Petro-king
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PETRO-KING OILFIELD SERVICES LIMITED
百勤油田服務有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 2178)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Petro-king Oilfield Services Limited (the "**Company**") hereby presents the annual results of the Company and its subsidiaries (collectively referred to as the "**Group**", "**we**" or "**our**") for the year ended 31 December 2023 (the "**Year**" or "**2023**").

OVERVIEW

The Group's revenue and loss for the Year were approximately HK$314.8 million (2022: HK$313.8 million) and HK$74.7 million (2022: HK$27.5 million), respectively. Basic loss per share attributable to owners of the Company for the Year was HK4.3 cents (2022: HK1.7 cents). The Board has resolved not to recommend the payment of any final dividend for the Year (2022: Nil).

During the Year, the Group continued to engage in the provision of oilfield and gas field technology services covering various stages in the life of oilfields and gas fields including drilling, well completion and production enhancement as well as trading of oilfield and gas field related products.

As a result of the stable international oil price in 2023 and the national policy of the People's Republic of China (the "**PRC**") to encourage shale gas consumption for environmental protection, there was stable market demands for production enhancement services offered by the Group in relation to shale gas field projects in the PRC. During the Year, the Group's revenue increased by approximately 0.3% from approximately HK$313.8 million in 2022 to approximately HK$314.8 million in 2023.

GEOGRAPHICAL MARKET ANALYSIS

Set out below is a breakdown of revenue by geographical areas:

	2023 *(HK$ million)*	2022 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue in 2023** ***(%)***	Approximate percentage of total revenue in 2022 *(%)*
China market	**266.3**	278.6	-4.4%	**84.6%**	88.8%
Overseas market	**48.5**	35.2	37.8%	**15.4%**	11.2%
Total	**314.8**	313.8	0.3%	**100%**	100%

The Group's revenue from the China market decreased by approximately HK$12.3 million or approximately 4.4% to approximately HK$266.3 million in 2023 from approximately HK$278.6 million in 2022. The decrease in revenue from the China market was mainly due to the decrease in the sales of well completion products and the decrease in the provision of drilling services to customers.

The Group's revenue from the overseas market increased by approximately HK$13.3 million or approximately 37.8% to approximately HK$48.5 million in 2023 from approximately HK$35.2 million in 2022. The increase in revenue from the overseas market was mainly due to the increase in supervisory services provided in the Middle East.

REVENUE FROM THE CHINA MARKET

Set out below is a breakdown of revenue from the China market:

	2023	2022	Approximate percentage change	**Approximate percentage of total revenue from the China market in 2023**	Approximate percentage of total revenue from the China market in 2022
	(HK$ million)	*(HK$ million)*	*(%)*	***(%)***	*(%)*
Northern China	**67.7**	62.1	9.0%	**25.4%**	22.3%
Southwestern China	**172.4**	174.6	-1.3%	**64.7%**	62.7%
Northwestern China	**25.7**	36.5	-29.6%	**9.7%**	13.1%
Other regions in China	**0.5**	5.4	-90.7%	**0.2%**	1.9%
Total	**266.3**	278.6	-4.4%	**100%**	100%

In 2023, the Group's revenue from Northern China amounted to approximately HK$67.7 million, which increased by approximately HK$5.6 million or approximately 9.0% from approximately HK$62.1 million in 2022. The increase was mainly due to the increase in production enhancement services provided in Northern China, partly offset by the decrease in the sales of well completion products and the decrease in drilling services provided in this region.

The revenue from Southwestern China amounted to approximately HK$172.4 million in 2023, which slightly decreased by approximately HK$2.2 million or approximately 1.3% from approximately HK$174.6 million in 2022. The decrease was mainly due to the decrease in production enhancement services provided in this region.

The revenue from Northwestern China amounted to approximately HK$25.7 million, which decreased by approximately HK$10.8 million or approximately 29.6% from approximately HK$36.5 million in 2022. The decrease was mainly due to the decrease in the production enhancement services and drilling services provided in this region.

The revenue from other regions in China amounted to approximately HK$0.5 million in 2023, which decreased by approximately HK$4.9 million or approximately 90.7% from approximately HK$5.4 million in 2022. The decrease was mainly due to the decrease in the sales of well completion products and the decrease in drilling services provided to other regions in China.

REVENUE FROM THE OVERSEAS MARKET

Set out below is a breakdown of the revenue from the overseas market:

	2023 *(HK$ million)*	2022 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue from the overseas market in 2023** *(%)*	Approximate percentage of total revenue from the overseas market in 2022 *(%)*
The Middle East	**47.8**	30.6	56.2%	**98.6%**	86.9%
Others	**0.7**	4.6	-84.8%	**1.4%**	13.1%
Total	**48.5**	35.2	37.8%	**100%**	100%

The revenue from the Middle East amounted to approximately HK$47.8 million in 2023, which increased by approximately HK$17.2 million or approximately 56.2% from approximately HK$30.6 million in 2022. The increase was mainly due to the increase in supervisory services provided in the Middle East.

The revenue from other overseas regions amounted to approximately HK$0.7 million in 2023, which decreased by approximately HK$3.9 million or approximately 84.8% from approximately HK$4.6 million in 2022. The decrease was mainly due to the decrease in supervisory services and integrated project management services provided in such regions.

OPERATING SEGMENT ANALYSIS

Set out below is a breakdown of revenue by operating segments:

	2023 *(HK$ million)*	2022 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue in 2023** *(%)*	Approximate percentage of total revenue in 2022 *(%)*
Oilfield project tools and services	**262.9**	277.8	-5.4%	**83.5%**	88.5%
Consultancy services	**51.9**	36.0	44.2%	**16.5%**	11.5%
Total	**314.8**	313.8	0.3%	**100%**	100%

In 2023, the Group's revenue from oilfield project tools and services amounted to approximately HK$262.9 million, which decreased by approximately HK$14.9 million or approximately 5.4% from approximately HK$277.8 million in 2022. The decrease was mainly due to the decrease in the sales of well completion tools and the decrease in the drilling services provided in the China market.

The Group's revenue from consultancy services amounted to approximately HK$51.9 million in 2023, which increased by approximately HK$15.9 million or approximately 44.2%, from approximately HK$36.0 million in 2022. The increase was mainly due to the increase in supervisory services provided in the overseas market.

Oilfield Project Tools and Services

Set out below is a breakdown of revenue from the oilfield project tools and services:

	2023	2022	Approximate percentage change	**Approximate percentage of total revenue from oilfield project tools and services in 2023**	Approximate percentage of total revenue from oilfield project tools and services in 2022
	(HK$ million)	*(HK$ million)*	*(%)*	***(%)***	*(%)*
Production enhancement	**242.4**	243.4	-0.4%	**92.2%**	87.7%
Drilling	**20.4**	25.1	-18.7%	**7.8%**	9.0%
Well completion	**0.1**	9.3	-98.9%	**0.0%**	3.3%
Total	**262.9**	277.8	-5.4%	**100%**	100%

Production Enhancement

In 2023, the Group's revenue from production enhancement services amounted to approximately HK$242.4 million, which decreased by approximately HK$1.0 million or approximately 0.4% from approximately HK$243.4 million in 2022. The decrease was mainly due to the decrease in production enhancement services provided in Northwestern China and Southwestern China, which was partly offset by the increase in production enhancement services provided in Northern China.

Drilling

The Group's revenue from drilling amounted to approximately HK$20.4 million in 2023, which decreased by approximately HK$4.7 million or approximately 18.7% from approximately HK$25.1 million in 2022. The decrease was mainly due to the decrease in drilling services provided in Northern China, Northwestern China and other regions in China.

In 2023, the Group completed drilling services for 15 wells (2022: 14). The drilling services were mainly provided in Northern China and Northwestern China.

__Well Completion__

In 2023, the Group's revenue from well completion amounted to approximately HK$0.1 million, which decreased by approximately HK$9.2 million or approximately 98.9% from approximately HK$9.3 million in 2022. The decrease was mainly due to the decrease in the sales of well completion tools in the China market.

The revenue from well completion in 2023 was mainly derived from the China market.

CUSTOMER ANALYSIS

Customer	**2023** *__(HK$ million)__*	2022 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue in 2023** *__(%)__*	Approximate percentage of total revenue in 2022 *(%)*
Customer 1	**166.9**	217.3	-23.2%	**53.0%**	69.3%
Customer 2	**66.8**	48.1	38.9%	**21.2%**	15.3%
Customer 3	**45.9**	28.3	62.2%	**14.6%**	9.0%
Customer 4	**17.6**	–	N/A	**5.6%**	–
Customer 5	**6.0**	–	N/A	**1.9%**	–
Other customers	**11.6**	20.1	-42.3%	**3.7%**	6.4%
Total	**314.8**	313.8	0.3%	**100%**	100%

The revenue from customer 1 amounted to approximately HK$166.9 million in 2023, which decreased by approximately HK$50.4 million or approximately 23.2% from approximately HK$217.3 million in 2022. The decrease was mainly due to the decrease in production enhancement services provided to this customer in Southwestern China and Northwestern China, the decrease in drilling services provided to this customer in Northern China and Northwestern China and the decrease in the sales of well completion products to this customer in Northern China. The revenue from customer 2 amounted to approximately HK$66.8 million in 2023, which increased by approximately HK$18.7 million or approximately 38.9% from approximately HK$48.1 million in 2022. This increase was mainly due to the increase in production enhancement services provided to this customer in Northern China and the increase in drilling services provided to this customer in Northwestern China. The revenue from customer 3 amounted to approximately HK$45.9 million in 2023, which increased by approximately HK$17.6 million or approximately 62.2% from approximately HK$28.3 million in 2022. Such increase was mainly attributable to the increase in supervisory services provided to this customer in the Middle East. The revenue from customer 4 amounted to approximately HK$17.6 million in 2023 (2022: Nil), which was derived from production enhancement services provided to this customer in Southwestern China. The revenue from customer 5 amounted to approximately HK$6.0 million in 2023 (2022: Nil), which was derived from production enhancement services provided to this customer in Southwestern China. The revenue from other customers amounted to approximately HK$11.6 million in 2023, which dropped by approximately HK$8.5 million or approximately 42.3% from approximately HK$20.1 million in 2022. Such decrease in revenue mainly resulted from the decrease in production enhancement services provided to certain customers in Southwestern China and the decrease in integrated project management services provided to certain customers in other overseas region.

HUMAN RESOURCES

The Group believes that our people are the most valuable assets to our business. We have implemented human resources policies and procedures with detailed requirements on compensation, dismissal, recruitment, promotion, working hours, equal opportunity and other benefits and welfare. We support employees' growth and strive to secure our core expertise through training and development. To equip our frontline staff with the right skillset and knowledge, we arranged a series of training courses that cover technical update of drilling and completion technology, technical practice training, control at wells and environment management. We have also worked with external organisations such as unions and consultants to provide trainings for the specific needs of the Group's operations. The Group arranged 142 trainings consisting of more than 9,791 hours in total and 224 employees attended these training programs in 2023.

To cope with the development trend of the industry, the Company paid high attention to talent introduction. The total headcount was 256 employees as at 31 December 2023, which increased by approximately 3.2% as compared with that of 248 employees as at 31 December 2022.

RESEARCH AND DEVELOPMENT

As a high-end integrated oilfield services provider, the Group attaches great importance to technology, and prides itself on introducing innovative products and services in various oilfield service lines, such as directional drilling, multistage fracturing, surface facilities for safety and flow control, drilling fluids and fracturing liquid.

The Group pays great attention to the registration of patents and always encourages employees to apply for patents. As at 31 December 2023, the Group had 23 utility model patents and 8 innovation patents and was applying for 6 utility model patents and 7 innovation patents.

In 2024, the Group will continue its efforts in developing technologies through in-house research and development and through cooperation with oilfield service technology companies and institutes.

OUTLOOK

During the Year, the Brent crude oil price remained stable and stayed at above US$70/barrel throughout the Year. With the international oil price remaining stable and the PRC's national policy to encourage shale gas consumption for environmental protection, the Group believes that the market demands for production enhancement services and other oilfield services offered by the Group in the PRC will remain stable in 2024. Nevertheless, the Group expects that there will be material decrease in the scale of the Group's consultancy services provided in the Middle East as certain existing contracts for such consultancy services will be completed in the first quarter of 2024 and is not expected to be renewed. Despite of this, the Group believes that the Group's overall operations will not be materially affected.

Looking ahead to 2024, we will continue to put efforts into the marketing and promotion of the Group's oilfield services and technologies so as to increase our market penetration. In addition, the Group will continue to explore other investment opportunities that have earning potentials to expand its existing operations and to diversify its business, including but not limited to underground thermal energy projects. With the committed efforts of our staff and management, we are cautiously optimistic on the prospects of the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December **2023** ***HK$'000***	2022 *HK$'000*
Revenue	*4*	**314,840**	313,771
Other income		**716**	–
Operating costs			
Material costs		**(48,061)**	(70,689)
Depreciation of property, plant and equipment		**(34,597)**	(35,274)
Depreciation of right-of-use assets		**(1,717)**	(1,856)
Expenses related to short-term leases		**(3,616)**	(3,767)
Employee benefit expenses		**(48,644)**	(57,016)
Distribution expenses		**(3,782)**	(5,062)
Technical service fees		**(143,062)**	(124,217)
Research and development expenses		**(23,663)**	(15,619)
Entertainment and marketing expenses		**(12,734)**	(7,083)
Other expenses		**(24,630)**	(21,703)
Net (impairment loss)/reversal of impairment on financial assets		**(5,635)**	5,697
Net impairment loss on contract assets		**(1,304)**	(10)
Impairment loss on goodwill	*10*	**(58,900)**	–
Write-down of inventories to net realisable value		**(2,066)**	(4,040)
Other gains and losses, net	*5*	**28,324**	2,546
Operating loss		**(68,531)**	(24,322)
Finance income	*6*	**3,458**	4,773
Finance costs	*6*	**(15,003)**	(10,808)
Finance costs, net		**(11,545)**	(6,035)
Share of net profits of associates		**8,669**	3,639
Loss before income tax expense		**(71,407)**	(26,718)
Income tax expense	*7*	**(3,330)**	(822)
Loss for the year		**(74,737)**	(27,540)

	Notes	Year ended 31 December 2023 HK$'000	2022 HK$'000
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**2,193**	(3,987)
Release of translation reserve upon disposal and deemed disposal of associates		**(224)**	485
Share of other comprehensive income of associates		**75**	1,855
Other comprehensive income for the year, net of tax		**2,044**	(1,647)
Total comprehensive income for the year		**(72,693)**	(29,187)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(73,510)**	(28,588)
Non-controlling interests		**(1,227)**	1,048
		(74,737)	(27,540)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(71,330)**	(30,209)
Non-controlling interests		**(1,363)**	1,022
		(72,693)	(29,187)
Loss per share attributable to owners of the Company during the year			
Loss per share – basic and diluted (HK cents)	*8*	**(4.3)**	(1.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2023**	2022
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**127,259**	163,713
Intangible assets	*10*	**26,756**	85,656
Right-of-use assets		**2,808**	3,790
Financial asset at fair value through profit or loss ("**FVTPL**")		**8,493**	6,170
Interests in associates		**90,670**	73,724
Other receivables and deposits		**398**	37,370
		256,384	370,423
Current assets			
Inventories		**21,060**	12,860
Trade receivables	*11*	**205,712**	220,653
Contract assets		**120,067**	107,673
Other receivables and deposits		**65,322**	59,773
Prepayments		**11,857**	12,071
Cash and cash equivalents		**26,294**	39,959
Restricted bank deposits		**5,315**	–
		455,627	452,989
Current liabilities			
Trade payables	*12*	**222,673**	243,720
Other payables and accruals		**106,003**	86,187
Contract liabilities		**773**	625
Lease liabilities		**1,723**	1,521
Bank and other borrowings		**101,951**	95,225
		433,123	427,278
Net current assets		**22,504**	25,711
Total assets less current liabilities		**278,888**	396,134

	2023	2022
	HK$'000	*HK$'000*
Non-current liabilities		
Bank and other borrowings	**85,110**	132,126
Lease liabilities	**1,169**	2,273
Financial liabilities at FVTPL	**1,454**	–
	87,733	134,399
Net assets	**191,155**	261,735
EQUITY		
Capital and reserves		
Share capital	**2,001,073**	2,001,073
Other reserves	**85,615**	44,307
Accumulated losses	**(1,899,859)**	(1,789,334)
Equity attributable to owners of the Company	**186,829**	256,046
Non-controlling interests	**4,326**	5,689
Total equity	**191,155**	261,735

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Petro-king Oilfield Services Limited (the "**Company**") was incorporated in the British Virgin Islands on 7 September 2007 as an exempted company with limited liability. The address of the Company's registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110.

The Company is an investment holding company and its subsidiaries (together the "**Group**") are principally engaged in the provision of oilfield technology services covering various stages in the life cycle of oilfields including drilling, well completion and production enhancement as well as consultancy services for oilfields and gas fields with auxiliary activities in the trading of oilfield and gas field related products.

The Company has its listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 March 2013.

2 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Adoption of new and amended IFRSs – effective 1 January 2023

The Group has applied the following new and amended IFRSs that are first effective for the current accounting period of the Group:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform - Pillar Two Model Rules

Except for Amendments to IAS 1 and IFRS Practice Statement 2 - *Disclosure of Accounting Policies*, the adoption of the above new and amended IFRSs did not have any significant impact on the preparation of these consolidated financial statements.

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to IAS 1 and IFRS Practice Statement 2 "*Disclosure of Accounting Policies*" for the first time in the current year. IAS 1 "*Presentation of Financial Statements*" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 "Making Materiality Judgements" (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

(b) Amended IFRSs that have been issued but are not yet effective

The following amended IFRSs have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to IAS 21	Lack of Exchangeability[2]

[1] Effective for annual periods beginning on or after 1 January 2024

[2] Effective for annual periods beginning on or after 1 January 2025

[3] No mandatory effective date yet determined but available for adoption

The Group is currently assessing the impact of these new amendments. The Group does not expect the above standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

(c) Change in accounting policies

*New Hong Kong Institute of Certified Public Accountants ("**HKICPA**") guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism*

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("**the Amendment Ordinance**") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ("**MPF**") scheme to offset severance payment ("**SP**") and long service payments ("**LSP**") ("**the Abolition**"). Subsequently, the Government of Hong Kong Special Administrative Region announced that the Abolition will take effect on 1 May 2025 ("**the Transition Date**").

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

- The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published 'Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong' ("**the Guidance**") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of Hong Kong Accounting Standard 19.93(a)

- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

Hong Kong Financial Reporting Standards have been converged with IFRSs. Accordingly, the accounting implications of the abolition of the MPF-LSP offsetting mechanism would have the same impact on consolidated financial statements with adoption of IFRSs.

For the years ended 31 December 2022 and 2023, the Group's LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

3 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all International Financial Reporting Standards and International Accounting Standards ("**IAS**") and Interpretations (collectively "**IFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of consolidated financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements.

(b) Basis of measurement and going concern assumption

(i) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out in the consolidated financial statements.

(ii) Going concern assumption

The Group reported a net loss of approximately HK$74,737,000 during the year ended 31 December 2023, and as of that date, the Group had total current bank and other borrowings of approximately HK$101,951,000, while the Group only had cash and cash equivalents of approximately HK$26,294,000.

In assessing the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements, the directors of the Company (the "**Directors**") have prepared a cash flow forecast (the "**Forecast**") covering the next fifteen months from the end of reporting period. In preparing the Forecast, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing and also have taken account of the following plans and measures:

(a) In January 2024 and March 2024, the Group has obtained and drawn down additional loan facilities with an aggregate amount of RMB46,390,000 from a bank located in the People's Republic of China (the "**PRC**"). The Group is also actively negotiating with the same bank for new loan facilities for the working capital needs of the Group for the oilfield and gas field projects in the PRC;

(b) In March 2024, the Group has obtained a loan facility with an amount of RMB30,000,000 from a money lending company established in the PRC which is beneficially owned by a shareholder of the Company. Subsequent to 31 December 2023, the Group has not drawn down such loan facility; and

(c) Repayment from Star Petrotech Pte. Ltd. ("**Star Petrotech**"), a wholly-owned subsidiary of Petro-king Energy Technology (Huizhou) Co., Ltd. ("**Petro-king Huizhou**") of which Petro-king Huizhou is an associate of the Group, for a loan facility with outstanding principal amount of approximately US$2,270,000 as at 31 December 2023. Subsequent to 31 December 2023, Star Petrotech has repaid US$850,000 to the Group.

In the opinion of the Directors, the Group will have sufficient financial resources to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through:

(i) successfully obtaining new loan facilities from the bank located in the PRC to fund the working capital needs of the Group for the oilfield and gas field projects in the PRC;

(ii) successfully drawing down the new loan facility from the relevant money lending company;

(iii) repayment from Star Petrotech; and

(iv) operations of the oilfield project tools and services based on the expected project schedules.

Notwithstanding the above, a material uncertainty exists related to the above conditions that may cast significant doubt on the Group's ability to continue as going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to achieve the above plans and measures such that it would not be operated as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

4 REVENUE AND SEGMENT INFORMATION

The Group's operating segments, which are also the reportable segments, are entity or group of entities that offer different products and services.

They are also managed according to different nature of products and services. Most of these entities engaged in just single business, except for a few entities which deal with diversified operations. Financial information of these entities has been separated to present discrete segment information to be reviewed by the chief operating decision-maker ("**CODM**").

The Group has two operating segments as follows:

- Oilfield project tools and services	provision of oilfield technology services including drilling, well completion and production enhancement with auxiliary activities in trading of oilfield and gas field related products
- Consultancy services	provision of integrated project management services and supervisory services

(a) Revenue

	2023	2022
	HK$'000	*HK$'000*
Revenue from contract with customers within the scope of IFRS 15:		
Oilfield project tools and services		
– Production enhancement work	**242,490**	243,275
– Drilling work	**20,393**	25,110
– Well completion work	**79**	9,296
	262,962	277,681
Consultancy services		
– Integrated project management services	**862**	2,621
– Supervisory services	**51,016**	33,390
	51,878	36,011
	314,840	313,692
Revenue from other sources:		
Oilfield project tools and services		
– Rental services	**–**	79
Total revenue	**314,840**	313,771
Timing of revenue recognition within the scope of IFRS 15:		
– At a point in time	**6,756**	7,496
– Over time	**308,084**	306,196
	314,840	313,692
Revenue from other sources	**–**	79
	314,840	313,771

(b) Segment results

The segment results for the year ended 31 December 2023 are as follows:

	Oilfield project tools and services *HK$'000*	**Consultancy services** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2023			
Revenue from external customers	**262,962**	**51,878**	**314,840**
Inter–segment revenue	**–**	**–**	**–**
Total segment revenue	**262,962**	**51,878**	**314,840**
Segment results	**(59,506)**	**(38,244)**	**(97,750)**
Net unallocated income			**26,343**
Loss before income tax expense			**(71,407)**

The segment results for the year ended 31 December 2022 are as follows:

	Oilfield project tools and services *HK$'000*	Consultancy services *HK$'000*	Total *HK$'000*
Year ended 31 December 2022			
Revenue from external customers	277,760	36,011	313,771
Inter–segment revenue	–	–	–
Total segment revenue	277,760	36,011	313,771
Segment results	(39,974)	20,461	(19,513)
Net unallocated expenses			(7,205)
Loss before income tax expense			(26,718)

The CODM evaluates performance of reportable segments based on a measure of revenue and revenue less all directly attributable costs.

A reconciliation of operating segments' results to total loss before income tax expense is provided as follows:

	2023	2022
	HK$'000	*HK$'000*
Segment results	**(97,750)**	(19,513)
Depreciation of property, plant and equipment	**(430)**	(393)
Depreciation of right-of-use assets	**(1,460)**	(1,588)
Finance costs	**(5,416)**	(5,460)
Finance income	**3,458**	4,773
Other gains and losses, net	**28,324**	2,546
Share of net profits of associates	**8,669**	3,639
Other unallocated corporate expenses	**(6,802)**	(10,722)
Consolidated loss before income tax expense	**(71,407)**	(26,718)

5 OTHER GAINS AND LOSSES, NET

	2023	2022
	HK$'000	*HK$'000*
Gain/(loss) on disposals of property, plant and equipment	**4,798**	(2,944)
Gain on dilution of interests in associates	**10,318**	374
Gain on disposal of interests in associates	**3,645**	–
Loss on deregistration of a subsidiary	**(332)**	–
Fair value gain on financial assets at FVTPL	**2,431**	131
Fair value gain on financial liabilities at FVTPL	**171**	–
Gain on deregistration of financial assets at FVTPL	**–**	19
Government grant	**6,308**	4,511
Foreign exchange gains, net	**1,548**	305
Others	**(563)**	150
	28,324	2,546

6 FINANCE INCOME AND COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest income from bank deposits	**49**	53
Interest income from related parties	**2,875**	3,768
Interest income from others	**534**	952
Finance income	**3,458**	4,773
Interest expenses:		
– Bank and other borrowings	**(14,753)**	(10,235)
– Bonds issued in 2020	**–**	(403)
– Lease liabilities	**(250)**	(170)
Finance costs	**(15,003)**	(10,808)
Finance costs, net	**(11,545)**	(6,035)

7 INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current tax		
– PRC corporate income tax	**21**	925
– Under / (over) provision in prior year	**232**	(103)
	253	822
Overseas withholding tax	**3,077**	–
Income tax expense	**3,330**	822

8 LOSS PER SHARE

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

	2023	2022
Loss for the year attributable to owners of the Company (HK$'000)	**(73,510)**	(28,588)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	**1,726,674**	1,726,674
Basic and diluted loss per share (HK cent(s))	**(4.3)**	(1.7)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

Diluted loss per share for the year ended 31 December 2023 was the same as basic loss per share since all potential ordinary shares are anti-dilutive (2022: Same) as the conversion of potential ordinary shares in relation to the share options (2022: share options and warrants) have an anti-dilutive effect to the basic loss per share.

9 DIVIDEND

For the year ended 31 December 2023, no interim dividend was declared by the Company to its shareholders (2022: Nil).

The board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

10. INTANGIBLE ASSETS

	Goodwill - Oilfield project tools and services *HK$'000*	Goodwill - Consultancy services *HK$'000*	Computer software *HK$'000*	**Total** ***HK$'000***
At 1 January 2023				
Cost	424,812	95,456	8,213	**528,481**
Accumulated amortisation and impairment	(424,812)	(9,800)	(8,213)	**(442,825)**
Net book amount	–	85,656	–	**85,656**
Year ended 31 December 2023				
Opening net book amount	–	85,656	–	**85,656**
Impairment	–	(58,900)	–	**(58,900)**
Closing net book amount	–	26,756	–	**26,756**
At 31 December 2023				
Cost	424,812	95,456	8,213	**528,481**
Accumulated amortisation and impairment	(424,812)	(68,700)	(8,213)	**(501,725)**
Net book amount	–	26,756	–	**26,756**

	Goodwill - Oilfield project tools and services *HK$'000*	Goodwill - Consultancy services *HK$'000*	Computer software *HK$'000*	**Total** ***HK$'000***
At 1 January 2022				
Cost	424,812	95,456	8,213	**528,481**
Accumulated amortisation and impairment	(424,812)	(9,800)	(8,213)	**(442,825)**
Net book amount	–	85,656	–	**85,656**
Year ended 31 December 2022				
Opening and closing net book amount	–	85,656	–	**85,656**
At 31 December 2022				
Cost	424,812	95,456	8,213	**528,481**
Accumulated amortisation and impairment	(424,812)	(9,800)	(8,213)	**(442,825)**
Net book amount	–	85,656	–	**85,656**

As at 31 December 2023, the recoverable amount of the cash-generating unit ("**CGU**") related to consultancy services had been determined based on value in use calculation, which is arrived at on the basis of valuation carried out by an independent professional valuer. The Group assessed the recoverable amount of goodwill allocated to this CGU and as a result the recoverable amount of the goodwill was approximately HK$26,756,000. An impairment loss of HK$58,900,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 (2022: Nil).

11 TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**222,113**	236,554
Less: provision for impairment of trade receivables	**(16,401)**	(15,901)
Trade receivables – net	**205,712**	220,653

Ageing analysis of gross trade receivables by invoice date is as follows:

	2023	2022
	HK$'000	HK$'000
Up to 3 months	**153,644**	203,191
3 to 6 months	**17,466**	2,098
6 to 12 months	**28,328**	11,745
Over 12 months	**22,675**	19,520
Trade receivables – gross	**222,113**	236,554

The Group generally allows a credit period of up to 1 year after invoice date to its customers.

12 TRADE PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**222,673**	243,720

Ageing analysis of trade payables based on invoice date is as follows:

	2023	2022
	HK$'000	*HK$'000*
Up to 3 months	**80,910**	120,492
3 to 6 months	**27,121**	24,697
6 to 12 months	**43,153**	30,429
Over 12 months	**71,489**	68,102
	222,673	243,720

13 EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following significant events after the reporting period,

(a) On 2 January 2024, the Group entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with an independent third party (the "**Purchaser**") to dispose of 0.7752% equity interest in Petro-king Huizhou for a consideration of RMB5.0 million (the "**Equity Transfer**"). Pursuant to the Equity Transfer Agreement, the Group granted a buy-back option to the Purchaser, such that the Purchaser has the right to request the Group to buy back such 0.7752% equity interest in Petro-king Huizhou in cash, at the repurchase price based on an agreed formula and subject to the terms and conditions of the Equity Transfer Agreement. Further details of the Equity Transfer were set out in the Company's announcement dated 2 January 2024.

(b) In January 2024, an indirectly wholly-owned subsidiary of the Company (the "**Defendant**") has been served with the Writ issued by 深圳市南山區人民法院 (Shenzhen City Nanshan District People's Court*) (the "**Court**") dated on 3 January 2024. As stated in the statement of claims attached to a writ of summon (the "**Writ**"), a service provider of the Defendant (the "**Plaintiff**"), claim against the Defendant for technical service fees of approximately RMB28.9 million, together with any accrued interest, payable by the Defendant to the Plaintiff (the "**Claim**"). Two bank accounts of the Defendant with aggregate bank balances of approximately RMB7.4 million have been frozen by the Court pending the outcome of the litigation.

After consultation with the PRC legal advisor, the Directors considered the respective accrued technical service fees provided were adequate as at 31 December 2023.

Further details of the Claim were set out in the Company's announcement dated 29 January 2024.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(b)(ii) to the consolidated financial statements, which indicates that the Group reported a net loss of approximately HK$74,737,000 during the year ended 31 December 2023, and as of that date, the Group had total current bank and other borrowings of approximately HK$101,951,000, while the Group only had cash and cash equivalents of approximately HK$26,294,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

FINANCIAL REVIEW

Revenue

During the Year, the Group's revenue amounted to approximately HK$314.8 million, which increased by approximately 0.3% as compared to that of approximately HK$313.8 million in 2022, representing an increase of approximately HK$1.0 million. The increase in revenue was mainly due to the increase in supervisory services provided in the Middle East, being partly offset by the decrease in the sales of well completion products and the decrease in drilling services provided in the China market.

Material Costs

During the Year, the Group's material costs were approximately HK$48.1 million, which decreased by approximately HK$22.6 million or approximately 32.0% as compared with that of approximately HK$70.7 million in 2022. Material costs represented approximately 15.3% of the revenue in 2023, which was lower than that of approximately 22.5% in 2022. The decrease in material costs as a percentage of revenue in 2023 was mainly resulted from the decrease in the sales of well completion products in 2023 and the use of less diesel in the Group's production enhancement services provided in 2023.

Depreciation of Property, Plant and Equipment

During the Year, the depreciation of property, plant and equipment amounted to approximately HK$34.6 million, which decreased by approximately HK$0.7 million or approximately 2.0% as compared with that of approximately HK$35.3 million in 2022. Depreciation decreased as certain property, plant and equipment has been fully depreciated in 2022.

Technical Service Fees

During the Year, the Group's technical service fees amounted to approximately HK$143.1 million, which increased by approximately HK$18.9 million or approximately 15.2% from approximately HK$124.2 million in 2022. Technical service fees increased in 2023 as Group has utilised more technical services for the production enhancement projects in northern China and for the supervisory services provided in the Middle East in 2023.

Entertainment and Marketing Expenses

During the Year, entertainment and marketing expenses amounted to approximately HK$12.7 million, which increased by approximately HK$5.6 million or approximately 78.9% from approximately HK$7.1 million in 2022. The increase in entertainment and marketing expenses in 2023 was resulted from the increase in marketing activities following the removal of most COVID-related preventive measures by the PRC government in early 2023.

Net (Impairment Loss)/Reversal of Impairment on Financial Assets

During the Year, net impairment loss on financial assets amounted to approximately HK$5.6 million, as compared to net reversal of impairment on financial assets of approximately HK$5.7 million in 2022. The net impairment loss on financial assets in 2023 was mainly related to certain customers in the China market.

Impairment Loss on Goodwill

As certain contracts for the Group's consultancy services provided in the Middle East was not expected to be renewed in 2024, the Group assessed the recoverable amount of goodwill in relation to the consultancy CGU and an impairment loss of HK$58.9 million (2022: Nil) was recognised in 2023.

Other Gains and Losses, Net

During the Year, the Group recorded net other gains of approximately HK$28.3 million (2022: 2.5 million). The increase in net other gains was mainly resulted from the increases in gains on dilution and disposal of interests in associates, the increase in gain on disposal of property, plant and equipment and the increase in government grant. During the Year, the Group disposed approximately 1.32% equity interest in Petro-king Huizhou to certain independent third parties at an aggregated consideration of RMB8.0 million. Gain on disposal of interest in associates of approximately HK$3.6 million was recorded during the Year. Further details of these disposals were disclosed in the Company's announcements dated 18 July 2023 and 2 January 2024.

Operating Loss

As a result of the foregoing, the Group's operating loss in 2023 amounted to approximately HK$68.5 million, which increased by approximately HK$44.2 million or approximately 181.9% as compared with that of approximately HK$24.3 million in 2022.

Finance Costs, Net

During the Year, the Group's net finance costs amounted to approximately HK$11.5 million, which increased by approximately HK$5.5 million or approximately 91.7% as compared with that of approximately HK$6.0 million in 2022. Such increase in net finance costs was mainly resulted from the increase in interest expense in relation to the instalment loans incurred for the acquisition of certain fracturing equipment which was completed in the fourth quarter of 2022 and the decrease in interest income received from Petro-king Huizhou and its subsidiaries during 2023.

Share of Net Profits of Associates

During the Year, the Group recorded share of net profits of associates of approximately HK$8.7 million (2022: HK$3.6 million). The balance mainly represented the Group's share of net profit of the Petro-king Huizhou Group during the Year. Petro-king Huizhou has not declared any dividend in 2023 (2022: Nil).

Loss for the Year

As a result of the foregoing, the Group's loss for the Year amounted to approximately HK$74.7 million, which increased by approximately HK$47.2 million or approximately 171.6% as compared with that of approximately HK$27.5 million in 2022.

Loss for the Year Attributable to Owners of the Company

As a result of the foregoing, the Group's loss for the year attributable to owners of the Company in 2023 was approximately HK$73.5 million, which increased by approximately HK$44.9 million or approximately 157.0% as compared with that of approximately HK$28.6 million in 2022.

Property, Plant and Equipment

Property, plant and equipment mainly include items such as plant and machinery, service equipment, motor vehicles, furniture, office equipment, computers, fixtures and fittings. As at 31 December 2023, the Group's property, plant and equipment amounted to approximately HK$127.3 million, which decreased by approximately HK$36.4 million or approximately 22.2% from approximately HK$163.7 million as at 31 December 2022. The decrease was mainly due to depreciation expense charged during the Year.

Interests in Associates

As at 31 December 2023, the Group's interests in associates amounted to approximately HK$90.7 million, representing an increase of approximately HK$17.0 million as compared with that of approximately HK$73.7 million as at 31 December 2022. The increase was mainly due to the Group's share of net profit in the Petro-king Huizhou Group in 2023 and the gain on dilution of interests in Petro-king Huizhou resulting from certain capital enlargement completed by Petro-king Huizhou in 2023, being partly offset by the Group's disposal of approximately 1.32% equity interest in Petro-king Huizhou during the Year. As at 31 December 2023, the fair value of the Group's interest in Petro-king Huizhou was approximately HK$90.7 million (31 December 2022: HK$73.7 million), which represented approximately 12.7% (31 December 2022: 9.0%) of the Group's total assets. As at 31 December 2023, the Group held approximately 28.45% equity interest in Petro-king Huizhou (31 December 2022: 32.73%). The Group presently intends to retain the major part of its interest in Petro-king Huizhou for long term investment, but will also consider the needs to partially dispose a minor portion of its interest in Petro-king Huizhou depending on the future liquidity requirements of the Group.

Other Receivables and Deposits

As at 31 December 2023, the sum of current and non-current other receivables and deposits amounted to approximately HK$65.7 million, representing a decrease of approximately HK$31.4 million or approximately 32.3% as compared with that of approximately HK$97.1 million as at 31 December 2022. The decrease in other receivables and deposits was mainly resulted from the repayment of certain amounts due from the Petro-king Huizhou Group in 2023.

Inventories

As at 31 December 2023, the Group's inventories amounted to approximately HK$21.1 million, representing an increase of approximately HK$8.2 million or approximately 63.6% as compared with that of approximately HK$12.9 million as at 31 December 2022. The average turnover days of inventories increased from approximately 96 days in 2022 to approximately 129 days in 2023. The increase in inventory turnover days was mainly due to slower consumption of inventories by the Group in 2023.

Trade Receivables

As at 31 December 2023, the Group's trade receivables amounted to approximately HK$205.7 million, representing a decrease of approximately HK$15.0 million or approximately 6.8% as compared with that of approximately HK$220.7 million as at 31 December 2022. The average turnover days of trade receivables was approximately 247 days in 2023, representing an increase of approximately 11 days as compared with that of approximately 236 days in 2022. Trade receivables turnover days increased mainly due to the slightly slower collection of receivables from the Group's customers.

Contract Assets

The contract assets are primarily related to the Group's rights to consideration for works completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. As at 31 December 2023, the Group's contract assets amounted to approximately HK$120.1 million, representing an increase of approximately HK$12.4 million or approximately 11.5% as compared with that of approximately HK$107.7 million as at 31 December 2022. The increase was mainly due to the increase in unbilled works related to the provision of production enhancement services to certain customers in 2023.

Trade Payables

As at 31 December 2023, the Group's trade payables were approximately HK$222.7 million, which decreased by approximately HK$21.0 million or approximately 8.6% as compared with that of approximately HK$243.7 million as at 31 December 2022. The average turnover days of trade payables increased from approximately 377 days in 2022 to approximately 445 days in 2023, representing an increase of approximately 68 days. The increase in turnover days of trade payables mainly resulted from the decrease in material costs in 2023.

Liquidity and Capital Resources

The Group's objectives for capital management are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure and to reduce the cost of capital, while maximising the return to shareholders through improving the debt and equity balance.

As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately HK$26.3 million, representing a decrease of approximately HK$13.7 million as compared with that of approximately HK$40.0 million as at 31 December 2022. The cash and cash equivalents were mainly held in RMB and US$.

As at 31 December 2023, the Group's bank and other borrowings amounted to approximately HK$187.1 million (31 December 2022: HK$227.4 million), of which approximately 54.5% (31 December 2022: 41.9%) was repayable within one year. As at 31 December 2023, the Group's bank and other borrowings were mainly denominated in Hong Kong dollars and RMB whilst all (31 December 2022: 100%) of such borrowings bore interests at fixed lending rates.

As at 31 December 2023, certain machineries of the Group with carrying values of approximately HK$73.1 million (31 December 2022: HK$84.7 million) were pledged to secure certain instalment loans granted to the Group. In addition, certain trade receivables of approximately HK$108.9 million (31 December 2022: HK$150.0 million) was pledged to secure certain bank borrowings of the Group as at 31 December 2023.

Gearing Ratio

As at 31 December 2023, the Group's gearing ratio (calculated as net debt divided by total capital) was approximately 45.3% (2022: 42.2%). Net debt is calculated as total borrowings (including "current and non-current bank and other borrowings and lease liabilities" as shown in the consolidated financial information) less total cash (including "restricted bank deposits" and "cash and cash equivalents" as shown in the consolidated financial information). Total capital is calculated as "equity" as shown in the consolidated financial information plus net debt.

Foreign Exchange Risk

The Group operates in various countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US$ and RMB. Foreign exchange risk mainly arises from trade and other receivables, cash and cash equivalents, trade and other payables, intra-group balance and bank borrowings in foreign currencies.

Capital Commitment

As at 31 December 2023, the Group did not have any capital commitment (31 December 2022: Nil).

Off-balance Sheet Arrangements

As at 31 December 2023, the Group did not have any off-balance sheet arrangements (31 December 2022: Nil).

Significant Events after the End of the Year

Other than those disclosed in Note 13 to the consolidated financial information in this announcement, no other significant event has occurred after the end of the Year and up to the date of this announcement.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner.

The Board comprises three executive Directors, one non-executive Directors and three independent non-executive Directors. The Board has adopted the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. During the Year, the Company has complied with the Code Provisions in all applicable aspects.

DIRECTORS' SECURITIES TRANSACTIONS

The Directors have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct for carrying out transactions in the Company's securities by the Directors. After specific enquiry with the Directors, the Company confirms that all Directors have fully complied with the required standard of dealings as set out in the Model Code during the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

AUDIT COMMITTEE

Pursuant to the requirements of the Code Provisions and the Listing Rules, the Company has established an audit committee (the "**Audit Committee**") comprising three independent non-executive Directors, namely Mr. Leung Lin Cheong (the Chairman of the Audit Committee), Mr. Xin Junhe and Mr. Zhang Dawei. The consolidated financial statements for the Year have been reviewed by the Audit Committee.

* *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

By Order of the Board
PETRO-KING OILFIELD SERVICES LIMITED
Wang Jinlong
Chairman

Hong Kong, 27 March 2024

As at the date of this announcement, the executive Directors are Mr. Zhao Jindong, Mr. Lin Jingyu and Ms. Zhou SiSi; the non-executive Director is Mr. Wang Jinlong; and the independent non-executive Directors are Mr. Leung Lin Cheong, Mr. Xin Junhe and Mr. Zhang Dawei.