UNITED ENERGY GROUP LIMITED
聯合能源集團有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 467)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS
For the year ended 31 December 2023

	2023 HK$'000	2022 HK$'000	Change %
Results			
Turnover	**13,591,075**	10,753,743	+26.4
Gross profit	**4,439,240**	5,512,983	-19.5
EBITDA (Note 1)	**8,885,063**	9,266,023	-4.1
(Loss)/profit for the year	**(1,707,401)**	2,601,146	N/A
(Loss)/profit for the year attributable to owners of the Company	**(1,707,385)**	2,601,162	N/A
Basic (loss)/earning per share (HK cents)	**(6.53)**	9.94	N/A
Key items in Consolidated Statement of Financial Position			
Equity attributable to owners of the Company	**12,830,726**	15,802,040	-18.8
Total assets	**25,829,150**	27,419,844	-5.8
Net assets	**12,836,149**	15,807,820	-18.8

OPERATION HIGHLIGHTS
For the year ended 31 December 2023

	2023	2022	Change %
Pakistan Assets			
Operation			
Average Daily Working Interest Production (boed)	**43,017**	47,029	-8.5
Reserve (Note 2)			
Net Entitlement 1P Reserve at the year end (mmboe)	**48.4**	57.6	-16.0
Working Interest 2P Reserve at the year end (mmboe)	**94.0**	99.5	-5.5
MENA Assets			
Operation			
Average Daily Working Interest Production (boed)	**57,390**	53,216	+7.8
Reserve (Note 2)			
Net Entitlement 1P Reserve at the year end (mmboe)	**119.8**	104.9	+14.2
- Egypt Assets	**4.4**	4.6	-4.3
- Iraq Assets	**115.4**	100.3	+15.1
Working Interest 2P Reserve at the year end (mmboe)	**517.6**	767.6	-32.6
- Egypt Assets	**18.5**	19.5	-5.1
- Iraq Assets	**499.1**	748.1	-33.3

Note:

1. EBITDA represents the loss/profit before finance costs, income tax credit/expense, depreciation and amortisation, property, plant and equipment written off, impairment losses for investment in associates, intangible assets and property, plant and equipment, share of profits/losses of associates, share of loss in a joint venture, gain on disposals of property, plant and equipment, gain on derecognition of right-of-use assets and lease liabilities, allowance for slow-moving inventories, other payables and accruals written back, reversals of impairment losses/impairment losses on trade receivables and reversals of impairment losses on other receivables.
2. Working interest reserve represents Group's proportion prior to application of the state share under the concession agreements governing the assets, while net entitlement reserve represents Group's proportion after application of the state share under the concession agreements governing the assets.

** For identification purposes only*

The board of directors of the Company (the "Board") of United Energy Group Limited (the "Company") hereby present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023 as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Turnover	4	**13,591,075**	10,753,743
Cost of sales		**(9,151,835)**	(5,240,760)
Gross profit		**4,439,240**	5,512,983
Investment and other income	5	**213,279**	167,201
Other gains and losses	6	**(5,127,278)**	(715,746)
Exploration expenses		**(492,526)**	(718,761)
Administrative expenses		**(676,330)**	(523,886)
Other operating expenses		**(87,026)**	(125,969)
(Loss)/profit from operations		**(1,730,641)**	3,595,822
Finance costs	8	**(293,634)**	(387,642)
Share of profits/(losses) of associates		**4,334**	(66,707)
Share of loss in a joint venture		**-**	(120,377)
(Loss)/profit before tax		**(2,019,941)**	3,021,096
Income tax credit/(expense)	10	**312,540**	(419,950)
(Loss)/profit for the year	9	**(1,707,401)**	2,601,146
Attributable to:			
Owners of the Company		**(1,707,385)**	2,601,162
Non-controlling interests		**(16)**	(16)
		(1,707,401)	2,601,146
(Loss)/earning per share	11		
Basic (cents per share)		**(6.53)**	9.94
Diluted (cents per share)		**N/A**	9.94

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	2023 **HK$'000**	2022 HK$'000
(Loss)/profit for the year	**(1,707,401)**	2,601,146
Other comprehensive income after tax:		
Item that will not be reclassified to profit or loss:		
Remeasurement gains on defined benefit pension plans, net of tax expense of approximately HK$669,000 (2022: net of tax credit of approximately HK$296,000)	**1,658**	1,395
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**1,285**	8,697
Other comprehensive income for the year, net of tax	**2,943**	10,092
Total comprehensive income for the year	**(1,704,458)**	2,611,238
Attributable to:		
Owners of the Company	**(1,704,442)**	2,611,254
Non-controlling interests	**(16)**	(16)
	(1,704,458)	2,611,238

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**11,224,269**	11,739,252
Right-of-use assets		**566,597**	565,305
Intangible assets		**1,619,227**	4,323,573
Investment in associates		**280,126**	395,488
Investment in a joint venture		**-**	-
Advances, deposits and prepayments		**43,059**	368,070
Deferred tax assets		**436,918**	23,059
		14,170,196	17,414,747
Current assets			
Inventories		**252,570**	389,310
Trade and other receivables	13	**8,048,362**	6,315,856
Financial assets at fair value through profit or loss ("FVTPL")		**2,677**	2,063
Employee retirement benefits assets		**9,162**	9,247
Current tax assets		**18,904**	33,497
Bank and cash balances		**3,327,279**	3,255,124
		11,658,954	10,005,097
Current liabilities			
Trade and other payables	14	**6,643,732**	4,773,530
Due to a director		**3,857**	442
Borrowings		**306,034**	1,885,969
Lease liabilities		**205,131**	170,974
Provisions		**10,565**	3,564
Financial guarantee contracts		**11,714**	14,786
Current tax liabilities		**1,806,378**	1,125,044
		8,987,411	7,974,309
Net current assets		**2,671,543**	2,030,788
Total assets less current liabilities		**16,841,739**	19,445,535
Non-current liabilities			
Trade and other payables	14	**585,000**	-
Borrowings		**2,488,001**	1,586,344
Lease liabilities		**99,250**	169,241
Provisions		**668,368**	620,165
Employee retirement benefits obligations		**38,608**	27,886
Deferred tax liabilities		**126,363**	1,234,079
		4,005,590	3,637,715
NET ASSETS		**12,836,149**	15,807,820

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Capital and reserves			
Share capital		**260,405**	262,899
Reserves		**12,570,321**	15,539,141
Equity attributable to owners of the Company		**12,830,726**	15,802,040
Non-controlling interests		**5,423**	5,780
TOTAL EQUITY		**12,836,149**	15,807,820

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and redomiciled to Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Unit 2505, 25/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company.

In the opinion of the Company's directors, He Fu International Limited, a company incorporated in British Virgin Islands, is the immediate parent; Mingze Orient Investment Limited#, a company incorporated in People's Republic of China, is the ultimate parent and Mr. Zhang Hong Wei is the ultimate controlling party of the Company.

The English translation of the ultimate parent company is for reference only. The official name - 名澤東方投資有限公司 is in Chinese.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRSs (cont'd)

Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules - Amendments to HKAS 12
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. HKAS 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.

HKFRS 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.

Impact on application of Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has adopted Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" for the first time in the current year. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases.

Prior to the adoption of Amendments to HKAS 12, the Group applied the initial recognition exemption under paragraphs 15 and 24 of HKAS 12 for leasing transactions that give rise to equal and offsetting temporary differences, and therefore no deferred tax has been recognised for temporary differences relating to right-of-use assets and lease liabilities at initial recognition, and also over the lease terms under paragraph 22(c) of HKAS 12.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRSs (cont'd)

Impact on application of Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (cont'd)

The Group has applied the transitional provisions under paragraphs 98K and 98L of Amendments to HKAS 12 to leasing transactions that occur on or after the beginning of the earliest comparative period presented and also, at the beginning of the earliest comparative period presented by:

(i) Recognising a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities; and

(ii) Recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Based on the management's assessment, there was immaterial impact on the consolidated statement of financial position as at 1 January 2022, 31 December 2022 and 31 December 2023, because the deferred tax assets and the deferred tax liabilities recognised as a result of the adoption of Amendments to HKAS 12 qualify for offset under paragraph 74 of HKAS 12. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the consolidated financial statements, but does not impact the overall deferred tax balances presented on the consolidated statement of financial position as the related deferred tax balances qualify for offset under HKAS 12.

Impact on application of Amendments to HKAS 12 "International Tax Reform – Pillar Two Model Rules"

The Group has adopted Amendments to HKAS 12 "International Tax Reform – Pillar Two Model Rules" for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions where the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimated information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRSs (cont'd)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") - Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

This change in accounting policy did not have material impact on the consolidated financial statements.

(b) Revised HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 - Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 - Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5 (Revised)")	1 January 2024
Amendments to HKAS 7 and HKFRS 7 - Supplier Finance Arrangements	1 January 2024

3. **ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)**

(b) **Revised HKFRSs in issue but not yet effective (cont'd)**

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 - Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

Except for the amendments to standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) **Revised HKFRSs in issue but not yet effective (cont'd)**

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") (cont'd)

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

4. TURNOVER

Turnover from contracts with customers for the year is as follows:

	2023	2022
	HK$'000	HK$'000
Sales and production of crude oil, condensate, gas and liquefied petroleum gas	**10,417,962**	10,753,743
Trading of petrochemical	**3,173,113**	-
	13,591,075	10,753,743

4. TURNOVER (CONT'D)

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions:

	Sales and production of crude oil, condensate, gas and liquefied petroleum gas	**Trading of petrochemical**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
For the year ended 31 December 2023			
Primary geographical markets			
- Pakistan	**3,331,790**	**-**	**3,331,790**
- Singapore	**555,674**	**46,033**	**601,707**
- Egypt	**1,149,321**	**-**	**1,149,321**
- Iraq	**5,381,177**	**1,232,027**	**6,613,204**
- United Arab Emirates	**-**	**987,915**	**987,915**
- Oman	**-**	**144,007**	**144,007**
- Malaysia	**-**	**96,659**	**96,659**
- South Korea	**-**	**666,472**	**666,472**
Revenue from external customers	**10,417,962**	**3,173,113**	**13,591,075**
For the year ended 31 December 2022			
Primary geographical markets			
- Pakistan	3,173,488	-	3,173,488
- Singapore	1,128,271	-	1,128,271
- Egypt	1,415,670	-	1,415,670
- Iraq	5,036,314	-	5,036,314
Revenue from external customers	10,753,743	-	10,753,743

The turnover from sales and production of crude oil, condensate, gas and liquefied petroleum gas are net of sales tax, royalty to government, sales discounts and windfall levy amounting to approximately HK$473,504,000 (2022: HK$513,053,000), HK$547,902,000 (2022: HK$611,382,000), HK$23,448,000 (2022: HK$15,688,000), and HK$169,410,000 (2022: HK$200,455,000) respectively.

5. INVESTMENT AND OTHER INCOME

	2023 HK$'000	2022 HK$'000
Dividends income from listed equity investments	**176**	90
Interest income on:		
Bank deposits	**47,167**	26,072
Loan receivables	**1,830**	928
Total interest income	**48,997**	27,000
Liquefied petroleum gas processing fees charged to concessions, net	**7,764**	5,728
Income from software costs charged to concessions	**-**	2,917
Income from technical services charged to concessions	**93,735**	68,798
Income from operation and maintenance services provided	**44,362**	25,219
Agency income from trade of commodities	**6,719**	11,454
Management fees income	**2,726**	2,342
Recovery of bad debts from joint venture partner	**-**	1,458
Rental income	**3,999**	3,102
Sales of scrap materials	**227**	3,949
Service income from trade of petrochemical products	**-**	9,889
Others	**4,574**	5,255
	213,279	167,201

6. OTHER GAINS AND LOSSES

	2023 HK$'000	2022 HK$'000
Fair value gains on financial assets at FVTPL	**614**	72
Gain on disposals of property, plant and equipment	**7,131**	11,342
Gain on derecognition of right-of-use assets and lease liabilities	**-**	2,658
Net foreign exchange gains	**230,226**	69,436
Reversals of impairment losses on trade receivables	**1,611**	-
Reversals of impairment losses on other receivables	**375**	1,877
Impairment losses on trade receivables	**-**	(14,226)
Impairment losses on investment in associates	**(119,491)**	-
Impairment losses on intangible assets	**(2,263,951)**	(609,132)
Impairment losses on property, plant and equipment	**(2,833,566)**	(219,421)
Imputed interest income on financial guarantee contracts	**3,072**	6,710
Property, plant and equipment written off	**(153,349)**	(2,580)
Other payables and accruals written back	**50**	37,518
	(5,127,278)	(715,746)

7. SEGMENT INFORMATION

The Group has identified two reportable segments as follows:

Exploration and production	-	activities relating to the exploration and production of crude oil and natural gas in Pakistan, Middle East and North Africa
Trading	-	activities relating to trading of petrochemical

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and market strategies. As the trading segment is growing continuously and consumes more resources, the Group has determined trading business as a separate reportable segment.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Segment profit or loss does not include the following items:

- investment and other income
- other gains and losses
- share of profits/losses of associates
- share of loss in a joint venture

Segment assets do not include the following items:

- investment in associates
- deferred tax assets
- financial assets at fair value through profit or loss
- current tax assets
- bank and cash balances

Segment liabilities do not include the following items:

- due to directors
- borrowings
- lease liabilities
- deferred tax liabilities
- current tax liabilities
- financial guarantee contracts

7. SEGMENT INFORMATION (CONT'D)

	Exploration and production HK$'000	Trading HK$'000	Total HK$'000
For the year ended 31 December 2023			
Revenue from external customers	**10,417,962**	**3,173,113**	**13,591,075**
Segment profit/(loss)	**3,202,474**	**(210)**	**3,202,264**
Interest revenue	**47,445**	**1,552**	**48,997**
Interest expense	**293,606**	**28**	**293,634**
Depreciation and amortisation	**4,649,630**	**2**	**4,649,632**
Depreciation on right-of-use assets	**82,285**	**526**	**82,811**
Share of profits of associates	**4,334**	**-**	**4,334**
Income tax (credit)/expense	**(312,693)**	**153**	**(312,540)**
Other material non-cash items:			
Allowance for slow-moving inventories	**88,181**	**-**	**88,181**
Impairment losses on investment in associates	**119,491**	**-**	**119,491**
Impairment losses on intangible assets	**2,263,951**	**-**	**2,263,951**
Impairment losses on property, plant and equipment	**2,833,566**	**-**	**2,833,566**
Other payables and accruals written back	**50**	**-**	**50**
Property, plant and equipment written off	**587,239**	**-**	**587,239**
Reversal of allowance for trade receivables	**1,611**	**-**	**1,611**
Reversal of allowance for other receivables	**375**	**-**	**375**
Addition to segment non-current assets	**7,318,628**	**2,137**	**7,320,765**
As at 31 December 2023			
Segment assets	**21,552,315**	**210,931**	**21,763,246**
Segment liabilities	**6,767,301**	**1,178,972**	**7,946,273**

7. SEGMENT INFORMATION (CONT'D)

	Exploration and production HK$'000	Trading HK$'000	Total HK$'000
For the year ended 31 December 2022			
Revenue from external customers	10,753,743	-	10,753,743
Segment profit	3,336,775	-	3,336,775
Interest revenue	27,000	-	27,000
Interest expense	387,642	-	387,642
Depreciation and amortisation	4,065,072	-	4,065,072
Depreciation on right-of-use assets	86,920	-	86,920
Share of losses of associates	66,707	-	66,707
Share of loss in a joint venture	120,377	-	120,377
Income tax expense	419,950	-	419,950
Other material non-cash items:			
Allowance for slow-moving inventories	19,500	-	19,500
Allowance for trade receivables	14,226	-	14,226
Impairment losses on intangible assets	609,132	-	609,132
Impairment losses on property, plant and equipment	219,421	-	219,421
Other payables and accruals written back	37,518	-	37,518
Property, plant and equipment written off	709,325	-	709,325
Reversal of allowance for other receivables	1,877	-	1,877
Addition to segment non-current assets	6,023,282	-	6,023,282
As at 31 December 2022			
Segment assets	23,710,613	-	23,710,613
Segment liabilities	5,425,145	-	5,425,145

7. SEGMENT INFORMATION (CONT'D)

Reconciliation of reportable segment profit or loss, assets and liabilities:

	2023	2022
	HK$'000	HK$'000
Profit or loss		
Total profit of reportable segments	**3,202,264**	3,336,775
Share of profits/(losses) of associates	**4,334**	(66,707)
Share of loss in a joint venture	**-**	(120,377)
Investment and other income	**213,279**	167,201
Other gains and losses	**(5,127,278)**	(715,746)
Consolidated (loss)/profit for the year	**(1,707,401)**	2,601,146
Assets		
Total assets of reportable segments	**21,763,246**	23,710,613
Unallocated amounts:		
Investment in associates	**280,126**	395,488
Deferred tax assets	**436,918**	23,059
Financial assets at fair value through profit or loss	**2,677**	2,063
Current tax assets	**18,904**	33,497
Bank and cash balances	**3,327,279**	3,255,124
Consolidated total assets	**25,829,150**	27,419,844
Liabilities		
Total liabilities of reportable segments	**7,946,273**	5,425,145
Unallocated amounts:		
Due to a director	**3,857**	442
Borrowings	**2,794,035**	3,472,313
Lease liabilities	**304,381**	340,215
Deferred tax liabilities	**126,363**	1,234,079
Current tax liabilities	**1,806,378**	1,125,044
Financial guarantee contracts	**11,714**	14,786
Consolidated total liabilities	**12,993,001**	11,612,024

7. SEGMENT INFORMATION (CONT'D)

Geographical information:

The Group's turnover from external customers by location of operations and information about its non-current assets (excluding financial assets at amortised costs and deferred tax assets) by location of assets are detailed below:

	Sales and production of crude oil, condensate, gas and liquefied petroleum gas	Trading of petrochemical	Total
	HK$'000	HK$'000	HK$'000
For the year ended 31 December 2023			
Primary geographical markets			
- Pakistan	**3,331,790**	**-**	**3,331,790**
- Singapore	**555,674**	**46,033**	**601,707**
- Egypt	**1,149,321**	**-**	**1,149,321**
- Iraq	**5,381,177**	**1,232,027**	**6,613,204**
- United Arab Emirates	**-**	**987,915**	**987,915**
- Oman	**-**	**144,007**	**144,007**
- Malaysia	**-**	**96,659**	**96,659**
- South Korea	**-**	**666,472**	**666,472**
Revenue from external customers	**10,417,962**	**3,173,113**	**13,591,075**
For the year ended 31 December 2022			
Primary geographical markets			
- Pakistan	3,173,488	-	3,173,488
- Singapore	1,128,271	-	1,128,271
- Egypt	1,415,670	-	1,415,670
- Iraq	5,036,314	-	5,036,314
Revenue from external customers	10,753,743	-	10,753,743

7. SEGMENT INFORMATION (CONT'D)

Geographical information: (cont'd)

	Non-current assets	
	2023	2022
	HK$'000	HK$'000
Hong Kong	**546,377**	583,579
PRC except Hong Kong	**66,609**	46,263
Pakistan	**6,222,068**	7,688,676
Singapore	**1,597**	-
Egypt	**1,093,890**	1,284,955
Iraq	**5,767,212**	7,753,813
United Arab Emirates	**608**	859
Consolidated total	**13,698,361**	17,358,145

Turnover from major customers:

Turnover derived from major customers who contributed 10% or more of total turnover of the Group is as follows:

	2023	2022
	HK$'000	HK$'000
Customer A	**2,216,430**	2,511,220
Customer B (Note)	**N/A**	1,128,271
Customer C (Note)	**N/A**	1,029,835
Customer D	**5,368,223**	5,036,314

Note:

Customer B and customer C did not contribute over 10% of the total turnover of the Group for the year ended 31 December 2023.

8. FINANCE COSTS

	2023 **HK$'000**	2022 HK$'000
Interest on bank loans	**235,387**	333,986
Interest expense on lease liabilities	**37,189**	37,881
Interest on advances from customers	**49,728**	5,927
Provisions - unwinding of discounts	**26,861**	20,440
Total borrowing costs	**349,165**	398,234
Amount capitalised	**(55,531)**	(10,592)
	293,634	387,642

The weighted average capitalisation rate on funds borrowed was generally at a rate of 9.5% (2022: 11.3%) per annum.

9. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	2023 **HK$'000**	2022 HK$'000
Auditors' remuneration	**7,133**	7,284
Depreciation and amortisation (note (a))	**4,649,632**	4,065,072
Depreciation on right-of-use assets	**82,811**	86,920
Cost of inventories sold (note (b))	**9,034,849**	5,158,185
Impairment losses on investment in associates (included in other gains and losses)	**119,491**	-
Impairment losses on intangible assets (included in other gains and losses)	**2,263,951**	609,132
Impairment losses on property, plant and equipment (included in other gains and losses)	**2,833,566**	219,421
Property, plant and equipment written off (included in other gains and losses of approximately HK$153,349,000 (2022: HK$2,580,000) and exploration expenses of approximately HK$433,890,000 (2022: HK$706,745,000))	**587,239**	709,325
Allowance for slow-moving inventories (included in cost of inventories sold)	**88,181**	19,500
Allowance for trade receivables	**-**	14,226
Reversal of allowance for trade receivables	**(1,611)**	-
Reversal of allowance for other receivables	**(375)**	(1,877)
Staff costs excluding directors' emoluments (note (c))		
- Salaries, bonuses and allowances	**537,816**	484,508
- Retirement benefits – defined contribution plans	**33,878**	32,244
- Retirement benefits – defined benefit plans	**15,394**	18,257
- Share-based payments	**16,134**	13,379
	603,222	548,388

9. (LOSS)/PROFIT FOR THE YEAR (CONT'D)

Notes:

(a) Amortisation charges on intangible assets of approximately HK$440,395,000 (2022: HK$407,019,000) which are included in the costs of sales and services rendered.

(b) Cost of inventories sold includes staff costs, depreciation and amortisation, short term leases expenses and allowance for slow-moving inventories of approximately HK$5,054,232,000 (2022: HK$4,428,555,000) which are included in the amounts disclosed separately above.

(c) For the year ended 31 December 2022, COVID-19 related government grants amounted to approximately HK$384,000 have been offset against staff costs.

10. INCOME TAX (CREDIT)/EXPENSE

Income tax has been recognised in profit or loss as following:

	2023	2022
	HK$'000	HK$'000
Current tax – Overseas		
Provision for the year	**1,218,717**	1,084,888
Under-provision in prior years	**-**	109,862
	1,218,717	1,194,750
Deferred tax	**(1,531,257)**	(774,800)
	(312,540)	419,950

No provision for profits tax in Austria, Cayman Islands, Bermuda, British Virgin Islands, Jersey, Kuwait, Dubai, Netherlands, United States of America, Republic of Panama, Mauritius, Cyprus or Hong Kong is required as the Group has no assessable profit for the year arising in or derived from these jurisdictions for the years ended 31 December 2023 and 2022.

Egypt, Iraq, Pakistan, Singapore and PRC Income Tax has been provided at a rate of 22.5%, 35%, ranging from 40% to 50%, 17% and 25% respectively on the estimated taxable income earned by the companies with certain tax preference, based on existing legislation, interpretation and practices in respect thereof.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$1,707,385,000 (2022: profit of HK$2,601,162,000) and the weighted average number of ordinary shares of 26,151,548,893 (2022: 26,163,186,786) in issue during the year.

(b) Diluted (loss)/earnings per share

The Company did not have any dilutive potential ordinary share for the year ended 31 December 2023. Diluted loss per share for the year ended 31 December 2023 is the same as the basic loss per share for the year.

The calculation of diluted earnings per share attributable to owners of the Company for the year ended 31 December 2022 is based on the profit for the year attributable to owners of the Company of approximately HK$2,601,162,000 and the weighted average number of ordinary shares of 26,163,689,965, being the weighted average number of ordinary shares of 26,163,186,786 in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 503,179 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the year.

12. DIVIDEND

	2023 **HK$'000**	2022 HK$'000
2023 Special dividend of HK4 cents per ordinary share paid	**1,051,597**	-
2022 Special dividend of HK4 cents per ordinary share paid	**-**	1,051,597
	1,051,597	1,051,597

The Board did not recommend payment of a final dividend for the year ended 31 December 2023 and 2022.

13. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	HK$'000
Trade receivables (note (a))	**7,084,266**	5,143,356
Allowance for trade receivables	**(24,348)**	(25,959)
Allowance for price adjustments (note (b))	**(195,610)**	(198,843)
	6,864,308	4,918,554
Other receivables (note (c))	**1,184,441**	1,398,064
Allowance for other receivables	**(387)**	(762)
	1,184,054	1,397,302
Total trade and other receivables	**8,048,362**	6,315,856

(a) Trade receivables

The Group's trading terms with customers are mainly on credit. The credit term generally ranges from 30 to 45 days (2022: 30 to 45 days) except for the customers in Iraq which were settled by having physical delivery of crude oil on accumulation of balance sufficient enough for cargo lifting. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables, based on the invoice date is as follows:

	2023	2022
	HK$'000	HK$'000
0 to 30 days	**2,469,309**	2,346,088
31 to 60 days	**288,916**	262,016
61 to 90 days	**1,904,084**	916,341
Over 90 days	**2,421,957**	1,618,911
	7,084,266	5,143,356

(b) Allowance for price adjustments

This represents the provision for the possible price adjustment in gas prices as per the draft gas price notifications submitted to the relevant regulatory authorities in Pakistan in respect of certain gas sales agreements. Since the final price notification has not yet been received from the regulatory authorities, the management had estimated the potential price differential based on the draft notifications and a possible price reduction (excluding royalty expenses) of approximately HK$195,610,000 (2022: HK$198,843,000) was provided.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Other receivables

The details of other receivables, and net of allowance, are as follows:

	2023	2022
	HK$'000	HK$'000
Due from joint operators	**505,284**	394,418
Advances to staff	**10,807**	10,750
Central excise duty receivables	**6,716**	10,780
Deposits and prepayments	**339,331**	122,224
Sales tax receivables	**99,055**	118,759
Other tax receivables	**5,557**	29,365
Withholding tax receivables	**1,334**	1,331
Amount due from associates (note (i))	**184,347**	28,590
Sundry debtors	**-**	640,091
Others	**31,623**	40,994
	1,184,054	1,397,302

Note:

(i) As at 31 December 2023, other than due from an associate of the Group, Orient Group Beijing Investment Holding Limited of approximately HK$26,208,000 (2022: HK$26,208,000) which interest bearing at a rate of 3 months LIBOR plus 1.7% per annum (2022: 3 months LIBOR plus 1.7% per annum), unsecured and repayable on or before 29 September 2024, the remaining balances are unsecured, interest-free and repayable on demand.

14. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	HK$'000
Trade payables (note (a))	**1,117,991**	606,629
Other payables (note (b))	**6,110,741**	4,166,901
Total trade and other payables	**7,228,732**	4,773,530
Analysed as:		
Current liabilities	**6,643,732**	4,773,530
Non-current liabilities	**585,000**	-
	7,228,732	4,773,530

14. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2023	2022
	HK$'000	HK$'000
0 to 30 days	**394,838**	449,269
31 to 60 days	**138,550**	49,993
61 to 90 days	**331,963**	29,638
Over 90 days	**252,640**	77,729
	1,117,991	606,629

(b) Other payables

	2023	2022
	HK$'000	HK$'000
Accrual for operating and capital expenses	**2,354,045**	1,670,309
Due to joint operators	**87,474**	112,976
Deposits received	**-**	67
Advances from customers (note (i))	**1,170,000**	390,000
Salaries and welfare payables	**210,143**	195,214
Provision for infrastructure funds	**911,253**	560,403
Other tax payables	**1,311,404**	1,132,750
Sundry creditors	**-**	42,197
Others	**66,422**	62,985
	6,110,741	4,166,901

Note:

(i) The Group entered into an agreement with a customer for secured crude oil prepayment facilities to the extent of approximately HK$1,170,000,000 (equivalent to approximately US$150,000,000) (2022: HK$390,000,000 (equivalent to approximately US$50,000,000)). Advances drawn under the facilities bear interest rate at 4.75% plus 3 months Term SOFR per annum (2022: 3.75% plus 3 months Term SOFR per annum), are repayable principally by the delivery of the Group's crude oil entitlement and are guaranteed by the unlimited corporate guarantee granted by the Company.

15. CONTINGENT LIABILITIES

(a) For the years ended 31 December 2023 and 2022, the Company issued various unlimited corporate guarantees in favour of the President of the Islamic Republic of Pakistan for providing United Energy Pakistan Limited ("UEPL") with all necessary financial and other means to enable UEPL to fully perform its obligations as stipulated in the concession agreements.

(b) Certain subsidiaries of the Group had dispute with the Pakistan government on the applicability of windfall levy on its production of oil and condensate. On 27 December 2017, the government's approval for the execution of windfall levy was granted and the windfall levy became applicable on the subsidiaries. Based on legal advice from external lawyers, the management believes that the applicability of the windfall levy is prospective, i.e. from the date of the government's approval. If the applicability of windfall levy is retrospective, further provision for the windfall levy of approximately HK$191,969,000 (2022: HK$191,969,000) would be required to be made in the consolidated financial statements for the year ended 31 December 2023.

(c) As at 31 December 2023, certain subsidiaries of the Group received various tax orders in an attempt to re-assess tax liability for prior years by the Pakistan tax department. The subsidiaries of the Group are currently appealing against these orders and the cumulative potential tax exposure for the pending tax cases was approximately HK$807,579,000 (2022: HK$722,680,000).

(d) As at 31 December 2023, bank guarantees to the extent of approximately HK$54,532,000 (equivalent to approximately US$6,991,000) (2022: HK$67,439,000 (equivalent to approximately US$8,646,000)) in favor of certain government authorities was obtained by certain subsidiaries of the Group to guarantee its exploration, performance and financial obligations as stipulated in the concession agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the largest integrated energy companies listed on Hong Kong stock exchange, with business presence in South Asia and Middle East and North Africa ("MENA"). The Group is principally engaged in the investment and operation of upstream oil, natural gas and other energy related businesses. Leveraging on management's extensive experience, the Group has successfully grown its business as one of the major players in energy industry of emerging markets. It has established a sound track record of growing its business through acquisition and capital investment with remarkable returns.

Growth of the global economy in 2023 was forecasted by the International Monetary Fund ("IMF"), to slow down from 3.5% in 2022 to 3.1% in 2023. Global economy is experiencing a number of turbulent challenges, including rising inflation, Russia's war in Ukraine and conflict in Gaza area. World oil demand was estimated to have increased by 2.5 mmbbld year-on-year to average of 102.1 mmbbld in 2023 as reported by the OPEC Monthly Oil Market Report of January 2024. Oil price remained at a relatively high level with average Brent Oil Price in 2023 at US$82.49/bbl, even though it is ~18% lower than US$100.93/bbl for 2022, according to data from U.S. Energy Information Administration. The Group recorded net loss attributable to shareholders for the reporting period of approximately HK$1,707,385,000, representing a change from profit to loss, compared to net profit of approximately HK$2,601,162,000 in last year, primarily due to a one-off oil and gas reserve impairment approximately HK$4,185,457,000 (net tax) and a one-off exploration dry well write-off approximately HK$201,156,000 (net tax). Each of the oil and gas reserve impairment and exploration dry well write off is a one-off accounting adjustment and has no adverse impact on the Group's operations or cash flow.

Cost of sales rendered by the Group for the reporting period was approximately HK$9,151,835,000, and the Group invested approximately HK$6,868,844,000 of capital expenditure in oil exploration, development and production activities. The Group drilled 48 wells during the reporting period, including 20 wells in Pakistan Assets and 28 wells in MENA Assets.

Business Strategy

As one of the largest independent integrated energy company listed on the Hong Kong Stock Exchange, the Group is mainly engaged in exploration, development, production and sale of oil and natural gas. Principal elements of its strategy are as follows:

Focus on reserve and production increase

The Group continues with exploration efforts in its major operational areas in a well-planned manner. Exploration strategy and execution provided reserve addition with higher successful rate and better capex efficiency. It maintained production in mature oil and gas fields through effective measures. Additionally, new development wells were drilled, contributing to incremental production with higher successful rate. Oil and gas assets are being developed in a responsible manner thanks to the organic mix of assets with varying exploration and development levels. Future significant discoveries are expected in new exploration locations and prospective technical research plays.

Unlock existing assets potential

The Group's core business is in Pakistan, Iraq and Egypt. Its high-quality assets are being managed by a professional management team. Its vision is to replicate its success story from its current assets to the newly acquired exploration blocks and grow its assets portfolio.

Promote high-quality development

The Group aims to continue to develop its assets in a sustainable, efficient, economical, and environment-friendly manner, in order to maintain high-quality development status. It also aims to actively develop clean and low carbon energy business and gain synergetic effect on its core business.

Maintain a prudent financial policy
The Group continues to maintain a prudent, disciplined financial policy, which underpins its success over the years. As an essential part of its corporate culture, it continues to promote process streamlining, operational efficiency, cost optimisation and disciplined decision-making of investment across the Group. This helped to maintain a low lifting cost and competitiveness. Cash flow and debt is carefully managed in order to maintain a healthy financial position.

Exploration
In 2023, the Group continued efforts in oil and gas exploration. Adhering to the philosophy of value-driven and anchoring on exploration and discoveries of small and prolific oil and gas fields, 11 commercial discoveries were achieved of which 7 in Pakistan, 3 in Egypt and 1 in Iraq.

Technical capabilities were enhanced, and exploration efficiency improved. The Group continued to maintain a reasonable proportion of investment to support exploration activities, in order to ensure sustainable growth. Exploration area in Pakistan increased to 24,830 Km^2 (including 5,639 Km^2 non-operated) with successful addition of new blocks to its portfolio. Egypt's exploration area increased to 2,763 Km^2. Exploration breakthroughs and commercial discoveries were achieved in Badin, Mirpur Khas Khipro ("MKK") block and Middle Indus and Mehar ("MIM") blocks, with production addition in mature fields in Pakistan. High testing production was observed in Abu Sennan and East Ras Qattara blocks in Egypt. Exploration campaign in Pakistan and Egypt continued to optimise business portfolio and enhance production.

New blocks in Pakistan and Egypt provide a foundation for new discoveries and future growth. Exploration of West Wadi El Natrun in Egypt achieved good oil discovery in January 2024. Work associated with the new blocks will continue in 2024.

Engineering Construction
In 2023, the Group carefully organised operational resources and smoothly promoted engineering construction projects. With detailed planning and efficient management, it has successfully completed its production support and facility modification projects, which ensured the achievement of production and reserve targets and contributed economic benefits to the Group.

In Iraq, production in Block 9 rose to a new level of 70,000 boed. Crude oil CPF achieved approximately 90% completion and is targeted to deliver 100,000 boed in the first half of 2024. This will lay a solid foundation for further production capacity ramp-up of Block 9. Gas CPF of Block 9 achieved approximately 60% completion and is target to commission in Q4 2024. This will be an effective measure to reduce emissions. Other major projects are in place for CPF commissioning as per schedule. In Siba, Siba-11&12 wells were drilled successfully and achieved first gas with a safe & smooth flowline tie-in schedule and significantly ramped up production.

In mature assets, new ideas of process optimization, efficiency improving, energy saving and emission reduction were explored and benefits gained from facility upgrades and renovations. In Pakistan, Naimat West field compression project was implemented, which improved production and optimised asset value. In Egypt, Power Source Feed from National Electrical Grid project was progressing smoothly. It is cost saving, diesel consumption reducing, rental diesel generators releasing, and will help optimise facility efficiency, enhance overall performance, increase safety standards of the facility to secure employee health environment.

Development and Production

For the year ended 31 December 2023, the Group's average daily gross production was approximately 167,826 boed (Pakistan Assets – 62,762 boed plus MENA Assets – 105,064 boed), a 1.17% increase compared to approximately 165,883 boed last year and gross accumulated production was approximately 61.26 mmboe, a 1.17% increase compared to approximately 60.55 mmboe last year, at the same time, Group's average working interest production was 100,407 boed (Pakistan Assets – 43,017 boed plus MENA Assets – 57,390 boed), a 0.16% increase compared to approximately 100,245 boed last year, and working interest accumulated production was approximately 36.65 mmboe, a 0.16% increase compared to approximately 36.59 mmboe last year. In 2023, the Group aggressively managed decline rate of mature fields coupled with new exploration successes, contributed to sustaining production with a slight increase.

Pakistan

As of 31 December 2023, the Group holds interests in 9 areas, comprising of 19 development concessions for oil and gas production in Pakistan.

In 2023, Pakistan Assets achieved an average daily gross production of approximately 62,762 boed, decreased by 9.6% compared to last year, and an average daily working interest production of approximately 43,017 boed, decreased by 8.5% compared to last year. Pakistan Assets have an oil and liquids ratio of ~23% which was 5 percentage points higher than last year. Accumulated gross production and working interest production for the full year was approximately 22.9 mmboe and 15.7 mmboe respectively.

Iraq

The Group holds a 60% participating interest in the EDPSC and is the Operator of Block 9 in Iraq. In 2023, average daily gross and working interest production was approximately 63,320 boed and 37,992 boed respectively, an increase of 9.5% compared to last year. Accumulated gross and working interest production for the year were approximately 23.1 mmboe and 13.9 mmboe respectively. Block 9 has an oil and liquids ratio of 100%.

The Group holds a 30% participating interest in the GDPSC and is the Operator of Siba block in Iraq. Average daily gross and working interest production in 2023 was approximately 24,793 boed and 7,438 boed respectively, an increase of 22.5% compared to last year. Accumulated gross and working interest production were approximately 9.0 mmboe and 2.7 mmboe respectively. Siba has an oil and liquids ratio of ~65%.

Egypt

The Group holds interests in five blocks in Egypt. It has a 100% participating interest in Burg El Arab and West Wadi El Natrun. Participating interest in Area A, Abu Sennan and East Ras Qattara are 70%, 25% and 49.5% respectively. The Group is Operator of all these blocks, except for East Ras Qattara. In 2023, average daily gross and working interest production was approximately 16,951 boed and 11,960 boed respectively, a decrease of 7.8% and 3.8% compared to last year. Accumulated gross production and working interest production for the year were approximately 6.2 mmboe and 4.4 mmboe respectively. Egypt Assets has an oil and liquids ratio of ~99%.

SALES AND MARKETING

Sales of Crude Oil

The Group sells crude oil and condensates produced in Pakistan and Iraq primarily through traders in international markets. The Group's crude oil sales price is mainly determined by the prices of international benchmark crude oil of similar quality, with certain adjustments subject to prevailing market conditions. Prices are quoted and settled in US dollars with Brent Oil Price as basis. With regard to Egyptian Assets, as per the articles of PSC in Egypt, the Group sells crude oil to Egyptian General Petroleum Corporation ("EGPC") at a price determined under the PSC, generally at a small discount to Brent Oil Price.

In 2023, the Group's total working interest crude and condensates sale volumes are 23.2 million barrels, representing a year-on-year increase of 8.4% and its average realised oil price (before government royalty, windfall levy and government take at working interest production) was approximately US$78.60/bbl, representing a year-on-year decrease of 18.3%, mainly due to the decrease in Brent Oil Price.

Sales of Natural Gas

The Group's natural gas sales price is based on negotiated long term sales agreements. Contract terms normally include a price review mechanism which links the price of natural gas sold to crude oil prices. The Group's natural gas customers are primarily located in Pakistan and are government owned entities namely Sui Southern Gas Company Limited ("SSGCL") and Sui Northern Gas Pipeline Limited ("SNGPL").

In 2023, the Group's total working interest natural gas sale volumes are 13.0 mmboe, representing a year-on-year decrease of 12.8% and its average realised gas price (before government royalty, windfall levy and government take at working interest production) was approximately US$30.88/boe, representing a year-on-year increase of 3.5%, mainly due to the historical period for the price review mechanism of natural gas.

Sale of Petrochemicals

The Group's newly established trading segment was formed to carry out petrochemical trading and optimise cargo lifting in Iraq. Trading activities were carried with international counterparts, i.e. Vitol SA, China Oil HK Corporation Limited, Mercuria Energy Trading SA and etc. Price is mainly determined by the prices of international benchmark petrochemicals of similar quality, with certain adjustments subject to prevailing market conditions.

In 2023, the Group's total trade petrochemicals volumes are 741,605 tonnes and its average realised price was approximately US$548.55/tonnes.

FINANCIAL RESULTS

Financial Review

For the year ended 31 December 2023 (the "reporting period"), the Group reported a loss attributable to the owners of the Company of approximately HK$1,707,385,000, compared to profit of approximately HK$2,601,162,000 for the year ended 31 December 2022 ("last year"), a change from profit to loss. The decrease in net profit was primarily due to a one-off oil and gas reserve impairment of approximately HK$4,185,457,000 (net tax) and a one-off exploration dry well write-off approximately HK$201,156,000 (net tax) for the reporting period.

During the reporting period, the Group's average daily working interest production was approximately 100,407 boed (Pakistan Assets of 43,017 boed plus MENA Assets of 57,390 boed) compared to approximately 100,245 boed (Pakistan Assets of 47,029 boed plus MENA Assets of 53,216 boed) of last year, slightly increased by 0.16%. The Group aggressively managed decline rate of mature oil fields and achieved positive results to working interest production. Meanwhile, new exploration successes contributed to production increase. The average realised oil and gas price (before government royalty, windfall levy and government take at working interest production) was approximately US$61.31/boe, compared to approximately US$68.93/boe of last year, representing a decrease of 11.1%.

Turnover

	2023	2022
	HK$'000	HK$'000
Exploration and production	**10,417,962**	10,753,743
Trading	**3,173,113**	-
	13,591,075	10,753,743

The Group's turnover for the reporting period was approximately HK$13,591,075,000, representing an increase of 26.4% as compared with the turnover of approximately HK$10,753,743,000 of last year. The increase in turnover was mainly contributed by the effect of the new trading business but offset by the decrease in realised sales prices for exploration and production business during the reporting period.

Exploration and Production Category		**Year 2023**	Year 2022	Change
Oil and gas sales*	*USD'000*	**2,238,415**	2,520,414	-11.2%
Crude oil and liquids	*USD'000*	**1,822,322**	2,063,115	-11.7%
Natural gas	*USD'000*	**402,803**	445,433	-9.6%
LPG	*USD'000*	**13,290**	11,866	+12.0%
Sales Volume	*mmboe*	**36.5**	36.5	0.0#
Crude oil and liquids	*mmboe*	**23.2**	21.4	+1.8
Natural gas	*mmboe*	**13.0**	14.9	-1.9
LPG	*mmboe*	**0.3**	0.2	+0.1
Realised prices*	*US$/boe*	**61.31**	68.93	-11.1%
Crude oil and liquids	*US$/bbl*	**78.60**	96.26	-18.3%
Natural gas	*US$/boe*	**30.88**	29.84	+3.5%
LPG	*US$/boe*	**47.93**	58.65	-18.3%

** before government royalty, windfall levy and government take (at working interest quantity)*
 # represents volume less than 100,000 boe

Cost of sales

Operating expenses for exploration and production activities

The Group's operating expenses for exploration and production activities (which is defined as the cost of sales excluding depreciation and amortisation, distribution expenses and allowance for slow-moving inventories) increased 9.3% to approximately HK$1,284,260,000 in 2023, compared with approximately HK$1,175,343,000 in 2022. The operating expenses per boe (at working interest production) was approximately US$4.51 in 2023, compared with approximately US$4.12 in 2022, increased by 9.5%. For Pakistan Assets, operating expenses per boe was approximately US$4.56, increased by 11.5% (last year: approximately US$4.09 per boe); while for MENA Assets, operating expense per boe was approximately US$4.47, increased by 7.7% (last year: approximately US$4.15 per boe).

Depreciation, depletion and amortisation

Included in the cost of sales, the depreciation, depletion and amortisation was approximately HK$4,596,942,000, representing an increase of 14.2% as compared with the amount of approximately HK$4,026,922,000 in last year.

Gross profit

The Group's gross profit for the reporting period was approximately HK$4,439,240,000 (gross profit ratio 32.7%) which represented a decrease of 19.5% as compared with gross profit of approximately HK$5,512,983,000 (gross profit ratio 51.3%) for the last year. The decrease in gross profit was mainly due to lower average international oil price during 2023 compared to corresponding period and increased depreciation, depletion and amortisation during the year.

Exploration expenses

The Group's exploration expenses for the reporting period was approximately HK$492,526,000 (last year: approximately HK$718,761,000) which included the expenses for performance of geological and geophysical studies, surface use rights & wells and the written off loss of approximately HK$433,890,000 (last year: approximately HK$706,745,000) arising from dry exploration wells in Pakistan and Egypt Assets.

Administrative expenses

The Group's administrative expenses for the reporting period was approximately HK$676,330,000 (last year: approximately HK$523,886,000) representing 5.0% (last year: 4.9%) of the turnover.

Finance costs

The Group's finance costs for the reporting period was approximately HK$293,634,000, which represented a decrease of 24.3% as compared with the finance costs of approximately HK$387,642,000 for the last year. Despite the weighted average interest rate increased from 7.51% from last year to 7.89%, the decrease in average outstanding loan balances during the reporting period resulted to the decrease in finance cost for the period.

Income tax credit/expense

The Group's income tax credit for the reporting period was approximately HK$312,540,000. This included the current income tax of approximately HK$1,218,717,000 and deferred tax income of approximately HK$1,531,257,000, compared with current income tax of approximately HK$1,194,750,000 and deferred tax income of approximately HK$774,800,000 for the last year respectively. The Group's effective tax rate for the reporting period was approximately 15.5%, representing an increase 1.6 percentage points as compared with 13.9% for the last year.

EBITDA

EBITDA represents the loss/profit before finance costs, income tax credit/expense, depreciation and amortisation, property, plant and equipment written off, impairment losses for investment in associates, intangible assets and property, plant and equipment, share of profits/losses of associates, share of loss in a joint venture, gain on disposals of property, plant and equipment, gain on derecognition of right-of-use assets and lease liabilities, allowance for slow-moving inventories, other payables and accruals written back, reversals of impairment losses/impairment losses on trade receivables and reversals of impairment losses on other receivables. It shall be noted that EBITDA is not a measurement of operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies. The EBITDA for the reporting period was approximately HK$8,885,063,000, decreased by 4.1% from the last year of approximately HK$9,266,023,000. The decrease in EBITDA was mainly attributable to the decrease in average realised sales price during the reporting period.

Cash generated from operating activities

The Group’s net cash inflow from operating activities for the reporting period was approximately HK$7,326,562,000, representing a decrease of 6.4% as compared with the last year of approximately HK$7,824,906,000. This was primarily attributed to the decrease in oil and gas sales cash inflows due to decreased realised sales prices during the year.

Cash used in investing activities

In 2023, the Group’s net cash used in investing activities increased by 14.7% to approximately HK$6,543,314,000 from last year, mainly due to the development expenditure of approximately HK$6,669,825,000 for the reporting period with an overall increase of 23.7% as compared to last year.

Cash used in financing activities

In 2023, the net cash used in financing activities was approximately HK$638,132,000, mainly due to the payment of special dividend of approximately HK$1,051,597,000, repayment of bank loans of approximately HK$3,074,136,000 and repurchase of company’s shares of approximately HK$216,491,000; but offset by drawdown of bank loans of approximately HK$2,409,251,000 and prepayment facilities of approximately HK$1,560,000,000.

Dividend

No final dividend is proposed for the year ended 31 December 2023.

Business and market outlook

According to recent IMF forecast in January 2024, global economy in 2024 is projected to grow by 3.1%. Global oil demand is forecasted to increase by 2.2 mmbbld to average of 104.4 mmbbld, as per OPEC Monthly Market Report of January 2024. Global economies growth is expected below the historical (2000-2019) annual average 3.8 percent, with the rise in central bank rates to fight inflation, especially in developed economies, and on-going regional conflicts. Oil and gas industry is expected to benefit from high energy prices caused by tightened and imbalanced market.

For 2024, the Group targets average daily gross production level of 176,300 to 197,600 boed, and average daily working interest production level of 101,600 to 113,500 boed. Capital expenditure is anticipated to reach US$880 million to US$930 million, which is essential to support exploration, development and construction plans of Group. It aims to continue with its financial discipline and manage capital expenditure to the possible extent through optimisation of its exploration and development plans.

Pakistan Assets:

According to an energy outlook report prepared by Ministry of Planning, Development and Special Initiatives Government of Pakistan, gas demand is expected to increase from approximately 3.56 bcfd in 2020 to approximately 4.24 bcfd in 2030. On the supply side, domestic production is expected to decline from approximately 3.69 bcfd in 2020 to approximately 2.82 bcfd in 2025, and approximately 2.18 bcfd by 2030. Gas shortage in Pakistan is mitigated by importing significantly more expensive LNG from the neighboring countries. Given Group's production is predominantly in gas, its sale of natural gas is almost guaranteed to be taken up by the state-owned gas distribution customers. The Group continues to leverage its experience and understanding of the geology and geophysics in Lower Indus Basin, Middle Indus Basin and Western Fold Belt of Pakistan to unlock the potentials of these assets. The Group acquired one exploration block in July 2023. In January 2024, two exploration blocks were successfully awarded through the bidding process. Compared with 2022, the extent of exploration rights rose from 22,433 Km^2 to 24,830 Km^2, approximately 10.7% increase. Besides, efforts are in place to further to expand its footprint in Pakistan.

For Pakistan Assets, the Group plans to achieve an average daily working interest production of 35,500 to 40,900 boed in 2024.

MENA Assets:

In March 2019, the Group completed acquisition of KEC, which is engaged in exploration, appraisal, development and production of oil and gas assets in the MENA region. This acquisition brought high-quality assets to the Group's portfolio with significant scale and strong development potential. The production base and long reserve life of these assets are highly complementary to the Group's existing portfolio and will provide a sustainable development profile to the Group for the next two decades. As per reserve report issued by independent reserve auditor as of 31 December 2023, the MENA Assets were reported with 2P working interest reserve of 517.6 mmboe with almost 96.4% located in Iraq. The Group will leverage its strong financial capability to further unlock the potential of MENA Assets and replicate its past success story in MENA region. Average daily gross production of Block 9 in Iraq is expected to reach 130,000 boed in the near future. Gas production of Siba in Iraq is expected to reach a sustainable Plateau Production Target in the near future. Egyptian assets are mature producing assets and are expected to stay stable in terms of both production and reserve, in 2024.

In 2024, Iraq Assets are expected to achieve an average daily working interest production of 55,100 to 59,400 boed, whereas Egypt Assets will achieve an average daily working interest production of 11,000 to 13,200 boed.

Conclusion
The Group's performance showed resilience for the past year of 2023. We revisited our portfolio and evaluated opportunities in the market. For the way forward, the Group will continue to ramp up production, optimise operations and re-invest in its people and assets. Devoted to creating value for the shareholders, it expects a fruitful year of 2024 with sustainable growth in years to come.

Liquidity and Financial Resources
During the reporting period, the Group continues to maintain a strong financial position, with bank and cash balances amounting to approximately HK$3,327,279,000 as at 31 December 2023 (31 December 2022: approximately HK$3,255,124,000).

The Group borrowings are noted below. These are from the banks and other trading commodity corporation, which show lenders confidence in the Group financial strength and its future plans.

	Principal amount outstanding at 31 December 2023	
	US$	Equivalent to HK$
Term loans	360,612,000	2,812,774,000
Prepayment facilities	150,000,000	1,170,000,000
Finance leases	15,232,000	118,810,000
	525,844,000	**4,101,584,000**

As at 31 December 2023, the gearing ratio was approximately 16.5% (31 December 2022: 15.3%), based on borrowings, advance from customers, and lease liabilities under current liabilities and non-current liabilities of approximately HK$1,096,165,000 (31 December 2022: approximately HK$2,446,943,000) and approximately HK$3,172,251,000 (31 December 2022: approximately HK$1,755,585,000) respectively and total assets of approximately HK$25,829,150,000 (31 December 2022: approximately HK$27,419,844,000). As at 31 December 2023, the current ratio was approximately 1.30 times (31 December 2022: approximately 1.25 times), based on current assets of approximately HK$11,658,954,000 (31 December 2022: approximately HK$10,005,097,000) and current liabilities of approximately HK$8,987,411,000 (31 December 2022: approximately HK$7,974,309,000).

As at 31 December 2023, the Group's total borrowings amounted to approximately HK$2,794,035,000 (31 December 2022: approximately HK$3,472,313,000), all of them are denominated in United States dollars. The weighted average interest rate of the borrowings as at 31 December 2023 was 8.33% (31 December 2022: 7.43%).

As at 31 December 2023, the Group's property, plant and equipment, right-of-use assets, trade receivable, advances, deposits and prepayments and bank balances, with total carrying value of approximately HK$4,039,764,000 (31 December 2022: approximately HK$5,459,329,000) and share charges in respect of the equity interests of certain subsidiaries were pledged to secure the Group's general banking facilities, finance lease, trade and other payables and exploration, performance and financial obligations of the Group.

The Group is continuously exploring opportunities to optmise its capital structure, including the debt portfolio, to support organic, as well as inorganic growth, and will over the coming 12-month period explore opportunities for tapping the international debt capital markets, including the possibility to issue a corporate bond.

Material Acquisitions and Disposal
The Group and the Company do not have material acquisition and disposal during the reporting period.

Segment Information
Particulars of the Group's segment information are set out in note 7 of the Notes to Consolidated Financial Statements in this announcement.

Capital Structure
During the reporting period, the changes of the share capital structure of the Company are as follow:

On 14 and 15 November 2023, 249,424,000 ordinary shares were repurchased at the prices ranged from HK$0.65 to HK$0.95 per share from the Stock Exchange (the "Repurchased Shares") in accordance to the repurchase mandate granted to the Directors in the Annual General Meeting of the Company held on 1 June 2023. On 20 December 2023, the Repurchased Shares were fully cancelled.

After completion of the repurchase of shares during the period, the total number of issued shares of the Company decreased from 26,289,928,786 shares as at 1 January 2023 to 26,040,504,786 shares as at 31 December 2023.

Employees
As at 31 December 2023, the Group employed a total of 2,300 full time employees in Hong Kong, PRC, Pakistan, Dubai and other MENA locations. Employees' remuneration package is reviewed periodically and determined with reference to the performance of the individual and the prevailing market practices. Remuneration package included basis salaries, year-end bonus, medical and contributory provident fund.

Contingent Liabilities
Particulars of the Group's contingent liabilities are set out in note 15 of the Notes to Consolidated Financial Statements in this announcement.

Exposure to Fluctuations in Exchange Rates and Related Hedges
The Group's monetary assets and transactions are mainly denominated in United States dollars and Hong Kong dollars, which are relatively stable. Other currency involved include Renminbi, Pakistani Rupee, Iraqi Dinar and Egyptian Pound which exchange rate impact is not considered significant. The Group did not use financial instruments for hedging purposes during the reporting period and will continue to monitor impact of any exchange fluctuations and take appropriate action to prevent any exposure to the Group.

Major Customers and Suppliers
In 2023, the Group's five largest customers represented 79.4% of total turnover (2022: 93.8%) and the Group's five largest suppliers represented 52.4% of total cost of sales (2022: 45.1%).

PURCHASE, SALE OR REDEMPTION OF SHARES
Save as disclosed of the repurchase of 249,424,000 shares of the Company in the "Capital Structure" paragraph above, the Company has not redeemed any of its shares nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31 December 2023.

SUFFICIENCY OF PUBLIC FLOAT
The Company has maintained a sufficient public float throughout the year ended 31 December 2023.

AUDIT COMMITTEE
The Audit Committee has reviewed the draft audited consolidated financial statements for the year ended 31 December 2023. The Audit Committee has also discussed with management and reviewed the accounting principles and practices adopted by the Group, as well as risk management, internal control and financial reporting matters, and found them to be satisfactory.

OTHER COMMITTEE

Besides the Audit Committee, the Board has also established Remuneration Committee and Nomination Committee. Each Committee has its defined scope of duties and written terms of reference.

DISTRIBUTION RESERVES

As at 31 December 2023, the aggregate amounts of the Company's reserves available for distribution to equity shareholders of the Company was approximately HK$7,436,432,000 (31 December 2022: approximately HK$8,488,029,000).

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Thursday, 6 June 2024 (the "AGM"). A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on Thursday, 6 June 2024. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 31 May 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the code of conduct with respect to the dealings in securities of the Company by the Directors as set out in Appendix 10 of the Listing Rules. Having made specific enquiry with all Directors, each of whom has confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2023.

CODE OF CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2023, the Company has applied the principles and complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, save for the deviations which are explained below.

- The Code A.2.1 — the company have the post of chief executive officer but it was still vacant;

- The Code A.4.1 — the independent non-executive Directors have not been appointed for any specific terms as they are subject to retirement by rotation at least once every three years in accordance with the Company's Bye-laws;

Code provision A.2.1 of the Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Although the Company has separated the duties between the chairman and chief executive officer, the post of the chief executive officer is still vacant. In this connection, the executive function of the Company is performed by the executive Directors and management of the Company. Thus, significant decision of the Company is made by the Board. The Board considers that such structure will not affect the balance of power and authority between the chairman and the executive Directors.

Code provision A.4.1 of the Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. None of the independent non-executive Directors has entered into any service contracts with the Company or its subsidiaries. In view of the fact that the independent non-executive Directors are subject to retirement by rotation at least once every three years though they have no set term of office, the Board considers that the quality of good corporate governance will not be impaired.

With effective from 30 March 2012, a nomination committee, comprising Mr. San Fung, independent non-executive Director of the Company, as its Chairman with Mr. Chau Siu Wai, independent non-executive Director of the Company, and Ms. Zhang Meiying, executive Director of the Company, as its members, has been set up with written terms of reference in accordance with the requirements of the Listing Rules. The Nomination Committee is responsible for nomination of Directors, structure of the Board, number of Directors, the composition of the Board and review of the Board Diversity Policy of the Company. The nominations of Directors were made in accordance with the Nomination Policy and the objective criteria (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), with due regard for the benefits of diversity under the Board Diversity Policy of the Company. According to the Board Diversity Policy of the Company, selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The work carried out by the Nomination Committee during the year included to nominate the members of Board for retirement and re-election at the annual general meeting, to review the structure, size and composition of the Board and to assess the independence of independent non-executive Directors. The Nomination Committee also considered the Board Diversity Policy and whether the Board had the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. After due consideration, the Nomination Committee has concluded that based on the Company's existing business model and specific needs, the current composition of the Board satisfies the Board Diversity Policy for the year under review.

SCOPE OF WORK OF AUDITOR

The figures in respect of the preliminary announcement 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 the preliminary announcement have been agreed by the Group's auditor, RSM Hong Kong ("RSM"), to the amounts set out in the Group's draft audited consolidated financial statements for the year. The work performed by RSM 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 RSM on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2023 annual report will be despatched to the Shareholders and available on the Company's website at www.uegl.com.hk and HKEx news website at www.hkexnews.hk in due course.

By Order of the Board
United Energy Group Limited
Zhang Hong Wei
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Hong Wei (Chairman) and Ms. Zhang Meiying and the independent non-executive directors are Mr. Chau Siu Wai, Mr. San Fung and Ms. Wang Ying.

GLOSSARY AND DEFINITION

In this announcement, unless the context otherwise requires, the following words and expressions have the following meanings.

General Terms:

"AGM"	annual general meeting of the Company
"Board"	board of directors of the Company
"China" or "PRC"	the People's Republic of China
"Company"	United Energy Group Limited
"Director(s)"	director(s) of the Company
"Egypt Assets"	assets in Egypt area engaged in Upstream business
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of China
"IMF"	International Monetary Fund
"Iraq Assets"	assets in Iraq area engaged in Upstream business
"KEC"	Kuwait Energy PLC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MENA"	Middle East and North Africa
"MENA Assets"	assets in MENA engaged in Upstream business, including Iraqi Assets and Egypt Assets
"Model Code"	Appendix 10 of the Listing Rules - Model Code for Securities Transactions by Directors of Listed Issuers
"OPEC"	Organisation of the Petroleum Exporting Countries
"Pakistan Assets"	assets in Pakistan area engaged in Upstream business
"PSU Scheme"	the performance share unit scheme adopted by the Company on 1 April 2019
"SFO"	Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$" or "US dollars"	the lawful currency of the United States of America

Technical Terms:

"1P"	proved reserve
"2P"	proved plus probable reserve
"bbl"	barrel
"bcfd"	billion cubic feet per day
"boe"	barrels of oil equivalent
"boed"	barrels of oil equivalent per day
"CPF"	Central processing facilities
"EDPSC"	Exploration Development and Production Service Contract
"FDP"	field development plan
"GDPSC"	Gas Development and Production Service Contract
"LNG"	liquefied natural gas
"LPG"	liquefied petroleum gas
"mmbbld"	million barrels per day
"mmboe"	million barrels of oil equivalent
"Operator"	the entity designated by the working interest owners to carry out the joint operations pursuant to the relevant agreement among them
"PSC"	profit sharing contract
"Upstream business" or "E&P"	oil and gas exploration, development, production and sales