1,770,933	1,857,278



Interim Results

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Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

(1) General information

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

(2) Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. These interim financial statements should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2016.

簡明綜合財務報表附註

截至二零一七年六月三十日止六個月

(1) 一般資料

中油燃氣集團有限公司(「公司」)為於百慕達註冊成立之獲豁免有限公司，而其股份在香港聯合交易所有限公司(「聯交所」)上市。公司註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。香港之主要營業地點之地址為香港銅鑼灣告士打道255-257號信和廣場28樓2805室。公司為一間投資控股公司，其附屬公司主要於中華人民共和國(「中國」)及加拿大阿爾伯塔省中西部多個地區從事能源相關業務之投資，包括但不限於：1)城市管道燃氣營運、管道設計及建造；2)壓縮天然氣(「CNG」)及液化天然氣(「LNG」)之運輸、分銷及銷售；及3)石油及天然氣等上游能源資源勘探開發、生產及銷售。公司及其附屬公司統稱為「集團」。

(2) 編製基準

集團之未經審核簡明綜合中期財務報表乃依據香港會計師公會(「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」及聯交所證券上市規則附錄十六而編製。此等中期財務報表應與集團截至二零一六年十二月三十一日止年度之經審核財務報表一併閱讀。



(3) Significant accounting policies

In the current period, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs issued by the HKICPA:

Amendment to HKAS 7	Statement of cash flows
Amendment to HKAS 12	Income taxes

The application of the above new, revised or amended standards and interpretations have no material impact on the results and the financial position of the Group.

(4) Revenue and segment information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for the purpose of resources allocation and assessment of performance focuses more specifically on sales of natural gas, gas pipeline construction and connection; and exploitation and production of crude oil and natural gas.

The Group has presented the following three reportable segments for the six months ended 30 June 2017:

- sales and distribution of natural gas and other related products
- gas pipeline construction and connection
- exploitation and production of crude oil and natural gas

Information regarding the Group's reportable segments as provided to the executive directors for the purpose of resources allocation and assessment of segment performance for the six months ended 30 June 2017 and 2016 is set out below:

(3) 重大會計政策

於本期間，集團已首次應用由香港會計師公會頒佈的如下香港財務報告準則新訂詮釋及修訂：

香港會計準則第7號(修訂本)	現金流量表
香港會計準則第12號(修訂本)	所得稅

應用上述新訂、經修正或經修訂準則及詮釋對集團業績及財務狀況無重大影響。

(4) 營業額及分部資料

集團根據定期向執行董事匯報供資源分配及表現評估之內部財務資料識別其經營分部及編製分部資料，並更多側重於銷售天然氣、燃氣管道建造及接駁以及開採及生產原油及天然氣。

於截至二零一七年六月三十日止六個月期間，集團已呈列以下三個可報告經營分部：

- 銷售及輸送天然氣及其他相關產品
- 燃氣管道建造及接駁
- 開採及生產原油及天然氣

截至二零一七年及二零一六年六月三十日止六個月，向執行董事提供以用作資源分配及分部表現評估之集團報告分部相關資料載列如下：



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(4) Revenue and segment information (Continued)

(4) 營業額及分部資料(續)

Business Segments

業務分部

For the six months ended 30 June 2017:

截至二零一七年六月三十日止六個月：

		Sales and distribution of natural gas and other related products 銷售及輸送天然氣及其他相關產品 HK\$'000 千港元	Gas pipeline construction and connection 燃氣管道建造及接駁 HK\$'000 千港元	Exploitation and production of crude oil and natural gas 開採及生產原油及天然氣 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Segment revenue and results	分部營業額及業績				
Sales to external customers	外部客戶銷售額	3,173,001	315,619	168,337	3,656,957
Segment results	分部業績	360,269	151,448	34,785	546,502
Finance income	財務收入				53,953
Other gains, net	其他收益，淨額				7,110
Finance costs	財務費用				(104,003)
Share of profits of investments accounted for using the equity method	分佔使用權益法入賬之投資溢利				893
Unallocated corporate expenses	未分配企業開支				(54,304)
Profit before taxation	除稅前溢利				450,151
Taxation	稅項				(101,416)
Profit for the period	期內溢利				348,735



(4) Revenue and segment information (Continued)

(4) 營業額及分部資料(續)

For the six months ended 30 June 2016:

截至二零一六年六月三十日止六個月：

		Sales and distribution of natural gas and other related products 銷售及輸送 天然氣及其他 相關產品 HK\$'000 千港元	Gas pipeline construction and connection 燃氣管道 建造及接駁 HK\$'000 千港元	Exploitation and production of crude oil and natural gas 開採及 生產原油 及天然氣 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Segment revenue and results	分部營業額及業績				
Sales to external customers	外部客戶銷售額	2,795,900	355,173	147,217	3,298,290
Segment results	分部業績	<u>321,077</u>	<u>176,261</u>	<u>3,031</u>	500,369
Finance income	財務收入				42,120
Other gains, net	其他收益，淨額				124,842
Finance costs	財務費用				(87,706)
Share of losses of investments accounted for using the equity method	分佔使用權益法入賬 之投資虧損				(7,147)
Unallocated corporate expenses	未分配企業開支				(58,308)
Profit before taxation	除稅前溢利				514,170
Taxation	稅項				(101,282)
Profit for the period	期內溢利				<u>412,888</u>



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(4) Revenue and segment information (Continued)

Analysis of the Group's assets by geographical market is set out below:

Assets

		At 30.6.2017 於二零一七年 六月三十日	At 31.12.2016 於二零一六年 十二月三十一日
		Total assets 總資產 HK\$'000 千港元	Total assets 總資產 HK\$'000 千港元
Hong Kong	香港	183,297	371,483
Mainland China	中國內地	10,581,966	10,000,284
Canada	加拿大	2,330,231	2,226,787
Total	合計	13,095,494	12,598,554
Unallocated	未分配		
Investments accounted for using the equity method	使用權益法入賬之投資	296,958	300,065
Deferred tax assets	遞延稅項資產	20,051	19,510
Available-for-sale financial assets	可供出售財務資產	692,039	638,262
Financial assets at fair value through profit and loss	按公平值經損益入賬之財務資產	49,030	47,448
Total assets	總資產	14,153,572	13,603,839

(4) 營業額及分部資料(續)

集團按地區市場劃分之資產之分析載列如下：

資產

		At 30.6.2017 於二零一七年 六月三十日	At 31.12.2016 於二零一六年 十二月三十一日
		Total assets 總資產 HK\$'000 千港元	Total assets 總資產 HK\$'000 千港元
Hong Kong	香港	183,297	371,483
Mainland China	中國內地	10,581,966	10,000,284
Canada	加拿大	2,330,231	2,226,787
Total	合計	13,095,494	12,598,554
Unallocated	未分配		
Investments accounted for using the equity method	使用權益法入賬之投資	296,958	300,065
Deferred tax assets	遞延稅項資產	20,051	19,510
Available-for-sale financial assets	可供出售財務資產	692,039	638,262
Financial assets at fair value through profit and loss	按公平值經損益入賬之財務資產	49,030	47,448
Total assets	總資產	14,153,572	13,603,839



(5) Other income

		Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2017 二零一七年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2016 二零一六年 一月一日至 六月三十日 HK\$'000 千港元
Dividend income from listed securities	上市證券股息收入	249	–
Government subsidies	政府補貼	13,942	6,911
Rental income	租金收入	4,021	3,589
Service income	服務收入	4,675	2,944
Others	其他	1,212	1,647
		24,099	15,091

(5) 其他收入

(6) Other gains, net

		Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2017 二零一七年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2016 二零一六年 一月一日至 六月三十日 HK\$'000 千港元
Fair value gains/(losses) on financial assets at fair value through profit or loss	按公平值經損益入賬之財務資產之公平值收益／(虧損)	1,582	(324)
Gain on disposal of an associate	出售一間聯營公司之收益	3,697	–
Gain on disposal of available-for-sales assets	出售可供出售資產之收益	1,831	967
Gain on disposal of a subsidiary (Note 14)	出售一間附屬公司之收益 (附註 14)	–	124,199
		7,110	124,842

(6) 其他收益，淨額



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(7) Finance income and costs

		Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2017 二零一七年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2016 二零一六年 一月一日至 六月三十日 HK\$'000 千港元
Finance income from:	財務收入來自：		
Interest income on bank deposits	銀行存款之利息收入	31,169	23,783
Loan to an associate	貸款予聯營公司	22,220	17,857
Loan to a third parties	貸款予第三方	564	480
		53,953	42,120
Finance costs from:	財務費用來自：		
Bank borrowings	銀行借款	(23,301)	(27,993)
Other borrowings	其他借款	(80,702)	(59,713)
		(104,003)	(87,706)
Finance costs, net	財務費用，淨額	(50,050)	(45,586)

(8) Taxation

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits subject to Hong Kong profits tax for the Period (2016: Nil).

In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance note, subsidiaries in Mainland China are subject to the PRC corporate income tax rate at 25% (2016: 25%). Certain subsidiaries are entitled to tax concessions and tax relief whereby the profits of those subsidiaries are taxed at a preferential income tax rate of 15% (2016: 15%).

Taxation on overseas (other than Hong Kong and PRC) profits has been calculated on the estimated assessable profit for the year at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

(7) 財務收入及費用

		Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2017 二零一七年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2016 二零一六年 一月一日至 六月三十日 HK\$'000 千港元
財務收入來自：			
銀行存款之利息收入		31,169	23,783
貸款予聯營公司		22,220	17,857
貸款予第三方		564	480
		53,953	42,120
財務費用來自：			
銀行借款		(23,301)	(27,993)
其他借款		(80,702)	(59,713)
		(104,003)	(87,706)
財務費用，淨額		(50,050)	(45,586)

(8) 稅項

由於集團並無任何須在期內繳納香港利得稅之應課稅溢利，故並無就香港利得稅作出撥備(二零一六年：無)。

根據相關中國企業所得稅法律、規例及實施細則，中國內地附屬公司須按稅率25% (二零一六年：25%)繳納中國企業所得稅。若干附屬公司享有稅務優惠及寬免，據此，該等附屬公司之溢利以優惠所得稅稅率15% (二零一六年：15%)納稅。

海外(除香港及中國外)溢利乃以集團經營所在司法權區適用現行稅率按年內估計應課稅溢利計算稅項。



(8) Taxation (Continued)

		Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2017 二零一七年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited (6 months) 未經審核 (六個月) 1.1-30.6.2016 二零一六年 一月一日至 六月三十日 HK\$'000 千港元
Current tax:	本期稅項：		
PRC corporate income tax	中國企業所得稅	104,238	113,374
Overseas taxation	海外稅項	-	-
Under provision in prior years	過往年度撥備不足	122	1,281
		104,360	114,655
Deferred tax	遞延稅項	(2,944)	(13,373)
Taxation	稅項	101,416	101,282

(8) 稅項(續)

(9) 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 HK\$170,251,000 (six months ended 30 June 2016: HK\$200,062,000) and weighted average number of ordinary shares in issue less shares held under share award scheme during the Period of approximately 5,181,050,000 shares (six months ended 30 June 2016: 5,232,314,000 shares).
- (b) Diluted earnings per share is calculated based on the profit attributable to owners of the Company of approximately HK\$170,251,000 (six months ended 30 June 2016: HK\$200,062,000), and the weighted average number of ordinary shares of approximately 5,203,916,000 shares (six months ended 30 June 2016: 5,241,745,000 shares) which is the weighted average number of ordinary shares in issue less shares held under share award scheme during the Period plus the weighted average number of dilutive potential ordinary shares in respect of share options of approximately 21,749,000 shares (six months ended 30 June 2016: 8,166,000 shares) deemed to be issued at no consideration if all outstanding share options granted had been exercised and the effect of awarded shares of approximately 1,117,000 shares (six months ended 30 June 2016: 1,265,000 shares).

(9) 每股盈利

- (a) 每股基本盈利乃根據公司擁有人應佔集團溢利約170,251,000港元(截至二零一六年六月三十日止六個月: 200,062,000港元)及期內已發行普通股減股份獎勵計劃項下所持股份後之加權平均數約5,181,050,000股(截至二零一六年六月三十日止六個月: 5,232,314,000股)而計算。
- (b) 每股攤薄盈利乃根據公司擁有人應佔溢利約170,251,000港元(截至二零一六年六月三十日止六個月: 200,062,000港元)及普通股加權平均數約5,203,916,000股(截至二零一六年六月三十日止六個月: 5,241,745,000股)及獎勵股份約1,117,000股(截至二零一六年六月三十日止六個月: 1,265,000股)之影響而計算,該數目為期內已發行普通股減股份獎勵計劃項下所持股份後之加權平均數再加上假設所有已授出但尚未行使購股權已獲行使時購股權所涉及的潛在攤薄普通股加權平均數約21,749,000股(截至二零一六年六月三十日止六個月: 8,166,000股)(被視作按零代價所發行)。



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(10) Dividend

The Board resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: Nil). During the Period, a final dividend of HK cent 0.5 per share (2016: Nil) for the year ended 31 December 2016 amounting to approximately HK\$29,128,000 (2016: Nil) was distributed to the shareholders of the Company out of the contributed surplus account of the Company.

(10) 股息

董事局決議不宣派截至二零一七年六月三十日止六個月之任何中期股息（二零一六年：無）。期內，已向公司股東分派截至二零一六年十二月三十一日止年度之末期股息每股0.5港仙（二零一六年：無），合共約29,128,000港元（二零一六年：無），乃自公司實繳盈餘賬中撥付。

(11) Property, plant and equipment

During the six months ended 30 June 2017, the Group acquired property, plant and equipment amounting to approximately HK\$281,913,000 (six months ended 30 June 2016: HK\$290,204,000) and disposed of property, plant and equipment with net book value of approximately HK\$17,558,000 (six months ended 30 June 2016: HK\$162,890,000).

(11) 物業、廠房及設備

截至二零一七年六月三十日止六個月，集團收購物業、廠房及設備約281,913,000港元（截至二零一六年六月三十日止六個月：290,204,000港元）及出售物業、廠房及設備賬面淨值為約17,558,000港元（截至二零一六年六月三十日止六個月：162,890,000港元）。

(12) Deposits, trade and other receivables

(12) 按金、貿易及其他應收款項

		Unaudited 未經審核 At 30.6.2017 於二零一七年 六月三十日 HK\$'000 千港元	Audited 經審核 At 31.12.2016 於二零一六年 十二月三十一日 HK\$'000 千港元
Trade receivables	貿易應收賬款	809,045	796,330
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	782,340	720,562
		1,591,385	1,516,892
The ageing analysis of trade receivables based on invoice date is as follows:	根據發票日期的貿易應收賬款之賬齡分析如下：		
Up to 3 months	三個月以內	707,059	712,716
3 to 6 months	三個月至六個月	46,711	25,333
Over 6 months	六個月以上	55,275	58,281
Total	合計	809,045	796,330



(13) Trade and other payables

(13) 貿易及其他應付款項

		Unaudited 未經審核 At 30.6.2017 於二零一七年 六月三十日 HK\$'000 千港元	Audited 經審核 At 31.12.2016 於二零一六年 十二月三十一日 HK\$'000 千港元
Trade payables	貿易應付賬款	541,288	570,343
Other payables and accruals	其他應付款項及應計費用	845,255	757,404
		1,386,543	1,327,747
The ageing analysis of trade payables based on invoice date is as follows:		根據發票日期的貿易應付賬款之賬齡分析如下：	
Up to 3 months	三個月以內	460,290	470,508
3 to 6 months	三個月至六個月	32,573	37,871
Over 6 months	六個月以上	48,425	61,964
Total	合計	541,288	570,343



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(14) Disposal of a subsidiary

(14) 出售一間附屬公司

		2016 二零一六年 HK\$'000 千港元
Cash consideration received	已收現金代價：	280,800
Less: Assets and liabilities disposed of:	減：已出售資產及負債	
– Property, plant and equipment	– 物業、廠房及設備	116,429
– Land use rights	– 土地使用權	1,998
– Intangible assets	– 無形資產	22,154
– Inventories	– 存貨	23,252
– Deposits, trade and other receivables	– 按金、貿易及其他應收款項	55,253
– Cash and cash equivalents	– 現金及現金等值項目	43,764
– Trade and other payables	– 貿易及其他應付款項	(8,219)
– Receipt in advance	– 預收款項	(15,645)
– Non-controlling interests	– 非控股權益	(86,841)
		152,145
Less: Release of exchange reserve upon disposal of a subsidiary	減：於出售一間附屬公司後匯兌儲備回撥	4,456
Gain on disposal of a subsidiary (Note 6)	出售一間附屬公司收益 (附註6)	124,199

An analysis of the cash flows in respect of the disposal of a subsidiary is as follows:

關於出售一間附屬公司的相關現金流量分析如下：

		2016 二零一六年 HK\$'000 千港元
Cash consideration received	已收現金代價	280,800
Less: Cash and cash equivalents included in the disposal of a subsidiary	減：出售一間附屬公司已計入的現金及現金等值項目	(48,020)
Net inflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動現金流量的現金及現金等值項目流入淨額	232,780



(15) Share capital

(15)股本

		Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.01 each at 30 June 2016, 31 December 2016 and 30 June 2017	於二零一六年六月三十日、 二零一六年十二月三十一日及 二零一七年六月三十日每股 面值0.01 港元之普通股	125,000,000	1,250,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.01 each at 30 June 2016, 31 December 2016 and 30 June 2017	於二零一六年六月三十日、 二零一六年十二月三十一日及 二零一七年六月三十日每股 面值0.01 港元之普通股	5,825,684	58,257

(16) Approval of the interim financial statements

(16) 中期財務報表之批准

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 28 August 2017.

簡明綜合中期財務報表已於二零一七年八月二十八日獲董事局批准及授權刊發。



Report of the Board

董事局報告

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

From the beginning of the year, as the Chinese Government has continued to deepen the supply-side structural reform and the energy structural adjustment, the economy of China has stabilized and continued to improve. The social demand for energy has been seen with a continuous recovery. Benefiting from the powerful driving of the Chinese Government's policies of "reducing carbon emission and smog" and "coal-to-gas" conversion, and thanks to the gradual rationalizing of the natural gas price and supporting policies on the utilization of natural gas introduced by local governments, the growth rate of natural gas consumption across the whole society of China has reached 15% for the first half of 2017. In face of favorable opportunities, the Group adjusted its development strategy in a timely manner, devoted itself to the development of high-quality city gas projects, gave full play of its advantages on strong sale network as well as sufficient gas sources and deeply developed the existing and potential markets to actively obtain new projects and explore new profit growth points. By virtue of its improved business control and management competencies, the Group achieved effective market expansion and a substantial growth in the sales and transmission volume of natural gas. For the first half of 2017, the Group recorded a growth rate of 15% in the sales volume of natural gas and 125% in transmission volume.

Benefiting from the Group's considerable growth in sales and transmission volume of natural gas, the Group recorded a total revenue of HK\$3,657 million for the first half of 2017, representing a remarkable increase of 11% as compared to HK\$3,298 million for the corresponding period of last year. Thanks to the continuous enhancement in the operation and management, the effective sales strategy and cost control measures, the Group recorded a profit for the Period of HK\$342 million (2016: HK\$288 million) with an increase of 19% after deduction of other gains; the net profit attributable to the owners of the Company was HK\$164 million (2016: HK\$136 million), representing a substantial growth of 21%.

管理層討論及分析

業務回顧

年初以來，隨著中國政府繼續深化供給側結構性改革和能源結構調整，中國經濟穩中向好，全社會對能源的需求度持續回升。受益於中國政府「減碳降霾」、「以氣代煤」等政策的有力推動，天然氣價格的逐步理順和各地方政府不斷出台的天然氣利用扶持政策，二零一七年首六個月，中國全社會天然氣消費量增速達到百分之十五。面對良好機遇，集團及時調整發展策略，立足高質量的城市燃氣項目，充分發揮自身強大的銷售網絡及充足的氣源優勢，深耕現有和潛在市場，積極獲取新項目和挖掘新的利潤增長點，憑藉精進的管理水平和業務管控能力，實現市場有效拓展及銷、輸氣量的大幅增長。二零一七年首六個月，集團錄得天然氣銷售量百分之十五，輸氣量百分之一百二十五的增長。

得益於集團實現可觀的銷、輸氣量增長，集團錄得二零一七年首六個月總營業額36.57億港元，較之去年同期的32.98億港元顯著增長11%；得益於集團在經營管理上的持續提升，採取有效的銷售戰略和成本控制措施，錄得去除其他收益後期內溢利為3.42億港元（二零一六年：2.88億港元），增加19%；公司擁有人應佔溢利1.64億港元（二零一六年：1.36億港元）顯著增長21%。



CITY PIPELINE NATURAL GAS BUSINESS

Sales and distributions of natural gas

For the first six months of 2017, the Group recorded the sales and distributions of natural gas income of HK\$3,173 million, representing a year-on-year growth of 13% and accounting for 87% of the total revenue. During the Period, the Group's total gas sales volume reached 1,602 million cubic meters (2016: 1,392 million cubic meters), representing an increase of 15% as compared with the same period last year; pipeline gas transmission volume reached 348 million cubic meters (2016: 155 million cubic meters), representing an increase of 125% as compared with the same period last year; and the gas transportation volume was 10 million cubic meters (2016: 8.0 million cubic meters), representing an increase of 25% as compared with the same period last year.

The significant increase in gas sales volume was mainly attributable to that gas sales volume of industrial and commercial users recorded 991 million cubic meters, representing a substantial growth of 31% as compared with 757 million cubic meters for the same period last year. In addition, the Group recorded gas sales volume of residential users amounted to 453 million cubic meters, which was flat with the same period last year; gas sales volume of gas stations was 158 million cubic meters, representing a decrease of 14% as compared with 183 million cubic meters of the same period last year.

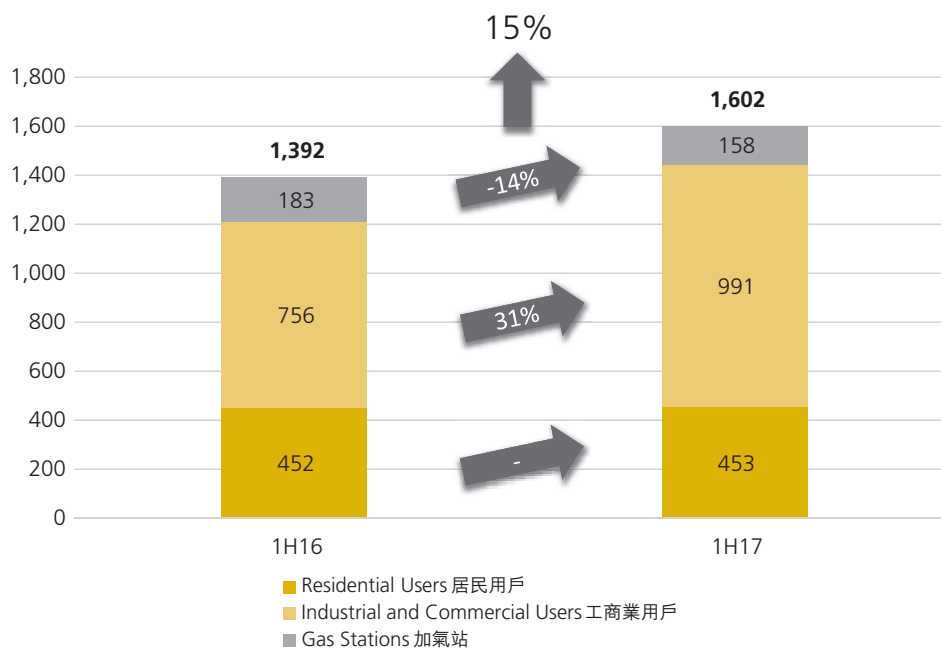
城市管道天然氣業務

銷售及輸送天然氣

二零一七年首六個月，集團錄得銷售及輸送天然氣之收入31.73億港元，同比增長13%，佔總收入87%。期內，集團實現天然氣銷售量16.02億立方米（二零一六：13.92億立方米），較去年同期增長15%；管輸氣量3.48億立方米（二零一六年：1.55億立方米），較去年同期增長125%；及運輸氣量0.10億立方米（二零一六年：0.08億立方米）；較去年同期增長25%。

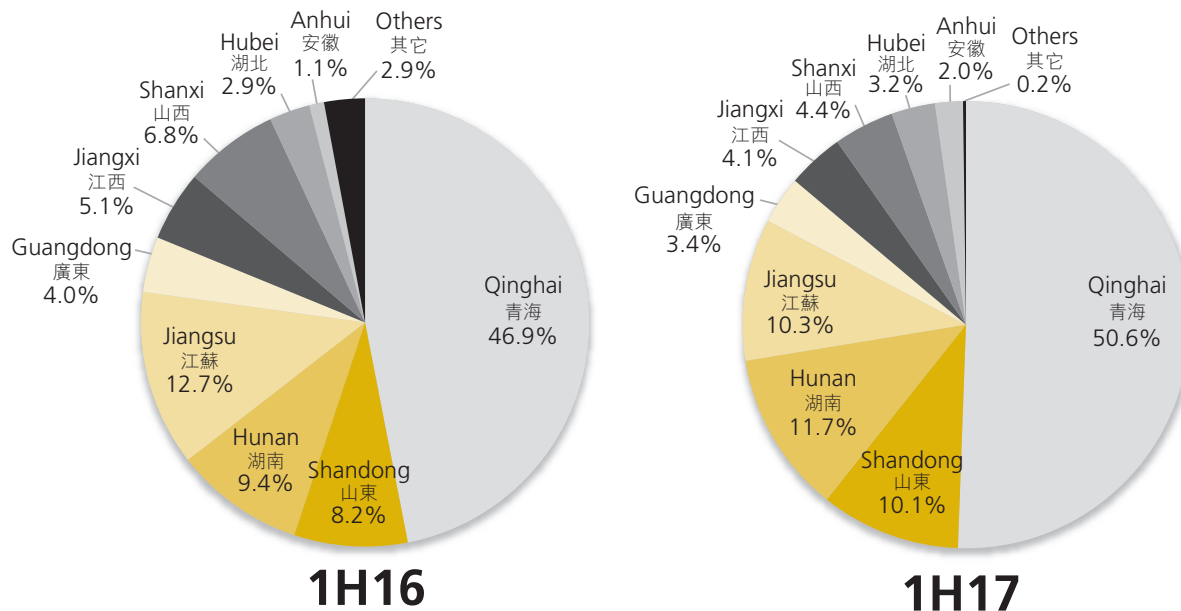
銷氣量大幅增長的主要因為工商業用戶銷氣量錄得9.91億立方米，較去年同期的7.57億立方米顯著增長31%。此外，集團亦錄得居民用戶銷氣量4.53億立方米，與去年同期持平；加氣站用量1.58億立方米，較去年同期的1.83億立方米下降14%。

Natural Gas Sales Volume (million m³)
天然氣銷售量(百萬立方米)





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



Development of new users

For the first six months of 2017, the Group connected 58,332 new residential users, and the accumulated connections of residential users were 1,166,729. The industrial and commercial users have huge demand for natural gas, and as a result, in development of new users, it is the priority task of the Group to actively develop industrial and commercial users. For the first six months of 2017, the Group connected 481 new industrial and commercial users, and the accumulated connections of industrial and commercial users were 9,750. Benefiting from vigorous promotion of the Chinese Government's new urbanization, environmental protection and coal-to-gas policies, with flexible pricing strategy and its own tremendous cover of sales network and distribution capacity, it is expected that the number of new users of the Group will continue to increase steadily. With the increasing number of users, the Group will continue to trigger more channels for the sales of natural gas and provide services to more natural gas end-users, which will lay a solid foundation for the sales of natural gas by the Group in the future.

新用戶開發

二零一七年首六個月，集團新增戶居民用戶 58,332 戶，累計接駁的居民用戶達到 1,166,729 戶。工商業用戶用氣需求龐大，因此大力開發工商業用戶是集團用戶開發工作的首要任務，於二零一七年首六個月，集團新增接駁工商業用戶 481 戶，累計接駁的工商業用戶達到 9,750 戶。得益於中國政府新型城鎮化、環保、煤改氣政策的有力推動，憑藉靈活的價格策略和自身龐大的銷售網絡覆蓋及輸送能力，預計集團日後新用戶開發數量仍會保持平穩增長。隨著用戶數量的增加，集團將打開更多天然氣銷售渠道，為更多天然氣的終端客戶提供服務，為集團未來的天然氣銷售奠定了堅實基礎。



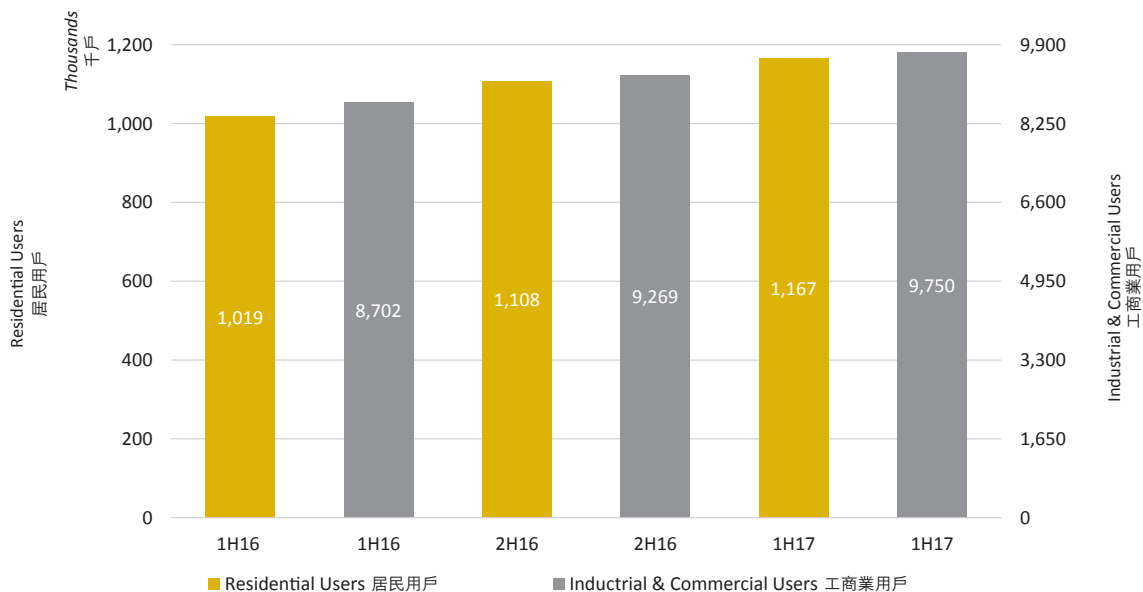
New projects expansion

The Group mastered the development opportunities in the popularization of clean energy and gave full play to the advantages of sufficient gas sources, wide coverage of the pipeline network, flexible logistics and transportation services as well as good partnerships with local governments, state-owned and private capitals. While promoting organic growth from existing projects, the Group also conducted thorough inspections on the areas surrounding the natural gas pipelines and the coastal areas, together with the areas along the Yangtze River which have good economic basis and huge demand of natural gas. Since the beginning of this year, the Group has successfully obtained the city gas concession rights in four new cities, including Fanshui Town, Jiangsu Province, Southeast area of Dafeng District, Yancheng City, Jiangsu Province, Zhengyang Town and Pai Hu Scenic, Xiantao City, Hubei Province. Until now, the Group has established a total of 106 project companies in 15 provinces and autonomous regions with 74 concession rights in the PRC. The total length of the natural gas high-pressure long-distance pipelines constructed by the Group has reached 1,055 km, which effectively promoted the development of projects in downstream. The total length of the city pipeline network reached 7,605 km, covering a total population of 12 million. The Group will make use of its advantages in the wide coverage of its pipeline network and put extra effort harder to obtain more projects with concession rights in more industrial cities, economic development zones and industrial parks. It will further explore the domestic gas market and expand the market share through such programs to improve the market position of the Group in China.

新項目拓展

集團把握清潔能源普及化的發展機遇，充分發揮自身氣源充足，管網覆蓋面積廣闊，靈活的物流運輸服務及與各地方政府、國營和民營資本的良好合作關係等優勢，在促進現有項目的內延式發展的同時，著力對天然氣骨幹管網周邊地區，以及經濟基礎好、天然氣需求大的沿海、沿江市場進行了深入的調研和開發。本年初以來，集團成功獲取江蘇省泛水鎮、江蘇省鹽城大豐區東南片域、湖北省仙桃鄭場鎮和排湖風景區等四個新城市燃氣特許經營權。截至目前，集團已於中國15個省及自治區成立項目公司106家，擁有74項燃氣特許經營權，累計投資建設天然氣高壓長輸管道1,055公里，有效的帶動了下游項目的開發；城市管網累計總長度達到7,605公里，區域覆蓋人口達到1,200萬人。集團將利用其龐大的管網覆蓋優勢，再接再厲，繼續獲取更多的工業化城市、經濟開發區和工業園區的特許經營權項目，通過該等項目進一步開拓國內燃氣市場，擴大市場佔有率，提升集團在國內之市場位置。

The Cumulative Number of Connected Users
累計已接駁用戶



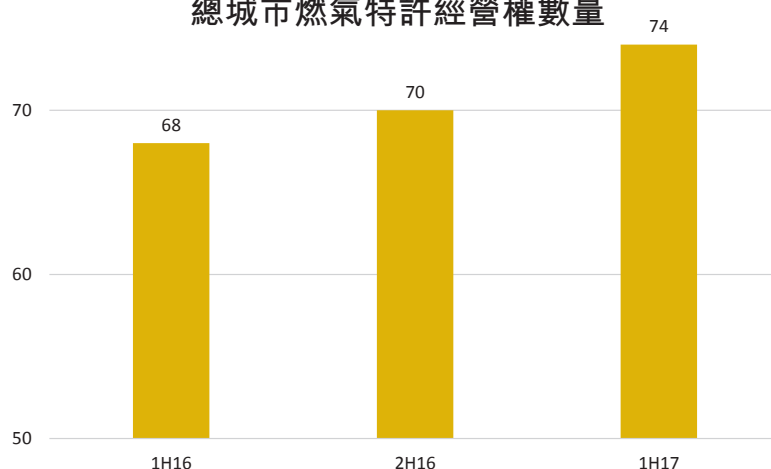


Report of the Board

董事局報告

The Total Number of Concession Rights

總城市燃氣特許經營權數量



EXPLOITATION AND PRODUCTION OF CRUDE OIL AND NATURAL GAS

開採及生產原油及天然氣業務

Since the beginning of this year, the Group continued the business of exploitation and production of light oil and natural gas in Canada. According to the reserve report prepared by GLJ Petroleum Consultants for the year ended 31 December 2016, the Group has the proved reserves of 22.9 million barrels of oil equivalent, and the proved plus probable reserves of 33.1 million barrels of oil equivalent.

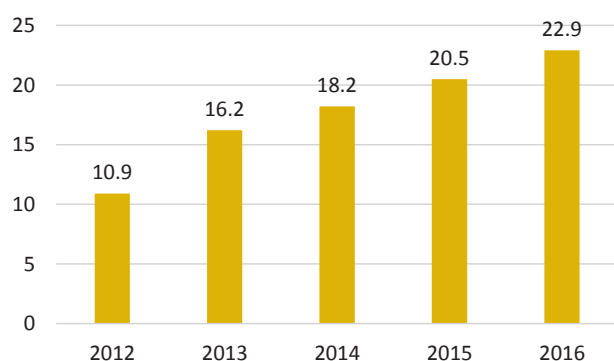
本年初以來，集團在加拿大繼續進行輕質原油和天然氣的開採及生產業務。根據由GLJ Petroleum Consultants準備的截至二零一六年十二月三十一日止之年度儲量報告，集團已證實儲量約為2,290萬桶油當量，及已證實加概算儲量約為3,310萬桶油當量。

For the first six months of 2017, the upstream oil and gas exploitation business of the Group achieved an average daily production of 4,695 barrels of oil equivalent (2016: 5,218 barrels of oil equivalent). Benefiting from the Group's continuous emphasis on technology enhancement with effective operating cost control measures, the average cost of oil exploitation was successfully controlled within CAD10 per barrel of oil equivalent. In the first six months of 2017, the Group achieved the average operating netback of CAD23.39 per barrel of oil equivalent, representing a significant increase of 43% as compared with CAD16.37 per barrel of oil equivalent for the corresponding period last year.

於二零一七年首六個月，集團上游油氣開採業務實現平均產量為4,695桶油當量/天(二零一六年：5,218桶油當量/天)。得益於集團持續關注技術提升，採取有效的運營成本控制措施，將採油成本成功控制在10加元/桶油當量，於二零一七年首六個月，集團實現平均運營淨回值23.39加元/桶油當量，較去年同期的16.37加元/桶油當量大幅增長43%。

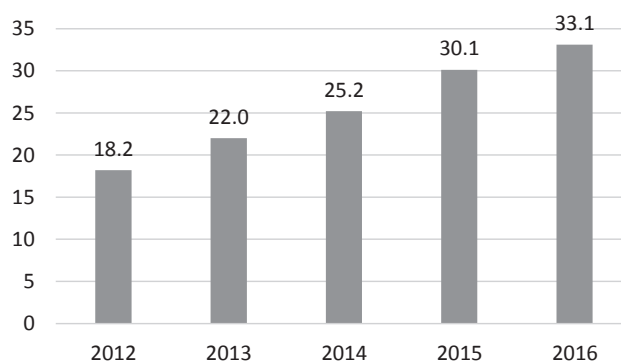
Proved Reserve (mmboe)

探明儲量 (百萬桶油當量)



Proved Plus Probable Reserve (mmboe)

探明加控制儲量 (百萬桶油當量)





BUSINESS PROSPECT

The Chinese Government gives unprecedented policy supports to the development of the natural gas industry. In July 2017, the National Development and Reform Commission of the PRC officially issued the “Opinions on Speeding up in Promoting the Utilization of Natural Gas” (《關於加快推進天然氣利用的意見》), proposing clearly to fully speed up in advancing the large-scale utilization of natural gas in urban gas, industrial fuels, gas power generation and transport fuels and requiring for local governments to clear the responsibilities of target, formulate and improve supporting measures on promoting the utilization of natural gas. The Group will grasp the development opportunities and actively conduct market inspections and adopt flexible pricing strategies to assist local governments of the operation areas in formulating implementation plans and obtain policy supports on the rectification of coal-fired boilers within a certain period, replacement of coal with gas and heating by clean energy. It is expected that more detailed policies guaranteeing the utilization and development of natural gas will be introduced in the future, which will greatly benefit various businesses of the Group in the distribution of natural gas in China. The Group will actively cooperate with local governments in the implementation of relevant policies.

The natural gas price will gradually rationalize. In June 2017, the National Development and Reform Commission officially issued the “Guidelines on Strengthening Natural Gas Distribution Pricing Regulations” (《關於加強天然氣配氣價格監管的指導意見》), which clearly explicated the Central Government’s reform target for the pricing mechanism of “controlling the middle and loosening the two ends”. This move makes the pricing mechanism of pipeline transmission more open and more transparent, which has effectively controlled the supply-sided price of natural gas and is expected to lower the cost of gas for end-users, thus stimulating demand in the terminal market and bringing new business opportunities to the existing core business of the Group. The Group will continue to make strategic plans based on the industrial and market-based reform, develop existing market in an orderly manner, actively expand incremental market and further improve the distribution and sales volume of natural gas through the opportunities arising from the competitive advantage of natural gas price.

The sustainable development of the natural gas industry will enjoy a bright future. According to the development target of “Developing the natural gas into the main energy of China’s modern clean energy system, increasing the proportion of natural gas consumption in the total consumption of major energy sources to 10% by 2020, and striving to increase such proportion to 15% by 2030” proposed by 13 central departments including the National Development and Reform Commission, the sustainable development of the natural gas industry in China enjoys a bright future and it is a trend to focus on the development of the natural gas business. Based on the trend in the development of the industry, and the objectives, strategies and principles of its “13th Five-year Plan”, the Group will lead the all-round, healthy and sustainable development of its businesses.

業務展望

中國政府對天然氣行業的發展給予了前所未有的政策支持。二零一七年七月，中國國家發改委正式印發《關於加快推進天然氣利用的意見》，明確了全面加快推進天然氣在城鎮燃氣、工業燃料、燃氣發電、交通燃料四大領域的大規模利用的要求，並要求各地方政府明確責任目標，制定、完善推動天然氣利用的配套措施。集團抓住發展契機，積極開展市場調研及採用靈活的價格策略，協助運營區域內的地方政府制定實施計劃，並取得令燃煤鍋爐限期整改、以氣代煤、清潔取暖等政策支持文件。預期未來將有更多保障天然氣利用及發展的實施細則出台，對集團於中國天然氣分銷領域的各項業務是重大政策利好，集團將積極配合各地方政府加大力度落實相關政策。

天然氣價格逐步理順。二零一七年六月，中國國家發改委正式印發《關於加強天然氣配氣價格監管的指導意見》，再度明確了中央「管住中間、放開兩頭」的價格機制改革目標，此舉使管輸費定價機制更加公開透明，有效控制了天然氣供給側價格，使天然氣需求側成本有望降低，從而有效刺激終端市場需求的提升，亦為集團現有核心業務帶來新商機。集團將繼續根據行業及市場化改革作出戰略部署，借助天然氣價格競爭優勢帶來的機遇，有序開發存量市場，積極拓展增量市場，進一步提升天然氣分銷及銷售量。

天然氣行業可持續發展前景可觀。根據中央發改委等十三個中央部門提出的「將天然氣培育成中國現代清潔能源體系的主體能源，到二零二零年，天然氣在主要能源消費中的比例達到10%，及到二零三零年，力爭將天然氣在主要能源消費中的比例提高到15%」的發展目標，中國天然氣行業的可持續發展前景十分可觀，集中力量發展天然氣事業是大勢所趨。集團將緊跟行業發展趨勢，根據集團「十三五」發展規劃之目標、戰略、宗旨，引領集團業務全面、健康、可持續發展。



Report of the Board 董事局報告

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

The Group will continue to strengthen human resources management and corporate cultural construction. The Group is committed to building a competitive and sustainable management talent team and technical talent pool, values management team construction and quality enhancement, and pays attention to the growth and career development of employees. Guided by the vision and mission of the Group and spiritually supported by the core values of "Integrity and Group interest as priority", the Group designs and implements a human resources management scheme in line with its own business development strategy, carries out strategic talent recruitment and training programs, performance-oriented remuneration policy as well as a reward and punishment mechanism to coordinate with the Group's business development strategies in an all-round way. These measures will offer endless development space and growth opportunities to employees, enhance employee engagement and professional attitude that meets the Group's standards to enable employees to develop jointly with the Group, and thus convert the human resources and corporate culture into the development and competition advantages of the Group.

Looking into the future, the Group is of one mind and will continue to do its best to enhance its operational and managerial standards and strengthen the market development and sales, and strike for optimizing its business layout and asset structure. At the same time, the Group will continue to actively strengthen and optimize energy industrial chains which will improve the brand value of the Group. By carrying forward the spirits of "Passionate, Ambitious, Practical and Diligent", the Group will work together to expand, innovate and create sustainable returns for the users, the society, the shareholders and other stakeholders.

油氣開採業務方面，集團將繼續憑藉優質的輕質油資產，高效率的成本管理及高於同行業的技術等優勢，繼續維持合理的開發計劃，並戰略性的增加高價值的輕質油氣儲備和權益，以夯實集團油氣業務長期發展基礎。展望未來，集團將按照油氣業務的戰略部署，擴大增值空間、挖掘內部潛力、提高資本效率、強化成本管控，保持儲量及產量按計劃增長，向中型上游油氣企業的目標邁出新的一步。

集團將繼續加強人力資源管理及企業文化建設。集團致力於打造有競爭力及可持續的管理人才梯隊及技術人才庫，重視管理團隊建設和素質提升，關注員工成長和職業發展。集團以企業的共同願景和使命為引導，以「誠信正直、大我為先」的核心價值觀為精神支柱，制定並實施與自身業務發展戰略相匹配的人力資源管理方案，實施戰略性的人才招聘和培養計劃及以績效為導向薪酬政策和獎懲機制，全方位配合集團的業務發展戰略。這些措施將為員工提供無盡的發展空間和成長機會，提高員工主動性和符合集團標準的專業態度，使員工得以與集團共同發展，從而切實將人力資源及企業文化轉化為集團的發展優勢和競爭優勢。

面對未來，集團上下將團結一心，奮力拼搏，繼續竭盡所能提高經營管理水平，強化市場開發和銷售，繼續優化業務佈局與資產結構，做強做優能源產業鏈，提升集團品牌價值，發揚「激情、夢想、務實、勤勉」的企業精神，齊心協力，開拓創新，努力為用戶、社會、股東及其他利益相關者創造可持續的回報。



FINANCIAL REVIEW

For the six months ended 30 June 2017, the Group recorded the revenue of HK\$3,657 million, representing an 11% growth from HK\$3,298 million for the six months ended 30 June 2016.

The total revenue combining by three segments, namely (1) sales and distribution of natural gas and other related products, (2) gas pipeline construction and connection and (3) exploitation and production of crude oil and natural gas, amounted to HK\$3,173 million, HK\$316 million and HK\$168 million respectively (2016: HK\$2,796 million, HK\$355 million and HK\$147 million respectively).

The Group's overall gross profit amounted to HK\$633 million (2016: HK\$590 million), its gross profit margin was 17.3% and was flat as compared with the last corresponding period's 17.9%. Profit for the Period was HK\$349 million. Profit for the Period attributable to the owners of the Company was HK\$170 million. Due to the effective sales strategies and cost control measures adopted and implemented by the Group, there was a substantial growth of the sales volume of natural gas during the Period, and the Group recorded the profit attributable to the owners of the Company of HK\$164 million (2016: HK\$136 million), represented a substantial growth of 21%, after deducting the effects of other gains.

Throughout all these years, the Group placed great emphasis on the effectiveness and appropriateness of sales strategies and successfully controlled all of its expenses. Administrative expenses were HK\$144 million (2016: HK\$140 million), the proportion of administrative expenses to revenue was further decreased; and selling and distribution costs was decreased by 9% to HK\$21 million (2016: HK\$23 million).

Finance costs (net of capitalization) increased slightly from the last corresponding period's HK\$88 million to HK\$104 million. The Group's weighted average cost of all indebtedness (including bank borrowings, other borrowings and senior notes) as at 30 June 2017 was 5.24% (2016: 5.67%).

財務回顧

於截至二零一七年六月三十日止六個月，集團錄得營業額36.57億港元，由截至二零一六年六月三十日止六個月的32.98億港元錄得上升11%。

總營業額分為三個分部，(1)銷售及輸送天然氣及其他相關產品、(2)燃氣管道建造及接駁及(3)開採及生產原油及天然氣，分別為31.73億港元、3.16億港元及1.68億港元(二零一六年：27.96億港元、3.55億港元及1.47億港元)。

集團整體毛利為6.33億港元(二零一六年：5.90億港元)。毛利率為17.3%，與去年同期的17.9%相比基本持平。期內溢利約為3.49億港元。公司擁有人應佔期內溢利為1.70億港元。得益於集團採取並實施有效的銷售策略及成本控制措施，期內天然氣銷售量大幅增長，集團錄得除去其他收益之影響後，公司擁有人應佔期內溢利為1.64億港元(二零一六年：1.36億港元)，顯著增長21%。

歷年以來，集團着重關注銷售戰略的有效性及適當性且成功控制其所有開支。行政開支為1.44億港元(二零一六年：1.40億港元)，行政開支佔營業額比例進一步下降；銷售及分銷費用下降9%至0.21億港元(二零一六年：0.23億港元)。

財務費用(扣除資本化)由去年同期的0.88億港元略增至1.04億港元。集團於二零一七年六月三十日之所有債務(包括銀行借貸、其他借貸及優先票據)的加權平均成本為5.24%(二零一六年：5.67%)。



Report of the Board

董事局報告

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

It is the Group's policy to use the cash flow generated from operations and appropriate level of borrowings as the principal source of fund to finance major expansion and acquisition. As compared with the first half of 2016, the Group continued to maintain the free cash flow position in the first half of 2017. As at 30 June 2017, the Group's total indebtedness (including bank borrowings, other borrowings and senior notes) amounted to HK\$5,506 million (31 December 2016: HK\$5,367 million).

As at 30 June 2017, the Group had cash and cash equivalents of HK\$1,771 million (31 December 2016: HK\$1,833 million). Total assets were HK\$14,154 million (31 December 2016: HK\$13,604 million), in which current assets were HK\$3,617 million (31 December 2016: HK\$3,620 million). Total liabilities of the Group were HK\$8,431 million (31 December 2016: HK\$8,353 million), in which current liabilities were HK\$2,980 million (31 December 2016: HK\$2,997 million). The Group's debt-to-assets ratio, measured on the basis of total indebtedness divided by total assets was 39% (31 December 2016: 39%). The current ratio (current assets divided by current liabilities) of the Group was 1.21 times (31 December 2016: 1.21 times). The Group's financial and liquidity remain stable, and well prepared for the development in the next half of 2017.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group employed a total of 3,512 (31 December 2016: 3,515) full-time employees, most of them were stationed in the PRC. Total staff cost for the Period amounted to HK\$148 million (2016: HK\$141 million). The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consisted of basic salary, cash bonus and share-based incentives.

PLEDGE OF ASSETS

As at 30 June 2017, no assets of the Group has been pledged.

CONTINGENT LIABILITIES

The Group has no material contingent liability as at 30 June 2017.

流動資金、財務及資本資源

集團的政策為使用經營業務所得現金流量及適當水平的借貸，作為主要資金來源，以撥付資金用於重大擴展及收購。與二零一六年上半年相比，集團於二零一七年上半年繼續保持自由現金流量狀況。於二零一七年六月三十日，集團的債務總額（包括銀行借貸、其他借貸及優先票據）為55.06億港元（二零一六年十二月三十一日：53.67億港元）。

於二零一七年六月三十日，集團的現金及現金等值項目為17.71億港元（二零一六年十二月三十一日：18.33億港元）。總資產為141.54億港元（二零一六年十二月三十一日：136.04億港元），其中流動資產為36.17億港元（二零一六年十二月三十一日：36.20億港元）。集團之總負債為84.31億港元（二零一六年十二月三十一日：83.53億港元），其中流動負債為29.80億港元（二零一六年十二月三十一日：29.97億港元）。集團的債務對資產比率（總債務除以總資產）為39%（二零一六年十二月三十一日：39%）。集團流動比率（流動資產除以流動負債）為1.21倍（二零一六年十二月三十一日：1.21倍）。集團的財務及流動資金保持平穩，為集團二零一七年下半年的發展作好充分準備。

僱員及酬金政策

於二零一七年六月三十日，集團共有3,512名（二零一六年十二月三十一日：3,515名）全職僱員，其中大部分僱員駐於中國。期內員工總成本為1.48億港元（二零一六年：1.41億港元）。集團根據員工的工作表現、工作經驗及現行市場薪酬水平釐定其酬金。員工之總酬金包括基本薪金、現金花紅及股份獎勵。

資產抵押

於二零一七年六月三十日，集團並無任何資產抵押。

或然負債

集團於二零一七年六月三十日並無任何重大或然負債。



FINANCIAL MANAGEMENT AND TREASURY POLICY

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

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

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

LITIGATION

As at 30 June 2017, the Group has no litigation.

CAPITAL STRUCTURE

As at 30 June 2017, the issued share capital of the Company was HK\$58,256,838 divided into 5,825,683,834 Shares with a nominal value of HK\$0.01 each.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2017 (30 June 2016: Nil).

財務管理及庫務政策

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

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

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

訴訟

於二零一七年六月三十日，集團並無牽涉任何訴訟。

資本架構

於二零一七年六月三十日，公司已發行股本為58,256,838港元，分為每股面值0.01港元的5,825,683,834股股份。

中期股息

董事局決議不宣派截至二零一七年六月三十日止六個月之任何中期股息（二零一六年六月三十日：無）。



Report of the Board

董事局報告

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

At 30 June 2017, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to notify to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), are set out below:

Interests in shares, underlying shares and debentures of the Company

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

Notes:

- 353,120,130 ordinary shares and 1,074,434,000 ordinary shares of the Company ("Shares") are held through Sino Advance Holdings Limited ("Sino Advance") and Sino Vantage Management Limited ("Sino Vantage") respectively, both of which were incorporated in the British Virgin Islands with limited liability and are wholly-owned by Sino Best International Group Limited ("Sino Best") (a company incorporated in the British Virgin Islands with limited liability) which in turn is wholly and beneficially owned by Mr. Xu Tie-liang ("Mr. Xu"). Therefore, Mr. Xu is deemed to be interested in the 1,427,554,130 Shares pursuant to the SFO.

董事及主要行政人員於股份、相關股份及債券之權益

於二零一七年六月三十日，董事及公司之主要行政人員於公司或任何相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及第8分部而須知會公司及聯交所之權益或淡倉（包括根據證券及期貨條例之有關條文而被當作或視作擁有之權益或淡倉）；或根據證券及期貨條例第352條須記錄於該條例所述之登記冊之權益或淡倉；或根據上市發行人董事進行證券交易的標準守則（「標準守則」）而須知會公司及聯交所之權益或淡倉載列如下：

於公司股份、相關股份及債券之權益

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

附註：

- 353,120,130股及1,074,434,000股公司普通股（「股份」）乃分別透過Sino Advance Holdings Limited（「Sino Advance」）及Sino Vantage Management Limited（「Sino Vantage」）持有，Sino Advance及Sino Vantage均為在英屬維爾京群島註冊成立之有限公司，由中泰國際集團有限公司（「中泰國際」）全資擁有，而中泰國際為一間在英屬維爾京群島註冊成立之有限公司，由許鈺良先生（「許先生」）全資及實益擁有。因此，根據證券及期貨條例，許先生被視為於1,427,554,130股股份中擁有權益。



2. These 2,750,000 Shares include (1) 2,350,000 Shares held by Mr. Zhu Yuan; and (2) 400,000 restricted shares granted to Mr. Zhu Yuan pursuant to the Restricted Share Award Scheme adopted by the Board on 4 November 2011.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company which were recorded on the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2017.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2017, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and chief executives, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Interest in the shares and underlying shares of the Company

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

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

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2017.

2. 該等2,750,000股股份包括(1)朱遠先生持有的公司2,350,000股股份；及(2)根據董事局於二零一一年十一月四日採納的限制性股份獎勵計劃授予朱遠先生的400,000股限制性股份。

除上文所披露者外，於二零一七年六月三十日，董事或公司之主要行政人員概無於公司股份、相關股份或債券中擁有記錄於根據證券及期貨條例第352條規定須予存置之登記冊，或根據標準守則知會公司及聯交所之任何權益或淡倉。

主要股東

於二零一七年六月三十日，根據證券及期貨條例第336條由公司存置之主要股東登記名冊顯示，除上文所披露若干董事及主要行政人員之權益外，以下股東已通知公司其於公司已發行股本中之相關權益：

於公司股份及相關股份之權益

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

附註：Sino Advance及Sino Vantage由中泰國際全資擁有，而中泰國際由許鈺良先生全資及實益擁有。因此，許先生被視為於Sino Advance及Sino Vantage分別持有之353,120,130股及1,074,434,000股股份中擁有權益。

除上文所披露者外，於二零一七年六月三十日，概無其他人士於根據證券及期貨條例第336條規定須存置之公司登記冊中記錄為於公司之股份或相關股份中擁有權益或淡倉。



Report of the Board

董事局報告

SHARE OPTION SCHEME

The Company adopted a new share option scheme (the “New Share Option Scheme”) at the special general meeting of the Company held on 23 November 2011. Pursuant to the New Share Option Scheme, the Board may at its discretion offer options to any eligible participant including, but not limited to any person being an employee, executive directors or non-executive directors of the Group or any invested entity (including independent non-executive directors of the Group or any invested entity) and any suppliers, consultants or advisers who will provide or have provided services to the Group or any invested entity.

Details of movements in the share options granted under the New Share Option Scheme are as follows:

Name or category of participants 參與者姓名或類別	Exercise price 行使價 (HK\$) (港元)	Date of grant 授出日期	Exercisable period 行使期	Granted during the Period 期內授出	Exercised during the Period 期內行使	Lapsed during the Period 期內失效	Outstanding as at 30 June 2017 於二零一七年六月三十日 尚未行使
Employees 僱員	0.46	22/01/2016	22/01/2018 to 21/01/2026	—	—	—	100,000,000
Total 總計				—	—	—	100,000,000

Note:

These share options are exercisable in the following manner:

- (i) 30% of the share options shall become exercisable on 22 January 2018;
- (ii) 30% of the share options shall become exercisable on 22 January 2019; and
- (iii) 40% of the share options shall become exercisable on 22 January 2020.

These share options were granted on 22 January 2016, the closing price of the shares on 21 January 2016, being the date immediately before the date of grant, was HK\$0.43.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2017, other than those purchased by its trustee for the Restricted Share Award Scheme adopted by the Board on 4 November 2011.

購股權計劃

公司於二零一一年十一月二十三日舉行的股東特別大會上採納新購股權計劃(「新購股權計劃」)。根據新購股權計劃，董事局可酌情提呈購股權予任何合資格參與者，包括但不限於集團或任何投資實體之僱員、執行董事或非執行董事(包括集團或任何投資實體之獨立非執行董事)，以及任何將會或曾經為集團或任何投資實體提供服務之供應商、諮詢人或顧問。

根據新購股權計劃授出之購股權變動詳情載列如下：

Name or category of participants 參與者姓名或類別	Exercise price 行使價 (HK\$) (港元)	Date of grant 授出日期	Exercisable period 行使期	Granted during the Period 期內授出	Exercised during the Period 期內行使	Lapsed during the Period 期內失效	Outstanding as at 30 June 2017 於二零一七年六月三十日 尚未行使
Employees 僱員	0.46	22/01/2016	22/01/2018 to 21/01/2026	—	—	—	100,000,000
Total 總計				—	—	—	100,000,000

附註：

該等購股權可按下列方式行使：

- (i) 30% 之購股權將於二零一八年一月二十二日可行使；
- (ii) 30% 之購股權將於二零一九年一月二十二日可行使；及
- (iii) 40% 之購股權將於二零二零年一月二十二日可行使。

該等購股權於二零一六年一月二十二日授出，股份於二零一六年一月二十一日(即緊接授出日期前之日)之收市價為0.43港元。

購買、贖回或出售公司之上市證券

公司及其任何附屬公司於截至二零一七年六月三十日止六個月概無購買、贖回或出售任何公司上市證券，惟董事局於二零一一年十一月四日採納之限制性股份獎勵計劃之受託人所購買者除外。



MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code throughout the Period.

CORPORATE GOVERNANCE PRACTICES

The Company has all along committed to fulfilling its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group’s businesses are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the six months ended 30 June 2017. The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the six months ended 30 June 2017, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviations as explained below.

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

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

董事進行證券交易之標準守則

公司已採納聯交所證券上市規則(「上市規則」)附錄十所載之上市發行人董事進行證券交易的標準守則作為其董事進行證券交易之操守守則。經向所有董事作出特定查詢後，公司確認於期內全體董事已遵守標準守則所規定之必守標準。

企業管治常規

截至二零一七年六月三十日止六個月，公司已透過確保妥善運作及檢討集團業務之適當監督及管理程序以及建立良好之企業管治常規及程序，一直致力於向其股東履行其責任。公司已採納上市規則附錄十四企業管治守則(「企業管治守則」)所載之守則條文作為公司本身之企業管治守則。

於截至二零一七年六月三十日止六個月，公司已遵照企業管治守則所載之相關守則條文，惟下文所述之偏離情況除外。

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

企業管治守則守則條文第A.4.1條規定非執行董事應有特定任期及須膺選連任。獨立非執行董事均無特定任期，惟彼等須按照公司細則(「細則」)至少每三年輪值告退一次。



Report of the Board 董事局報告

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

Save as the aforesaid and in the opinion of the Directors, the Company has met all relevant code provisions as set out in the CG Code during the six months ended 30 June 2017.

AUDIT COMMITTEE

The Company established the Audit Committee in 1998 with written terms of reference in compliance with the CG Code, which is currently made available on the Stock Exchange's website and the Company's website.

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

The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Yunlong (as chairman), Mr. Wang Guangtian and Mr. Yang Jie. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2017.

By Order of the Board
China Oil And Gas Group Limited
Xu Tie-liang
Chairman

Hong Kong, 28 August 2017

企業管治守則守則條文第D.1.4條規定公司應具備委任董事之正式函件，當中載明彼等委任之主要條款及條件。公司並無委任董事之正式函件（除許鉄良先生外）。然而，董事將根據細則輪值退任。此外，董事須於履行其作為董事之職務及責任時參考由公司註冊處刊發之「董事責任指引」及由香港董事學會刊發之「董事指引」及「獨立非執行董事指南」（如適用）所載指引。此外，董事須遵守成文法及普通法、上市規則、法律及其他監管規定以及公司業務及管治政策。

除上述者外，董事認為公司於截至二零一七年六月三十日止六個月內已符合企業管治守則所載之所有相關守則條文。

審核委員會

公司於一九九八年成立審核委員會，並遵照企業管治守則訂明書面職權範圍，書面職權範圍現已上傳至聯交所網站及公司網站。

審核委員會主要負責就外聘核數師的委任、重新委任及罷免向董事局提供建議，並批准外聘核數師的薪酬及聘用條款，及處理任何有關該核數師辭職或辭退該核數師的問題；審閱集團中期及年度報告及賬目；以及監管公司財務申報制度，包括公司在財務匯報職能方面的資源、員工資歷及經驗是否足夠及員工所接受的培訓課程及有關預算是否充足，以及檢討風險管理內部監控系統。

審核委員會由三名獨立非執行董事李雲龍先生（主席）、王廣田先生及楊傑先生組成。審核委員會已審閱集團截至二零一七年六月三十日止六個月之未經審核中期財務報表。

承董事局命
中油燃氣集團有限公司
主席
許鉄良

香港，二零一七年八月二十八日

