



CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED
中國能源開發控股有限公司*

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

Stock code 股份代號 : 00228

INTERIM
REPORT
2017 中期報告

* For identification purposes only 僅供識別

Board of Directors

Executive Directors

Mr. Zhao Guoqiang (*Chief Executive Officer and alternate director to Dr. Gu Quan Rong*)

Non-executive Director

Dr. Gu Quan Rong

Ms. Ngan Mei Ying (*Appointed on 10 April 2017*)

Independent Non-executive Directors

Mr. Zong Ketao

Mr. Cheng Chun Ying

Mr. Lee Man Tai

Company Secretary

Mr. Chan Chun Kau

Company's Website

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

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

Units 5611–12, 56th Floor
The Center
99 Queen's Road Central
Central
Hong Kong

董事會

執行董事

趙國強先生 (*行政總裁及顧全榮博士之替任董事*)

非執行董事

顧全榮博士

顏美瑩女士 (*於二零一七年四月十日獲委任*)

獨立非執行董事

宗科濤先生

鄭振鷹先生

李文泰先生

公司秘書

陳振球先生

公司網址

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

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

總辦事處及主要營業地點

香港
中環
皇后大道中99號
中環中心
56樓5611–12室

Corporate Information 公司資料

Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
Royal Bank House — 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Legal Advisers to the Company

As to Hong Kong law

C.L. Chow & Mackson Chan, Solicitors
Cheung & Choy

As to Cayman Islands law

Conyers Dill & Pearman, Cayman
Priestleys

Auditor

BDO Limited

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (HK) Limited

股份過戶登記總處

SMP Partners (Cayman) Limited
Royal Bank House — 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

香港股份過戶登記分處

卓佳登捷時有限公司
香港
皇后大道東183號
合和中心
22樓

本公司之法律顧問

有關香港法律

周卓立陳啟球陳一理律師事務所
張世文蔡敏律師事務所

有關開曼群島法律

Conyers Dill & Pearman, Cayman
Priestleys

核數師

香港立信德豪會計師事務所有限公司

主要往來銀行

香港上海滙豐銀行有限公司
星展銀行(香港)有限公司

Condensed Consolidated Statement of Comprehensive Income

簡明綜合全面收益表

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

Interim Results

The Board of Directors (the “Board”) of China Energy Development Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2017 together with comparative figures as follows. These interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee.

中期業績

中國能源開發控股有限公司(「本公司」)之董事會(「董事會」)謹此宣佈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之未經審核簡明綜合中期業績連同以下比較數字。本中期財務報表乃未經審核，惟已由本公司審核委員會審閱。

		Unaudited six months ended 30 June 未經審核 截至六月三十日止六個月	
		2017 二零一七年	2016 二零一六年
		Notes 附註	Notes 附註
		HK\$'000 千港元	HK\$'000 千港元
Revenue	收益	3	782
Cost of sales	銷售成本	(2,047)	–
Other income	其他收入	4	1,296
Staff costs	員工成本	(4,529)	(5,340)
Operating lease rentals	經營租賃租金	(2,175)	(1,958)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	(464)	(391)
Fuel costs and utility expenses	燃油費及水電費	(64)	(83)
Fair value gain/(loss) of financial assets held for trading	持作買賣之金融資產之公平價值 收益/(虧損)	918	(6,177)
Other operating expenses	其他經營開支	(4,332)	(5,492)
Finance costs	融資成本	(3,543)	(2,826)
Loss before income tax	除所得稅前虧損	5	(12,217)
Income tax credits	所得稅抵免	6	574
Loss for the period	期內虧損	(11,588)	(19,615)

Condensed Consolidated Statement of Comprehensive Income

簡明綜合全面收益表

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

		Unaudited	
		six months ended 30 June	
		未經審核	
		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
	Notes		
	附註		
Other comprehensive income	其他全面收益		
Items that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益之項目：		
Exchange differences arising on translation of foreign operations	換算境外業務產生之匯兌差額	82,745	(6,237)
Total comprehensive income for the period	期內全面收益總額	71,157	(25,852)
Loss for the period attributable to:	下列應佔期內虧損：		
Owners of the Company	本公司擁有人	(11,912)	(19,615)
Non-controlling interests	非控股權益	324	-
		(11,588)	(19,615)
Total comprehensive income attributable to:	下列應佔全面收益總額：		
Owners of the Company	本公司擁有人	71,175	(25,852)
Non-controlling interests	非控股權益	(18)	-
		71,157	(25,852)
Loss per share	每股虧損		
— Basic (HK cents)	— 基本 (港仙)	(0.13)	(0.21)
— Diluted (HK cents)	— 攤薄 (港仙)	(0.13)	(0.21)

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Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

At 30 June 2017 於二零一七年六月三十日

			Unaudited 未經審核 30 June 2017 二零一七年 六月三十日	Audited 經審核 31 December 2016 二零一六年 十二月三十一日
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	9	32,115	3,396
Exploration and evaluation assets	勘探及評估資產	10	417,638	380,420
Intangible assets	無形資產	11	1,628,376	1,571,240
Goodwill	商譽	12	7,151	–
Deferred tax assets	遞延稅項資產		90,155	86,373
			<u>2,175,435</u>	<u>2,041,429</u>
Current assets	流動資產			
Accounts receivables	應收賬款	13	28,637	26,235
Financial assets held for trading	持作買賣之金融資產		59,780	58,862
Other receivables, deposits and prepayments	其他應收款項、訂金及預付款項		14,721	6,798
Cash and bank balances	現金及銀行結餘		182,395	203,719
			<u>285,533</u>	<u>295,614</u>
Total assets	資產總值		<u>2,460,968</u>	<u>2,337,043</u>
Current liabilities	流動負債			
Trade payables	應付賬款	14	2,901	–
Other payables and accruals	其他應付款項及應計款項		467,782	432,939
Amount due to a shareholder	應付一名股東款項		40,402	40,402
			<u>511,085</u>	<u>473,341</u>
Net current liabilities	流動負債淨值		<u>(225,552)</u>	<u>(177,727)</u>
Total assets less current liabilities	資產總值減流動負債		<u>1,949,883</u>	<u>1,863,702</u>

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

At 30 June 2017 於二零一七年六月三十日

			Unaudited 未經審核 30 June 2017 二零一七年 六月三十日	Audited 經審核 31 December 2016 二零一六年 十二月三十一日
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
Non-current liabilities	非流動負債			
Convertible notes	可換股票據	15	<u>61,179</u>	<u>58,039</u>
			<u>61,179</u>	<u>58,039</u>
Net Assets	資產淨值		<u>1,888,704</u>	<u>1,805,663</u>
Equity	權益			
Share capital	股本		475,267	475,267
Reserves	儲備		<u>1,401,229</u>	<u>1,330,396</u>
Attributable to owners of the Company	本公司擁有人應佔		1,876,496	1,805,663
Non-controlling interests	非控股權益		<u>12,208</u>	<u>–</u>
Total equity	總權益		<u>1,888,704</u>	<u>1,805,663</u>

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

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

		Unaudited 未經審核								
		Attributable to owners of the Company 本公司擁有人應佔								
		Issued capital 已發行 股本	Contributed surplus 實繳 股本盈餘	Share premium 股份溢價	Convertible notes reserve 可換股票據 儲備	Translation reserve 換算儲備	Accumulated losses 累計虧損	Sub-total 小計	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
Balance at 1 January 2016	於二零一六年一月一日之結餘	475,267	30,004	1,679,187	695,828	(95,270)	(688,916)	2,096,100	753	2,096,853
Total comprehensive income for the period	本期間全面收益總額	-	-	-	-	(6,237)	(19,615)	(25,852)	-	(25,852)
Disposal of subsidiaries (note 19)	出售附屬公司(附註19)	-	-	-	-	-	-	-	(753)	(753)
Balance At 30 June 2016	於二零一六年六月三十日之結餘	<u>475,267</u>	<u>30,004</u>	<u>1,679,187</u>	<u>695,828</u>	<u>(101,507)</u>	<u>(708,531)</u>	<u>2,070,248</u>	<u>-</u>	<u>2,070,248</u>
		Unaudited 未經審核								
		Attributable to owners of the Company 本公司擁有人應佔								
		Issued capital 已發行 股本	Contributed surplus 實繳 股本盈餘	Share premium 股份溢價	Convertible notes reserve 可換股票據 儲備	Translation reserve 換算儲備	Accumulated losses 累計虧損	Sub-total 小計	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
Balance at 1 January 2017	於二零一七年一月一日之結餘	475,267	30,004	1,679,187	695,828	(223,019)	(851,604)	1,805,663	-	1,805,663
Total comprehensive income for the period	本期間全面收益總額	-	-	-	-	82,745	(11,912)	70,833	324	71,157
Acquisition of subsidiaries (note 20)	收購附屬公司(附註20)	-	-	-	-	-	-	-	11,884	11,884
Balance At 30 June 2017	於二零一七年六月三十日之結餘	<u>475,267</u>	<u>30,004</u>	<u>1,679,187</u>	<u>695,828</u>	<u>(140,274)</u>	<u>(863,516)</u>	<u>1,876,496</u>	<u>12,208</u>	<u>1,888,704</u>

Note: The convertible notes reserve represents the equity component of the convertible notes issued (i.e. option to convert the note into share capital).

附註：可換股票據儲備指發行可換股票據之權益部份（即可兌換股票至股本之選擇權）。

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

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

		Unaudited	
		six months ended 30 June	
		未經審核	
		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
NET CASH INFLOW/(OUTFLOW)	現金流入／(流出)淨額：		
FROM:			
OPERATING ACTIVITIES	經營業務	4,242	30,264
INVESTING ACTIVITIES	投資業務	(9,719)	43
FINANCING ACTIVITIES	融資業務	—	—
		<hr/>	<hr/>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	現金及等同現金(減少)／增加淨額	(5,477)	30,307
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	期初之現金及等同現金	203,719	204,278
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	匯率變動之影響	(15,847)	(45)
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD, COMPRISING CASH AND BANK BALANCES	期終之現金及等同現金，包括現金及銀行結餘	<u>182,395</u>	<u>234,540</u>

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

1. Basis of Preparation

a. Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

b. Basis of measurement and going concern assumption

(i) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

(ii) Going concern basis

During the period ended 30 June 2017, the Group has incurred a loss of HK\$11,588,000 (2016: HK\$19,615,000) and at the end of reporting period, its current liabilities exceeded its current assets by HK\$225,552,000 (31 December 2016: HK\$177,727,000). In addition, as detailed below, if the charge results in a conviction and the Petroleum Contract is voidable, the Group may not be able to exercise its rights under the Petroleum Contract. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

1. 編製基準

a. 合格聲明

本未經審核簡明綜合中期財務報表已根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄16之適用披露規定及香港會計師公會（「香港會計師公會」）頒佈之香港會計準則第34號「中期財務報告」編製。

b. 計量基準及持續經營假設

(i) 計量基準

財務報表乃根據歷史成本基準編製，惟若干金融工具除外，該等金融工具乃按公平價值計量。

(ii) 持續經營基準

截至二零一七年六月三十日止期間，本集團產生虧損11,588,000港元（二零一六年：19,615,000港元），而於報告期末，本集團流動負債較其流動資產多出225,552,000港元（二零一六年十二月三十一日：177,727,000港元）。此外，誠如下文所述，倘起訴導致定罪及石油合約成為無效，本集團未必能夠行使其在石油合約下之權利。該等狀況反映存在重大不明朗因素，可能對本集團能否持續營運構成重大疑問，因此，本集團或不能於日常業務過程中變現其資產及解除其負債。

1. Basis of Preparation (Continued)

b Basis of measurement and going concern assumption (Continued)

(ii) Going concern basis (Continued)

As further explained in Note 18 to the interim financial statements, the directors of the Company was informed that Mr. Wang Guoju was formally charged by prosecution authorities in the PRC for undertaking illegal operations (the "Charge"), possibly involving allegations about improper conduct in obtaining the Petroleum Contract with China National Petroleum Corporation ("CNPC") in relation to the drilling, exploration, exploitation and production of oil and natural gas in North Kashi Block, Tarim Basin in the PRC. After taking into account of a legal opinion obtained by the Group from its PRC legal advisers, the directors of the Company consider that the Charge has yet to reach the judgment stage as at 30 June 2017 and up to the current date, and that the directors of the Company is not in the position to assess its possible impact on the Group's oil and gas operation and financial position. According to the legal opinion from the Group's PRC legal advisers, the Group may not be able to exercise its right under the Petroleum Contract if Mr. Wang Guoju is found guilty for improper conduct in obtaining the Petroleum Contract which might render the contract voidable. However, the directors consider that they have long-term and regular working relationship with CNPC and up to now, did not receive any notification from CNPC declaring the Petroleum Contract voidable, and so they expected that the Petroleum Contract will continue to be valid and will be executed as planned.

1. 編製基準 (續)

b 計量基準及持續經營假設 (續)

(ii) 持續經營基準 (續)

誠如中期財務報表附註18進一步闡述，本公司董事獲告知，王國巨先生被中國檢察當局正式起訴從事非法經營（「該控罪」），可能涉及指控其就於中國塔里木盆地喀什北區塊鑽探、勘探、開採及生產石油及天然氣，向中國石油天然氣集團公司（「中石油集團」）取得石油合約時有不當行為。經考慮本集團向其中國法律顧問取得之法律意見後，本公司董事認為，由於該控罪在二零一七年六月三十日及截至迄今尚未進展至判決階段，本公司董事未能評估該控罪可能對本集團之石油及天然氣業務及財務狀況之影響。根據本集團之中國法律顧問之法律意見，倘王國巨先生就獲得石油合約時有不當行為被判罪成，可能令合約成為無效，則本集團未必可行使在石油合約下之權利。然而董事認為彼等與中石油集團一直維持長期而恆常的工作關係，而且至今並無接獲中石油集團任何知會宣稱石油合約無效，故彼等預期石油合約將繼續有效及將按計劃執行。

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

1. Basis of Preparation (Continued)

b Basis of measurement and going concern assumption (Continued)

(ii) Going concern basis (Continued)

As at 30 June 2017, the directors are still negotiating the Gas Sales Agreements (“GSA”) with CNPC and expect that the negotiation should complete in the year 2017. The GSA with CNPC covers a number of provisions, such as terms of the GSA, quantity of volume commitments, gas quality, price terms, delivery obligations and delivery point etc. The key outstanding point which the Group has yet to agree with CNPC is the unit price of gas. The natural gas pricing reform which reformed pricing mechanism on natural gas is a major reference point for the Group to negotiate the pricing terms with CNPC.

The Group has been carrying out exploration and evaluation activities at the site and working with professional parties to prepare the data and information that are required for the Overall Development Program (“ODP”) for government approval before full production could be started. As at 30 June 2017, the approval of ODP from National Development and Reform Commission has not yet been obtained. The delay in finalising the ODP is the major reason for the delay in government approval. Based on current information available to the directors, the directors expect that the ODP should be ready by 2018. The development and production period should start immediately after obtaining relevant government approval.

1. 編製基準 (續)

b 計量基準及持續經營假設 (續)

(ii) 持續經營基準 (續)

於二零一七年六月三十日，董事與中石油集團仍在磋商售氣協議（「售氣協議」），預期磋商將於二零一七年完成。與中石油集團訂立之售氣協議包含多項條文，例如售氣協議條款、數量承諾、天然氣質素、價格條款、交付責任及交付點等。本集團與中石油集團有待磋商的重點是天然氣單位價格。天然氣定價改革調整了天然氣定價機制，是本集團與中石油集團磋商定價條款之主要參考點。

本集團已在現場進行勘探及評估活動，並與專業人士合作編製總體開發方案（「總體開發方案」）所需數據及資料，以供政府審批，其後方可正式開展全面生產。於二零一七年六月三十日，尚未取得國家發展和改革委員會之批文。延遲敲定總體開發方案是尚未取得政府批文之主因。根據董事現時可得之資料，董事預期總體開發方案將於二零一八年準備就緒。開發及生產期將於取得有關政府批文後立刻開展。

1. Basis of Preparation (Continued)

b Basis of measurement and going concern assumption (Continued)

(ii) Going concern basis (Continued)

As an interim measures to strengthen the Group's cash flow before the signing of the GSA, a preliminary natural gas sharing proposal was discussed and agreed by the joint management committee of Kashi project which comprised representatives from CNPC and the Group on 18 February 2014 ("the Proposal"). Based on the Proposal, the Group will receive the proposed distribution of natural gas from pilot-production which was extracted and delivered before 1 January 2014. A second natural gas sharing proposal was discussed and agreed by the joint management committee on 3 March 2015 (the "2nd Proposal") which covered the natural gas from pilot-production which was extracted and delivered during the year ended 31 December 2014. Up to the date of approval of this announcement, the Company has yet to sign another proposal with CNPC which covers the natural gas from pilot-production which was extracted and delivered during the years ended 31 December 2016 and 2015. However, the unit price in the preliminary sharing proposals is only a preliminary unit price used for preliminary sharing. The final unit price is still subject to change and could only be confirmed after the formal GSA signed. Up to the date of approval of these consolidated financial statements, the Group has not yet received the proceeds as agreed in the preliminary sharing proposals, and the directors has yet to fix the payment schedule with CNPC.

1. 編製基準 (續)

b 計量基準及持續經營假設 (續)

(ii) 持續經營基準 (續)

作為簽署售氣協議前加強本集團現金流量的臨時措施，喀什項目聯合管理委員會於二零一四年二月十八日討論及協定天然氣初步共享方案（「該方案」），聯合管理委員會由中石油集團與本集團之代表組成。根據該方案，本集團將收取於二零一四年一月一日前開採及付運的試點生產的天然氣建議分銷。聯合管理委員會於二零一五年三月三日討論及協定天然氣第二個共享方案（「第二個方案」），涵蓋截至二零一四年十二月三十一日止年度開採及付運的試點生產的天然氣。截至本公佈獲批准日期，本公司尚未與中石油集團簽署另一份涵蓋於截至二零一六年及二零一五年十二月三十一日止年度開採及付運的試點生產的天然氣共享方案。然而，該等初步共享方案之單位價格僅用作初步分配的初步單位價格，最終單位價格仍會作出變動，並僅將於售氣協議獲正式簽訂後，方會確定。截至此等綜合財務報表批准日期，本集團尚未獲得初步共享方案協定的款項，而董事尚未與中石油集團釐定付款時間表。

1. Basis of Preparation (Continued)

b Basis of measurement and going concern assumption (Continued)

(ii) Going concern basis (Continued)

The Group's current liabilities as at 30 June 2017 are mainly attributable to exploration and evaluation cost payables amounting to HK\$406,845,000 (31 December 2016: HK\$392,569,000). The directors of the Company confirm that these contractors are aware of the fact that the Company has yet to receive the proceeds from preliminary gas sharing proposals, and that the Group should be able to successfully persuade these contractors not to insist repayment of the construction costs until CNPC has settled the proceeds as agreed in the preliminary gas sharing proposals. However, there is no certainty that these contractors will not demand repayment before the Company receive the proceeds from CNPC.

In view of the net current liabilities position and the Charge, the directors have carried out a detailed review of the cash flow forecast of the Group covering a period of not less than twelve months from the end of the reporting period based on certain underlying assumptions including (i) the Petroleum Contract continues to be valid; (ii) CNPC will pay the proceeds as agreed in the preliminary gas sharing proposals before 30 June 2018; (iii) the Group will be able to successfully persuade contractors not to insist repayment of the construction cost payables before the Company receives the proceeds from the preliminary gas sharing proposals from CNPC; and (iv) the Group will be able to raise adequate funding through equity fund raising. Taking into account the above assumptions, the directors of the Company consider the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 30 June 2017.

1. 編製基準 (續)

b 計量基準及持續經營假設 (續)

(ii) 持續經營基準 (續)

本集團於二零一七年六月三十日之流動負債主要源於應付勘探及評估費用，金額為406,845,000港元(二零一六年十二月三十一日：392,569,000港元)。本公司董事確認，該等承建商知悉本公司尚未收取天然氣初步共享方案之款項，而本集團應能成功說服該等承建商，在中石油集團結付天然氣初步共享方案協定之所得款項前，不堅持償付建築費用。然而，無法保證該等承建商將不會於本公司收取中石油集團之所得款項前要求還款。

鑑於流動負債淨額狀況及該控罪之情況，董事根據下列若干相關假設，對本集團由報告期末起計不少於十二個月期間的現金流量預測進行詳細審閱：(i) 石油合約繼續有效；(ii) 中石油集團將於二零一八年六月三十日之前支付天然氣初步共享方案內所協定的款項；(iii) 本集團將能成功說服承建商在本公司收到中石油集團天然氣初步共享方案之所得款項前，不堅持償付建築應付費用；及(iv) 本集團將能透過股本集資活動籌集足夠資金。經考慮上述假設，本公司董事認為本集團從二零一七年六月三十日起十二個月內將有足夠營運資金，滿足其財務責任。

1. Basis of Preparation (Continued)

b Basis of measurement and going concern assumption (Continued)

(ii) Going concern basis (Continued)

As disclosed in Note 18 to the interim financial statements, in compliance with the terms attached to the injunction order, in order for the Company to proceed with possible equity fund raising, the Company will need to apply for leave of the Cayman Court to consent to the possible equity fund raising.

There is material uncertainty related to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the consolidated financial statements be determined to be not appropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable value, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

c. Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

1. 編製基準 (續)

b 計量基準及持續經營假設 (續)

(ii) 持續經營基準 (續)

誠如中期財務報表附註18披露，遵照禁制令附帶之條款，為求讓本公司有可能進行股本集資活動，本公司將需要向開曼群島法庭申請許可，以獲同意進行可行的股本集資活動。

有關上述事件或條件的結果涉及重大不肯定性，可能對本集團持續經營的能力構成重大疑問，因此，本集團可能無法於正常業務過程中變現資產及清償債務。倘使用持續經營基準編製綜合財務報表被釐定為並不恰當，則須進行調整，將本集團資產之賬面值撇減至可變現價值，並就可能產生之任何額外負債作出撥備，以及將非流動資產及非流動負債分別重新歸類為流動資產及流動負債。該等調整之影響並未於綜合財務報表中反映。

c. 功能及呈報貨幣

此財務報表以港元（「港元」）呈列，港元亦為本公司的功能貨幣。

2. Principal Accounting Policies

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2016 with addition to the following accounting policies and the amendments and interpretations (the “HKFRSs”) issued by the HKICPA, which have become effective.

The Group has adopted the new and revised standards and interpretations issued by the HKICPA that are effective for the accounting period beginning on 1 January 2017. The adoption of these new and revised HKFRSs has no material impact on the Group’s unaudited condensed consolidated financial statements.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group’s financial statements.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

2. 主要會計政策

本未經審核簡明綜合財務報表應與截至二零一六年十二月三十一日止年度之全年財務報表一併閱讀。編製本未經審核簡明綜合財務報表所採用之會計政策及計算方法，與截至二零一六年十二月三十一日止年度之年度財務報表所採納者一致，惟新增下列會計政策及由香港會計師公會頒佈之修訂及詮釋（「香港財務報告準則」）並已生效。

本集團已採納香港會計師公會頒佈由二零一七年一月一日起生效之新訂及經修訂準則及詮釋。採納該等新訂及經修訂香港財務報告準則對本集團之未經審核簡明綜合財務報表並無重大影響。

本集團並無提早採納已頒佈但尚未生效之新訂及經修訂香港財務報告準則。本集團正在評估該等新訂／經修訂香港財務報告準則之潛在影響，而董事未能量化對本集團財務報表之影響。

業務合併

收購業務使用收購法列賬。於業務合併中轉讓之代價乃按公平值計量，而公平值乃按本集團所轉讓資產、本集團向被收購者前擁有人產生之負債，及本集團為交換被收購者控制權而發行股權於收購日期之公平值之總和計算。收購相關成本一般在產生時於損益中確認。

2. Principal Accounting Policies (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income taxes” and HKAS 19 “Employee benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based payment” at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current assets held for sale and discontinued operations” are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2. 主要會計政策 (續)

業務合併 (續)

於收購日期，已收購可識別資產及已承擔可識別負債乃按公平值確認，但以下各項除外：

- 遞延稅務資產或負債及僱員福利安排之相關資產或負債，乃分別根據香港會計準則第12號「所得稅」及香港會計準則第19號「僱員福利」確認及計算；
- 與被收購者以股份為基礎之付款安排或本集團訂立以取代被收購者以股份為基礎之付款安排之有關之負債或股本工具，乃於收購日期根據香港財務報告準則第2號「以股份為基礎之付款」計算（見下文之會計政策）；及
- 根據香港財務報告準則第5號「持作出售之非流動資產及已終止經營業務」分類為持作待售之資產（或出售組別）乃根據該準則計算。

商譽是以已轉讓代價、於被收購者之任何非控制權益金額，及收購者以往持有之被收購者權益（如有）之公平值之總和，超出已收購可識別資產與所承擔可識別負債於收購日期之淨值後之差額計算。倘經重新評估後，已收購之可識別資產與所承擔之可識別負債之淨額高於所轉讓之代價、於被收購者之任何非控制權益金額以及收購者以往持有之被收購者權益（如有）之公平值之總和，則差額即時於損益內確認為議價收購收益。

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

2. Principal Accounting Policies (Continued)

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

2. 主要會計政策 (續)

業務合併 (續)

屬現時擁有權權益且於清盤時讓持有人有權按比例分佔相關附屬公司資產淨值之非控制權益，可初步按公平值或非控制權益分佔被收購者可識別資產淨值之已確認金額比例計算。計量基準視乎每項交易而作出選擇。其他種類之非控制權益乃按其公平值計算。

倘本集團於業務合併中轉讓之代價包括或然代價安排產生之資產或負債，或然代價按其收購日期公平值計算並視為於業務合併中所轉讓之代價一部份。或然代價之公平值變動如符合計量期間調整資格可追溯調整，並對商譽作出相應調整。計量期間調整為於「計量期間」（不得超過收購日期起計一年內）就於收購日期存在之事實及情況獲得額外資訊而引致之調整。

不符合計量期間調整資格之或然代價之隨後入賬，取決於或然代價如何劃分。劃分為權益之或然代價並無於隨後申報日期重新計算，而其後結算於權益內入賬。劃分為資產或負債之或然代價於隨後申報日期重新計算為公平值，而相應之收益或虧損於損益中確認。

2. Principal Accounting Policies (Continued)

Business combinations (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see accounting policy above) less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger an operating segment.

2. 主要會計政策 (續)

業務合併 (續)

倘業務合併分階段完成，本集團先前持有被收購方權益重新計算至收購日期（即本集團獲得控制權當日）之公平值，而所產生之收益或虧損（如有）於損益確認。在收購日期前於其他全面收益中確認來自被收購方權益之金額，在權益出售時有關處理方式屬妥當，則重新分類至損益。

倘於合併發生之報告期末仍未完成業務合併之初步會計處理，本集團則就仍未完成會計處理之項目呈報暫定金額。該等暫定金額於計量期間（見上文）內作出調整，且確認額外資產或負債，以反映獲得有關於收購日期已存在事實及情況之新資料，而倘知悉該等資料，將會影響於當日確認之金額。

商譽

收購業務產生之商譽乃按於收購業務當日（見上述會計政策）確立之成本減任何累計減值虧損（如有）列賬。

就減值測試而言，商譽乃被分配到本集團各現金產生單位（或現金產生單位之組別），預期彼等從合併之協同效應中受益，並代表了為內部管理的監測商譽的最低水平，而不大於營運分部。

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

2. Principal Accounting Policies (Continued)

Goodwill (Continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill, and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. Revenue and Segment Information

The Group determines its operating segments based on the internal reports that are regularly reviewed by the chief operating decision-maker in order to allocate reserves to the segment and to assess its performance. In accordance with the Group's internal organization and reporting structure the operating segments are based on nature of business.

The Group has the following three reportable segments:

The Exploration, Production and Distribution segment is engaged in the exploration, development, production and sales of natural gas.

The Sales of Food and Beverages Business segment is engaged in the sales of food and beverages.

The Money Lending Business segment is engaged in provision of loans to third parties.

2. 主要會計政策 (續)

商譽 (續)

已獲分配商譽之現金產生單位 (或現金產生單位之組別) 每年或於單位有可能出現減值之跡象時更頻繁地進行減值測試。就於某個呈報期之收購所產生之商譽而言，商譽已獲分配之現金產生單位 (或現金產生單位之組別) 於該呈報期末之前進行減值測試。當可收回金額少於該單位之賬面值，則減值虧損首先被分配，並削減分配到任何商譽之賬面值，其後以單位 (或現金產生單位之組別) 各資產之賬面值為基準按比例分配到該單位之其他資產。

出售相關現金產生單位時，商譽之應佔金額在釐定出售損益之金額時計算在內。

3. 收益及分部資料

本集團乃按照主要營運決策者為對分部作儲備分配及評估其表現所定期審閱的內部報告確定其經營分部。根據本集團之內部組織及匯報架構，經營分部乃根據業務性質釐定。

本集團有以下三個可報告分部：

勘探、生產及分銷分部，從事天然氣勘探、開發、生產及銷售業務。

銷售食品及飲料業務分部，從事銷售食品及飲料之業務。

放債業務分部，從事提供貸款予第三方之業務。

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

3. Revenue and Segment Information (Continued)

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

(a) Information about reportable segment revenue, profit or loss and other information

		Exploration, Production and Distribution 勘探、生產 及分銷 HK\$'000 千港元	Sales of Food and Beverages Business 銷售食品及 飲料業務 HK\$'000 千港元	Money Lending Business 放債業務 HK\$'000 千港元	Total 總計 HK\$'000 千港元
For the six months ended 30 June 2017	截至二零一七年六月三十日止六個月				
Revenue from external customers	外部客戶收益	3,323	–	316	3,639
Reportable segment (loss)/profit before tax expenses	除稅項開支前可呈報分部(虧損)/溢利	(4,947)	(909)	251	(5,605)
Segment results included:	分部業績包括:				
Interest income	利息收入	4	–	–	4
Interest expense	利息開支	(403)	–	–	(403)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	(341)	(123)	–	(464)
Reportable segment assets	可呈報分部資產	2,190,456	34,196	27,746	2,252,398
Reportable segment liabilities	可呈報分部負債	(467,970)	(16)	–	(467,986)

3. 收益及分部資料 (續)

截至二零一七年及二零一六年六月三十日止六個月，就可呈報分部而提供予董事會的分部資料如下：

(a) 有關可呈報分部收益、溢利或虧損的資料及其他資料

Notes to the Unaudited Interim Financial Statements 未經審核中期財務報表附註

3. Revenue and Segment Information (Continued) 3. 收益及分部資料 (續)

(a) Information about reportable segment revenue, profit or loss and other information (Continued)

(a) 有關可呈報分部收益、溢利或虧損的資料及其他資料 (續)

	Exploration, Production and Distribution 勘探、生產 及分銷 HK\$'000 千港元	Sales of Food and Beverages Business 銷售食品及 飲料業務 HK\$'000 千港元	Money Lending Business 放債業務 HK\$'000 千港元	Total 總計 HK\$'000 千港元
For the six months ended 30 June 2016	截至二零一六年六月三十日 止六個月			
Revenue from external customers	外部客戶收益	-	782	782
Reportable segment loss before tax expenses	可呈報分部除稅前虧損開支	(4,447)	780	(4,454)
Segment results included: Depreciation of property, plant and equipment	分部業績包括: 物業、廠房及設備折舊	268	123	391
Reportable segment assets	可呈報分部資產	2,222,405	1,738	2,224,143
Reportable segment liabilities	可呈報分部負債	(443,521)	-	(443,521)

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

3. Revenue and Segment Information (Continued) 3. 收益及分部資料 (續)

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

(b) 可呈報分部溢利或虧損、資產及負債之對賬

		Unaudited six months ended 30 June 未經審核 截至六月三十日止六個月	
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Loss before income tax	除所得稅前虧損		
Reportable segment loss before income tax	可呈報分部除所得稅前虧損	(5,605)	(4,454)
Other income	其他收入	560	502
Fair value gain/(loss) of financial assets held for trading	持作買賣之金融資產之公平價值 收益／(虧損)	918	(6,177)
Finance costs	融資成本	(3,140)	(2,826)
Unallocated head office and corporate expenses	未分配之總辦事處及公司開支	(4,950)	(7,234)
		<u>(4,950)</u>	<u>(7,234)</u>
Loss before income tax	除所得稅前虧損	<u>(12,217)</u>	<u>(20,189)</u>

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

3. Revenue and Segment Information (Continued) 3. 收益及分部資料 (續)

(b) Reconciliation of reportable segment profit or loss, assets and liabilities (Continued)

(b) 可呈報分部溢利或虧損、資產及負債之對賬 (續)

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 HK\$'000 千港元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 HK\$'000 千港元
Assets	資產		
Reportable segment assets	可呈報分部資產	2,252,398	2,086,939
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	1,268	1,885
Financial assets held for trading	持作買賣之金融資產	59,780	58,862
Unallocated head office and corporate assets	未分配之總辦事處及公司資產	147,522	189,357
		<hr/> 2,460,968	<hr/> 2,337,043
Total assets	總資產	<hr/> 2,460,968	<hr/> 2,337,043
		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 HK\$'000 千港元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 HK\$'000 千港元
Liabilities	負債		
Reportable segment liabilities	可呈報分部負債	467,986	429,255
Convertible notes	可換股票據	61,179	58,039
Amount due to a shareholder	應付一名股東款項	40,402	40,402
Unallocated head office and corporate liabilities	未分配之總辦事處及公司負債	2,697	3,684
		<hr/> 572,264	<hr/> 531,380
Total liabilities	總負債	<hr/> 572,264	<hr/> 531,380

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

4. Other Income

4. 其他收入

		Unaudited six months ended 30 June 未經審核 截至六月三十日止六個月	
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Dividend income from financial assets held for trading	來自持作買賣之金融資產之股息收入	325	–
Exchange gain	匯兌收益	–	502
Gain on disposal of subsidiaries (note 19)	出售附屬公司之收益(附註19)	–	776
Other	其他	55	18
		380	1,296

5. Loss before Income Tax

5. 除所得稅前虧損

		Unaudited six months ended 30 June 未經審核 截至六月三十日止六個月	
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Loss before income tax is arrived at after charging: 除所得稅前虧損已扣除:			
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	464	391
Staff costs (including directors remuneration)	員工成本(包括董事酬金)		
— Wages and salaries and other benefits	— 工資及薪金及其他員工福利	4,499	5,294
— Pension fund contributions	— 退休金供款	30	46
		4,529	5,340
Operating lease rentals	經營租賃租金	2,175	1,958

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

6. Income Tax Credits

The amount of taxation in the condensed consolidated statement of comprehensive income represents:

Deferred tax

遞延稅項

No provision for Hong Kong profits tax has been made as the Group had unused tax losses brought forward for both periods. No provision for enterprise income tax in the People's Republic of China (the "PRC") as the Group utilised the tax losses carried forward.

7. Dividend

No dividend was paid or proposed for the six months ended 30 June 2017 (2016: Nil), nor has any dividend been proposed since the end of reporting period.

6. 所得稅抵免

簡明綜合全面收益表內的稅額代表：

Unaudited six months ended 30 June 未經審核 截至六月三十日止六個月	
2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
<u>629</u>	<u>574</u>

由於本集團於兩段期間均錄得承前未動用稅項虧損，故並無就香港利得稅作出撥備。由於本集團動用結轉稅項虧損，故並無就中華人民共和國（「中國」）企業所得稅作出撥備。

7. 股息

截至二零一七年六月三十日止六個月並無派付或擬派付中期股息（二零一六年：無），自報告期末起亦無擬派任何股息。

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

8. Loss per Share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

Loss attributable to owners of the Company

本公司擁有人應佔虧損

Unaudited six months ended 30 June

未經審核

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

11,912

19,615

Number of Shares

股份數目

Weighted average number of ordinary shares in issue

已發行普通股之加權平均數

9,505,344,000

9,505,344,000

HK Cents

港仙

Basic loss per share

每股基本虧損

0.13

0.21

(b) Diluted

Diluted loss per share is the same as basic loss per share for six months period ended 30 June 2017 and 2016 as the potential ordinary shares on convertible notes are anti-dilutive.

8. 每股虧損

(a) 基本

每股基本虧損是將本公司擁有人應佔虧損除以期內已發行普通股的加權平均數計算。

(b) 攤薄

由於可換股票據之潛在普通股具反攤薄效果，故於截至二零一七年及二零一六年六月三十日止六個月期間之每股攤薄虧損與每股基本虧損相同。

9. Property, Plant and Equipment

During the six months ended 30 June 2017, the Group acquired property, plant and equipment of approximately HK\$28,582,000 (2016: Nil) of which HK\$28,299,000 of property plant and equipment were acquired through the acquisition of subsidiaries (note 20) (2016: Nil).

10. Exploration and Evaluation Assets

During the six months ended 30 June 2017, the Group did not purchase any exploration and evaluation assets (2016: Nil).

11. Intangible Assets

As at 30 June 2017, the interest in the petroleum production sharing contract acquired in previous years in relation to the acquisition of subsidiaries was recognized as intangible assets at costs. No amortization was provided for the six months period ended 30 June 2017 and 2016. No impairment loss of intangible assets was recognised during the six months period ended 30 June 2017 and 2016.

The actual volume of gas production of Kashi Project has increased to 113,018,000 (six months period ended 30 June 2016: 88,720,000) cubic meters. As a result, no impairment loss of intangible assets was recognised during the six months period ended 30 June 2017.

The pre-tax discount rates used for value in use calculation is 21.7% and 19.5% for the six months ended 30 June 2017 and 2016 respectively.

9. 物業、廠房及設備

截至二零一七年六月三十日止六個月內，本集團收購約28,582,000港元（二零一六年：無）之物業、廠房及設備，當中28,299,000港元的物業、廠房及設備為透過收購附屬公司（附註20）所收購而來（二零一六年：無）。

10. 勘探及評估資產

截至二零一七年六月三十日止六個月內，本集團並無收購任何勘探及評估資產（二零一六年：無）。

11. 無形資產

於二零一七年六月三十日，關於收購附屬公司在過往年度所獲得之石油分成合約之權益按成本確認為無形資產。截至二零一七年及二零一六年六月三十日止六個月期間，並無計提攤銷撥備。截至二零一七年及二零一六年六月三十日止六個月期間，並無確認無形資產減值虧損。

喀什項目的天然氣實際產量增至113,018,000（截至二零一六年六月三十日止六個月期間：88,720,000）立方米。故此，概無無形資產減值虧損於截至二零一七年六月三十日止六個月期間確認。

於截至二零一七年及二零一六年六月三十日止六個月，用於計算使用價值的稅前貼現率分別為21.7%及19.5%。

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

12. Goodwill

12. 商譽

		HK\$'000 千港元
Carrying amount at 1 January 2017	於二零一七年一月一日的賬面值	–
Acquisition of subsidiaries (note 20)	收購附屬公司(附註20)	7,151
		<hr/>
Carrying amount at 30 June 2017	於二零一七年六月三十日的賬面值	7,151
		<hr/> <hr/>

The goodwill is attributable mainly to the skills and technical talent of the workforce in the subsidiaries being acquired during the period and the synergies expected to be achieved from integrating these subsidiaries into the Group's existing natural resources segment.

商譽主要指期內收購的附屬公司員工的技能和技術才幹，以及該等附屬公司與本集團現有天然資源分部整合後預期達致的協同效應。

13. Accounts Receivables

13. 應收賬款

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 HK\$'000 千港元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 HK\$'000 千港元
Trade receivables (note a)	應收賬款(附註a)	891	–
Loan and interest receivables in money lending business (note b)	放債業務的應收貸款及利息(附註b)	27,746	26,235
		<hr/>	<hr/>
		28,637	26,235
		<hr/> <hr/>	<hr/> <hr/>

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

13. Accounts Receivables (Continued)

Note:

- (a) An ageing analysis of trade receivables of the Group is as follows:

1 – 90 days

1至90日

- (b) As at 30 June 2017, the loan receivables with principal amounts of HK\$27,500,000 (31 December 2016: HK\$26,000,000) and related interest receivables of HK\$246,000 (31 December 2016: HK\$235,000) were due from an independent third party.

The balance was neither past due nor impaired.

13. 應收賬款 (續)

附註：

- (a) 本集團之應收賬款賬齡分析如下：

Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 HK\$'000 千港元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 HK\$'000 千港元
891	-

- (b) 於二零一七年六月三十日，本金額為27,500,000港元（二零一六年十二月三十一日：26,000,000港元）之應收貸款及相關應收利息246,000港元（二零一六年十二月三十一日：235,000港元）乃一名獨立第三方結欠。

餘額並未逾期或減值。

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

14. Trade Payables

An ageing analysis of trade payables of the Group is as follows:

121 – 365 days	121至365日
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14. 應付賬款

本集團之應付賬款賬齡分析如下：

Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 HK\$'000 千港元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 HK\$'000 千港元
2,901	-

15. Convertible Notes

As a result of the acquisition of Totalbuild Investment Group (Hong Kong) Limited (the “**Totalbuild Transaction**”), the Company has issued convertible bonds in principal amount of HK\$2,558,000,000 carrying right to convert to shares of the Company (“**Shares**”) at the conversion price of HK\$0.168 each (“**Tranche I Convertible Notes**”) to U.K. Prolific Petroleum Group Company Limited (“**UK Prolific**”), which was nominated by the vendor in Totalbuild Transaction (the “**Vendor**”) to be the allottee of such bonds. In accordance with the terms of Totalbuild Transaction, a principal amount of HK\$1,279,000,000 (the “**Shortfall Notes**”) out of the Tranche I Convertible Notes was deposited with an escrow agent which should only be released to the Vendor (or UK Prolific as the Vendor may direct) if the Company receives a written certificate issued by the competent evaluator confirming that the “**First Designated Area**” (as defined in the Company’s circular dated 3 December 2010, the “**Circular**”) can be evaluated on the basis of “**Unrisked Economic Evaluation**” (as defined in the Circular) on or before 31 May 2015.

15. 可換股票據

由於收購共創投資集團(香港)有限公司(「**共創交易事項**」)，本公司已發行本金額2,558,000,000港元之可換股債券(「**第一批可換股票據**」)予U.K. Prolific Petroleum Group Company Limited(「**UK Prolific**」)，該等債券附有權利可轉換為本公司股份(「**股份**」)，轉換價為每股0.168港元，而於共創交易事項中，UK Prolific獲賣方(「**賣方**」)提名為該等債券之承配人。根據共創交易事項之條款，第一批可換股票據中本金額1,279,000,000港元(「**差額票據**」)已寄存予一名託管代理，而差額票據僅應在本公司於二零一五年五月三十一日或之前接獲由合資格估師發出的書面證書確定第一指定地區(定義見本公司日期為二零一零年十二月三日之通函「**該通函**」)可以「不具風險經濟估算」為基準(定義見該通函)評估後，方可交回予賣方(或按賣方之指示交予UK Prolific)。

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

15. Convertible Notes (Continued)

No such written certificate was received by the Company on or before 31 May 2015. Under the terms of Totalbuild Transaction, the Shortfall Notes have been returned to the Company for cancellation. The gain of HK\$92,459,000 was recorded as the result of the cancellation of Shortfall Notes during the six months period ended 30 June 2015.

The movement of the principal amount, liability component and equity component of the convertible notes are as follows:

15. 可換股票據 (續)

本公司於二零一五年五月三十一日或之前並無接獲有關書面證書。根據共創交易事項之條款，差額票據已退回公司作註銷。截至二零一五年六月三十日止六個月期間本公司因註銷差額票據而錄得收益92,459,000港元。

可換股票據本金額、負債部分及權益部分之變動如下：

		Carrying amount 賬面值	
		Liability component 負債部分 HK\$'000 千港元	Equity component 權益部分 HK\$'000 千港元
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日 及二零一七年一月一日	58,039	695,828
Interest expenses	利息開支	3,140	-
As 30 June 2017	於二零一七年六月三十日	61,179	695,828

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

16. Share Capital

16. 股本

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元
Authorized:	法定：		
Ordinary shares of HK\$0.05 each	每股面值0.05港元之普通股		
At 31 December 2016 and 30 June 2017	於二零一六年十二月三十一日 及二零一七年六月三十日	25,000,000,000	<u>1,250,000</u>
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.05 each	每股面值0.05港元之普通股		
At 31 December 2016 and 30 June 2017	於二零一六年十二月三十一日 及二零一七年六月三十日	9,505,344,000	<u>475,267</u>

17. Related Party Transactions

17. 關聯人士交易

During the period, the Group had the following significant transactions with related parties:

期內，本集團與關聯人士有以下重大交易：

		Unaudited six months ended 30 June 未經審核 截至六月三十日止六個月	
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Key management personnel remuneration: directors — short-term employee benefits	主要管理人員酬金： 董事 — 短期僱員福利	<u>831</u>	<u>1,261</u>

18. Litigation

Reference is made to the announcements (the “**Announcements**”) of Company dated 7 June 2015, 17 June 2015, 25 June 2015, 29 June 2015 and 18 August 2015 in relation to, inter alia, the commencement of the Litigation in relation to Totalbuild Transaction against the Vendor, Mr. Wang Guoju, UK Prolific, Mr. Wang Hanning and other parties (the “**Defendants**”).

As disclosed in the Announcements, the Board was recently informed that Mr. Wang Guoju was formally charged by prosecution authorities in China for (inter alia) illegal operation crime (the “**Charge**”), possibly involving allegations about improper conduct during the obtaining of a petroleum contract with China National Petroleum Corporation for the drilling exploration, exploitation and production of oil and/or natural gas within the specified site located in North Kashi Block, Tarim Basin, Xinjiang, PRC (the “**Petroleum Contract**”). After taking legal advice as to the remedies which should be sought by the Company to uphold its right, on 17 June 2015 (Cayman Islands time), the Company commenced legal proceedings in the Grand Court of the Cayman Islands (the “**Litigation**”) against various parties including Totalbuild Investments Holdings Group Limited (the Vendor of Totalbuild Transaction), Mr. Wang Guoju (the guarantor of the Vendor), UK Prolific (the allottee of Tranche I Convertible Bonds as nominated by the Vendor) and Mr. Wang Hanning (owner and controller of UK Prolific), whereby the Company seeks, inter alia, a declaration that the acquisition agreement in relation to Totalbuild Transaction (the “**Totalbuild Agreement**”) is void or, alternatively, the Company is allowed to rescind the Totalbuild Agreement, and other remedies including damages, on the basis that, inter alia, the Charge casts serious doubt over: (a) the warranties given by the Vendor and Mr. Wang Guoju in relation to the Petroleum Contract upon which the Company relied in entering into the Totalbuild Transaction; and (b) the validity of the Totalbuild Agreement by which the Company issued Tranche I Convertible Bonds to UK Prolific, and as a consequence UK Prolific’s entitlement to any shareholding in the Company.

18. 訴訟

謹此提述本公司日期為二零一五年六月七日、二零一五年六月十七日、二零一五年六月二十五日、二零一五年六月二十九日及二零一五年八月十八日之公佈（「**該等公佈**」），內容有關（其中包括）就共創交易事項針對賣方、王國巨先生、UK Prolific、王漢寧先生及其他人士（「**被告人**」）展開訴訟。

誠如該等公佈披露，董事會最近知悉王國巨先生被中國檢察當局正式起訴（其中包括）非法經營罪（「**該控罪**」），其中可能涉及其在向中國石油天然氣集團公司取得石油合約以於中國新疆塔里木盆地喀什北區塊之指定地盤鑽探、勘探、開發及生產石油及／或天然氣（「**石油合約**」）時作出不當行為。經考慮關於本公司為維護其權利而應採取之補救行動之法律意見後，於二零一五年六月十七日（開曼群島時間），本公司於開曼群島大法院開展法律程序（「**訴訟**」），被告包括共創投資控股有限公司（共創交易事項之賣方）、王國巨先生（賣方之擔保人）、UK Prolific（賣方提名之第一批可換股債券之承配人）及王漢寧先生（UK Prolific之擁有人及控制人），據此，本公司向法院尋求（其中包括）關於共創交易事項之收購協議（「**共創協議**」）無效的聲明，或本公司獲允許撤銷共創協議的聲明的替換救濟，以及其他救濟措施（包括賠償），理由為（其中包括）該控罪對以下事項構成重大疑問：(a) 賣方及王國巨先生就石油合約給予之保證（本公司依賴該等保證方會進行共創交易）；及(b) 共創協議（包括本公司據此向UK Prolific發出的第一批可換股債券，連帶其導致UK Prolific是否有權擁有本公司任何股權一事）的有效性。

18. Litigation (Continued)

On 23 June 2015 (Cayman Islands time), upon the Company's application, the Grand Court of the Cayman Islands made an injunction order (the "Injunction Order") that until the determination of the Company's Writ of Summons relating to the Litigation or further order of the Court (inter alia):

1. The Defendants must not (a) dispose of, transfer, deal in, or diminish the value of, or (b) exercise any rights or powers (including but not limited to voting rights in general and/or extraordinary meetings) in respect of, and/or (c) enter into any agreement to effect the above, in relation to 1.86 billion issued shares in the Company, being part of the consideration for the Totalbuild Agreement; and
2. The Defendants must not complete and/or procure the conversion of the convertible bonds representing 13,366,190,476 underlying shares in the Company, being part of the consideration for the Totalbuild Agreement.

On 13 August 2015 (Cayman Islands time), upon the Company's undertaking not to allot, issue or deal with additional Shares or to make or grant offers, agreements or options in relation to the issuance of any additional Shares or securities (including any derivative interests in the Shares) without leave of the Court until the conclusion of the present trial relating to the Litigation or further Order, the Grand Court of the Cayman Islands made an order that the Injunction Order be continued until conclusion of the present trial relating to the Litigation or further Order, and the Company's costs of and occasioned by UK Prolific's Summons be paid by UK Prolific on the standard basis.

As the Litigation has yet to reach the trial stage, the Board is not in the position to assess the possible impact on the Group's oil and gas operation and financial position. The Board will update shareholders and the public on any material development of the Litigation by way of announcement if and when appropriate. Details of the Litigation were disclosed in the Company's announcements 7 June 2015, 17 June 2015, 25 June 2015, 29 June 2015 and 18 August 2015.

18. 訴訟 (續)

於二零一五年六月二十三日(開曼群島時間),經本公司申請,開曼群島大法院已發出禁制令(「禁制令」),在本公司關於訴訟之傳訊令狀終結或法院另作判令前(其中包括):

1. 就本公司1,860,000,000股已發行股份(作為共創協議代價之一部份),被告必不可:(a)出售、轉讓、買賣或減損其價值;或(b)行使任何相關權利或權利(包括但不限於股東大會及/或特別股東大會之投票權),及/或(c)訂立任何協議使上述者生效;及
2. 被告必不可完成及/或促使轉換涉及本公司13,366,190,476股相關股份之可換股債券(作為共創協議代價之一部份)。

於二零一五年八月十三日(開曼群島時間),在本公司承諾,於現有訴訟之審訊結束或未有進一步頒令前,本公司未經法院解除禁令之情況下,不會配發、發行或處置額外股份,或作出或授出有關發行任何額外股份或證券(包括股份之任何衍生權益)之要約、協議或期權後,開曼群島大法院作出頒令,指有關禁制令將會持續,直至現有訴訟之審訊結束或作出進一步頒令為止,而本公司就UK Prolific傳票招致之費用將由UK Prolific按標準支付。

由於訴訟尚未進行審判,董事會未能評估對本集團油氣業務及財務狀況之潛在影響。董事會將於適當時間就訴訟之任何重大發展另行發表公佈,通知股東及公眾人士。有關訴訟詳情已披露於本公司日期為二零一五年六月七日、二零一五年六月十七日、二零一五年六月二十五日、二零一五年六月二十九日及二零一五年八月十八日之公佈。

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

19. Disposal of Subsidiaries

On 24 June 2016, the Group entered into a sale and purchase agreement to dispose of certain subsidiaries at a consideration of HK\$50,000, the net assets of the Disposal Group at the date of disposal were as follows:

19. 出售附屬公司

於二零一六年六月二十四日，本集團訂立買賣協議，出售若干附屬公司，代價為50,000港元，而出售集團於出售日期之資產淨值如下：

		Unaudited Date of disposal 未經審核 出售日期 HK\$'000 千港元
Assets disposed of:	已出售之資產：	
Other receivables, deposits and prepayment	其他應收款項、按金及預付款項	52
Amounts due from related companies	應收關連公司款項	9,137
Cash and bank balances	現金及銀行結餘	7
Liabilities disposed of:	已出售之負債：	
Trade payables	應付賬款	(2,889)
Other payables and accruals	其他應付款項及應計款項	(6,227)
Deferred tax liabilities	遞延稅負債	(53)
Non-controlling interests	非控股權益	(753)
Net liabilities	負債淨值	(726)
Satisfied by:	支付方式：	
Cash	現金	(50)
Gain on disposal	出售收益	(776)

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

20. Acquisition of subsidiaries

On April 2017, the Group completed the acquisition of certain subsidiaries in Karamay, the PRC, which are principally engaged in investment in natural gas pipeline and trading of natural gas in Xinjiang Province. The fair values of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition were as follows:

20. 收購附屬公司

於二零一七年四月，本集團完成收購若干於中國克拉瑪依之附屬公司，該等附屬公司主要從事新疆省天然氣管道投資及天然氣買賣。於收購日期，該等附屬公司的可識別資產及負債的公平價值如下：

		Fair value recognised on acquisition 於收購時 確認的公平價值 HK\$'000 千港元
Property, plant and equipment (note 9)	物業、廠房及設備(附註9)	28,299
Cash and bank balances	現金及銀行結餘	1,815
Trade receivables	應收賬款	716
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	959
Trade payables	應付賬款	(2,794)
Other payables and accruals	其他應付款項及應計款項	(12,986)
Total identifiable net assets at fair value	以公平價值計值的可識別資產淨值 總額	16,009
Non-controlling interest measured at fair value	以公平價值計值的非控股權益	(11,884)
Goodwill on acquisition (note 12)	收購時的商譽(附註12)	7,151
Purchase consideration transferred	已轉讓收購代價	11,276

Notes to the Unaudited Interim Financial Statements

未經審核中期財務報表附註

20. Acquisition of subsidiaries (Continued)

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

		HK\$'000 千港元
Cash consideration paid	已付現金代價	(11,276)
Cash and bank balances acquired	所收購的現金及銀行結餘	<u>1,815</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	現金及等同現金流出淨額 (已包括來自投資活動的現金流)	<u><u>(9,461)</u></u>

Note:

The Group has agreed to the Vendor of these subsidiaries an additional RMB6,000,000 ("Second Consideration") and RMB16,000,000 ("Third Consideration") would be paid if the total natural gas output reached 150,000 cubic meter per day ("First Target") and 300,000 cubic meter per day ("Second Target") from the operation before 31 December 2017 and 30 June 2018, respectively.

In any event that the designated gas output cannot be reached, the Second Consideration and the Third Consideration should be deducted proportionally in accordance with an agreed formula.

According to the agreement, both the Group and the Vendor retained an option to dispose the subsidiaries back to the Vendor if the First Target or the Second Target cannot be reached at 31 December 2017 and 30 June 2018, respectively.

If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue of the Group would have been HK\$11,309,000, and consolidated loss of the Group for the period would have been HK\$10,599,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

20. 收購附屬公司 (續)

收購附屬公司的現金流量分析如下：

		HK\$'000 千港元
Cash consideration paid	已付現金代價	(11,276)
Cash and bank balances acquired	所收購的現金及銀行結餘	<u>1,815</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	現金及等同現金流出淨額 (已包括來自投資活動的現金流)	<u><u>(9,461)</u></u>

附註：

本集團與該等附屬公司的賣方協定，倘業務的天然氣總產量分別於二零一七年十二月三十一日及二零一八年六月三十日之前達每日150,000立方米（「第一個目標」）及每日300,000立方米（「第二個目標」），將再支付額外人民幣6,000,000元（「第二筆代價」）及人民幣16,000,000元（「第三筆代價」）。

倘無法達致指定天然氣產量，則應根據協定的公式按比例扣減第二筆代價及第三筆代價。

根據協議，倘第一個目標或第二個目標分別未能於二零一七年十二月三十一日及二零一八年六月三十日達致，則本集團與賣方各自均保留選擇權，可將該等附屬公司售回賣方。

倘若收購事項於二零一七年一月一日發生，管理層預計本集團綜合收益將為11,309,000港元，本集團期內綜合虧損將為10,599,000港元。在釐定有關金額時，管理層已假設於收購當日產生的公平價值調整（屬暫時釐定），與假設於二零一七年一月一日發生收購事項的公平價值調整一致。

Management Discussion and Analysis

管理層討論及分析

Operating Results

During the six months period under review, the Group recorded the turnover of approximately HK\$3,639,000 (2016: HK\$782,000). The Group's turnover was derived from the money lending business segment of HK\$316,000 (2016: HK\$782,000) and the exploration, production and distribution segment of HK\$3,323,000 (2016: Nil). The sales of food and beverages segment did not contribute any revenue to the Group during the period under review (2016: Nil).

The Group recorded a loss for the six months period attributable to the owners of the Company of approximately HK\$11,912,000, compared to a loss of approximately HK\$19,615,000 during the corresponding period in 2016. The decrease in loss were mainly due to the increase of HK\$918,000 in fair value gain of financial assets held for trading during the period under review whereas there was a loss of HK\$5,340,000 recorded for corresponding period in 2016. Loss per share attributable to the owners of the Company was 0.13 HK cents (2016: 0.21 HK cents).

Business Review

Exploration, Production and Distribution Segment

During the period ended 30 June 2017, the Group acquired an effective interests of 26.01% in a subsidiary in Karamay, Xinjiang through two layers of 51% owned subsidiaries. The operating entity is principally engaged in investment in natural gas pipeline and trading of natural gas in Xinjiang province. The operation contributed revenue of approximately HK\$3,323,000 since acquisition. The acquisition strengthened the natural resources position in Xinjiang area and further enhanced our reach to the downstream operations. The diversified operations will enhance our Group to better cope with the changing environment in the natural resources segment.

The Group's wholly-owned subsidiary, Totalbuild Investments Group (Hong Kong) Limited and its subsidiaries ("**Totalbuild Investments Group**") entered into petroleum contract with CNPC for the drilling, exploration, exploitation and production of oil and/or natural gas within the specified site located in North Kashi Block, Tarim Basin, Xinjiang, PRC (the "**Petroleum Contract**"). The term of the Petroleum Contract is for a term of 30 years commencing 1 June 2009.

經營業績

於六個月回顧期間內，本集團錄得營業額約3,639,000港元（二零一六年：782,000港元）。本集團營業額來自放債業務分部及勘探、生產及分銷分部，分別達316,000港元（二零一六年：782,000港元）及3,323,000港元（二零一六年：零）。銷售食品及飲料分部於回顧期間並無為本集團貢獻任何收益（二零一六年：零）。

於該六個月期間，本集團錄得本公司擁有人應佔虧損約11,912,000港元，而二零一六年同期則錄得虧損約19,615,000港元。虧損減少乃主要由於回顧期間內持作買賣之金融資產之公平價值收益上升918,000港元所致，而二零一六年同期則錄得虧損5,340,000港元。本公司擁有人應佔每股虧損為0.13港仙（二零一六年：0.21港仙）。

業務回顧

勘探、生產及分銷分部

於截至二零一七年六月三十日止期間，本集團透過兩層擁有51%權益的附屬公司收購新疆克拉瑪依一間附屬公司的26.01%實際權益。該營運實體主要在新疆省從事天然氣管道投資及天然氣買賣。自收購以來，該營運貢獻約3,323,000港元的收益。該收購事項鞏固了我們在新疆區域天然資源市場的地位，並進一步增加我們接觸下游營運的機會。營運多元化將加強本集團的能力，以更有效地應對天然資源分部不斷變更的環境。

本集團之全資附屬公司共創投資集團（香港）有限公司及其附屬公司（「**共創投資集團**」）已與中國石油集團訂立了石油合約，以於中國新疆塔里木盆地喀什北區塊之指定地盤鑽探、勘探、開發及生產石油及／或天然氣（「**石油合約**」）。石油合約年期自二零零九年六月一日起，為期30年。

Business Review (Continued)

Exploration, Production and Distribution Segment (Continued)

In June 2015, the Group commenced legal actions against the vendor of Totalbuild Investments Group, as further disclosed in the note headed "Litigation" in this report.

Under the Petroleum Contract, the Group shall apply its appropriate and advanced technology and management expertise and assign its competent experts to perform exploration, development, and production of natural gas and/or oil within the site. Under the Petroleum Contract, in the event that any oil field and/or gas field is discovered within the site, the development costs shall be borne by CNPC and the Group in the proportion of 51% and 49%, respectively.

According to the Petroleum Contract, the exploration period covers 6 years. The managements have devoted much of its resources during the period in exploration and research studies.

The development period of any oil/gas field will start from the date of the completion of the Overall Development Program ("ODP"). ODP is a document that is required to be approved by the relevant government authorities before the development can commence. ODP comprises a formal development engineering plan, backed up by survey results and relevant studies, together with a full economic analysis and time schedule of the development operations. However, there was delay in finalizing the ODP documentation and the preparation of formal reserve report. The production period should start immediately after obtaining relevant government approval on ODP.

業務回顧 (續)

勘探、生產及分銷分部 (續)

於二零一五年六月，本集團對共創投資集團之賣方開展法律訴訟，更多詳情載於本報告「訴訟」附註。

根據石油合約，本集團將採用適當及先進的技術及管理專才，並指派稱職的專家在該地盤進行勘探、開發及生產天然氣及／或石油。根據石油合約，倘在該地盤內發現任何油田及／或氣田，中國石油集團及本集團將分別按51%及49%的比例承擔開發成本。

根據石油合約，勘探期內涵蓋6年。管理層在期內在勘探和研究方面投入大量資源。

任何油氣田的開發期將由總體開發方案（「總體開發方案」）完成之日起開始。總體開發方案乃一份在開發工程展開前須經由有關政府機關批准的文件。總體開發方案包括一項以調查結果和相關研究作依據的正式發展工程計劃，以及一項完整的經濟分析和開發工程的運作時間表。然而，總體開發方案文件的最後定稿及正式儲量報告的編製均有所延遲。生產期在總體開發方案取得有關政府的批准後應立即啟動。

Business Review (Continued)

Exploration, Production and Distribution Segment (Continued)

Despite numerous reminders and enormous efforts of the management during the period under review, up to the date of this report, no GSA has been signed with CNPC, and the ODP which signifies the transition from exploration period into the development period of Kashi Project and the required reserve report on the cooperation site has not been finalized. In March 2015, the Group has issued formal application to CNPC to apply for a two-year extension of the exploration period of Kashi Project beyond the original headline of 31 May 2015, as the exploration efforts in the cooperation site has not been completed and the project cannot proceed into the development period in the near future. As at the date of this report, the Group has not received any response from CNPC. The Group will continue to use its best efforts to make progress on Kashi Project and will seek legal advice with the view to upholding its right if and when appropriate.

Since the acquisition of Totalbuild Investments Group, pilot productions were carried out at the site. 113,018,000 (six months period ended 30 June 2016: 88,720,000) cubic meters of gas was extracted during the six months ended 30 June 2017. The information obtained from research and pilot production will form part of the information to be contained in the application of the ODP. The gas so produced during the pilot productions has been sold to the local customers near the site area.

As at 30 June 2017, the acquired oil/gas field has approximately estimated contingent resources of 47.4 (31 December 2016: 47.4) thousand barrels ("Mbbbl") of oil and 11,489 (31 December 2016: 11,544) million cubic metres ("MMm³") of natural gas (based on Group's 49% net entitlement interests in Petroleum contract). These contingent resources are quantities of oil and gas estimated, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. The risks associated with these contingent resources included the following matters: (i) there is no definitive GSA or accurate information on likely future sales prices; (ii) the future overall development program is still to be developed and approved; and (iii) the field is situated in a remote location.

業務回顧 (續)

勘探、生產及分銷分部 (續)

儘管於回顧期間及截至本報告日期，管理層已多次提醒及不斷努力，惟與中國石油集團未能訂立售氣協議、標誌喀什項目由勘探階段進入開發階段的總體開發方案及其所需的合作區塊儲量報告尚未落實。於二零一五年三月，本集團向中國石油集團正式提出如下申請：由於合作區塊內的勘探任務沒有全部完成，及近期不能進入開發期，因此喀什項目之勘探期限原訂於二零一五年五月三十一日到期而步入開發期，現在向中國石油集團申請將勘探期限延長兩年。於本報告日期，本集團仍尚未接獲中國石油集團之任何回應。本集團將會持續盡其所能於喀什項目方面取得進展，同時於適當時間會尋求法律意見以維護其權利。

收購共創投資集團後，已在工地進行試點生產。於截至二零一七年六月三十日止六個月，已開採 113,018,000 (截至二零一六年六月三十日止六個月期間：88,720,000) 立方米天然氣。研究及試產所獲得的信息將構成在總體開發方案所載的應用信息的一部分。試點生產過程中所產生的天然氣已售予地盤鄰近區域的當地客戶。

於二零一七年六月三十日，已收購油氣田蘊藏的概約估計後備資源，包含 47.4 (二零一六年十二月三十一日：47.4) 千桶 (「千桶」) 石油及 11,489 (二零一六年十二月三十一日：11,544) 百萬立方米 (「百萬立方米」) 天然氣 (根據本集團於石油合約的 49% 淨所有權權益計算)。該等後備資源為估計石油及天然氣數量，可藉著執行發展計劃，而可能從已知蓄積開採獲得，然而目前由於一項或以上之或然因素，而不認為可進行商業性開採。有關該等後備資源之風險包括以下事項：(i) 缺乏確定的售氣協議或有關日後可能售價的準確資料；(ii) 日後總體開發方案仍有待制定及批准；及 (iii) 油氣田位於偏遠地區。

Business Review (Continued)

Exploration, Production and Distribution Segment (Continued)

During the period, this operation did not contribute any revenue and the Group is still negotiating with CNPC regarding the price term. During the period, the segment loss before income tax was approximately HK\$4,947,000 (six months period ended 30 June 2016: HK\$4,447,000). During the period, no impairment loss of intangible assets was recognised. No development and production activity was carried out under the Petroleum Contract. The pilot-production is not regarded as production activities as the Petroleum Contract is still in its exploration stage and ODP is yet to be approved.

The results of operations in exploration, production and distribution segment and costs incurred for exploration and evaluation assets acquisition and exploration activities are shown as below:

(a) Results of operations in exploration, production and distribution segment

Revenue	收益	
Cost of sales	銷售成本	
Operating expenses	經營開支	
Depreciation	折舊	
Finance cost	融資成本	
Results of operations before income tax expenses	除所得稅開支前經營業績	

業務回顧 (續)

勘探、生產及分銷分部 (續)

期內，本業務並無貢獻任何收益，而本集團仍在就價格條款與中國石油集團磋商。期內，分部除所得稅前虧損約為4,947,000港元（截至二零一六年六月三十日止六個月期間：4,447,000港元）。期內，概無確認無形資產減值虧損。概無根據石油合約進行開發及生產活動。試點生產並不視作生產活動，因為石油合約仍處於勘探階段，且尚未批准總體開發方案。

勘探、生產及分銷分部之經營業績，以及勘探及評估資產收購及勘探活動產生之成本載列如下：

(a) 勘探、生產及分銷分部之經營業績

Unaudited	
six months ended 30 June	
未經審核	
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
3,323	–
(2,047)	–
(5,479)	(4,179)
(341)	(268)
(403)	–
<u>(4,947)</u>	<u>(4,447)</u>

Business Review (Continued)

Exploration, Production and Distribution Segment (Continued)

(b) Costs incurred for exploration and evaluation assets acquisitions and exploration activities

Exploration cost

勘探成本

業務回顧 (續)

勘探、生產及分銷分部 (續)

(b) 勘探及評估資產收購及勘探活動產生之成本

Unaudited	
six months ended 30 June	
未經審核	
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
-	-

Sales of Food and Beverages Business

For the six month ended 30 June 2017, the Group did not record any revenue from the sales of food and beverages business segment (2016: Nil). The segment loss before tax expenses was approximately HK\$909,000 (2016: loss of HK\$787,000). No revenue was recorded during the period was mainly due to the Group's intention to reduce reliance on the sales of food and beverage. We will continue to keep track of the economic environment and review the future allocation of resources as and when required.

Money Lending Business

For the six months ended 30 June 2017, the Group generated revenue from the money lending business operated by its indirect wholly-owned subsidiary, Zhong Neng Finance Ltd., a licensed money lender under the Money Lenders Ordinance (Cap.163, Laws of Hong Kong) of HK\$316,000 (2016: HK\$782,000). The segment profit before tax expenses was approximately HK\$251,000 (2016: HK\$780,000). The Group continued to adopt a stringent credit policy to mitigate the credit risk arising from the money lending business, resulting in a decrease in the revenue when compared to the corresponding period in 2016.

銷售食品及飲料業務

截至二零一七年六月三十日止六個月，本集團概無從銷售食品及飲料業務分部錄得任何收益（二零一六年：無）。除所得稅前分部虧損約為909,000港元（二零一六年：虧損787,000港元）。期內並無錄得收益，主要由於本集團擬減少對銷售食品及飲料的依賴。本集團將繼續觀察經濟環境，並於必要時審核未來的資源分配。

放債業務

截至二零一七年六月三十日止六個月，由本集團一間間接全資附屬公司——中能財務有限公司（根據香港法例第163章《放債人條例》的持牌放債人）經營的放債業務帶來收益316,000港元（二零一六年：782,000港元）。除稅前分部溢利為約251,000港元（二零一六年：780,000港元）。本集團繼續採取嚴謹的信貸政策，減輕由放債業務而來的信貸風險，因而令收益較二零一六年同期減少。

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2017, the Group had no outstanding interest-bearing borrowings (31 December 2016: Nil). The cash and cash equivalents of the Group were approximately HK\$182,395,000 (31 December 2016: HK\$203,719,000). The Group's current ratio (current assets to current liabilities) was approximately 55.9% (31 December 2016: 62.5%). The ratio of total liabilities to total assets of the Group was approximately 23.3% (31 December 2016: 27.7%).

As at 30 June 2017, the Company has outstanding convertible notes in the principal amount of HK\$679,670,000 due in 2041 not carrying any interest with right to convert the convertible notes into ordinary shares of the Company. The conversion price is HK\$0.168 per share (subject to adjustments) and a maximum number of 4,045,654,761 shares may be allotted and issued upon exercise of the conversion rights attached to the convertible notes in full. During the period, no convertible note was converted to ordinary shares of the Company.

In June 2015, the Group commenced legal actions against the holder(s) of the convertible notes, as further disclosed in the note "Litigation" in this report.

Charge of Assets

None of the assets of the Group were pledged as security for any banking facilities and borrowings as at 30 June 2017 and 2016.

財務回顧

流動資金、財務資源及資本架構

於二零一七年六月三十日，本集團並無未償還計息借款（二零一六年十二月三十一日：無）。本集團之現金及等同現金約為182,395,000港元（二零一六年十二月三十一日：203,719,000港元）。本集團之流動比率（流動資產比流動負債）約為55.9%（二零一六年十二月三十一日：62.5%）。本集團總負債與總資產之比率約為23.3%（二零一六年十二月三十一日：27.7%）。

於二零一七年六月三十日，本公司之未償還可換股票據之本金額為679,670,000港元，於二零四一年到期及不計息，並且附有權利可將可換股票據兌換為本公司普通股。兌換價為每股0.168港元（可予調整），而倘可換股票據附帶之兌換權獲悉數行使，可配發及發行最多4,045,654,761股股份。期內並無可換股票據兌換為本公司普通股。

於二零一五年六月，本集團向可換股票據之持有人開展法律訴訟，更多詳情載於本報告附註「訴訟」一節。

資產抵押

於二零一七年及二零一六年六月三十日，概無本集團之資產已抵押為任何銀行信貸及借款之擔保。

Financial Review (Continued)

Exchange Exposure

The Group mainly operates in Hong Kong and PRC and the exposure in exchange rate risks mainly arises from fluctuations in the HK dollar and Renminbi exchange rates. Exchange rate fluctuations and market trends have always been the concern of the Group. The policy of the Group for its operating entities operates in their corresponding local currencies to minimize currency risks. The Group, after reviewing its exposure for the time being, did not enter into any derivative contracts aimed at minimizing exchange rate risks during the year. However, management will monitor foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

Capital Commitments

The Group had capital commitments of approximately HK\$283,089,000 as at 30 June 2017 (31 December 2016: HK\$247,177,000).

Contingent Liabilities

Save as any contingent liabilities which may arise from any of the litigations disclosed in this report, the Group had no other material contingent liabilities as at 30 June 2017 and 2016.

Employee Information

As at 30 June 2017, the Group had a total workforce of 32 (2016: 18). The increase in our workforce was mainly due to the acquisition of subsidiaries during the current period. The Group remunerates its employees based on their work performance, working experiences, professional qualifications and the prevailing market practice.

財務回顧 (續)

外匯風險

本集團的主要營運地區為香港和中國，其面對的匯兌風險主要來自港元兌人民幣匯率的波動。匯率波幅及市場動向一向深受本集團關注。本集團的一貫政策是讓經營實體以其相關地區貨幣經營業務，盡量降低貨幣風險。在檢討當前承受的風險水平後，本集團年內並無為降低匯兌風險而訂立任何衍生工具合約。然而，管理層將密切留意外幣風險，必要時會考慮對沖重大外幣風險。

資本承擔

本集團於二零一七年六月三十日有資本承擔約283,089,000港元（二零一六年十二月三十一日：247,177,000港元）。

或然負債

除本報告披露之任何訴訟可能產生之任何或然負債外，於二零一七年及二零一六年六月三十日，本集團並無任何其他重大或然負債。

僱員資料

於二零一七年六月三十日，本集團共有32名（二零一六年：18名）員工。員工增加主要由於本期間收購附屬公司。本集團僱員之薪酬與彼等之工作表現、工作經驗、專業資格及現行市場慣例掛鉤。

Prospects

Exploration, Production and Distribution

The acquisition of the distribution of natural gas business in Karamay, Xinjiang is intended to strengthen our natural resources operation. We are hopeful that the exploration, production and distribution of natural gas business would continue to grow and make contribution to the revenue of the Group.

As the litigation in relation to the Kashi Project is only in a preliminary stage, the Company will continue to closely monitor the status of the project and do what we can to uphold and protect the Company's best interest, our investment costs and our expectation on the return of the project.

Sales of Food and Beverages Business

The management has taken a cautious approach to manage the operations of the food and beverages segment. The Group will assess the value and performance of this segment from time to time, and continue to keep track of the economic environment and review the future allocation of resources as and when required.

Money Lending Business

The Group established this new segment in the second half of 2015. The management will continue to look for high quality borrowers in order to minimise the risk of default. The management has taken a cautious approach in money lending business in view of the Group's current financial position.

Other New Businesses

The Group has been seeking investment opportunities from time to time to broaden the Group's sources of income. During the period under review, the Group has acquired new business in exploration, production and distribution business which improved the Group's revenue stream. The Board considers that such diversification can reduce the Group's reliance on the Kashi Project and the money lending business.

展望

勘探、生產及分銷

收購新疆克拉瑪依的天然氣分銷業務旨在加強我們的天然資源營運。我們僅希望天然氣業務的勘探、生產及分銷應會繼續成長，並為本集團貢獻收益。

由於關於喀什項目之訴訟僅在初步階段，本公司將繼續密切監察項目之情況，盡其所能維護及保障本公司之最佳利益、投資成本及我們對該項目回報之期望。

銷售食品及飲料業務

管理層已採取審慎態度管理食品及飲料分部的營運。本集團會不時評估該分部的價值及業績，繼續觀察經濟環境並於必要時審核未來的資源分配。

放債業務

本集團於二零一五年下半年建立此新分部。管理層將繼續尋覓高質借方，以減少拖欠還款的風險。鑒於本集團目前之財務狀況，管理層已於放債業務採取審慎態度。

其他新業務

本集團不時尋求投資機會，以擴闊本集團之收入來源。於回顧期間內，本集團已收購勘探、生產及分銷業務的新業務，改善本集團的收益來源。董事會認為多元化發展可減低本集團對喀什項目及放債業務的倚賴。

Other Information 其他資料

Directors' Interests and Short Positions in Shares

As at 30 June 2017, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Apart from the share option scheme disclosures in the section "Share Option Scheme" below, at no time during the six months ended 30 June 2017 was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share Option Scheme

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 25 June 2013 and the Stock Exchange granting approval of the listing of and permission to deal in the shares to be issued under the share option scheme (the "Share Option Scheme") on 26 June 2013, the Company has adopted the Share Option Scheme to replace the expired share option scheme adopted 28 January 2002 and as amended on 2 November 2006.

董事於股份之權益及淡倉

於二零一七年六月三十日，本公司董事或高級行政人員並無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中持有證券及期貨條例第XV部第7及8分部規定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有關條文彼等所當作或視為之權益或淡倉），或根據證券及期貨條例第352條規定本公司須載入記錄冊之權益或淡倉，或標準守則規定須知會本公司及聯交所之權益或淡倉。

董事購入股份或債券之權利

除下列「購股權計劃」一節披露之購股權計劃外，本公司或其任何附屬公司於截至二零一七年六月三十日止六個月內並無訂立任何安排致使本公司之董事可透過購入股份或債券獲得本公司或其任何其他公司實體之利益。

購股權計劃

根據二零一三年六月二十五日舉行之本公司股東特別大會上通過之普通決議案，以及經聯交所於二零一三年六月二十六日批准根據購股權計劃（「購股權計劃」）將予發行之股份上市及買賣後，本公司採納一項購股權計劃，取代已屆滿之購股權計劃（該計劃於二零零二年一月二十八日採納，並於二零零六年十一月二日作出修訂）。

Share Option Scheme (Continued)

Under the terms of the Share Option Scheme adopted conditionally by the Company on 25 June 2013, the Board of the Company may, at its discretion, grant options to eligible participants to subscribe for shares in the Company.

The Company had 792,112,000 share options available for issue under the Share Option Scheme, which represents approximately 8.33% of the issued shares of the Company, as at 30 June 2017.

No share option was granted and exercised during the period under review and there was no outstanding share option as at 30 June 2017 and 2016.

Substantial Shareholders' interests and Short Position

As at 30 June 2017, the interests or short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

購股權計劃 (續)

根據本公司於二零一三年六月二十五日有條件採納之購股權計劃之條款，本公司董事會可酌情向合資格參與者授出購股權，以認購本公司股份。

本公司根據購股權計劃可發行792,112,000份購股權，佔本公司於二零一七年六月三十日已發行股本約8.33%。

於回顧期間，概無購股權獲授出及行使，於二零一七年及二零一六年六月三十日亦無尚未行使之購股權。

主要股東之權益及淡倉

於二零一七年六月三十日，董事或本公司高級行政人員以外之人士於本公司之股份及相關股份中持有證券及期貨條例第336條規定本公司須載入記錄冊之權益或淡倉如下：

Substantial Shareholders' interests and Short Position (Continued)

主要股東之權益及淡倉 (續)

Long Positions in the Shares and Underlying Shares of the Company

於本公司股份及相關股份之好倉

Name of Shareholders	Nature of interests	Number of ordinary shares held	Number of underlying shares held	Total number of ordinary shares and underlying shares	Approximate percentage of issued share capital
股東姓名	權益性質	所持普通股數目	所持相關股份數目	普通股及相關股份總數	佔已發行股本概約百分比
Huge Pearl International Limited ¹	Trustee 受託人	1,860,000,000	11,658,750,000	13,518,750,000	142.22%
Pure Light Enterprise Ltd. ¹	Trustee 受託人	1,860,000,000	11,658,750,000	13,518,750,000	142.22%
U.K. Prolific Petroleum Group Company Ltd. ¹	Interest of controlled corporation 受控制法團之權益	1,860,000,000	11,658,750,000	13,518,750,000	142.22%
Harvest Fund Management Co., Ltd. ²	Investment manager 投資經理	1,134,772,000	0	1,134,772,000	11.94%
嘉實基金管理有限公司 ²	投資經理	1,134,772,000	0	1,134,772,000	11.94%
China Credit Trust Co., Ltd. ²	Interest of controlled corporation 受控制法團之權益	1,134,772,000	0	1,134,772,000	11.94%
中誠信託有限責任公司 ²	受控制法團之權益	1,134,772,000	0	1,134,772,000	11.94%
Wang Da Yong ³ 王大勇 ³	Beneficial Owner 實益擁有人	2,375,000,000	0	2,375,000,000	29.98%
Simsen International Corporation Limited ³ 天行國際(控股)有限公司 ³	Beneficial Owner 實益擁有人	617,749,690	0	617,749,690	7.80%

Notes:

附註:

1. Based on the filings under Disclosure of Interest ("DI") under Part XV of the Securities and Futures Ordinance retrieved by the Company from public records, (a) U.K. Prolific Petroleum Group Limited ("UK Prolific") regarded itself to be interested in 1,860,000,000 shares of the Company ("Shares") and convertible notes (the "Convertible Notes") in the principal amount of HK\$1,958,670,000 due in 2041 not carrying any interest with right to convert the Convertible Notes into a maximum of 11,658,750,000 Shares at a conversion price of HK\$0.168 per Share; and (b) UK Prolific regarded itself to be wholly owned by Pure Light Enterprise Limited ("Pure Light"), which was reportedly wholly owned by Huge Pearl International Limited ("Huge Pearl"), which in turn was reportedly the trustee for Wang's Trust, a discretionary trust for which Mr. Wang Hanning was reported as the founder.

1. 根據證券及期貨條例第XV部之權益披露申報(「權益披露」)(由本公司自公共記錄取得)。(a) U.K. Prolific Petroleum Group Limited(「UK Prolific」)認為其於1,860,000,000股本公司股份(「股份」)及本金額為1,958,670,000港元二零四一年到期可換股票據(「可換股票據」)中擁有權益,該等可換股票據不計息及附有權利可轉換為最多11,658,750,000股股份,轉換價每股0.168港元;及(b) UK Prolific認為其由Pure Light Enterprise Limited(「Pure Light」)全資擁有,而據悉Pure Light由Huge Pearl International Limited(「Huge Pearl」)全資擁有,而Huge Pearl則為王氏信託的受託人,王漢寧先生乃該全權信託之創辦人。

Substantial Shareholders' interests and Short Position (Continued)

Long Positions in the Shares and Underlying Shares of the Company (Continued)

Notes: (Continued)

1. (Continued)

These Convertible Bonds were issued by the Company to UK Prolific upon completion of the Group's acquisition ("**Totalbuild Transaction**") of the entire equity interest in Totalbuild Investments Group (Hong Kong) Limited (which in turn holds the entire issued share capital of China Era Energy Power Investment (Hong Kong) Limited) pursuant to the acquisition agreement (the "**Totalbuild Agreement**") between the Company (as purchaser) and Totalbuild Investments Holdings Group Limited (the "**Vendor**") dated 22 January 2009. As a result of Totalbuild Transaction, the Company has issued convertible bonds in principal amount of HK\$2,558,000,000 carrying right to convert to Shares at the conversion price of HK\$0.168 each ("**Tranche I Convertible Bonds**") to UK Prolific, which was nominated by the Vendor to be the allottee of such bonds. In accordance with the terms of Totalbuild Transaction, a principal amount of HK\$1,279,000,000 (the "**Shortfall Bonds**") out of the Tranche I Convertible Bonds was deposited with an escrow agent which should only be released to the Vendor (or UK Prolific as the Vendor may direct) if the Company receives a written certificate issued by the competent evaluator confirming that the "First Designated Area" can be evaluated on the basis of "Unrisked Economic Evaluation" on or before 31 May 2015 (as such terms are defined in the circular in relation to the Totalbuild Transaction dated 3 December 2010). As no such written certificate was received by the Company on or before 31 May 2015, the Shortfall Bonds have now been returned to the Company for cancellation.

In addition, on 17 June 2015 (Cayman Islands time), the Company commenced legal proceedings in the Grand Court of the Cayman Islands (the "**Litigation**") against various parties including the Vendor, Mr. Wang Guoju (the guarantor of the Vendor), UK Prolific (the allottee of Tranche I Convertible Bonds as nominated by the Vendor) and Mr. Wang Hanning (owner and controller of UK Prolific), whereby the Company seeks, inter alia, a declaration that the Totalbuild Agreement is void or, alternatively, the Company is allowed to rescind the Totalbuild Agreement, and other remedies including damages, on the basis that, inter alia, the charge laid by prosecution authorities in China against Mr. Wang Guoju for (inter alia) illegal operation crime (the "**Charge**"), possibly involving allegations about improper conduct during the obtaining of the Petroleum Contract, casts serious doubt over: (a) the warranties given by the Vendor and Mr. Wang Guoju in relation to the Petroleum Contract upon which the Company relied in entering into the Totalbuild Transaction; and (b) the validity of the Totalbuild Agreement by which the Company issued Tranche I Convertible Bonds to UK Prolific, and as a consequence UK Prolific's entitlement to any shareholding in the Company.

主要股東之權益及淡倉 (續)

於本公司股份及相關股份之好倉 (續)

附註: (續)

1. (續)

該等可換股債券乃由本公司於本集團完成根據本公司(作為買方)與共創投資控股有限公司(「賣方」)於二零零九年一月二十二日訂立之收購協議(「共創協議」)收購共創投資控股有限公司(該公司持有中國年代能源投資(香港)有限公司全部已發行股本)全部股權(「共創交易事項」)後,向UK Prolific發行。由於共創交易事項,本公司已發行本金額2,558,000,000港元之可換股債券(「第一批可換股債券」)予U.K. Prolific,該等債券附有權利可轉換為股份,轉換價為每股0.168港元。而於共創交易事項中,UK Prolific獲賣方提名為該等債券之承配人。根據共創交易事項之條款,第一批可換股債券中本金額1,279,000,000港元(「差額債券」)已寄存予一名託管代理,而差額債券僅應在本公司於二零一五年五月三十一日或之前接獲由合資格估價師發出的書面證書確定第一指定地區可以「不具風險經濟估算」為基準評估後,方可交回予賣方(或按賣方之指示交予UK Prolific),有關詞彙定義見日期為二零一零年十二月三日之有關共創交易事項之通函。由於本公司於二零一五年五月三十一日或之前並無接獲有關書面證書,故差額債券已退回公司作註銷。

此外,於二零一五年六月十七日(開曼群島時間),本公司於開曼群島大法院開展法律程序(「訴訟」),被告賣方、王國巨先生(賣方之擔保人)、UK Prolific(賣方提名之第一批可換股債券之承配人)及王漢寧先生(UK Prolific之擁有人及控制人),據此,本公司向法院尋求(其中包括)共創協議無效的聲明,或本公司獲允許撤銷共創協議的聲明的替換救濟,以及其他救濟措施(包括賠償),理由為(其中包括)王國巨先生被中國檢察當局正式起訴(其中包括)非法經營罪(「該控罪」,其中可能涉及其於獲得石油合約時有不當行為)對以下事項構成重大疑問:(a)賣方及王國巨先生就石油合約給予之保證(本公司依賴該等保證方會進行共創交易);及(b)共創協議(包括本公司據此向UK Prolific發出的第一批可換股債券,連帶其導致UK Prolific是否有權擁有本公司任何股權一事)的有效性。

Substantial Shareholders' interests and Short Position (Continued)

Long Positions in the Shares and Underlying Shares of the Company (Continued)

Notes: (Continued)

1. (Continued)

Up to 30 June 2017, the Company has not received any DI filings from any of the related parties to reflect any changes of their deemed interest in the relevant shares in the light of the above developments. However, after the end of period date of 30 June 2017, the Company subsequently received DI filings regarding the direct and indirect disposal of deemed interests in shares by Huge Pearl and Pure Light, apparently as a result of the vesting and appointment by Wang's Trust of 100% issued share capital in UK Prolific to and in favour of Luan Xiao Fei, spouse of Wang Hanning, purportedly taking effect on 16 August 2017.

2. These shares were held an asset management product managed by Harvest Fund Management Co., Ltd. ("**Harvest Fund**"), namely China Guangfa Bank-JS FUND-QDII2.

Based on the DI filings made by the relevant shareholder(s) to the Company, Harvest Fund is 40% owned by China Credit Trust Co., Ltd. As such, China Credit Trust Co., Ltd. is deemed to be interested in all the shares of the Company owned by Harvest Fund.

3. Based on the information obtained by the Company from United Simsen Securities Limited ("**United Simsen**"), being the placing agent of the placing announced by the Company on 9 May 2014 (the "**Placing**") and the underwriter of the open offer announced on the same date (the "**Open Offer**") at the relevant time, United Simsen has sub-underwritten the entire offer shares under the Open Offer to three sub-underwriters, who have respectively agreed to sub-underwrite 2,375,000,000, 617,749,690 and 395,000,000 shares under the Open Offer. On or around 12 May 2014, the Company received two DI filing forms from United Simsen notifying the Company that Wang Da Yong and Simsen International Corporation Limited ("**Simsen International**") were respectively deemed to be interested in 2,375,000,000 and 617,749,690 shares. At the relevant time, the Company was given to understand that the deemed interest in shares referred to the shares which Wang Da Yong and Simsen International had respectively agreed to sub-underwrite under the Open Offer.

The Open Offer and the underwriting agreement relating to the Open Offer were terminated on 23 June 2014, but up to 30 June 2017, the Company has not received any DI filings reflecting Wang Da Yong's and Simsen International's ceasing to own the deemed interest in the relevant shares.

主要股東之權益及淡倉 (續)

於本公司股份及相關股份之好倉 (續)

附註: (續)

1. (續)

截至二零一七年六月三十日,本公司尚未收到任何關聯方之權益披露以反映彼等於相關股份之視作權益因上述發展而出現任何變動。然而,於二零一七年六月三十日期終後,本公司其後接獲由 Huge Pearl 及 Pure Light 發出就直接及間接出售於股份的視作權益的權益披露,顯然由於王氏信託歸屬及委派 UK Prolific 的 100% 已發行股本予王漢寧的配偶栾曉菲,並以其為受益人,據稱自二零一七年八月十六日起生效。

2. 該等股份乃持作嘉實基金管理有限公司(「**嘉實基金**」)管理的一項資產管理產品(即廣發銀行境外紅利資產管理計劃(China Guangfa Bank-JSFUND-QDII2))。

根據相關股東向本公司作出之權益披露申報,嘉實基金由中誠信託有限責任公司擁有 40% 權益。因此,中誠信託有限責任公司被視為於嘉實基金持有的所有本公司股份中擁有權益。

3. 根據本公司向天行聯合證券有限公司(「**天行聯合**」),於相關時間為本公司於二零一四年五月九日公佈的配售事項(「**配售事項**」)的配售代理及於同日公佈的公開發售(「**公開發售**」)的包銷商取得之資料,天行聯合將公開發售下之全部發售股份分銷予三名分銷商,彼等分別同意分銷公開發售下之 2,375,000,000、617,749,690 及 395,000,000 股股份。於二零一四年五月十二日或前後,本公司接獲天行聯合兩份權益披露申報表格,告知本公司有關王大勇及天行國際(控股)有限公司(「**天行國際**」)分別被視為於 2,375,000,000 及 617,749,690 股股份中擁有權益。於相關時間,本公司獲告知於股份之視作權益指王大勇及天行國際分別同意根據公開發售分銷的該等股份。

公開發售及公開發售所涉及之包銷協議於二零一四年六月二十三日終止,惟截至二零一七年六月三十日,本公司尚未接獲反映王大勇及天行國際不再於相關股份擁有視作權益的權益披露申報。

Purchase, Sale or Redemption of Securities of the Company

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities, during the six months ended 30 June 2017.

Corporate Governance Practices

The Company is committed to maintain good corporate governance standard and procedures. The Stock Exchange has promulgated the code provisions on Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules (the "CG Code"). Throughout the six months ended 30 June 2017, the Group has complied itself with all CG Code and Report except for the following:

- a. In relation to A.2.1 of the CG Code, the roles of chairman and Chief Executive Officer (the "CEO") should be separate and should not be performed by the same individual and the division of responsibilities between the chairman and CEO should be clearly established and set out in writing. At all times during the period under review, Mr. Zhao Guoqiang is the CEO of the Company. Following the resignation of Mr. Wang Yongguang on 27 July 2016, the position of chairman is vacated and the Board intends to identify satisfiable candidate to fill the vacancy.
- b. In relation to E.1.2 of the CG Code, the chairman of the Board should attend the AGM. Following the resignation of Mr. Wang on 27 July 2016, the position of chairman is vacated and the Board intends to identify satisfiable candidate to fill the vacancy.
- c. In relation to A.4.1 and A.4.2 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election while all directors should be subject to retirement by rotation at least once every three years. For the period under review, all independent non-executive directors of the Company have not been appointed for a specific term but they are subject to retirement by rotation in accordance with the Company's articles of association.

購買、出售或贖回本公司證券

於截至二零一七年六月三十日止六個月內，本公司及其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

企業管治常規

本公司致力維持良好之企業管治標準及程序。聯交所已公佈上市規則附錄十四所載《企業管治守則及企業管治報告》（「企業管治守則」）的守則條文。於截至二零一七年六月三十日止六個月，本集團一直遵守全部企業管治守則及報告，惟下列各項除外：

- a. 根據企業管治守則第A.2.1條，主席及行政總裁（「行政總裁」）之角色應予以區分並不應由同一人擔任，以及主席及行政總裁之職責應以書面清楚界定。於整個回顧期間內，趙國強先生擔任本公司行政總裁。隨汪永光先生於二零一六年七月二十七日辭任後，主席一職懸空，董事會有意物色合適的人選以填補空缺。
- b. 根據企業管治守則第E.1.2條，董事會主席應出席股東週年大會。隨汪先生於二零一六年七月二十七日辭任後，主席一職懸空，董事會有意物色合適的人選以填補空缺。
- c. 根據企業管治守則第A.4.1及A.4.2條，非執行董事須按指定任期委任，並須膺選連任，而全體董事須至少每三年輪值告退一次。於回顧期間，本公司所有獨立非執行董事均非按指定任期委任，惟須按照本公司組織章程細則之規定輪值告退。

Corporate Governance Practices (Continued)

d. In relation to A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend the Company's AGM. Dr. Gu Quan Rong, Ms. Ngan Mei Ying, Mr. Cheng Chun Ying and Mr. Zong Ketao were unable to attend the Company's AGM held on 19 May 2017 due to other business commitments.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own Code of conduct regarding securities transactions by the directors of the Company. All existing directors have confirmed following specific enquiry by the Company that they have complied with the required standard set out in the Model Code through the period under review.

Audit Committee

The audit committee comprises two non-executive directors and three independent non-executive directors of the Company. The audit committee has adopted terms of reference which are in line with the CG Code. The Group's unaudited financial statements for the six months ended 30 June 2017 have been reviewed by the audit committee, who is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

By order of the Board
China Energy Development Holdings Limited
Zhao Guoqiang
Chief Executive Officer and Executive Director

Hong Kong, 31 August 2017

企業管治常規 (續)

d. 根據企業管治守則規則第A.6.7條，獨立非執行董事及其他非執行董事須出席本公司股東週年大會。顧全榮博士、顏美瑩女士、鄭振鷹先生及宗科濤先生因其他業務承擔未能出席本公司於二零一七年五月十九日舉行之股東週年大會。

董事進行證券交易的標準守則

本公司已採納上市規則附錄10所載之標準守則，作為其本身對於本公司董事進行證券交易之行為守則。全體在任董事經本公司作出特定查詢後確認，彼等已於整個回顧期間內一直遵守標準守則所載之規定標準。

審核委員會

審核委員會包括本公司兩名非執行董事及三名獨立非執行董事。審核委員會已採納與企業管治守則一致之職權範圍。本集團截至二零一七年六月三十日止六個月之未經審核財務報表已由審核委員會審閱，該委員會認為該等報表已遵守適用會計準則、上市規則及其他法定要求，並已作出充份披露。

承董事會命
中國能源開發控股有限公司
行政總裁兼執行董事
趙國強

香港，二零一七年八月三十一日

