



ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED
能源國際投資控股有限公司*

(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: 353)

Annual Report 2017
年報



* For identification purpose only
僅供識別

CONTENTS

目錄

Corporate Information	公司資料	2
Chairman's Statement	主席報告	4
Management Discussion and Analysis	管理層討論及分析	6
Biographical Details of Directors	董事履歷詳情	20
Corporate Governance Report	企業管治報告	24
Report of the Directors	董事會報告	36
Independent Auditor's Report	獨立核數師報告	47
Consolidated Income Statement	綜合損益表	51
Consolidated Statement of Comprehensive Income	綜合全面收入表	52
Consolidated Statement of Financial Position	綜合財務狀況表	53
Consolidated Statement of Changes in Equity	綜合權益變動表	55
Consolidated Statement of Cash Flows	綜合現金流量表	56
Notes to the Financial Statements	財務報表附註	58

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Lan Yongqiang (*Chairman*)
Ms. Wang Meiyang
Mr. Chan Wai Cheung Admiral
Ms. Jin Yuping
Mr. Cao Sheng
Mr. Yu Zhiyong

Independent Non-Executive Directors

Mr. Lee Hoi Yan
Mr. Wang Jinghua
Mr. Fung Nam Shan

AUDIT COMMITTEE

Mr. Lee Hoi Yan (*Chairman*)
Mr. Wang Jinghua
Mr. Fung Nam Shan

REMUNERATION COMMITTEE

Mr. Lee Hoi Yan (*Chairman*)
Mr. Wang Jinghua
Mr. Fung Nam Shan
Mr. Chan Wai Cheung Admiral

NOMINATION COMMITTEE

Mr. Lee Hoi Yan (*Chairman*)
Mr. Wang Jinghua
Mr. Fung Nam Shan
Mr. Chan Wai Cheung Admiral

COMPANY SECRETARY

Mr. Chan Wai Cheung Admiral

AUTHORISED REPRESENTATIVES

Ms. Wang Meiyang
Mr. Chan Wai Cheung Admiral

REGISTERED OFFICE

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

董事會

執行董事

藍永強先生 (*主席*)
王美艷女士
陳偉璋先生
金玉萍女士
曹晟先生
于志勇先生

獨立非執行董事

李凱恩先生
王靖華先生
馮南山先生

審核委員會

李凱恩先生 (*主席*)
王靖華先生
馮南山先生

薪酬委員會

李凱恩先生 (*主席*)
王靖華先生
馮南山先生
陳偉璋先生

提名委員會

李凱恩先生 (*主席*)
王靖華先生
馮南山先生
陳偉璋先生

公司秘書

陳偉璋先生

授權代表

王美艷女士
陳偉璋先生

註冊辦事處

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

CORPORATE INFORMATION

公司資料

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1508, 15th Floor
The Center
99 Queen's Road Central
Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law:
C.L. Chow & Macksion Chan, Solicitors

As to Cayman Islands Law:
Conyers Dills & Pearman

AUDITOR

BDO Limited

PRINCIPAL BANKERS

DBS Bank (HK) Limited
Bank of China
Agricultural Bank of China

COMPANY'S WEBSITE

<http://website.energyintinv.wisdomir.com>

香港總辦事處及主要營業地點

香港
皇后大道中99號
中環中心
15樓1508室

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

開曼群島主要股份過戶登記處

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

本公司法律顧問

香港法例:
周卓立陳啟球陳一理律師事務所

開曼群島法律:
Conyers Dills & Pearman

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

星展銀行(香港)有限公司
中國銀行
中國農業銀行

公司網址

<http://website.energyintinv.wisdomir.com>

CHAIRMAN'S STATEMENT

主席報告

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Energy International Investments Holdings Limited (the "Company"), I am pleased to present to you the annual report of the Company and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017.

BUSINESS REVIEW

The year of 2017 is our Group's key milestone. The construction of the port and storage facilities (the "Port and Storage Facilities") located at Dongying Port Economic Development Zone, Shandong Province, the People's Republic of China (the "PRC") was completed in late September 2017. The Port and Storage Facilities contain six berths for chemical tankers and oil and liquid chemical tanks with capacity of approximately 400,000 cubic metres. It has adopted high quality management system and practice to ensure operational efficiency, especially the environmental and personnel safety.

As a result of the commencement of generating rental income from the Port and Storage Facilities and the slight increase in average crude oil price, for the financial year ended 31 December 2017, the Group recorded a revenue from continuing operations of approximately HK\$30.3 million (2016: HK\$18.8 million), representing a significant increase by approximately HK\$11.5 million as compared to last year. Together with the cost saving measures, the Group turned the gross loss position in year 2016 into gross profit in year 2017.

The loss attributable to owners of the Company amounted to approximately HK\$187.1 million, which was improved from last year of approximately HK\$190.0 million, and resulting in the decrease in the basic loss per share from HK5.0 cents in year 2016 to HK4.8 cents this year. Despite the improvement in revenue and gross profit of the Group, an impairment loss of approximately HK\$176.2 million (2016: HK\$178.0 million) was recognised in relation to the Group's oil production business.

各位股東：

本人謹代表能源國際投資控股有限公司（「本公司」）董事（「董事」）會（「董事會」），欣然提呈本公司之年報及本公司及其附屬公司（統稱為「本集團」）截至二零一七年十二月三十一日止年度之經審核綜合財務報表。

業務回顧

二零一七年是本集團的關鍵一年。位於中華人民共和國（「中國」）山東省東營市港口經濟開發區的港口及儲存設施（「港口及儲存設施」）已於二零一七年九月底竣工。港口及儲存設施包含六個化工船泊位及儲能約為400,000立方米的油品及液體化工罐。該港口已採納高質量管理體系及慣例，以確保經營效率，尤其是環境及人身安全方面。

截至二零一七年十二月三十一日止財政年度，由於港口及儲存設施開始產生租金收入及原油均價略微上升，本集團錄得持續經營業務收益約30,300,000港元（二零一六年：18,800,000港元），較去年大幅增加約11,500,000港元。同時由於成本節約措施，本集團於二零一六年至二零一七年扭虧為盈。

本公司擁有人應佔虧損約為187,100,000港元，較上年虧損約190,000,000港元有所改善，導致每股基本虧損由二零一六年5.0港仙減少至本年度4.8港仙。儘管本集團之收益及毛利有所改善，但就本集團之產油業務確認減值虧損約176,200,000港元（二零一六年：178,000,000港元）。

CHAIRMAN'S STATEMENT

主席報告

PROSPECTS

The international oil market environment is filled with uncertainty. With the completion of the construction of the Port and Storage Facilities, the Directors believe that the Group is able to diversify the business risk and the income structure in order to improve and stabilise the Group's cash flows as well as the revenue in the future.

The Board is of the view that the Group can benefit from exploring diversification of its operations into the financial sector which includes but not limited to the insurance brokerage business. Having entered into the memorandum of understanding on 6 February 2018 (as detailed in the Company's announcement dated 6 February 2018), the Directors believe that the proposed entry into such sector can create independent business segment that can bring values to our shareholders through better deployment of available resources.

We are confident with the future development of the financial service business in both Hong Kong and the PRC. Looking forward, the management will seek various potential investment opportunities in the financial sector to drive the Group's sustainable growth and strengthen the financial position.

APPRECIATION

Finally, on behalf of the Board, I would like to convey my sincere appreciation to our shareholders, business partners, colleagues and my fellow Directors who have continuously supported the Group.

Lan Yongqiang
Chairman

Hong Kong, 29 March 2018

前景

國際石油市場環境充滿不明朗因素。隨著港口及儲存設施竣工，董事相信，本集團能夠分散業務風險並多元化收入架構，以改善及穩定本集團未來之現金流量及收益。

董事會認為，尋求將本集團之業務經營分散至金融領域（包括但不限於保險經紀業務）將令本集團獲益。鑒於已於二零一八年二月六日訂立諒解備忘錄（詳情載於本公司日期為二零一八年二月六日之公佈），董事認為，計劃進入該領域可創造獨立業務分部，從而透過更好部署可用資源為股東創造價值。

我們對香港及中國金融服務業務的日後發展充滿信心。展望未來，管理層將尋求各類金融行業潛在投資機會，推動本集團之可持續增長及鞏固財務狀況。

致謝

最後，本人謹代表董事會，向一貫全力支持本集團的全體股東、業務夥伴、同事及各位董事致以衷心謝意。

主席
藍永強

香港，二零一八年三月二十九日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OPERATING RESULTS

The Group is principally engaged in the oil production, the leasing of oil and liquefied chemical terminal and the supply of electricity and heat (which was disposed on 17 March 2017).

(i) Revenue

For the year ended 31 December 2017, the Group's record revenue from continuing operations was approximately HK\$30 million (2016: HK\$19 million), representing an increase of approximately HK\$11 million or approximately 58% as compared to the last year. The Group's revenue is contributed from the sales of crude oil of the oil production business and rental income of the oil and liquefied chemical terminal.

(ii) Gross profit/loss

As compared to gross loss made in the 2016 of approximately HK\$6 million, the Group turned to gross profit position during the year, representing a significant improvement of approximately HK\$15 million. The turnaround from gross loss to gross profit is mainly attributable to the increase in average oil price, the result from certain cost saving measures and the commencement of leasing of the Group's oil and liquefied chemical terminal since late September 2017.

The Board believes that (1) under the stability with slight increment in the crude oil price, together with the continuation of the cost saving measures; and (2) the commencement of generating rental income from the leasing of Group's oil and liquefied chemical terminal, the Group is able to further improve the gross profit position.

(iii) Loss attributable to the owners of the Company

The loss attributable to the owners of the Company for the year ended 31 December 2017 was approximately HK\$187 million (2016: HK\$190 million). The loss of the Group has decreased by approximately HK\$3 million or approximately 2% as compared to last year. The loss was mainly resulted from (1) the impairment losses on property, plant and equipment ("PPE") and intangible assets relating to the cash-generating unit to which the PPE and intangible assets of the Group's oil production business belong (the "Oil Production CGU") amounted to approximately HK\$5 million and HK\$171 million respectively.

經營業績

本集團主要從事產油、租賃油品及液體化工品碼頭以及熱電供應（已於二零一七年三月十七日出售）。

(i) 收益

截至二零一七年十二月三十一日止年度，本集團持續經營業務錄得收益約30,000,000港元（二零一六年：19,000,000港元），較去年增加約11,000,000港元或約58%。本集團之收益來自產油業務之原油銷售及油品及液體化工品碼頭業務之租金收入。

(ii) 毛利／損

與二零一六年錄得毛損約6,000,000港元相對，本集團本年度轉而錄得毛利，相當於大幅提升約15,000,000港元。扭虧為盈乃主要由於平均油價上升、實施若干成本節約措施產生效果及本集團之油品及液體化工品碼頭自二零一七年九月下旬起開始出租所致。

董事會相信(1)原油價格穩步上漲，加上持續實施成本節約措施；及(2)本集團租賃油品及液體化工品碼頭開始產生租金收入，本集團可進一步提升毛利。

(iii) 本公司擁有人應佔虧損

截至二零一七年十二月三十一日止年度，本公司擁有人應佔虧損約為187,000,000港元（二零一六年：190,000,000港元）。相較去年，本集團之虧損減少約為3,000,000港元，或約2%。虧損主要是由於(1)與本集團產油業務的物業、廠房及設備（「物業、廠房及設備」）以及無形資產所屬現金產生單位（「產油現金產生單位」）相關的物業、廠房及設備以及無形資產減值虧損分別約5,000,000港元及171,000,000港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

Oil business

In early 2017, the international crude oil price maintained at a similar level as that in late 2016, which is almost a double as compared to early 2016. However, after February 2017, the oil price fluctuated on a downstream trend for almost half year. After that, the oil price had been rising significantly. As a result, the increase in average oil price during the year is obvious as compared to 2016. On the other hand, the demand in the petroleum market was still weak. During the year, the Group have extracted approximately 8,392 metric tonnes (2016: 10,098 metric tonnes) of oil.

The results from operations and costs incurred in oil business are detailed as below. In 2017, the Group achieved a turnover of approximately HK\$20 million (2016: HK\$19 million), representing an increase of approximately 5% as compared with last year. The reportable segment loss of oil production before write-off of PPE and impairment losses on intangible assets and PPE for 2017 amounted to approximately HK\$22 million (2016: HK\$30 million). The decrease in such loss was primarily due to the increase in the selling price and the cost saving measures, which was partially offset by the drop in the sales volume of crude oil.

Results from operations

Net sales to customers	客戶銷售淨額
Other income	其他收入
Operating expenses	經營開支
Depreciation	折舊
Write-off of property, plant and equipment	撇銷物業、廠房及設備
Impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損
Impairment loss on intangible assets	無形資產之減值虧損
Results from operations before income tax	除所得稅前經營業績

業務回顧

石油業務

於二零一七年初，國際原油價格維持與二零一六末同等水平，較二零一六年初翻一番。然而，於二零一七年二月後，油價下行波動趨勢維持近半年。其後，油價一直攀升。因此，本年度平均油價較二零一六年有顯著增長。另一方面，石油市場需求仍然疲軟。於本年度，本集團已開採約8,392公噸（二零一六年：10,098公噸）石油。

石油業務之經營業績及所涉之成本詳列如下。於二零一七年，本集團錄得之營業額約為20,000,000港元（二零一六年：19,000,000港元），較去年增加約5%。於二零一七年生產石油報告分類錄得之虧損（未計物業、廠房及設備撇銷以及無形資產及物業、廠房及設備減值虧損）為約22,000,000港元（二零一六年：30,000,000港元）。上述虧損減少主要由於原油售價提高及成本節約措施所致，部分被原油銷量降低抵銷。

經營業績

	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Net sales to customers	20,192	18,762
Other income	42	12
Operating expenses	(36,813)	(43,052)
Depreciation	(5,097)	(5,544)
Write-off of property, plant and equipment	(13,051)	-
Impairment loss on property, plant and equipment	(5,469)	(11,024)
Impairment loss on intangible assets	(170,710)	(166,938)
Results from operations before income tax	(210,906)	(207,784)

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Songliao Contract impairment

As at 31 December 2017, the Company reviewed the carrying amounts of its assets related to the petroleum contract entered into between China Era Energy Power Investment Limited, a wholly-owned subsidiary of the Company, and China National Petroleum Corporation on 13 August 2007 (the “Songliao Contract”), and determined that impairment would be necessary. The impairment losses were mainly due to the significant adjustments in the drilling and extraction schedules. The planned drilling and extraction schedules were adjusted mainly due to the following factors:

- More time spent on the research on the detail structure of underground oil reserve;
- Further determination of the type of wells to be drilled;
- Insufficient funding to expand the production;
- Environmental concern near the site area by the local authority, of which the Company was recently informed that, for the comprehensive implementation of the integrated ecology improvement work in Chagan Lake Nature Reserve Area, the Administration of Jilin Chagan Lake National Nature Reserve has made the decision (the “Decision”) to extend the area of the Chagan Lake National Nature Reserve Area, which includes an area of approximately 24.7 square kilometers (the “Affected Area”) out of the contract area of the Songliao Contract of approximately 77.2 square kilometers; and
- More future capital investment to fulfill environmental protection requirements.

Accordingly, the Company determined that the carrying amounts of the assets related to the Songliao Contract would likely not be recoverable based on the revised timing of future cash flows projected from the Songliao Contract.

松遼合約減值

於二零一七年十二月三十一日，本公司已檢討中國年代能源投資有限公司（本公司的全資附屬公司）與中國石油天然氣集團公司於二零零七年八月十三日訂立的石油合約（「松遼合約」）的有關資產賬面值，並斷定資產須作出減值。減值虧損主要源於鑽探及開採時間表作出重大調整。原定的鑽探及開採時間表乃主要由於以下因素而予以調整：

- 對地下石油儲量結構進行詳盡研究花費更多時間；
- 進一步釐定將予鑽挖的油井種類；
- 缺乏足夠資金擴充生產；
- 地方機關對開採附近地區的環境表示關注，其中，本公司近期獲悉，為全面實施查干湖自然保護區的綜合生態提升工程，吉林查干湖國家級自然保護區管理局已決定擴大查干湖國家級自然保護區的範圍（「該決定」），其包括松遼合約之約77.2平方千米之合約區的約24.7平方千米的區域（「受影響區域」）；及
- 為符合環保規定，未來需要投入更多資本投資。

據此，本公司斷定，鑑於松遼合約預測的未來現金流產生時間已修訂，松遼合約有關資產的賬面值很可能無法收回。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In assessing the recoverable amount of the Oil Production CGU at 31 December 2017, the Company calculated the value-in-use derived by the discounted cash flow analysis to reflect deferral of development of the property by the revised price and cost considerations. The projected cash flows are based on the following key assumptions:

- Total estimated operating and construction costs of wells of the PRC oil field for the remaining terms of the Songliao Contract;
- The crude oil price projection basis by reference to market price of New York Mercantile Exchange WTI (“NYMEX WTI”) at the end of 2017; and
- The discount rate by reference to market comparable.

The review on the carrying amounts of the Oil Production CGU resulted in total impairment losses of approximately HK\$176,179,000 (2016: HK\$177,962,000). The impairment losses have been recorded within operating expenses on the face of the consolidated income statement and relates to the Company’s segment information in oil production segment.

For the purpose of calculating the recoverable amount of the Oil Production CGU, the following major variables and assumptions were adopted:

- (i) The estimated operating costs of the PRC oil field for the remaining terms of the Songliao Contract would increase and a growth rate of 3% (2016: 3%) was being adopted;
- (ii) According to the terms of the Songliao Contract, when determining the oil price, reference should be made to the transaction prices in the world’s major oil markets. Same as last year, the Company has adopted crude oil prices with reference to the rate of change of the NYMEX WTI forecast on crude oil prices.
- (iii) The exchange rates used for conversion between (a) Hong Kong dollars (“HK\$”) and Renminbi (“RMB”) is RMB1.00 = HK\$1.20 (2016: RMB1.00 = HK\$1.10); and (b) United States dollars (“US\$”) and RMB is US\$1.00 = RMB6.51 (2016: US\$1.00 = RMB6.95).

評估二零一七年十二月三十一日產油現金產生單位的可收回金額時，本公司採用現金流折現分析，以經修訂價格及成本代價，計算使用價值，以反映出財產延遲開發的影響。預測現金流是基於以下關鍵假設計算：

- 松遼合約餘下限期內的中國油田油井估計營運及建設成本總額；
- 二零一七年年底，原油價格預測基準參考紐約商品期貨交易所輕質低硫原油（「NYMEX WTI」）之市價；及
- 折現率是參考市場可比較數據定出。

檢討產油現金產生單位之賬面值產生減值虧損總額約為176,179,000港元（二零一六年：177,962,000港元）。該減值虧損已記入綜合損益表的經營開支內，並與本公司產油分類資料有關。

就計算產油現金產生單位之可收回金額，已採用下列主要變量及假設：

- (i) 松遼合約餘下年期內的中國油田估計營運成本將會增加，採用之增長率為3%（二零一六年：3%）；
- (ii) 根據松遼合約之條款，於釐定油價時應參考世界主要石油市場之交易價格。與去年相同，本公司所採納之原油價格是參考NYMEX WTI對原油價格預測之變化幅度。
- (iii) (a) 港元（「港元」）兌人民幣（「人民幣」）所用匯率為人民幣1.00元 = 1.20港元（二零一六年：人民幣1.00元 = 1.10港元）；及(b) 美元（「美元」）兌人民幣所用匯率為1.00美元 = 人民幣6.51元（二零一六年：1.00美元 = 人民幣6.95元）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(iv) As compared with last year's calculation, the management has adopted an adjusted drilling and extraction schedules as detailed below:

(iv) 相對於去年之計算，管理層採用經調整的鑽探及開採時間表，詳情如下：

Drilling and extraction schedules

鑽探及開採時間表

Years 年度		Variables used in current year projection 本年度預測所用之變量		Variables used in previous year projection 過往年度預測所用之變量	
		New wells 新油井	Million metric tonnes 百萬公噸	New wells 新油井	Million metric tonnes 百萬公噸
2017	二零一七年	-	0.009	-	0.010
		(actual) (實際)	(actual) (實際)		
2018	二零一八年	18	0.015	-	0.157
2019 to 2031	二零一九年至 二零三一年	96	0.799	791	3.277
Total	合計	114	0.823*	791	3.444

* For the current year projection, as compared with previous year projection and having considered the production capacity, approximately 2,621,000 metric tonnes of oil production are assumed to be deferred after the Songliao Contract period, i.e., year 2031.

* 就本年度預測而言，相較過往年度預測及計及產能後，約2,621,000公噸石油生產假設延至松遼合約期（即二零三一年）後。

The adjustments are mainly due to the following factors:

- Additional time spent on the research on the detail structure of the underground oil reserves;
- Additional time required to determine the type of wells to be drilled;
- Insufficient funding to expand the production in the short run;
- Tighten environmental concern near the site area by the local authority;
- The Decision made by the Administrative of Jilin Chagan Lake Nature Reserve to the Affected Area; and
- The estimation on the future capital investments to be spent in fulfilling environmental protection requirements.

調整之主要因素如下：

- 對地下石油儲量結構進行詳盡研究花費更多時間；
- 釐定將予鑽挖之油井種類需要更多時間；
- 短期內缺乏足夠資金擴充生產；
- 地方機關對開採附近地區收緊環境政策；
- 吉林查干湖國家級自然保護區管理局對受影響區域作出該決定；及
- 對為符合環保規定而將支出之未來資本投資之估計。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(v) The funding requirements for capital expenditure, including well development and well maintenance, on the planned drilling were detailed below:

(v) 計劃鑽探之資本開支（包括油井開發及油井維護）的資金需求詳情如下：

Years 年度		Capital expenditure 資本開支	
		Variables used in current year projection 本年度預測 所用之變量 HK\$' million 百萬港元	Variables used in previous year projection 過往年度預測 所用之變量 HK\$' million 百萬港元
2017	二零一七年	- (actual) (實際)	-
2018	二零一八年	51	377
2019 to 2031	二零一九年至二零三一年	272	1,816
Total	合計	323	2,193

The management planned to obtain necessary funding for the capital expenditure from both internal and external sources. In current year, since the net cash used in operating activities of the Group amounted to approximately HK\$7 million, the management is of the view that it was not beneficial to the Group to spend significant amount on capital expenditure under the current and forecast oil price. Therefore the management has reduced the capital expenditure for subsequent years.

管理層計劃從內部及外部資源撥付資本開支所需資金。於本年度，由於本集團之營運活動所動用之現金淨額約為7,000,000港元，管理層認為，於現時及預測油價條件下花費大量資金用於資本開支對本集團並無益處。因此，管理層削減了往後年度之資本開支。

(vi) The management assumed that the discount rate will be close to market comparable and a pre-tax discount rate used to determine value-in-use is 17.7% (2016: 17.8%).

(vi) 管理層假設折現率將接近市場可資比較折現率，而用以釐定使用價值之除稅前折現率為17.7%（二零一六年：17.8%）。

The review on the carrying amounts of the Oil Production CGU resulted in total impairment losses of approximately HK\$176,179,000 (2016: HK\$177,962,000), which is mainly due to the delays in the drilling and extraction schedules and increase in estimated future capital investments on environmental measures.

檢討產油現金產生單位賬面值產生減值虧損總額約為176,179,000港元（二零一六年：177,962,000港元），主要源於鑽探及開採時間表推遲以及就環保措施之估計未來資本投資增加。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Information of oil reserves

Changes in estimated quantities of proved crude oil reserves for the year ended 31 December 2016 and 2017 are indicated as follows:

		Crude oil 原油 (million metric tonnes) (百萬公噸)
Reserves as at 1 January 2016	於二零一六年一月一日之儲量	3.658
Changes resulted from: Production	因以下事項而產生變動：生產	(0.010)
Reserves as at 31 December 2016	於二零一六年十二月三十一日之儲量	3.648
Changes resulted from: Production	因以下事項而產生變動：生產	(0.009)
Changes resulted from: Loss of reserves	因以下事項而產生變動：儲量損失	(0.708)
Reserves as at 31 December 2017	於二零一七年十二月三十一日之儲量	2.931

Note: Based on the Group's share of participated interests in the oil field through jointly controlled operations.

石油儲量資料

截至二零一六年及二零一七年十二月三十一日止年度，探明原油儲量之估計數量之變動列載如下：

附註：根據本集團透過共同控制營運分佔於油田之參與權益計算。

Operation of liquid chemical terminal, storage and logistics facilities business

By end of 2015, the Group has injected RMB115 million (equivalent to approximately HK\$136 million) to Shandong Shundong Port Services Company Limited ("Shundong Port") to obtain 51% equity interest in Shundong Port. Shundong Port owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-years' period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066 respectively. During 2017, Shundong Port has completed the construction and commenced leasing of its Port and Storage Facilities which generated rental income of approximately HK\$10 million.

Electricity and heat business

On 17 March 2017, the Group discontinued the electricity and heat business upon the completion of disposal of Sunlight Rise Limited. No revenue was generated from this discontinued operation as compared to approximately HK\$22 million in the last year.

經營液體化工品碼頭、儲存及物流設施業務

截至二零一五年年底，本集團已向山東順東港務有限公司（「順東港務」）注資人民幣115,000,000元（相當於約136,000,000港元），以取得順東港務51%股權。順東港務擁有兩項使用海域之權利，涵蓋中國山東省東營港可用作土地平整及填海建設總面積為約31.59公頃，並獲許建設填海及土地平整，以供海洋運輸及港口設施使用，營運期為50年，分別自二零一四年十一月十三日起至二零一六年二月二十三日止及二零一六年二月二十三日起至二零一六年二月二十二日止。於二零一七年，順東港務已完成建設並開始出租其港口及儲存設施，已產生租金收入約10,000,000港元。

熱電業務

於二零一七年三月十七日，於完成出售昇暉有限公司後，本集團已終止熱電業務。概無自該已終止經營業務產生收入，而去年約為22,000,000港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

AUDITOR'S MODIFIED OPINION

The Company's auditor does not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2017. The auditor is of the view that because of the significance of the matter described in the "Basis for Disclaimer of Opinion" section of the Independent Auditor's Report as set out in pages 48 to 49 of this annual report, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in opinion of the Company's auditor the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

During the year ended 31 December 2017, the Group incurred a loss of HK\$201,430,000 (2016: HK\$200,964,000) and net current liabilities of HK\$1,075,777,000 (2016: HK\$353,127,000) as at 31 December 2017. The total outstanding construction costs of HK\$484,044,000 (2016: HK\$420,716,000), that are required to repay within one year after the reporting date, in which amounts of HK\$403,946,000 (2016: HK\$319,177,000) and HK\$80,098,000 (2016: HK\$101,539,000) are recognised under other payables and other borrowings respectively, were included in current liabilities and the capital commitment for construction costs was HK\$3,078,000 (2016: HK\$154,466,000) as at 31 December 2017. In addition, other borrowings included in current liabilities of HK\$30,054,000 (2016: bank and other borrowings of HK\$49,370,000 and HK\$28,169,000 respectively) was overdue for repayments as at 31 December 2017. These conditions, in the current year, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the foregoing, the Directors have prepared the consolidated financial statements on a going concern basis, the appropriateness of which depends upon the outcome of the underlying assumptions as detailed in note 3(a)(ii) to the consolidated financial statements. One of the assumptions is the Group will settle the outstanding construction costs of HK\$198,408,000 in the coming twelve months after the year ended 31 December 2017. For the remaining balances of total construction costs, based on the good relationship with the contractors, the contractors will extend the repayment dates over twelve months after the year ended 31 December 2017.

核數師之經修訂意見

本公司核數師不會就本集團截至二零一七年十二月三十一日止年度的綜合財務報表發表意見。核數師認為，鑒於本年報第48至第49頁所載獨立核數師報告「不發表意見之基準」一節所述事宜之重要性，核數師尚未能取得充分適當的審計憑證以就該等綜合財務報表的審計意見提供基礎。於所有其他方面，本公司核數師認為，綜合財務報表已遵守香港公司條例之披露規定妥為編製。

於截至二零一七年十二月三十一日止年度，貴集團產生虧損201,430,000港元（二零一六年：200,964,000港元）及於二零一七年十二月三十一日之流動負債淨值為1,075,777,000港元（二零一六年：353,127,000港元）。於二零一七年十二月三十一日，納入流動負債之須於報告日期後一年內償付的未償建設成本總額為484,044,000港元（二零一六年：420,716,000港元），其中403,946,000港元（二零一六年：319,177,000港元）及80,098,000港元（二零一六年：101,539,000港元）分別於其他應付款項及其他借款項下確認，及建設成本資本承擔為3,078,000港元（二零一六年：154,466,000港元）。此外，於二零一七年十二月三十一日，納入流動負債之其他借款30,054,000港元（二零一六年：銀行及其他借款分別為49,370,000港元及28,169,000港元）逾期未還。本年度的該等情況顯示存在重大不明朗因素可能導致對貴集團持續經營之能力產生重大疑慮。

儘管上文所述，董事已按持續經營基準編製綜合財務報表，其合適性主要取決於綜合財務報表附註3(a)(ii)所述的相關假設結果。假設當中之一項為貴集團將於截至二零一七年十二月三十一日止年度後十二個月內清償未償建設成本198,408,000港元。而就總建設成本之餘下結餘而言，基於與承包商的友好關係，承包商將還款日期延長至截至二零一七年十二月三十一日止年度後超過十二個月。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In respect of the Group's settlement of the outstanding construction costs, up to the date of approval of these consolidated financial statements, the Group has not obtained any written confirmations on the delayed payment dates from the contractors. There were no alternative audit procedures that the auditor can perform to obtain relevant audit evidence to assess the likelihood that these contractors would extend the repayment dates over twelve months after the year ended 31 December 2017.

Accordingly, the auditor was unable to satisfy themselves that whether it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2017 on a going concern basis. Should the going concern basis be considered inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their estimated realisable amounts, 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.

The uncertainty of going concern has first arisen as the basis of disclaimer in the consolidated financial statements of the Group for the year ended 31 December 2015. Since 2015, the Company has taken the following measures to alleviate its net current liabilities position: (a) disposed of the electricity and heat business which has poor performance, especially after the issuing of the notice by the People's Government of Lingshi County dated 23 April 2015 ordering the shut down of the operations of the power generating units; (b) focusing on lowering the costs and enhancing efficiency during the operation of the oil production business; (c) delaying the drill schedule of oil production wells and capital expenditure at the low oil price environment; (d) conducting share and convertible bond placements to raise aggregate net cash proceeds of approximately HK\$347 million during 2015; (e) completion of placing of new shares to raise net cash proceeds of approximately HK\$85 million in early 2018; (f) acquiring 51% effective interest in Shundong Port and entering into a lease agreement to lease the Port and Storage Facilities, which is expected to provide an opportunity for the Company to generate a stable rental income, to expedite the Group's recovery of investment costs and to deliver reasonable return on capital to the Group from the operation of liquid chemical terminal, storage and logistics facilities business; (g) negotiating with certain contractors to extend the repayment dates over twelve months after 31 December 2017; and (h) obtaining banking facilities and certain medium term loans to finance the settlement of construction costs of the Port and Storage Facilities.

就 貴集團清償未償建設成本而言，直至該等綜合財務報表批准日期，貴集團尚未獲得承包商就延遲付款日期之任何書面確認。核數師無法執行其他審計程序，以獲得相關審計憑證評估該等承包商是否可能將還款日期延長至截至二零一七年十二月三十一日止年度後超過十二個月。

因此，核數師無法信納按持續經營基準編製截至二零一七年十二月三十一日止年度之綜合財務報表是否恰當。倘認為持續經營基準並不恰當，則須進行調整，將 貴集團資產的賬面值撇減至其估計可變現金額，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。該等調整之影響並無於綜合財務報表內反映。

持續經營不確定因素於本集團截至二零一五年十二月三十一日止年度之綜合財務報表中不發表意見之基準中首次提出。由二零一五年起，本公司已採取以下措施紓緩其流動負債淨值狀況：(a)出售（尤其於靈石縣人民政府發出日期為二零一五年四月二十三日的通知以指令關閉發電機組的營運後）表現不佳之熱電業務；(b)專注於經營產油業務時之節本增效；(c)於油價低企環境延後鑽探石油生產井及資本開支時間表；(d)於二零一五年進行股份及可換股債券配售，籌集現金款項淨額總額約347,000,000港元；(e)於二零一八年初完成配售新股，籌集現金所得款項淨額約85,000,000港元；(f)收購順東港務51%實際權益及簽訂一份出租港口及儲存設施之租賃協議，預期可透過經營液體化工品碼頭、儲存及物流設施業務以提供機會賺取穩定租金收入、加快本集團收回投資成本之速度，並讓本集團實現合理資金回報；(g)與若干承包商磋商延長還款日期至二零一七年十二月三十一日後超過十二月；及(h)獲得銀行融資及若干中期貸款，以為結算港口及儲存設施之建設成本提供資金。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The directors and management of the Company will continue to explore alternative funding sources by continuing to approach banks and financial institutions to raise additional capital by way of debt or equity fund-raising. The Company will inform shareholders of the Company (the "Shareholders") and the public by way of announcement when we make any progress on any of these fund-raising efforts. Based on the presentation of factual findings by the Company's directors and management, the audit committee of the Company is satisfied with the management's judgment on this matter.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

As at 31 December 2017, the Group had total assets of approximately HK\$1,993 million (2016: HK\$1,846 million), total liabilities of approximately HK\$1,622 million (2016: HK\$1,381 million), indicating a gearing ratio of 0.81 (2016: 0.75) on the basis of total liabilities over total assets. The current ratio of the Group for the year was 0.12 (2016: 0.51) on basis of current assets over current liabilities.

As at 31 December 2017, the Group had bank and other borrowings of approximately HK\$294,584,000 and HK\$159,992,000 respectively (2016: HK\$214,627,000 and HK\$171,418,000 respectively). The aggregate bank deposits and cash in hand of the Group were approximately HK\$57,059,000 (2016: HK\$238,814,000).

As at 31 December 2017, the convertible bonds outstanding principal amount of (i) HK\$628,160,000, had been due on 31 December 2015 not carrying any interest with right to convert the convertible bonds into ordinary shares of the Company. The adjusted conversion price is HK\$0.8 per share (subject to adjustments) and a maximum number of 785,200,000 shares may be allotted and issued upon exercise of the conversion rights attached to the convertible bonds in full; and (ii) HK\$190,000,000 due on 15 September 2018 carrying interest of 5% per annum with right to convert the convertible bonds into ordinary shares of the Company. The conversion price is HK\$0.158 per share (subject to adjustments) and a maximum number of 1,202,531,645 shares may be allotted and issued upon exercise of the conversion rights attached to the convertible bonds in full. During the year, no convertible bond was converted to ordinary shares of the Company.

本公司董事及管理層將不斷接觸銀行及財務機構，繼續探討其他資金來源，務求以債務或股本集資方法募集額外資金。倘我們就任何該等集資計劃達成任何進展，本公司將刊發公告通知本公司股東（「股東」）及公眾。根據本公司董事及管理層呈報的事實發現，本公司審核委員會信納管理層就此事項的判斷。

財務回顧

流動資金、財務資源及股本架構

於二零一七年十二月三十一日，本集團之資產總值約為1,993,000,000港元（二零一六年：1,846,000,000港元），負債總額約為1,622,000,000港元（二零一六年：1,381,000,000港元），按負債總額除以資產總值計算，資本負債比率為0.81（二零一六年：0.75）。本年度本集團之流動比率（按流動資產除以流動負債計算）為0.12（二零一六年：0.51）。

於二零一七年十二月三十一日，本集團銀行及其他借款分別約為294,584,000港元及159,992,000港元（二零一六年：分別為214,627,000港元及171,418,000港元）。本集團之銀行存款及手頭現金合計約為57,059,000港元（二零一六年：238,814,000港元）。

於二零一七年十二月三十一日，未償還可換股債券之本金額為(i) 628,160,000港元，已於二零一五年十二月三十一日到期及不計利息，並且附有權利可將可換股債券兌換為本公司普通股。經調整兌換價為每股0.8港元（可予調整），而倘可換股債券附帶之兌換權獲悉數行使，可配發及發行最多785,200,000股股份；及(ii) 190,000,000港元，於二零一八年九月十五日到期及按年利率5%計息，並且附有權利可將可換股債券兌換為本公司普通股。兌換價為每股0.158港元（可予調整），而倘可換股債券附帶之兌換權獲悉數行使，可配發及發行最多1,202,531,645股股份。年內並無可換股債券兌換為本公司普通股。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In July 2015, the Group commenced legal actions against the holder(s) of the convertible bonds which were due on 31 December 2015. Details of the litigation can be referred to the Company's announcements dated 4 July 2015, 14 August 2015, 24 November 2015 and 4 January 2018 respectively. On 4 January 2018, the Company reached settlement with the defendants of the litigation pursuant to which the Company is applying to the Grand Court of the Caymen Islands for discontinuance of the litigation.

Contingent liabilities

As at 31 December 2017, the Group did not have any significant contingent liabilities.

Capital and other commitments

The Group had capital and other commitments contracted but not provided for of approximately HK\$3,078,000 (2016: HK\$155,167,000) and HK\$46,919,000 (2016: HK\$48,164,000) respectively as at 31 December 2017.

Charges on assets

As at 31 December 2017, entire investment properties of HK\$1,500,000,000 (2016: Nil) and certain bank deposits of approximately HK\$51,360,000 (2016: HK\$42,921,000) were pledged for the Group's bills payables, bank borrowings and finance lease liabilities. As at 31 December 2016, PPE of approximately HK\$169,921,000 and sea area use rights of approximately HK\$106,367,000 were pledged for the Group's bills payables and finance lease liabilities.

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\$ and RMB 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 minimise currency risks. The Group, after reviewing its exposure for the time being, did not enter into any derivative contracts aimed at minimising exchange rate risks during the year. However, management will monitor foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

於二零一五年七月，本集團向於二零一五年十二月三十一日到期之可換股債券之持有人開展法律訴訟。訴訟詳情可參閱本公司日期分別為二零一五年七月四日、二零一五年八月十四日、二零一五年十一月二十四日及二零一八年一月四日之公佈。於二零一八年一月四日，本公司與訴訟之被告達成和解，據此，本公司向開曼群島大法院申請終止該訴訟。

或然負債

於二零一七年十二月三十一日，本集團並無任何重大或然負債。

資本及其他承擔

本集團於二零一七年十二月三十一日有已訂約但未撥備之資本及其他承擔分別約3,078,000港元（二零一六年：155,167,000港元）及46,919,000港元（二零一六年：48,164,000港元）。

資產抵押

於二零一七年十二月三十一日，全部投資物業1,500,000,000港元（二零一六年：無）及若干銀行存款約51,360,000港元（二零一六年：42,921,000港元）已就本集團之應付票據、銀行借款及融資租賃負債作出抵押。於二零一六年十二月三十一日，就本集團之應付票據及融資租賃負債抵押物業、廠房及設備約169,921,000港元及海域使用權約106,367,000港元。

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。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Employee information

As at 31 December 2017, the Group employed 149 full-time employees (2016: 421). The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually in line with industry practice. The Group also provides provident fund schemes (as the case may be) to its employees depending on the location of such employees.

Dividend

The Directors do not recommend the payment of any dividend for the year ended 31 December 2017 (2016: Nil).

FUTURE PLAN AND PROSPECTS

Oil business

In 2018, the recovery of the global economy will remain highly uncertain. After the rapid growth in the last quarter of 2017, the crude oil price is likely to be stabilised at the current levels. The Group will continue to improve extraction techniques in order to increase the overall efficiency. The Group will continue to place great emphasis on its scientific and geological researches, increase efforts to make breakthroughs on key techniques, strengthen the meticulous exploration of mature oil field and actively push forward venture exploration in oil field.

Taking into accounts the production capacity of existing wells and facilities and the demand in oil market, it is estimated that the annual oil production of the oil field of the Lower Cretaceous System Quantou Formation Third Member Yangdachengzi Layer which is situated at Liangjing Block of the Songliao Basin at Jilin Province of the PRC in 2018 would be approximately 15,000 metric tonnes (equivalent to 109,500 barrels of oil).

僱員資料

於二零一七年十二月三十一日，本集團僱用149名全職僱員（二零一六年：421名）。本集團之薪酬政策按個別僱員表現而釐定，並每年檢討以便與業界慣例相符。本集團亦按該等僱員之工作地點向僱員提供公積金計劃（按情況而定）。

股息

董事不建議派付截至二零一七年十二月三十一日止年度之任何股息（二零一六年：無）。

未來規劃及展望

石油業務

於二零一八年，全球經濟復甦進度仍不明朗。繼於二零一七年最後一個季度快速增長後，原油價格很有可能穩定於現時水平。本集團將繼續改良提取技術，務求提高整體效益。本集團將繼續專注於科學及地質研究，加倍努力取得關鍵技術突破，強化老區精細挖潛，並大力推進油田之風險勘探。

倘計及現有油井及設施之產能以及石油市場之需求，估計位於中國吉林省松遼盆地兩井區塊之下白堊統泉頭組三段楊大城子油層之油田於二零一八年之年產油量將約為15,000公噸（相等於109,500桶石油）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Operation of liquid chemical terminal, storage and logistics facilities business

Since the completion of the acquisition of 51% effective interest in Shundong Port by the Group in December 2015, the Group had been proactively promoting the continual construction of the Port and Storage Facilities. The original design of the Port and Storage Facilities anticipated four berths for chemical tankers of 10,000 tonnage and two berths for chemical tankers of 5,000 tonnage. The construction was completed during the year and the terminal had commenced operation partially in late September 2017.

On 24 October 2016, Shundong Port entered into a lease agreement (the "Lease Agreement") to lease the Port and Storage Facilities to Dongying Haike Ruilin Chemical Co., Ltd. (the "Lessee") for the annual sum of RMB125 million. The rent payable by the Lessee to Shundong Port for the Port and Storage Facilities under the Lease Agreement before value-added tax is RMB125 million (approximately HK\$145 million) per annum, which shall be payable in twelve equal instalments on monthly basis in advance. Details of the Lease Agreement can be referred to the circular of the Company dated 17 February 2017.

The commencement of the rental term under the Lease Agreement, which was originally scheduled to start from 1 April 2017, was postponed in order to satisfy the terms and conditions of the Lease Agreement. At the date of this report, the Company expects to achieve full commercial operation of Shundong Port in the first half of 2018, subject to the obtaining of the outstanding permits and licenses by then.

The Lease Agreement provides an opportunity for the Company to generate a stable rental income from the Port and Storage Facilities, which is expected to expedite the Group's recovery of investment costs and to deliver reasonable return on capital to the Group on this project. In addition, the Lease Agreement is expected to improve the Group's asset and liabilities position in the long run, and to enhance the fund-raising capabilities of Shundong Port in the short run. It is currently expected that any cash derived from the rental income of the Lease Agreement will be retained by Shundong Port for its settlement of indebtedness, ongoing expansion and development plans.

經營液體化工品碼頭、儲存及物流設施業務

自二零一五年十二月本集團完成收購順東港務51%實際權益以來，本集團一直積極推動續建港口及儲存設施。港口及儲存設施之原定設計預期為四個10,000噸化工船泊位及兩個5,000噸化工船泊位。年內已完成建設，碼頭已自二零一七年九月下旬部分開始進行商業營運。

於二零一六年十月二十四日，順東港務簽訂一份租賃協議（「租賃協議」），向東營市海科瑞林化工有限公司（「承租人」）出租港口及儲存設施，年金額為人民幣125,000,000元。根據租賃協議，承租人須就港口及儲存設施向順東港務每年支付除增值稅前租金人民幣125,000,000元（約145,000,000港元），有關租金須分十二期等額按月預付。租賃協議之詳情可參閱本公司日期為二零一七年二月十七日之通函。

租賃協議項下租賃期限原定自二零一七年四月一日開始，為滿足租賃協議之條款及條件，起租日已延後。截至本報告日期，本公司預期順東港務將於二零一八年上半年實現全面商業營運，惟於屆時須已取得尚未取得之許可證及牌照。

租賃協議為本公司提供機會以從港口及儲存設施賺取穩定租金收入，預期可加快本集團收回投資成本之速度，並讓本集團透過此項目實現合理資金回報。此外，租賃協議長遠可望改善本集團資產及負債狀況，並可於短期內加強順東港務之集資能力。目前預期租賃協議所得任何現金租金收入將由順東港務用於償付債務、持續擴充及發展計劃。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Exploration and mining business

As disclosed in the Company's 2015 annual report, the Board found out that in 2010, the exploration licence held by Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI") had been transferred to Inner Mongolia Xiao Hong Shan Yuen Xian Mining Industry Company Limited (內蒙古小紅山源森礦業有限公司) ("Yuen Xian Company") without the Company's knowledge, consent or approval (the "Change of Exploration Right Agreement").

Since then, the Group had commenced legal proceedings (the "Mining Litigations") against Yuen Xian Company with the view to invalidating the Change of Exploration Right Agreement dated 11 November 2009 (which caused the loss of the exploration license by QHFSMI) and seeking to regain the control of QHFSMI and the exploration license. In the past few years, the Group suspended its exploration and mining business pending the outcome of the Mining Litigations.

As announced by the Company on 11 June 2015, 12 June 2015 and 9 March 2016, the Higher People's Court of Qinghai Province had made a final judgment that the change of exploration right agreement was between QHFSMI and Yuen Xian Company was invalid and the Qinghai Province People's Procuratorate had expressed its "no-support" as to the review of the abovementioned final judgement, respectively. Following the conclusion of the Mining Litigations, the Company has appointed the legal advisers in the PRC to enforce the judgement to uphold the Group's right. In the event that the Group could regain the control of QHFSMI, the Group will be in the position to have access to the relevant exploration and mining license and thereafter the Group will perform due diligence review on the mining site. The Group is conducting regular re-assessment on the progress made by its legal advisers and the prospect of the Group's mining segment from time to time.

勘探及開採業務

誠如本公司二零一五年年報所披露，董事會發現，由青海森源礦業開發有限公司（「青海森源」）持有之勘探牌照已於二零一零年轉讓予內蒙古小紅山源森礦業有限公司（「源森公司」），而本公司並不知悉、同意或批准（「探礦權變更協議」）。

自此之後，本集團已針對源森公司展開法律訴訟（「礦業訴訟」），旨在尋求判令日期為二零零九年十一月十一日之探礦權變更協議（此協議導致青海森源失去勘探牌照）無效，並尋求重新取得青海森源及勘探牌照之控制權。於過去多年，本集團一直暫停其勘探及開採業務，以待礦業訴訟的結果。

誠如本公司於二零一五年六月十一日、二零一五年六月十二日及二零一六年三月九日所公佈，青海省高級人民法院作出最終判決，即青海森源與源森公司簽署之探礦權變更協議無效，及青海省人民檢察院表明其「不支持」對上述最終判決的監督申請。礦業訴訟結束後，本公司已委任中國法律顧問執行判決，以維護本集團之權利。倘本集團能重新取得青海森源之控制權，本集團將能取得相關勘探及開採牌照，且本集團其後將對礦場進行盡職審查。本集團將不時對其法律顧問取得之進展及本集團開採分類之前景定期進行重新評估。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

EXECUTIVE DIRECTORS

Mr. Lan Yongqiang, aged 50, was appointed as an independent non-executive Director in July 2014 and was re-designated as an executive Director in December 2014. Mr. Lan was appointed as the Chairman of the Board in March 2018. He holds a Bachelor of Laws Degree from Lanzhou University. Mr. Lan has extensive experience in investment, mergers and acquisitions as well as in the business of public listing laws. Mr. Lan is currently the chairman of Guangdong Golden Dragon Development Inc. (stock code: 000712), which is listed on the Shenzhen Stock Exchange. Mr. Lan is also a director of Shenzhen Kangmei Biotechnology Co., Ltd. (stock code: 835541) which is quoted on the National Equities Exchange and Quotations System (the New Third Board); a director of Jinhui Liquor Co., Ltd. (stock code: 603919) which is listed on the Shanghai Stock Exchange; and an independent director of Topscore Fashion Shoes Co., Ltd. (stock code: 603608) which is listed on the Shanghai Stock Exchange. Mr. Lan was an independent non-executive director of Guangdong Macro Co., Ltd. (stock code: 00533) which is listed on the Shenzhen Stock Exchange from August 2010 to October 2015.

Ms. Wang Meiyang, aged 55, was appointed as executive Director in January 2011. She graduated from a vocational education institute. She was a senior officer of the Office of Dongying Municipal Committee, Shandong Province, Geology Research Institute of Shengli Oilfield, Huaren Group of Shenyang Military Area Command, Chinese Enterprises Dagan Magazine, the Association of Chinese Enterprises Television Stations, American Pan Asia Investment Group Corporation and Kashgar project of Tarim Oilfield in Xinjiang. Ms. Wang has extensive experience in corporate management and leadership.

執行董事

藍永強先生，50歲，於二零一四年七月獲委任為獨立非執行董事，並於二零一四年十二月調任為執行董事。藍先生於二零一八年三月獲委任為董事會主席。藍先生持有蘭州大學法學學士學位。藍先生於投資、合併與收購及上市法律業務擁有豐富經驗。藍先生現為廣東錦龍發展股份有限公司（股份代號：000712）董事長，該公司於深圳證券交易所上市。藍先生另擔任深圳康美生物科技股份有限公司（股份代號：835541）董事，該公司於新三板掛牌；金徽酒股份有限公司（股份代號：603919）董事，該公司於上海證券交易所上市；廣州天創時尚鞋業股份有限公司（股份代號：603608）獨立董事，該公司於上海證券交易所上市。藍先生自二零一零年八月至二零一五年十月曾為廣東萬家樂股份有限公司（股份代號：00533）之獨立非執行董事，該公司於深圳證券交易所上市。

王美艷女士，55歲，於二零一一年一月獲委任為執行董事。彼擁有中專學歷，並先後在山東省東營市委辦公室、勝利油田地質研究院、瀋陽軍區華仁集團、中國企業大觀雜誌社、中國企業電視台協會、美國泛亞投資集團公司及新疆塔里木油田喀什項目部任高級職員。王女士有著豐富的企業管理經驗和領導經驗。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

Mr. Chan Wai Cheung Admiral, aged 44, was appointed as an independent non-executive Director in March 2012 and was redesignated as an executive Director in November 2013. He was also appointed as the company secretary of the Company in November 2016. He holds a Bachelor of Arts (Honours) in Accountancy from City University of Hong Kong. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He has extensive experience in the accounting and auditing fields. Mr. Chan is a non-executive director of China Nonferrous Metals Company Limited (stock code: 8306), which is listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. Chan is also an independent non-executive director of each of Carnival Group International Holdings Limited (stock code: 996), SFund International Holdings Limited (formerly known as Hanbo Enterprises Holdings Limited) (stock code: 1367) and Zhong Ao Home Group Limited, all of which are listed on the Main Board of the Stock Exchange (“Main Board”). He was an independent non-executive director of Jia Meng Holdings Limited (stock code: 8101), which is listed on the GEM, from September 2013 to May 2016.

Ms. Jin Yuping, aged 46, graduated from the undergraduate program in Petroleum Engineering from China University of Petroleum (Huadong) and holds a Master’s Degree in Oil and Gas Engineering from China University of Petroleum (Huadong). Ms. Jin has served as head of oil production team and deputy director of oil production in Gudong Oil Production Centre of Sinopec Shengli Oilfield during the period from 2006 to 2012. Currently, Ms. Jin is a Vice President of Beijing Huaxia Taiyue Energy Investment Company Limited. Ms. Jin has accumulated over 20 years of working experience in oil production.

Mr. Cao Sheng, aged 44, was appointed as executive Director in March 2018. He graduated from Shandong Academy of Governance in 1999 majoring in Economics and Management. Mr. Cao has many years of management experience in China in the industries of vessel and offshore platform engineering and business consultancy.

陳偉璋先生，44歲，於二零一二年三月獲委任為獨立非執行董事，並於二零一三年十一月調任為執行董事。彼亦於二零一六年十一月獲委任為本公司之公司秘書。彼持有香港城市大學會計學文學士（榮譽）學位。陳先生為香港會計師公會會員及英國特許公認會計師公會資深會員。彼於會計及審核方面累積豐富經驗。陳先生現時為中國有色金屬有限公司（股份代號：8306）之非執行董事，該公司於香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）上市。陳先生亦為嘉年華國際控股有限公司（股份代號：996）、廣州基金國際控股有限公司（前稱恒寶企業控股有限公司）（股份代號：1367）及中奧到家集團有限公司各自之獨立非執行董事，該些公司均於聯交所主板（「主板」）上市。彼自二零一三年九月至二零一六年五月曾擔任創業板上市公司家夢控股有限公司（股份代號：8101）之獨立非執行董事。

金玉萍女士，46歲，在中國石油大學（華東）採油工程本科畢業及持有中國石油大學（華東）石油與天然氣工程碩士學位。於二零零六年至二零一二年期間，金女士曾任中國石油化工勝利油田孤東採油廠採油隊長及採油副礦長。金女士現為北京華夏泰岳能源投資有限公司副總經理。金女士於採油方面累積逾二十年的工作經驗。

曹晟先生，44歲，於二零一八年三月獲委任為執行董事。彼於一九九九年畢業於山東行政學院，主修經濟管理。曹先生於中國具有多年的船舶及海上平台工程及商業諮詢領域之管理風險。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

Mr. Yu Zhiyong, aged 48, was appointed as executive Director in March 2018. He graduated from Shenyang Gold Institute (now part of the Northeastern University, China) in 1994 majoring in Mining and Engineering Surveying. Mr. Yu has many years of management experience in China in the industries of logistics, system engineering and business consultancy. Mr. Yu has been the president of Hong Kong Dongying Chamber of Commerce since February 2017.

于志勇先生，48歲，於二零一八年三月獲委任為執行董事。彼於一九九四年畢業於沈陽黃金學院（現為中國東北大學之一部分），主修採礦及工程測量。于先生於中國具有多年的物流、系統工程及商業諮詢領域之管理經驗。于先生自二零一七年二月起一直擔任香港東營商會之會長。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Hoi Yan, aged 34, was appointed as independent non-executive Director in November 2013. He holds a Bachelor of Commerce from The University of Auckland, New Zealand. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants. In the past, Mr. Lee has worked in one of the top-tier international accounting firms. He is currently working in an investment bank. He has extensive experience in the field of accounting, auditing and corporate finance and specialised expertise in mergers and acquisitions and the capital market.

獨立非執行董事

李凱恩先生，34歲，於二零一三年十一月獲委任為獨立非執行董事。彼持有新西蘭奧克蘭大學商科學士學位。李先生為香港會計師公會會員。李先生之前曾於一間頂級國際會計師行工作。彼目前任職於投資銀行。彼於會計、審核及企業融資方面擁有豐富經驗，並於併購及資本市場領域擁有專業知識。

Mr. Wang Jinghua, aged 36, was appointed as independent non-executive Director in July 2011. He graduated from University of Exeter, United Kingdom. He holds two Bachelor of Arts degrees with major in Internet Computing and Economics & Finance and a Master of Science degree with International Management. From 2009, Mr. Wang acted as a General Manager Assistant in China Western Holdings Co., Ltd. He has most experience in the investment program and contract in the urban construction project.

王靖華先生，36歲，於二零一一年七月獲委任為獨立非執行董事。彼畢業於英國埃克賽特大學。彼持有國際商業管理碩士學位、經濟與金融學士學位及計算機專業學士學位。從二零零九年，王先生曾擔任西部發展控股有限公司總經理助理的職務。他擁有投資項目及城市建設項目合同的豐富經驗。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

Mr. Fung Nam Shan, aged 41, was appointed as an independent non-executive Director in May 2015. He holds a bachelor's degree in accounting awarded by the University of Newcastle, Australia. Mr. Fung is a member of the Hong Kong Institute of Certified Public Accountants and a CPA member of the Australian Institute of Certified Public Accountants. Mr. Fung is currently the company secretary and authorised representative of each of Seamless Green China (Holdings) Limited (listed on GEM, stock code: 8150) and Yat Sing Holdings Limited (listed on Main Board, stock code: 3708) and the company secretary of each of Camsing International Holding Limited (listed on Main Board, stock code: 2662) and Thelloy Development Group Limited (listed on Main Board, stock code: 1546). Mr. Fung was the joint company secretary of Future Bright Mining Holdings Limited (listed on Main Board, stock code: 2212) during the period from November 2015 to October 2016 and the company secretary and authorised representative of China Ocean Fishing Holdings Limited (formerly known as Sky Forever Supply Chain Management Group Limited) (listed on GEM, stock code: 8047) during the period from May 2015 to May 2017. Mr. Fung served Zhejiang Chang'an Renheng Technology Co., Ltd. (listed on GEM, stock code: 8139) as the financial controller and company secretary from April 2013 to March 2014. Mr. Fung was employed as the financial controller and company secretary of South China Land Limited (listed on GEM, stock code: 8155) from February 2010 to April 2013. Mr. Fung served for a reputable property development group as the financial controller from 2009 to 2010. He has worked for PricewaterhouseCoopers as an audit manager for several years which brought him strong experience in auditing, accounting and taxation in Hong Kong and the PRC. He has been one of the marketing committee members of The Hong Kong Youth Hostels and also a member of its charity walk organising committee since 2012.

馮南山先生，41歲，於二零一五年五月獲委任為獨立非執行董事。彼持有澳大利亞紐卡素大學頒發之會計學士學位。馮先生為香港會計師公會會員及澳大利亞註冊會計師協會註冊會計師會員。彼現時為無縫綠色中國（集團）有限公司（於創業板上市，股份代號：8150）及日成控股有限公司（於主板上市，股份代號：3708）之公司秘書和授權代表以及為承興國際控股有限公司（於主板上市，股份代號：2662）及德萊建業集團有限公司（於主板上市，股份代號：1546）之公司秘書。馮先生於二零一五年十一月至二零一六年十月期間擔任高鵬礦業控股有限公司（於主板上市，股份代號：2212）之聯席公司秘書及於二零一五年五月至二零一七年五月期間擔任中國海洋捕撈控股有限公司（前稱宇恒供應鏈集團有限公司）（於創業板上市，股份代號：8047）之公司秘書和授權代表。馮先生於二零一三年四月至二零一四年三月擔任浙江長安仁恒科技股份有限公司（於創業板上市，股份代號：8139）之財務總監及公司秘書。馮先生曾於二零一零年二月至二零一三年四月擔任南華置地有限公司（於創業板上市，股份代號：8155）之財務總監及公司秘書。馮先生曾於二零零九年至二零一零年擔任一家知名物業發展集團之財務總監。彼曾於羅兵咸永道會計師事務所任職審核經理多年，因此彼於香港及中國之審核、會計及稅務領域具有豐富經驗。彼自二零一二年起一直擔任香港青年旅舍協會市場推廣委員會成員及慈善步行組織委員會之成員。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company is committed to maintain a high standard of corporate governance, holding the beliefs of transparency, honesty and accountability. The Board considers that sound corporate management and governance practices are essential to the Company's healthy growth under all business environments. Therefore, we continuously review and improve our corporate governance standards to ensure maximum compliance with the relevant laws and codes.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions set out in the Code on Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended 31 December 2017 except for:

- (i) 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. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Since the position of the chairman was vacated during 2017 and until 15 March 2018, and the position of the CEO is vacated, the Company is still looking for a suitable candidate to fill the vacancy of the CEO;
- (ii) A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. For the year under review, all independent non-executive Directors have not been appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the Company's Articles of Association (the "Articles");
- (iii) E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting (the "AGM"). However, the chairman was vacated during the year. One of the executive Directors had attended the AGM and had been available to answer question at the AGM; and

本公司致力維持高水平之企業管治，以維持其透明度、誠信及問責性。董事會認為，穩健之企業管理及管治常規對本公司在所有業務環境下有穩健增長是不可或缺。因此，本公司持續檢討及改善本集團之企業管治標準，以確保在最大程度下遵循相關法例及守則。

企業管治常規

董事認為，本公司於截至二零一七年十二月三十一日止年度一直遵守聯交所證券上市規則（「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」）之所有守則條文，惟：

- (i) 根據企業管治守則第A.2.1條，主席及行政總裁（「行政總裁」）之角色應獨立區分，且不應由同一人履行。主席與行政總裁間之職責區分應書面清晰訂明。由於主席一職於二零一七年懸空直至二零一八年三月十五日及行政總裁職位亦懸空，本公司仍在物色合適人選填補行政總裁之空缺；
- (ii) 根據企業管治守則第A.4.1條，非執行董事須按指定任期委任，並須膺選連任。於回顧年度，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（「細則」）至少每三年輪值告退一次；及
- (iii) 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（「股東週年大會」）。然而，主席職位於本年度懸空。其中一位執行董事已出席股東週年大會並於股東週年大會上回答提問；及

CORPORATE GOVERNANCE REPORT

企業管治報告

(iv) A.6.7 of the CG Code, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders, Mr. Wang Jinghua, the independent non-executive Director, was unable to attend the extraordinary general meeting of the Company held on 7 March 2017 and Mr. Wang Jinghua and Mr. Fung Nam Shan, the independent non-executive Director, were unable to attend the AGM of the Company held on 15 May 2017 due to their other prior engagements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries with all Director and all of them confirmed that they had complied with the required standards set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board determines and keeps under review the objectives of the Group. It makes decisions on overall strategies and actions necessary for achieving these objectives, monitors and controls financial and operating performance, formulates appropriate policies, and identifies and ensures best practices of corporate governance. The Board members are fully committed to their roles and have acted in good faith to maximise the Shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management. It has given clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

(iv) 根據企業管治守則第A.6.7條，獨立非執行董事應出席股東大會，對股東的意見有公正的了解。因其他事先安排，獨立非執行董事王靖華先生未能出席於二零一七年三月七日舉行之股東特別大會，且王靖華先生及獨立非執行董事馮南山先生亦未能出席本公司於二零一七年五月十五日舉行之股東週年大會。

董事之證券交易活動

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）。本公司已向全體董事作出具體查詢，彼等均已確認於年內一直遵守標準守則所載之規定準則。

董事會

董事會釐定本集團之目標，並持續作出檢討。其就達到有關目標之所須整體策略及措施作出決策，監察及控制財務及營運表現，制定合適政策，並指出及確保執行最佳企業管治常規。董事會成員均盡忠職守，並真誠地盡量為提高股東長遠價值行事，並把本集團之目標和發展方向與目前經濟及市場環境配合。而日常運作及管理則交託管理層負責。董事會已就管理層之權力發出清晰指引，尤其是關於在甚麼情況，管理層須先匯報及向董事會取得事先批准，方可代表本公司作出決定或訂立任何承諾。

CORPORATE GOVERNANCE REPORT

企業管治報告

Board Composition

As at the date of this annual report, the Board comprises nine members, including six executive Directors and three independent non-executive Directors. The Board members during the year and up to the date of this annual report were:

Executive Directors

Mr. Lan Yongqiang (*Chairman*) (*appointed as Chairman on 15 March 2018*)

Ms. Wang Meiyang

Mr. Chan Wai Cheung Admiral

Ms. Jin Yuping

Mr. Cao Sheng (*appointed as executive Director on 15 March 2018*)

Mr. Yu Zhiyong (*appointed as executive Director on 15 March 2018*)

Independent Non-Executive Directors

Mr. Lee Hoi Yan

Mr. Wang Jinghua

Mr. Fung Nam Shan

Biographical details of the Directors as at the date of this annual report are set out in the "Biographical Details of Directors" section on pages 20 to 23 of this annual report. None of the Directors has any financial, business, family or other material or relevant relationships among members of the Board.

The Company has received an annual confirmation of independence from each of its independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmation, the Company considers that the three independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

董事會組成

於本年報日期，董事會由九名成員組成，包括六名執行董事及三名獨立非執行董事。年內及直至本年報日期，董事會成員為：

執行董事

藍永強先生（主席）（於二零一八年三月十五日獲委任為主席）

王美艷女士

陳偉璋先生

金玉萍女士

曹晟先生（於二零一八年三月十五日獲委任為執行董事）

于志勇先生（於二零一八年三月十五日獲委任為執行董事）

獨立非執行董事

李凱恩先生

王靖華先生

馮南山先生

於本年報日期，董事履歷詳情載於本年報第20頁至第23頁「董事履歷詳情」一節。董事會成員之間並無任何財務、業務、家庭或其他重大或相關關係。

根據上市規則第3.13條，本公司已自各獨立非執行董事收到一份年度獨立確認書。根據有關確認書內容，本公司認為三名獨立非執行董事均獨立於本公司，且符合上市規則第3.13條所載之特定獨立指引。

CORPORATE GOVERNANCE REPORT

企業管治報告

Appointment, Re-election and Rotation of Directors

All Directors were not appointed for any specific terms and they are subject to re-election by the Shareholders at the AGM of the Company and at least once every three years on a rotation basis in accordance with Article 108 of the Articles. A retiring Director shall be eligible for re-election at the AGM of the Company and shall continue to act as a Director throughout the meeting which he retires. Where vacancies arise at the Board, candidates are proposed and put forward to the Board by the nomination committee of the Company as more fully explained below under the section headed "Nomination Committee".

Directors' Training

In compliance with the Code Provision A.6.5 of the CG Code, the Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge, skills and understanding of the Group and its business or to update their skills and knowledge on the latest development or changes in the relevant regulations, the Listing Rules and corporate governance practices. The Company will also update the Directors of any material changes in the rules and regulations from time to time. According to the confirmations provided by the Directors, all Directors have participated in the continuous professional developments during the year.

Board Diversity Policy

On 29 August 2013, the Company adopted the Board diversity policy (the "Board Diversity Policy") in accordance with the requirement set out in the CG Code. The Company recognises that the Board diversity is an essential element contributing to the sustainable development of the Company. In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to the skills, knowledge, gender, age, cultural and educational background or professional experience. All Board appointments are based on merits and considered against a variety of objective criteria, having due regard for the benefits of diversity on the Board.

The nomination committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

董事委任、重選及輪替

全體董事並無獲委以特定任期，根據細則第108條，彼等均須最少每三年一次，輪流於本公司股東週年大會上由股東重選連任。退任董事符合資格於本公司股東週年大會上膺選連任，以及應繼續於其退任之大會上擔任董事。倘董事會出缺，本公司提名委員會可向董事會建議人選，更多詳情於下文「提名委員會」一節闡述。

董事培訓

為遵守企業管治守則之守則條文第A.6.5條，本公司鼓勵董事參加持續專業進修以發展及更新知識、技能及對本集團及其業務之理解，或應相關法規、上市規則及企業管治常規之最新發展或變動向彼等提供相關方面之最新技能及知識。本公司亦會不時向董事提供有關規則及法規之任何重大變動之最新資料。根據董事提供之確認，本年度內所有董事均已參加持續專業發展。

董事會成員多元化政策

於二零一三年八月二十九日，本公司根據企業管治守則所載之規定，採納董事會成員多元化政策（「董事會成員多元化政策」）。本公司視董事會成員多元化為支持其維持可持續發展的關鍵元素。於設計董事會組成時，本公司從多方面考慮董事會成員多元化，包括但不限於技能、知識、性別、年齡、文化及教育背景或專業經驗。董事會所有委任以用人唯才為原則，並在考慮人選時以多個客觀條件充分顧及董事會成員多元化的裨益。

提名委員會將不時適當審議董事會成員多元化政策以確保其行之有效。

CORPORATE GOVERNANCE REPORT

企業管治報告

Board Meetings

During the year ended 31 December 2017, 3 Board meetings, one AGM and one extraordinary general meeting (the "EGM") were held and details of attendance are set out as follows:

董事會會議

截至二零一七年十二月三十一日止年度，本公司舉行三次董事會會議、一次股東週年大會及一次股東特別大會（「股東特別大會」），各董事之出席率詳述如下：

		Number of meetings attended/eligible to attend 出席／合資格出席會議次數	
		Board meetings 董事會會議	AGM/EGM 股東週年大會／ 股東特別大會
Executive Directors	執行董事		
Mr. Lan Yongqiang (<i>Chairman</i>) (Appointed as Chairman on 15 March 2018)	藍永強先生 (主席) (於二零一八年三月十五日 獲委任為主席)	3/3	0/2
Ms. Wang Meiyang	王美艷女士	2/3	0/2
Mr. Chan Wai Cheung Admiral	陳偉璋先生	3/3	2/2
Ms. Jin Yuping	金玉萍女士	2/3	0/2
Mr. Cao Sheng (Appointed on 15 March 2018)	曹晟先生 (於二零一八年 三月十五日獲委任)	0/0	0/0
Mr. Yu Zhiyong (Appointed on 15 March 2018)	于志勇先生 (於二零一八年 三月十五日獲委任)	0/0	0/0
Independent Non-Executive Directors	獨立非執行董事		
Mr. Lee Hoi Yan	李凱恩先生	3/3	2/2
Mr. Wang Jinghua	王靖華先生	2/3	0/2
Mr. Fung Nam Shan	馮南山先生	3/3	1/2

Every Board member has full and timely access to Board papers and related materials and has unrestricted access to the advice and services of the company secretary, and has the liberty to seek external professional advice if so required.

每位董事會成員均可全面並適時查閱董事會文件及相關資料，並可隨時取得公司秘書之意見和享用其所提供之服務，及有自由在需要時尋求外部專業意見。

The Company has attached much importance to the risk management about Directors' liabilities and has arranged appropriate liability insurance for the Directors and senior management of the Company. The insurance coverage is reviewed on an annual basis.

本公司非常重視對董事責任之風險管理，並已就董事及本公司高級管理層安排適當責任保險。保險保障範圍會每年檢討。

CORPORATE GOVERNANCE REPORT

企業管治報告

REMUNERATION COMMITTEE

The remuneration committee, established in compliance with the CG Code, currently comprises three independent non-executive Directors and one executive Director, is responsible for reviewing and evaluating the remuneration packages of the Directors and senior management of the Company and making recommendations to the Board from time to time.

The remuneration committee has adopted written terms of reference prepared by reference to the suggested terms of reference stated under the Code Provision B.1.2 of the CG Code. The terms of reference of the remuneration committee have been uploaded to the Company's website.

During the year ended 31 December 2017, the remuneration committee held one meeting to review the remuneration package of the Board members and the senior management. Composition of the remuneration committee and details of the members' attendance to the committee are as follows:

		Number of meetings attended/eligible to attend 出席／合資格 出席會議次數
Mr. Lee Hoi Yan	李凱恩先生	1/1
Mr. Wang Jinghua	王靖華先生	1/1
Mr. Fung Nam Shan	馮南山先生	1/1
Mr. Chan Wai Cheung Admiral	陳偉璋先生	1/1

NOMINATION COMMITTEE

The nomination committee, established in compliance with the CG Code, currently comprises three independent non-executive Directors and one executive Director, is responsible for making recommendations to the Board on the appointment of Directors and management of the Board succession.

The nomination committee has adopted written terms of reference prepared by reference to the suggested terms of reference stated under the Code Provision A.5.2 of the CG Code. The terms of reference of the nomination committee have been uploaded to the Company's website.

薪酬委員會

本公司遵照企業管治守則成立薪酬委員會，現時成員包括三名獨立非執行董事及一名執行董事，負責審閱及評估本公司董事及高級管理層之薪酬待遇，並不時向董事會提供推薦建議。

薪酬委員會已採用根據企業管治守則之守則條文B.1.2條所述之建議職權範圍而編製之明文職權範圍。薪酬委員會之職權範圍已上載至本公司網站。

截至二零一七年十二月三十一日止年度，薪酬委員會舉行了一次會議，以檢討董事會成員及高級管理層之薪酬待遇。薪酬委員會之組成及委員會成員之出席率詳述如下：

提名委員會

本公司遵照企業管治守則成立提名委員會，現時成員包括三名獨立非執行董事及一名執行董事，負責就委任董事及董事會管理層之繼任事宜向董事會提供推薦建議。

提名委員會已採用根據企業管治守則之守則條文A.5.2條所述之建議職權範圍而編製之明文職權範圍。提名委員會之職權範圍已上載至本公司網站。

CORPORATE GOVERNANCE REPORT

企業管治報告

During the year 2017, one meeting of the nomination committee was held. Details of the members' attendance to the committee are as follows:

於二零一七年，提名委員會舉行過一次會議。成員出席委員會之詳情如下：

		Number of meetings attended/eligible to attend 出席／合資格 出席會議次數
Mr. Lee Hoi Yan	李凱恩先生	1/1
Mr. Wang Jinghua	王靖華先生	1/1
Mr. Fung Nam Shan	馮南山先生	1/1
Mr. Chan Wai Cheung Admiral	陳偉璋先生	1/1

AUDIT COMMITTEE

The audit committee of the Company was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the suggested terms of reference stated under the Code Provision C.3 of the CG Code. The audit committee currently comprises three independent non-executive Directors and is chaired by Mr. Lee Hoi Yan. The audit committee is responsible for review of the Group's accounting principles, practices internal control procedures and financial reporting matters including the review of the interim and final results of the Group prior to recommending to the Board for approval.

The terms of reference of the audit committee have been uploaded to the Company's website.

Two meetings of the audit committee were held during the year to review and approve the financial statements of the Company for the year ended 31 December 2016 and for the six months period ended 30 June 2017, to review the effectiveness of the Group's internal control systems and to discuss matters in relation to continuing connected transactions. The attendances at these meetings are as follows:

審核委員會

本公司之審核委員會已根據上市規則第3.21條及企業管治守則之守則條文C.3條所述之建議職權範圍而編製之明文職權範圍所成立。審核委員會目前由三名獨立非執行董事組成，主席為李凱恩先生。審核委員會負責審閱本集團之會計原則、常規內部監控程序及財務匯報事項，包括於建議董事會批准前，審閱本集團之中期及年度業績。

審核委員會之職權範圍已上載至本公司網站。

年內審核委員會已舉行四次會議，以審批本公司截至二零一六年十二月三十一日止年度及截至二零一七年六月三十日止六個月期間之財務報表，檢討本集團內部監控體系的效力及討論持續關連交易相關事項。該等會議之出席率列載如下：

		Number of meetings attended/eligible to attend 出席／合資格 出席會議次數
Mr. Lee Hoi Yan	李凱恩先生	2/2
Mr. Wang Jinghua	王靖華先生	2/2
Mr. Fung Nam Shan	馮南山先生	2/2

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDITOR'S REMUNERATION

The audit committee reviews and monitors the independent auditor's independence and objectivity and effectiveness of the audit process. It holds meetings with representatives of the independent auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The audit committee also makes recommendations to the Board on the appointment and retention of the independent auditor.

During the year, BDO Limited ("BDO") was appointed as the auditor of the Company and to hold office until the conclusion of the next AGM of the Company.

The following table sets forth the type of, and estimated fees for, the principal audit services and non-audit services provided by BDO to the Group for the year ended 31 December 2017:

核數師酬金

審核委員會檢討及監督獨立核數師之獨立性及審核過程之客觀性及效能。審核委員會與獨立核數師之代表舉行會議，考慮審核範圍，批准其費用，以及其將提供之非審核服務（如有）之範圍及是否適當。審核委員會亦就委聘及續聘獨立核數師向董事會提出推薦建議。

年內，香港立信德豪會計師事務所有限公司（「香港立信德豪」）獲委聘為本公司之核數師，並留任至本公司下一屆股東週年大會完結為止。

下表載列截至二零一七年十二月三十一日止年度由香港立信德豪提供予本集團之主要核數服務及非核數服務之種類及估計收費：

Services rendered	所提供服務	Fees paid/payable
		已付／應付費用
		HK\$'000 千港元
Audit services	核數服務	1,080
Non-audit services	非核數服務	-
Total	共計	1,080

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibilities of (i) reviewing risk management and internal control to the audit committee; and (ii) designing, implementing and monitoring of the risk management and internal control systems to the management. The Group's internal audit staff is responsible for analysing and appraising the adequacy and effectiveness of risk management and internal control systems.

The Board, through the audit committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2017, including financial, operational and compliance controls and risk management function.

The management shall report to the Board as soon as practicable for any event which may constitute inside information, and the Board shall decide to make relevant disclosure in a timely manner, if required.

COMPANY SECRETARY

Mr. Chan Wai Cheung Admiral, the executive Director, was appointed as the company secretary of the Company in November 2016. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He is responsible to the Board for ensuring the Board procedures and all applicable laws, rules and regulations are followed. According to the requirements of Rule 3.29 of the Listing Rules, Mr. Chan had taken no less than 15 hours of relevant professional training during the year.

風險管理及內部監控

董事會深知其負責風險管理及內部監控系統以及檢討其成效。該等制度旨在管理而非消除無法實現業務目標之風險，且僅能提供有關重大失實陳述或損失之合理但非絕對的保證。

董事會已將其(i)審閱風險管理及內部監控的職責授予審核委員會；及(ii)設計、實施及監察風險管理及內部監控系統的職責授予管理層。本集團的內部審核人員負責分析及評估風險管理及內部監控系統之充分性及有效性。

董事會透過審核委員會已就本集團截至二零一七年十二月三十一日止年度之風險管理及內部監控系統（包括財務、營運及合規監控以及風險管理效能）之成效進行檢討。

管理層應於切實可行的情況下盡快就任何可能構成內幕消息的事宜向董事會報告，且董事會應及時決定作出相關披露（倘要求）。

公司秘書

執行董事陳偉璋先生於二零一六年十一月獲委任為本公司之公司秘書。陳先生為香港會計師公會會員及英國特許公認會計師公會資深會員。彼對董事會負責，確保董事會議事規則以及所有適用法律、規則及規例得到遵守。根據上市規則第3.29條，陳先生於年內已接受不少於15小時之相關專業培訓。

CORPORATE GOVERNANCE REPORT

企業管治報告

SHAREHOLDERS' RIGHT

The rights of the Shareholders and the procedures for them to demand a poll on resolutions at the Shareholders' meetings are contained in the Articles. Details of such rights to demand a poll and the poll procedures are included in all circulars to the Shareholders and will be explained during the proceedings of meetings. Poll results, if any, will be posted on both the websites of the Stock Exchange and of the Company on or before the next business day of the Shareholders' meeting.

Convening of Extraordinary General Meeting

Pursuant to Article 64 of the Articles, an EGM shall be convened on the written requisition of one or more Shareholders for the attention of the Board or the company secretary of the Company.

The written requisition shall specify the purpose of requiring the EGM and signed by the requisitioner(s), provided that such requisitioner(s) held as at the date of deposit of the written requisition not less than one tenth of the paid up capital of the Company having the right of voting at general meetings.

If within 21 days of such deposit the Directors fail to proceed to convene the EGM, the requisitioner(s) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Directors shall be reimbursed to the requisitioner(s) by the Company.

股東權利

股東要求在股東大會就決議案以投票方式表決之權利及程序載於細則。要求以投票方式表決之有關權利及投票程序詳情載於寄發予股東之所有通函，並將於會議上予以說明。投票結果（如有）將於股東大會下一個營業日或之前刊登於聯交所及本公司網站。

召開股東特別大會

根據細則第64條，一名或以上股東可向董事會或本公司之公司秘書提交書面要求，召開股東特別大會。

書面要求須列明要求召開股東特別大會之目的，並由要求者簽署，惟該一名或多名人士於提交書面要求之日期，須持有不少於本公司有權於股東大會上投票之實繳股本十分之一。

倘董事於提出該項要求後21日內未能召開股東特別大會，提出的一名或多名人士可以相同方式召開大會，而本公司須向提出要求人士償付所有由提出要求人士因董事未能召開大會而產生之合理開支。

CORPORATE GOVERNANCE REPORT

企業管治報告

Procedures for Shareholders to propose a person for election as a Director

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office at least seven clear days before the date of the general meeting.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, the following documents must be validly served at the Company's head office or the registration office within the period specified in Article 113 of the Articles, namely, (1) his/her notice of intention to propose a resolution to elect a nominated candidate as a Director at the AGM; (2) a notice signed by the nominated candidate of the candidate's willingness to be elected; (3) the nominated candidate's information as required to be disclosed under rule 13.51(2) of the Listing Rules; and (4) the nominated candidate's written consent to the publication of his/her personal data.

INVESTOR RELATIONS

The general meetings of the Company provide a platform for communication between the Shareholders and the Board. Our Directors are available at the Shareholders' meetings to answer questions and provide information which the Shareholders may enquire. The Company continues to enhance communications and relationships with its investors. Enquiries from investors are dealt with in an informative and timely manner.

Taking advantages of various resources, the Company keeps communicating with its shareholders regularly and properly to ensure that the Shareholders are adequately aware of any important issues during the course of the Company's operations, and then exercise their rights as the Shareholders with sufficient knowledge. Investors are welcome to write directly to the Company at its Hong Kong registered office for any inquiries.

股東提名董事候選人之程序

根據細則第113條，除退任之董事外，概無人士合乎資格於股東大會內膺選董事職位（獲董事會推薦參選者則除外），除非有簽署確認表明有意提名該人士參選董事的書面通知，連同該受提名人士確認有意參選的書面通知書於股東大會日期前至少七個整日前遞交至本公司總辦事處或註冊辦事處。

因此，倘一名股東有意提名他人於股東週年大會上參選董事，則須於細則第113條指定的期間內將下列文件送達本公司的總辦事處或註冊辦事處，即(1)該名股東於股東週年大會上提呈推選該獲提名候選人出任董事的決議案的意向通知書；(2)由獲提名候選人簽署表明其願意參選的通知書；(3)根據上市規則第13.51(2)條規定須予披露的獲提名候選人資料；及(4)獲提名候選人有關刊登其個人資料的同意書。

投資者關係

本公司之股東大會為股東及董事會提供了一個溝通平台。董事將於股東大會上回答問題，並提供股東可能問詢之資料。本公司繼續加強與投資者之溝通及關係。投資者查詢乃以充分數據及時作出處理。

本公司利用各種資源，與股東保持定期及適時之溝通，以確保股東充分獲悉本公司業務過程中之任何重要事項，並在知情情況下行使其當時作為股東之權利。如有任何查詢，投資者可直接致函本公司之香港註冊辦事處。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board acknowledges that it is responsible for the preparation of financial statements of the Group and for ensuring that financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of financial statements of the Group. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditor of the Company, BDO, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 47 to 50 of this annual report.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all the resolutions set out in the notice of the forthcoming AGM of the Company will be voted by poll.

董事就編製財務報表所承擔之責任

董事會明白其負責編製本集團之財務報表，以確保本集團之財務報表之編製符合所有有關法規及適用會計準則之規定。董事會亦須確保本集團財務報表適時刊發。董事經作出一切合理查詢後確認，就彼等所知、所悉及所信，彼等並不知悉存在任何重大不確定因素而可能引致對本公司之持續經營能力造成重大疑慮之事件或情況。

本公司之外部核數師香港立信德豪就彼等對本集團財務報表之申報責任作出之聲明載於本年報第47頁至第50頁之獨立核數師報告。

投票表決

根據上市規則第13.39(4)條，股東於股東大會上之任何表決均須以投票方式進行。因此，本公司應屆股東週年大會通告所載全部決議案均將以投票方式進行表決。

REPORT OF THE DIRECTORS

董事會報告

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Its principal subsidiaries are engaged in the oil production and the leasing of oil and liquefied chemical terminal together with its storage and logistics facilities. Details of the Company's principal subsidiaries as at 31 December 2017 are set out in note 37 to the financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the section headed "Management Discussion and Analysis" set out on pages 6 to 19 of this annual report. This discussion forms part of this Report of the Directors.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2017 are set out in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income on pages 51 and 52 respectively.

The state of affairs of the Group as at 31 December 2017 is set out in the Consolidated Statement of Financial Position on pages 53 to 54.

The Directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published consolidated results of the Group for the last five financial years, and the assets, liabilities and non-controlling interests of the Group as at each of the reporting dates.

董事會謹提呈本集團截至二零一七年十二月三十一日止年度之董事會報告及經審核財務報表。

主要業務及業務回務

本公司之主要業務為投資控股。其主要附屬公司從事產油及租賃油品及液體化工品碼頭連同其儲存及物流設施。本公司於二零一七年十二月三十一日之主要附屬公司之詳情載於財務報表附註37。

香港公司條例附表5所規定該等活動的進一步討論及分析，包括本集團所面臨的主要風險及不明朗因素的描述以及本集團業務未來可能發展的跡象，可參閱本年報第6至第19頁所載「管理層討論及分析」一節。該討論構成本董事會報告的一部分。

業績及股息

本集團截至二零一七年十二月三十一日止年度之業績分別載於第51頁及第52頁之綜合損益表及綜合全面收入表中。

截至二零一七年十二月三十一日，本集團之財務狀況載於第53頁至第54頁之綜合財務狀況表中。

董事不建議派付本年度之任何股息。

財務資料概要

下文載有本集團過往五個財政年度之已刊登綜合業績以及本集團於各報告日期之資產、負債及非控股股東權益之概要。

REPORT OF THE DIRECTORS

董事會報告

Results

業績

		Year ended 31 December 截至十二月三十一日止年度				
		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元	2015 HK\$'000 二零一五年 千港元	2014 HK\$'000 二零一四年 千港元	2013 HK\$'000 二零一三年 千港元
Revenue	收益	30,338	40,926	87,480	227,923	292,057
Loss attributable to:	應佔虧損：					
Owners of the Company	本公司擁有人	187,121	(189,971)	(492,568)	(673,621)	(346,802)
Non-controlling interests	非控股股東權益	14,309	(10,993)	(39,408)	(86,153)	(7,534)
		201,430	(200,964)	(531,976)	(759,774)	(354,336)

Assets, liabilities and non-controlling interests

資產、負債及非控股股東權益

		As at 31 December 於十二月三十一日				
		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元	2015 HK\$'000 二零一五年 千港元	2014 HK\$'000 二零一四年 千港元	2013 HK\$'000 二零一三年 千港元
Non-current assets	非流動資產	1,843,919	1,483,549	1,115,057	1,257,568	2,112,535
Current assets	流動資產	149,327	362,881	395,769	122,577	152,984
Total assets	資產總值	1,993,246	1,846,430	1,510,826	1,380,145	2,265,519
Current liabilities	流動負債	1,225,104	716,008	500,682	216,374	235,271
Non-current liabilities	非流動負債	397,402	665,140	322,933	305,846	443,065
Total liabilities	負債總額	1,622,506	1,381,148	823,615	522,220	678,336
Net assets	資產淨值	370,740	465,282	687,211	857,925	1,587,183
Non-controlling interests	非控股股東權益	167,210	115,494	134,411	24,361	111,776

REPORT OF THE DIRECTORS

董事會報告

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

INVESTMENT PROPERTIES

Details of the movements during the year ended 31 December 2017 in the investment properties of the Group are set out in note 19 to the financial statements.

SHARE CAPITAL

There were no movements in the Company's share capital during the year. Details of the share capital during the year are set out in note 32 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 33(b) to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company of approximately HK\$2,364 million as at 31 December 2017 is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

物業、廠房及設備

本集團物業、廠房及設備於年內之變動詳情載於財務報表附註15。

投資物業

本集團投資物業於截至二零一七年十二月三十一日止年度之變動詳情載於財務報表附註19。

股本

年內，本公司之股本並無變動。年內股本之詳情載於財務報表附註32。

優先購買權

細則或本公司註冊成立之司法管轄權區開曼群島法例並無關於優先購買權之條文，使本公司須按比例向現有股東提呈發售新股。

購買、出售或贖回本公司之上市證券

本公司或其任何附屬公司於本年度並無購買、出售或贖回本公司任何上市證券。

儲備

年內，本公司及本集團之儲備變動詳情分別載於財務報表附註33(b)及綜合權益變動表。

可供分派儲備

根據開曼群島公司法（經修訂），本公司於二零一七年十二月三十一日之股份溢價賬約為2,364,000,000港元，乃可供分派予股東，條件為於緊隨建議分派股息日期後，本公司將有能力償付日常業務過程中到期應付之債務。股份溢價賬亦可以繳足紅股方式分派。

REPORT OF THE DIRECTORS

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the sales to the Group's five largest customers accounted for 100% of the Group's total sales for the year and sales to the largest customer included therein amounted to approximately 67%.

During the year, none of the Group's supplier accounted for more than 5% of the Group's purchases.

None of the Directors of the Company, any of their associates or Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any beneficial interests in the Group's five largest customers and/or suppliers.

DIRECTORS

The Directors of the Company Board members during the year and up to the date of this report were:

Executive Directors

Mr. Lan Yongqiang (*Chairman*) (*appointed as Chairman on 15 March 2018*)

Ms. Wang Meiyun

Mr. Chan Wai Cheung Admiral

Ms. Jin Yuping

Mr. Cao Sheng (*appointed as executive Director on 15 March 2018*)

Mr. Yu Zhiyong (*appointed as executive Director on 15 March 2018*)

Independent Non-executive Directors

Mr. Lee Hoi Yan

Mr. Wang Jinghua

Mr. Fung Nam Shan

In accordance with Article 108(A) of the Articles, Ms. Wang Meiyun, Mr. Chan Wai Cheung Admiral and Mr. Lee Hoi Yan will retire by rotation at the forthcoming AGM of the Company and are eligible to offer themselves for re-election as Directors.

主要客戶及供應商

年內，銷售予本集團五大客戶之數額佔本集團本年度總銷售額100%，當中銷售予最大客戶之數額約佔67%。

年內，概無本集團供應商佔本集團採購額超過5%。

本公司之董事、其各自之任何聯繫人或股東（據董事所知擁有本公司已發行股本逾5%者），概無於本集團五大客戶及／或供應商中擁有任何實質權益。

董事

年內及截至本報告日期，本公司之董事如下：

執行董事

藍永強先生（主席）（於二零一八年三月十五日獲委任為主席）

王美艷女士

陳偉璋先生

金玉萍女士

曹晟先生（於二零一八年三月十五日獲委任為執行董事）

于志勇先生（於二零一八年三月十五日獲委任為執行董事）

獨立非執行董事

李凱恩先生

王靖華先生

馮南山先生

根據細則第108(A)條，王美艷女士、陳偉璋先生及李凱恩先生將於本公司即將舉行之股東週年大會上輪值告退，並符合資格及願膺選連任董事。

REPORT OF THE DIRECTORS

董事會報告

In accordance with Article 112 of the Articles, Mr. Cao Sheng and Mr. Yu Zhiyong, who were newly appointed as Directors since the last AGM of the Company, shall hold office until the next general meeting of the Company following their appointment and being eligible, offer themselves for re-election.

Details of the resolutions to be proposed at the forthcoming AGM of the Company for the re-election of retiring Directors will be proposed in the Company's circular in relation to re-election of Directors and notice of AGM.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out on pages 20 to 23 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No Directors proposed for re-election at the forthcoming AGM of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the remuneration of the Directors during the year ended 31 December 2017 are set out in note 14(a) to the financial statements.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision that provides for indemnity against liability incurred by Directors and officers of the Group is currently in force and was in force throughout the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed elsewhere in this annual report, no Director had a significant beneficial interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

根據細則第112條，自本公司上屆股東週年大會以來新獲委任為董事的曹晟先生及于志勇先生之任期須於彼等委任後之本公司下屆股東大會屆滿，並符合資格及願意應選連任。

就重選退任董事將於本公司應屆股東週年大會上提呈的決議案詳情將於有關重選董事及股東週年大會通告的本公司通函內提呈。

董事履歷詳情

董事履歷詳情載於本年報第20頁至第23頁。

董事之服務合約

概無董事被提名於本公司即將舉行之股東週年大會上重選之董事，概無與本公司訂立任何本公司不能於一年內免付賠償（法定賠償除外）而予以終止之服務合約。

董事酬金

截至二零一七年十二月三十一日止年度之董事酬金詳情載於財務報表附註14(a)。

獲准許彌償條文

規定就本集團董事及高級職員產生之負債作出彌償的獲准許彌償條文現時有效且於整個年度一直有效。

董事於交易、安排或合約之權益

除本年報其他部分所披露者外，董事概無於本公司或其任何附屬公司於年內訂立而與本集團業務有重大關係之任何交易、安排或合約中直接或間接擁有重大實質權益。

REPORT OF THE DIRECTORS

董事會報告

MANAGEMENT CONTRACTS

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

USE OF PROCEEDS

On 18 September 2015, the Company had completed the placing of convertible bonds under specific mandate (the “CB Placing”) and net proceeds of approximately HK\$294.5 million were raised.

As at 31 December 2016, the net proceeds from the CB Placing of approximately HK\$294.5 million were (i) utilised as to HK\$182.9 million for the acquisition of 100% interest in Mission Achiever Limited (which in turn owns 51% interest in Shundong Port); (ii) utilised as to approximately HK\$84.0 million for the injection to Shundong Port by way of further investment; (iii) utilised as to approximately HK\$4.7 million for settlement of certain payables and finance costs; (iv) utilised as to approximately HK\$16.1 million for general corporate expenses (including staff costs and rental payments); and (v) unused as to approximately HK\$6.8 million.

During the year ended 31 December 2017, the unused proceeds from the CB Placing of approximately HK\$6.8 million were fully utilised for repayment of other borrowings.

DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

管理合約

年內並無訂立或存在有關本公司整體或任何重大部分業務之管理及行政合約。

所得款項用途

於二零一五年九月十八日，本公司完成根據特別授權配售可換股債券（「可換股債券配售」），並籌集所得款項淨額約294,500,000港元。

於二零一六年十二月三十一日，可換股債券配售所得款項淨額約294,500,000港元中：(i) 182,900,000港元用於收購Mission Achiever Limited（其擁有順東港務51%之權益）全部權益；(ii) 84,000,000港元以追加投資之方式注資順東港務；(iii) 4,700,000港元用於結算若干應付款項及財務成本；(iv) 約16,100,000港元用作一般公司開支（包括員工成本及租賃付款）；及(v) 約6,800,000港元尚未動用。

截至二零一七年十二月三十一日止年度，可換股債券配售所得款項未動用部分約6,800,000港元已悉數用於償還其他借款。

董事於股份、相關股份及債券之權益及淡倉

於二零一七年十二月三十一日，本公司董事及主要行政人員概無於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中擁有任何已根據證券及期貨條例第XV部第7及8分部通知本公司及聯交所，或須根據證券及期貨條例第352條規定於該規定所指之登記冊記錄，或須根據上市規則附錄十所載之標準守則通知本公司及聯交所之權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2017, so far as any Directors are aware based on the disclosure of interest notices filings revealed by the Company from public records, persons (other than the Directors or chief executives of the Company) who have interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

董事購入股份或債券之權利

於年內任何時間，任何董事或其配偶或未滿18歲之子女概無獲授可藉購入本公司之股份或債券而獲益之權利，亦無行使有關權利；或本公司或其任何附屬公司亦無訂立任何安排，致使董事可收購任何其他法人團體之上述權利。

主要股東於本公司股份及相關股份之權益及淡倉

於二零一七年十二月三十一日，據任何董事所知，根據本公司從公開記錄披露之權益披露申報，以下人士（董事或本公司主要行政人員除外）於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或淡倉或須記錄於本公司根據證券及期貨條例第336條須予存置之登記冊之權益或淡倉：

Name of Shareholders	Interest in shares 股份權益		Interests in underlying shares 於相關股份之權益			Approximate percentage of issued share capital of the Company 佔本公司已發行股本概約百分比	Notes	
	Personal Interests*	Corporate Interest*	Personal Interests*	Corporate Interest*	Aggregate interest			
股東姓名	個人權益*	公司權益*	個人權益*	公司權益*	總權益	概約百分比	附註	
Giant Crystal Limited ("Giant Crystal")	鉅晶有限公司 (「鉅晶」)	584,800,000	-	785,200,000	-	1,370,000,000	44.92%	1, 3
Ms. Liu Ying ("Ms. Liu")	劉英女士 (「劉女士」)	-	584,800,000	-	785,200,000	1,370,000,000	44.92%	1, 3
鑫都集團有限公司 ("Xindu")	鑫都集團有限公司 (「鑫都」)	-	584,800,000	-	785,200,000	1,370,000,000	44.92%	1, 3
Media Forecast Limited	Media Forecast Limited	253,164,557	-	-	-	253,164,557	8.30%	2
Qin Zhiwen	秦志文	-	253,164,557	-	-	253,164,557	8.30%	2
Deng Zemin	鄧澤民	-	-	240,506,329	-	240,506,329	7.89%	-
Wang Jianxin	王建新	-	-	202,531,646	-	202,531,646	6.64%	-
Wang Dongqian	王東騫	40,000,000	-	113,924,051	-	153,924,051	5.05%	-
* Beneficial owner								* 實益擁有人
+ Interests of controlled corporation(s)								+ 受控制法團權益

REPORT OF THE DIRECTORS

董事會報告

Notes:

1. Based on the filings under Disclosure of Interest ("DI") under Part XV of the SFO retrieved by the Company from public records, (a) Giant Crystal regarded itself to be interested in 584.8 million shares (the "Restrained Shares") and Convertible Bonds in the principal amount of HK\$628.16 million (the "Restrained Bonds") with right to convert the Convertible Bonds into a maximum of 785.2 million shares at a conversion price of HK\$0.80 (as adjusted for the Share Consolidation) per share; and (b) Giant Crystal regarded itself to be 62.43% owned by Ms. Liu and 37.57% owned by Xindu.
2. The entire issued share capital of Media Forecast Limited is wholly owned by Mr. Qin Zhiwen. Mr. Qin Zhiwen is deemed to be interested in the shares of the Company held by Media Forecast Limited.
3. On 8 October 2014, the Company underwent a share consolidation (the "Share Consolidation") from ten shares of HK\$0.01 each into one consolidated share of HK\$0.10 each. The number of shares as recorded in the DI filings which were filed before the effective date of Share Consolidation were adjusted by virtue of the Share Consolidation.

All the interests stated above represent long positions in the ordinary shares of the Company. As at 31 December 2017, no short positions were recorded in the register maintained by the Company under section 336 of the SFO.

Save as disclosed above, so far as the Directors are aware up to 31 December 2017, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

附註:

1. 根據證券及期貨條例第XV部之權益披露(「權益披露」)申報(本公司從公共記錄取得)·(a) 鉅晶認為其於584,800,000股股份(「受限制股份」)及本金額為628,160,000港元之可換股債券(「受限制債券」)中擁有權益·可換股債券附有權利可轉換為最多785,200,000股股份·轉換價為每股股份0.80港元(經就股份合併作出調整);及(b)鉅晶認為其由劉女士及鑫都分別擁有62.43%及37.57%。
2. Media Forecast Limited之全部已發行股本由秦志文先生全資擁有。秦志文先生被視為擁有Media Forecast Limited所持有之本公司股份權益。
3. 於二零一四年十月八日·本公司進行股份合併(「股份合併」)·將十股每股面值0.01港元之股份合併為一股每股面值0.10港元之合併股份。於股份合併實際日期之前備案之權益披露申報中所記錄之股份數目乃因股份合併作出調整。

上述所有權益代表於本公司普通股之好倉。於二零一七年十二月三十一日·於本公司根據證券及期貨條例第336條存置之登記冊中並無淡倉之記錄。

除以上所披露者外·就董事所知·截至二零一七年十二月三十一日·概無其他人士於本公司之股份或相關股份中擁有須根據證券及期貨條例第XV部第2及3分部之條文向本公司披露或須記錄於本公司根據證券及期貨條例第336條存置之登記冊中之權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the EGM of the Company held on 24 June 2013, the Stock Exchange granted 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 purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include the Company's Directors, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company. The Share Option Scheme was adopted on 24 June 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Share Option Scheme will expire on 23 June 2023. There was no share option granted and exercised during the year under review and no outstanding share option as at 31 December 2017.

EQUITY-LINKED AGREEMENTS

For the year, save for the Share Option Scheme as previously mentioned, the Company has not entered into any equity-linked agreements, and there did not subsist any equity-linked agreement entered into by the Company as at 31 December 2017.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

During the year, there were no transactions required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, no Directors are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined by the Listing Rules, other than those businesses of which the Directors have been appointed as Directors to represent the interests of the Company and/or of the Group.

購股權計劃

根據本公司於二零一三年六月二十四日舉行之股東特別大會上通過之普通決議案，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。購股權計劃乃旨在獎勵及回饋對本集團營運業績的成功曾付出貢獻之合資格參與者。購股權計劃之合資格參與者包括本公司之董事以及本集團或本集團持有其權益之公司或該公司之附屬公司之僱員、顧問、客戶、供應商、代理商、夥伴、諮詢人或承包商。購股權計劃乃於二零一三年六月二十四日採納，除非另行註銷或修訂，否則由該日期起計十年維持有效。購股權計劃將於二零二三年六月二十三日屆滿。於回顧年度內概無授出或行使購股權，而於二零一七年十二月三十一日並無未行使之購股權。

股權關連協議

年內，除前述購股權計劃外，本公司並無訂立任何股權關連協議，且於二零一七年十二月三十一日並不存在任何由本公司訂立之股權關連協議。

關連及持續關連交易

年內，概無根據上市規則之規定須予披露之關連交易。

董事於競爭業務之權益

年內及直至本報告日期，概無董事被視為於與本集團業務直接或間接構成競爭或可能構成競爭之業務內擁有權益（有關競爭之定義見上市規則），惟董事獲委任出任董事以代表本公司及／或本集團之權益之業務則除外。

REPORT OF THE DIRECTORS

董事會報告

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

The Group is committed to contributing to the sustainability of the environment and maintaining a high standard of corporate social governance essential for creating a framework for motivating staff, and contributes to the community in which we conduct our businesses and creating a sustainable return to the Group.

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on page 24 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the Listing Rules during the year ended 31 December 2017.

LITIGATIONS

Details of the litigations of the Group are set out in note 46 to the financial statements.

EVENTS AFTER THE REPORTING DATE

Details of the events after the reporting date are set out in note 47 to the financial statements.

RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group.

This includes providing quality services to customers, developing effective and mutual beneficial working relationships with its suppliers, and offering competitive remuneration package with safety working environments to employees.

環境、社會及企業管治

本集團致力為環境的可持續性出一分力，並維持高水準的企業社會管治，其對營造激勵員工的環境極為重要，而我們於經營業務同時回饋社會，為本集團創造持續回報。

本公司之企業管治常規詳情載於本年報第24頁之企業管治報告中。

足夠公眾持股量

根據本公司可取得之公開資料及就董事所知，董事確認截至二零一七年十二月三十一日止年度，本公司維持上市規則所規定之足夠公眾持股量。

訴訟

本集團之訴訟之詳情載於財務報表附註46。

報告日期後事項

報告日期後事項詳情載於財務報表附註47。

與權益持有人的關係

本集團致力長遠經營，平衡各權益持有人（包括客戶、供應商及僱員）的利益。權益持有人獲鼓勵透過不同渠道定期參與表達對本集團環境、社會及管治的政策意見。

這包括向客戶提供高質服務、與其供應商建立有效互惠的關係，並向僱員提供可觀的薪酬組合及安全工作環境。

REPORT OF THE DIRECTORS

董事會報告

The details of environmental, social and governance policies and performance of the Group will be disclosed in a standalone Environmental, Social and Governance Report, which will be issued in or before July 2018.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the audited financial statements of the Company for the year ended 31 December 2017. The audit committee comprises three independent non-executive Directors of the Company.

AUDITOR

The financial statements for the year ended 31 December 2017 were audited by BDO. BDO retired and, being eligible, offer themselves for reappointment. A resolution will be proposed at the forthcoming AGM of the Company to re-appoint BDO as auditor of the Company.

On behalf of the Board

Mr. Lan Yongqiang
Chairman

Hong Kong, 29 March 2018

本集團環境、社會及管治政策及表現之詳情將於單獨刊發之環境、社會及管治報告中披露，該報告將於二零一八年七月或之前刊發。

審核委員會

本公司之審核委員會已與管理層審閱本集團所採納之會計原則及慣例，並就內部監控及財務報告事宜進行討論，包括審閱本公司截至二零一七年十二月三十一日止年度之經審核財務報表。審核委員會成員包括本公司三名獨立非執行董事。

核數師

截至二零一七年十二月三十一日止年度之財務報表由香港立信德豪審核。香港立信德豪將退任，並符合資格且願意應聘連任。本公司將於即將舉行之股東週年大會上提呈一項決議案，以重新委任香港立信德豪為本公司之核數師。

代表董事會

藍永強先生
主席

香港，二零一八年三月二十九日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



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TO THE SHAREHOLDERS OF ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

致能源國際投資控股有限公司股東

(於開曼群島註冊成立的有限公司)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Energy International Investments Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 51 to 200, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2017. Because of the significance of the matter described below in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

不發表意見

本核數師(以下簡稱「我們」)獲委聘審計列載於第51至200頁能源國際投資控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,此綜合財務報表包括於二零一七年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合全面收入表、綜合權益變動表和綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

我們不會就 貴集團截至二零一七年十二月三十一日止年度的綜合財務報表發表意見。鑒於報告下文「不發表意見之基準」一節所述事宜之重要性,我們尚未能取得充分適當的審計憑證以為對該等綜合財務報表的審計意見提供基準。在所有其他方面,我們認為,綜合財務報表已遵守香港公司條例之披露規定妥為編製。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

BASIS FOR DISCLAIMER OF OPINION

During the year ended 31 December 2017, the Group incurred a loss of HK\$201,430,000 (2016: HK\$200,964,000) and net current liabilities of HK\$1,075,777,000 (2016: HK\$353,127,000) as at 31 December 2017. The total outstanding construction costs of HK\$484,044,000 (2016: HK\$420,716,000), that are required to repay within one year after the reporting date, in which amounts of HK\$403,946,000 (2016: HK\$319,177,000) and HK\$80,098,000 (2016: HK\$101,539,000) are recognised under other payables and other borrowings respectively, were included in current liabilities and the capital commitment for construction costs was HK\$3,078,000 (2016: HK\$154,466,000) as at 31 December 2017. In addition, other borrowings included in current liabilities of HK\$30,054,000 (2016: bank and other borrowings of HK\$49,370,000 and HK\$28,169,000 respectively) was overdue for repayments as at 31 December 2017. These conditions, in the current year, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the foregoing, the directors of the Company have prepared the consolidated financial statements on a going concern basis, the appropriateness of which depends upon the outcome of the underlying assumptions as detailed in note 3(a)(ii) to the consolidated financial statements. One of the assumptions is the Group will settle the outstanding construction costs of HK\$198,408,000 in the coming twelve months after the year ended 31 December 2017. For the remaining balances of total construction costs, based on the good relationship with the contractors, the contractors will extend the repayment dates over twelve months after the year ended 31 December 2017.

In respect of the Group's settlement of the outstanding construction costs, up to the date of approval of these consolidated financial statements, the Group has not obtained any written confirmations on the delayed payment dates from the contractors. There were no alternative audit procedures that we can perform to obtain relevant audit evidence to assess the likelihood that these contractors would extend the repayment dates over twelve months after the year ended 31 December 2017.

不發表意見之基準

於截至二零一七年十二月三十一日止年度，貴集團產生虧損201,430,000港元（二零一六年：200,964,000港元）及於二零一七年十二月三十一日之流動負債淨值為1,075,777,000港元（二零一六年：353,127,000港元）。於二零一七年十二月三十一日，納入流動負債之須於報告日期後一年內償付的未償建設成本總額為484,044,000港元（二零一六年：420,716,000港元），其中403,946,000港元（二零一六年：319,177,000港元）及80,098,000港元（二零一六年：101,539,000港元）分別於其他應付款項及其他借款項下確認，及建設成本資本承擔為3,078,000港元（二零一六年：154,466,000港元）。此外，於二零一七年十二月三十一日，納入流動負債之其他借款30,054,000港元（二零一六年：銀行及其他借款分別為49,370,000港元及28,169,000港元）逾期未還。本年度的該等情況顯示存在重大不明朗因素可能導致對貴集團持續經營之能力產生重大疑慮。

儘管上文所述，貴公司董事已按持續經營基準編製綜合財務報表，其合適性主要取決於綜合財務報表附註3(a)(ii)所述的相關假設結果。假設當中之一項為貴集團將於截至二零一七年十二月三十一日止年度後十二個月內清償未償建設成本198,408,000港元。而就總建設成本之餘下結餘而言，基於與承包商的友好關係，承包商將還款日期延長至截至二零一七年十二月三十一日止年度後超過十二個月。

就貴集團清償未償建設成本而言，直至該等綜合財務報表批准日期，貴集團尚未獲得承包商就延遲付款日期之任何書面確認。我們無法執行其他審計程序，以獲得相關審計憑證評估該等承包商是否可能將還款日期延長至截至二零一七年十二月三十一日止年度後超過十二個月。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Accordingly, we were unable to satisfy ourselves that whether it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2017 on a going concern basis. Should the going concern basis be considered inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their estimated realisable amounts, 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.

The directors of the Company also prepared the consolidated financial statements for the year ended 31 December 2016 (the "2016 Consolidated Financial Statements") on a going concern basis. In our audit of the 2016 Consolidated Financial Statements, we were unable to obtain sufficient appropriate audit evidence to assess whether it is appropriate to prepare the 2016 Consolidated Financial Statements on a going concern basis. Together with another limitation that existed in our audit of the 2016 Consolidated Financial Statements, we did not express an opinion on the 2016 Consolidated Financial Statements.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

因此，我們無法信納按持續經營基準編製截至二零一七年十二月三十一日止年度之綜合財務報表是否恰當。倘認為持續經營基準並不恰當，則須進行調整，將 貴集團資產的賬面值撇減至其估計可變現金額，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。該等調整之影響並無於綜合財務報表內反映。

貴公司董事亦根據持續經營基準編製截至二零一六年十二月三十一日止年度之綜合財務報表（「二零一六年綜合財務報表」）。我們於審計二零一六年綜合財務報表時，未能獲得足夠之充分審計證據評估是否適合按持續經營基準編製二零一六年綜合財務報表。連同我們於審計二零一六年綜合財務報表時所存在的另一項限制，我們未就二零一六年綜合財務報表發表意見。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會（「香港會計師公會」）頒佈的《香港財務報告準則》及香港《公司條例》的披露規定編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實 貴公司董事認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

貴公司董事編製綜合財務報表時須負責評估 貴集團持續經營的能力、披露持續經營相關事宜（如適用），以及運用持續經營會計基準，除非 貴公司董事有意將 貴集團清盤或結業，或在沒有其他實際可行辦法、唯有選擇清盤或結業的情況下，則屬例外。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

The directors of the Company are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors of the Company in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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

BDO Limited

Certified Public Accountants

Au Yiu Kwan

Practising Certificate Number P05018

Hong Kong, 29 March 2018

貴公司董事亦負責監察 貴集團的財務申報程序。審核委員會將協助 貴公司董事履行有關監察 貴集團財務報告程序的責任。

核數師就審計綜合財務報表須承擔的責任

我們的責任是根據香港會計師公會頒佈的《香港審計準則》對 貴集團的綜合財務報表進行審計，並發出核數師報告。本報告按照審計業務約定書的條文僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

然而，基於本報告「不發表意見之基準」一節所述事宜，我們未能取得充分適當的審計憑證，作為對該等綜合財務報表的審計意見的基準。

根據香港會計師公會的《職業會計師道德守則》（「守則」），我們獨立於 貴集團，並已履行守則中的其他道德責任。

香港立信德豪會計師事務所有限公司

執業會計師

歐耀均

執業證書編號P05018

香港，二零一八年三月二十九日

CONSOLIDATED INCOME STATEMENT

綜合損益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Notes 附註	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Continuing operations	持續經營業務			
Revenue	收益	5	30,338	18,762
Cost of sales	銷售成本		(21,532)	(24,523)
Gross profit/(loss)	毛利/(損)		8,806	(5,761)
Other income and gains	其他收入及收益	5	7,095	739
Selling and distribution expenses	銷售及分銷開支		(6,219)	(2,120)
Administrative expenses	行政開支		(36,248)	(46,072)
Other operating expenses	其他經營開支		(20,207)	(14,480)
Impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損	15	(5,469)	(11,024)
Impairment loss on intangible assets	無形資產之減值虧損	18	(170,710)	(166,938)
Finance costs	財務成本	7	(8,587)	—
Loss before income tax	除所得稅前虧損	8	(231,539)	(245,656)
Income tax credit	所得稅抵免	9	39,679	39,860
Loss for the year from continuing operations	持續經營業務之本年度虧損		(191,860)	(205,796)
Discontinued operation	已終止經營業務			
(Loss)/profit for the year from discontinued operation	已終止經營業務之本年度(虧損)/溢利	11	(9,570)	4,832
Loss for the year	本年度虧損		(201,430)	(200,964)
(Loss)/profit for the year attributable to:	應佔本年度(虧損)/溢利:			
Owners of the Company	本公司擁有人			
– from continuing operations	– 持續經營業務		(178,056)	(198,909)
– from discontinued operation	– 已終止經營業務		(9,065)	8,938
			(187,121)	(189,971)
Non-controlling interests	非控股股東權益			
– from continuing operations	– 持續經營業務		(13,804)	(6,887)
– from discontinued operation	– 已終止經營業務		(505)	(4,106)
			(14,309)	(10,993)
			(201,430)	(200,964)
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company	本公司擁有人應佔(虧損)/溢利之每股(虧損)/盈利			
Basic and diluted	基本及攤薄	12		
– from continuing operations	– 持續經營業務		(HK cents 4.6港仙)	(HK cents 5.2港仙)
– from discontinued operation	– 已終止經營業務		(HK cent 0.2港仙)	HK cent 0.2港仙
– from continuing and discontinued operations	– 持續經營業務及已終止經營業務		(HK cents 4.8港仙)	(HK cents 5.0港仙)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收入表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Loss for the year	本年度虧損	(201,430)	(200,964)
Other comprehensive income, net of tax	其他全面收入，扣除稅項		
Item that will not be reclassified to profit or loss:	不會重新分類至損益之項目：		
Fair value adjustment upon transfer from owner-occupied properties to investment properties	由自用物業轉撥至投資物業時的公平值調整	66,402	-
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 gains/(losses) on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌收益／（虧損）	28,842	(20,965)
Release of exchange reserve upon disposal of subsidiaries	出售附屬公司時解除匯兌儲備	(10,888)	-
Other comprehensive income for the year, net of tax	本年度其他全面收入，扣除稅項	84,356	(20,965)
Total comprehensive income for the year	本年度全面收入總額	(117,074)	(221,929)
Total comprehensive income attributable to:	應佔全面收入總額：		
- Owners of the Company	- 本公司擁有人	(146,258)	(203,012)
- Non-controlling interests	- 非控股股東權益	29,184	(18,917)
		(117,074)	(221,929)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

		Notes	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
	附註			
ASSETS AND LIABILITIES	資產及負債			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	9,650	919,260
Prepaid land lease payments	預付土地租賃款項	16	–	4,453
Sea area use rights	海域使用權	17	–	103,987
Intangible assets	無形資產	18	217,769	389,084
Investment properties	投資物業	19	1,500,000	–
Deposits and other receivables	按金及其他應收款項	21	66,116	17,041
Deferred tax assets	遞延稅項資產	31	50,384	49,724
			1,843,919	1,483,549
Current assets	流動資產			
Inventories – raw materials	存貨 – 原材料		–	1,993
Trade and bills receivables	應收貿易賬項及票據	20	8,372	28,704
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	21	68,087	78,763
Financial assets at fair value through profit or loss	按公平值計入損益之財務資產	22	15,809	14,607
Pledged bank deposits	已抵押銀行存款	23	51,360	42,921
Cash and bank balances	現金及銀行結存	23	5,699	195,893
			149,327	362,881
Current liabilities	流動負債			
Trade payables	應付貿易賬項	24	–	10,467
Bills and other payables and accruals	應付票據及其他應付款項及應計款項	25	542,976	448,709
Amounts due to non-controlling shareholders	應付非控股股東款項	26	101,600	22,032
Bank borrowings	銀行借款	27	68,984	49,370
Other borrowings	其他借款	28	158,956	127,774
Finance lease liabilities	融資租賃負債	29	146,863	37,960
Convertible bonds	可換股債券	30	195,400	10,232
Tax payables	應付稅項		10,325	9,464
			1,225,104	716,008
Net current liabilities	流動負債淨值		(1,075,777)	(353,127)
Total assets less current liabilities	資產總值減流動負債		768,142	1,130,422

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

		Notes	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
		附註		
Non-current liabilities	非流動負債			
Other payables	其他應付款項	25	–	8,405
Amount due to non-controlling shareholders	應付非控股股東款項			
		26	–	78,039
Bank borrowings	銀行借款	27	225,600	165,257
Other borrowings	其他借款	28	1,036	43,644
Finance lease liabilities	融資租賃負債	29	68,994	94,040
Convertible bonds	可換股債券	30	–	155,244
Deferred tax liabilities	遞延稅項負債	31	101,772	120,511
			397,402	665,140
Net assets	資產淨值		370,740	465,282
EQUITY	權益			
Equity attributable to the owners of the Company	本公司擁有人應佔權益			
Share capital	股本	32	304,970	304,970
Reserves	儲備	33	(101,440)	44,818
			203,530	349,788
Non-controlling interests	非控股股東權益		167,210	115,494
Total equity	總權益		370,740	465,282

The consolidated financial statement on pages 51 to 200 were approved and authorised for issue by the board of directors of the Company on 29 March 2018 and are signed on its behalf by:

第51至第200頁所載綜合財務報表已於二零一八年三月二十九日由本公司董事會批准及授權刊發，並由下列董事代表簽署：

Lan Yongqiang
藍永強
Director
董事

Chan Wai Cheung Admiral
陳偉璋
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Equity attributable to the owners of the Company 本公司擁有人應佔權益									
		Share capital	*Share premium	*Capital reserve	*Exchange reserve	*Convertible bond equity reserve	*Revaluation reserve	*Accumulated losses	Total	Non-controlling interests	Total equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		股本	*股份溢價	*資本儲備	*匯兌儲備	*可換取債券權益儲備	*重估儲備	*累計虧損	總計	股東權益	總權益
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2016	於二零一六年一月一日	304,970	2,363,920	177,027	18,111	462,708	-	(2,773,936)	552,800	134,411	687,211
Loss for the year	本年度虧損	-	-	-	-	-	-	(189,971)	(189,971)	(10,993)	(200,964)
Other comprehensive income	其他全面收入										
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益之項目：</i>										
- Exchange gains on translation of financial statements of foreign operations	- 換算海外業務財務報表之匯兌收益	-	-	-	(13,041)	-	-	-	(13,041)	(7,924)	(20,965)
Total comprehensive income for the year	本年度全面收入總額	-	-	-	(13,041)	-	-	(189,971)	(203,012)	(18,917)	(221,929)
At 31 December 2016	於二零一六年十二月三十一日	304,970	2,363,920	177,027	5,070	462,708	-	(2,963,907)	349,788	115,494	465,282
At 1 January 2017	於二零一七年一月一日	304,970	2,363,920	177,027	5,070	462,708	-	(2,963,907)	349,788	115,494	465,282
Derecognition of non-controlling interests upon disposal of subsidiaries (note 11)	於出售附屬公司時終止確認非控股股東權益(附註11)	-	-	-	-	-	-	-	-	22,532	22,532
Transaction with owners	與擁有人之交易										
Loss for the year	本年度虧損	-	-	-	-	-	-	(187,121)	(187,121)	(14,309)	(201,430)
Other comprehensive income, net of tax	其他全面收入，扣除稅項										
<i>Items that will not be reclassified to profit or loss:</i>	<i>不會重新分類至損益之項目：</i>										
- Fair value adjustment upon transfer from owner-occupied properties to investment properties (notes 19 and 31)	- 由自用物業轉撥至投資物業時的公平值調整(附註19及31)	-	-	-	-	-	33,865	-	33,865	32,537	66,402
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益之項目：</i>										
- Exchange gains on translation of financial statements of foreign operations	- 換算海外業務財務報表之匯兌收益	-	-	-	17,886	-	-	-	17,886	10,956	28,842
- Release of exchange reserve upon disposal of subsidiaries (note 11)	- 出售附屬公司時解除匯兌儲備(附註11)	-	-	-	(10,888)	-	-	-	(10,888)	-	(10,888)
Total comprehensive income for the year	本年度全面收入總額	-	-	-	6,998	-	33,865	(187,121)	(146,258)	29,184	(117,074)
At 31 December 2017	於二零一七年十二月三十一日	304,970	2,363,920	177,027	12,068	462,708	33,865	(3,151,028)	203,530	167,210	370,740

* The total of these reserve accounts comprise the consolidated deficits of HK\$101,440,000 (2016: reserves of HK\$44,818,000).

* 該等儲備賬目總額包括綜合虧絀101,440,000港元(二零一六年：儲備44,818,000港元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

	Notes 附註	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Cash flows from operating activities	經營業務現金流量		
Loss before income tax expenses	除所得稅開支前虧損		
– From continuing operations	– 持續經營業務	(231,539)	(245,656)
– From discontinued operation	– 已終止經營業務	(9,570)	(2,656)
Adjustments for:	就下列項目作出調整：		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	15 5,624	14,726
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	16 –	646
Amortisation of intangible assets	無形資產攤銷	8 1,023	1,463
Amortisation of sea area use rights	海域使用權攤銷	8 1,824	2,446
Impairment loss of property, plant and equipment	物業、廠房及設備減值虧損	15 5,469	11,024
Impairment loss of intangible assets	無形資產減值虧損	18 170,710	166,938
Reversal of impairment loss of property, plant and equipment	物業、廠房及設備之減值虧損撥回	15 –	(15,349)
Reversal of impairment loss of prepaid land lease payments	預付土地租賃款項之減值虧損撥回	16 –	(2,179)
(Gain)/loss on disposals of property, plant and equipment	出售物業、廠房及設備(收益)/虧損	5, 8 (65)	28
Write-off of property, plant and equipment	撇銷物業、廠房及設備	8 13,051	–
Fair value (gain)/loss on financial assets at fair value through profit or loss	按公平值計入損益之財務資產之公平值(收益)/虧損	5, 8 (2,290)	10,560
Interest income	利息收入	(826)	(244)
Interest expenses	利息開支	8,587	–
Operating loss before working capital changes	營運資金變動前之經營虧損	(38,002)	(58,253)
Increase in inventories	存貨之增加	(54)	(1,131)
(Increase)/decrease in trade and bills receivables	應收貿易賬項及票據之(增加)/減少	(4,332)	3,070
(Increase)/decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項之(增加)/減少	(79,000)	7,716
Payments to acquire financial assets at fair value through profit or loss	取得按公平值計入損益之財務資產之付款	(163)	(349)
Increase/(decrease) in trade payables	應付貿易賬項之增加/(減少)	212	(42)
Increase in bills and other payables and accruals	應付票據、其他應付款項以及應計款項之增加	80,024	98,879

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

	Notes 附註	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
<i>Cash (used in)/generated from operations</i>	營運(所用)/產生之現金	(41,315)	49,890
Income tax paid	已付所得稅	-	(676)
<i>Net cash (used in)/generated from operating activities</i>	經營業務(所用)/產生之現金淨額	(41,315)	49,214
Cash flows from investing activities	投資活動現金流量		
Purchases of property, plant and equipment	購買物業、廠房及設備	(283,752)	(557,472)
Additions to investment properties	添置投資物業	(164)	-
Proceeds on disposals of property, plant and equipment	出售物業、廠房及設備所得款項	90	362
Proceeds from sale of financial assets at fair value through profit or loss	出售按公平值計入損益之財務資產之所得款項	1,251	-
Net cash inflow from disposal of subsidiaries	出售附屬公司之現金流入淨額	1,178	-
Increase in pledged bank deposits	已抵押銀行存款增加	(4,537)	(42,899)
Decrease/(increase) in short-term deposits with an original maturity of more than 3 months	原始到期期限超過三個月的短期存款減少/(增加)	5,500	(5,500)
Interest received	已收利息	826	244
<i>Net cash used in investing activities</i>	投資活動所用現金淨額	(279,608)	(605,265)
Cash flows from financing activities	融資活動現金流量		
New bank borrowings	新銀行借款	42 343,200	168,796
New non-controlling shareholders' loans	新非控股股東貸款	42 -	77,648
New other borrowings	新增其他借款	42 41,754	134,319
New finance leases	新增融資租賃	42 132,000	132,000
Repayment of bank borrowings	償還銀行借款	42 (229,793)	-
Repayment of other borrowings	償還其他借款	42 (70,040)	-
Repayment of obligations under finance lease	償還融資租賃負債	42 (82,800)	-
Interest paid	已付利息	42 (1,000)	(2,928)
<i>Net cash generated from financing activities</i>	融資活動產生之現金淨額	133,321	509,835
Net decrease in cash and cash equivalents	現金及現金等值項目之減少淨額	(187,602)	(46,216)
Cash and cash equivalents at 1 January	於一月一日之現金及現金等值項目	190,393	238,260
Effect on foreign exchange rate changes	匯率變動之影響	2,908	(1,651)
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等值項目	5,699	190,393

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION

Energy International Investments Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in the Cayman Islands. Its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit 1508, 15th Floor, The Center, 99 Queen’s Road Central, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the year, the principal activities of the Company and its subsidiaries (together referred to as the “Group”) include:

- oil production representing the business of oil production;
- oil and liquefied chemical terminal representing the business of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities; and
- supply of electricity and heat representing the business of generation and supplying of electricity and heat (discontinued on 17 March 2017 in connection with the disposal of subsidiaries (note 11)).

The principal activities and other particulars of its subsidiaries are set out in note 37.

The financial statements on pages 51 to 200 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

1. 一般資料

能源國際投資控股有限公司(「本公司」)為一間於開曼群島註冊成立並以開曼群島為居籍之有限責任公司。其註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, 而主要營業地點則為香港皇后大道中99號中環中心15樓1508室。本公司之股份於香港聯合交易所有限公司(「聯交所」)上市。

於本年度,本公司及其附屬公司(統稱「本集團」)之主要業務包括:

- 產油,指產油業務;
- 油品及液體化工品碼頭,指經營租賃油品及液體化工品碼頭連同儲存及物流設施業務;及
- 熱電供應,指熱電生產及供應業務(於二零一七年三月十七日出售附屬公司已終止經營(附註11))。

其附屬公司之主要業務及其他詳情載於附註37。

於第51至200頁之財務報表乃根據香港會計師公會(「香港會計師公會」)所頒佈之香港財務報告準則(「香港財務報告準則」,該統稱涵蓋所有適用之個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)編製。財務報表亦包括香港公司條例及聯交所證券上市規則之適用披露規定。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION (Continued)

The comparative consolidated income statement, consolidated statement of cash flows and their corresponding notes have been re-presented in accordance with HKFRS 5 “Non-current Asset Held For Sale and Discontinued Operations” as if operations discontinued during the current year had been discontinued at the beginning of the comparative period.

The financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

2. ADOPTION OF NEW OR AMENDED HKFRSs

(a) Adoption of new or amended HKFRSs – first effective on 1 January 2017

In the current year, the Group has applied for the first time the following amendments issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in note 42.

1. 一般資料 (續)

比較綜合損益表及綜合現金流量表及其相關附註已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」重列，猶如於年內終止經營之業務於比較期間開始時經已終止經營。

財務報表以本公司之功能貨幣港元（「港元」）呈列，除另有指明外，所有金額均概約至最接近之千位數字（「千港元」）。

2. 採納新訂或經修訂香港財務報告準則

(a) 採納新訂或經修訂香港財務報告準則 – 於二零一七年一月一日首次生效

於本年度，本集團已首次應用下列由香港會計師公會頒佈之修訂，其與本集團於二零一七年一月一日開始之年度期間之財務報表有關並對其有效：

香港會計準則第7號之修訂	披露計劃
香港會計準則第12號之修訂	就未變現虧損確認遞延稅項資產

香港會計準則第7號之修訂 – 披露計劃

該等修訂引入其他披露，讓財務報表之用戶可評估融資活動所產生負債變動。

採納該等修訂導致於附註42中呈列其他披露。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(a) Adoption of new or amended HKFRSs – first effective on 1 January 2017 (Continued)

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

These relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on the financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

This is effective for accounting periods beginning on or after 1 January 2018. The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

2. 採納新訂或經修訂香港財務報告準則 (續)

(a) 採納新訂或經修訂香港財務報告準則 – 於二零一七年一月一日首次生效 (續)

香港會計準則第12號之修訂 – 就未變現虧損確認遞延稅項資產

該等修訂與確認遞延稅項資產有關及澄清若干必需的考量，包括與按公平值計量的債務工具相關的遞延稅項資產該如何入賬。

採納該等修訂對該等財務報表並無影響，原因是澄清後的處理方式與本集團先前確認遞延稅項資產的方式一致。

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則

以下與本集團之財務報表潛在相關之新訂或經修訂香港財務報告準則經已頒佈惟尚未生效，且本集團並無提早採用。本集團現時之意向為於該等修訂生效之日應用該等修訂。

香港財務報告準則二零一四年至二零一六年週期之年度改進 – 香港財務報告準則第1號之修訂，首次採納香港財務報告準則

此對於二零一八年一月一日或之後開始之會計期間生效。根據年度改進過程頒佈之此等修訂對現時並不清晰之多項準則作出細微且並不急切之修訂，其中包括對香港財務報告準則第1號，首次採納香港財務報告準則之修訂，當中刪去與已結束因而不適用之會計期間有關的過渡條文豁免。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Annual Improvements to HKFRSs 2015-2017 Cycle

This is effective for accounting periods beginning on or after 1 January 2019. The amendments issued under the annual improvements process include (i) amendments to HKFRS 3 Business Combinations to clarify that a company remeasures its previously held interest in a joint operation that is a business when it obtains control of the business; (ii) amendments to HKFRS 11 Joint Arrangements to clarify that a company that participates in but does not have joint control over a joint operation, does not remeasure its previously held interest in the joint operation which is a business when it obtains joint control of the business; (iii) amendments to HKAS 12 Income Taxes to clarify that a company accounts for all income tax consequences of dividend payments in the same way as the entity recognised the originating transaction or event that generated the distributable profit giving rise to the dividend and (iv) amendments to HKAS 23 Borrowing Costs to clarify that when a qualifying asset is ready for its intended use or sale and (some of) the related specific borrowing remains outstanding, that borrowing is treated as general borrowings.

2. 採納新訂或經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則 (續)

香港財務報告準則二零一五年至二零一七年週期之年度改進

此對於二零一九年一月一日或之後開始之會計期間有效。年度改進程序下頒佈之該等修訂包括(i)對香港財務報告準則第3號業務合併之修訂澄清，當公司取得業務之控制權，公司重新計量其過往於屬於一家企業之共同經營中持有之權益；(ii)對香港財務報告準則第11號合營安排之修訂澄清，當參與共同經營但並非對共同經營擁有共同控制權之公司取得業務之共同控制權，其不重新計量其過往於屬於一家企業之共同經營中持有之權益；(iii)對香港會計準則第12號所得稅之修訂澄清，公司須以與實體確認產生股息之可分派溢利的交易或事項的相同方式承擔支付股息的全部所得稅後果；及(iv)對香港會計準則第23號借貸成本之修訂澄清，當一合資格資產可作擬定用途或達可銷售狀態且(部分)相關特定借款仍未償還時，該借款被視為一般借款。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 28, Long-term Interests in Associates and Joint Ventures

This is effective for accounting periods beginning on or after 1 January 2019. The amendments clarify that an entity shall apply HKFRS 9 including its impairment requirements to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Amendments to HKAS 40, Investment Property – Transfers of Investment Property

This is effective for accounting periods beginning on or after 1 January 2018. The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

2. 採納新訂或經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則 (續)

香港會計準則第28號之修訂，於聯營公司及合營企業之長期權益

此對於二零一九年一月一日或之後開始之會計期間有效。該等修訂澄清，實體應將香港財務報告準則第9號（包括其減值規定）應用於在聯營公司或合營企業中屬於對該聯營公司或合營企業之淨投資但權益法對其並不適用之長期權益。

香港會計準則第40號之修訂，投資物業－轉撥投資物業

此對於二零一八年一月一日或之後開始之會計期間有效。該等修訂澄清，投資物業的轉入及轉出均必須存在用途改變，並就作出有關釐定提供指引。該澄清列明倘物業符合或不再符合投資物業之定義及有證據證明用途改變，則出現用途改變。

該等修訂亦將該準則中的憑證清單重新定性為非詳盡清單，因此，其他形式的憑證亦可證明轉撥。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 40, Investment Property – Transfers of Investment Property (Continued)

The directors of the Company anticipate that the application of these amendments will result in early recognition of such transfers on the Group's financial statements in future periods should there be a change in use of any of its properties.

HKFRS 9 – Financial Instruments

This is effective for accounting periods beginning on or after 1 January 2018. HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

2. 採納新訂或經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則 (續)

香港會計準則第40號之修訂，投資物業 – 轉撥投資物業 (續)

本公司董事預期，倘其任何物業之用途改變，應用此等修訂將導致本集團於未來期間就該等轉撥於本集團財務報表中提前確認。

香港財務報告準則第9號 – 財務工具

此對於二零一八年一月一日或之後開始之會計期間有效。香港財務報告準則第9號引入財務資產分類及計量之新規定。按業務模式持有資產而目的為收取合約現金流之債務工具（業務模式測試）以及具產生之現金流僅為支付本金及未償還本金利息之合約條款之債務工具（合約現金流特徵測試），一般按攤銷成本計量。倘該實體業務模式之目的為持有及收取合約現金流以及出售財務資產，則符合合約現金流特徵測試之債務工具乃以按公平值計入其他全面收入計量。實體可於初步確認時作出不可撤回之選擇，以按公平值計入其他全面收入計量並非持作買賣之股本工具。所有其他債務及股本工具一概按公平值計入損益計量。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 – Financial Instruments (Continued)

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors of the Company made a preliminary assessment on the financial impact of the Group's financial statements resulting from the adoption of HKFRS 9. The directors of the Company do not expect the adoption of HKFRS 9 to have a significant impact on the classification and measurement of the Group's financial assets and financial liabilities.

2. 採納新訂或經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則 (續)

香港財務報告準則第9號 – 財務工具 (續)

香港財務報告準則第9號就並非按公平值計入損益之所有財務資產引入新的預期虧損減值模式(取代香港會計準則第39號之已產生虧損模式)以及新的一般對沖會計法規定,以讓實體於財務報表內更好地反映其風險管理活動。

香港財務報告準則第9號秉承香港會計準則第39號之財務負債確認、分類及計量規定,惟指定為按公平值計入損益之財務負債除外,其因負債信貸風險變動而產生之公平值變動金額乃於其他全面收入中確認,除非此舉會引致或擴大會計錯配則作別論。此外,香港財務報告準則第9號保留香港會計準則第39號有關取消確認財務資產及財務負債之規定。

本公司董事已對因採用香港財務報告準則第9號而引致對本集團財務報表產生之財務影響作出初步評估。本公司董事預期採用香港財務報告準則第9號不會對本集團財務資產及財務負債之分類計量產生重大影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 – Financial Instruments (Continued)

Based on analysis of the Group's financial instruments as at 31 December 2017, the directors of the Company considered that the replacement of incurred loss impairment model in HKAS 39 with the expected credit loss model required in HKFRS 9 may result in early and additional provision of credit losses on the Group's financial assets measured at amortised costs including trade, bills and other receivables. The credit losses will be recognised in profit or loss. The directors of the Company concluded that the impact is not significant under the assessment of probability-weighted estimate of credit losses over the expected life of the Group's financial assets measured at amortised costs, with reference to the historical credit loss experience of trade, bills and other receivables and the estimates of future economic conditions.

HKFRS 15 – Revenue from Contracts with Customers

This is effective for accounting periods beginning on or after 1 January 2018. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

2. 採納新訂或經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則 (續)

香港財務報告準則第9號 – 財務工具 (續)

根據對本集團於二零一七年十二月三十一日之財務報表之分析，本公司董事認為以香港財務報告準則第9號規定的預期信貸虧損模型代替香港會計準則第39號的已產生虧損減值模型，可能令本集團以攤銷成本計量的財務資產（包括應收貿易賬項、應收票據及其他應收款項）信貸虧損須作提早及額外撥備。信貸虧損會在損益中確認。本公司董事的結論為在評估本集團以攤銷成本計量的財務資產於預期可用年期內信貸虧損的概率加權估計值時，有關影響並不重大，當中已參考應收貿易賬項、應收票據及其他應收款項過往的信貸虧損經驗及對未來經濟狀況的估計。

香港財務報告準則第15號 – 來自客戶合約的收益

此對於二零一八年一月一日或之後開始之會計期間有效。此項新訂準則設立單一收益確認框架。框架之核心原則為實體應確認收益，以說明實體按反映交換商品及服務預期所得代價之金額向客戶轉讓所承諾商品或服務。香港財務報告準則第15號取代現有收益確認指引，包括香港會計準則第18號收益、香港會計準則第11號建築合約及相關詮釋。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 15 – Revenue from Contracts with Customers (Continued)

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15) is effective for accounting periods beginning on or after 1 January 2018. The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

2. 採納新訂或經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則 (續)

香港財務報告準則第15號 – 來自客戶合約的收益 (續)

香港財務報告準則第15號規定確認收益所應用之五個步驟：

- 第1步：識別與客戶所訂立之合約
- 第2步：識別合約之履約責任
- 第3步：釐定交易價格
- 第4步：分配交易價格至各履約責任
- 第5步：於履行各履約責任時確認收益

香港財務報告準則第15號包含與特定收益相關之特定指引，該等指引或會更改香港財務報告準則現時應用之方法。此項準則亦顯著加強有關收益之定性及定量披露。

香港財務報告準則第15號之修訂 – 來自客戶合約的收益 (香港財務報告準則第15號之澄清) 對於二零一八年一月一日或之後開始之會計期間生效。香港財務報告準則第15號之修訂包括澄清對履行責任之識別方式；應用委託人或代理人；知識產權許可；及過渡規定。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 15 – Revenue from Contracts with Customers (Continued)

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or services in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (a) when the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) when the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) when the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15, the entity recognise revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The directors of the Company has performed an assessment and considered that the new revenue standard is not likely to have significant impact on how it recognises revenue from the sales of crude oil and rental income of oil and liquefied chemical terminal.

2. 採納新訂或經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則 (續)

香港財務報告準則第15號 – 來自客戶合約的收益 (續)

根據香港財務報告準則第15號，收益於客戶獲得合約中承諾商品或服務之控制權時確認。香港財務報告準則第15號確定了對承諾商品或服務之控制權被視為隨時間轉移的三種情況：

- (a) 當客戶同時取得及消耗實體履約所提供之利益時；
- (b) 實體之履約行為創造或改良了客戶在資產被創造或改良時就控制的資產（如施工中工程）；或
- (c) 實體之履約行為並未創造一項可被實體用於替代用途之資產，且實體具有就迄今為止已完成之履約部份獲得客戶付款之可執行權利。

倘合約條款及實體之活動並不屬於任何該等三種情況，則根據香港財務報告準則第15號，實體於某一時間點（即控制權轉移時）就銷售該商品或服務確認收益。所有權之風險及回報之轉移僅為於釐定控制權轉移何時發生時將考慮之其中一項指標。

本公司董事已進行評估且認為，新訂收益準則不太可能對其如何確認銷售原油所得收益及油品及液體化工品碼頭之租賃收益帶來重大影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 16 – Leases

This standard is effective for accounting periods beginning on or after 1 January 2019. HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

2. 採納新訂或經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則 (續)

香港財務報告準則第16號 – 租賃

此準則對二零一九年一月一日或之後開始之會計期間生效。香港財務報告準則第16號由生效當日起將取代香港會計準則第17號「租賃」及相關詮釋，其引入單一承租人會計處理模式，並規定承租人就年期超過12個月之所有租賃確認資產及負債，除非相關資產為低價值資產則作別論。具體而言，根據香港財務報告準則16號，承租人須確認使用權資產（表示其有權使用相關租賃資產）及租賃負債（表示其有責任支付租賃款項）。因此，承租人應確認使用權資產折舊及租賃負債利息，並將租賃負債之現金還款分類為本金部分及利息部分，以於現金流量表內呈列。此外，使用權資產及租賃負債初步按現值基準計量。計量包括不可撤銷租賃付款，亦包括承租人合理地肯定將行使選擇權延續租賃或行使選擇權終止租賃之情況下，將於選擇權期間內作出之付款。此會計處理方法與承租人會計法顯著不同，後者適用於根據舊有準則香港會計準則第17號分類為經營租賃之租賃。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 16 – Leases (Continued)

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As set out in note 39(b) to the financial statements, future minimum lease payments under non-cancellable operating leases of the Group in respect of land and buildings as at 31 December 2017 amounted to HK\$3,017,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results but it is expected that certain portion of the lease commitments will be required to be recognised in the form of an asset (for the right-of-use) and a financial liability (for the payment obligation) in the statement of financial position.

2. 採納新訂或經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則 (續)

香港財務報告準則第16號 – 租賃 (續)

就出租人會計法而言，香港財務報告準則第16號大致繼承香港會計準則第17號之出租人會計法規定。因此，出租人繼續將其租賃分類為經營租賃或融資租賃，並且對兩類租賃進行不同之會計處理。

誠如財務報表附註39(b)所載，於二零一七年十二月三十一日，本集團有關土地及樓宇之不可撤銷經營租賃之未來最低租賃付款為3,017,000港元。本公司董事預期採用香港財務報告準則第16號相較於現時使用之會計政策不會對本集團之業績產生重大影響，但預期該等租賃承擔之若干部分將須以資產（就使用權而言）及財務負債（就支付義務而言）形式於財務狀況表中確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

HK(IFRIC)-Int 23 – Uncertainty Over Income Tax Treatments

This interpretation is effective for accounting periods beginning on or after 1 January 2019. The interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

Save as disclose in the foregoing paragraphs about the impact of Amendments to HKAS 40, HKFRS 9, HKFRS 15 and HKFRS 16 to the Group’s financial statements, the directors of the Company have also performed an assessment on other new standards and amendments, and have concluded on a preliminary basis that other new standards and amendments would not have a significant impact on the Group’s financial statements in subsequent years.

2. 採納新訂或經修訂香港財務報告準則 (續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則 (續)

香港 (國際財務報告詮釋委員會) – 詮釋第23號 – 所得稅處理的不確定性

該詮釋對於二零一九年一月一日或之後開始之會計期間有效。該詮釋透過就如何反映所得稅會計處理涉及的不確定性因素提供指引，為香港會計準則第12號所得稅的規定提供支持。

根據該詮釋，實體須釐定分別或集中考慮各項不確定稅項處理，以更佳預測不確定性因素的解決方法。實體亦須假設稅務機關將會查驗其有權查驗的金額，並在作出上述查驗時全面知悉所有相關資料。如實體釐定稅務機關可能會接受一項不確定稅項處理，則實體應按與其稅務申報相同的方式計量即期及遞延稅項。倘實體釐定稅務機關不大可能會接受一項不確定稅項處理，則採用「最可能金額」或「預期值」兩個方法中能更佳預測不確定性因素解決方式的方法來反映釐定稅項涉及的不確定性因素。

除上段所披露有關香港會計準則第40號之修訂、香港財務報告準則第9號、香港財務報告準則第15號及香港財務報告準則第16號對本集團財務報表的影響外，本公司董事亦就其他新訂準則及修訂本進行評估，初步結論為其他新訂準則及修訂本不會對本集團隨後數年的財務報表產生重大影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared under historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which are measured at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3. 重大會計政策概述

(a) 編製基準

編製該等財務報表所應用之重大會計政策於下文概述。除另有訂明者外，該等政策一直貫徹應用於各個呈報年度。

該等財務報表乃以歷史成本法編製（惟按公平值計入損益之投資物業及財務資產乃按公平值計量）。計算方式於下列會計政策中細述。

應注意於財務報表編製時曾運用會計估計及假設。儘管該等估計乃根據管理層對目前事項及行動之所知及判斷而作出，但最終實際結果或會與該等估計有所差異。涉及更高判斷或複雜程度之範圍，或假設及估計對財務報表而言屬重大之範圍於附註4披露。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Oil production sharing contract (the "Songliao Contract")

In 2010, the Group completed the acquisition of 100% equity interest in China International Energy Investments (Hong Kong) Limited ("China International Energy") which holds the oil production sharing contract entered into between China Era Energy Power Investment Limited ("China Era"), a wholly-owned subsidiary of China International Energy, and a state-owned enterprise engaged in oil exploration industry (the "State-owned Enterprise") on 13 August 2007 (the "Songliao Contract") from the vendor, Greater China Limited ("Greater China"), details of which are set out in note 35. China International Energy was wholly owned by an individual ("Mr. A") at the time of obtaining the Songliao Contract.

In 2015, the directors of the Company was informed that Mr. A was formally charged by prosecution authorities in the People's Republic of China (the "PRC") for illegal operation (the "Charge"), possibly involved allegations about improper conduct in obtaining of the Songliao Contract.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 產油業務共享合約 (「松遼合約」)

於二零一零年，本集團完成自賣方 Greater China Limited (「Greater China」) 收購中國國際能源投資(香港)有限公司 (「中國國際能源」) 之 100% 股權，其持有由中國年代能源投資有限公司 (「中國年代」，為中國國際能源之全資附屬公司) 與一家從事石油勘探行業的國有企業 (「國有企業」) 於二零零七年八月十三日所訂立之產油業務共享合約 (「松遼合約」)，有關詳情載於附註 35。於取得松遼合約時，中國國際能源由一位人士 (「A 先生」) 全資擁有。

於二零一五年，本公司董事獲悉 A 先生遭中國人民共和國 (「中國」) 檢控機關正式控告非法經營 (「該指控」)，可能涉及其於獲得松遼合約時有不當行為之控告。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Oil production sharing contract (the "Songliao Contract") (Continued)

As soon as the directors of the Company found the Charge, the Group commenced legal proceedings in the Cayman Islands against various parties including Mr. A, Greater China, Mr. Li Weijun (Greater China's warrantor) and Giant Crystal Limited ("Giant Crystal") (which was nominated by Greater China as the allottee of the promissory notes, consideration shares and convertible bonds for the consideration of the Songliao Contract) (the "Defendants") on the basis that (a) the Greater China's warranties and/or representations given in the acquisition were false and misleading and knowing that the Group entered into the acquisition agreement in reliance thereon; and (b) the Defendants of the litigation wrongly conspired and combined together to defraud the Group to pay the consideration.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 產油業務共享合約 (「松遼合約」) (續)

本公司董事發現該指控後，本集團入稟開曼群島，針對包括A先生、Greater China、李衛軍先生 (Greater China之保證人) 及鉅晶有限公司 (「鉅晶」，獲Greater China指定為松遼合約代價之本票、代價股份及可換股債券之獲配發人) 的多方人士 (「被告人」) 展開法律程序，理據為 (a) Greater China於收購事項中作出之保證及／或聲明為虛假及具誤導性，而明知本集團乃依據該等保證及／或聲明訂立收購協議；及 (b) 訴訟之被告人不當串謀及聯手詐騙本集團支付代價。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Oil production sharing contract (the "Songliao Contract") (Continued)

In the litigation, the Group sought (1) a declaration that they are entitled to validly rescind the acquisition agreement; (2) an order that the consideration be repaid, a declaration that the promissory notes and convertible bonds are at all material times null and void and of no legal effect; (3) a declaration that Giant Crystal held and continue to hold the consideration shares and any shares issued upon exercise of the convertible bonds on trust for the Company; (4) an injunction against all Defendants that they be restrained from disposing of, encumbering or otherwise dealing with or diminishing the value of, and/or exercising any rights or powers (including but not limited to voting rights in general and/or extraordinary meeting(s) in respect of, and/or entering into any agreement to effect any transaction in relation to, the consideration shares and the converted shares; (5) an injunction against all Defendants from completing and/or procuring the conversion and/or transferring of the convertible bonds; (6) damages for fraud and/or deceit; and (7) an order that the Defendants compensate the Group in equity.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 產油業務共享合約 (「松遼合約」) (續)

於訴訟中，本集團尋求(1)獲宣告有權有效撤銷收購協議；(2)獲頒發命令以收回代價，並宣告本票及可換股債券在所有關鍵時刻均為無效且不具法律效力；(3)獲宣告鉅晶以往及繼續以信託形式為本公司持有代價股份及因可換股債券被轉換所發行之任何股份；(4)向所有被告人頒發禁制令，禁止彼等出售或以其他方式買賣代價股份及換股股份、對代價股份及換股股份設立產權負擔或縮減其價值，及／或行使任何權利或權力（包括但不限於就代價股份及換股股份於股東大會及／或股東特別大會上投票之權利），及／或訂立任何協議使涉及代價股份及換股股份之任何交易生效；(5)向所有被告人頒發禁制令，禁止彼等完成及／或促使可換股債券之轉換及／或轉讓；(6)獲得遭詐騙及／或欺騙之損害賠償；及(7)獲頒發命令，使被告人依衡平法向本集團作出賠償。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Oil production sharing contract (the "Songliao Contract") (Continued)

In March 2017, the Group obtained the legal opinion from the Company's lawyer in the PRC stating that under the laws prevailing in the PRC, all entities are innocent unless found guilty by the Municipal Court. However, if the Songliao Contract is found to be used to conduct illegal trade by top management, the Songliao Contract can be invalidated through the Supreme People's Court. According to the Contract Laws of the PRC, when a contract becomes invalid or is rescinded, any property obtained under the contract shall be returned. In the circumstances when the return of properties is impossible, compensation shall be made at an estimated price for the loss caused by the defaulted parties. As a party of the Songliao Contract, the Group is entitled to either enter into arbitration or to file civil legal action to rescind or invalidate the Songliao Contract and seek compensation from the defaulted parties. As there was no progress before the date of authorisation for issue of the Group's financial statements for the year ended 31 December 2016, and there was no adjudication in respect of the Charge, it was not possible to estimate the outcome on the Group's oil production business and financial position, arising from the Charge for the year ended 31 December 2016.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 產油業務共享合約 (「松遼合約」) (續)

於二零一七年三月，本集團取得本公司中國律師法律意見，當中指出根據中國現行法律，除非被市政法院判決有罪，否則所有實體均無罪。然而，倘若發現松遼合約被高級管理層用來進行非法交易，可通過最高人民法院宣告松遼合約無效。根據中國合同法，合同無效或者被撤銷時，因該合同取得的財產應當予以返還。於財產無法返還的情況下，應當折價補償過錯方引致的損失。作為松遼合約一方，本集團有權進行仲裁或提起民事法律訴訟要求撤銷松遼合約或宣告松遼合約無效並尋求過錯方賠償。由於在本集團截至二零一六年十二月三十一日止年度之財務報表之授權刊發日期前並無進展，且並無有關該指控的判決，因此無法估計該指控於截至二零一六年十二月三十一日止年度對本集團產油業務及財務狀況的影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Oil production sharing contract (the "Songliao Contract") (Continued)

In December 2017, the Group received a legal letter from the representative lawyer of Mr. A that the Charge was acquitted after the Municipal Court had issued the first adjudication of the Charge. As Mr. A is not found guilty in respect of the Charge, the Songliao Contract should continue to be valid to the Group and the Group is able to carry out business relating to the oil production as stipulated under the Songliao Contract without the questioning of its validity. On that basis, after taking the legal advice from the Company's legal advisers, on 4 January 2018, the Company reached a settlement with the Defendants pursuant to which the Company will apply to the Grand Court of the Cayman Islands (the "Cayman Court") for discontinuance of the litigation, as a result of which the injunction order and the Company's undertaking are expected to be discharged in the foreseeable future such that the Defendants should no longer be restrained from disposing of, encumbering or otherwise dealing with or diminishing the value of, and/or exercising any rights or powers (including but not limited to voting rights in general and/or extraordinary meeting(s) in respect of, and/or entering into any agreement to effect any transaction in relation to, the consideration shares and the converted shares). Up to the date of authorisation for issue of the Group's financial statements, the application of discontinuance of the litigation to the Cayman Court is still in progress.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 產油業務共享合約 (「松遼合約」) (續)

於二零一七年十二月，本集團接獲A先生之代理律師發來之法律函件，指在市政法院宣佈該指控之首次判決後，該指控罪名不成立。由於A先生就該指控被認定無罪，松遼合約對本集團將繼續有效，本集團得以開展松遼合約下規定的產油相關業務，而不質疑合約之有效性。有鑒於此，經計及本公司法律顧問之法律意見後，於二零一八年一月四日，本公司與被告人達成和解，據此，本公司將向開曼群島大法院 (「開曼法院」) 申請終止訴訟，因此預期禁制令及本公司之承諾將於可預見未來解除，致使被告人不再被限制出售或以其他方式買賣代價股份及換股股份、對代價股份及換股股份設立產權負擔或縮減其價值，及/或行使任何權利或權力 (包括但不限於就代價股份及換股股份於股東大會及/或股東特別大會上投票之權利，及/或訂立任何協議使涉及代價股份及換股股份之任何交易生效)。直至本集團財務報表獲授權刊發之日，向開曼法院申請終止訴訟之申請仍在進行中。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Oil production sharing contract (the "Songliao Contract") (Continued)

Included in the consolidated statement of financial position as at 31 December 2017 are property, plant and equipment, intangible assets and net deferred tax liabilities with carrying amounts of approximately HK\$6,977,000 (2016: HK\$25,696,000), HK\$217,769,000 (2016: HK\$389,084,000) and HK\$3,974,000 (2016: HK\$47,497,000) respectively. The property, plant and equipment and intangible assets are collectively referred to as the "Oil Production Assets". The Oil Production Assets relate to the operation of oil production business, pursuant to the Songliao Contract, entered into with the State-owned Enterprise to develop and produce crude oil in Liangjing Block on Songliao Basin in Jilin, the PRC, details of which are set out in note 35.

As at 31 December 2017, the directors of the Company estimated the recoverable amount of the cash-generating unit to which the Oil Production Assets belong (the "Oil Production CGU"). As the carrying amounts of the Oil Production CGU exceeded its recoverable amount, impairment losses of approximately HK\$170,710,000 (2016: HK\$166,938,000) and HK\$5,469,000 (2016: HK\$11,024,000) were recognised for the year ended 31 December 2017 on intangible assets and property, plant and equipment respectively.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 產油業務共享合約 (「松遼合約」) (續)

二零一七年十二月三十一日之綜合財務狀況表內載有賬面值分別為約6,977,000港元(二零一六年: 25,696,000港元)、217,769,000港元(二零一六年: 389,084,000港元)及3,974,000港元(二零一六年: 47,497,000港元)之物業、廠房及設備、無形資產及遞延稅項負債淨額。物業、廠房及設備及無形資產統稱為「產油資產」。根據與國有企業訂立以於中國吉林松遼盆地兩井區塊開發及生產原油之松遼合約, 產油資產乃關於產油業務之營運, 有關詳情載於附註35。

於二零一七年十二月三十一日, 本公司董事已估計產油資產所屬現金產生單位(「產油現金產生單位」)的可收回金額。由於產油現金產生單位的賬面值超過其可收回金額, 截至二零一七年十二月三十一日止年度就無形資產及物業、廠房及設備分別確認減值虧損約170,710,000港元(二零一六年: 166,938,000港元)及5,469,000港元(二零一六年: 11,024,000港元)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Oil production sharing contract (the "Songliao Contract") (Continued)

In estimate the recoverable amount of Oil Production CGU, having taken into account of the legal letter from Mr. A's representative lawyer, (2016: legal opinion from Company's lawyer in the PRC), the directors of the Company consider that the Songliao Contract continues valid, thus the Group's oil production business will continue in operation throughout the Songliao Contract period and will be executed as planned since as at the date of authorisation for issue of the Group's financial statements, there is no longer any charge by any prosecution authority that would lead to the State-owned Enterprise to impose any potential claim or to question on the validity of the Songliao Contract.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 產油業務共享合約 (「松遼合約」) (續)

在估計產油現金產生單位之可收回金額時，經考慮A先生之代理律師發來之法律函件 (二零一六年：來自本公司中國律師之法律意見)，本公司董事認為松遼合約繼續有效，因此本集團之產油業務將在松遼合約整個期限內繼續運作並將按計劃執行，原因為於本集團財務報表獲授權刊發當日，概無來自任何檢控機關的指控以令國有企業提出任何潛在申索，或對松遼合約的有效性提出質疑。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Going concern basis

The consolidated financial statements have been prepared on a going concern basis which notwithstanding that (i) the Group incurred a loss of HK\$201,430,000 (2016: HK\$200,964,000) during the year; (ii) as at 31 December 2017, the Group had net current liabilities of HK\$1,075,777,000 (2016: HK\$353,127,000); (iii) as at 31 December 2017, included in current liabilities was the total outstanding construction costs of HK\$484,044,000 (2016: HK\$420,716,000), that are required to repay within one year after the reporting date, in which amounts of HK\$403,946,000 (2016: HK\$319,177,000) and HK\$80,098,000 (2016: HK\$101,539,000) are recognised under other payables (note 25) and other borrowings (note 28) respectively and the capital commitment for construction cost was HK\$3,078,000 (2016: HK\$154,466,000) (note 40); and (iv) as at 31 December 2017, included in current liabilities was other borrowings of HK\$30,054,000 (2016: bank and other borrowings of HK\$49,370,000 and HK\$28,169,000 respectively) that was overdue for repayments (notes 27 and 28). 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, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company have prepared the consolidated financial statements based on a going concern on the assumptions that:

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(ii) 持續經營基準

綜合財務報表已根據持續經營基準編製，惟(i)本集團於本年度產生虧損201,430,000港元(二零一六年：200,964,000港元)；(ii)於二零一七年十二月三十一日，本集團錄得流動負債淨值為1,075,777,000港元(二零一六年：353,127,000港元)；(iii)於二零一七年十二月三十一日，納入流動負債之須於報告日期後一年內償還的未償建設成本總額達484,044,000港元(二零一六年：420,716,000港元)，其中403,946,000港元(二零一六年：319,177,000港元)及80,098,000港元(二零一六年：101,539,000港元)分別於其他應付款項(附註25)及其他借款(附註28)內確認，建設成本的資本承擔為3,078,000港元(二零一六年：154,466,000港元)(附註40)；及(iv)於二零一七年十二月三十一日，納入流動負債之30,054,000港元(二零一六年：銀行及其他借貸分別49,370,000港元及28,169,000港元)的其他借貸逾期未還(附註27及28)。該等情況反映存在重大不明朗因素，或會對本集團持續經營之能力產生重大質疑及因此，本集團可能無法於其一般業務過程中變現其資產及償還其負債。本公司董事乃基於以下假設按持續經營基準編製綜合財務報表：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Going concern basis (Continued)

- (a) the Group will settle the outstanding construction costs of HK\$198,408,000 in the coming twelve months after the reporting period. For the remaining balances of total construction costs, based on the good relationship with the contractors, the contractors will extend the repayment dates over twelve months after 31 December 2017; and
- (b) the lease of oil and liquefied chemical terminal is expected to be fully executed in the first half of 2018 in accordance with the terms and conditions of the lease agreement. The Group obtained the formal permit for operation of port in March 2018 to replace its trial operation permit.

As disclosed in note 47(b), on 22 January 2018, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent has conditionally agreed to place, up to an aggregate of 609,940,000 new placing shares to not less than six placees at a price of HK\$0.143 per placing share (the "Placing"). The Placing was completed on 14 February 2018 and net proceeds from the Placing, after deducting the related expenses incurred during the Placing, are approximately HK\$85,100,000. As stated in the Company's announcement dated 14 February 2018, an amount of approximately HK\$63,300,000 out of the above net proceeds will be used to repay liabilities of the Group.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(ii) 持續經營基準 (續)

- (a) 本集團將於報告期間後未來十二個月內清償未償建設成本198,408,000港元。而就總建設成本之餘下結餘而言，基於與承包商的友好關係，承包商將延長償還日期至於二零一七年十二月三十一日後逾十二個月；及
- (b) 預期油品及液體化工品碼頭租賃將根據租賃協議的條款及條件於二零一八年上半年全面執行。本集團已於二零一八年三月取得正式港口經營許可證，取代其試用經營許可證。

誠如附註47(b)所披露，於二零一八年一月二十二日，本公司與一名配售代理訂立配售協議，據此，配售代理已有條件同意按每股配售股份0.143港元之價格向不少於六名承配人配售最多合共609,940,000股新配售股份（「配售事項」）。配售事項已於二零一八年二月十四日完成，配售事項所得款項淨額（經扣除配售事項過程中產生之相關開支後）約為85,100,000港元。誠如本公司日期為二零一八年二月十四日之公佈所述，上述所得款項淨額中約63,300,000港元將用於償還本集團之負債。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Going concern basis (Continued)

After taking into account the above measures, the directors of the Company consider that the Group can meet its financial obligations as and when they fall due in the foreseeable future and believe that the Group will continue as a going concern and consequently have prepared the consolidated financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the consolidated financial statements to reduce the values of the assets to their estimated realisable values, to provide for any further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(ii) 持續經營基準 (續)

經考慮上述措施後，本公司董事認為本集團可於可見未來在財務負債到期時作出支付，並相信本集團將可持續經營，因此以持續經營基準編製綜合財務報表。

倘本集團無法持續經營業務，將須於綜合財務報表作出調整以撇減資產價值至其估計可變現價值，及就可能產生之任何進一步負債作出撥備，並將非流動資產及負債分別重新分類為流動資產及負債。此等調整的影響並無於綜合財務報表反映。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(iii) Loss of controls over assets of Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI") and Inner Mongolia Forest Source Mining Industry Developing Company Limited ("IMFSMI") and de-consolidating QHFSMI and IMFSMI

Ms Leung Lai Ching ("Ms Leung")'s legal status as director and legal representative in QHFSMI and IMFSMI remained unchanged in the absence of her cooperation

Ms Leung was a director and legal representative of both QHFSMI and IMFSMI. In September 2009, the sole shareholder of QHFSMI and IMFSMI (i.e. a wholly-owned subsidiary of the Company) resolved to remove Ms Leung's capacity as director and legal representative of both QHFSMI and IMFSMI with immediate effect. However, the respective members of the board of directors and legal representative of QHFSMI and IMFSMI were not officially changed up to the date of authorisation for issue of the Group's financial statements as Ms Leung, being the legal representative, was not cooperative and failed to provide the requested documents and corporate seals.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(iii) 失去對青海森源礦業開發有限公司(「青海森源」)及內蒙古森源礦業開發有限公司(「內蒙古森源」)資產之控制權及不再將青海森源及內蒙古森源綜合入賬

梁儷瀨女士(「梁女士」)作為青海森源及內蒙古森源之董事及法定代表之法律地位因其不合作而維持不變

梁女士曾為青海森源及內蒙古森源之董事及法定代表。於二零零九年九月，青海森源及內蒙古森源唯一股東(即本公司的一間全資附屬公司)議決罷免梁女士出任青海森源及內蒙古森源之董事及法定代表職務，即時生效。然而，由於法定代表梁女士不配合及未能提供所需文件及公司印章，直至授權刊發本集團財務報表日期，青海森源及內蒙古森源各自之董事會成員及法定代表仍未正式更改。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(iii) Loss of controls over assets of Qinghai Forest Source Mining Industry Developing Company Limited (“QHFSMI”) and Inner Mongolia Forest Source Mining Industry Developing Company Limited (“IMFSMI”) and de-consolidating QHFSMI and IMFSMI (Continued)

Transfer of exploration licence without the Company’s knowledge, consent or approval

The Group acquired QHFSMI from Ms Leung in 2007. QHFSMI was the holder of an exploration licence, which conferred QHFSMI the rights to conduct exploration work for the mineral resources in the titanium mine at Xiao Hong Shan in Inner Mongolia, the PRC. In 2010, the board of directors of the Company discovered that the exploration licence held by QHFSMI was transferred to a company known as 內蒙古小紅山源森礦業有限公司 (in English, for identification purpose only, Inner Mongolia Xiao Hong Shan Yuen Xian Mining Industry Company Limited) (“Yuen Xian Company”) at a consideration of RMB8,000,000 (the “Change of Exploration Right Agreement”) without the Company’s knowledge, consent or approval. Ms Leung is one of the directors and the legal representative of Yuen Xian Company. Without the exploration licence, QHFSMI no longer had the rights to, among other things, carry out exploration of the mineral resources of the titanium mine, access to the titanium mine and neighbouring areas and has no priority in obtaining the mining rights of the titanium mine.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(iii) 失去對青海森源礦業開發有限公司 (「青海森源」) 及內蒙古森源礦業開發有限公司 (「內蒙古森源」) 資產之控制權及不再將青海森源及內蒙古森源綜合入賬 (續)

在本公司不知情及未經本公司同意或批准下轉讓勘探牌照

本集團於二零零七年向梁女士收購青海森源。青海森源持有一個勘探牌照，該牌照賦予青海森源在位於中國內蒙古小紅山之鈦礦進行礦產資源勘探工作之權利。於二零一零年，本公司董事會發現，在本公司不知情及未經本公司同意或批准下，青海森源所持勘探牌照以人民幣8,000,000元的代價轉讓予一家名為內蒙古小紅山源森礦業有限公司 (「源森公司」) 的公司 (「探礦權變更協議」)。梁女士為源森公司的董事之一及法定代表。倘無勘探牌照，青海森源不再擁有權 (其中包括) 於鈦礦進行礦產資源勘探、進入鈦礦及鄰近區域以及優先獲得鈦礦之開採權。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(iii) Loss of controls over assets of Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI") and Inner Mongolia Forest Source Mining Industry Developing Company Limited ("IMFSMI") and de-consolidating QHFSMI and IMFSMI (Continued)

Final decision on the Change of Exploration Right Agreement

As soon as the Group had discovered the loss of QHFSMI's exploration licence, the Group commenced the legal proceedings against Ms Leung for getting back the exploration licence. In March 2016, the Company received the final decision letter from the Qinghai Procuratorate that the Change of Exploration Right Agreement was invalid. As Yuen Xian Company had already obtained the mining licence on the titanium mine at Xiao Hong Shan in Inner Mongolia, the PRC, the Group is now seeking for the legal advices to resolve this matter.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(iii) 失去對青海森源礦業開發有限公司(「青海森源」)及內蒙古森源礦業開發有限公司(「內蒙古森源」)資產之控制權及不再將青海森源及內蒙古森源綜合入賬 (續)

對探礦權變更協議的最終判決

本集團發現失去青海森源之勘探牌照後，即對梁女士提起法律訴訟，以收回勘探牌照。於二零一六年三月，本公司接獲青海檢察院的最終判決書，判決探礦權變更協議無效。由於源森公司已取得中國內蒙古小紅山之鈦礦的探礦牌照，本集團現正尋求法律意見以解決該問題。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(iii) Loss of controls over assets of Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI") and Inner Mongolia Forest Source Mining Industry Developing Company Limited ("IMFSMI") and de-consolidating QHFSMI and IMFSMI (Continued)

De-consolidating QHFSMI and IMFSMI

Given that (i) the discovery of the loss of significant assets of QHFSMI; (ii) Ms Leung's legal status as director and legal representative in QHFSMI and IMFSMI remained unchanged; and (iii) the Group was unable to obtain the financial information of QHFSMI and IMFSMI, the directors of the Company considered that the Group had no power over QHFSMI and IMFSMI, exposure, or rights, to variable returns from QHFSMI and IMFSMI and the ability to use its power to affect those variable returns. The Group appointed the PRC lawyers to handle the matters in regaining its controlling power over QHFSMI and IMFSMI. In the opinion of the directors of the Company, the aforesaid legal proceedings have no material impact on the financial position and operations of the Group as the Group is still in the process of regaining the controlling power over QHFSMI and IMFSMI which had already been de-consolidated since 2010.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(iii) 失去對青海森源礦業開發有限公司 (「青海森源」) 及內蒙古森源礦業開發有限公司 (「內蒙古森源」) 資產之控制權及不再將青海森源及內蒙古森源綜合入賬 (續)

不再將青海森源及內蒙古森源綜合入賬

鑒於(i)發現失去青海森源之重大資產；(ii)梁女士作為青海森源及內蒙古森源董事及法定代表的法律地位保持不變；及(iii)本集團無法獲取青海森源及內蒙古森源的財務資料，本公司董事認為本集團對青海森源及內蒙古森源並無權力，不再享有青海森源及內蒙古森源可變回報或對其擁有權利，亦無能力行使其權利以影響該等可變回報。本集團已就重獲其對青海森源及內蒙古森源之控制權一事委聘中國律師處理。本公司董事認為，上述法律訴訟對本集團的財務狀況及營運並無任何嚴重影響，原因為本集團重獲對青海森源及內蒙古森源之控制權一事仍在進行中，而該等公司自二零一零年起已不再綜合入賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

3. 重大會計政策概述 (續)

(b) 綜合基準

綜合財務報表包括截至每年度十二月三十一日止本公司及其附屬公司之財務報表。

由控制權轉移至本集團當日起，附屬公司納入綜合計算。該等公司由控制權失效當日起，不計入綜合計算。

集團內公司間交易及結餘連同未實現交易收益於編製綜合財務報表時全數對銷。未實現交易虧損亦予以對銷，除非交易提供已轉讓資產出現減值之證據，在此情況下，虧損於損益中確認。

年內收購或出售附屬公司之業績自收購之日開始或至出售之日停止計入綜合其他全面收益表（如適用）。附屬公司之財務報表已作調整（如需要），以確保其會計政策與本集團其他成員公司所用者一致。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

Acquisition of subsidiaries or businesses is accounted for using acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3. 重大會計政策概述 (續)

(b) 綜合基準 (續)

收購附屬公司或業務採用收購法入賬。收購成本以已轉讓資產、已產生負債以及本集團作為收購方發行之股本權益於收購日公平值總和計量。購入可識別資產及所承擔負債主要按收購日公平值計量。本集團過往於被收購方持有之股本權益按收購日公平值重新計量，由此產生之收益或虧損於損益內確認。本集團可選擇以逐項交易基準按公平值或應佔被收購方可識別資產淨值比例計量反映現時於附屬公司擁有權益之非控股股東權益。所產生之收購相關成本列作開支，除非是因發行股權工具而產生的成本，在此情況下，成本自權益扣減。

倘本集團失去附屬公司之控制權，出售損益乃按下列兩者之差額計算：(i)所收取代價之公平值與任何保留權益之公平值總額，與(ii)該附屬公司之資產（包括商譽）及負債與任何非控股股東權益過往之賬面值。先前就該附屬公司於其他全面收入確認之款額按出售相關資產或負債時所規定之相同方式列賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in non-controlling interests having a deficit balance.

(c) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3. 重大會計政策概述 (續)

(b) 綜合基準 (續)

收購後，代表於附屬公司現有擁有權權益之非控股股東權益之賬面值為該等權益於初步確認時之款額加非控股股東權益應佔權益其後變動之部分。即使會導致非控股股東權益出現虧絀結餘，全面收入總額仍歸屬於非控股股東權益。

(c) 附屬公司

附屬公司指本公司能對其行使控制權之被投資方。倘達成以下全部三項條件，本公司即控制被投資方：對被投資方具有權力；對來自被投資方之浮動回報承擔風險或享有權利；及能行使其權力以影響該等浮動回報。倘有事實及情況顯示任何該等控制條件可能有變，則重新評估有關控制權。

於本公司之財務狀況表中，於附屬公司投資按成本值減去減值虧損（如有）列賬。附屬公司之業績由本公司按已收及應收股息入賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Accounting for production sharing contracts

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- (i) Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- (ii) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- (i) The structure of the joint arrangement;
- (ii) The legal form of joint arrangements structured through a separate vehicle;
- (iii) The contractual terms of the joint arrangement agreement; and
- (iv) Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

3. 重大會計政策概述 (續)

(d) 生產共享合約之會計處理

當有合約安排使本集團與至少一名其他方共同控制該安排之相關活動，則本集團為聯合安排之一方。評估共同控制之原則與評估附屬公司控制權相同。

本集團將其於聯合安排之權益分類為：

- (i) 合營企業：本集團僅對聯合安排之淨資產享有權利；或
- (ii) 共同經營：本集團享有聯合安排資產之權利並承擔其負債之義務。

於評估聯合安排權益之分類時，本集團考慮：

- (i) 聯合安排之架構；
- (ii) 聯合安排之法律形式為一個獨立載體結構；
- (iii) 聯合安排協議之合約條款；及
- (iv) 任何其他事實及情況（包括任何其他合約安排）。

本集團將共同經營權益入賬之方式為根據合約賦予之權利及義務確認其分佔之資產、負債、收入及開支。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

3. 重大會計政策概述 (續)

(e) 外幣換算

在綜合實體之個別財務報表內，外幣交易以交易日期當時之匯率換算為個別實體之功能貨幣。於報告日期，以外幣計值之貨幣資產及負債乃按報告日期通用之匯率換算。該等交易結算及於報告日期重新換算貨幣資產及負債而產生之外匯收益及虧損均在損益表內確認。

以外幣計值及以公平值列賬之非貨幣項目，會在決定公平值當日以當時匯率重新換算，並列賬為公平值收益或虧損之一部分。以外幣之歷史成本計算之非貨幣項目不會重新換算。

於綜合財務報表內，原來按與本集團呈列貨幣不同之貨幣呈報之海外業務所有個別財務報表，已轉換至港元。資產及負債亦在報告日期以收市匯率換算為港元。收入及開支則以交易日期通用之匯率或報告期間之平均匯率兌換至港元，惟有關匯率須並無大幅波動。任何由此程序產生之差異已在其他全面收入中確認，並單獨在權益匯兌儲備內累計。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation (Continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated into HK\$ at the closing rates. Exchange differences arising are recognised in the exchange reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

(f) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, lease of properties and the use by others of the Group's assets yielding interest, and dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (i) sale of crude oil is recognised from the Group's share of income (including cost recovery oil, investment recovery oil and share oil) according to the terms stipulated in the contract, details of which are set out in note 35;
- (ii) revenue from electricity and heat supply was recognised upon the transmission of electricity and heat to the customer;
- (iii) rental income is recognised on a straight-line basis over the respective lease terms; and
- (iv) interest income is recognised on time proportion basis using effective interest method.

3. 重大會計政策概述 (續)

(e) 外幣換算 (續)

因收購海外業務而產生之已收購可識別資產之商譽及公平值調整作為有關海外業務之資產及負債處理，並以收市匯率換算為港元。所產生之匯兌差額於權益內確認為匯兌儲備。

當出售海外業務時，有關匯兌差額由權益重新分類，在損益表確認為出售收益或虧損之一部分。

(f) 收益確認

收益包括銷售貨品、出租物業以及他人使用本集團資產之已收或應收代價之公平值而產生之利益及股息，扣除回扣及折扣。倘可能為本集團帶來經濟利益及能可靠計量收益與成本（如適用）時，則按以下方式確認收益：

- (i) 銷售原油自本集團根據合約所列條款分佔之收入（包括收回成本石油、收回投資石油及共享石油）確認，有關詳情載於附註35；
- (ii) 熱電供應收益於向客戶輸送電力及熱力時予以確認；
- (iii) 租金收入於各租期內按直線法確認；及
- (iv) 利息收入使用實際利率法按時間比例確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

(h) Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment losses. Amortisation is charged in other operating expenses in profit or loss and is provided as follows:

- Exploration and evaluation assets under oil production business is amortised on unit of production method.
- Interests in oil production sharing contracts under oil production business is amortised on unit of production method.

3. 重大會計政策概述 (續)

(g) 借款成本

直接因收購、建設或製造任何合資格資產所產生之借款成本作為該等資產成本之一部分資本化，合資格資產為需要長時間達到擬定用途或銷售狀況之資產。尚未使用特定借款暫時投資所得收益自己資本化之借款成本中扣減。所有其他借款成本於產生期間於損益內確認。

在使合資格資產投入擬定用途或銷售所需的絕大部分準備工作完成後，不再將借貸成本資本化。

(h) 無形資產

分開購入之無形資產初步按成本確認。於業務合併購入之無形資產之成本，為收購日期之公平值。隨後，有限使用年期之無形資產按成本減累計攤銷及任何減值虧損列賬。攤銷開支計入損益之其他經營開支，並按以下方式作出撥備：

- 產油業務之勘探及評估資產按生產單位法攤銷。
- 產油業務之產油共享合約之權益按生產單位法攤銷。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Sea area use rights

Upfront payments made to acquire the maritime space held under an operating lease are stated at cost less accumulated amortisation and any impairment losses. Sea area use rights are amortised on straight-line method over the terms of the right of use.

(j) Property, plant and equipment

Property, plant and equipment (other than construction in progress ("CIP")) are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to the working condition and location for its intended use.

Other than oil properties, depreciation is provided to write off the cost less their estimated residual values, if any, over their estimated useful lives, using straight-line method. The estimated useful lives are as follows:

Buildings	The shorter of lease terms and 29 years
Plant and machinery	10 to 15 years
Leasehold improvements, furniture, office equipment and motor vehicles	3 to 10 years

3. 重大會計政策概述 (續)

(i) 海域使用權

就收購根據經營租約持有的海域所作出的預付款項按成本減累計攤銷及任何減值虧損列賬。海域使用權以直線法於使用權的期限進行攤銷。

(j) 物業、廠房及設備

物業、廠房及設備（在建工程（「在建工程」）除外）按成本減累計折舊及任何減值虧損列賬。資產之成本包括購買價以及將資產達致擬定用途之工作狀況及地點之任何直接應佔成本。

除石油財產外，折舊按估計可使用年期以直線法撇銷成本減其估計殘值（如有）計算。估計可使用年期如下：

樓宇	按租期及29年 (以較短者為準)
廠房及機器	10至15年
租賃物業裝修、傢俬、辦公設備及汽車	3至10年

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Property, plant and equipment (Continued)

Depreciation on oil properties is provided to write off the cost of oil properties using unit of production method utilising only proved developed oil reserves as the depletion base.

The assets' estimated useful lives, depreciation methods and estimated residual values are reviewed, and adjusted if appropriate, at each reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

CIP represents property, plant and equipment under construction, which is stated at cost less any impairment losses and is not depreciated. Cost comprises direct costs incurred during the periods of construction, installation and testing. CIP is reclassified to the appropriate category of property, plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

An asset is written down to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

3. 重大會計政策概述 (續)

(j) 物業、廠房及設備 (續)

石油財產之折舊僅按探明已開發石油儲量作為損耗基礎以生產單位法撇銷石油財產之成本計算。

資產之估計可使用年期、折舊方法及估計殘值會在各報告日期檢討及在有需要時調整。

報廢或出售所產生之收益或虧損乃按資產出售所得款項淨額與其賬面值之差額釐定，並於損益表內確認。

其後成本僅於與該項目相關之日後經濟利益有可能流入本集團，且該項目之成本能可靠計算時，方會計入資產之賬面值或確認為獨立資產（如適用）。所有其他成本（如維修及保養）均於產生之財政期間自損益表扣除。

在建工程指在建物業、廠房及設備，乃按成本減任何減值虧損列賬，且不予折舊。成本包括建設、安裝及測試期間產生之直接成本。在建工程於完工及資產可供使用時重新分類為物業、廠房及設備之適當類別並開始作出折舊。

倘資產之賬面值高於資產之估計可收回金額，即撇減至其可收回金額。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Prepaid land lease payments

Upfront payments made to acquire land held under an operating lease are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on straight-line method over the term of lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

(l) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income or for capital appreciation or for both but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of the retirement or disposal.

3. 重大會計政策概述 (續)

(k) 預付土地租賃款項

就收購根據經營租約持有之土地所作出之預付款項乃以成本減累計攤銷及任何減值虧損列賬。攤銷乃於租期／使用權期限內以直線法計算，惟倘若有另一基準更能代表本集團透過使用有關土地產生利益之時間模式則除外。

(l) 投資物業

投資物業乃於土地及樓宇持有之權益（包括根據某一物業之經營租約以其他方式符合投資物業定義之租賃權益），用以賺取租金收入或資本升值，或為賺取租金收入及資本升值但並未於一般業務過程中持作銷售、用於產品或服務之生產或供應或行政用途。該等物業初始按成本（包括交易成本）計量。初始確認後，投資物業以公平價值列賬，於報告期末反映市場狀況。

投資物業公平價值變動產生之損益於其產生年度之損益內確認。

因投資物業報廢或出售而產生之任何損益於報廢或出售年度之損益內確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investment properties (Continued)

When the Group holds a property interest under an operating lease to earn rental income or for capital appreciation, or for both purpose, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 3(n)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 3(n).

(m) Impairment of assets (other than financial assets)

Property, plant and equipment, prepaid land lease payments, sea area use rights, intangible assets and interests in subsidiaries are subject to impairment testing. All these assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

3. 重大會計政策概述 (續)

(l) 投資物業 (續)

倘本集團根據經營租賃持有一項物業權益以賺取租金收入或作資本增值，或為以上兩個目的，該權益則按不同的物業而分類及入賬為投資物業。任何此等已分類為投資物業的物業權益之列賬方式猶如根據融資租賃（參見附註3(n)）持有的權益，相同於根據融資租賃持有的其他投資物業的權益的會計政策亦適用。租金付款如附註3(n)所述入賬。

(m) 資產（不包括財務資產）減值

物業、廠房及設備、預付土地租賃款項、海域使用權、無形資產及於附屬公司之權益會進行減值測試。所有該等資產在出現跡象顯示資產賬面值或會不可收回時進行減值測試。

倘若一項資產之可收回金額（即公平值減出售成本及使用價值較高者）估計低於其賬面值，該資產之賬面值減至其可收回金額。減值虧損即時確認為開支，除非相關資產乃根據另一香港財務報告準則按重估金額計量其賬面值，在此情況下減值虧損視作該香港財務報告準則項下重估金額減少。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of assets (other than financial assets) (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or cash-generating unit ("CGU") discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(n) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

3. 重大會計政策概述 (續)

(m) 資產 (不包括財務資產) 減值 (續)

倘若減值虧損在其後期間撥回，資產之賬面值增加至其經修訂估計可收回金額，惟增加後之賬面值不得超過如過往年度未就資產確認減值虧損而應釐定之賬面值。減值虧損撥回即時確認為收入，除非相關資產乃根據另一香港財務報告準則按重估金額計量其賬面值，在此情況下減值虧損撥回視作該香港財務報告準則項下重估金額增加。

使用價值乃基於來自資產或現金產生單位（「現金產生單位」）之估計未來現金流量，採用稅前折現率折現至其現值，而有關折現率反映現時市場對金錢時間值及有關資產或現金產生單位特有風險之評估。現金產生單位為最小可產生現金流入之可分辨資產組合，有關現金流入大致獨立於其他資產或資產組合之現金流入。

(n) 租賃

倘本集團確定一項安排賦予於經議定期間內使用指定資產之權利，而使用者須付款或作出一系列付款作為回報，則該安排（包括一項交易或一系列交易）為一項或包含一項租賃。本集團評估該項安排之實際內容後，作出上述確定，並不會考慮該項安排是否擁有租約之法定形式。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Leases (Continued)

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 3(l)); and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the group, or taken over from the previous lessee.

3. 重大會計政策概述 (續)

(n) 租賃 (續)

本集團租賃資產之分類

本集團以租賃方式持有之資產，倘租賃使擁有權之絕大部分風險和回報轉移至本集團，有關資產便歸入融資租賃持有類別；倘租賃不會使擁有權之絕大部分風險和回報轉移至本集團，則歸類為經營租賃，惟以下各項例外：

- 以經營租賃持有但在其他方面均符合投資物業定義之物業會逐項劃歸為投資物業，倘分類為投資物業，其入賬方式會如同以融資租賃（參見附註3(l)）持有一致；及
- 以經營租賃持作自用，但無法在租賃開始時將其公平值與建於其上之建築物之公平值分開計量之土地，是按以融資租賃持有方式入賬；但清楚地以經營租賃持有之建築物除外。就此而言，租賃之開始時間是指本集團首次訂立租約時，或自前承租人接收建築物時。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Leases (Continued)

Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset or, if lower, the present value of the minimum lease payments (the "Initial Value"), of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance lease charges, are recorded as finance lease liabilities.

Subsequent accounting for assets held under finance leases corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance lease charges.

Assets under finance leases are depreciated the same as owned assets

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. If a sale and leaseback transaction results in a finance lease, the previous carrying value is left unchanged, with the sales proceeds being shown as a liability.

3. 重大會計政策概述 (續)

(n) 租賃 (續)

以融資租賃方式購入之資產

倘本集團是以融資租賃購入資產之使用權，便會將相當於租賃資產公平值或最低租賃付款額之現值（以較低者為準）（「初始值」）記入物業、廠房及設備，而扣除融資費用後之相應負債則列為融資租賃負債。

按融資租約持有之資產其後之會計處理方法與可資比較購入資產所用者相同。相關融資租約負債會按租金付款減融資租約支出調減。

融資租賃項下資產按與自有資產相同的方式折舊

售後租回交易涉及資產之出售及租回同一資產。由於出售及租回乃一併進行，所以租賃款項及出售價通常為相關的。倘售後租回交易產生融資租賃，則先前賬面值維持不變，出售所得款項列示為負債。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Leases (Continued)

Operating lease charges as the lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating lease. Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss using straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period which they are incurred.

Operating lease charges as the lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of coal was determined using weighted average method. All other cost was determined using first-in, first-out method. Net realisable value is the estimated selling prices in the ordinary course of business less the estimated costs necessary to make the sale.

3. 重大會計政策概述 (續)

(n) 租賃 (續)

經營租約費用 (作為承租人)

如租賃不會使所有權之絕大部分風險及回報轉移至本集團，則劃歸為經營租約。倘本集團有權使用根據經營租約持有之資產，則除非有另一基準更能代表租賃資產產生利益之時間模式，否則根據租約作出之付款，會在租期內採用直線法於損益表中扣除。所收之租賃獎勵，作為已繳付租賃付款淨值總額之整體部分於損益表中確認。或然租金於其發生之會計期間從損益表中扣除。

經營租約費用 (作為出租人)

經營租約產生之租金收入按有關租賃之期間以直線法計入損益。磋商及安排經營租約所產生之初始直接成本計入該項租賃資產之賬面價值，並於租期內以直線法確認為支出。

(o) 存貨

存貨按成本及可變現淨值兩者中之較低者列賬。煤炭成本按加權平均法計算。所有其他成本則按先進先出法計算。可變現淨值為日常業務過程中之估計售價減估計銷售所需成本。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial assets

Recognition and measurement

The Group's financial assets are classified as loans and receivables and financial assets at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

De-recognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using effective interest method, less any impairment loss. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

3. 重大會計政策概述 (續)

(p) 財務資產

確認及計量

本集團之財務資產分為貸款及應收款項及按公平值計入損益之財務資產。管理層於首次確認時依據收購財務資產之目的將其歸類，並在許可及適當之情況下，於各報告日期重新評估財務資產之分類。

惟當本集團成為訂立有關工具合約條文之一方時，所有財務資產方予以確認。以正常方式購買及出售之財務資產於交易日確認。財務資產首次予以確認時乃按公平值加應佔直接交易成本計量。

當收取投資現金流量之權利屆滿或轉移及擁有權之絕大部分風險與回報已轉移時解除確認財務資產。

貸款及應收款項為附帶固定或可釐定付款之非衍生財務資產，且並無在活躍市場計算報價。其後採用實際利率法以攤銷成本減任何減值虧損列賬。攤銷成本經計及任何收購折讓或溢價後計算，並包括屬於實際利率及交易成本之組成部分之各項費用。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial assets (Continued)

Recognition and measurement (Continued)

Financial assets at fair value through profit or loss include financial assets held for trading if they are acquired for the purpose of sale in the near term. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the assets and that event has an impact on the estimated future cash flows of the financial assets that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

3. 重大會計政策概述 (續)

(p) 財務資產 (續)

確認及計量 (續)

按公平值計入損益之財務資產包括持作交易用途，為近期出售而購入之財務資產。初步確認後，按公平值計入損益之財務資產按公平值計量，公平值變動於產生期間於損益確認。

財務資產減值

於各報告日期會對財務資產進行審閱，以釐定是否有任何客觀減值證據。倘於初步確認資產後發生一項或多項事項，而該等事項對該財務資產之估計未來現金流產生重大影響且能可靠地估計，導致出現客觀減值證據，則作出財務資產減值。減值證據包括：

- 債務人遭遇重大財務困難；
- 違約，譬如拖欠或無法如期償還本息；
- 由於債務人財務困難，向債務人授出寬免；及
- 債務人可能會破產或進行其他財務重組。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial assets (Continued)

Impairment of financial assets (Continued)

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

3. 重大會計政策概述 (續)

(p) 財務資產 (續)

財務資產減值 (續)

有關一組財務資產之虧損事項包括可觀察資料顯示該組財務資產之估計未來現金流量出現可計量之減少。有關可觀察資料包括但不限於本集團債務人之付款狀況出現不利變動，及與拖欠本集團資產有關之國內或本地經濟狀況。

倘有客觀證據顯示貸款及應收款項出現減值虧損，則虧損金額按資產賬面值與估計未來現金流量（不包括未產生之未來信貸虧損）按財務資產之原實際利率（即首次確認時計算之實際利率）折現之現值兩者之差額計量。虧損金額於減值出現期間在損益表中確認。

倘其後減值虧損金額減少，而有關減幅可客觀地與確認減值後發生之事件相關，則撥回過往確認之減值虧損，惟於撥回減值當日不得導致財務資產賬面值超過如無確認減值之原有攤銷成本。撥回金額於撥回發生期間在損益表中確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

3. 重大會計政策概述 (續)

(q) 所得稅

本年度所得稅包括當期稅項及遞延稅項。

當期稅項乃日常業務所得損益(已就毋須繳納所得稅或不獲寬減所得稅之項目作出調整),按於報告期間完結時已頒佈或實質上已頒佈之稅率計算。

遞延稅項會就用作財務報告用途之資產及負債賬面值與用作稅項用途之相應金額之暫時差異確認。除商譽及不影響會計或應課稅溢利之已確認資產及負債外,遞延稅項負債就所有應課稅暫時差異進行確認。倘有可用以抵銷可扣減暫時差異之應課稅溢利,則會確認遞延稅項資產。遞延稅項乃按適用於資產或負債之賬面值獲變現或結算之預期方式及於報告期間完結時已頒佈或實質上已頒佈之稅率計量。

當投資物業根據香港會計準則第40號「投資物業」按公平值列賬時,有關釐定計量遞延稅項金額所用適當稅率之一般規定將會例外。除非假設被推翻,否則該等投資物業之遞延稅項金額按於報告日期按賬面值出售該等投資物業所適用之稅率計量。當投資物業可予折舊,並於旨在隨時間消耗物業所包含之絕大部分經濟利益而非透過出售之業務模式內持有時,有關假設會被推翻。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Income taxes (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(r) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(s) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3. 重大會計政策概述 (續)

(q) 所得稅 (續)

遞延稅項負債就投資於附屬公司所產生的應課稅暫時差額確認，惟本集團能夠控制暫時差額之撥回及暫時差額可能於可預見將來不會撥回除外。

所得稅於損益賬內確認，惟倘所得稅與於其他全面收益內確認之項目相關除外，在此情況下，稅項亦在其他全面收益中確認。

(r) 現金及現金等值項目

現金及現金等值項目包括銀行結存及手頭現金、銀行活期存款及原定到期日為三個月或以下且可隨時兌換為已知現金數額及價值變動風險不大之高流動性短期投資。就呈列現金流量表而言，現金及現金等值項目包括應要求償還且構成本集團現金管理組成部分之銀行透支。

(s) 股本

普通股股份被歸類為權益。股本按已發行股份之面值釐定。與股份發行有關之任何交易成本均從股份溢價（扣除任何有關所得稅利益）扣除，惟其須為直接因權益交易而產生之增量成本。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial liabilities

The Group's financial liabilities include trade, bills and other payables, accruals, bank and other borrowings, amounts due to non-controlling shareholders, finance lease liabilities and convertible bonds.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 3(g)).

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Trade, bills and other payables, accruals and amounts due to non-controlling shareholders

These are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method. The related interest expense is recognised in profit or loss.

3. 重大會計政策概述 (續)

(t) 財務負債

本集團之財務負債包括應付貿易賬項、應付票據及其他應付款項、應計款項、銀行及其他借款、應付非控股股東款項及可換股債券。

財務負債在本集團成為有關工具合約條文訂約方時確認。所有相關利息開支根據本集團借款成本之會計政策確認（請參閱附註3(g)）。

當負債之責任解除、取消或到期，則會取消確認財務負債。

倘現有財務負債由同一貸款人按非常不同之條款以另一項財務負債取代，或現有負債條款經大幅修改，則有關交換或修改視作取消確認原有負債及確認新負債，而有關賬面值間之差額則於損益表中確認。

應付貿易賬項、應付票據及其他應付款項、應計款項及應付非控股股東款項

該等款項首次按公平值確認，其後按實際利率法以攤銷成本計量。有關利息開支於損益確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial liabilities (Continued)

Convertible bonds that contain an equity component

Convertible bonds that can be converted to share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability and an equity component.

Convertible bonds that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the call option for conversion of the bonds into equity, is included in equity as convertible bond equity reserve.

Liability component is subsequently carried at amortised cost using effective interest method whilst equity component will remain in equity until conversion or redemption of the bonds.

3. 重大會計政策概述 (續)

(t) 財務負債 (續)

包含權益部分之可換股債券

可按持有人選擇兌換為股本之可換股債券，倘於換股時將予發行之股份數目及屆時將可收取之代價價值不變，則作為同時含有負債及權益部分之複合金融工具入賬。

可換股債券包含財務負債及權益部分，乃於首次確認時獨立分類為負債及權益部分。於首次確認時，負債部分之公平值乃按類似非可換股債務之現行市場利率釐定。發行可換股債券之所得款項與轉撥負債部分之公平值之差額，即可將債券兌換為權益之認購選擇權，計入權益作為可換股債券權益儲備。

負債部分其後採用實際利率法按攤銷成本列賬。權益部分在兌換或贖回債券前仍保留於權益內。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial liabilities (Continued)

Convertible bonds that contain an equity component (Continued)

When the bonds are converted, the convertible bond equity reserve and the carrying value of the liability component at the time of conversion are transferred to share capital and share premium as the consideration for the shares issued. If the bonds are redeemed, the convertible bond equity reserve is released directly to accumulated losses.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using effective interest method.

Borrowings

These are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

3. 重大會計政策概述 (續)

(t) 財務負債 (續)

包含權益部分之可換股債券 (續)

倘債券獲兌換，可換股債券權益儲備及負債部分之賬面值於兌換時轉入股本及股份溢價，作為已發行股份之代價。倘債券獲贖回，可換股債券權益儲備將直接釋放至累計虧損。

有關發行可換股債券之交易成本按所得款項之分配比例分配至負債及權益部分。有關權益部分之交易成本直接於權益扣除。有關負債部分之交易成本計入負債部分之賬面值並於可換股債券之期間內使用實際利率法攤銷。

借款

借款乃按公平值扣除交易成本初步確認。借款隨後以攤銷成本列賬；所收款項（扣除交易成本）與贖回價值間之任何差異，按實際利率法於借款期間內在損益表內確認。

除非本集團擁有無條件權利延遲清償負債至報告日期後至少12個月，否則借款被歸類為流動負債。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial liabilities (Continued)

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 3(n)).

(u) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. 重大會計政策概述 (續)

(t) 財務負債 (續)

融資租賃負債

融資租賃負債以初始值減租賃還款的資本部分計量(見附註3(n))。

(u) 撥備及或然負債

撥備於本集團因過往事件而現在負有債務(法定或推定),及有可能需要經濟利益支出以清償債務,且能得出可靠估計時予以確認。倘貨幣之時間價值重大時,撥備將按預期清償債務之支出之現值列賬。所有撥備均於每個報告日期經過審查,並經調整以反映當期之最佳估計。

倘有可能不需要經濟利益支出,或者金額無法可靠估計,則除非經濟利益支出之機會極微,否則債務將作為或然負債予以披露。如果本集團之潛在責任須視乎某宗或多宗本集團並不能完全控制之未來不確定事件是否發生才能確定是否存在,亦會披露為或然負債,但經濟利益支出之可能性極低則除外。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Retirement benefits costs and short-term employee benefits

Retirement benefits to employees are provided through defined contribution plans.

Defined contribution plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF scheme. Assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

According to the relevant regulations in the PRC, the subsidiaries of the Group operating in the PRC are required to participate in central pension schemes operated by the respective local municipal governments, whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the scheme to fund their retirement benefits. The scheme is responsible for the entire pension obligations payable to the retired employees and the Group has no further obligations for the actual pension payments or other post-retirement benefits beyond the employer contributions. Contributions under the scheme are charged to profit or loss as they become payable in accordance with the rules and regulations in the PRC.

3. 重大會計政策概述 (續)

(v) 退休福利成本及短期僱員福利

僱員退休福利乃透過定額供款計劃而提供。

定額供款計劃

根據強制性公積金計劃條例，本集團為所有香港僱員設立定額供款強制性公積金退休福利計劃（「強積金計劃」）。供款乃按僱員基本薪金之百分比計算，並於根據強積金計劃之規定須作出供款時自損益表扣除。強積金計劃之資產以獨立管理基金形式持有，與本集團之資產分開。本集團就強積金計劃支付之僱主供款全部歸僱員所有。

根據中國相關規定，本集團於中國經營之附屬公司須參與由個別地方市政府管理之中央退休金計劃，據此，中國附屬公司須將其僱員基本薪金之若干百分比撥歸有關計劃，作為退休福利所需之款項。有關計劃須承擔向退休僱員支付所有退休金之責任，除僱主供款外，本集團就實際退休金款項或其他退休後福利概不承擔更多責任。根據有關計劃作出之供款乃於其根據中國法律及法規而應付時在損益表內扣除。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Retirement benefits costs and short-term employee benefits (Continued)

Short-term employee benefits

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for unused annual leave as a result of services rendered by employees up to the reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(w) Share-based compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees and directors.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

For other goods or services received by the Group in exchange for the grant of any share-based compensation, they are directly measured at the fair value of the goods or services received.

3. 重大會計政策概述 (續)

(v) 退休福利成本及短期僱員福利 (續)

短期僱員福利

當僱員成為正式僱員時，即可享有年假。本集團會就僱員至報告日期所提供之服務而未動用之年假所產生之估計負債作出撥備。如病假及產假等非累計計薪休假於提取假期時方予確認。

(w) 以股份為基礎之補償

本集團就僱員及董事薪酬設立以股本結算之以股份為基礎之補償計劃。

本集團就交換僱員服務而授出之任何以股份為基礎之補償均按公平值計算價值，以所授出購股權之價值間接釐定。計價以授出日期為準，須扣除非市場歸屬條件影響之價值（如盈利能力及銷售增長目標）。

本集團為其他貨品或服務而授出之任何以股份為基礎之補償，乃直接按所接獲之貨品或服務之公平值計量。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Share-based compensation (Continued)

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the share option reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

3. 重大會計政策概述 (續)

(w) 以股份為基礎之補償 (續)

所有以股份為基礎之補償除非合資格確認為資產，否則於歸屬期於損益表確認為開支（倘歸屬條件適用），或於授出當日所授出股本工具即時歸屬時全數確認為開支，並相應增加權益內之購股權儲備。倘歸屬條件適用，則根據對預期將會歸屬之股本工具數目作出之最佳估計於歸屬期內確認開支。對預期將歸屬之股本工具數目之假設包括非市場歸屬條件。倘其後有跡象顯示預期歸屬之股本工具數目有別於之前所估計數目，則其後對估計作出修訂。倘最終行使之購股權少於原先估計，則不會對以往期間確認之開支作出調整。

購股權獲行使時，先前於購股權儲備中確認之金額會轉撥至股份溢價。於歸屬日後，倘已歸屬之購股權被沒收或於屆滿日期尚未行使，則先前已於購股權儲備內確認之金額將轉撥至累計虧損。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors of the Company are determined following the Group's major product lines.

The Group has identified the following reportable segments:

- (i) Oil production;
- (ii) Oil and liquefied chemical terminal; and
- (iii) Supply of electricity and heat.

Each of these operating segments is managed separately as each of the product line requires different resources as well as marketing approaches. All inter-segment transfers are priced with reference to prices charged to external parties for similar orders.

3. 重大會計政策概述 (續)

(x) 分類報告

本集團根據定期向本公司執行董事匯報以供決定分配資源至本集團業務分部及檢討該等分部表現之內部財務資料，確立營運分類及編製分類資料。向本公司執行董事報告之內部財務資料之業務分部乃按照本集團主要產品種類釐定。

本集團已確立以下報告分類：

- (i) 產油；
- (ii) 油品及液體化工品碼頭；及
- (iii) 熱電供應。

由於各產品種類需要不同資源及不同推銷方式，上述各營運分類單獨分開管理。所有分類間轉讓乃參考同類訂單向外間人士收取之價格定價。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Segment reporting (Continued)

The measurement policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that finance costs, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

3. 重大會計政策概述 (續)

(x) 分類報告 (續)

本集團根據香港財務報告準則第8號報告分類業績所用之計量政策與根據香港財務報告準則編製之財務報表所採用者相同，惟並非任何營運分類業務活動直接產生之財務成本、所得稅及公司收入及開支不計入營運分類之營運業績。

分類資產包括所有資產，但並非直接與任何營運分類業務活動有關之公司資產不會分配至任何分類，而主要歸入本集團總部。

分類負債不包括並非任何營運分類業務活動直接產生之公司負債，該公司負債亦不會分配至任何分類。

非對稱分配不應用於報告分類。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

3. 重大會計政策概述 (續)

(y) 關連人士

- (a) 符合以下條件之一的人士或其直系家庭成員將被視為本集團的關聯方：
- (i) 對本集團有控制或共同控制；
 - (ii) 對本集團有重大影響；或
 - (iii) 本集團或本公司母公司主要管理人員的成員。
- (b) 符合以下條件之一的企業將被視為本集團的關聯方：
- (i) 企業和本集團為同一集團下的成員（即母公司、附屬公司及同系附屬公司均為相互的關聯方）；
 - (ii) 企業為另外一家企業的聯營公司或合營公司（或企業為該另外一家企業的集團成員的聯營公司或合營公司）；
 - (iii) 兩家企業同為一個第三方的合營公司；
 - (iv) 企業為一家第三方企業的合營公司及另一家企業為該第三方企業的聯營公司；

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Related parties (Continued)

(b) (Continued)

- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

3. 重大會計政策概述 (續)

(y) 關連人士 (續)

(b) (續)

- (v) 企業為一僱員退休福利計劃，且該福利計劃的受益人為本集團的僱員或本集團任何關聯方；
- (vi) 企業被在註釋(a)下認定的人士控制或共同控制；
- (vii) 在註釋(a)(i)下認定的人士對企業有重大影響，或該人士為企業（或企業的母公司）的主要管理人員；及
- (viii) 向本集團或向本公司之母公司提供主要管理人員服務之實體或其所屬集團之任何成員公司。

個人的直系家庭成員是指預期他們在與企業的交易中，可能會影響該個人或受其影響的家屬，當中包括：

- (i) 該名人士之子女及配偶或同居伴侶；
- (ii) 該名人士之配偶或同居伴侶之子女；及
- (iii) 該名人士或其配偶或其同居伴侶之受養人。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Operating lease commitments – Group as lessor

The Group has entered into commercial property lease on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangement, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(ii) Estimated fair value of investment properties

The Group appointed an independent valuation firm to assess the fair value of the investment properties. In determining the fair value, the valuers have used a method of valuation which involves input of certain estimates. The directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

4. 重大會計估計及判斷

估計及判斷會持續進行評估，並根據過往經驗及其他因素進行評價，包括在有關情況下相信為合理之對未來事件之預測。

本集團對未來作出估計及假設。所得之會計估計因其性質使然，很少會與實際結果一致。下述估計及假設存在可能導致須於下個財政年度對資產及負債之賬面值作出重大調整之重大風險：

(i) 經營租約承擔 – 本集團作為出租人

本集團已就其投資物業訂立商用物業租賃。根據一項對有關安排的條款及條件的評估，本集團決定，在按經營租約出租該等物業時，其將保留物業所有權涉及的全部重大風險及回報。

(ii) 投資物業之估計公平值

本集團委聘獨立估值事務所評估投資物業之公平值。於釐定公平值時，估值師採用涉及輸入若干估計之估值方法。本公司董事已作出判斷並信納估值方法可反映現行市況。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(iii) Useful lives of property, plant and equipment

Other than oil properties and CIP, the Group depreciates its property, plant and equipment using straight-line method over their estimated useful lives in order to determine the amount of depreciation expenses to be recorded. The estimated useful lives reflect the directors of the Company's estimate of the periods that the Group intends to derive future economic benefits from the use of these property, plant and equipment. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

(iv) Impairment of receivables

The Group's management reviews receivables on a regular basis to determine if any provision for impairment is necessary. Impairment loss on receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Allowances for impairment of receivables are determined by management based on the repayment history of its debtors and the current market conditions. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. Management reassesses impairment of receivables, if any, at the reporting date.

4. 重大會計估計及判斷(續)

(iii) 物業、廠房及設備之可使用年期

除石油資產及在建工程外，本集團之物業、廠房及設備乃採用直線法按其估計可使用年期折舊，以釐定將錄得之折舊開支。估計可使用年期反映本公司董事對本集團擬透過使用該等物業、廠房及設備取得未來經濟效益之年期之估計。本集團亦就有關可使用年期作出之估計是否持續有效進行年度檢討。有關檢討已考慮技術變更、預期經濟使用率及有關資產的實際狀況。

(iv) 應收款項減值

本集團管理層會定期審閱應收款項，以釐定是否需要計提減值撥備。當有客觀憑證顯示本集團將無法根據應收款項之原有條款收回所有到期金額時，確定應收款項之減值虧損。應收款項減值撥備乃由管理層根據其債務人之還款記錄及當前市況而釐定。債務人面臨重大財務困難、債務人可能破產或進行財務重組以及拖欠或欠付款額均被視為應收款項減值之跡象。管理層會於報告日期重估應收款項之減值（如有）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(v) Estimated impairment of intangible assets and property, plant and equipment

The Group assesses at the end of each reporting period whether there is any indication that a non-financial asset may be impaired. If any such indications exist, the Group makes an estimate of the recoverable amount of the asset. The recoverable amounts of the CGUs to which the asset is allocated are determined based on value-in-use. These calculations require the use of estimates about future cash flows, discount rate and oil reserves. In the process of estimation, management makes assumptions about future cash flow, costs and oil reserves which related to the Oil Production Assets. Details of impairment assessment are set out in note 18 to the financial statements.

(vi) Loss of Control on QHFSMI and IMFSMI

As described in note 3(a)(iii) to the financial statements, as soon as the Group had discovered the loss of QHFSMI's exploration licence, without the Company's knowledge, consent or approval, the Group obtained advice from its legal advisers. Given that (i) the discovery of the loss of significant controls over QHFSMI; (ii) Ms Leung's legal status as director and legal representative in QHFSMI and IMFSMI remained unchanged; and (iii) the Group was unable to obtain the financial information of QHFSMI and IMFSMI, the directors of the Company considered that the Group had no power over QHFSMI and IMFSMI, exposure, or rights, to variable returns from QHFSMI and IMFSMI and the ability to use its power to affect those variable returns. As the Group is still in the process of regaining the controlling power over QHFSMI and IMFSMI, the Group was still unable to exercise of its power over QHFSMI and IMFSMI. Accordingly, the directors of the Company consider that it was inappropriate to consolidate the financial statements of QHFSMI and IMFSMI into the Group for the year and these two wholly-owned entities had been de-consolidated since 2010.

4. 重大會計估計及判斷 (續)

(v) 無形資產及物業、廠房及設備之估計減值

本集團於各報告期末評估是否有任何跡象顯示非金融資產或會減值。倘存在任何該等跡象，則本集團對該資產的可收回金額作出估計。獲分配資產之現金產生單位之可收回金額按使用價值釐定。該等計算方法要求使用估計日後現金流量、貼現率及石油儲量。在進行估計時，管理層對日後現金流量、成本及有關產油資產的石油儲量作出假設。減值評估之詳情載於財務報表附註18。

(vi) 失去對青海森源及內蒙古森源之控制權

如財務報表附註3(a)(iii)所述，本集團發現在本公司不知情及未經本公司同意或批准下失去青海森源之勘探牌照後，已獲得本集團法律顧問之意見。鑒於(i)發現喪失對青海森源之重大控制權；(ii)梁女士作為青海森源及內蒙古森源之董事及法定代表之法律地位因其不合作而維持不變；及(iii)本集團無法獲取青海森源及內蒙古森源的財務資料，本公司董事認為本集團對青海森源及內蒙古森源並無權力，不再享有青海森源及內蒙古森源可變回報或對其擁有權利，亦無能力行使其權力以影響該等可變回報。由於本集團仍在努力取回對青海森源及內蒙古森源之控制權，故本集團仍無法行使其對青海森源及內蒙古森源之權力。因此，本公司董事認為，本年度不宜將青海森源及內蒙古森源之財務報表綜合計入本集團之賬目內，故該兩間全資擁有實體自二零一零年起不再綜合計入賬目內。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(vii) Estimation of oil reserves

Oil reserves are key elements in the Company's investment decision-making process. They are also an important element in testing for impairment. Changes in oil reserves will affect unit of production depreciation, depletion and amortisation recorded in the financial statements for oil properties and intangible assets related to oil production activities. A reduction in oil reserves will increase depreciation, depletion and amortisation (assuming constant production) and reduce net profit. Oil reserve estimates are subject to revision, either upward or downward, based on new information, such as from developing drilling and production activities or from changes in economic factors, including product prices or development plans. In general, changes in the technical maturity of oil reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions.

(viii) Taxation

The Group is subject to income taxes in Hong Kong and the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

4. 重大會計估計及判斷(續)

(vii) 石油儲量之估計

石油儲量對本公司之投資決策過程至關重要，亦為進行減值測試之重要因素。石油儲量之變動將影響財務報表就與石油生產活動相關之石油資產及無形資產所記錄之單位產量折舊、損耗及攤銷。石油儲量之減少將增加折舊、損耗及攤銷金額（假設持續生產），並令純利減少。石油儲量估計乃按照開採鑽探及生產活動之新資訊或產品價格或開發方案等經濟因素變化而上下調整。整體而言，開發及生產活動所帶來之新資訊會導致石油儲量之技術純熟度出現變動，將成為年度調整之最主要因素。

(viii) 稅項

本集團須繳納香港及中國所得稅。於日常業務過程中，若干交易及計算難以釐定最終稅項。本集團根據估計是否存在到期額外稅項而確認預期稅項之負債。倘該等事宜之最終稅務結果與初始入賬金額不同，該等差額將會影響釐定有關最終稅項負債期間之所得稅撥備。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(viii) Taxation (Continued)

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the tax assets when they do reverse. These judgements are subject to risk and uncertainty and therefore, to the extent assumptions regarding future profitability change, there can be a material increase or decrease in the amounts recognised in the consolidated income statement in the period in which the change occurs.

(ix) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

4. 重大會計估計及判斷 (續)

(viii) 稅項 (續)

遞延稅項資產僅在其被認為可收回時方予確認。此涉及評估該等遞延稅項資產將於何時有可能回轉，及判斷當稅項資產回轉時，是否有足夠之應課稅收入抵銷稅項資產。該等判斷受風險及不確定因素影響，因此，如有關未來盈利能力之假設發生變化，於發生變化期間之綜合收益表確認之金額可能大幅增加或減少。

(ix) 公平值計量

計入本集團財務報表之若干資產及負債須按公平值計量及／或作出公平值披露。

本集團財務及非財務資產及負債之公平值計量盡可能使用市場可觀察輸入值及數據。釐定公平值計量所用之輸入值乃基於估值技術所用輸入值之可觀察程度而分類為不同等級：

- 第一級：相同項目之活躍市場報價（未經調整）；
- 第二級：第一級輸入值以外之直接或間接可觀察輸入值；
- 第三級：不可觀察輸入值（即並非衍生自市場數據）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(ix) Fair value measurement (Continued)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures investment properties and financial assets at fair value through profit or loss at fair value as at 31 December 2017. Detailed information in relation to the fair value measurement are set out in notes 19, 22 and 43.

(x) Going concern

The directors of the Company have prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the foreseeable future, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors of the Company, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that, after taking into account of all major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in note 3(a)(ii) to the consolidated financial statements, the Group has the capability to continue as a going concern.

4. 重大會計估計及判斷(續)

(ix) 公平值計量(續)

項目乃根據對該項目之公平值計量具有重要影響之最低等級輸入值而分類至上述等級。等級之間的項目轉移於發生期間確認。

於二零一七年十二月三十一日，本集團按公平值計量投資物業及按公平值計入損益之財務資產。有關公平值計量之詳細資料載於附註19、22及43。

(x) 持續經營

本公司董事乃基於本集團於可預見未來能夠持續經營之假設編製綜合財務報表。該假設屬重大判斷，對綜合財務報表內已確認金額具有重大影響力。對持續經營假設之評估，涉及本公司董事就本質上不確定之事件或狀況之未來結果作出判斷。經考慮綜合財務報表附註3(a)(ii)所載可能導致業務風險(可能個別或共同引發對持續經營假設之重大疑慮)之所有重大事件或狀況後，本公司董事認為本集團有能力持續經營。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

5. REVENUE AND OTHER INCOME AND GAINS

The Group's principal activities are disclosed in note 1 to the financial statements. Revenue from the Group's principal activities and other income and gains recognised are as follows:

5. 收益及其他收入及收益

本集團之主要業務於財務報表之附註1披露。本集團主要業務之收益及已確認其他收入及收益載列如下：

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Revenue	收益		
Continuing operations	持續經營業務		
Sale of crude oil	銷售原油	20,192	18,762
Rental income from investment properties	投資物業之租金收入	10,146	-
		30,338	18,762
Discontinued operation	已終止經營業務		
Supply of electricity and heat (note 11)	供應熱電(附註11)	-	22,164
Other income and gains	其他收入及收益		
Continuing operations	持續經營業務		
Bank interest income	銀行利息收入	826	242
Other tax refunds	其他稅項退還	1,002	392
Fair value gain on financial assets through profit or loss	於損益計量之財務資產的公平值收益	2,290	-
Exchange gain, net	外匯收益淨額	2,757	-
Gains on disposal of property, plant and equipment	出售物業、廠房及設備收益	65	-
Sundry income	各項收入	155	105
		7,095	739

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to management of the Group for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to management of the Group are determined based on the Group's major product and service lines. The Group has identified the following reportable segments.

- (a) the Oil Production segment represents the business of oil production;
- (b) the Oil and Liquefied Chemical Terminal segment represents the business of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities; and
- (c) the Supply of Electricity and Heat segment represents the business of generation and supplying of electricity and heat. This segment was discontinued during the year.

6. 分類資料

本集團已根據定期向本集團管理層匯報以供決定分配資源至本集團業務分部及檢討該等分部表現之內部財務資料，確立其營運分類及編製分類資料。向本集團管理層進行內部報告之業務分部乃按照本集團主要產品及服務種類釐定。本集團已確立以下報告分類。

- (a) 產油分類，指產油業務；
- (b) 油品及液體化工品碼頭分類，指租賃油品及液體化工品碼頭連同儲存及物流設施業務；及
- (c) 熱電供應分類，指熱電生產及供應業務。該分類於年內終止經營。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. SEGMENT INFORMATION (Continued)

There was no inter-segment sale and transfer during the year (2016: Nil).

6. 分類資料 (續)

於年內並無分類間之出售及轉讓(二零一六年:無)。

	Continuing operations 持續經營業務				Discontinued operation 已終止經營業務		Total 總計		
	Oil Production 產油		Oil and Liquefied Chemical Terminal 油品及液體化工品碼頭		Supply of Electricity and Heat 熱電供應				
	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元	
Reportable segment revenue: From external customers	報告分類收益: 來自外間客戶之收益	20,192	18,762	10,146	-	-	22,164	30,338	40,926
Reportable segment (loss)/profit	報告分類(虧損)/溢利	(210,906)	(207,784)	(2,261)	(6,397)	(449)	1,299	(213,616)	(212,882)
Bank interest income	銀行利息收入	6	12	820	222	5	2	831	236
Reversal of impairment loss on property, plant and equipment	物業、廠房及設備之 減值虧損撥回	-	-	-	-	-	15,349	-	15,349
Reversal of impairment loss on prepaid land lease payments	預付土地租賃款項之 減值虧損撥回	-	-	-	-	-	2,179	-	2,179
Depreciation	折舊	(5,097)	(5,544)	(509)	(426)	-	(8,737)	(5,606)	(14,707)
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	-	-	-	-	-	(646)	-	(646)
Amortisation of sea area use rights	海域使用權攤銷	-	-	(1,824)	(2,446)	-	-	(1,824)	(2,446)
Amortisation of intangible assets	無形資產攤銷	(1,023)	(1,463)	-	-	-	-	(1,023)	(1,463)
Write-off of property, plant and equipment	物業、廠房及設備撇銷	(13,051)	-	-	-	-	-	(13,051)	-
Impairment loss of property, plant and equipment	物業、廠房及設備之減值虧損	(5,469)	(11,024)	-	-	-	-	(5,469)	(11,024)
Impairment loss of intangible assets	無形資產之減值虧損	(170,710)	(166,938)	-	-	-	-	(170,710)	(166,938)
Reportable segment assets	報告分類資產	279,993	475,448	1,695,735	1,239,197	-	108,566	1,975,728	1,823,211
Additions to non-current segment assets during the year	本年度非流動分類資產增加	-	-	510,091	617,260	-	754	510,091	618,014
Reportable segment liabilities	報告分類負債	247,908	267,706	1,144,879	810,551	-	107,915	1,392,787	1,186,172

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. SEGMENT INFORMATION (Continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

6. 分類資料 (續)

就本集團營運分類所呈列之總金額與綜合財務報表中呈列之本集團主要財務數字之對賬如下：

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Revenue	收益		
Reportable segment revenue and consolidated revenue	報告分類收益及綜合收益	30,338	40,926
Loss before income tax	除所得稅前虧損		
Reportable segment loss	報告分類虧損	(213,616)	(212,882)
Segment loss/(profit) before income tax from discontinued operation	已終止經營業務除 所得稅前分類虧損/(溢利)	449	(1,299)
Finance costs	財務成本	(8,587)	-
Other unallocated income	其他未分配收入	2,378	35
Other unallocated expenses (note a)	其他未分配開支(附註a)	(12,163)	(31,510)
Consolidated loss before income tax from continuing operations	持續經營業務除 所得稅前綜合虧損	(231,539)	(245,656)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. SEGMENT INFORMATION (Continued)

6. 分類資料 (續)

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Assets	資產		
Reportable segment assets	報告分類資產		
– From continuing operations	– 來自持續經營業務	1,975,728	1,714,645
– From discontinued operation	– 來自已終止經營業務	–	108,566
		1,975,728	1,823,211
Property, plant and equipment	物業、廠房及設備	59	49
Cash and bank balances	現金及銀行結存	575	7,520
Other corporate assets (note b)	其他企業資產(附註b)	16,884	15,650
Group assets	本集團資產	1,993,246	1,846,430
Liabilities	負債		
Reportable segment liabilities	報告分類負債		
– From continuing operations	– 來自持續經營業務	1,392,787	1,078,257
– From discontinued operation	– 來自已終止經營業務	–	107,915
		1,392,787	1,186,172
Convertible bonds	可換股債券	195,400	165,476
Other corporate liabilities	其他企業負債	34,319	29,500
Group liabilities	本集團負債	1,622,506	1,381,148

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. SEGMENT INFORMATION (Continued)

Notes:

- (a) Unallocated expenses mainly included unallocated administrative expenses.
- (b) Other corporate assets mainly included unallocated financial assets at fair value through profit or loss.

All revenue from external customers are located in the PRC (domicile). Geographical location of customers is based on the location at which the goods are delivered and the contracts are negotiated and entered with the customers. No geographical location of non-current assets is presented as substantial non-current assets are physically based in the PRC.

Revenue from major customers is as follows:

6. 分類資料 (續)

附註：

- (a) 未分配開支主要包括未分配行政開支。
- (b) 其他企業資產主要包括未分配按公平值計入損益之財務資產。

所有來自外間客戶之收益均位於中國(居籍)。客戶所在地區乃根據所交付貨品及與客戶磋商及訂立合約之地區劃分。由於大部份非流動資產實際位於中國，因此並無呈列非流動資產所在地區。

來自主要客戶之收益如下：

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Customer A (derived from the Oil Production segment)	客戶A (來源於產油分類)	20,192	18,762
Customer B (derived from the Oil and Liquefied Chemical Terminal segment)	客戶B (來源於油品及液體化工品碼頭分類)	10,146	-
Customer C (derived from the discontinued operation)	客戶C (來源於已終止經營業務)	-	7,581
Customer D (derived from the discontinued operation)	客戶D (來源於已終止經營業務)	-	9,221
		30,338	35,564

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

7. FINANCE COSTS

7. 財務成本

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Continuing operations	持續經營業務		
Imputed interest on convertible bonds (note 30)	可轉換債券之推算利息(附註30)	30,924	26,634
Interest on bank and other borrowings	銀行及其他借款之利息	23,391	14,657
Finance lease charges	融資租約費用	28,839	1,041
Interest on amounts due to non-controlling shareholders	應付非控股股東款項之利息	4,034	2,771
Imputed interest on other borrowings	其他借款之推算利息	-	2,411
		87,188	47,514
Less: Amount capitalised*	減: 資本化金額*	(78,601)	(47,514)
		8,587	-

* Borrowing costs capitalised during the year arose on the specific borrowings and general borrowing pool which are calculated by applying a capitalisation rate of 10.88% (2016: 9.54%), to expenditure on qualifying assets.

* 於年內已撥充資本的借貸成本產生自特定借貸及一般借貸組合，採用資本化比率10.88%（二零一六年：9.54%）計算，計入合資格資產的支出。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging the following:

8. 除所得稅前虧損

除所得稅前虧損已扣除以下各項：

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Continuing operations	持續經營業務		
Depreciation	折舊	5,624	5,988
Amortisation of sea area use rights (note 17)*	海域使用權攤銷 (附註17)*	1,824	2,446
Amortisation of intangible assets (note 18)*	無形資產攤銷 (附註18)*	1,023	1,463
Direct operating expenses arising from investment properties that generated rental income#	產生租金收入之投資物業產生之 直接經營開支#	4,525	-
Fair value loss on financial assets at fair value through profit or loss*	按公平值計入損益之財務資產之 公平值虧損*	-	10,560
Auditor's remuneration	核數師酬金	1,178	1,093
Write-off of property, plant and equipment*	撤銷物業、廠房及設備*	13,051	-
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	-	28
Exchange loss, net	匯兌虧損淨額	-	3,509
Operating lease charges on land and buildings	土地及樓宇之經營租約費用	5,453	4,720
Employee costs, including directors' emoluments (note 13)	員工成本·包括董事酬金 (附註13)	17,003	20,824

* Included in "other operating expenses" in the consolidated income statement.

Included in "selling and distribution expenses" in the consolidated income statement.

Depreciation expenses of HK\$3,623,000 (2016: HK\$4,866,000 (re-presented)) and HK\$2,001,000 (2016: HK\$1,122,000 (re-presented)) were included in cost of sales and administrative expenses respectively.

* 已計入綜合損益表之「其他經營開支」。

已計入綜合損益表之「銷售及分銷開支」。

折舊開支3,623,000港元(二零一六年: 4,866,000港元(重列))及2,001,000港元(二零一六年: 1,122,000港元(重列))分別計入銷售成本及行政開支。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

9. INCOME TAX CREDIT

No Hong Kong profits tax has been provided for as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Continuing operations	持續經營業務		
Current tax – the PRC	當期稅項－中國		
– Current year	– 本年度	12	17
– PRC withholding tax	– 中國預扣稅	1,395	–
Deferred tax – the PRC	遞延稅項－中國		
– Current year (note 31)	– 本年度 (附註31)	(41,086)	(39,877)
Income tax credit	所得稅抵免	(39,679)	(39,860)

Branches of China Era in Beijing and Jilin, the PRC are subject to PRC enterprise income tax at the tax rate of 25% (2016: 25%) for the year.

Pursuant to the PRC Corporate Income Tax Law, PRC Value-added Tax Law and other related regulations, non-PRC-resident enterprises are levied withholding tax at 10%, 6% and various tax rate (unless reduced by tax treaties/arrangements) respectively on interest receivable from PRC enterprises for income earned since 1 January 2008. The Group has adopted withholding tax rate of 10%, 6% and various tax rate on corporate income tax, value-added tax and other taxes for PRC withholding tax purpose during the year ended 31 December 2017.

9. 所得稅抵免

由於本集團於兩個年度均無在香港導致或產生任何估計應課稅溢利，故並無就香港利得稅作出撥備。

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Continuing operations	持續經營業務		
Current tax – the PRC	當期稅項－中國		
– Current year	– 本年度	12	17
– PRC withholding tax	– 中國預扣稅	1,395	–
Deferred tax – the PRC	遞延稅項－中國		
– Current year (note 31)	– 本年度 (附註31)	(41,086)	(39,877)
Income tax credit	所得稅抵免	(39,679)	(39,860)

中國年代於中國北京及吉林之分公司本年度須按25% (二零一六年: 25%) 之稅率繳納中國企業所得稅。

根據中國企業所得稅法、中國增值稅法及其他相關條例，自二零零八年一月一日起，非中國居民企業須就所賺取收入應收中國企業的利息分別按10%、6%及多項不同稅率 (根據稅務條款／安排作出下調則除外) 之稅率繳納預扣稅。於截至二零一七年十二月三十一日止年度，本集團就繳納中國預扣稅採用10%、6%及多項不同稅率的企業所得稅、增值稅及其他稅項的預扣稅率。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

9. INCOME TAX CREDIT (Continued)

Reconciliation between income tax credit and the accounting loss at applicable tax rates:

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Continuing operations	持續經營業務		
Loss before income tax	除所得稅前虧損	(231,539)	(245,656)
Tax at the applicable rates to loss in the tax jurisdictions concerned	對於所涉稅務司法權區之虧損按適用稅率計算之稅項	(54,792)	(57,060)
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法權區經營之附屬公司不同稅率的影響	1,395	-
Tax effect of non-taxable income	非課稅收入之稅務影響	(1,412)	1,694
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	12,434	15,471
Tax effect of unrecognised temporary differences	未確認暫時差額之稅務影響	528	35
Tax effect of unrecognised tax losses	未確認稅務虧損之稅務影響	2,168	-
Income tax credit	所得稅抵免	(39,679)	(39,860)

10. DIVIDENDS

The board of directors of the Company did not recommend any payment of dividends during the year (2016: Nil).

9. 所得稅抵免 (續)

按適用稅率計算之所得稅抵免與會計虧損之對賬如下：

10. 股息

年內，本公司董事會建議不派付任何股息（二零一六年：無）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

11. DISCONTINUED OPERATION

On 30 December 2015, the Group entered into the sale and purchase agreement with the independent third party (the "Purchaser"), pursuant to which the Purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell the issued shares and the sale loan of Sunlight Rise Limited (together with its subsidiaries referred to as the "Sunlight Group" engaged in the supply of electricity and heat) which holds 60% equity interests in Shanxi Zhong Kai Group Lingshi Heat and Power Limited at a consideration of HK\$1,500,000 (the "Disposal"), details of which are set out in the Company's announcements dated 30 December 2015, 29 March 2016 and 12 October 2016 and the Company's circular dated 17 February 2017. The Disposal was completed on 17 March 2017 (the "Disposal Date") and constitutes a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as the supply of electricity and heat represented one of the major line of business of the Group. Sales, results, net liabilities and cash flows of the Sunlight Group were as follows:

11. 已終止經營業務

於二零一五年十二月三十日，本集團與獨立第三方（「買方」）訂立買賣協議，據此，買方有條件同意收購而本集團有條件同意出售昇暉有限公司（連同其附屬公司統稱「昇暉集團」，從事熱電供應，該公司持有山西中凱集團靈石熱電有限公司之60%股權）的已發行股份及待售貸款，代價為1,500,000港元（「出售事項」），詳情載於本公司日期為二零一五年十二月三十日、二零一六年三月二十九日及二零一六年十月十二日之公佈以及本公司日期為二零一七年二月十七日之通函。出售事項於二零一七年三月十七日（「出售日期」）已告完成，且構成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」下所指之已終止經營業務，原因是熱電供應曾為本集團一項主要業務線。昇暉集團的銷售、業績、負債淨值與現金流情況如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

11. DISCONTINUED OPERATION (Continued)

(a) Analysis of the results of the discontinued operation:

(Loss)/profit for the period/year	期/年內(虧損)/溢利
Loss on disposal of subsidiaries (note b)	出售附屬公司虧損(附註b)
Revenue	收益
Cost of sales	銷售成本
Gross loss	毛損
Other income	其他收入
Administrative expenses	行政開支
Other operating expenses	其他經營開支
Loss before income tax	除所得稅前虧損
Income tax credit	所得稅抵免
(Loss)/profit for the period/year	期/年內(虧損)/溢利

11. 已終止經營業務(續)

(a) 已終止經營業務之業績分析:

Period from 1 January 2017 to the Disposal Date HK\$'000 自二零一七年 一月一日起至 出售日期止期間 千港元	2016 HK\$'000 二零一六年 千港元
(449)	4,832
(9,121)	-
(9,570)	4,832
-	22,164
-	(37,434)
-	(15,270)
5	19,805
(454)	(6,384)
-	(807)
(449)	(2,656)
-	7,488
(449)	4,832

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

11. DISCONTINUED OPERATION (Continued)

(b) Disposal of subsidiaries:

11. 已終止經營業務 (續)

(b) 出售附屬公司：

		HK\$'000 千港元
Net liabilities disposed of:	出售的負債淨額：	
Property, plant and equipment (note 15)	物業、廠房及設備 (附註15)	31,796
Prepaid land lease payments (note 16)	預付土地租賃款項 (附註16)	4,516
Inventories	存貨	2,047
Trade and other receivables	應收貿易及其他賬項	71,122
Cash and cash equivalents	現金及現金等值項目	322
Trade and other payables	應付貿易及其他賬項	(42,776)
Bank borrowings	銀行借款	(51,531)
Amount due to the Group	應付本集團的款項	(81,388)
Amounts due to a non-controlling shareholder	應付非控股股東的款項	(16,519)
Non-controlling interests	非控股股東權益	22,532
		(59,879)
Disposal of amount due to the Group (the "Sale Loan")	出售應付本集團款項 (「待售貸款」)	81,388
Release of exchange reserve upon disposal	出售時撥回匯兌儲備	(10,888)
Loss on disposal of subsidiaries	出售附屬公司虧損	(9,121)
		(1,500)
Total consideration	代價總額	1,500

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

11. DISCONTINUED OPERATION (Continued)

(b) Disposal of subsidiaries: (Continued)

An analysis of the net cash flow arising on disposal of the discontinued operation was as follows:

		HK\$'000 千港元
Cash consideration	現金代價	1,500
Cash and cash equivalents disposed of	出售之現金及現金等值項目	(322)
Net cash inflows arising from the disposal of subsidiaries	出售附屬公司產生之現金流入淨額	<u>1,178</u>

The carrying amounts of the assets and liabilities of the Sunlight Group at the Disposal Date are approximately HK\$109,803,000 and HK\$192,214,000 respectively. A loss of approximately HK\$9,121,000 arose on the Disposal, being the proceeds of Disposal of HK\$1,500,000 less net asset value disposed of in the amount of approximately HK\$10,621,000, being the net amount of (i) the Sale Loan of approximately HK\$81,388,000; (ii) the equity attributable to the owners of the Sunlight Group of approximately HK\$59,879,000 (in negative); and (iii) the release of the exchange reserve upon Disposal of approximately HK\$10,888,000. No tax charge or credit arose from the Disposal.

For the purpose of presenting the discontinued operation, certain comparative information on consolidated income statement, consolidated statement of cash flows and the related notes have been represented as if the discontinued operation during the year had been discontinued at the beginning of the comparative period.

11. 已終止經營業務 (續)

(b) 出售附屬公司：(續)

出售已終止經營業務產生之現金流量淨額分析如下：

	HK\$'000 千港元
出售已終止經營業務產生之現金流量淨額	<u>1,178</u>

昇暉集團於出售日期的資產及負債的賬面值分別約為109,803,000港元及192,214,000港元。出售昇暉集團產生虧損約9,121,000港元，即出售所得款項1,500,000港元減去所售資產淨值約10,621,000港元，乃以下各項的淨額(i)待售貸款約81,388,000港元；(ii)昇暉集團擁有人應佔權益約59,879,000港元(為負)；及(iii)於出售時撥回匯兌儲備約10,888,000港元。出售事項並無產生任何稅項開支或抵免。

就呈列已終止經營業務而言，若干可比較綜合損益表、綜合現金流量表及相關附註資料已重列，猶如年內已終止經營業務於比較期初時已終止經營。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

12. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share attributable to the owners of the Company are based on the following data:

	用以計算每股基本(虧損)/盈利之本公司擁有人應佔本年度(虧損)/溢利	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Represented) (重列)
(Loss)/profit for the year attributable to the owners of the Company for the purpose of basic (loss)/earnings per share			
- From continuing operations	- 持續經營業務	(178,056)	(198,909)
- From discontinued operation	- 已終止經營業務	(9,065)	8,938
		(187,121)	(189,971)

Number of shares	股份數目	'000 千股	'000 千股
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	用以計算每股基本(虧損)/盈利之普通股加權平均數	3,834,905	3,834,905

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to the owners of the Company and the weighted average number of ordinary shares.

For the years ended 31 December 2017 and 2016, no adjustment has been made to the basic (loss)/earnings per share amount presented in respect of a dilution as the impact of the convertible bond outstanding had an anti-dilutive effect on the basic (loss)/earnings per share amount presented.

12. 每股(虧損)/盈利

本公司擁有人應佔每股基本(虧損)/盈利乃根據以下數據計算:

	用以計算每股基本(虧損)/盈利之本公司擁有人應佔本年度(虧損)/溢利	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Represented) (重列)
(Loss)/profit for the year attributable to the owners of the Company for the purpose of basic (loss)/earnings per share			
- From continuing operations	- 持續經營業務	(178,056)	(198,909)
- From discontinued operation	- 已終止經營業務	(9,065)	8,938
		(187,121)	(189,971)

Number of shares	股份數目	'000 千股	'000 千股
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	用以計算每股基本(虧損)/盈利之普通股加權平均數	3,834,905	3,834,905

每股基本(虧損)/盈利乃根據本公司擁有人應佔(虧損)/溢利及普通股加權平均數計算。

截至二零一七年及二零一六年十二月三十一日止年度，由於未兌換之可換股債券對所呈列之每股基本(虧損)/盈利金額具有反攤薄影響，並無對就攤薄呈列之每股基本(虧損)/盈利金額作出調整。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

13. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

13. 僱員福利開支（包括董事酬金）

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Continuing operations	持續經營業務		
Wages, salaries and allowances	工資、薪金及津貼	24,152	30,746
Pension costs – defined contribution retirement plans	退休金成本—定額供款退休計劃	844	1,178
		24,996	31,924
Less: Amount capitalised in construction in progress (note 15)	減：在建工程內資本化之金額（附註15）	(7,993)	(11,100)
		17,003	20,824

14. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

14. 董事及五位最高薪酬人士酬金

(a) Directors' emoluments

(a) 董事酬金

		Fees HK\$'000 袍金 千港元	Salaries, allowances and benefits in kind HK\$'000 薪金、津貼及 實物福利 千港元	Contribution to retirement benefit scheme HK\$'000 退休福利 計劃供款 千港元	Total HK\$'000 總計 千港元
2017	二零一七年				
Executive directors	執行董事				
Ms. Wang Meiyang	王美艷女士	–	739	–	739
Mr. Chan Wai Cheung Admiral	陳偉璋先生	–	650	18	668
Ms. Jin Yuping	金玉萍女士	–	120	–	120
Mr. Lan Yongqiang	藍永強先生	–	390	–	390
Independent non-executive directors	獨立非執行董事				
Mr. Wang Jinghua	王靖華先生	36	–	–	36
Mr. Lee Hoi Yan	李凱恩先生	120	–	–	120
Mr. Fung Lam Shan	馮南山先生	120	–	–	120
		276	1,899	18	2,193

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

		Fees	Salaries, allowances and benefits in kind	Contribution to retirement benefit scheme	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		袍金 千港元	薪金、津貼及 實物福利 千港元	退休福利 計劃供款 千港元	總計 千港元
2016	二零一六年				
Executive directors	執行董事				
Ms. Wang Meiyun	王美艷女士	-	741	-	741
Mr. Chan Wai Cheung Admiral	陳偉璋先生	-	650	18	668
Ms. Jin Yuping	金玉萍女士	-	120	-	120
Mr. Lan Yongqiang	藍永強先生	-	391	-	391
Independent non-executive directors	獨立非執行董事				
Mr. Wang Jinghua	王靖華先生	36	-	-	36
Mr. Lee Hoi Yan	李凱恩先生	120	-	-	120
Mr. Fung Lam Shan	馮南山先生	120	-	-	120
		276	1,902	18	2,196

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office (2016: Nil).

There were no arrangements under which a director of the Company waived or agreed to waive any remuneration during the year (2016: Nil).

14. 董事及五位最高薪酬人士酬金 (續)

(a) 董事酬金 (續)

年內，本集團並無向本公司董事支付任何酬金，作為加入本集團或於加盟時之獎金或作為離職補償（二零一六年：無）。

年內，並無任何本公司董事放棄或同意放棄任何酬金之安排（二零一六年：無）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year included 1 director (2016: 2 directors) and their emoluments are included in the above analysis. Details of the emoluments of the remaining 4 (2016: 3) individuals during the year are as follows:

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Basic salaries, housing benefits, other allowances and benefits in kind	基本薪金、房屋津貼、其他津貼及實物福利	3,615	2,869
Pension costs – defined contribution retirement benefit plans	退休金成本—定額供款退休福利計劃	18	18
		3,633	2,887

Number of the remaining highest paid individuals whose emoluments fell within the following band is as follows:

		2017 二零一七年	2016 二零一六年
Nil to HK\$1,000,000	零至1,000,000港元	2	1
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	2	2

During the year, no emoluments were paid by the Group to the above highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2016: Nil).

14. 董事及五位最高薪酬人士酬金 (續)

(b) 五位最高薪酬人士

年內，本集團五位最高薪酬人士包括一位董事（二零一六年：兩位董事），彼等之酬金詳情參考上文分析。年內，餘下四位（二零一六年：三位）人士之酬金詳情如下：

酬金介乎以下範圍之餘下最高薪酬人士數目如下：

年內，本集團並無向上述最高薪酬人士支付任何酬金，作為加入本集團或於加盟時之獎金或作為離職補償（二零一六年：無）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Oil and liquefied chemical terminal HK\$'000	Buildings HK\$'000	Oil properties HK\$'000	Plant and machinery HK\$'000	Leasehold improvements, furniture, office equipment and motor vehicles HK\$'000 租賃物業裝修、 傢俬、辦公設備 及汽車 千港元	Construction in progress HK\$'000	Total HK\$'000
		油品及 液體化工品碼頭 千港元	樓宇 千港元	石油財產 千港元	廠房及機器 千港元		在建工程 千港元	總計 千港元
At 1 January 2016	於二零一六年一月一日							
Cost	成本	-	128,733	425,733	301,258	27,420	320,386	1,203,530
Accumulated depreciation and impairment	累計折舊及減值	-	(117,201)	(381,238)	(286,909)	(25,649)	(8,590)	(819,587)
Net carrying amount	賬面淨值	-	11,532	44,495	14,349	1,771	311,796	383,943
Year ended 31 December 2016	截至二零一六年 十二月三十一日止年度							
Opening net carrying amount	年初賬面淨值	-	11,532	44,495	14,349	1,771	311,796	383,943
Additions	添置	-	-	-	-	1,296	599,687	600,983
Disposals	出售	-	-	-	-	(390)	-	(390)
Exchange differences	匯兌差額	-	(568)	(3,209)	(336)	(107)	(50,655)	(54,875)
Depreciation	折舊	-	(4,146)	(5,842)	(4,562)	(176)	-	(14,726)
Impairment loss	減值虧損	-	-	(10,641)	-	(278)	(105)	(11,024)
Reversal of impairment loss	撥回減值虧損	-	6,536	-	8,128	584	101	15,349
Closing net carrying amount	年終賬面淨值	-	13,354	24,803	17,579	2,700	860,824	919,260
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							
Cost	成本	-	120,005	396,870	280,908	26,846	869,513	1,694,142
Accumulated depreciation and impairment	累計折舊及減值	-	(106,651)	(372,067)	(263,329)	(24,146)	(8,689)	(774,882)
Net carrying amount	賬面淨值	-	13,354	*24,803	17,579	*2,700	*860,824	919,260
Year ended 31 December 2017	截至二零一七年 十二月三十一日止年度							
Opening net carrying amount	年初賬面淨值	-	13,354	24,803	17,579	2,700	860,824	919,260
Additions	添置	-	-	-	-	4,004	366,431	370,435
Transfer from CIP	轉撥自在建工程	1,291,826	-	-	-	-	(1,291,826)	-
Disposals of subsidiaries (note 11)	出售附屬公司(附註11)	-	(13,527)	-	(16,823)	(1,209)	(237)	(31,796)
Disposals	出售	-	-	-	-	(112)	-	(112)
Write-off	撇銷	-	-	(13,051)	-	-	-	(13,051)
Exchange differences	匯兌差額	2,665	173	4,003	(640)	(1,575)	65,872	70,498
Depreciation (note 8)	折舊(附註8)	-	-	(4,855)	(116)	(653)	-	(5,624)
Transfer to investment properties (note 19)	轉撥至投資物業(附註19)	(1,294,491)	-	-	-	-	-	(1,294,491)
Impairment loss	減值虧損	-	-	(4,789)	-	(212)	(468)	(5,469)
Closing net carrying amount	年終賬面淨值	-	-	6,111	-	2,943	596	9,650
At 31 December 2017	於二零一七年十二月三十一日							
Cost	成本	-	-	432,949	319	28,598	8,126	469,992
Accumulated depreciation and impairment	累計折舊及減值	-	-	(426,838)	(319)	(25,655)	(7,530)	(460,342)
Net carrying amount	賬面淨值	-	-	*6,111	-	*2,943	*596	9,650

* The balance of HK\$6,977,000 (2016: HK\$25,696,000) included in these amounts represents property, plant and equipment relating to the Oil Production CGU.

* 計入該等金額的結餘6,977,000港元(二零一六年: 25,696,000港元)為與產油現金產生單位相關的物業、廠房及設備。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Buildings are located on the prepaid land lease payments (note 16) in the PRC which was disposed upon disposal of subsidiaries during the year (note 11).

Oil Production:

As a result of the closure of certain oil wells at the request of the municipal government to protect the natural environment, property, plant and equipment relating to the infrastructure of the affected oil wells, of approximately HK\$13,051,000 were written off during the year. During the year, provision for impairment loss of oil properties, furniture, office equipment and motor vehicles and CIP relating to the Oil Production CGU of approximately HK\$4,789,000 (2016: HK\$10,641,000), HK\$212,000 (2016: HK\$278,000) and HK\$468,000 (2016: HK\$105,000) respectively, were recognised in profit or loss to write down to their recoverable amounts due to the accumulative decrease in the projected volume of drilling and extraction and sales of crude oil, totaling approximately HK\$5,469,000 (2016: HK\$11,024,000) (note 18(ii)).

Oil and Liquefied Chemical Terminal:

During the year ended 31 December 2017, the carrying amount of CIP consists of an amount of approximately HK\$1,291,826,000 (2016: HK\$860,373,000 were under construction) relating to the Group's oil and liquefied chemical terminal facilities located in the PRC, which together with all necessary land-forming and reclamation construction and facilities installation, were completed in late September 2017 and transferred to oil and liquefied chemical terminal in property, plant and equipment. On the same date, this amount was transferred to investment properties due to the change of actual use at the time of commencement of the lease. Additions during the year ended 31 December 2017 include capitalised interest and staff costs of approximately HK\$78,601,000 (note 7) (2016: HK\$55,165,000) and HK\$7,993,000 (2016: HK\$11,100,000) (note 13) respectively.

15. 物業、廠房及設備 (續)

樓宇位於中國之預付土地租賃款項(附註16),已於年內隨出售附屬公司而被出售(附註11)。

產油:

由於響應市政府保護自然環境的號召而關閉若干油井,已於年內撇銷與受影響油井之基礎設施相關之物業、廠房及設備約13,051,000港元。年內,有關產油現金產生單位的石油財產、傢俬、辦公設備及汽車以及在建工程的減值虧損撥備分別約為4,789,000港元(二零一六年:10,641,000港元)、212,000港元(二零一六年:278,000港元)及468,000港元(二零一六年:105,000港元),乃於損益確認以撇減至其可收回金額,因預期鑽探及開採量以及原油銷售累計減少,合共約5,469,000港元(二零一六年:11,024,000港元)(附註18(ii))。

油品及液體化工品碼頭:

於截至二零一七年十二月三十一日止年度內,在建工程賬面值包括金額約1,291,826,000港元(二零一六年:860,373,000港元為在建)與本集團位於中國的油品及液體化工品碼頭設施相關的金額,該等設施連同所有必需土地平整及填海建設及設施安裝均已於二零一七年九月下旬完成並已轉撥至物業、廠房及設備之油品及液體化工品碼頭。於同日,該金額轉撥至投資物業,原因是於開始租賃時其實際用途改變。於截至二零一七年十二月三十一日止年度內添置包括資本化利息及員工成本分別約78,601,000港元(附註7)(二零一六年:55,165,000港元)及7,993,000港元(二零一六年:11,100,000港元)(附註13)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 December 2016, property, plant and equipment of approximately HK\$169,921,000 were held under finance leases (note 29).

Supply of Electricity and Heat (Discontinued operation):

For the purpose of impairment testing as at 31 December 2016, the recoverable amount of property, plant and equipment and prepaid land lease payments relating to electricity and heat supply business (the "Electricity and Heat CGU") was determined based on fair value less costs of disposal. It was a non-recurring fair value which has been determined by income approach, and was therefore within level 3 of the fair value hierarchy. The key assumption used by management to determine the fair value less costs of disposal was that sales of the Sunlight Group (i.e. the Electricity and Heat CGU) at a cash consideration of HK\$1,500,000.

15. 物業、廠房及設備 (續)

於二零一六年十二月三十一日，融資租賃下持有物業、廠房及設備約169,921,000港元(附註29)。

熱電供應(已終止經營業務)：

就於二零一六年十二月三十一日之減值測試而言，有關熱電供應業務(「熱電現金產生單位」)之物業、廠房及設備及預付土地租賃款項的可收回金額按公平值減出售成本釐定。其為非經常性公平值，乃透過收入法釐定，因此處於公平值等級之第三級。管理層用來釐定公平值減出售成本的主要假設為按1,500,000港元之現金代價出售昇暉集團(即熱電現金產生單位)。

		2016 HK\$'000 二零一六年 千港元
Consideration	代價	1,500
Less: Estimated cost of disposal	減：估計出售成本	<u>(1,080)</u>
Estimated fair value less cost of disposal	估計公平值減出售成本	<u>420</u>
Gross up by 60% (being the Company's equity interests in the Sunlight Group)	除以60% (即本公司佔昇暉集團之股本權益)	700
Less: Net liabilities of the Sunlight Group as at 31 December 2016	減：昇暉集團於二零一六年十二月三十一日之負債淨額	<u>16,828</u>
Amount of reversal of impairment loss	減值虧損撥回金額	<u>17,528</u>

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

As a result, reversal of impairment loss of buildings, plant and machinery, furniture and office equipment, CIP and prepaid land lease payments (note 16) of HK\$6,536,000, HK\$8,128,000, HK\$584,000, HK\$101,000 and HK\$2,179,000 respectively were recognised in profit or loss to reflect their recoverable amounts.

As at 31 December 2016, the carrying amount of property, plant and equipment of approximately HK\$31,796,000 was under the Electricity and Heat CGU and was sold in March 2017 (note 11).

16. PREPAID LAND LEASE PAYMENTS

These represented the Group's interests in leasehold land and land use rights in the PRC. Changes to the carrying amounts presented in the consolidated statement of financial position are summarised as follows:

Opening net carrying amount	年初賬面淨值
Exchange differences	匯兌差額
Amortisation	攤銷
Reversal of impairment loss	撥回減值虧損
Disposal of subsidiaries (note 11)	出售附屬公司(附註11)
Closing net carrying amount	年終賬面淨值

For the year ended 31 December 2016, reversal of impairment loss relating to the Electricity and Heat CGU of HK\$2,179,000 was recognised in profit or loss to reverse to their recoverable amounts (note 15).

15. 物業、廠房及設備 (續)

因此，於損益內確認樓宇、廠房及機器、傢俬及辦公設備、在建工程及預付土地租賃款項(附註16)之減值虧損撥回分別為6,536,000港元、8,128,000港元、584,000港元、101,000港元及2,179,000港元，以反映該等項目之可收回金額。

於二零一六年十二月三十一日，物業、廠房及設備之賬面值約31,796,000港元列於熱電現金產生單位(已於二零一七年三月被出售)下(附註11)。

16. 預付土地租賃款項

該等款項代表本集團於中國持有之租賃土地及土地使用權之權益。於綜合財務狀況表呈列之賬面值變動概述如下：

2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
4,453	3,132
63	(212)
–	(646)
–	2,179
(4,516)	–
–	4,453

截至二零一六年十二月三十一日止年度，與熱電供應現金產生單位相關的減值虧損撥回2,179,000港元於損益確認，以撥回至其可收回金額(附註15)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

17. SEA AREA USE RIGHTS

17. 海域使用權

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Opening net carrying amount	年初賬面淨值	106,367	116,602
Exchange differences	匯兌差額	9,381	(7,789)
Amortisation (note 8)	攤銷 (附註8)	(1,824)	(2,446)
Transfer to investment properties (note 19)	轉撥至投資物業 (附註19)	(113,924)	-
Closing net carrying amount	年終賬面淨值	-	106,367
Current portion (included in prepayments, deposits and other receivables (note 21))	即期部分 (計入預付款項、按金及 其他應收款項 (附註21))	-	(2,380)
Non-current portion	非即期部分	-	103,987

Sea area use rights were acquired through acquisition of Shandong Shundong Port Services Company Limited ("Shandong Shundong") in 2015 and represented prepaid operating lease payments for maritime space in Shandong, the PRC.

For the year ended 31 December 2016, sea area use rights was assessed for impairment when facts and circumstances suggest that the carrying amount of sea area use rights is less than its recoverable amount.

As at 31 December 2016, the entire sea area use rights of HK\$106,367,000 were pledged for the Group's finance lease liabilities (note 29).

During the year, the balance of HK\$113,924,000 (note 19) was transferred to investment properties due to the change of actual use at the time of commencement of lease.

海域使用權乃透過於二零一五年收購山東順東港務有限公司(「山東順東」)取得，乃就於中國山東之海域之預付之經營租約付款。

截至二零一六年十二月三十一日止年度，當有事實及情況顯示海域使用權之賬面值低於其可收回金額時，即對海域使用權進行減值評估。

於二零一六年十二月三十一日，全部海域使用權106,367,000港元就本集團之融資租賃負債作出抵押(附註29)。

年內，餘額113,924,000港元(附註19)轉撥至投資物業，原因乃租期開始時實際用途發生變化。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

18. INTANGIBLE ASSETS

		Exploration and evaluation assets	Interests in oil production sharing contract	Total
		HK\$'000	HK\$'000	HK\$'000
		(note (i))	(note (ii))	
		勘探及評估資產	產油業務共享合約之權益	總計
		千港元	千港元	千港元
		(附註(i))	(附註(ii))	
At 1 January 2016	於二零一六年一月一日	633	557,188	557,821
Amortisation for the year (note 8)	本年度攤銷(附註8)	(14)	(1,449)	(1,463)
Impairment loss	減值虧損	(85)	(166,853)	(166,938)
Exchange difference	匯兌差額	(336)	-	(336)
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	198	388,886	389,084
Amortisation for the year (note 8)	本年度攤銷(附註8)	(12)	(1,011)	(1,023)
Impairment loss	減值虧損	(266)	(170,444)	(170,710)
Exchange difference	匯兌差額	418	-	418
At 31 December 2017	於二零一七年十二月三十一日	338*	217,431*	217,769

* All intangible assets relate to the Oil Production CGU.

Notes:

(i) Exploration and evaluation assets

These are mainly classified from exploration and evaluation assets arising from the Oil Production segment when the technical feasibility and commercial viability of extracting the oil resource had been determined and that the commercial production commences are recognised initially at cost.

18. 無形資產

	Exploration and evaluation assets	Interests in oil production sharing contract	Total	
	HK\$'000	HK\$'000	HK\$'000	
	(note (i))	(note (ii))		
	勘探及評估資產	產油業務共享合約之權益	總計	
	千港元	千港元	千港元	
	(附註(i))	(附註(ii))		
At 1 January 2016	於二零一六年一月一日	633	557,188	557,821
Amortisation for the year (note 8)	本年度攤銷(附註8)	(14)	(1,449)	(1,463)
Impairment loss	減值虧損	(85)	(166,853)	(166,938)
Exchange difference	匯兌差額	(336)	-	(336)
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	198	388,886	389,084
Amortisation for the year (note 8)	本年度攤銷(附註8)	(12)	(1,011)	(1,023)
Impairment loss	減值虧損	(266)	(170,444)	(170,710)
Exchange difference	匯兌差額	418	-	418
At 31 December 2017	於二零一七年十二月三十一日	338*	217,431*	217,769

* 所有無形資產與產油現金產生單位相關。

附註：

(i) 勘探及評估資產

該等資產於釐定開採石油資源之技術及商業可行性及開始商業生產時，主要從來自產油分類之勘探及評估資產進行分類，初步按成本確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

18. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

(ii) Interests in oil production sharing contract

These were recognised at fair value on business combination and are charged to profit or loss on unit of production method. Details of the oil production sharing contract are set out in note 35.

For the purpose of impairment testing as at 31 December 2017, the recoverable amount of property, plant and equipment, exploration and evaluation assets and interests in oil production sharing contract relating to the Oil Production CGU was determined based on value-in-use calculations, which are derived by using discounted cash flow analysis which adopts cash flow projection for a period of 14 years up to 2031 (2016: 15 years up to 2031) with a growth rate of 3% (2016: 3%) for direct cost and cash expenses. The growth rate reflects the long-term average growth rate for the country in which the entity of the Oil Production CGU operates. The pre-tax discount rate used to determine the value-in-use in 2017 is 18% (2016: 18%).

In order to determine the recoverable amount of the Oil Production CGU, management made reference to the valuation report on the Group's Oil Production CGU issued by APAC Asset Valuation and Consulting Limited, an independent qualified professional valuation firm together with other variables and assumptions related to the operations. Key assumptions used for discounted cash flow calculations are as follows:

		2017 二零一七年	2016 二零一六年
Pre-tax discount rate	除稅前折現率	18%	18%
Growth rate	增長率	3%	3%

18. 無形資產 (續)

附註：(續)

(ii) 產油業務共享合約之權益

該等權益按業務合併之公平值確認，並以生產單位法自損益表扣除。產油業務共享合約之詳情載於附註35。

就於二零一七年十二月三十一日之減值測試而言，有關產油現金產生單位之物業、廠房及設備、勘探及評估資產及產油業務共享合約之權益之可收回金額按照使用價值釐定，其使用折現現金流量分析達致，折現現金流量分析採用截至二零三一年止十四年期間（二零一六年：截至二零三一年止十五年期間）之現金流量預測，直接成本及現金開支之增長率為3%（二零一六年：3%）。增長率反映產油現金產生單位實體經營所在國家之長期平均增長率。於二零一七年用以釐定使用價值之除稅前折現率為18%（二零一六年：18%）。

為釐定產油現金產生單位之可收回金額，管理層參考獨立合資格專業估值機構亞太資產評估及顧問有限公司有關本集團產油現金產生單位之估值報告連同其他有關業務的變數及假設而釐定。折現現金流量計算的主要假設如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

18. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

(ii) Interests in oil production sharing contract (Continued)

Key assumptions also include budgeted gross margin based on past performance, estimated crude oil reserve of technical report and management expectations of market development. The discount rate used is pre-tax and reflects specific risks relating to these intangible assets.

During the year, total impairment loss of approximately HK\$176,179,000 (2016: HK\$177,962,000) has been identified for the Oil Production CGU and is charged pro rata to the assets related to the Oil Production CGU. Impairment loss in respect of property, plant and equipment, exploration and evaluation assets and interests in oil production sharing contract of approximately HK\$5,469,000 (2016: HK\$11,024,000) (note 15), HK\$266,000 (2016: HK\$85,000) and HK\$170,444,000 (2016: HK\$166,853,000) respectively, are recognised as expenses in profit or loss as the assets' carrying amounts exceed their recoverable amounts.

As results of the accumulative decrease in the projected volume of drilling and extraction and sales of crude oil, the carrying amount of the Oil Production CGU has been reduced to its recoverable amount of HK\$224,746,000 (after impairment) (2016: HK\$414,780,000) as at 31 December 2017. Any adverse change in the key assumptions used to calculate the recoverable amount would result in further impairment losses.

18. 無形資產 (續)

附註：(續)

(ii) 產油業務共享合約之權益 (續)

主要假設亦包括根據過往表現而釐定之預算毛利率、技術報告之估計原油儲蓄及管理層預期之市場發展。所使用折現率乃除稅前，及反映與該等無形資產有關之特定風險。

年內，已就產油現金產生單位識別減值虧損總額約為176,179,000港元（二零一六年：177,962,000港元），並按比例計入關於產油現金產生單位之資產。有關物業、廠房及設備、勘探及評估資產及產油業務共享合約之權益的減值虧損分別約為5,469,000港元（二零一六年：11,024,000港元）（附註15）、266,000港元（二零一六年：85,000港元）及170,444,000港元（二零一六年：166,853,000港元），由於資產賬面值超越其可收回金額而於損益確認為開支。

由於預期鑽探及開採量以及原油銷量累計下降，於二零一七年十二月三十一日，產油現金產生單位之賬面值已撇減至其可收回金額224,746,000港元（扣除減值後）（二零一六年：414,780,000港元）。用以計算可收回金額之主要假設倘出現任何不利變動，均會導致進一步出現減值虧損。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. INVESTMENT PROPERTIES

19. 投資物業

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Fair value	公平值		
At 1 January	於一月一日	-	-
Additions	添置	3,049	-
Transferred from property, plant and equipment (note 15)	轉撥自物業、廠房及設備 (附註15)	1,294,491	-
Transferred from sea area use rights (note 17)	轉撥自海域使用權 (附註17)	113,924	-
Fair value adjustment upon the transfer recognised in other comprehensive income	於其他全面收入中確認之轉撥時之公平值調整	88,536	-
At 31 December	於十二月三十一日	1,500,000	-

On 24 October 2016, the Group entered into a conditional lease agreement relating to oil and liquefied chemical terminal with an independent third party, in which the rent payable by the lessee to the Group before value-added tax is RMB125,000,000 (equivalent to approximately HK\$145,000,000) per annum and the initial term of the lease is for five years running from 1 April 2017 to 31 March 2022 (subject to further renewals).

Due to the change of application procedures of permits in second half of 2017, it resulted in further postpone of the 5-years lease period. Nevertheless, certain portion of the port was able to rent out in late September 2017 under trial permit for operation of port. In opinion of the directors of the Company, there will be no legal impediment for obtaining of the outstanding permits and licenses and it is expected that full commercial operation of oil and liquefied chemical terminal will start in the first half of 2018, subject to the grant of the outstanding permits and licenses by then. The Group obtained the formal permit for operation of port in late March 2018 to replace its trial one.

The Company expects all leasing condition could be fulfilled in first half of 2018 and the 5-years lease term for the entire port under the Lease Agreement could be commenced accordingly.

於二零一六年十月二十四日，本集團與一名獨立第三方簽訂有條件租賃協議，內容有關油品及液體化工品碼頭，其中，承租人須向本集團每年支付除增值稅前租金人民幣125,000,000元（相當於約145,000,000港元），租期自二零一七年四月一日起至二零二二年三月三十一日止初步為期五年（可進一步續期）。

由於二零一七年下半年牌照申請程序發生變化，導致五年租期進一步延長，然而，部分港口根據港口經營試用許可證於二零一七年九月下旬租出。本公司董事認為，在取得尚未取得的許可及牌照方面並無法律障礙，預期油品及液體化工品碼頭的全面商業化運營將在獲授出當時尚未取得的許可證及牌照後於二零一八年上半年全面開始。本集團已於二零一八年三月下旬取得正式港口經營許可證，取代其試用經營許可證。

本公司預期，所有租賃條件能於二零一八年上半年獲達成，而租賃協議項下全部港口的五年租期亦可相應開始。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. INVESTMENT PROPERTIES (Continued)

All of the Group's property interests held under operating leases (i.e. sea area use rights) to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. Due to the commencement of the lease of the oil and liquefied chemical terminal, the oil and liquefied chemical terminal under the property, plant and equipment and the sea area use rights transferred to investment properties on 30 September 2017 (the "Date of transfer").

With respect of the passage of a short period of time, the directors of the Company are of opinion that the change in the fair values of the investment properties between the Date of transfer and year ended date is considered as minimal.

The fair value measurement of the Group's investment properties as at 31 December 2017 have been arrived at income approach carried out by APAC Asset Valuation and Consulting Limited, an independent professional valuer who holds a recognised and relevant professional qualification.

The fair value of investment properties is a level 3 recurring fair value measurement. During the year, there were no transfers into or out of level 3 or any other level. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur. A reconciliation of the opening and closing fair value balances is provided below:

		2017 HK\$'000 二零一七年 千港元
Opening balance (level 3 recurring fair value)	年初結餘 (第三級經常性公平值)	–
Initial recognition	初始確認	1,500,000
Fair value change	公平值變動	–
Closing balance (level 3 recurring fair value)	年終結餘 (第三級經常性公平值)	1,500,000

19. 投資物業 (續)

本集團根據經營租約持有以賺取租金或作資本增值目的之所有物業權益 (即海域使用權) 乃採用公平值模式計量, 並分類為及入賬列作投資物業。由於開始租賃油品及液體化工品碼頭、物業、廠房及設備以及海域使用權下的液體化工品碼頭於二零一七年九月三十日 (「轉撥日期」) 轉撥至投資物業。

由於僅經過一段短時間, 本公司董事認為投資物業自轉撥日期至年結日期間之公平值變化甚微。

本集團投資物業於二零一七年十二月三十一日之公平值計量乃由持有獲認可及相關專業資格之獨立專業估值師亞太資產評估及顧問有限公司根據收入法得出。

投資物業的公平值按第三級經常性公平值計量。年內, 概無轉入或轉出第三級或任何其他級別。本集團之政策為於出現轉撥之報告期末確認公平值等級間之轉撥。年初及年終公平值結餘之對賬如下:

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. INVESTMENT PROPERTIES (Continued)

Fair value as at 31 December 2017 is determined by applying the income approach, using the discounted cash flow method, based on the contractual rental value of the properties. The valuation also includes the estimated terminal value at the end of the projection period.

Significant unobservable inputs

Discount rate
Terminal yield

重大不可觀察輸入值

貼現率
最終收益率

2017
二零一七年

8%

3%

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The terminal yield is separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by the lease period of the lease agreement signed on 24 October 2016. The periodic cash flow is estimated as gross income less non-recoverable expenses, collection losses, lease incentives, maintenance costs and other operating and management expenses if any. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

19. 投資物業 (續)

於二零一七年十二月三十一日之公平值乃根據該等物業之合約租賃價值運用貼現現金流量法、應用收入法釐定。估值亦包括預測期間末之估計最終價值。

根據貼現現金流量法，公平值乃採用假設有關於所有權的權益及負債超過資產之壽命（包括最終價值）進行估計。該方法涉及對物業權益之一連串現金流量之預測。市場衍生之貼現率適用於預測現金流量，以便確立與資產有關之收入來源之現值。最終收益率單獨釐定且有別於貼現率。

現金流量的持續時間及流入和流出的具體時間乃由於二零一六年十月二十四日簽訂的租賃協議之租期決定。定期現金流量按總收入扣除不可收回開支、收取虧損、租金獎勵、維修費用及其他經營和管理開支估計。該一系列定期經營收入淨額，連同預計於預測期終結時的最終價值估計金額予以貼現。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. INVESTMENT PROPERTIES (Continued)

A significant increase/decrease in the rental value in isolation would result in a significant increase/decrease in the fair value of the investment properties. A significant increase/decrease in the discount rate in isolation would result in a significant decrease/increase in the fair value of the investment properties. Generally, a change in the assumption made for the rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

All investment properties have been pledged to secure banking facilities granted to the Group (note 27 (i)) and finance lease liabilities (note 29) as at 31 December 2017.

19. 投資物業 (續)

租賃價值大幅增加／減少會導致投資物業公平值大幅增加／減少。貼現率單獨大幅增加／減少會導致投資物業公平值大幅減少／增加。一般而言，就租賃價值作出的假設的變動會導致租金年增長及貼現率出現類似方向變動。

公平值計量乃基於上述物業得到完全充分使用（與其實際用途相同）。

於二零一七年十二月三十一日，所有投資物業均已抵押，以為本集團獲授予之銀行融資（附註27(i)）及融資租賃負債（附註29）作抵押。

20. TRADE AND BILLS RECEIVABLES

20. 應收貿易賬項及票據

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Trade receivables	應收貿易賬項	8,372	28,484
Bills receivables	應收票據	-	220
		8,372	28,704

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

20. TRADE AND BILLS RECEIVABLES (Continued)

The Group normally allows trading credit terms ranging from 30 days (2016: 30 to 120 days) to its established customers. Each customer has a maximum credit limit. For certain customers with long established relationship and good past repayment history, a longer credit period may be granted. Trade and bills receivables are non-interest bearing.

Ageing analysis of trade and bills receivables, based on the invoice date, is as follows:

1 – 90 days	1至90日
91 – 120 days	91至120日
121 – 365 days	121至365日
Over 365 days	365日以上

At 31 December 2017 and 2016, there were no trade and bills receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

Ageing analysis of trade and bills receivables that are past due but not impaired are as follows:

Over 60 days past due but not impaired	逾期60日以上但並未減值
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20. 應收貿易賬項及票據 (續)

本集團一般給予已建立關係之客戶30日之貿易信貸期(二零一六年:30日至120日)。每個客戶設有信貸上限。就若干已建立長期關係且具有良好還款記錄的客戶而言,可能授出較長的信貸期。應收貿易賬項及票據並不計息。

應收貿易賬項及票據根據發票日期之賬齡分析如下:

	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
	8,372	10,418
	–	47
	–	80
	–	18,159
	8,372	28,704

於二零一七年及二零一六年十二月三十一日,並無應收貿易賬項及票據個別釐定為減值。本集團並無就該等結餘持有任何抵押品。

已逾期但未減值之應收貿易賬項及票據之賬齡分析如下:

	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
	–	18,239

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

20. TRADE AND BILLS RECEIVABLES (Continued)

As at 31 December 2017, trade and bills receivables of HK\$8,372,000 (2016: HK\$10,465,000) were neither past due nor impaired. These related to customers for whom there was no recent history of default.

As at 31 December 2016, all trade and bills receivables that were past due but not impaired related to the local government and were under the Electricity and Heat CGU (discontinued operation). Based on past credit history, management believed that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	即期		
Current	即期		
Prepayments	預付款項		
Deposits	按金		
Other receivables (note i)	其他應收款項(附註i)		
Current portion of unamortised sea area use rights (note 17)	未攤銷海域使用權之即期部分(附註17)		
Non-current	非即期		
Deposits for construction in progress	在建工程之按金		
Deposits (note ii)	按金(附註ii)		
Other receivables (note i)	其他應收款項(附註i)		

20. 應收貿易賬項及票據(續)

於二零一七年十二月三十一日，8,372,000港元(二零一六年：10,465,000港元)應收貿易賬項及票據並無逾期及減值。該等賬項乃與近期無違約記錄之客戶有關。

於二零一六年十二月三十一日，已逾期惟尚未減值之應收貿易賬項及票據與當地政府有關，且位於熱電供應現金產生單位(已終止經營業務)項下。根據過往信貸記錄，由於信貸質素並無重大變動且該等結餘仍被視作可悉數收回，因此管理層相信，毋須為該等結餘計提減值撥備。本集團並無就該等結餘持有任何抵押品。

21. 預付款項、按金及其他應收款項

	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
	1,221	45,662
	4,152	312
	62,714	30,409
	-	2,380
	68,087	78,763
	-	11,654
	-	1,650
	66,116	3,737
	66,116	17,041

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes:

- (i) As at 31 December 2017, included in other receivables is a receivable of HK\$41,258,000 (2016: HK\$6,600,000) from an employee of a subsidiary of the Company who holds the deposits on behalf of the Group for the pledge of bills payables (note 25) which is authorised in accordance with the company policy. The balance is refundable when the bills payables are settled in 2018, and the remaining balances of approximately HK\$80,980,000 (2016: HK\$25,538,000) is value-added tax recoverable of which approximately HK\$14,864,000 (2016: HK\$21,801,000) is under current assets and approximately HK\$66,116,000 (2016: HK\$3,737,000) is under non-current assets.
- (ii) As at 31 December 2016, included in the amount was a refundable deposit of HK\$1,650,000 paid for the bank loan of HK\$165,257,000 (note 27) and was refunded when the bank loan being repaid in January 2017.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These represented investments in the listed equity securities held for trading purposes. The balances at the reporting dates are stated at fair values which have been determined by reference to their market prices at the reporting dates.

21. 預付款項、按金及其他應收款項 (續)

附註：

- (i) 於二零一七年十二月三十一日，納入其他應收款項之一筆應收款項41,258,000港元(二零一六年：6,600,000港元)來自本公司一間附屬公司之一名僱員，彼代表本集團持有作為應付票據之抵押的按金(附註25)，其乃根據本公司政策授權。結餘於應付票據於二零一八年清償後可予退還，餘下結餘約80,980,000港元(二零一六年：25,538,000港元)乃可收回增值稅，其中約14,864,000港元(二零一六年：21,801,000港元)列於流動資產項下，約66,116,000港元(二零一六年：3,737,000港元)列於非流動資產項下。
- (ii) 於二零一六年十二月三十一日，該金額包括就銀行貸款165,257,000港元(附註27)支付之可退還按金1,650,000港元，並於該銀行貸款於二零一七年一月償還時退還。

22. 以公平值計入損益之財務資產

該等資產即為於已上市股權證券之投資，持作交易用途。其於報告日期之餘額按公平值呈報，公平值參照其於報告日期之市價釐定。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

23. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Cash and bank balances	現金及銀行結存	5,699	190,393
Short-term deposits	短期存款	–	5,500
Total cash and bank balances as stated in the consolidated statement of financial position	綜合財務狀況表內所列現金及 銀行結存總額	5,699	195,893
Short-term deposits with an original maturity of more than three months	原到期期限超過三個月之短期存款	–	(5,500)
Cash and cash equivalents for the presentation of the consolidated statement of cash flows	就呈列綜合現金流量表之 現金及現金等值項目	5,699	190,393

As at 31 December 2017, pledged bank deposits amounted to HK\$51,360,000 (2016: HK\$42,921,000) earned interest of 1.3% to 1.56% (2016: 0.35% to 0.50%) per annum. Cash at banks earns interest at the floating rates based on the daily bank deposits rates.

As at 31 December 2017, included in the pledged bank deposits and cash and bank balances of the Group were approximately HK\$51,360,000 and HK\$4,514,000 respectively (2016: HK\$42,921,000 and HK\$187,574,000 respectively) of bank balances denominated in RMB placed with the banks in the PRC.

23. 已抵押銀行存款以及現金及銀行結存

	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Cash and bank balances	5,699	190,393
Short-term deposits	–	5,500
Total cash and bank balances as stated in the consolidated statement of financial position	5,699	195,893
Short-term deposits with an original maturity of more than three months	–	(5,500)
Cash and cash equivalents for the presentation of the consolidated statement of cash flows	5,699	190,393

於二零一七年十二月三十一日，已抵押銀行存款為51,360,000港元（二零一六年：42,921,000港元），按年利率1.3%至1.56%（二零一六年：0.35%至0.50%）計息。銀行結存根據每日銀行存款利率按浮動利率計息。

於二零一七年十二月三十一日，本集團已抵押銀行存款以及現金及銀行結存包括存放於中國多家銀行以人民幣計值之銀行結存分別約51,360,000港元及4,514,000港元（二零一六年：分別為42,921,000港元及187,574,000港元）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

23. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES (Continued)

RMB is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct the foreign exchange business.

As at 31 December 2017, the Group pledged its bank deposits of HK\$51,360,000 (2016: HK\$42,921,000) in order to fulfil collateral requirements for bills payables (note 25).

24. TRADE PAYABLES

Trade payables were non-interest bearing and are normally settled on 60 days (2016: 60 days) terms.

Ageing analysis of trade payables, based on the invoice date, is as follows:

1 – 90 days	1至90日
121 – 365 days	121至365日
Over 365 days	365日以上

As at 31 December 2016, all trade payables were under the Electricity and Heat CGU and which was disposed in March 2017 (note 11).

23. 已抵押銀行存款以及現金及銀行結存(續)

人民幣不能自由兌換為外幣。根據中國的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可透過獲授權進行外匯業務之銀行將人民幣兌換為外幣。

於二零一七年十二月三十一日，本集團質押其銀行存款51,360,000港元(二零一六年：42,921,000港元)以滿足應付票據抵押品要求(附註25)。

24. 應付貿易賬項

應付貿易賬項為免息及通常於60日(二零一六年：60日)內結算。

應付貿易賬項根據發票日期之賬齡分析如下：

	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
1 – 90 days	-	2,068
121 – 365 days	-	1,174
Over 365 days	-	7,225
	-	10,467

於二零一六年十二月三十一日，所有應付貿易賬項均列於熱電供應現金產生單位(已於二零一七年三月被出售)項下(附註11)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

25. BILLS AND OTHER PAYABLES AND ACCRUALS

25. 應付票據及其他應付款項以及應計款項

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Current:	即期：		
Construction cost payables	應付建築成本	403,946	319,177
Deferred government grants	遞延政府補助	-	660
Bills payables (note i)	應付票據(附註i)	92,618	55,000
Other payables	其他應付款項	11,145	41,994
Amounts due to a shareholder (note ii)	應付一名股東款項(附註ii)	1,325	1,325
Other tax payables	其他應付稅項	4,681	8,407
Accrued salaries and pension costs	應計薪金及退休金成本	17,015	16,606
Accruals	應計款項	12,246	5,540
		542,976	448,709
Non-current:	非即期：		
Other payables (note iii)	其他應付款項(附註iii)	-	8,405

Notes:

- (i) As at 31 December 2017, bills payables included an amount of HK\$92,618,000 (2016: HK\$55,000,000) which were secured by pledged bank deposits and other receivables amounting to HK\$51,360,000 (2016: HK\$42,921,000) (note 23) and HK\$41,258,000 (2016: HK\$6,600,000) (note 21) respectively.
- (ii) These are unsecured, interest-free and repayable on demand.
- (iii) As at 31 December 2016, other payables under non-current liabilities were unsecured, interest-free and repayable in March 2018.

附註：

- (i) 於二零一七年十二月三十一日，應付票據包括分別以有抵押銀行存款及其他應收款項51,360,000港元(二零一六年：42,921,000港元)(附註23)及41,258,000港元(二零一六年：6,600,000港元)(附註21)擔保之金額92,618,000港元(二零一六年：55,000,000港元)。
- (ii) 該等款項為無抵押、免息及須應要求償還。
- (iii) 於二零一六年十二月三十一日，列於非流動負債項下之其他應付款項為無抵押、免息及須於二零一八年三月償還。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

26. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

26. 應付非控股股東款項

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Current:	即期：		
Due to non-controlling shareholder A (note i)	應付非控股股東A款項(附註i)	-	16,080
Due to non-controlling shareholder B (note ii)	應付非控股股東B款項(附註ii)	5,872	66
Due to non-controlling shareholder B (note iii)	應付非控股股東B款項(附註iii)	6,421	5,886
Due to non-controlling shareholder B (note iv)	應付非控股股東B款項(附註iv)	44,662	-
Due to non-controlling shareholder C (note iv)	應付非控股股東C款項(附註iv)	17,858	-
Due to non-controlling shareholder D (note iv)	應付非控股股東D款項(附註iv)	26,787	-
		101,600	22,032
Non-current:	非即期：		
Due to non-controlling shareholder B (note iv)	應付非控股股東B款項(附註iv)	-	39,027
Due to non-controlling shareholder C (note iv)	應付非控股股東C款項(附註iv)	-	15,605
Due to non-controlling shareholder D (note iv)	應付非控股股東D款項(附註iv)	-	23,407
		-	78,039

Notes:

- (i) This balance was unsecured, interest-free and repayable on demand which was under the Electricity and Heat CGU and was disposed in March 2017 (note 11).
- (ii) These balances are unsecured, interest-free and repayable on demand.
- (iii) These balances are unsecured, interest-free and repayable on demand (2016: repayable on 29 December 2017).
- (iv) These balances are unsecured, interest bearing at 5% per annum and repayable on 31 March 2018.

附註：

- (i) 該於熱電供應現金產生單位項下之結餘為無抵押、免息及須應要求償還，及於二零一七年三月被出售(附註11)。
- (ii) 該等結存為無抵押、免息及須應要求償還。
- (iii) 該等結存為無抵押、免息及須應要求償還(二零一六年：於二零一七年十二月二十九日償還)。
- (iv) 該等結存為無抵押、按年利率5%計息及須於二零一八年三月三十一日償還。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. BANK BORROWINGS

27. 銀行借款

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Current	即期		
Bank loans, secured (notes i and ii)	銀行貸款·有抵押(附註i及ii)	68,984	49,370
Non-current	非即期		
Bank loans, secured (notes i and iii)	銀行貸款·有抵押(附註i及iii)	225,600	165,257
		294,584	214,627

Notes:

- (i) These balances as at 31 December 2017 are denominated in RMB, charged at a fixed interest rate of 6.5% per annum and pledged by all investment properties of HK\$1,500,000,000 (note 19). These are under the Oil and Liquefied Chemical Terminal CGU.
- (ii) The balance as at 31 December 2016 was denominated in RMB, charged at a fixed interest rate of 12.35% per annum, guaranteed by an independent third party and was originally due in 2015. This balance was related to the Electricity and Heat CGU and was disposed in March 2017 (note 11).
- (iii) The balance as at 31 December 2016 was denominated in RMB, charged at a fixed interest rate of 14% per annum, guaranteed by an independent third party and was repaid in January 2017.

附註:

- (i) 於二零一七年十二月三十一日，該等結餘以人民幣計值，按固定年利率6.5%計息，由全部投資物業1,500,000,000港元(附註19)作抵押。該等結餘列於油品及液體化工品碼頭現金產生單位項下。
- (ii) 於二零一六年十二月三十一日，該結餘以人民幣計值，按固定年利率12.35%計息，並由獨立第三方作擔保，並原定於二零一五年到期。該結餘乃與熱電供應現金產生單位相關，於二零一七年三月被出售(附註11)。
- (iii) 於二零一六年十二月三十一日，該結餘以人民幣計值，按固定年利率14%計息，並由獨立第三方作擔保，並已於二零一七年一月償還。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

28. OTHER BORROWINGS

28. 其他借款

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元 (Re-presented) (重列)
Current:	即期：		
Obtained from the independent third parties:	取自獨立第三方：		
Loan A, unsecured (note i)	貸款A·無抵押(附註i)	5,880	5,500
Loan B, unsecured (note i)	貸款B·無抵押(附註i)	1,039	990
Loan C, unsecured (note i)	貸款C·無抵押(附註i)	16,309	15,059
Loan D, unsecured (note i)	貸款D·無抵押(附註i)	1,620	1,540
Loan E, unsecured (note i)	貸款E·無抵押(附註i)	1,090	1,197
Loan F, unsecured (note i)	貸款F·無抵押(附註i)	4,116	3,883
Loan G, unsecured (note ii)	貸款G·無抵押(附註ii)	10,939	-
Loan H, unsecured (note ii)	貸款H·無抵押(附註ii)	2,940	-
Loan I, unsecured (note iii)	貸款I·無抵押(附註iii)	-	40,370
Loan J, unsecured (note iv)	貸款J·無抵押(附註iv)	36,165	33,000
Loan K, unsecured (note v)	貸款K·無抵押(附註v)	-	26,235
Loan L, unsecured (note vi)	貸款L·無抵押(附註vi)	12,725	-
Loan M, unsecured (note vii)	貸款M·無抵押(附註vii)	5,058	-
Loan N, unsecured (note viii)	貸款N·無抵押(附註viii)	61,075	-
		158,956	127,774
Non-current:	非即期：		
Obtained from the independent third parties:	取自獨立第三方：		
Loan G, unsecured (note ii)	貸款G·無抵押(附註ii)	-	9,729
Loan H, unsecured (note ii)	貸款H·無抵押(附註ii)	-	2,787
Loan N, unsecured (note viii)	貸款N·無抵押(附註viii)	-	31,128
Loan O, unsecured (note ix)	貸款O·無抵押(附註ix)	480	-
Loan M, unsecured (note vii)	貸款M·無抵押(附註vii)	556	-
		1,036	43,644

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

28. OTHER BORROWINGS (Continued)

Notes:

- (i) These loans were interest-free and repayable on demand as at the reporting dates.
- (ii) These loans are interest-free and repayable in July 2018.
- (iii) This loan was charged at fixed interest rate of 5.072% per annum and repaid on 31 October 2017.
- (iv) This loan is charged at fixed interest rate of 15% per annum and the repayment has been extended from November 2017 to May 2018.
- (v) This loan was charged at fixed interest rate of 3% per annum and repaid in January 2017.
- (vi) This loan is interest-free and repayable on demand.
- (vii) These loans are charged at fixed interest rate of 4.75% per annum and repayable in 2018 and 2019.
- (viii) These loans include amounts of HK\$32,648,000 (2016: HK\$31,128,000) and HK\$28,427,000 which are borrowed from a related company of a non-controlling shareholder, charged at fixed interest rates of 5% and 3.5% per annum and repayable in March 2018 and June 2018, respectively.
- (ix) This loan is interest-free and repayable in 2019.

28. 其他借款 (續)

附註：

- (i) 為免息且於報告日期應要求償還。
- (ii) 為免息及應於二零一八年七月償還。
- (iii) 按固定年利率5.072%計息並已於二零一七年十月三十一日償還。
- (iv) 按固定年利率15%計息且償還期限從二零一七年十一月延長至二零一八年五月。
- (v) 按固定年利率3%計息並已於二零一七年一月償還。
- (vi) 為免息及應要求償還。
- (vii) 按固定年利率4.75%計息及應於二零一八年及二零一九年償還。
- (viii) 包括借貸自一名非控股股東之一間關連公司的金額32,648,000港元(二零一六年：31,128,000港元)及28,427,000港元，分別按固定年利率5%及3.5%計息，及須分別於二零一八年三月及二零一八年六月償還。
- (ix) 為免息及應於二零一九年償還。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

28. OTHER BORROWINGS (Continued)

As at 31 December 2017, the weighted average interest rates of the loans were 2.61% (2016: 5.56%) per annum.

As at 31 December 2016, the Group has renegotiated the repayment terms with the lenders on loans G and H. The directors of the Company considered that such revisions did not represent a substantial modification of the original loan and accordingly, the effective interest rates have been adjusted at the date of modification.

29. FINANCE LEASE LIABILITIES

Total minimum lease payments:	最低租賃付款總額：
Due within one year	於一年內到期
Due in the second to fifth years	於第二至第五年到期
Due after five years	於五年後到期
Future finance charges on finance leases	融資租賃之未來融資費用
Present value of finance lease liabilities	融資租賃負債之現值

2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
157,857	51,480
71,595	105,600
5,953	-
235,405	157,080
(19,548)	(25,080)
215,857	132,000

28. 其他借款 (續)

於二零一七年十二月三十一日，該等貸款的加權平均年利率為2.61%（二零一六年：5.56%）。

於二零一六年十二月三十一日，本集團已與貸款人就貸款G及H重新磋商償還條款。本公司董事認為，該等修訂並不代表大幅修改原有貸款，因此實際利率已於修改當日作出調整。

29. 融資租賃負債

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

29. FINANCE LEASE LIABILITIES (Continued)

29. 融資租賃負債 (續)

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Present value of minimum lease payments:	最低租賃付款之現值：		
Due within one year	於一年內到期	146,863	37,960
Due in the second to fifth years	於第二至第五年到期	66,747	94,040
Due after five years	於五年後到期	2,247	-
		215,857	132,000
Less: Portion due within one year included under current liabilities	減：計入流動負債項下於一年內到期之部分	(146,863)	(37,960)
Non-current portion included under non-current liabilities	計入非流動負債項下之非即期部分	68,994	94,040

The Group entered into finance leases for investment properties (2016: CIP) under the Oil and Liquefied Chemical Terminal segment. The leases run for an initial period of one to three years (2016: three years) and does not have any contingent rental provisions. The Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

The sea area use rights as included in the Group's investment properties are also classified as a finance lease and is included in the above analysis. The lease runs for an initial period of 50 years and does not have any contingent rental provisions.

Finance lease liabilities are effectively secured by the underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group; investment properties (note 19); and paid-up share of Shandong Shundong (note 37) (2016: CIP (note 15); sea area use rights (note 17); and paid-up share of Shandong Shundong (note 37)).

本集團就油品及液體化工品碼頭分類項下投資物業(二零一六年:在建工程)訂立融資租賃。該等租賃初步為期一至三年(二零一六年:三年),並無任何或然租金撥備。本集團有權於最短租期結束後支付名義金額徹底收購有關資產。

計入本集團投資物業之海域使用權亦分類為納入上述分析的融資租賃。租賃初步為期五十年且並無任何或然租金撥備。

融資租賃負債實際上是以相關資產作抵押,原因為倘若本集團未有如期還款,租賃資產之權利將會復歸予出租人;投資物業(附註19);及山東順東實繳股本(附註37)(二零一六年:在建工程(附註15);海域使用權(附註17);及山東順東實繳股本(附註37))。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. CONVERTIBLE BONDS

CB2 and CB4

According to the sale and purchase agreements dated 8 July 2007 and 8 April 2008, zero-coupon convertible bonds with face value of HK\$400,000,000 ("CB2") and HK\$380,780,000 ("CB4") will be issued on the fifth business day following the date of receipt of mining licence in respect of the underlying mine. CB2 and CB4 are convertible into shares of the Company at the conversion price of HK\$0.60 and HK\$0.25 per share respectively. As mentioned in note 3(a)(iii), as the exploration licence was transferred without the Company's knowledge, consent or approval, the Company is now seeking for legal opinion on this matter.

CB6 and CB7

In December 2010, the Company issued zero coupon convertible bonds ("CB6") in the principal amount of HK\$526,880,000 as a part of the consideration for the acquisition of China International Energy. CB6 bore no interest and was matured on 31 December 2015. Any CB6, which remained outstanding on 31 December 2015, should be converted automatically into the shares of the Company at the conversion price of HK\$0.08 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues).

As a part of the consideration for the acquisition of China International Energy, any CB7, which remained outstanding on 31 December 2015, should be converted automatically into the shares of the Company at the conversion price of HK\$0.08 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues).

30. 可換股債券

可換股債券第二批債券及可換股債券第四批債券

根據日期為二零零七年七月八日及二零零八年四月八日之買賣協議，面值分別為400,000,000港元（「可換股債券第二批債券」）及380,780,000港元（「可換股債券第四批債券」）之零票息可換股債券將於取得有關礦區之開採牌照當日後之第五個營業日發行。可換股債券第二批債券及可換股債券第四批債券分別可按兌換價每股0.60港元及0.25港元兌換為本公司股份。如附註3(a)(iii)所提述，勘探牌照在本公司不知情及未經本公司同意或批准之情況下被轉讓，本公司現正就此尋求法律意見。

可換股債券第六批債券及可換股債券第七批債券

於二零一零年十二月，本公司發行本金額526,880,000港元之零票息可換股債券（「可換股債券第六批債券」），作為收購中國國際能源之部分代價。可換股債券第六批債券不計息並已於二零一五年十二月三十一日到期。於二零一五年十二月三十一日仍未獲兌換之任何可換股債券第六批債券可按兌換價每股0.08港元自動兌換為本公司股份（須遵從股份拆細、股份合併、資本化發行及配股相關之標準調整條款）。

作為收購中國國際能源之部分代價，於二零一五年十二月三十一日仍未獲兌換之任何可換股債券第七批債券可按兌換價每股0.08港元自動兌換為本公司股份（須遵從股份拆細、股份合併、資本化發行及配股相關之標準調整條款）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. CONVERTIBLE BONDS (Continued)

CB6 and CB7 (Continued)

As described in note 3(a)(i), on 4 January 2018, the Company reached a settlement with the Defendants pursuant to which the Company is applying to the Cayman Court for discontinuance of the litigation, as a result of which the injunction order and the Company's undertaking would be discharged such that the holder of CB6 and CB7 should no longer be restrained from completing and/or procuring the conversion and/or transferring of CB6 and CB7.

CB8

In September 2015, the Company issued approximately 1,898,734,000 convertible bonds ("CB8") in the principal amount of HK\$300,000,000 due in 2018. CB8 are denominated in HK\$, unsecured, bear interest at 5% per annum and will be matured on the date falling on the third anniversary of the issue of CB8. Interest will be payable on the maturity date. Neither the Company nor the holders of CB8 may demand early redemption of the CB8 in any event. CB8 are convertible into the shares of the Company at the holder's option before maturity at an initial conversion price of HK\$0.158 per share (subject to adjustments).

The fair value of the liability components of CB8 was calculated using market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in convertible bond equity reserve in the owners' equity.

30. 可換股債券 (續)

可換股債券第六批債券及可換股債券第七批債券 (續)

誠如附註3(a)(i)所述，於二零一八年一月四日，本公司與原告達成和解，據此，本公司正向開曼法院申請終止訴訟，因此預期禁制令及本公司之承諾將解除，可換股債券第六批債券及可換股債券第七批債券之持有人應不再被限制完成及／或促使轉換及／或轉換可換股債券第六批債券及可換股債券第七批債券。

可換股債券第八批債券

於二零一五年九月，本公司發行約1,898,734,000份本金額300,000,000港元二零一八年到期之可換股債券（「可換股債券第八批債券」）。可換股債券第八批債券以港元列值，無抵押，年息5%及將於可換股債券第八批債券發行後三週年屆滿之日到期。利息將於到期日支付。本公司或可換股債券第八批債券之持有人可於任何情況下要求提前贖回可換股債券第八批債券。持有人可選擇於到期前將可換股債券第八批債券按初始兌換價每股0.158港元兌換為本公司股份（須遵從調整）。

可換股債券第八批債券負債部分之公平值乃按同等不可換股債券之市場利率計算。餘下金額即為權益轉換部分之價值，並計入擁有人權益之可換股債券權益儲備。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. CONVERTIBLE BONDS (Continued)

CB8 (Continued)

CB6, CB7 and CB8 recognised in the consolidated statement of financial position are calculated as follows:

		CB6 HK\$'000 可換股債券 第六批債券 千港元	CB7 HK\$'000 可換股債券 第七批債券 千港元	CB8 HK\$'000 可換股債券 第八批債券 千港元
Face value of convertible bonds issued	已發行可換股債券之面值	526,880	526,880	300,000
Proceeds of issue (fair value on initial recognition)	發行收益 (首次確認之公平值)	342,557	342,557	300,000
Equity component	權益部分	(342,557)	(342,557)	(87,358)
Liability component	負債部分	-	-	212,642

Movement of liability component

Movement of liability component for the years ended 31 December 2017 and 2016 is as follows:

		2017 CB8 HK\$'000 二零一七年 可換股債券 第八批債券 千港元	2016 CB8 HK\$'000 二零一六年 可換股債券 第八批債券 千港元
At 1 January	於一月一日	165,476	141,450
Imputed interest expenses (note 7)	推算利息費用(附註7)	30,924	26,634
Interest paid	已付利息	(1,000)	(2,608)
At 31 December	於十二月三十一日	195,400	165,476
Current portion	即期部分	(195,400)	(10,232)
Non-current portion	非即期部分	-	155,244

30. 可換股債券 (續)

可換股債券第八批債券 (續)

於綜合財務狀況表內確認之可換股債券第六批債券、可換股債券第七批債券及可換股債券第八批債券計算如下：

		CB6 HK\$'000 可換股債券 第六批債券 千港元	CB7 HK\$'000 可換股債券 第七批債券 千港元	CB8 HK\$'000 可換股債券 第八批債券 千港元
Face value of convertible bonds issued	已發行可換股債券之面值	526,880	526,880	300,000
Proceeds of issue (fair value on initial recognition)	發行收益 (首次確認之公平值)	342,557	342,557	300,000
Equity component	權益部分	(342,557)	(342,557)	(87,358)
Liability component	負債部分	-	-	212,642

負債部分變動

截至二零一七年及二零一六年十二月三十一日止年度之負債部分變動如下：

		2017 CB8 HK\$'000 二零一七年 可換股債券 第八批債券 千港元	2016 CB8 HK\$'000 二零一六年 可換股債券 第八批債券 千港元
At 1 January	於一月一日	165,476	141,450
Imputed interest expenses (note 7)	推算利息費用(附註7)	30,924	26,634
Interest paid	已付利息	(1,000)	(2,608)
At 31 December	於十二月三十一日	195,400	165,476
Current portion	即期部分	(195,400)	(10,232)
Non-current portion	非即期部分	-	155,244

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. CONVERTIBLE BONDS (Continued)

Movement of equity component

There is no movement of equity component for the years ended 31 December 2017 and 2016.

30. 可換股債券 (續)

權益部分變動

截至二零一七年及二零一六年十二月三十一日止年度之權益部分並無變動。

	CB6	CB7	CB8	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	可換股債券 第六批債券	可換股債券 第七批債券	可換股債券 第八批債券	總計
	千港元	千港元	千港元	千港元
At 1 January 2016,				
31 December 2016,				
1 January 2017 and				
31 December 2017	137,106	271,299	54,303	462,708

The fair value of the liability component of CB8 at the date of issue amounted to approximately HK\$209 million. Interest expense was calculated using effective interest method with interest rate of 18.5% per annum to the liability component of CB8.

於發行日，可換股債券第八批債券負債部分之公平值約為209,000,000港元。利息費用乃按實際利率法以年利率18.5%就可換股債券第八批債券負債部分計算。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. DEFERRED TAX

Details of deferred tax assets and liabilities recognised and movements during the current and prior years are as follows:

		Accelerated capital allowances HK\$'000	Fair value adjustment on business combination HK\$'000 業務合併之 公平值調整 千港元	Fair value adjustment on investment properties HK\$'000 投資物業之 公平值調整 千港元	Undistributed profit of foreign subsidiary HK\$'000 海外附屬公司 未分派溢利 千港元	Total HK\$'000 總計 千港元
At 1 January 2016 (Charged)/credited to profit or loss	於二零一六年一月一日 (自損益表扣除)/ 計入損益表	55,939	(164,799)	-	(7,488)	(116,348)
Exchange differences	匯兌差額	(2,706)	42,583	-	7,488	47,365
		(3,509)	1,705	-	-	(1,804)
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	49,724	(120,511)	-	-	(70,787)
(Charged)/credited to profit or loss (note 9)	(自損益表扣除)/ 計入損益表(附註9)	(2,160)	43,246	-	-	41,086
Charged to equity for the year	自年內權益扣除	-	-	(22,134)	-	(22,134)
Exchange differences	匯兌差額	2,820	(2,373)	-	-	447
At 31 December 2017	於二零一七年 十二月三十一日	50,384	(79,638)	(22,134)	-	(51,388)

For the purpose of presentation in consolidated statement of financial position, the following is the analysis of the deferred tax balances for financial reporting purposes:

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Deferred tax assets	遞延稅項資產	50,384	49,724
Deferred tax liabilities	遞延稅項負債	(101,772)	(120,511)
		(51,388)	(70,787)

31. 遞延稅項

本年度及過往年度的已確認遞延稅項資產及負債及其變動詳情如下：

就呈列綜合財務狀況表而言，以下為就財務申報而作出的遞延稅項結餘分析：

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Deferred tax assets	遞延稅項資產	50,384	49,724
Deferred tax liabilities	遞延稅項負債	(101,772)	(120,511)
		(51,388)	(70,787)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. DEFERRED TAX (Continued)

Pursuant to the PRC Corporate Income Tax Law, 10% withholding tax is levied on dividends declared to foreign investment enterprises established in the PRC effective from 1 January 2008. The Group is liable to withholding taxes on dividends distributed by the subsidiaries established in the PRC in respect of earnings generated from 1 January 2008. As at 31 December 2017, the Group's PRC subsidiaries are in accumulated losses position and no withholding tax is recognised.

As at 31 December 2017, the Group has not recognised deferred tax assets in respect of the loss of HK\$59,883,000 (2016: HK\$49,776,000) as it is not probable that future taxable profits against which the loss can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will be expired within five years under current tax legislation.

31. 遞延稅項 (續)

根據中國企業所得稅法，向中國成立之外資企業宣派之股息須按10%之稅率繳納預扣稅，由二零零八年一月一日起生效。本集團須就該等於中國成立之附屬公司就二零零八年一月一日起產生之盈利而分派之股息繳交預扣稅。於二零一七年十二月三十一日，本集團之中國附屬公司處於累計虧損狀態及並無確認預扣稅。

於二零一七年十二月三十一日，本集團並無就59,883,000港元之虧損（二零一六年：49,776,000港元）確認遞延稅項資產，因於相關稅項司法權區及有關實體未來出現應課稅溢利須動用該等虧損以作抵銷之機會不大。根據現行稅務法例，稅項虧損將於五年內到期。

32. SHARE CAPITAL

32. 股本

	2017 二零一七年		2016 二零一六年	
	Number of shares '000 股份數目 千股	HK\$'000 千港元	Number of shares '000 股份數目 千股	HK\$'000 千港元
Authorised: Ordinary shares of HK\$0.1 each At 1 January and 31 December	法定股本： 每股面值0.1港元之普通股 於一月一日及 十二月三十一日	5,000,000 500,000	5,000,000 500,000	
Issued and fully paid: Ordinary shares of HK\$0.1 each At 1 January and 31 December	已發行及繳足股本： 每股面值0.1港元之普通股 於一月一日及 十二月三十一日	3,049,705 304,970	3,049,705 304,970	

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

Share premium

- (i) the difference between the combined net asset value of the subsidiaries acquired pursuant to the Group reorganisation in 2001, over the nominal value of the share capital of the Company issued in exchange therefor;
- (ii) the premium arising from the capitalisation issue in the previous years;
- (iii) issue of shares of the Company at a premium net of the transaction costs associated with the issue of shares; and
- (iv) amount transferred from other equity reserves upon exercise of share options and conversion of convertible bonds.

Capital reserve

Capital reserve mainly arose from the Company's capital reorganisation in 2005 and represented the reduction of share capital of the Company.

33. 儲備

(a) 本集團

本集團於年內之儲備金額及儲備變動情況載於綜合權益變動表。

股份溢價

- (i) 根據本集團於二零零一年之重組收購之附屬公司之合併資產淨值超出本公司就交換而發行之股本面值之差額；
- (ii) 過往年度資本化發行產生之溢價；
- (iii) 本公司以溢價（已扣除發行股份相關交易成本）發行股份；及
- (iv) 於行使購股權及兌換可換股債券時從其他權益儲備轉撥之款項。

資本儲備

資本儲備主要來自本公司於二零零五年進行的資本重組並指本公司股本削減。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. RESERVES (Continued)

(a) Group (Continued)

Exchange reserve

Exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in exchange reserve. The reserve is dealt with in accordance with the accounting policy of foreign currencies set out in note 3(e).

Convertible bonds equity reserve

Under HKAS 32, convertible bonds issued are split into liability and equity components at initial recognition by recognising the liability component at its fair value determined using market interest rate for equivalent non-convertible bonds and attributing to the equity component the difference between the proceeds from issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost whilst equity component is recognised in convertible bonds equity reserve until the bonds are either converted (in which case it is transferred to share premium) or the bonds are redeemed (in which case it is released directly to accumulated losses).

33. 儲備 (續)

(a) 本集團 (續)

匯兌儲備

將本集團海外業務之資產淨值按其功能貨幣換算為本集團呈列貨幣 (即港元) 而產生的匯兌差額直接於其他全面收入確認及於匯兌儲備累計。該儲備乃根據附註3(e)所載之外幣會計政策作會計處理。

可換股債券權益儲備

根據香港會計準則第32號，已發行可換股債券於初步確認時分為負債及權益部分，負債部分乃按採用同等不可換股債券之市場利率釐定其公平值予以確認，權益部分則包括發行之所得款項與負債部分公平值之差額。負債部分其後按攤銷成本列賬。權益部分於可換股債券權益儲備確認，直至可債券獲兌換 (於此情況下其將轉撥至股份溢價) 或債券獲贖回 (於此情況下其將直接解除至累計虧損)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. RESERVES (Continued)

(b) Company

		Share premium HK\$'000	Capital reserve HK\$'000	Convertible bond equity reserve HK\$'000 可換股債券 權益儲備 千港元	Accumulated losses HK\$'000 累計虧損 千港元	Total HK\$'000 總計 千港元
At 1 January 2016	於二零一六年一月一日	2,363,920	157,960	462,708	(2,665,901)	318,687
Loss for the year	本年度虧損	-	-	-	(252,173)	(252,173)
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	2,363,920	157,960	462,708	(2,918,074)	66,514
Loss for the year	本年度虧損	-	-	-	(176,559)	(176,559)
At 31 December 2017	於二零一七年 十二月三十一日	2,363,920	157,960	462,708	(3,094,633)	(110,045)

Details of share premium and convertible bonds equity reserve of the Company are set out in note 33(a) above. Capital reserve arose from the Company's capital reorganisation on 10 March 2005 and represented the reduction of share capital of the Company.

本公司股份溢價及可換股債券權益儲備之詳情載於上述附註33(a)。資本儲備來自本公司於二零零五年三月十日進行的資本重組並指本公司股本削減。

34. SHARE-BASED COMPENSATION

The Company has a share option scheme, which was adopted by the shareholders on 24 June 2013 (the "Scheme") and unless otherwise cancelled or amended, will remain in force for 10 years from the date of adoption. Eligible participants of the Scheme include the Company's directors, independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity that provides research, development or other technological support to the Group and any non-controlling shareholder in the Company's subsidiaries.

33. 儲備 (續)

(b) 本公司

34. 以股份為基礎之補償

本公司由股東於二零一三年六月二十四日採納一項購股權計劃(「計劃」)，除非另行取消或修訂，否則計劃由採納日期起計10年內一直有效。計劃之合資格參與者包括本公司之董事、獨立非執行董事、本集團之其他僱員、本集團之貨品或服務供應商、本集團之顧客、向本集團提供研究、開發或其他技術支援之任何人士或實體及本公司附屬公司之任何非控股股東。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

34. SHARE-BASED COMPENSATION (Continued)

Pursuant to the extraordinary general meeting passed on 24 June 2013, the general scheme limit of the Scheme is set to 1,746,849,000 shares, which have been adjusted to 174,685,000 shares pursuant to the share consolidation in 2014, representing 10% of the Company's issued share capital on the date of meeting, with the passing of ordinary resolution, which allows the Company to grant further options carrying the rights to subscribe for a maximum of 174,685,000 shares. This is also the maximum unexercised share options currently permits to be granted under the Scheme at any time.

Maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1%, of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 14 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

34. 以股份為基礎之補償 (續)

根據於二零一三年六月二十四日通過之股東特別大會，計劃之一般計劃限額已設定為1,746,849,000股股份（已根據二零一四年股份合併調整為174,685,000股股份）（佔大會舉行日期本公司已發行股本之10%），隨著普通決議案獲通過，本公司可進一步授出附有最多可認購174,685,000股股份權利之購股權。此亦為於任何時間根據計劃容許授出之尚未行使購股權之最高數目。

在任何十二個月期間內，根據購股權可向計劃內之每名合資格參與者發行之最高股份數目不得超逾本公司於任何時間已發行股份之1%。倘進一步授出超逾此限額之購股權，則須在股東大會上取得股東批准。

授予本公司董事、主要行政人員或主要股東或彼等之任何聯繫人之購股權，須事先取得本公司獨立非執行董事之批准。此外，在任何十二個月期間內授予本公司之主要股東或獨立非執行董事或彼等之任何聯繫人之購股權，倘超逾本公司於任何時間已發行股份之0.1%或總值超逾5,000,000港元（根據於授出日期本公司之股價而釐定）者，則須事先在股東大會上取得股東批准。

授出購股權之建議須於授出購股權建議之日起計14日內獲接納，承授人亦須就此繳交合共1港元之名義代價。所授出之購股權之行使期由本公司董事決定，期限在一段歸屬期後開始，而屆滿日期不得遲於建議授出購股權日期起計10年或計劃屆滿之日（以較早發生者為準）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

34. SHARE-BASED COMPENSATION (Continued)

The exercise price of the share options is determinable by the directors of the Company, but may not be less than the higher of:

- (a) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options;
- (b) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and
- (c) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There has been no share option granted or exercised since the Scheme was adopted in June 2013. As at 31 December 2017 and 2016, the Group has no outstanding share option.

35. OIL PRODUCTION SHARING CONTRACT – SONGLIAO CONTRACT

In August 2007, China Era, previously owned by Mr. A and subsequently sold to the Group as a subsidiary in 2010, entered into the Songliao Contract with the State-owned Enterprise to develop and produce crude oil in Liangjing Block on Songliao Basin in Jilin, the PRC (the "Songliao Oil Basin").

In accordance with the Songliao Contract, China Era provides funds and applies its technology and managerial experience to cooperate with the State-owned Enterprise for the development and production of crude oil in the Songliao Oil Basin. The production period will be ended in 2031, unless extended.

34. 以股份為基礎之補償 (續)

購股權之行使價由本公司董事決定，惟不得低於以下之較高者：

- (a) 於建議授出購股權之日期本公司股份於聯交所之收市價；
- (b) 本公司股份於緊接建議授出購股權日期前五個交易日在聯交所之平均收市價；及
- (c) 股份之面值。

購股權並無賦予持有人收取股息或於股東大會上投票之權利。

自二零一三年六月採納計劃以來，並無授出或行使購股權。於二零一七年及二零一六年十二月三十一日，本集團並無尚未行使之購股權。

35. 產油業務共享合約－松遼合約

於二零零七年八月，中國年代（之前由A先生所有並隨後於二零一零年出售予本集團成為附屬公司），與國有企業訂立松遼合約，以於中國吉林松遼盆地（「松遼石油盆地」）兩井區塊開發及生產原油。

根據松遼合約，中國年代同意與國有企業合作，提供資金及應用其技術及管理經驗，以在松遼石油盆地開發及生產原油。除非延期，生產期將於二零三一年結束。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. OIL PRODUCTION SHARING CONTRACT – SONGLIAO CONTRACT (Continued)

China Era bears all costs required for the evaluation operations and development operations. Operating costs incurred are paid by the State-owned Enterprise and China Era in accordance with 51% and 49% respectively. However, the State-owned Enterprise's portion of operating costs are advanced by China Era and recovered from the production of crude oil.

Under the terms of the Songliao Contract, evaluation costs, development costs and operating costs are to be recovered according to a mechanism of cost recovery oil and investment recovery oil. Remaining oil, after cost recovery, all applicable taxes and royalty that might apply in the PRC, is shared in the proportion of 51% and 49% by the State-owned Enterprise and China Era respectively.

In December 2009, the approval of Overall Development Program from the State Development and Reform Commission was obtained. The technical feasibility and commercial viability of extracting oil are demonstrated. The State-owned Enterprise is the holder of oil exploitation licence.

Set out below is the summary of assets, liabilities and results for the year recognised in the consolidated financial statements in relation to the Group's interest in the Songliao Contract under joint operation:

(a) Results for the year

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Revenue	收益	20,192	18,762
Other income	其他收入	41	10
Expenses	開支	(58,472)	(60,043)
Loss before income tax	除所得稅前虧損	(38,239)	(41,271)
Income tax expense	所得稅開支	(2,160)	(2,706)
Loss for the year	本年度虧損	(40,399)	(43,977)

35. 產油業務共享合約－松遼合約 (續)

中國年代承擔評估營運及開發營運所需之全部成本。產生之營運成本由國有企業與中國年代分別按51%及49%之比例支付。然而，國有企業承擔之營運成本部分由中國年代墊付，並從原油生產中收回。

根據松遼合約之條款，評估成本、開發成本及營運成本將根據收回成本石油及收回投資石油機制收回。在扣除收回成本、所有可能在中國應用之適用稅項及礦區使用費後，餘下的石油將分別按51%及49%之比例由國有企業及中國年代攤分。

於二零零九年十二月，國家發展改革委員會批准整體開發計劃。開採石油之技術及商業可行性可以確定。國有企業持有石油開採牌照。

以下載列本年度於綜合財務報表確認之本集團於聯合經營之松遼合約項下權益之資產、負債及業績之概要：

(a) 年度業績

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. OIL PRODUCTION SHARING CONTRACT – SONGLIAO CONTRACT (Continued)

(b) Assets and liabilities

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Property, plant and equipment	物業、廠房及設備	6,228	24,780
Intangible assets	無形資產	338	198
Other non-current assets	其他非流動資產	50,383	49,724
Current assets	流動資產	3,786	9,745
Current liabilities	流動負債	(179,154)	(146,226)
Non-current liabilities	非流動負債	(1,036)	(12,516)
Net liabilities	負債淨額	(119,455)	(74,295)

(c) Other commitments

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Contracted but not provided for in respect of administrative fee and training fee	已訂約但未就管理費及培訓費計提撥備	46,919	48,164
Operating lease commitments in respect of leasehold land and buildings and equipment rental	有關租賃土地及樓宇以及租賃設備之經營租約承擔	2,016	2,354
		48,935	50,518

35. 產油業務共享合約－松遼合約 (續)

(b) 資產及負債

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Property, plant and equipment	物業、廠房及設備	6,228	24,780
Intangible assets	無形資產	338	198
Other non-current assets	其他非流動資產	50,383	49,724
Current assets	流動資產	3,786	9,745
Current liabilities	流動負債	(179,154)	(146,226)
Non-current liabilities	非流動負債	(1,036)	(12,516)
Net liabilities	負債淨額	(119,455)	(74,295)

(c) 其他承擔

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Contracted but not provided for in respect of administrative fee and training fee	已訂約但未就管理費及培訓費計提撥備	46,919	48,164
Operating lease commitments in respect of leasehold land and buildings and equipment rental	有關租賃土地及樓宇以及租賃設備之經營租約承擔	2,016	2,354
		48,935	50,518

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. OIL PRODUCTION SHARING CONTRACT – SONGLIAO CONTRACT (Continued)

(c) Other commitments (Continued)

As detailed in note 3(a)(i), in 2015, the directors of the Company was informed that Mr. A was formally charged by prosecution authorities in the PRC for illegal operation, possibly involved allegations about improper conduct in obtaining of the Songliao Contract. In December 2017, the Group received a legal letter from the representative lawyer of Mr. A that the Charge was acquitted after the Municipal Court issued the first adjudication of the Charge. As Mr. A is not guilty in respect of the Charge, Songliao Contract should continue to be valid to the Group. The directors of the Company consider that the Songliao Contract will continue to be valid and will be executed as planned as the Group has close working relationship with the State-owned Enterprise which able the Group to carry out business relating to oil production as stipulated under the Songliao Contract without the questioning of its validity.

35. 產油業務共享合約－松遼合約 (續)

(c) 其他承擔 (續)

如附註3(a)(i)所詳述，於二零一五年，本公司董事會獲悉A先生遭中國檢控機關正式控告非法經營罪，其中可能涉及其於獲得松遼合約時有不當行為。於二零一七年十二月，本集團接獲A先生之代理律師發來之法律函件，告知於市級法院宣佈該指控之首次判決後，該指控罪名不成立。由於A先生就該指控被認定無罪，松遼合約對本集團將繼續有效。本公司董事認為松遼合約將繼續有效並按計劃予以執行，蓋因本集團與國有企業建立緊密合作關係，可令本集團從事與松遼合約所規定之產油相關的業務，而不會面臨對其有效性提出的質疑。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

36. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

36. 控股公司財務狀況表

		Notes	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
		附註		
ASSETS AND LIABILITIES	資產及負債			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備		13	22
Interests in subsidiaries	於附屬公司之權益		414,483	554,822
			414,496	554,844
Current assets	流動資產			
Financial assets at fair value through profit or loss	按公平值計入損益之財務資產		15,809	14,607
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		666	631
Cash and bank balances	現金及銀行結存		514	6,277
			16,989	21,515
Current liabilities	流動負債			
Other payables and accruals	其他應付款項及應計款項		4,658	2,032
Amounts due to a subsidiary	應付一家附屬公司款項		36,502	37,367
Convertible bonds	可換股債券		195,400	10,232
			236,560	49,631
Net current liabilities	流動負債淨額		(219,571)	(28,116)
Total assets less current liabilities	資產總值減流動負債		194,925	526,728
Non-current liabilities	非流動負債			
Convertible bonds	可換股債券		-	155,244
Net assets	資產淨值		194,925	371,484
EQUITY	權益			
Share capital	股本	32	304,970	304,970
Reserves	儲備	33	(110,045)	66,514
Total equity	總權益		194,925	371,484

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

37. SUBSIDIARIES

(a) Particulars of the principal subsidiaries as at 31 December 2017 are as follows:

Name	Place of incorporation/ establishment	Paid-up share/ registered capital	Percentage of ownership interests/ voting rights/ profit share 擁有權益/ 表決權/ 利潤分成百分比	Principal activities and place of operation
公司名稱	註冊成立/ 成立地點	實繳股本/註冊資本		主要業務及經營地點
Indirectly held				
間接持有				
Treasure Tone Limited	Hong Kong	Ordinary HK\$1	100%	Investment holding, Hong Kong
富裕通有限公司	香港	普通股1港元	100%	投資控股·香港
Hong Kong Forest Source Mining Industry Holding Company Limited	Hong Kong	Ordinary HK\$70,000,000	100%	Investment holding, Hong Kong
香港森源礦業控股有限公司	香港	普通股70,000,000港元	100%	投資控股·香港
Mission Achiever Limited	Samoa	Ordinary US\$1	100%	Investment holding, Hong Kong
Mission Achiever Limited	薩摩亞	普通股1美元	100%	投資控股·香港
Mid-Ocean Hong Kong Investment Limited	Hong Kong	Ordinary HK\$1	100%	Investment holding, Hong Kong
中海香港投資有限公司	香港	普通股1港元	100%	投資控股·香港
China Era Energy Power Investment Limited	Hong Kong	Ordinary HK\$10	100%	Oil production, the PRC
中國年代能源投資有限公司	香港	普通股10港元	100%	石油生產·中國
Shandong Shundong Port Services Company Limited*^	PRC	RMB204,081,633	51%	Leasing of oil and liquefied chemical terminal, the PRC
山東順東港務有限公司*^	中國	人民幣204,081,633元	51%	租賃油品及液體化工品 碼頭·中國

* Established in the PRC as a Sino-foreign equity enterprise

^ The entire paid-up capital is pledged for the Group's finance lease liabilities (note 29)

37. 附屬公司

(a) 於二零一七年十二月三十一日之主要附屬公司詳情如下：

Name	Place of incorporation/ establishment	Paid-up share/ registered capital	Percentage of ownership interests/ voting rights/ profit share 擁有權益/ 表決權/ 利潤分成百分比	Principal activities and place of operation
公司名稱	註冊成立/ 成立地點	實繳股本/註冊資本		主要業務及經營地點
Indirectly held				
間接持有				
Treasure Tone Limited	Hong Kong	Ordinary HK\$1	100%	Investment holding, Hong Kong
富裕通有限公司	香港	普通股1港元	100%	投資控股·香港
Hong Kong Forest Source Mining Industry Holding Company Limited	Hong Kong	Ordinary HK\$70,000,000	100%	Investment holding, Hong Kong
香港森源礦業控股有限公司	香港	普通股70,000,000港元	100%	投資控股·香港
Mission Achiever Limited	Samoa	Ordinary US\$1	100%	Investment holding, Hong Kong
Mission Achiever Limited	薩摩亞	普通股1美元	100%	投資控股·香港
Mid-Ocean Hong Kong Investment Limited	Hong Kong	Ordinary HK\$1	100%	Investment holding, Hong Kong
中海香港投資有限公司	香港	普通股1港元	100%	投資控股·香港
China Era Energy Power Investment Limited	Hong Kong	Ordinary HK\$10	100%	Oil production, the PRC
中國年代能源投資有限公司	香港	普通股10港元	100%	石油生產·中國
Shandong Shundong Port Services Company Limited*^	PRC	RMB204,081,633	51%	Leasing of oil and liquefied chemical terminal, the PRC
山東順東港務有限公司*^	中國	人民幣204,081,633元	51%	租賃油品及液體化工品 碼頭·中國

* 於中國成立為中外合資企業

^ 全部繳足股本為本集團之融資租賃負債作抵押(附註29)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

37. SUBSIDIARIES (Continued)

- (a) Particulars of the principal subsidiaries as at 31 December 2017 are as follows: (Continued)

The above tables list the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

- (b) Particulars of the wholly-owned entities de-consolidated since 2010 are as follows:

Name	Place of incorporation/ establishment	Paid-up share/ registered capital	Percentage of ownership interests/ voting rights/ profit share 擁有權益/ 表決權/ 利潤分成百分比	Principal activities and place of operation
公司名稱	註冊成立/ 成立地點	實繳股本/ 註冊資本		主要業務及經營地點
Indirectly held				
間接持有				
QHFSMI (note 3(a)(iii))	PRC, wholly-owned foreign enterprise ("WFOE")	HK\$40,000,000	100%	Exploration of mine, the PRC
青海森源 (附註3(a)(iii))	中國·外商獨資企業 (「外商獨資企業」)	40,000,000港元	100%	礦區勘探·中國
IMFSMI (note 3(a)(iii))	PRC, WFOE	Not yet paid up	100%	Not yet commenced business
內蒙古森源 (附註3(a)(iii))	中國·外商獨資企業	尚未繳足	100%	尚未開始經營業務

37. 附屬公司 (續)

- (a) 於二零一七年十二月三十一日之主要附屬公司詳情如下: (續)

上表載列本公司董事認為於本年度對本集團之業績有重大影響或佔本集團絕大部分資產淨值之本公司之附屬公司。本公司董事認為，提供其他附屬公司之詳情將過於冗長。

所有附屬公司於年結日均無發行任何債務證券。

- (b) 自二零一零年起不再綜合入賬之實體詳情如下:

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

38. NON-CONTROLLING INTERESTS

- (a) Summarised financial information in relation to the non-controlling interests of Shanxi Zhong Kai Group Lingshi, a 60% owned subsidiary of the Company which was disposed in March 2017 (note 11), before intra-group eliminations, is presented below:

38. 非控股股東權益

- (a) 有關山西中凱集團靈石（本公司擁有60%之附屬公司，於二零一七年三月被出售（附註11））非控股股東權益之財務資料概要（作出集團內公司間對銷前）呈列如下：

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
For the year ended 31 December	截至十二月三十一日止年度		
Revenue	收益	–	22,164
Loss for the year	本年度虧損	(1,263)	(10,264)
Total comprehensive income	全面收入總額	(1,263)	(4,749)
Loss allocated to non-controlling interests	分配至非控股股東權益之虧損	(505)	(4,106)
For the period/year ended 31 December	截至十二月三十一日止期間/年度		
Cash generated from/(used in) operating activities	來自/(用於)營運之現金	128	(521)
Cash used in investing activities	用於投資活動之現金	–	(754)
Cash generated from financing activities	來自融資活動之現金	–	50
Net cash inflow/(outflows)	現金流入/(流出)淨額	128	(1,225)
At 31 December	於十二月三十一日		
Current assets	流動資產	N/A 不適用	72,752
Non-current assets	非流動資產	N/A 不適用	35,814
Current liabilities	流動負債	N/A 不適用	(161,705)
Net liabilities	負債淨額	N/A 不適用	(53,139)
Accumulated non-controlling interests	累計非控股股東權益	N/A 不適用	(21,256)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

38. NON-CONTROLLING INTERESTS (Continued)

- (b) Summarised financial information in relation to the non-controlling interests of Shandong Shundong, a 51% owned subsidiary of the Company, before intra-group eliminations, is presented below:

38. 非控股股東權益 (續)

- (b) 有關山東順東(本公司擁有51%之附屬公司)非控股股東權益之財務資料概要(作出集團內公司間對銷前)呈列如下:

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
For the year ended 31 December	截至十二月三十一日止年度		
Revenue	收益	10,146	-
Loss for the year	本年度虧損	(28,171)	(14,055)
Total comprehensive income	全面收入總額	(62,163)	(34,728)
Loss allocated to non-controlling interests	分配至非控股股東權益之虧損	(13,804)	(6,887)
For the year ended 31 December	截至十二月三十一日止年度		
Cash generated from operating activities	來自營運之現金	7,331	65,933
Cash used in investing activities	用於投資活動之現金	(359,675)	(580,675)
Cash generated from financing activities	來自融資活動之現金	125,236	566,712
Net cash (outflows)/inflows	現金(流出)/流入淨額	(227,108)	51,970
At 31 December	於十二月三十一日		
Current assets	流動資產	127,004	256,015
Non-current assets	非流動資產	1,489,905	949,452
Current liabilities	流動負債	(933,657)	(526,225)
Non-current liabilities	非流動負債	(342,009)	(400,159)
Net assets	資產淨值	341,243	279,083
Accumulated non-controlling interests	累計非控股股東權益	167,210	136,750

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

39. OPERATING LEASE COMMITMENTS

(a) As Lessor

At 31 December 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenant falling due as follows:

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Within one year	一年內	101,345	103,222
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	540,541	495,495
After five years	五年後	33,790	20,652
		675,676	619,369

The Group leases its investment properties (note 19) under an operating lease arrangement, with leases negotiated for terms of five years. The operating lease do not include contingent rentals.

(b) As Lessee

At 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Within one year	一年內	1,709	3,505
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	1,308	2,903
After five years	五年後	-	369
		3,017	6,777

39. 經營租約承擔

(a) 作為出租人

於二零一七年十二月三十一日，本集團於下列年內屆滿之不可撤銷經營租約之未來最少租賃付款總額如下：

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Within one year	一年內	101,345	103,222
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	540,541	495,495
After five years	五年後	33,790	20,652
		675,676	619,369

本集團根據經營租約安排租賃其投資物業(附註19)，租期磋商為五年。經營租約不包括或然租金。

(b) 作為承租人

於二零一七年十二月三十一日，本集團於下列年內屆滿之不可撤銷經營租約之未來最少租賃付款總額如下：

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Within one year	一年內	1,709	3,505
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	1,308	2,903
After five years	五年後	-	369
		3,017	6,777

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

39. OPERATING LEASE COMMITMENTS

(Continued)

(b) As Lessee (Continued)

The Group leases certain leasehold land and buildings and equipment under operating leases. The leases run for an initial period of one to eight years (2016: one to twenty years), with an option to renew the lease and renegotiate the terms at expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases includes contingent rentals.

40. CAPITAL AND OTHER COMMITMENTS

39. 經營租約承擔 (續)

(b) 作為承租人 (續)

本集團根據經營租約租用若干租賃土地及樓宇以及設備。該等租約初步為期一年至八年(二零一六年:一年至二十年),可於到期日或本集團與有關業主/出租人共同商定之日期選擇續租及重訂租約條款。該等租約不包括或然租金。

40. 資本及其他承擔

		2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Capital commitments for acquisition of property, plant and equipment	收購物業、廠房及設備之資本承擔	-	701
Capital commitments for construction cost of oil and liquefied chemical terminal	油品及液體化工品碼頭建築成本之資本承擔	3,078	154,466
Other commitments in respect of administrative fees and training fees	就管理費及培訓費之其他承擔	46,919	48,164
		49,997	203,331

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

41. RELATED PARTY TRANSACTIONS

Apart from the balances and transactions with related parties disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

Compensation of key management personnel

Included in employee costs are key management personnel compensation (including directors' emoluments) and comprises the following categories:

41. 關連人士交易

除財務報表其他部分所披露之結餘及與關連人士之交易外，年內，本集團與其關連人士尚有如下交易：

主要管理人員之補償

主要管理人員之補償（包括董事酬金）乃計入員工成本，包括以下類別：

	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Short-term employee benefits 短期僱員福利	2,175	2,178
Contribution to retirement benefit scheme 退休福利計劃之供款	18	18
	2,193	2,196

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

42. 來自融資活動之負債對賬

下表載列本集團來自融資活動負債之變動詳情，包括現金及非現金變動。來自融資活動的負債乃現金流量或未來現金流量將於本集團綜合現金流量表內劃分為來自融資活動現金流量之負債。

		Bank borrowings HK\$'000 (note 27)	Other borrowings HK\$'000 (note 28)	Finance lease liabilities HK\$'000 (note 29)	Convertible bonds HK\$'000 (note 30)	Amounts due to non-controlling shareholders HK\$'000 (note 26)	Total HK\$'000
		銀行借款 千港元 (附註27)	其他借款 千港元 (附註28)	融資租賃負債 千港元 (附註29)	可換股債券 千港元 (附註30)	來自非控股股東的款項 千港元 (附註26)	總計 千港元
At 1 January 2017	於二零一七年一月一日	214,627	171,418	132,000	165,476	100,071	783,592
Financing cash outflows	融資現金流出						
Interest paid	已付利息	-	-	-	(1,000)	-	(1,000)
Proceeds from new borrowings	新借款之所得款項	343,200	41,754	-	-	-	384,954
Proceeds from new finance leases	新融資租賃之所得款項	-	-	132,000	-	-	132,000
Repayment of borrowings	償還借款	(229,793)	(70,040)	-	-	-	(299,833)
Repayment of obligations under finance lease	融資租賃承擔之還款	-	-	(82,800)	-	-	(82,800)
Other changes	其他變動						
Capitalised borrowing costs (note 7)	資本化借款成本(附註7)	4,573	14,834	24,236	30,924	4,034	78,601
Capitalised staff costs	資本化員工成本	-	-	-	-	5,800	5,800
Additions to investment properties	添置投資物業	-	-	2,885	-	-	2,885
Disposal of subsidiaries (note 11)	出售附屬公司(附註11)	(51,531)	-	-	-	(16,519)	(68,050)
Interest expenses (note 7)	利息開支(附註7)	3,984	-	4,603	-	-	8,587
Exchange adjustments	匯兌調整	9,524	2,026	2,933	-	8,214	22,697
At 31 December 2017	於二零一七年十二月三十一日	294,584	159,992	215,857	195,400	101,600	967,433

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

43. 按分類劃分之財務資產及財務負債概要

		2017 二零一七年		2016 二零一六年	
		Carrying Amount HK\$'000 賬面值 千港元	Fair value HK\$'000 公平值 千港元	Carrying amount HK\$'000 賬面值 千港元 (Re-presented) (重列)	Fair value HK\$'000 公平值 千港元 (Re-presented) (重列)
Financial assets	財務資產				
Loan and receivables	貸款及應收款項				
- Cash and bank balances	- 現金及銀行結存	5,699	5,699	195,893	195,893
- Pledged bank deposits	- 已抵押銀行存款	51,360	51,360	42,921	42,921
- Trade and bills receivables	- 應收貿易賬項及票據	8,372	8,372	28,704	28,704
- Deposits and other receivables	- 按金及其他應收款項	132,982	132,982	36,108	36,108
Financial assets at fair value through profit or loss	按公平值計入損益之財務資產	15,809	15,809	14,607	14,607
		214,222	214,222	318,233	318,233
Financial liabilities	財務負債				
Current liabilities	流動負債				
Financial liabilities measured at amortised cost	按攤銷成本計量之財務負債				
- Trade payables	- 應付貿易賬項	-	-	10,467	10,467
- Bills and other payables and accruals	- 應付票據及其他應付款項 以及應計款項	542,976	542,976	448,709	448,709
- Amounts due to non-controlling shareholders	- 應付非控股股東款項	101,600	101,600	22,032	22,032
- Bank borrowings	- 銀行借款	68,984	68,984	49,370	49,370
- Other borrowings	- 其他借款	158,956	158,956	127,774	127,774
- Finance lease liabilities	- 融資租賃負債	146,863	146,863	37,960	37,960
- Convertible bonds	- 可換股債券	195,400	195,400	10,232	10,232
Non-current liabilities	非流動負債				
Financial liabilities measured at amortised cost	按攤銷成本計量之財務負債				
- Other payables	- 其他應付款項	-	-	8,405	8,405
- Amounts due to non-controlling shareholders	- 應付非控股股東款項	-	-	78,039	78,039
- Bank borrowings	- 銀行借款	225,600	225,600	165,257	165,257
- Other borrowings	- 其他借款	1,036	1,036	43,644	43,644
- Finance lease liabilities	- 融資租賃負債	68,994	68,994	94,040	94,040
- Convertible bonds	- 可換股債券	-	-	155,244	155,244
		1,510,409	1,510,409	1,251,173	1,251,173

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

The Group's financial instruments not measured at fair value include cash and bank balances, pledged bank deposits, trade, bills and other receivables, trade payables, other payables, bills payables and accruals, bank and other borrowings, finance lease liabilities and amounts due to non-controlling shareholders under current assets or current liabilities. Due to their short term nature, the carrying value of cash at cash and bank balances, pledged bank deposits, trade, bills and other receivables, trade, bills and other payables and accruals, bank and other borrowings and finance lease liabilities under approximates fair value.

The fair value of non-current portion of other payables, bank and other borrowings, finance lease liabilities and amounts due to non-controlling shareholders for disclosure purposes has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities and is classified as level 3 in the fair value hierarchy. Significant inputs include the discount rate used to reflect the credit risks of the borrowers or the Group. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk and is classified as level 3 in the fair value hierarchy. The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

43. 按分類劃分之財務資產及財務負債概要 (續)

本集團並非按公平值計量之財務工具包括現金及銀行結存、已抵押銀行存款、應收貿易賬項、應收票據及其他應收款項、應付貿易賬項、其他應付款項、應付票據及應計款項、銀行及其他借款、融資租賃負債及流動資產或流動負債項下應付非控股股東款項。由於其短期性質使然，現金及銀行結存、已抵押銀行存款、應收貿易賬項、應收票據及其他應收款項、應付貿易賬項、其他應付款項、應付票據及應計款項、銀行及其他借款及融資租賃負債之賬面值與其公平值相若。

就披露而言，其他應付款項、銀行及其他借款、融資租賃負債及應付非控股股東款項之非即期部分之公平值乃按適用於具有類似條款、信貸風險及剩餘年期之工具之現行利率折現預期未來現金流量計算，並於公平值等級中分類為第三級。重大輸入數據包括用以反映借款人或本集團信貸風險之貼現率。可換股債券負債部份之公平值乃透過將預期未來現金流量以類似可換股債券之相同市場利率貼現，並考慮本集團之非表現風險後作出估計，並於公平值等級中分類為第三級。下表載列按公平值等級劃分之按公平值計量之金融工具分析：

- 第一級：相同資產或負債之活躍市場報價（未經調整）；
- 第二級：第一級報價以外，可就資產或負債直接（即價格）或間接（自價格衍生）觀察得出之輸入值；及
- 第三級：並非根據可觀察市場數據得出之資產或負債輸入值（不可觀察輸入值）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

43. 按分類劃分之財務資產及財務負債概要 (續)

		2017 二零一七年			
		Level 1 HK\$'000 第一級 千港元	Level 2 HK\$'000 第二級 千港元	Level 3 HK\$'000 第三級 千港元	Total HK\$'000 總計 千港元
Financial assets at fair value through profit or loss	按公平值計入損益之財務資產				
- Listed equity investments	- 上市股本投資	15,809	-	-	15,809

		2016 二零一六年			
		Level 1 HK\$000 第一級 千港元	Level 2 HK\$000 第二級 千港元	Level 3 HK\$000 第三級 千港元	Total HK\$000 總計 千港元
Financial assets at fair value through profit or loss	按公平值計入損益之財務資產				
- Listed equity investments	- 上市股本投資	14,607	-	-	14,607

There were no transfers between levels during the year.

年內不同等級之間並無進行任何轉撥。

44. FINANCIAL RISK MANAGEMENT

The Group does not have written financial risk management policies and guidelines. However, the board of directors of the Company meets periodically to analyse and formulate strategies to manage the Group's exposure to credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk. Generally, the Group employs conservative strategies on its risk management. The Group's exposure to market risk is kept at a minimum level. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

44. 財務風險管理

本集團並無制訂書面財務風險管理政策及指引。然而，本公司董事會會定期舉行會議，分析及制訂策略管理本集團所承擔之信貸風險、市場風險（包括外匯風險及利率風險）及流動資金風險。一般而言，本集團會就其風險管理採納一套穩妥之策略，從而將本集團承擔之市場風險維持在最低水平。本集團並無運用任何衍生工具或其他工具進行對沖。本集團並無持有或發行衍生金融工具以作買賣用途。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

44. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities.

The carrying amounts of these financial assets presented in the consolidated statement of financial position are net of impairment losses, if any. The Group minimises its exposure to the credit risk by rigorously selecting the counterparties, performing ongoing credit evaluation on the financial conditions of its debtors and tightly monitoring the ageing of the receivables. Follow-up actions are taken in case of overdue balances on an ongoing basis. In addition, management monitors and reviews the recoverable amount of the receivables individually or collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of trade and other receivables, individual credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the debtors' past history of making payments when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtors operate. Normally, the Group does not obtain collateral from its customer. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor.

44. 財務風險管理 (續)

(a) 信貸風險

信貸風險指金融工具之對手方未能履行其於金融工具條款項下之責任而引致本集團蒙受財務損失之風險。本集團之信貸風險主要來自於其日常業務營運過程中授予客戶之信貸及其投資業務。

該等財務資產於財務狀況表呈列之賬面值已扣除減值虧損(如有)。本集團透過審慎挑選對手方、對其債務人之財務狀況進行持續信貸評估,以及緊密監控應收款項之賬齡,最大程度降低其所承擔之信貸風險。本集團採取持續跟進措施收回逾期結餘。此外,管理層會於各報告日期個別或共同監控及檢討應收款項之可收回金額,確保就不可收回金額作出足夠之減值虧損。就應收貿易賬項及其他應收款項而言,對於所有要求若干信貸金額之債務人均會進行個別信貸評估。此等評估主要針對債務人以往到期時之還款記錄及現時之還付能力,並考慮債務人之個別資料及債務人所處之經濟環境之資料。一般而言,本集團並無自客戶取得抵押品。本集團面對之信貸風險主要受各債務人之個別情況影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

44. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. As at 31 December 2017, the Group has a certain concentration of credit risk as 66% (2016: 63%) and 100% (2016: 90%) of total receivables was due from the Group's largest trade debtor and the two largest trade debtors respectively.

The credit risk of the Group's other financial assets, which comprise pledged bank deposits and cash at banks and in hand, is also limited because almost all the Group's cash at banks and in hand are deposited with major banks located in Hong Kong and the PRC.

As the Group trades only with recognised and creditworthy counterparties, there is no requirement for collateral.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

As at 31 December 2017 and 2016, there is no financial guarantees issued by the Group.

44. 財務風險管理 (續)

(a) 信貸風險 (續)

客戶經營行業之固有風險亦對信貸風險有影響，惟較輕微。於二零一七年十二月三十一日，本集團有若干集中信貸風險，原因是應收款項總額中分別有66%（二零一六年：63%）及100%（二零一六年：90%）來自本集團最大貿易借款人及兩名最大貿易借款人。

本集團之銀行結存及手頭現金幾乎全部存放於香港及中國之主要銀行，故本集團其他財務資產（包括已抵押銀行存款以及銀行結存及手頭現金）之信貸風險亦有限。

由於本集團只與獲認可及信譽良好之對手方進行交易，故毋須抵押品。

本集團於過往年度已推行信貸政策，本集團認為信貸政策已有效地將本集團之信貸風險減至理想水平。

於二零一七年及二零一六年十二月三十一日，本集團並無發出任何財務擔保。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) Foreign currency risk

Revenue and expenses of the Group are mostly in US\$ and RMB. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances which are denominated in US\$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and does not consider its foreign exchange risk to be significant.

The following table details the Group's exposure at the reporting date to foreign currency risk from the above stated items denominated in a currency other than the functional currency of relevant group companies.

	2017 HK\$'000 二零一七年 千港元	2016 HK\$'000 二零一六年 千港元
Cash and cash equivalents denominated in US\$ 按美元列值之現金及現金等值項目	19	435

By assessing foreign currency risk on cash and bank balances, the effect arising from a reasonably possible change in the exchange rates of HK\$ against US\$ in the next twelve months was not material to the loss for the year and accumulated losses at each of the reporting date, on the basis that all other variables remain constant.

44. 財務風險管理 (續)

(b) 外匯風險

本集團之收益及開支主要以美元及人民幣列值。外匯風險來自本集團以美元列值之若干現金及銀行結存。本集團並未使用衍生金融工具對沖其外匯風險。本集團定期檢討其外匯風險，並認為其外匯風險並不重大。

下表詳列於報告日期本集團上述項目按有關集團公司之功能貨幣以外之貨幣列值之外匯風險。

經評估現金及銀行結存之外匯風險，並假設所有其他變量保持不變，未來十二個月港元兌美元之匯率合理可能變動產生之影響對年內之虧損及各報告日期之累計虧損並不重大。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

44. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's bank balances which subject to floating interest rates. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The following table indicates the approximate change in the Group's loss after income tax and accumulated losses in response to reasonably possible changes in the interest rate, to which the Group has significant exposure at the reporting date.

Increase in interest rate by 0.1%	利率上升0.1%
Decrease in interest rate by 0.1%	利率下降0.1%

The sensitivity analysis above is determined assuming that the change in interest rate had occurred at the reporting date and had been applied to the exposure to interest rate risk for non-derivative financial instruments (i.e. bank balances) in existence at that date. The 0.1% increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2016.

44. 財務風險管理 (續)

(c) 利率風險

本集團因利率變動所承擔之利率風險主要與本集團按浮動利率計息之銀行結存有關係。本集團並未使用任何衍生合約對沖其利率風險。然而，管理層對利率風險進行監控，並於需要時考慮對沖重大利率風險。

下表列載本集團之除所得稅後虧損及累計虧損因利率合理可能變動（本集團於報告日期承受重大風險）而產生之概約變動。

2017 二零一七年 Effect on loss after income tax and accumulated losses 對除所得稅後 虧損及累計虧損 之影響	2016 二零一六年 Effect on loss after income tax and accumulated losses 對除所得稅後 虧損及累計虧損 之影響
43	181
(43)	(181)

上述敏感度分析乃假設利率於報告日期已發生變動而釐定，並已應用於該日已存在之非衍生金融工具（即銀行結餘）所面臨之利率風險中。上升／下降0.1%乃管理層就直至下一年度報告日期止期間內利率之合理可能變動所作之估計。有關分析乃基於二零一六年相同基準作出。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

44. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of its financial obligations, its cash flow management. As mentioned in note 3(a)(ii), the Group's ability to meet its financial obligations when they fall due is dependent upon the sustainability of the cash flow forecast with underlying assumptions. Management of the Group is satisfied that the Group will be able to meet in full their financial obligations as and when they fall due in the foreseeable future.

The Group maintains a level of cash and cash equivalents assessed as adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internally generated funding and borrowings as significant sources of liquidity.

44. 財務風險管理 (續)

(d) 流動資金風險

流動資金風險指本集團不能履行其與透過交付現金或其他財務資產清償之財務負債有關之責任之風險。本集團面對之流動資金風險與清償其財務負債、其現金流量管理有關。如附註3(a)(ii)所提述，本集團於財務責任到期時履行財務責任之能力取決於相關假設前提下之可持續現金流量預測。本集團管理層信納本集團將有能力於財務責任於可預見將來到期時悉數履行財務責任。

本集團維持管理層認為充足之現金及現金等值項目，以向本集團業務經營提供資金及減輕現金流量波動之影響。本集團以內部產生資金及借款作為流動資金之重要來源。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

44. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

The maturity profile of the Group's and the Company's financial liabilities as at the reporting dates, based on the contractual undiscounted payments, were as follows:

		2017 二零一七年				
		Total contractual undiscounted cash flow	Within 6 months or on demand	7 to 12 months	More than 1 year	
Carrying amount		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
賬面值	合約性無貼現	現金流量總額	六個月以內或	按要求的	七至十二個月	一年以上
千港元	千港元	千港元	千港元	千港元	千港元	千港元
Bills and other payables and accruals	應付票據及其他應付款項以及應計款項	542,976	542,976	542,976	-	-
Amounts due to non-controlling interests	應付非控股股東款項	101,600	102,629	102,629	-	-
Bank borrowings	銀行借款	294,584	325,127	16,650	70,027	238,450
Other borrowings	其他借款	159,992	162,943	147,929	13,930	1,084
Finance lease liabilities	融資租賃負債	215,857	235,405	94,618	63,239	77,548
Convertible bonds	可換股債券	195,400	215,447	-	215,447	-
		1,510,409	1,584,527	904,802	362,643	317,082

44. 財務風險管理 (續)

(d) 流動資金風險 (續)

本集團及本公司根據合約性無貼現款項於報告日期之財務負債到期日情況如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

44. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

		2016 二零一六年				
		Total	Within			
Carrying	Contractual	undiscounted	6 months or	7 to 12	More than	
amount	cash flow	cash flow	on demand	months	1 year	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
賬面值	合約性無貼現	現金流量總額	六個月以內	或按要	七至十二個月	
千港元	現金流量總額	千港元	千港元	千港元	千港元	
(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	
(重列)	(重列)	(重列)	(重列)	(重列)	(重列)	
Trade payables	應付貿易賬項	10,467	10,467	10,467	-	-
Bills and other payables and accruals	應付票據及其他應付款項以及應計款項	457,114	457,114	448,709	-	8,405
Amounts due to non-controlling interests	應付非控股股東款項	100,071	104,840	22,032	-	82,808
Bank borrowings	銀行借款	214,627	260,763	49,370	-	211,393
Other borrowings	其他借款	171,418	181,282	54,639	80,368	46,275
Finance lease liabilities	融資租賃負債	132,000	157,080	17,160	34,320	105,600
Convertible bonds	可換股債券	165,476	216,447	-	1,000	215,447
		1,251,173	1,387,993	602,377	115,688	669,928

44. 財務風險管理 (續)

(d) 流動資金風險 (續)

		2016 二零一六年				
		Total	Within			
Carrying	Contractual	undiscounted	6 months or	7 to 12	More than	
amount	cash flow	cash flow	on demand	months	1 year	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
賬面值	合約性無貼現	現金流量總額	六個月以內	或按要	七至十二個月	
千港元	現金流量總額	千港元	千港元	千港元	千港元	
(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	
(重列)	(重列)	(重列)	(重列)	(重列)	(重列)	
Trade payables	應付貿易賬項	10,467	10,467	10,467	-	-
Bills and other payables and accruals	應付票據及其他應付款項以及應計款項	457,114	457,114	448,709	-	8,405
Amounts due to non-controlling interests	應付非控股股東款項	100,071	104,840	22,032	-	82,808
Bank borrowings	銀行借款	214,627	260,763	49,370	-	211,393
Other borrowings	其他借款	171,418	181,282	54,639	80,368	46,275
Finance lease liabilities	融資租賃負債	132,000	157,080	17,160	34,320	105,600
Convertible bonds	可換股債券	165,476	216,447	-	1,000	215,447
		1,251,173	1,387,993	602,377	115,688	669,928

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

45. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. The Group currently does not adopt any formal dividend policy. Management regards total equity as capital, for capital management purpose. The amount of capital as at 31 December 2017 amounted to approximately HK\$370,740,000 (2016: HK\$465,282,000), which management considers as satisfactory having considered the projected capital expenditures and the forecast strategic investment opportunities.

46. LITIGATION

(a) Transfer of the exploration licence

Details of litigations are set out in note 3(a)(iii).

(b) Injunction order to the holder of CB6 and CB7

Details of litigation are set out in note 3(a)(i) and note 47(a).

45. 資本管理

本集團之資本管理目標為：

- (a) 保障本集團有能力繼續作為持續經營公司，持續為股東帶來回報及利益；
- (b) 支持本集團穩定營運及增長；及
- (c) 為本集團提供資本以鞏固其風險管理能力。

本集團定期積極檢討及管理其資本結構，確保資本結構及股東回報達致最佳狀態，考慮事項包括本集團未來資本需求。目前，本集團並無採納任何正式股息政策。就資本管理目的而言，管理層將總權益減可換股債券權益部分認作資本。於二零一七年十二月三十一日之資本金額約為370,740,000港元（二零一六年：465,282,000港元），經考慮預計資本開支及預測策略投資機會，管理層認為有關金額已達最佳水平。

46. 訴訟

(a) 轉讓勘探牌照

有關此訴訟詳情載於附註3(a)(iii)。

(b) 對可換股債券第六批債券及可換股債券第七批債券持有人之禁制令

有關此訴訟詳情載於附註3(a)(i)及附註47(a)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

47. EVENTS AFTER THE REPORTING DATE

- (a) In December 2017, the Group received a legal letter from the representative lawyer of Mr. A that the Charge was acquitted after the Municipal Court issued the first adjudication. As Mr. A is not guilty in respect of the Charge, Songliao Contract should continue to be valid to the Group and the Group is able to carry out business relating to oil production as stipulated under the Songliao Contract without the questioning of its validity.

On that basis, after taking the legal advice from the Company's legal advisers, on 4 January 2018, the Company reached a settlement with the Defendants pursuant to which the Company will apply to the Cayman Court for discontinuance of the litigation, as a result of which the injunction order and the Company's undertaking are expected to be discharged in the foreseeable future such that the Defendants should no longer be restrained from disposing of, encumbering or otherwise dealing with or diminishing the value of, and/or exercising any rights or powers (including but not limited to voting rights in general and/or extraordinary meeting(s) in respect of, and/or entering into any agreement to effect any transaction in relation to, the consideration shares and the converted shares). Up to the date of authorisation for issue of the Group's financial statements, the application of discontinuance of the litigation to the Cayman Court is still in progress.

47. 報告期後事項

- (a) 於二零一七年十二月，本集團接獲A先生之代理律師發來之法律函件，指在市政法院宣佈首次判決後，該指控罪名不成立。由於A先生就該指控被認定無罪，松遼合約對本集團而言將繼續有效，本集團得以開展松遼合約下規定與產油相關之業務，而不質疑合約之有效性。

有鑒於此，在經計及本公司法律顧問之法律意見後，於二零一八年一月四日，本公司與被告人達成和解，據此，本公司將向開曼法院申請終止訴訟，因此預期禁制令及本公司之承諾將於可預見未來解除，致使被告人不再被限制出售或以其他方式買賣代價股份及換股股份、對代價股份及換股股份設立產權負擔或縮減其價值，及／或行使任何權利或權力（包括但不限於就代價股份及換股股份於股東大會及／或股東特別大會上投票之權利，及／或訂立任何協議使涉及代價股份及換股股份之任何交易生效）。直至本集團財務報表獲授權刊發之日，向開曼法院申請終止訴訟之申請仍在進行中。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

47. EVENTS AFTER THE REPORTING DATE (Continued)

- (b) On 22 January 2018, the Company entered into the placing agreement with the placing agent, pursuant to which the placing agent has conditionally agreed to place, on a best effort basis, up to an aggregate of 609,940,000 new placing shares to not less than six placees at a price of HK\$0.143 per placing share.

The Placing was completed on 14 February 2018. Gross proceeds from the Placing are approximately HK\$87,200,000 and its net proceeds, after deducting the related expenses incurred during the Placing, are approximately HK\$85,100,000. As stated in the Company's announcement dated on 14 February 2018, approximately HK\$63,300,000 from the net proceeds will be used to repay the debts and liabilities of the Group.

48. COMPARATIVE AMOUNTS

As a result of the discontinued operation as set out in note 11, the comparative consolidated income statement, consolidated statement of cash flows and the related notes have been represented as if the discontinued operation during the year had been discontinued at the beginning of the comparative period. Besides, certain comparatives in the consolidated financial position, consolidated statement of cash flows and the related notes are reclassified during the year to conform to current year's presentation of the consolidated financial statements.

47. 報告期後事項 (續)

- (b) 於二零一八年一月二十二日，本公司與一名配售代理訂立配售協議，據此，配售代理已有條件同意按每股配售股份0.143港元之價格向不少於六名承配人配售最多合共609,940,000股新配售股份。

配售事項已於二零一八年二月十四日完成，配售事項所得款項總額約為87,200,000港元及所得款項淨額（經扣除配售事項過程中產生之相關開支後）約為85,100,000港元。誠如本公司日期為二零一八年二月十四日之公佈所述，所得款項淨額約63,300,000港元將用於償還本集團之債務及負債。

48. 比較金額

由於附註11所載已終止經營業務，比較綜合損益表、綜合現金流量表及相關附註已重列，猶如年內已終止經營業務於比較期初時已終止經營。此外，綜合財務狀況表、綜合現金流量表及相關附註中若干比較已於年內重新分類，以符合本年綜合財務報表之呈列。



ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED
能源國際投資控股有限公司