



UEG
聯合能源



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

(於開曼群島註冊成立及於百慕達存續之有限公司)
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(股份代號 Stock Code : 0467)

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CORPORATE INFORMATION

Directors

Executive Directors

Song Yu (*Chairman*)

(*Appointed on 4 June 2025*)

Chiu Ping Shun

(*Appointed on 27 June 2025*)

Yiu Chi Shing

(*Re-designated as non-executive director on 4 June 2025*)

Zhang Hong Wei

(*Resigned on 27 June 2025*)

Zhang Meiyang

(*Resigned on 4 June 2025*)

Non-Executive Director

Yiu Chi Shing (*Vice Chairman*)

(*Re-designated on 4 June 2025*)

Independent Non-Executive Directors

San Fung

Sun Chuen Wah Anthony

(*Appointed on 4 June 2025*)

Tang Yuen Ching Irene

(*Appointed on 4 June 2025*)

Chau Siu Wai

(*Resigned on 4 June 2025*)

Wang Ying

(*Resigned on 1 April 2025*)

Company Secretary

Hung Lap Kay

Principal Place of Business

39/F, West Tower,

Cheung Kong Center II,

10 Harcourt Road, Central,

Hong Kong

Registered Office

Clarendon House,

2 Church Street,

Hamilton HM11,

Bermuda

Principal Bankers

Standard Chartered Bank

China Minsheng Banking Corporation,

Hong Kong Branch

Bank of China (Hong Kong) Limited

Industrial and Commercial Bank of China (Asia) Ltd.

Mashreqbank PSC

Legal Advisers in Hong Kong

Slaughter and May

Angela Ho & Associates in association with

Lang Michener LLP

Auditor

RSM Hong Kong

Registered Public Interest Entity Auditor

29th Floor, Lee Garden Two,

28 Yun Ping Road,

Causeway Bay,

Hong Kong

Bermuda Principal Share Registrar and Transfer Office

Conyers Corporate Services

(Bermuda) Limited

Clarendon House,

2 Church Street,

Hamilton HM 11, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

17/F, Far East Finance Centre,

16 Harcourt Road,

Hong Kong

Website

<http://www.ueg.com>

KEY FINANCIAL AND OPERATION SUMMARY

Financial Summary

	2025 HK\$'000	2024 HK\$'000	Change
Results			
Turnover	19,191,270	17,794,465	+7.8%
Gross Profit	3,381,177	3,573,192	-5.4%
Profit for the year	1,117,119	1,558,118	-28.3%
Profit for the year attributable to owners of the Company	1,117,131	1,558,132	-28.3%
Basic earning per share (HK cents)	4.35	6.04	-28.0%
EBITDA ^(Note 1)	6,446,290	7,444,753	-13.4%
Adjusted EBITDA ^(Note 1)	7,286,493	7,991,874	-8.8%
Key items in Consolidated Statement of Financial Position			
Equity attributable to owners of the Company	13,179,426	13,289,971	-0.8%
Total assets	29,138,820	26,120,400	+11.6%
Net assets	13,184,823	13,295,380	-0.8%

Operation Summary

Pakistan Assets	2025	2024	Change
Operation			
Average Daily Working Interest Production (boed)	30,610	36,627	-16.4%
Oil & Liquids Ratio ^(Note 2)	21.8%	24.4%	-2.6%
Reserve ^(Note 3)			
Net Entitlement 1P Reserve at the year end (mmboe)	44.6	49.2	-9.3%
Working Interest 2P Reserve at the year end (mmboe)	80.3	88.9	-9.7%
Exploration & Development Activity			
Rig workovers	8	5	+3
Exploration wells	7	12	-5
Development wells	5	9	-4

Key Financial and Operation Summary (Continued)

MENA Assets	2025	2024	Change
Operation			
Average Daily Working Interest Production (boed) ^(Note 4)	92,233	71,452	+29.1%
Oil & Liquids Ratio ^(Note 2)	94.6%	96.2%	-1.6%
Reserve ^(Note 3)			
Net Entitlement 1P Reserve at the year end (mmboe)	131.2	110.6	+18.6%
– Egypt Assets	10.0	3.9	+156.4%
– Iraq Assets	121.2	106.7	+13.6%
Working Interest 2P Reserve at the year end (mmboe)	599.3	576.7	+3.9%
– Egypt Assets	32.9	17.3	+90.2%
– Iraq Assets	566.4	559.4	+1.3%
Exploration & Development Activity			
Rig workovers	19	21	-2
Exploration wells	4	6	-2
Development wells	34	20	+14

Notes

- For EBITDA and adjusted EBITDA, please refer to “Other Financial Information” on pages 17 to 19 for more information.
- Oil & Liquids including Crude Oil, Condensate & LPG.
- 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.
- Average daily working interest production of the newly acquired Apex International Energy Holdings I Group are included from the completion date of acquisition.

CHAIRMAN'S REPORT

2025: A YEAR OF RESILIENCE AND EXPANSION

The year 2025 unfolded against a complex global energy landscape, marked by moderating crude oil prices, heightened geopolitical uncertainty, and the accelerating pace of global energy transitions. Amid this demanding operating environment, United Energy Group Limited ("UEG" or the "Group") demonstrated exceptional operational resilience and strategic agility. Through disciplined delivery across our core operations and the execution of transformative strategic priorities, we not only navigated persistent market headwinds but also materially fortified our platform for sustained long-term growth. Our 2025 accomplishments stand as a testament to the strength of our diversified portfolio, the rigor of our long-term strategy framework, and the unwavering commitment of our global workforce.

2025 Performance: Excellence in a Shifting Market

Operational Highlights

- **HSSE:** UEG maintained its steadfast commitment to Health, Safety, Security, and Environment ("HSSE"), achieving zero fatalities and zero major incidents – a testament to our world-class HSSE culture.
- **Production & Reserves:** Average daily gross oil and gas production was 200,046 boed, with working interest production averaging 122,843 boed¹. We made six commercial discoveries (three in Pakistan and three in Egypt). The working interest 2P reserves as of year-end 2025 is approximately 679.6 mmb², with a reserve life of over 15 years, establishing a solid foundation for future sustainability and development.
- **Regional Successes:**
 - **Iraq:** Our flagship asset Block 9 continued to excel and ramp-up in production, with its Central Processing Facility operating reliably. The successful completion of a 72 km Gas & LPG flowline further enhanced our infrastructure and laid a solid foundation for further production ramp-up. At Siba block, we secured approval for the updated Field Development Plan and successfully concluded the GDPSC Amendment-2. Demonstrating our operational discipline and rapid execution capability, we commenced the first drilling in Iraq's 5th-plus and 6th licensing rounds on an expedited basis by spudding the FAO-1 exploration well.
 - **Pakistan:** Our existing assets remained a cornerstone of our portfolio and made a strong financial contribution. We advanced our exploration-led growth, progressing from seismic evaluation to drilling at the Kalchas South Block and achieving successful start-ups from two tight gas wells, unlocking new resource potential.
 - **Egypt:** Efficiency enhancements across our existing assets were complemented by a landmark strategic move. In October 2025, we successfully completed the acquisition of Apex, which expanded our footprint, significantly increased our production and reserves, and positioned UEG among the top five international oil producers in the country. The Group was also recognized with the EOG Operational Excellence Award, a testament to our operational excellence.

Notes:

¹ Average daily gross and working interest production of the newly acquired Apex International Energy Holdings I Group are included from the completion date of acquisition.

² The group's total reserves include newly acquired Apex Assets.

Innovation & Energy Transition

2025 marked a pivotal year for our digital transformation and clean energy business, as we transitioned from ambition to execution. Our dual-pronged strategy to advance both traditional and clean energy businesses gained significant momentum:

- **Digital Transformation:** Throughout 2025, our digital sharing center and procurement center played an instrumental role in advancing systematic and digital management across the Group, enhancing operational efficiency and generating cost savings while paving the way for accelerated digital integration in 2026 and beyond.
- **Sustainable Operations:** Across our operations, we integrated sustainable practices. In Egypt, we transitioned most assets to power from the national electrical grid, optimizing costs, reducing emissions, and enhancing operational safety. Solar options are being considered, which would further optimize these areas.
- **New Project Development:** Leveraging a supportive policy environment, the Group continued to advance its solar and Battery Energy Storage System ("BESS") projects in Europe, bringing key commercial terms close to completion and positioning these initiatives for accelerated progress in 2026. In parallel, the Group strengthened its presence in the MENA region by entering into framework agreements with governments and partners in Egypt, Morocco, Jordan, and Mauritania, laying the groundwork for scalable clean energy development.

Financial Strength

In a year of lower oil prices, our prudent financial stewardship was more critical than ever. Our disciplined cost management and strong cash flow from operations helped maintain a solid balance sheet, supported by a consistently low financial leverage ratio that underscores our conservative capital structure. By steadfastly executing our low-cost strategy, we sustained one of the industry's most competitive cost positions, which in turn underpinned resilient profitability despite the softer pricing environment. The Group's financial resilience was externally validated by international rating agencies – a clear endorsement of our solid financial position and upward trajectory.

Community & Sustainability

UEG remains deeply committed to the communities where we operate. Our targeted CSR initiatives continued to support education, healthcare, and local economic development, fostering employment and supplier opportunities. Our commitment to social responsibility, combined with our decarbonization roadmap, ensures that our growth is both sustainable and inclusive.

KEY PRIORITIES FOR 2026

2026 Outlook: Capitalizing on a Transformed Platform

As we look to 2026, the global energy sector remains volatile. Recent geopolitical events have injected new uncertainties, but also present opportunities for agile and resilient operators. With our enhanced and diversified asset base, strengthened financial profile, and clear strategic vision, UEG is well-positioned to navigate the evolving turbulent landscape and deliver sustainable growth.

- **HSSE Leadership:** Build on our best-ever safety performance by maintaining world-class standards and fostering our ingrained safety culture across all operations.
- **Production & Efficiency:** Target daily gross production of 179,000–213,000 boed and working interest production of 105,400–125,300 boed. The Group plans to deploy disciplined capital expenditure of US\$500–650 million to optimize our enhanced portfolio.
- **Advance Energy Transition:** Progress our clean energy initiatives with a focus on value and discipline, including selected projects in Europe and feasibility assessments for green hydrogen in MENA. In the meantime, we are committed to the integration of sustainable solutions across our existing assets.
- **Unlock New Value:** Drive growth from exploration success and our expanded portfolio. In parallel, the Group will continue to focus on emerging markets, selectively identifying opportunities to capture value and support new growth avenues. In an evolving landscape characterized by both risks and opportunities, maintaining agility will be key to sustaining our competitive position.

A VISION FOR THE FUTURE

Looking forward, we are focused on disciplined, sustainable growth and the creation of enduring long-term value. We will continue to optimize our core operations and high-quality assets, advancing our energy transition agenda in a measured and commercially rigorous manner, and pursue targeted, value-accretive opportunities to strengthen and diversify our portfolio – all anchored in operational excellence and financial prudence. In an ever-evolving energy ecosystem, agility and strategic adaptability are paramount. Backed by a diversified asset base, a proven leadership team and robust financial strength, UEG is uniquely positioned to navigate market uncertainty and deliver consistent, sustainable long-term value for our shareholders.

Song Yu

Chairman

31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the largest listed integrated energy companies in Hong Kong, with business presence in South Asia, MENA and Europe. It is principally engaged in upstream oil and natural gas, clean energy and energy trading businesses. Leveraging management's extensive experience in oil and gas sector, the Group has successfully expanded its footprint to become a key player in the energy industry. Over the years, it has built a solid and diversified portfolio through strategic acquisitions and capital investments.

According to the IMF's January 2026 World Economic Outlook Update, global growth is estimated at 3.3% in 2025, compared with 3.2% in 2024. Trade policy uncertainty, geopolitical tensions (Middle East, Ukraine, etc.) and fiscal instability in some regions weighed on growth. World oil demand was estimated to have increased by 1.30 mmbbld year-on-year to an average of 105.1 mmbbld in 2025 as reported by the OPEC Monthly Oil Market Report of January 2026. Oil prices declined amid over supply with average Brent Oil Price in 2025 at US\$69.14/bbl, representing a 14% decrease from US\$80.52/bbl in 2024, according to data from U.S. Energy Information Administration. The Group recorded net profit attributable to shareholders for the reporting period of approximately HK\$1,117,131,000, a 28.3% decrease from HK\$1,558,132,000 in last year, primarily due to decrease in average realized sales price of crude oil and liquids during the reporting period.

The Group's Cost of sales for the reporting period was approximately HK\$15,810,093,000, and the Group invested approximately HK\$5,277,116,000 of capital expenditure in oil exploration, development and production activities. The Group drilled 50 wells during the reporting period, including 12 wells in Pakistan Assets and 38 wells in MENA Assets.

Business Strategy

As one of the largest listed integrated energy companies listed in Hong Kong, 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 growth and production increase

The Group remains committed to strategic exploration across its key operational areas, ensuring a well-planned and systematic approach to reserve expansion. Through effective exploration strategies and execution, the Group achieved reserve additions during the year. In mature oil and gas fields, targeted operational measures successfully sustained production levels, while newly drilled development wells contributed to incremental output with a high success rate. The Group continues to manage its oil and gas assets sustainably, diversifying its portfolio across different stages of the value chain. Looking ahead, significant discoveries are anticipated in new exploration locations and prospective technical research plays, further strengthening future growth potential.

Maximizing the potential of existing assets

With core operations in Pakistan, Iraq, and Egypt, the Group leverages its high-quality asset base under the guidance of a seasoned management team. Its vision is to replicate past successes by applying proven expertise to newly acquired exploration blocks, ensuring a sustainable and scalable growth strategy for its asset portfolio.

Driving high-quality development

The Group is committed to sustainable, efficient, cost-effective, and environmentally responsible asset development. In addition to optimizing its existing operations, the Group actively pursues opportunities in clean and low-carbon energy, aiming to create synergies between its core business and renewable energy initiatives to support long-term growth.

Maintaining a prudent financial policy

A disciplined and prudent financial policy remains fundamental to the Group's long-term success. It continues to streamline processes, enhance operational efficiency, optimize costs, and uphold disciplined investment decisions, reinforcing its low-cost strategy and competitive edge. Cash flow and indebtedness management are systematically structured to ensure a healthy financial position, providing stability and flexibility for future growth.

Exploration

In 2025, the Group continued its efforts in oil and gas exploration. Guided by a value-driven philosophy, and focus on the exploration and discovery of small and prolific oil and gas fields, 6 commercial discoveries were achieved of which 3 were in Pakistan and 3 in Egypt. By maintaining a balanced investment strategy, it continued to support exploration activities, ensuring sustainable growth and long-term development.

The Group holds the largest exploration and production footprint of any foreign oil and gas company in Pakistan, spanning approximately 27,609 km² (including 5,639 km² non-operated), with ongoing initiatives to further expand its presence across the country. Exploration breakthroughs and commercial discoveries were achieved in Badin and Kotri North blocks, with production addition in mature fields. Within six months of the Sawan South block award, two back-to-back wells were spud, leading to discoveries that established commercial production. Activities across the new blocks progressed through 2025, alongside the advancement of two high-risk, high-reward exploration wells in Sawan South and the completion of drilling for the first exploration well in the Kuhan block of Pakistan. Egypt's exploration acreage increased from 1,583 km² to 5,146 km² upon the successful completion of the Apex acquisition.

Engineering Construction

In 2025, the Group strategically allocated operational resources and effectively advanced engineering construction projects. Through meticulous planning and efficient management, the Group successfully completed its production support and facility modification projects, ensuring the achievement of production and reserve targets while delivering significant economic benefits.

In Iraq, a significant milestone was achieved by the laying of 72 km Gas and LPG flowline. Natural gas CPF started Gas and LPG sales in June 2025. These projects have laid a solid foundation for further production capacity ramp-up in Block 9. Other major projects in Iraq also progressed as per schedule.

In mature assets, the Group adopted innovative measures for process optimization, efficiency enhancement, energy conservation, and emission reduction, yielding tangible benefits from facility upgrades and renovations. In Pakistan, the successful implementation of a significant compression project improved production efficiency and optimized asset value. Meanwhile, in Egypt, the transition to power sourced from the national electrical grid progressed smoothly across most assets. This initiative delivered optimized operating costs, reduction in diesel consumption, and a partial elimination of rented generators. It further enhanced facility efficiency, performance, and safety, while strengthening workplace health, safety, and sustainability.

Development and Production

For the year ended 31 December 2025, the Group's (excluding Apex) average daily gross production was approximately 188,748 boed (MENA Assets (excluding Apex) – 145,461 boed plus Pakistan Assets – 43,287 boed), a 4.5% increase compared to approximately 180,554 boed last year. Gross accumulated production was approximately 68.89 mmboe, a 4.3% increase compared to approximately 66.08 mmboe last year. At the same time, the Group's (excluding Apex) average working interest production was 112,568 boed (MENA Assets (excluding Apex) – 81,958 boed plus Pakistan Assets – 30,610 boed), a 4.2% increase compared to approximately 108,079 boed last year. Working interest accumulated production (excluding Apex) was approximately 41.09 mmboe, a 3.9% increase compared to approximately 39.56 mmboe last year. In 2025, Group actively managed decline rate of mature fields coupled with new exploration successes, contributing to sustained production with a slight increase.

For Apex, average daily gross production was 11,298 boed post-acquisition i.e. 14 October 2025 to 31 December 2025, with average working interest production of 10,275 boed.

Iraq's Upstream Oil and Gas Business

The Group holds a 60% participating interest in the EDPSC and is the Operator of Block 9 in Iraq. In 2025, average daily gross and working interest production was approximately 105,184 boed and 63,111 boed respectively, an increase of 21.1% compared to last year. Accumulated gross and working interest production for the year was approximately 38.39 mmboe and 23.04 mmboe respectively. Block 9 has an oil and liquids ratio of 98%.

The Group also 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 2025 was approximately 26,006 boed and 7,802 boed respectively, a slight increase over last year. Accumulated gross and working interest production was approximately 9.5 mmboe and 2.8 mmboe respectively. Siba has an oil and liquids ratio of ~66%.

In 2024, the Group acquired a 100% participating interest in FAO Block. First exploration well was drilled in 2025 and achieved commercial discovery. Further work is in progress.

Pakistan's Upstream Oil and Gas Business

As of 31 December 2025, the Group holds interests in 20 blocks of which 13 are exploration licenses for oil and gas production in Pakistan.

In 2025, Pakistan Assets achieved an average daily gross and working interest production of approximately 43,287 boed and 30,610 boed respectively; a decrease of ~ 16% compared to last year. Pakistan Assets have an oil and liquids ratio of ~21.8% which was 2.6% lower than last year. Accumulated gross production and working interest production for the full year was approximately 15.8 mmboe and 11.2 mmboe respectively.

Egypt's Upstream Oil and Gas Business

The Group holds interests in five blocks in Egypt (excluding Apex). 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%, 32.05% and 49.5% respectively. The Group is Operator of all these blocks, except for East Ras Qattara. In 2025, average daily gross and working interest production was approximately 14,271 boed and 11,045 boed respectively, a decrease of 10.1% and 4.5% compared to last year. Accumulated gross production and working interest production for the year were approximately 5.2 mmboe and 4.0 mmboe respectively. Egypt Assets have an oil and liquids ratio of ~98%.

The Group completed acquisition of Apex on 14 October 2025, which has a 100% participating interest in merged concession agreement. Participating interest in East Obaiyed, Southwest Meleiha, Ras Qattara and West Abu Gharadig are 25%, 25%, 75% and 45% respectively. The Group is Operator of Ras Qattara and West Abu Gharadig. From 14 October 2025 to 31 December 2025, average daily gross and working interest production was approximately 11,298 boed and 10,275 boed respectively. Accumulated gross production and working interest production were approximately 0.9 mmboe and 0.8 mmboe respectively. Apex has an oil and liquids ratio of ~93%.

With the addition of Apex, the Group now manages a broader and more diversified portfolio in Egypt. This strategic expansion positions the Group among the top five international oil producers in the country, enhancing its scale, cash generation capacity, and resilience against natural production decline.

Core Strengths

1. Successful exploration program and solid resources base

During the year, the Group delivered 6 commercial discoveries, bolstering its reserve base and underpinning long-term production growth. Sustaining a steady production growth trajectory, the Group retains a reserve life of over 15 years, establishing a solid foundation for future sustainability and development.

2. Rapid development of large-scale oilfields and increased production capacity

In Block 9, the Group reached key milestones with the installation of a 72 km Gas and LPG flowline. The natural gas CPF commenced Gas and LPG sales in June 2025. These projects have laid a solid foundation for further production capacity ramp-up. Achieved via close collaboration with the Group's partners, these milestones enable safe, timely, and efficient production increase.

3. Significant low-cost advantage and strong financial performance

The Group remains committed to efficient business management, thereby maintaining an industry-leading low-cost advantage. Operating expenses continue to be well-controlled, supporting strong cash flow generation. With a stable financial position and a low gearing ratio, the Group has a solid foundation for future growth and expanded financing capacity.

4. Industry-leading HSSE performance

Operational safety is a top priority for the Group. Key HSSE metrics remain at industry-leading levels. A comprehensive risk prevention and control system, reinforced by a robust safety inspection mechanism, ensures the highest standards of workplace safety and environmental responsibility.

5. Advancing a lower-carbon future

In alignment with global carbon reduction initiatives and the energy transition, the Group has adopted a dual-pronged strategy to advance both traditional hydrocarbons and clean energy businesses. Its clean energy portfolio includes solar and wind projects, with additional opportunities being explored through cutting-edge technologies and innovative solutions to drive a more sustainable energy future.

6. Commitment to social responsibility

The Group regards its employees as its most important asset, fostering a diverse workforce comprising multiple nationalities, cultures, and religions. Committed to social development in local communities, the Group actively invests in education, healthcare, and vocational training programs, driving sustainable income generation in the regions where it operates.

7. Strategic acquisition to expand asset scale and regional footprint

The Group completed the acquisition of Apex in Egypt on 14 October 2025, significantly expanding its asset base and strengthening its position in the core MENA region. This strategic move has broadened the Group's resource portfolio, enhanced production scale, and unlocked new growth opportunities; it has also significantly increased the Group's production and reserves in Egypt and elevated the Group to the top five international oil producers in the country, further solidifying its long-term value creation potential in the MENA region.

Sales and Marketing

Sales of Crude Oil

The Group sells crude oil and condensate produced in Pakistan and Iraq primarily through traders in the international market. The Group's crude oil sales price is mainly determined by the prices of international 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 a basis. Regarding 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 2025, the Group's total working interest crude and condensates sale volumes are 31.2 mmboe, representing a year-on-year increase of 10.6%, its average realized oil price (before government royalty, windfall levy, government take and other income – tax entitlement volumes at working interest production) was approximately US\$65.90/bbl, representing a year-on-year decrease of 12.8%, mainly due to the decrease in Brent Oil Price.

Sales of Natural Gas

The Group's natural gas sales price in Pakistan 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 in Pakistan are primarily government owned entities including Sui Southern Gas Company Limited. The Group's natural gas customer in Iraq is Basra Oil Company with oil lifting arrangements.

In 2025, the Group's total working interest natural gas sale volume was 10.3 mmboe, representing a year-on-year decrease of 7.2%. Its average realized gas price (before government royalty, windfall levy and government take at working interest production) was approximately US\$34.5/boe, representing a year-on-year increase of 15.0%, mainly due to higher realized prices following the settlement of pricing dispute and the recognition of revenue under a more favorable price regime.

Sales of Energy Products

The Group's energy trading business actively engaged in the trading of energy products and the optimization of cargo liftings in Iraq. Trading activities were conducted with prominent international counterparts, including BP, Total, Trafigura, Repsol, Aramco, Spanish Petroleum Company, S.A., Itochu, PTT Public Company Limited, and others. Pricing was primarily based on the international benchmark prices of energy products with comparable quality, subject to adjustments reflecting prevailing market conditions.

In 2025, the Group's total energy products trading volume was 2,523,655 tons and its average realized price was approximately US\$487.09/tons.

Financial Results

Financial Review

For the year ended 31 December 2025 (the “reporting period”), the Group reported a profit attributable to the owners of the Company of approximately HK\$1,117,131,000, compared to profit of approximately HK\$1,558,132,000 for the year ended 31 December 2024 (“last year”), decreased 28.3%. The decrease in net profit was primarily due to decrease in average realised sales price in crude oil and liquids during the reporting period and the increase in total oil and gas assets impairment of approximately HK\$416,239,000 (2024: HK\$166,286,000) (net of tax) and exploration dry well write-off approximately HK\$210,259,000 (2024: HK\$306,335,000) (net of tax) in current year.

During the reporting period, the Group’s average daily working interest production was approximately 122,843 boed (Pakistan Assets of 30,610 boed plus MENA Assets of 92,233 boed) compared to approximately 108,079 boed (Pakistan Assets of 36,627 boed plus MENA Assets of 71,452 boed) of last year, increased by 13.7%. The Group aggressively managed decline rate of mature oil fields, meanwhile, new exploration successes and new acquisition contributed to production increase. The average realised oil and gas price (before government royalty, windfall levy, government take and other income – tax entitlement volumes at working interest production) was approximately US\$58.09/boe, compared to approximately US\$62.58/boe of last year, representing a decrease of 7.2%.

Turnover

	2025 HK\$'000	2024 HK\$'000
Exploration and production	9,429,334	10,130,078
Trading	9,588,129	7,664,387
Clean energy business	173,807	–
	19,191,270	17,794,465

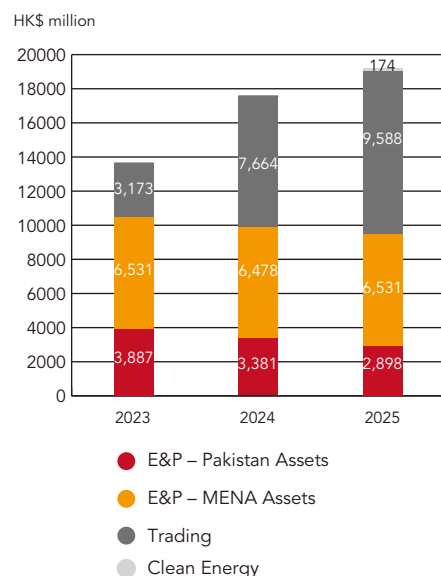
Management Discussion and Analysis (Continued)

The Group's turnover for the reporting period was approximately HK\$19,191,270,000, representing an increase of 7.8% as compared with the turnover of approximately HK\$17,794,465,000 of last year. The increase in turnover was mainly contributed by the effect of the increased trading business and new clean energy business but partially offset by the decrease in average realised sales price in crude oil and liquids during the reporting period.

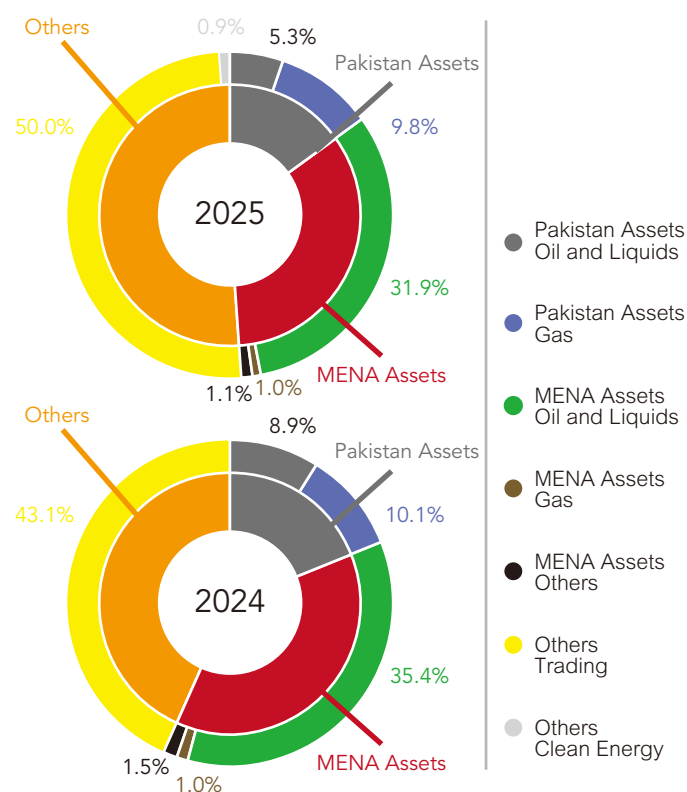
Exploration and Production Category			Year 2025	Year 2024	Change	
Oil and gas sales*	USD'000		2,436,913	2,477,102	-40,189	-1.6%
Crude oil and liquids	USD'000		2,059,575	2,130,053	-70,478	-3.3%
Natural gas	USD'000		356,358	333,733	+22,625	+6.8%
LPG	USD'000		20,980	13,316	+7,664	+57.6%
Sales Volume	mmboe		41.9	39.6	+2.3	+5.8%
Crude oil and liquids	mmboe		31.2	28.2	+3.0	+10.6%
Natural gas	mmboe		10.3	11.1	-0.8	-7.2%
LPG	mmboe		0.4	0.3	+0.1	+33.3%
Realised prices*	US\$/boe		58.09	62.58	-4.49	-7.2%
Crude oil and liquids	US\$/bbl		65.90	75.54	-9.64	-12.8%
Natural gas	US\$/boe		34.50	30.00	+4.50	+15.0%
LPG	US\$/boe		57.33	51.37	+5.96	+11.6%

* turnover before accounting for government royalty, windfall levy, government take and other income – tax entitlement volumes (at working interest quantity)

UEG 2025 FY – Turnover



Turnover Contribution by Products – 2025



Note:

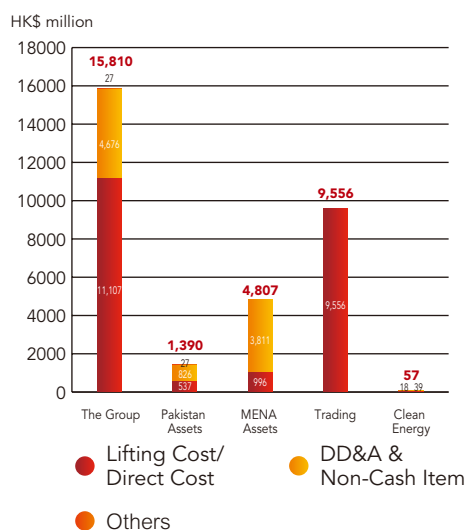
1. Turnover represents sales after government take.

Cost of sales

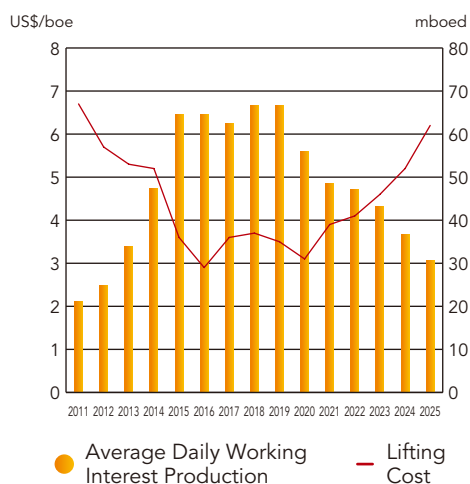
Operating expenses for exploration and production activities

The Group's operating expenses for exploration and production activities (which is defined as the cost of sales excluding depreciation and amortisation and distribution expenses) increased 13.4% to approximately HK\$1,533,724,000 in 2025, compared with approximately HK\$1,352,643,000 in 2024. The operating expenses per boe (at working interest production) was approximately US\$4.69 in 2025, compared with approximately US\$4.38 in 2024, increased by 7.1%. For Pakistan Assets, operating expenses per boe was approximately US\$6.16, increased by 19.4% (last year: approximately US\$5.16 per boe); while for MENA Assets, operating expense per boe was approximately US\$4.15, increased by 4.3% (last year: approximately US\$3.98 per boe).

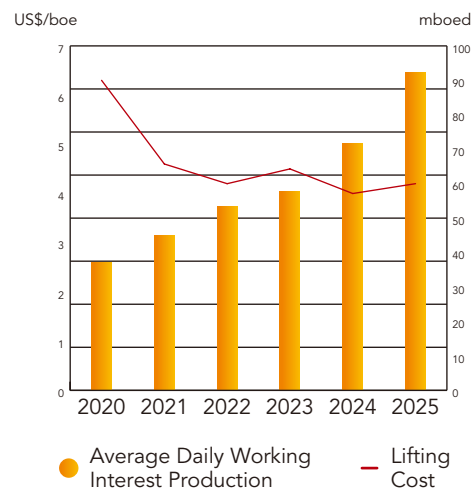
UEG 2025 FY – Cost of Sales



Pakistan Assets – Lifting Cost vs Daily Working Interest Production



MENA Assets – Lifting Cost vs Daily Working Interest Production



Note:

- Lifting cost represent cost of sales & services rendered excluding depreciation and amortisation, sales expenses and government tax.

Depreciation, depletion and amortisation

Included in the cost of sales, the depreciation, depletion and amortisation was approximately HK\$4,676,000,000, representing a decrease of 10.3% as compared with the amount of approximately HK\$5,215,320,000 in last year.

Gross profit

The Group's gross profit for the reporting period was approximately HK\$3,381,177,000 (gross profit ratio 17.6%) which represented a decrease of 5.4% as compared with gross profit of approximately HK\$3,573,192,000 (gross profit ratio 20.1%) for the last year. The decrease in gross profit was mainly due to lower average realised price during the year compared to last year.

Exploration expenses

The Group's exploration expenses for the reporting period was approximately HK\$382,591,000 (last year: approximately HK\$577,194,000) which included the expenses for performance of geological and geophysical studies, surface use rights and the written off loss of approximately HK\$285,369,000 (last year: approximately HK\$444,298,000) arising from dry exploration wells in Pakistan and Egypt Assets.

Administrative expenses

The Group's administrative expenses for the reporting period was approximately HK\$851,599,000 (last year: approximately HK\$700,501,000) representing 4.4% (last year: 3.9%) of the turnover.

Finance costs

The Group's finance costs for the reporting period was approximately HK\$321,325,000, which represented a decrease of 8.5% as compared with the finance costs of approximately HK\$351,143,000 for last year. The decrease in finance costs was mainly due to there was one-off amortisation effect of upfront fee upon repayment of borrowings in corresponding period, and lower weighted average loan balance during the reporting period compared to last year. The weighted average interest rate of borrowings for the reporting period was 9.94% (last year: 11.47%).

Income tax expense

The Group's income tax expense for the reporting period was approximately HK\$179,695,000. This included the current income tax of approximately HK\$812,248,000 and deferred tax income of approximately HK\$632,553,000, compared with current income tax of approximately HK\$779,967,000 and deferred tax income of approximately HK\$607,560,000 for the last year respectively. The Group's effective tax rate for the reporting period was approximately 13.9% (last year: 10.0%). The increase in effective tax rate is mainly due to lesser reversal of overprovision of tax in respect of prior years for the current reporting period upon a favorable determination from tax bureau and an additional top up tax provision for Pillar Two model rules approximately HK\$41,729,000 was made during the year.

Net cash related to operating activities

The Group's net cash inflow from operating activities for the reporting period was approximately HK\$6,162,796,000, representing a decrease of 17.0% as compared with the last year of approximately HK\$7,425,999,000, mainly due to decrease in average realised sales price in crude oil and liquids during the reporting period.

Net cash related to investing activities

In 2025, the Group's net cash used in investing activities increased by 1.9% to approximately HK\$6,348,133,000 from last year, mainly comprise of the development expenditure of approximately HK\$5,262,550,000 for the reporting period with an overall decrease of 11.8% as compared to last year and net payment for acquisition of subsidiaries of approximately HK\$1,155,305,000 during the reporting period.

Net cash related to financing activities

In 2025, the net cash generated from financing activities was approximately HK\$951,259,000, mainly represented the drawdown of bank loan of approximately HK\$3,400,792,000, repayment of bank loans of approximately HK\$384,540,000, drawdown of prepayment facilities of approximately HK\$624,000,000, repayment of prepayment facilities of approximately HK\$1,248,000,000 and the payment of dividend of approximately HK\$1,292,480,000.

Dividend

No final dividend is proposed by the Board for the year ended 31 December 2025 (2024: HK5 cents per share).

Other Financial Information

To supplement our consolidated results which are prepared and presented in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certificate Public Accountants ("HKICPA"), we utilize non-HKFRS EBITDA and adjusted EBITDA as an additional financial measure.

EBITDA and adjusted EBITDA are not required by, or presented in accordance with HKFRS Accounting Standards. We believe that the presentation of non-HKFRS measures when shown in conjunction with the corresponding HKFRS measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and the impact of non-recurring transactions. We also believe that the non-HKFRS measures are appropriate for evaluating the Group's operating performance. However, the use of this particular non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRS Accounting Standards. In addition, this non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

Management Discussion and Analysis (Continued)

The following table set forth reconciliations of the Group's non-HKFRS measures for the years ended 31 December 2025 and 2024 to the nearest measures prepared in accordance with HKFRS Accounting Standards.

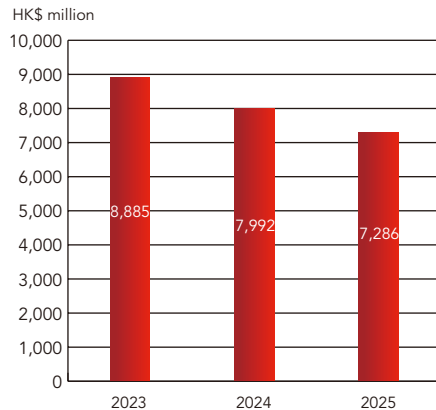
	Note	2025 HK\$'000	2024 HK\$'000
Profit for the year		1,117,119	1,558,118
<i>Adjustments:</i>			
Amortisation of intangible assets	13	232,775	334,529
Depreciation	13	4,523,669	4,934,076
Depreciation on right-of-use assets	13	71,707	94,480
Finance costs	12	321,325	351,143
Income tax expense	14	179,695	172,407
EBITDA		6,446,290	7,444,753
<i>Adjustments:</i>			
Property, plant and equipment written off in other gains and losses	13	–	21,718
Property, plant and equipment written off in exploration expenses	13	285,369	444,298
Impairment losses on investment in associates	10	–	211,087
Impairment losses on intangible assets	10	761,012	8,528
Impairment losses on property, plant and equipment	10	165,081	212,083
Share of losses/(profits) of associates		29,223	(56,623)
Gain on disposals of property, plant and equipment	10	(2,216)	(9,850)
Gain on lease modification	10	(211)	(671)
Gain on bargain purchase	10	(114,381)	–
Gain on deemed disposal of investment in associates	10	(78,912)	–
Deemed gain on increase in interest of a joint operation	10	–	(89,908)
Other income – tax entitlement volumes	8	(209,580)	(271,541)
Impairment losses on trade receivables	10	4,818	78,000
Adjusted EBITDA		7,286,493	7,991,874

EBITDA is calculated as the profit for the year, adjust for finance costs, income tax expense, amortisation of intangible assets, depreciation and depreciation on right-of-use assets.

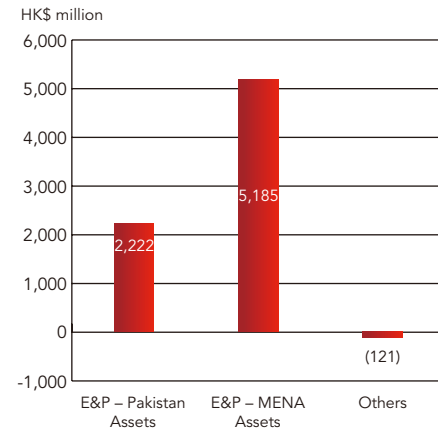
Adjusted EBITDA is calculated as the profit for the year, adjust for finance costs, income tax expense, amortisation of intangible assets, depreciation, depreciation on right-of-use assets, property, plant and equipment written off, impairment losses on investment in associates, intangible assets and property, plant and equipment, share of losses/profits of associates, gain on disposals of property, plant and equipment, gain on lease modification, gain on bargain purchase, gain on deemed disposal of investment in associates, deemed gain on increase in interest of a joint operation, other income – tax entitlement volumes and impairment losses on trade receivables.

The adjusted EBITDA for the reporting period was approximately HK\$7,286,493,000, decreased by 8.8% from the last year of approximately HK\$7,991,874,000. The decrease in adjusted EBITDA was mainly attributable to the decrease in average net realised sales price during the reporting period.

UEG 2025 FY – Adjusted EBITDA



UEG 2025 FY – Adjusted EBITDA by Assets



Notes:

- Adjusted EBITDA is calculated as the profit for the year, adjust for finance costs, income tax expense, amortisation of intangible assets, depreciation, depreciation on right-of-use assets, property, plant and equipment written off, impairment losses on investment in associates, intangible assets and property, plant and equipment, share of losses/profits of associates, gain on disposals of property, plant and equipment, gain on lease modification, gain on bargain purchase, gain on deemed disposal of investment in associates, deemed gain on increase in interest of a joint operation, other income – tax entitlement volumes and impairment losses on trade receivables.
- Others represent corporate and administrative expenses.

Business and market outlook

According to the recent IMF forecast in January 2026, growth is projected to remain resilient at 3.3 percent in 2026 and at 3.2 percent in 2027. Global headline inflation is expected to decline from an estimated 4.1 percent in 2025 to 3.8 percent in 2026 and further to 3.4 percent in 2027. Global oil demand is forecasted to increase by 1.40 mmbbld to average of 106.5 mmbbld, as per OPEC Monthly Market Report of March 2026.

The escalation of the U.S.– Iran conflict since late February 2026 has introduced significant uncertainty to global energy markets. Disruptions to traffic through the Strait of Hormuz have tightened supply conditions and contributed to higher oil prices. The Group continues to closely monitor developments and assess potential impacts on its operations.

For 2026, the Group targets an average daily gross production of 179,000 to 213,000 boed, and an average daily working interest production of 105,400 to 125,300 boed. Capital expenditure is anticipated to fall within the range of US\$500–650 million, which is essential to support exploration, development and construction plans of the Group. It aims to continue with its financial discipline and manage capital expenditure to a possible extent through optimization of its exploration and development plans. Furthermore, the Group maintains a strong emphasis on rigorous cash flow management and prudent financial stewardship to preserve enduring financial stability, robust strength, and operational agility.

MENA Assets' Upstream Oil and Gas Business:

The MENA region possesses some of the world's largest proven oil and gas reserves, characterized by abundant, low-cost resources, extended reserve lives, and substantial development potential. The Group's MENA assets are highly complementary to its existing portfolio and will deliver a sustainable development profile over the next two decades. As per reserve report issued by independent reserve auditor as of 31 December 2025, MENA Assets reported 2P working interest reserve of 599.3 mmbob with almost 94.5% 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 the MENA region. Average daily gross production of Block 9 in Iraq is expected to ramp up. Gas production of Siba in Iraq is expected at a sustainable plateau production target. Post the successful acquisition of Apex, the Group's Egypt production and reserve significantly increased the Group's production and reserves in Egypt, which is expected to further enhance its financial contribution significantly to the Group in 2026 and beyond.

In 2026, Iraq Assets are expected to achieve an average daily working interest production of 62,000 to 75,200 boed, whereas Egypt Assets will achieve an average daily working interest production of 19,100 to 23,300 boed.

Pakistan Assets' Upstream Oil and Gas Business:

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 2.18 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 expected to continue to be absorbed by state-owned gas buyers. The Group continues to leverage its experience and understanding of the geology and geophysics in Lower Indus Basin, Middle Indus Basin, Kirthar and Suleman Fold Belt of Pakistan to unlock the potentials of these assets. The Group's exploration and production footprint is the largest among all foreign oil and gas companies in Pakistan, covering an acreage of ~27,609 km². Besides, efforts are in place to further expand its footprint in Pakistan.

For Pakistan Assets, the Group plans to achieve an average daily working interest production of 24,300 to 26,800 boed in 2026.

Conclusion

The Group delivered a resilient performance in 2025, underpinned by stable production growth, successful exploration outcomes, disciplined financial management and the strategic expansion of its Egypt portfolio through the Apex acquisition. These achievements have further enhanced the Group's scale, asset quality and long-term growth platform. Looking ahead, while the external environment remains subject to geopolitical and market uncertainties, the Group will continue to focus on operational excellence, prudent investment, portfolio optimization and sustainable development across its oil and gas and clean energy businesses. With its diversified asset base, experienced management team and strong financial position, the Group remains confident in its ability to create sustainable long-term value for shareholders.

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\$3,685,528,000 as at 31 December 2025 (31 December 2024: approximately HK\$2,935,796,000).

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 2025	
	US\$	Equivalent to HK\$
Term loans	463,200,000	3,612,960,000
Prepayment facilities	80,000,000	624,000,000
	543,200,000	4,236,960,000

As at 31 December 2025, the gearing ratio was approximately 15.3% (31 December 2024: 11.6%), based on borrowings, advance from customers, and lease liabilities under current liabilities and non-current liabilities of approximately HK\$1,555,595,000 (31 December 2024: approximately HK\$1,845,348,000) and approximately HK\$2,900,200,000 (31 December 2024: approximately HK\$1,180,702,000) respectively and total assets of approximately HK\$29,138,820,000 (31 December 2024: approximately HK\$26,120,400,000). As at 31 December 2025, the current ratio was approximately 1.01 times (31 December 2024: approximately 1.01 times), based on current assets of approximately HK\$12,357,537,000 (31 December 2024: approximately HK\$10,832,994,000) and current liabilities of approximately HK\$12,270,679,000 (31 December 2024: approximately HK\$10,768,648,000).

As at 31 December 2025, the Group's total borrowings amounted to approximately HK\$3,537,181,000 (31 December 2024: approximately HK\$233,775,000), all of them are denominated in United States dollars. The weighted average interest rate of the borrowings as at 31 December 2025 was 9.81% (31 December 2024: 8.61%).

As at 31 December 2025, the Group's property, plant and equipment, right-of-use assets, intangible assets, advance, deposits and prepayment, trade and other receivables, inventory and bank balances, with total carrying value of approximately HK\$12,104,748,000 (31 December 2024: approximately HK\$1,682,181,000) 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 optimise 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

Save as disclosed in note 39(a) of the Notes to Consolidated Financial Statements in this annual report, the Group and the Company do not have other material acquisition and disposal during the reporting period.

Segment Information

Particulars of the Group's segment information are set out in note 11 of the Notes to Consolidated Financial Statements in this annual report.

Capital Structure

During the reporting period, the total number of issued shares of the Company (including treasury shares) was 26,040,504,786 shares as at 1 January 2025 and 31 December 2025 and the total number of issued shares of the Company (excluding treasury shares) was 25,849,594,786 shares as at 1 January 2025 and 31 December 2025.

Employees

As at 31 December 2025, the Group employed a total of 2,356 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 41 of the Notes to Consolidated Financial Statements in this annual report.

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 2025, the Group's five largest customers represented 81.7% of total turnover (2024: 83.5%) and the Group's five largest suppliers represented 49.4% of total cost of sales (2024: 53.5%).

SUPPLEMENTARY INFORMATION ON OIL AND GAS EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

This section provides supplemental information on oil and gas activities in accordance with the Chapter 18 of the Rules Governing the Listing of Securities (the “Listing Rules”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

A. INFORMATION ON CRUDE OIL AND NATURAL GAS RESERVES

The Group has adopted the SPE/WPC/AAPG/SPEE Petroleum Resources Management System (“SPE-PRMS”) in reserves estimation. Reserves are determined through analysis of geological and engineering data which appear, with reasonable certainty, to be economically producible in the future from known and discovered oil and natural gas reservoirs under existing economic and operating conditions. Both deterministic and probabilistic methods are used in reserves estimation. When probabilistic method is used, there should be at least a 90% probability (for Proved Reserve or “1P”) that the quantities actually recovered will equal or exceed the estimate. The estimation of reserves is based on the estimation of production for future years from existing wells and new development wells. The estimation is subject to economic limit test to satisfy the commerciality requirements of SPE-PRMS. The selling prices for oil, condensate and LPG used in the economic limit test are based on the forecast of market Brent oil price in future years, subject to discount or premium derived from historical realized price in reporting period applicable to the particular fields. The selling prices for gas used in the economic limit test are projected based on the historical realised gas price of each field in reporting period.

For the year ended 31 December 2025, the Group engaged independent third party consulting firms to perform audit and review on the reserves estimates. The firms have audited over 89.5% of the Group’s total net entitlement 1P reserves, and completed a high level review of the reasonableness of the process used by the Group on the other fields representing over 10.5% of the Group’s total net entitlement 1P reserves and its opinion stated that the estimates are reasonable.

The following table set out the estimates of Group’s net entitlement 1P reserves.

Net entitlement proved reserves	Pakistan Assets			MENA Assets			Total
	Oil, Condensate and LPG (MMbbl)	Sales Gas (Bcf)	Total (MMboe)	Oil, Condensate and LPG (MMbbl)	Sales Gas (Bcf)	Total (MMboe)	
As at 31 December 2024 and 1 January 2025	13.7	205.7	49.2	98.5	72.7	110.6	159.8
Production	(2.4)	(50.7)	(11.1)	(11.5)	(3.1)	(12.0)	(23.1)
Acquisition and revisions	-	37.9	6.5	30.1	15.3	32.6	39.1
As at 31 December 2025	11.3	192.9	44.6	117.1	84.9	131.2	175.8

Notes:

- Boe is calculated using a conversion ratio of 5,800 Scf/Boe for Pakistan Assets and 5,000-6,000 Scf/Boe for MENA Assets.
- Net entitlement reserve represents Group’s proportion after application of the state share under the concession agreements governing the assets.

B. MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

The following table summarised the major exploration, development and production activities during the reporting period:

	Pakistan Assets	MENA Assets
Exploration activities:	7 Exploration wells	4 Exploration wells
Development activities:	5 Development wells 8 Rig workovers	34 Development wells 19 Rig workovers
Production activities:	Average daily working interest production of 30,610 boed	Average daily working interest production of 92,233 boed

C. GROUP'S SHARE OF COSTS INCURRED ON EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

The following table summarised the Group's share of costs incurred on exploration, development and production activities for the year ended 31 December 2025:

	Pakistan Assets HK\$'000	MENA Assets HK\$'000	Total HK\$'000
Exploration costs	319,617	312,737	632,354
Development costs	433,521	4,229,390	4,662,911
Production costs ^(Note)	543,453	984,890	1,528,343

Note: Production costs recognised in cost of sales excluding depreciation & amortisation and sales expenses.

CORPORATE GOVERNANCE REPORT

Sound corporate governance practices are crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, protect rights of shareholders and stakeholders, and enhance shareholder value. The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency, openness and accountability to our shareholders. This Corporate Government Report is prepared in material compliance of the reporting requirements as contained in Appendix C1 of the Listing Rules on the Stock Exchange.

Corporate Governance Practices

For the year ended 31 December 2025, the Company has applied the principles and complied with the code provisions as set out in the CG Code contained in Appendix C1 of the Listing Rules, save for the deviations which are explained below.

- The CG Code Part 2 C.2.1 – the Company have the post of chief executive officer but it was vacant;

CG Code Part 2 C.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. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Although the Company has separated the duties between the chairman and chief executive officer, the post of the chief executive officer was 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.

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 the Model Code.

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 2025.

Directors and Officers Insurance

Appropriate insurance covers on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Board of Directors

Composition

The Directors and the composition of the Board committees have changed during the reporting period.

Mr. Song Yu has been appointed as an executive Director ("ED") on 4 June 2025 and redesignated as the Chairman of the Board on 27 June 2025. Mr. Chiu Ping Shun has been appointed as an ED, an authorized representative of the Company under Rule 3.05 of the Listing Rules (the "Authorized Representative") and a member of each of the Remuneration Committee and the Nomination Committee on 27 June 2025. Mr. Yiu Chi Shing has been redesignated from an executive Director to a non-executive Director ("NED") on 4 June 2025.

On 4 June 2025, Mr. Sun Chuen Wah Anthony and Ms. Tang Yuen Ching Irene have been appointed as an independent non-executive Directors ("INED") and members of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

On 1 April 2025, Ms. Wang Ying has resigned as INED and the member of the Audit Committee of the Company.

Corporate Governance Report (Continued)

On 4 June 2025, Ms. Zhang Meiyang has resigned as an ED and ceased to be an Authorized Representative and a member of each of the Remuneration Committee and the Nomination Committee, and Mr. Chau Siu Wai has resigned as an INED and ceased to be a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

On 27 June 2025, Mr. Zhang Hong Wei has resigned as an ED and the Chairman of the Board.

Please refer to the announcements published by the Company on 1 April 2025, 4 June 2025 and 27 June 2025 for the details of the changes in the Directors and the composition of the Board committees.

After the aforesaid changes, as at 31 December 2025, the Board comprises six members and Mr. Song Yu acts as the executive Director and Chairman of the Board. Another executive Director is Mr. Chiu Ping Shun. Mr. Yiu Chi Shing acts non-executive Director and the Vice Chairman of the Board. The Company has three independent non-executive Directors, Mr. San Fung, Mr. Sun Chuen Wah Anthony and Ms. Tang Yuen Ching Irene, one of whom namely, Ms. Tang Yuen Ching Irene has appropriate professional accounting experience and expertise.

Director	Position	Board	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Song Yu	ED	C			
Mr. Yiu Chi Shing	NED	VC			
Mr. Chiu Ping Shun	ED	M		M	M
Mr. San Fung	INED	M	C	C	C
Mr. Sun Chuen Wah Anthony	INED	M	M	M	M
Ms. Tang Yuen Ching Irene	INED	M	M	M	M

Notes:

C – Chairman of the Board or relevant Board committees

VC – Vice Chairman of the Board

M – Member of the Board or relevant Board committees

Mr. Song Yu and Mr. Chiu Ping Shun obtained legal advice from a firm of qualified solicitors on 6 May 2025 and Mr. Sun Chuen Wah Anthony and Ms. Tang Yuen Ching Irene obtained legal advice from a firm of qualified solicitors on 27 May 2025. All newly appointed Directors confirmed each of them understood their obligations as the Directors of the Company.

All Directors have distinguished themselves in their field of expertise and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed under the section “Biography of Directors and Senior Management” of this annual report on page 45.

On 1 April 2025, Ms. Wang Ying has resigned as INED and the member of the Audit Committee of the Company. Following the resignation of Ms. Wang, the number of independent non-executive directors of the Company falls below three as required under Rule 3.10(1) of the Listing Rules and the number of members of Audit Committee of the Company falls below three as required under Rule 3.21 of the Listing Rules. The Company has complied the Rule 3.10(1) and the Rule 3.21 again after the appointments of Mr. Sun Chuen Wah Anthony and Ms. Tang Yuen Ching Irene as INED on 4 June 2025.

During the year ended 31 December 2025, save as disclosed above and the disclosure under the paragraph “Corporate Governance Practices”, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing at least one-third of the Board), with at least one independent non-executive Director possessing appropriate professional qualifications and accounting and related financial management expertise.

Each independent non-executive Director has pursuant to the Rule 3.13 of the Listing Rules, confirmed that he/she is independent of the Company and the Company also considers that they are independent.

Save as disclosed under the section headed “Biography of Directors and Senior Management” of this annual report, the Board considers that all Directors are free from any relationship that interfere the exercise of individual independent judgment.

Function

The Board, led by the Chairman, is responsible for formulation and approval of the Group’s development and business strategies, key operational proposals, financial control procedures, material acquisition and disposal of investments, major funding decisions, financial announcements, interim report, annual report, share issuance/repurchase, nomination of Directors, appointment of key management personnel, related party transactions, remuneration to Directors and key management, ensures appropriate human and financial resources are appropriately applied and the performance for the achievement of results is evaluated periodically and other significant transactions in accordance with the rules governing the meeting of the Board, Bye-laws and rules governing the meeting of shareholders.

The executive Directors are responsible for day-to-day management of the Company’s operations. These executive Directors conduct regular meetings with the senior management of the Company, its subsidiaries and associated companies, at which operational issues and financial performance are evaluated.

The Bye-laws of the Company contain description of responsibilities and operation procedures of the Board. The Board holds regular meeting to discuss and consider significant matters relating to existing operations and proposals of new operations and projects. Board meetings are formally held at least 4 times a year.

The Chairman ensures that Board meetings are being held whenever necessary. Though the Chairman is responsible to set the Board meeting agenda, all Board members are encouraged to participate to include matters in the agenda. The Board conducts meeting on a regular basis and extra meetings are convened when circumstances require. The Bye-Laws of the Company allow a Board meeting to be conducted by way of a tele-conference.

There are 15 Board meetings being held during the year ended 31 December 2025 and the attendance of individual Directors is as follows:

	Board Meetings
Mr. Song Yu (<i>Appointed on 4 June 2025</i>)	10/10
Mr. Yiu Chi Shing	15/15
Mr. Chiu Ping Shun (<i>Appointed on 27 June 2025</i>)	6/6
Mr. San Fung	15/15
Mr. Sun Chuen Wah Anthony (<i>Appointed on 4 June 2025</i>)	10/10
Ms. Tang Yuen Ching Irene (<i>Appointed on 4 June 2025</i>)	10/10
Mr. Zhang Hong Wei (<i>Resigned on 27 June 2025</i>)	8/8
Ms. Zhang Meiyang (<i>Resigned on 4 June 2025</i>)	4/4
Mr. Chau Siu Wai (<i>Resigned on 4 June 2025</i>)	4/4
Ms. Wang Ying (<i>Resigned on 1 April 2025</i>)	3/3

Corporate Governance Report (Continued)

The attendance records of individual Directors of the 2025 Annual General Meeting ("AGM") held on 3 June 2025 is set out below:

	AGM
Mr. Song Yu (<i>Appointed on 4 June 2025</i>)	N/A
Mr. Yiu Chi Shing	1/1
Mr. Chiu Ping Shun (<i>Appointed on 27 June 2025</i>)	N/A
Mr. San Fung	1/1
Mr. Sun Chuen Wah Anthony (<i>Appointed on 4 June 2025</i>)	N/A
Ms. Tang Yuen Ching Irene (<i>Appointed on 4 June 2025</i>)	N/A
Mr. Zhang Hong Wei (<i>Resigned on 27 June 2025</i>)	1/1
Ms. Zhang Meiyang (<i>Resigned on 4 June 2025</i>)	1/1
Mr. Chau Siu Wai (<i>Resigned on 4 June 2025</i>)	0/1
Ms. Wang Ying (<i>Resigned on 1 April 2025</i>)	N/A

Training and Support for Directors

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Each newly appointed Director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction is normally supplemented with visits to the Group's key business sites and/or meetings with the senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2025, the Company provided trainings and reading materials covering board and directors' duties, Listing Rules and Hong Kong law compliance, corporate governance and ESG, risk management and internal controls and industry and business update to all the Directors for their reference and studying. Besides, all Directors attended other seminars and training sessions arranged by other professional firms/institutions. All Directors had provided the Company their training records covering required area under the Listing Rules for the reporting period. The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include (1) attending regular Board meetings focusing on business strategy, operational issues and financial performance; (2) monitoring the quality, timeliness, relevance and reliability of internal and external reporting; (3) monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and (4) ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

Directors' Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group. In preparing the accounts for the year ended 31 December 2025, the Directors have, among other things:

- Selected suitable accounting policies and applied them consistently;
- Approved adoption of all HKFRS Accounting Standards which are in conformity with the IFRS Accounting Standards. The Consolidated financial statements of the Group and the statement of financial position and reserve movement of the Company have been prepared in accordance with HKFRS Accounting Standards which is aligned with IFRS Accounting Standards as issued by the International Accounting Standard Board ("IASB"); and
- Made judgments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Delegation by the Board

The Board has established Board committees, namely Audit Committee, Remuneration Committee and Nomination Committee to oversee particular aspects of the Company's affairs and to assist in sharing the Board's responsibilities.

All the Board committees have clear written terms of reference and have to report to the Board regularly on their decisions and recommendations. The day-to-day running of the Company, including implementation of the strategies and plans adopted by the Board and its committees, is delegated to the management with divisional heads responsible for different aspects of the business.

Audit Committee

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules. As at 31 December 2025, the Audit Committee consists of all the independent non-executive Directors, namely Mr. San Fung, Mr. Sun Chuen Wan Anthony and Ms. Tang Yuen Ching Irene. It is chaired by Mr. San Fung.

The Audit Committee reports directly to the Board and reviews the matters relating to the work of the external auditor, financial statements, risk management and internal controls. The Audit Committee meets with the Company's external auditor to ensure the objectivity and credibility of financial reporting, risk management and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company.

Corporate Governance Report (Continued)

During the year ended 31 December 2025, there are 2 audit committee meetings being held and the external auditor of the Company has attended 2 audit committee meetings. The individual attendance of each member is as follows:

	Audit Committee Meetings
Mr. San Fung	2/2
Mr. Sun Chuen Wah Anthony (<i>Appointed on 4 June 2025</i>)	1/1
Ms. Tang Yuen Ching Irene (<i>Appointed on 4 June 2025</i>)	1/1
Mr. Chau Siu Wai (<i>Resigned on 4 June 2025</i>)	1/1
Ms. Wang Ying (<i>Resigned on 1 April 2025</i>)	1/1

The members of Audit Committee have full access to and co-operation from the management and they have full discretion to invite any Director or executive to attend the meeting. The Audit Committee has performed the following functions during the year ended 31 December 2025: (1) reviewed the annual audit plan of external auditors, their audited reports and matters incidental thereto; (2) approved the appointment of external auditors including the terms of engagement; (3) discussed the risk management and internal control issues; (4) examined the application of funds; (5) reviewed the interested party transactions; and (6) reviewed the periodic financial statements of the Company and made recommendation to the Board for approval and evaluated the performance and independence of the external auditors.

Remuneration Committee

The Remuneration Committee comprises Mr. San Fung, Mr. Sun Chuen Wah Anthony, Ms. Tang Yuen Ching Irene and Mr. Chiu Ping Shun. It is chaired by Mr. San Fung.

The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of Directors and senior management, to determine remuneration packages of all executive Directors and senior management including benefits in kind, pension rights and compensation payments. The Remuneration Committee takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management.

The Remuneration Committee held 3 meetings in 2025, including to review and discuss the remuneration policy, assess performance of the executive Directors, review and approve and the remuneration packages of Directors and senior management of the Group during the year ended 31 December 2025.

Nomination Committee

The Nomination Committee comprises Mr. San Fung, Mr. Sun Chuen Wah Anthony, Ms. Tang Yuen Ching Irene and Mr. Chiu Ping Shun. It is chaired by Mr. San Fung.

The Nomination Committee is responsible for nomination of Directors, structure of the Board, number of Directors, the composition of the Board and review the Board Diversity Policy of the Company. The Nomination Committee also assists the Board in maintaining a board skills matrix and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. 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 revised Terms of Reference of the Nomination Committee has been approved and adopted by the Board on 31 March 2026.

The Nomination Committee held 3 meetings in 2025 at which all committee members were present. 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.

Responsibilities and Remuneration of External Auditors

The statement of the external auditors of the Company, Messrs. RSM Hong Kong, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 47 to 54.

Remuneration paid/payable to the Group's auditors in respect of the audit and non-audit services during the year ended 31 December 2025 are set out below:

Remuneration paid/payable to the external auditors of the Company, Messrs. RSM Hong Kong	HK\$
– Audit services	4,480,000
– Non-audit services	
– Interim review	1,380,000
– Agreed upon procedures	380,000
– Others	370,000
	2,130,000

Remuneration paid/payable to other auditors	HK\$
– Audit services	3,778,000
– Non-audit services	26,000

Risk Management and Internal Control

The Board is responsible for maintaining an adequate system of risk management and internal controls within the Group and for reviewing their effectiveness. The system of risk management and internal controls is designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. It is also designed to provide reasonable, but not absolute, assurance that material misstatement or loss can be avoided, and to manage and minimize risks of failure in operation systems.

The Group has established an internal audit and risk management department (the "IARM Department"), which will report to the Board, to conduct annual review of the Group's risk management and internal control systems to ensure its effectiveness and the interest of shareholders is safeguarded. During the reporting period, the IARM Department has conducted annual review of the Group's risk management and internal control systems with implementation of stricter and regulated risk management and internal control procedures. After discussing with the IARM Department, the Board considered that the Group's risk management and internal control systems had been implemented effectively. The annual reviews covered all material controls, including financial, operational and compliance controls and risk management functions.

Company Secretary

Mr. Hung Lap Kay is the company secretary of the Company since March 2010. During the year ended 31 December 2025, Mr. Hung has taken no less than 15 hours of relevant professional trainings to update his skill and knowledge.

Communication with Shareholders

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include general meeting, annual report, various notices, announcements, circulars and via the Company's website to provide an electronic means of communication. The poll voting procedures and the rights of shareholders to demand a poll were included in all circulars accompanying notice convening general meeting and the detailed procedures for conducting a poll have been read out by the Chairman at general meeting.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. The Chairman, Directors, Board Committees' Chairman/Members and external auditor, where appropriate, are available to answer questions at the meeting.

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting.

Besides, pursuant to the Articles of Association, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene an extraordinary general meeting by sending a written requisition to the Board or the Company Secretary. The objects of the meeting must be stated in the written requisition.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company. Contact details are as follows:

Address: 39/F, West Tower, Cheung Kong Center II, 10 Harcourt Road, Central, Hong Kong
(For the attention of the General Manager of the Investor Relations Department)
Fax: 852-2522 6938
Email: ir@ueg.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

During the reporting period, the Company has not made any changes to its Articles of Association. An up-to-date version of the Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ueg.com) immediately after the relevant general meetings.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2025.

Principal Activities

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 45 of the Notes to the Consolidated Financial Statements of this annual report.

Business Review

General

For the review of the business of the Group including the future development in the Group's business and the analysis of financial key performance indicators, please refer to the section headed "Management Discussion and Analysis" on pages 8 to 22 of this annual report.

Principal risks and uncertainties facing the Group

The following section lists out the key risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Risks pertaining to the changes in oil and gas prices in international market

Prices for crude oil and natural gas may fluctuate widely in response to changes in the supply and demand for crude oil and natural gas, overall economic and political instability, war, natural disasters and weather conditions that are beyond our control. Changes in oil and gas prices could have a material effect on the Group's cash flows and earnings. The prolonged low oil and gas prices may also result in the impairment of our oil and gas properties.

Risks pertaining to the oil & gas market in Pakistan, Egypt and Iraq

The Group's financial performance is subject to tax and fiscal regime applicable to oil and gas industry in Pakistan, Egypt and Iraq. Any changes in the tax and fiscal regime in these countries may increase our tax burden and have an adverse effect on our financial performance. The Group's business may also be affected by the economic, political and environmental conditions of the country that are beyond our control.

Risks pertaining to exploration and replacement of reserves

Our exploration and development activities have inherent risk of not discovering commercial oil and gas reserves. Exploration and development of reserves are capital intensive. Failure in discovery of reserves may result in incurring of written off or impairment losses. The reliability of reserve estimates depends on the quality and quantity of technical and economic data, the production performance of reservoir, the market prices of oil and natural gas, extensive engineering judgements and consistency in tax and fiscal regime. Many of the factors, assumptions and variables involved in estimating reserves are beyond our control. The quantities of crude oil and reserves that are ultimately recovered could differ from the Group's reserve estimates.

Risks pertaining to operation

The Group's exploration, development and production activities involve numerous health, safety, security and environment risks that are common among upstream oil and gas companies. Accidents may happen despite systems and policies set up for their prevention which may lead to financial loss, operation interruption and litigation.

The Group is subject to extensive environmental protection laws and regulations of countries with operation. If there are changes in the environmental protection laws and regulations, we may incur additional costs for environmental compliance matters.

Risks pertaining to mergers and acquisitions

The Group may require acquisitions of new assets under its business development plans to continue its business expansion. There is no assurance that mergers and acquisitions may succeed due to various reasons, such as the availability of external financings and outcomes differing from key assumptions.

Past performance and forward looking statements

The performance and the results of operation of the Group as set out in this annual report are historical in nature and past performance is not a guarantee of future performance. This annual report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

Risks pertaining to force majeure events, natural disasters or outbreaks of contagious diseases

The Group's business could be adversely affected by natural disasters or outbreaks of epidemics, which may affect the procurement of raw materials and production, sale and exportation of the Group's products. Epidemics, pandemics or outbreaks or escalation of diseases, including, among others, Severe Acute Respiratory Syndromes ("SARS"), avian influenza, swine flu ("H1N1"), novel coronavirus in 2019 ("COVID-19") and other diseases may affect the livelihood of people in the worldwide. These natural disasters, outbreaks of contagious diseases, and other adverse public health developments in the worldwide could severely disrupt the Group's business operations by restricting travel and sales activities and delaying delivery of the Group's products, impact the productivity of the workforce, or reduce the demand for the Group's products, which may materially and adversely affect business, financial condition and results of operations of the Group.

Environmental policies and performance

The Group remains steadfast to its values, of which the commitment to health, safety, security and environmental ("HSSE") performance is a core principle. All operations are conducted in a safe and efficient manner governing by our HSSE policy. Key HSSE performance indicators are included in the performance appraisal scheme. During the reporting period, all HSSE performance objectives were delivered. The Group continues to strive for excellence in HSSE in order to remain at par with local as well as international standards.

Compliance with Laws and Regulations

The Group continues to update the requirement of the relevant laws and regulations in various countries, particularly in Pakistan, Egypt, Iraq, the PRC, Dubai, Hong Kong and Bermuda, applicable to it to ensure compliance. Substantially a majority of the Group's operations are in Pakistan, Egypt and Iraq. The Group has been listing on the Stock Exchange of Hong Kong since 8 April 1992. During the reporting period, the Group complied with the relevant laws and regulations in various countries applicable to it in all material respects.

Key relationship with major stakeholders

The Group places value to develop mutually beneficial relationships with its stakeholders, including its shareholders, employees, government and local communities, customers and suppliers. Details of communication with shareholders are included in Corporate Governance Report of this annual report on page 32.

Employees are remunerated equitably and competitively. Continuing training and development opportunities are provided to equip them to deliver their performance.

The Group's business strives to create a win-win situation with government and local communities. Our strategic plan to explore new reserves can partially ease the energy supply deficit problem in Pakistan. The local communities also benefit from our sustainable social investment projects. During the reporting period, our strategic areas in the social investment projects were healthcare, education and capacity building.

The Group's major customers are state-owned enterprises. Sales agreement is entered with customers and gas is delivered to customers through pipeline connected to our facilities.

The Group uses suppliers to reflect its value and commitment on HSSE performance. Site visit and panel discussion have always been conducted in exchange of technical knowledge and skills.

Results

The results of the Group for the year ended 31 December 2025 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 55 to 61 of this annual report.

Major Customers and Suppliers

The information in respect of the sales and purchases attributable to the major customers and suppliers of the Group respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	27.3%	N/A
Five largest customers	81.7%	N/A
The largest supplier	N/A	18.5%
Five largest suppliers	N/A	49.4%

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

Share Premium and Reserves

Details of movements in the share premium and reserves of the Company and the Group during the reporting period are set out in note 36 of the Notes to the Consolidated Financial Statements and on page 59 of this annual report respectively.

Segment Information

The segment information of the Group for the year ended 31 December 2025 is set out in note 11 of the Notes to the Consolidated Financial Statements of this annual report.

Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 168 of this annual report. This summary is for information only and does not form part of the audited Consolidated Financial Statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the reporting period are set out in note 18 of the Notes to the Consolidated Financial Statements of this annual report.

Bank Loans and Other Borrowings

Details of bank loans and other borrowings during the reporting period are set out in note 30 and note 28(b) of the Notes to the Consolidated Financial Statements of this annual report.

Permitted Indemnity Provision

Under the Bye-laws of the Company, generally, the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses for acts done, concurred in or omitted in when discharging their duties in the affairs of the Company, other than any matter in respect of any fraud or dishonesty.

In addition, the Company has taken out and maintained insurance for the Directors against liabilities to third parties that maybe incurred in the course of performing their duties as at the date of this report.

Directors and Directors' Service Contracts

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

Executive Directors:

Mr. Song Yu (*Chairman*) (*appointed on 4 June 2025*)

Mr. Chiu Ping Shun (*appointed on 27 June 2025*)

Mr. Yiu Chi Shing (*Vice Chairman*) (*re-designated as non-executive director on 4 June 2025*)

Mr. Zhang Hong Wei (*resigned on 27 June 2025*)

Ms. Zhang Meiying (*resigned on 4 June 2025*)

Non-Executive Director:

Mr. Yiu Chi Shing (*Vice Chairman*) (*re-designated on 4 June 2025*)

Independent Non-Executive Directors:

Mr. San Fung

Mr. Sun Chuen Wah Anthony (*appointed on 4 June 2025*)

Ms. Tang Yuen Ching Irene (*appointed on 4 June 2025*)

Mr. Chau Siu Wai (*resigned on 4 June 2025*)

Ms. Wang Ying (*resigned on 1 April 2025*)

Pursuant to Bye-laws 84(1) and 84(2) of the Bye-laws, all six Directors, namely Mr. Song Yu, Mr. Chiu Ping Shun, Mr. Yiu Chi Shing, Mr. San Fung, Mr. Sun Chuen Wah Anthony and Ms. Tang Yuen Ching Irene, shall retire by rotation and each being eligible, will offer themselves for re-election at the Annual General Meeting to be held on 5 June 2026.

The biographical details of the retiring Directors are set out in the section headed Biography of Directors and Senior Management of this annual report on pages 45 and 46.

Share Option Scheme

The share option scheme of the Company (the "Scheme") with the maximum number of 1,308,572,137 shares of the Company to be issued on the exercise of share options under the Scheme (the "Scheme Limit") was adopted pursuant to the shareholders' resolution passed on 27 May 2016 for the primary purpose of providing opportunity to Directors, employees and consultants to acquire proprietary interests of the Group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual is not permitted to exceed 10% of the shares of the Company in issue from time to time.

The Scheme is effective for the period of ten years from 27 May 2016 (the date of adoption) to 26 May 2026. The period within which the options must be exercised by the grantee under the Scheme will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant date of grant. The vesting period of options granted under the Scheme will also be specified by the Company at the time of grant. As at the date of this annual report, the remaining life of the Scheme is approximately 1.8 months. The number of options available for grant under the scheme mandate as at 1 January 2025 and as at 31 December 2025 was 1,308,572,137 options. As at the date of this annual report, the total number of shares available for issue under the Scheme was 1,308,572,137 shares of the Company and the percentage of the issued shares (excluding treasury shares) that it represents was approximately 5.06%. During the reporting period, no share options were granted, exercised, lapsed or cancelled under the Scheme.

Performance Share Unit Scheme

The PSU Scheme for employees of the Group or any subsidiaries of the Group was adopted by the Company on 1 April 2019. The PSU Scheme is subject to the provision of Chapter 17 of the Listing Rules. The specific objectives of the PSU Scheme are (i) to drive success and growth in the shareholder value of the Group; (ii) to promote the effective achievement of the mid- and long-term performance goals of the Group; and (iii) to attract, motivate and retain core talents of the Group with rewards and incentives. Subject to any early termination as may be determined by the Board pursuant to the scheme rules of the PSU Scheme, the PSU Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The Company shall not make any further award which will result in the aggregate number of shares underlying all grants made pursuant to the PSU Scheme (excluding awarded shares that have been forfeited in accordance with the PSU Scheme) to exceed 10% of the total number of the Company's issued shares from time to time. The Board may from time to time while the PSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the grant to be vested.

During the reporting period, no share of the Company was granted under the PSU Scheme, 4,052,868 granted shares were vested due to retirement of eligible employees, 1,500,000 granted shares were forfeited due to resignation of eligible employees and no granted shares were cancelled and lapsed. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, none of the selected participants is (i) a Director, nor a chief executive, or a substantial shareholder of the Company, or an associate of any of them; (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit under Rule 17.03D of the Listing Rules; or (iii) a related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the total issued shares.

As at the date of this annual report, the total number of shares granted of two grants under the PSU Scheme since the date of adoption of the PSU Scheme is 60,147,163 shares and the number of shares acquired through on-market transactions and hold in trust for the benefit of the employees by the trustee available for the future grant under the PSU Scheme is 124,726,846 shares, representing approximately 4.8% of the upper limit under the PSU Scheme mandate.

Disclosure of Interests

Director's interests and short positions in the securities of the Company and its associated corporations

As at 31 December 2025, the following Director had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) or which were otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code:

Name of Director	Name of Company	Nature of interest	Number of Shares		Approximate % shareholding
			Long Position	Short Position	
Yiu Chi Shing ^(Note 1)	The Company	Attributable interest of controlled corporation	6,013,681,397	–	23.09% (L)
Song Yu ^(Note 2)	The Company	Beneficiary Owner	2,700,000	–	0.01% (L)

Note:

1. Sheen Wise International Investment Limited is a wholly-owned subsidiary of Hong Kong (Xiamen) Investment Development Company Limited, which is itself a wholly-owned subsidiary of 廈門象嶼東洋國際貿易有限公司. This entity is, in turn, a wholly-owned subsidiary of 泉州東海開發有限公司, which is wholly-owned by China Point Investment Limited. China Point Investment Limited is a wholly-owned subsidiary of Equinox Investments Worldwide Limited, which is ultimately owned by Mr. Yiu Chi Shing.
2. Mr. Song Yu was appointed as an Executive director on 4 June 2025. As at the date of his appointment, Mr. Song holds 1,500,000 granted shares of the Company (representing 0.0058% of the issued share capital of the Company) under the PSU Scheme which were vested before his appointment in May 2025. Mr. Song also holds 1,200,000 unvested granted shares of the Company (representing 0.0046% of the issued share capital of the Company) under the PSU Scheme which will be vested in June 2026. As at the date of this annual report, total of vested and unvested granted shares of 2,700,000 shares held by Mr. Song represents approximately 0.01% of the total issued shares.
3. (L) denotes long position and (S) denotes short position.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company and their respective associates had or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company are taken or deemed to have under such provisions of the SFO), or (ii) were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or (iii) which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders

Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at 31 December 2025, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity and nature of interest	Number of Shares	Approximate % shareholding
Yiu Chi Shing ^(Note a)	Attributable interest of controlled corporation	6,013,681,397(L)	23.09% (L)
Equinox Investment Worldwide Ltd. ^(Note a)	Attributable interest of controlled corporation	6,013,681,397(L)	23.09% (L)
China Point Investment Ltd. ^(Note a)	Attributable interest of controlled corporation	6,013,681,397(L)	23.09% (L)
泉州東海開發有限公司 ^(Note a)	Attributable interest of controlled corporation	6,013,681,397(L)	23.09% (L)
廈門象嶼東洋國際貿易有限公司 ^(Note a)	Attributable interest of controlled corporation	6,013,681,397(L)	23.09% (L)
Hong Kong (Xiamen) Investment Development Company Limited ^(Note a)	Attributable interest of controlled corporation	6,013,681,397(L)	23.09% (L)
Sheen Wise International Investment Limited ^(Note a)	Beneficial owner	6,013,681,397(L)	23.09% (L)
Zhang Hong Wei ^(Note b)	Attributable interest of controlled corporation	6,785,907,845 (L) 781,215,141 (S)	26.06% (L) 3.00% (S)
名澤東方投資有限公司 ^(Note b)	Attributable interest of controlled corporation	4,892,907,845 (L)	18.79% (L)
東方集團有限公司 ^(Note b)	Attributable interest of controlled corporation	4,892,907,845 (L)	18.79% (L)
東方集團產業發展有限公司 ^(Note b)	Attributable interest of controlled corporation	4,892,907,845 (L)	18.79% (L)
Huilan Investment Limited ^(Note b)	Attributable interest of controlled corporation	4,892,907,845 (L)	18.79% (L)
He Fu International Limited ^(Note b)	Beneficial owner	4,892,907,845 (L)	18.79% (L)
Million Fortune Enterprises Limited ^(Note b)	Attributable interest of controlled corporation	1,893,000,000 (L) 781,215,141 (S)	7.27% (L) 3.00% (S)
United Petroleum & Natural Gas Holdings Limited ^(Note b)	Beneficial owner	1,893,000,000 (L) 781,215,141 (S)	7.27% (L) 3.00% (S)

Note:

- (a) Sheen Wise International Investment Limited is a wholly-owned subsidiary of Hong Kong (Xiamen) Investment Development Company Limited, which is itself a wholly-owned subsidiary of 廈門象嶼東洋國際貿易有限公司. This entity is, in turn, a wholly-owned subsidiary of 泉州東海開發有限公司, which is wholly-owned by China Point Investment Limited. China Point Investment Limited is a wholly-owned subsidiary of Equinox Investment Worldwide Limited, which is ultimately owned by Mr. Yiu Chi Shing.
- (b) He Fu International Limited is a wholly-owned subsidiary of Huilan Investment Limited, which is 92% owned by 東方集團有限公司 and 8% owned by 東方集團產業發展有限公司. 東方集團產業發展有限公司 is wholly owned by 東方集團有限公司, which comprises 6% ownership by its own wholly-owned subsidiary and 94% ownership by 名澤東方投資有限公司, which is ultimately wholly-owned by Mr. Zhang Hong Wei. United Petroleum & Natural Gas Holdings Limited is a wholly-owned subsidiary of Million Fortune Enterprises Limited, which itself wholly-owned by Mr. Zhang Hong Wei.
- (c) (L) denotes long position and (S) denotes short position.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Share Capital

Particulars of the Company's share capital are set out in note 35 of the Notes to the Consolidated Financial Statements of this annual report. Details of newly issued shares of the Company during the reporting period are set out in the section headed "Management Discussion and Analysis – Capital Structure" on page 21 of this annual report.

Arrangements to Purchase Shares or Debentures

At no time during the reporting period was the Company, its subsidiaries or its holding company, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Directors' Material Interests in Transactions, Arrangements and Contracts of Significance

Except as disclosed in note 40 to the Consolidated Financial Statements of this annual report, there were no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, its subsidiaries or holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the reporting period, except as announced.

Emolument Policy

The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualifications and competence. The Company has adopted the share option scheme and PSU Scheme as an incentive to qualified employees (with the meanings in the share option scheme of the Company). Details of the two schemes are set out in the sections headed "Share Option Scheme" on page 37 and "Performance Share Units Scheme" on page 37 and note 38(a) and note 38(c) respectively of the Notes to the Consolidated Financial Statements of this annual report.

The emoluments of the Directors of the Company are decided by the Board, having regard to the Company's operating results, individual performance and comparable market statistics. Details of the remuneration of the Directors and those of the five highest paid individuals are set out in note 15 of the Notes to the Consolidated Financial Statements of this annual report. Save as disclosed in note 15(a) of the Notes to the Consolidated Financial Statements of this annual report, there has been no arrangement under which any Director has waived or agreed to waive any emoluments.

Management Contracts

During the reporting period, all Directors have entered into a service contract with the Company for a term of 3 years subject to rotation for retirement at least three years in accordance with the bye-laws of the Company or any other applicable laws, from time to time.

Directors' Interests in Competing Business

During the year ended 31 December 2025, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Independent Non-Executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on The Stock Exchange. The Company considers all of the independent non-executive Directors are independent.

Compliance with the Model Code of the Listing Rules

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the financial year for the year ended 31 December 2025.

The Company has also established written guidelines regarding securities transaction on no less exacting terms of the Model Code for senior management and specific individual who may have access to price sensitive information in relation to the securities of the Company.

Related Party Transactions

The related party transactions conducted during the reporting period are set out in note 40 of the Notes to the Consolidated Financial Statements of this annual report.

Save as disclosed below under the paragraph "Connected Transactions", the related party transactions as set out in note 40 of the Notes to the Consolidated Financial Statements of this annual report do not fall under the definition of "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules during the year ended 31 December 2025.

Connected Transactions

Save as disclosed below, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in compliance with the requirements of Chapter 14A of the Listing Rules during the year ended 31 December 2025.

On 30 April 2025, Orient Anyi (Beijing) Property Management Ltd ("Orient Anyi (Beijing)") agreed to transfer the rights and obligations of the Property Service Agreement to an professional property management company, which is an independent third party of the Company, to provide property management services to United Energy (Beijing) Limited, an indirect wholly-owned subsidiary of the Company, ("United Energy (Beijing)") and maintaining the terms and service fee under the Property Service Agreement unchanged with effective from 1 May 2025. In this connection, the continuing connected transaction in relation to the Property Service Agreement has been terminated on 1 May 2025.

On 3 October 2025, United Energy (Beijing) as tenant, entered into the Lease Amendment Agreement with Beijing Dacheng Hotels Limited ("Beijing Dacheng"), as landlord, to amend the terms of the existing lease agreements.

In accordance with HKFRS 16 "Leases", the aggregate value of the right-of-use assets to recognised by the Group in respect of the existing lease agreements (as amended by the Lease Amendment Agreement) upon the signing of the Lease Amendment Agreement is estimated to be approximately RMB75,261,000 (equivalent to approximately HK\$82,034,490), which is calculated on the basis of the present value of the rent payable under the existing lease agreements (as amended by the Lease Amendment Agreement) over the remainder of the current term (i.e., up to 31 August 2034).

Report of the Directors (Continued)

Details of both transactions are set out in the Company's announcements dated 30 April 2025 and 3 October 2025 respectively.

As at 3 October 2025, Beijing Dacheng and Orient Anyi (Beijing) are both indirect 30%-controlled companies of Mr. Zhang Hong Wei, the controlling shareholder of the Company. Each of Beijing Dacheng and Orient Anyi (Beijing) is hence an associate of Mr. Zhang Hong Wei and a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Lease Amendment Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

Regarding the Property Service Agreement constituting the continuing connected transaction (the "CCT"), the INEDs of the Company have reviewed the CCT and confirmed the CCT has been entered into in the ordinary and usual course of business of the Company and on normal commercial terms and according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditor was engaged to report on the CCT in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The Company's auditor confirmed the CCT has been approved by the Board and was entered into, in all material respects, in accordance with the relevant agreement governing the transactions and has not exceeded the annual cap as set by the Company.

A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Corporate Governance

In the opinion of the Directors, the Company has complied throughout the financial year for the year ended 31 December 2025 with the Code, except for code provisions C.2.1 as set out in the Code contained in Appendix C1 to the Listing Rules. Please refer to the Corporate Governance Report on pages 25 to 32 of this annual report for details.

Details of the audit committee, remuneration committee and nomination committee are set out in the Corporate Governance Report of this annual report.

Distributable Reserves

As at 31 December 2025, the aggregate amounts of the Company's reserves available for distribution to equity shareholders of the Company was approximately HK\$5,109,968,000 (31 December 2024: approximately HK\$6,402,448,000).

Dividends

No final dividend is proposed for the year ended 31 December 2025 (2024 final dividend: HK\$0.05 per share).

Dividends Policy

The Company has established a dividend policy ("Dividend Policy"). According to the Dividend Policy, in deciding whether to propose any dividend payout and/or determining the amount of any dividend to be paid, the Board shall take into account, inter alia:

- (a) the Group's actual and expected financial performance;
- (b) interests of shareholders of the Company;
- (c) retained earnings and distributable reserves of the Company and each of the other members of the Group;
- (d) the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- (e) possible effects on the Group's creditworthiness;
- (f) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (g) the Group's expected working capital requirements and future expansion plans;
- (h) liquidity position of the Group and any future commitments at the time of declaration of dividend;
- (i) taxation considerations;
- (j) statutory and regulatory restrictions;
- (k) general business conditions and strategies;
- (l) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- (m) other factors that the Board deems appropriate.

Pursuant to the Dividend Policy, the declaration and payment of dividends shall be subject to the discretion of the Board and the approval of the shareholders and all applicable laws and regulations and the Memorandum of Continuance and Bye-laws of the Company.

The Company will review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment of the Company that dividend will be paid in any particular amount and shall in no way obligate the Company to propose, declare or pay any dividend at any time or from time to time.

Annual General Meeting

The annual general meeting of the Company is scheduled to be held on Friday, 5 June 2026 (the "AGM").

Closure of Register of Members

The AGM of the Company will be held on Friday, 5 June 2026. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 1 June 2026 to Friday, 5 June 2026, 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 Investor Services Limited, at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 29 May 2026.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float throughout the financial year ended 31 December 2025. Pursuant to Rule 13.32D(1) or 19A.28D(1) of Listing Rules, the Company confirmed that, as at the 31 December 2025, the applicable public float requirement has been complied with. The applicable minimum public float requirement pursuant to Rule 13.32B or 19A.28B of Listing Rules is applicable public float threshold (Initial prescribed threshold – 25% of the total number of issued shares in the class to which the listed shares belong (excluding treasury shares)).

Purchase, Sale or Redemption of Shares

The Company and any of its subsidiaries have not redeemed any of its shares and have not purchased or sold any of the Company's shares during the year ended 31 December 2025. As at 31 December 2025, the Company held 190,910,000 shares of the Company as treasury shares. The Company has not sold any treasury shares during the year ended 31 December 2025. The treasury shares will be reissued in the future for various purposes, including employee share option or share award schemes, scrip dividend, acquisitions, raising capital or future resale. Holding treasury shares will give the Company flexibility in managing its capital structure without having to issue new shares.

Auditors

At the Company's last Annual General Meeting held on 3 June 2025, RSM Hong Kong was re-appointed as auditor of the Company. RSM Hong Kong retires, and, being eligible, offers themselves for re-appointment. A resolution for the reappointment of RSM Hong Kong will be put at the forthcoming AGM.

By order of the Board
United Energy Group Limited

Song Yu
Chairman
Hong Kong, 31 March 2026

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Song Yu, aged 49, joined the Company in October 2009 as Investment Controller and promoted as Chief Operation Officer of the Company in October 2011 and further promoted as executive president of the Company in 2020 and executive chairman of the Company in 2023. Mr. Song was appointed as Director of the Company on 4 June 2025 and Mr. Song was re-designated as the Chairman. Mr. Song is also a director of certain subsidiaries of the Company. Mr. Song graduated from Tsinghua University, and obtained his bachelor's degree of Physics and his master's degree in International Economic Law. Before joining the Company, Mr. Song worked in different subsidiaries of the Sinopec Group from 2004 to 2009. Mr. Song has entered into a service contract as an executive Director with the Company for a term of 3 years subject to re-election at the Company's next annual general meeting and thereafter subject to rotation for retirement at least three years in accordance with the bye-laws of the Company or any other applicable laws, from time to time. As at the date of this annual report, Mr. Song holds 1,500,000 ordinary shares of the Company (representing 0.0058% of the issued share capital of the Company). Mr. Song also holds 1,200,000 unvested ordinary shares of the Company (representing 0.0046% of the issued share capital of the Company) under the Performance Share Unit Scheme of the Company which will be vested in June 2026. Save as disclosed in this annual report, Mr. Song does not hold any other interest in the shares of the Company within the meaning of Part XV of the SFO (Cap. 571 of the Laws of Hong Kong).

Mr. Chiu Ping Shun, aged 46, joined the Company on 27 June 2025 as an executive Director. He received his Master of Business Administration degree from the University of New South Wales and his Master of Science in Investment Management degree from the Hong Kong University of Science and Technology. He is a fellow member of CPA Australia and has over 20 years of experience in corporate finance, mergers and acquisitions, financial and investment management, of which more than 10 years working experience in financial reporting, commercial finance and investment roles with publicly-listed companies. He also has extensive cross-border project management experience covering Europe, North America, Asia-Pacific and Middle East regions. Prior to accepting the appointment, Mr. Chiu held several senior management positions including senior investment and financing director of a Stock Exchange listed pharmaceutical company and chief financial officer of an Asia based multi-family office. Mr. Chiu has entered into a service contract as an executive Director with the Company for a term of 3 years subject to re-election at the Company's next annual general meeting and thereafter subject to rotation for retirement at least three years in accordance with the bye-laws of the Company or any other applicable laws, from time to time.

Non-Executive Director

Mr. Yiu Chi Shing, aged 62, joined the Company on 18 September 2024 as an executive Director and Vice Chairman of the Company and re-designated as non-executive Director and Vice Chairman on 4 June 2025. He holds a master's degree in Business Administration from Huaqiao University, PRC and an honorary doctorate degree in International Business from William Penn University, Iowa, USA. Mr. Yiu is the Chairman of the board of directors of TransGlobal Group (International) Limited, meanwhile as an executive director and the vice chairman of Zhongyu Energy Holdings Limited (HKEX: 3633). Mr. Yiu is a standing committee member of the National Committee of the Chinese People's Political Consultative Conference, a Justice of the Peace of the Hong Kong Special Administrative Region ("HKSAR") and awarded the Gold Bauhinia Star by the Government of the HKSAR. Mr. Yiu has entered into a service contract to re-designate as a non-executive Director from an executive Director and maintain as Vice Chairman with the Company for a term of 3 years subject to rotation for retirement at least three years in accordance with the bye-laws of the Company or any other applicable laws, from time to time. As at the date of this annual report, Mr. Yiu is beneficially interested in 6,013,681,397 shares of the Company, representing approximately 23.09% of the existing issued share capital of the Company. Save as disclosed in this annual report, Mr. Song does not hold any other interest in the shares of the Company within the meaning of Part XV of the SFO (Cap. 571 of the Laws of Hong Kong).

Independent Non-executive Directors

Mr. San Fung, aged 62, joined the Company on 9 November 2004 as an independent non-executive Director. Mr. San Fung completed a course in Master of Business Administration from the International Eastwestern University of the United States and a course of EMBA from Cheung Kong Graduate School of Business and was awarded a master degree. He specialized in financial analysis in infrastructure project and has over 20 more years of experience in management and business operation. Mr. San is currently the chairman of Shenzhen Jin Xun Investment Development Company Limited. Mr. San has entered into a service contract as independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with the Company for a term of 3 years subject to re-election at the Company's next annual general meeting and thereafter subject to rotation for retirement at least three years in accordance with the bye-laws of the Company or any other applicable laws, from time to time.

Mr. Sun Chuen Wah Anthony, aged 54, joined the Company on 4 June 2025 as an independent non-executive Director. He received his Bachelor of Commerce (Accounting) and Master of Commerce (Applied Finance) from The University of Queensland, Australia. He is the holder of Responsible Officer license of Type 6 (advising on corporate finance) regulated activity under the SFO. Mr. Sun has substantial experience in capital market, corporate finance, mergers and acquisitions, and financial and investment management. He is the founder and currently the Responsible Officer of J & Partners Capital Limited, a company regulated by Hong Kong Securities and Futures Commission. In his last 25 years' experience in investment banking industry, he held several senior management positions including Managing Director (Co-head of Corporate Finance) at VMS Securities Limited, Managing Director (Head of Global Capital Markets) at Dong Xing Securities (HK) Company Limited, Managing Director (Head of Equity Capital Markets) at Cinda International Capital Limited, Managing Director (Head of Equity Capital Markets) at CMB International Capital Limited. Mr. Sun has entered into a service contract as independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with the Company for a term of 3 years subject to re-election at the Company's next annual general meeting and thereafter subject to rotation for retirement at least three years in accordance with the bye-laws of the Company or any other applicable laws, from time to time.

Ms. Tang Yuen Ching Irene, aged 56, joined the Company on 4 June 2025 as an independent non-executive Director. She holds a Bachelor of Business Administration (Honours) in Accountancy from the Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of the Chartered Certified Accountants. She has extensive experience in company secretarial practices in respect of listed companies in Hong Kong and also has more than 20 years of experiences in the financial reporting and auditing field. Ms. Tang currently serves as the company secretary of Apex Ace Holding Limited (Stock Exchange, stock code 6036). Ms Tang has resigned from the position of executive director and the position of company secretary of Quali-Smart Holdings Limited (Stock Exchange, stock code 1348) effective 30 January 2026 and 31 March 2026 respectively. The Board considers Ms. Tang possessing appropriate professional qualification and accounting and financial management knowledge, experience and expertise of an independent non-executive director as required under Rule 3.10(2) of the Listing Rules. Ms. Tang has entered into a service contract as independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with the Company for a term of 3 years subject to re-election at the Company's next annual general meeting and thereafter subject to rotation for retirement at least three years in accordance with the bye-laws of the Company or any other applicable laws, from time to time.

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF UNITED ENERGY GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of United Energy Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 55 to 167, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Impairment of property, plant and equipment and intangible assets
2. Estimate of oil and gas reserves

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment and intangible assets	Audit procedures performed by the component auditors of the Group's businesses in Pakistan, Middle East and North Africa and by the Group audit engagement team included:
Refer to Note 18 and Note 20 to the consolidated financial statements and the accounting policies on pages 71 to 72 and page 84. The Group principally engages in the exploration and production of upstream oil and natural gas in Pakistan, Middle East and North Africa. As at 31 December 2025, the Group had property, plant and equipment and intangible assets with carrying values of approximately HK\$12,703,998,000 and HK\$755,375,000 respectively attributable to the exploration and production activities. Management has carried out an impairment review on the property, plant and equipment and intangible assets for possible impairment by considering events or changes in circumstances which could indicate that the carrying amounts of certain assets may not be recoverable. Such events and changes in circumstances indicating possible impairment were mainly resulting from a drop of oil and gas prices and decline in production and oil and gas reserve. Management considered certain oil and gas fields were no longer economical and that the related assets should be either recognising provision of impairment or fully written off. Provision of impairment and write-off of exploration and production assets included in property, plant and equipment and intangible assets of approximately of HK\$450,450,000 and HK\$761,012,000 respectively were recognised during the year.	• Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity. • Understanding and evaluating key controls over management's impairment assessment process. • Evaluating the outcome of prior period assessment of impairment of property, plant and equipment and intangible assets to assess the effectiveness of management's estimation process. • Meeting with operations and finance management to discuss asset performance, production and reserves data and future plans in order to identify any performance-related indicators of impairment.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment and intangible assets (Continued) The inherent risk in relation to the impairment of property, plant and equipment and intangible assets is considered significant as the impairment assessment involves significant estimates and assumptions which were subjective. Therefore, we identified the impairment of property, plant and equipment and intangible assets as a key audit matter.	Audit procedures performed by the component auditors of the Group's businesses in Pakistan, Middle East and North Africa and by the Group audit engagement team included: (Continued) • For those oil and gas fields which were considered no longer commercially viable with marginal or no production, we obtained the list of written off assets and their carrying values and: – Assessed the mathematical accuracy of the write-off amounts; – Assessed the written off assets performance by inspecting supporting evidence such as reserves estimates, current production information and future production plans; – Reviewed the reserves estimates report and current production information to ensure all cash generating units with indications of no commercial viability had been considered; and – Assessed the adequacy of the disclosures in the financial statements in relation to the write off of exploration and production assets.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment and intangible assets (Continued)	Audit procedures performed by the component auditors of the Group's businesses in Pakistan, Middle East and North Africa and by the Group audit engagement team included: (Continued) • For impairment of property, plant and equipment and intangible assets, we obtained the discounted cash flow forecast prepared by management and: – Assessed the integrity of the value in use model; – Challenged the reasonableness of management's key assumptions based on our knowledge of the business and the industry; – Reconciled input data to supporting evidence, such as approved budgets and considered the historical accuracy of those budgets; – Assessed the appropriateness of the discount rates used with the assistance of our external valuation specialists; and – Assessed the adequacy of the impairment disclosures in the consolidated financial statements.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimate of oil and gas reserves Refer to Note 5 to the consolidated financial statements and the key sources of estimation uncertainty on page 90. The estimation of oil and gas reserves is a significant area of judgement due to the technical uncertainty in assessing quantities and complex contractual arrangements dictating the Group's share of reportable volumes. These estimates have a significant impact on the financial statements, in particular in the determination of impairment losses and depreciation, depletion and amortisation charges. The inherent risk in relation to the estimate of oil and gas reserves is considered significant as it involves significant estimates and assumptions which were subjective. Therefore, we identified the estimate of oil and gas reserves as a key audit matter.	Audit procedures performed by the component auditors of the Group's business in Pakistan, Middle East and North Africa and by the Group audit engagement team included: - Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity. - Understanding and evaluating management's internal processes and key controls over estimates of oil and gas reserves. - Evaluating the outcome of prior period estimate of oil and gas reserves to assess the effectiveness of management's estimation process. - Assessing the professional competence, objectivity and capabilities of the independent external expert engaged by the Group to audit the Group's estimates of oil and gas reserves and ensuring that the scope of work undertaken by the expert was appropriate. - Evaluating whether the methodology adopted by the reserves specialists to estimate the oil and gas reserves was consistent with recognised industry standards. - Reviewing the reports of the independent external experts on their audit of the reserves shared by the Group and ensuring that the updated estimates of oil and gas reserves were properly included in the Group's impairment assessment and in accounting for depreciation, depletion and amortisation.

Other Information

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Tak Man, Stephen (Practicing certificate number: P01727).

RSM Hong Kong

Certified Public Accountants

31 March 2026
29th Floor, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay,
Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Turnover	8	19,191,270	17,794,465
Cost of sales		(15,810,093)	(14,221,273)
Gross profit		3,381,177	3,573,192
Investment and other income	9	207,540	222,411
Other gains and losses	10	(654,442)	(438,337)
Exploration expenses		(382,591)	(577,194)
Administrative expenses		(851,599)	(700,501)
Other operating expenses		(52,723)	(54,526)
Profit from operations		1,647,362	2,025,045
Finance costs	12	(321,325)	(351,143)
Share of (losses)/profits of associates		(29,223)	56,623
Profit before tax		1,296,814	1,730,525
Income tax expense	14	(179,695)	(172,407)
Profit for the year	13	1,117,119	1,558,118
Attributable to:			
Owners of the Company		1,117,131	1,558,132
Non-controlling interests		(12)	(14)
		1,117,119	1,558,118
Earnings per share	16		
Basic (cents per share)		4.35	6.04
Diluted (cents per share)		N/A	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Profit for the year	1,117,119	1,558,118
Other comprehensive income after tax:		
<i>Item that will not be reclassified to profit or loss:</i>		
Remeasurement losses on defined benefit pension plans, net of tax credit of approximately HK\$92,000 (2024: HK\$400,000)	(4,470)	(765)
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	31,650	(5,820)
Release of exchange reserve and reclassified to profit or loss upon deemed disposal of investment in associates	30,834	–
Other comprehensive income for the year, net of tax	58,014	(6,585)
Total comprehensive income for the year	1,175,133	1,551,533
Attributable to:		
Owners of the Company	1,175,145	1,551,547
Non-controlling interests	(12)	(14)
	1,175,133	1,551,533

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	18	13,626,285	11,870,336
Right-of-use assets	19	282,780	616,469
Intangible assets	20	1,274,847	1,582,605
Investment in associates	21	20,456	125,225
Investment in a joint venture	22	–	–
Advances, deposits and prepayments	23	38,657	93,423
Deferred tax assets	34	1,538,258	999,348
		16,781,283	15,287,406
Current assets			
Inventories	24	239,934	257,860
Trade and other receivables	25	8,394,694	7,603,933
Financial assets at fair value through profit or loss ("FVTPL")	26	5,202	3,221
Employee retirement benefits assets	44(b)	10,034	9,103
Current tax assets		22,145	23,081
Bank and cash balances	27	3,685,528	2,935,796
Total current assets		12,357,537	10,832,994
Current liabilities			
Trade and other payables	28	9,615,685	8,794,443
Due to a director	29	–	7,708
Borrowings	30	837,123	155,825
Lease liabilities	31	94,472	129,523
Provisions	32	36,416	33,959
Financial guarantee contracts	33	–	8,634
Current tax liabilities		1,686,983	1,638,556
Total current liabilities		12,270,679	10,768,648
Net current assets		86,858	64,346
Total assets less current liabilities		16,868,141	15,351,752

Consolidated Statement of Financial Position (Continued)

At 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Trade and other payables	28	–	979,276
Borrowings	30	2,700,058	77,950
Lease liabilities	31	200,142	166,752
Provisions	32	694,880	699,752
Employee retirement benefits obligations	44(b)	74,040	54,677
Deferred tax liabilities	34	14,198	77,965
		3,683,318	2,056,372
NET ASSETS		13,184,823	13,295,380
Capital and reserves			
Share capital	35	260,405	260,405
Reserves	37(a)	12,919,021	13,029,566
Equity attributable to owners of the Company		13,179,426	13,289,971
Non-controlling interests		5,397	5,409
TOTAL EQUITY		13,184,823	13,295,380

Approved by the Board of Directors on 31 March 2026 and are signed on its behalf by:

Song Yu
Executive Director

Chiu Ping Shun
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company												Total equity
	Share capital (Note 35) HK\$'000	Treasury shares (Note 35(a)) HK\$'000	Share premium account (Note 37(b)) HK\$'000	Merger reserve (Note 37(b)) HK\$'000	Contributed surplus reserve (Note 37(b)) HK\$'000	Foreign currency translation reserve (Note 37(b)) HK\$'000	Share-based capital reserve (Note 37(b)) HK\$'000	Performance share unit scheme reserve (Note 37(b)) HK\$'000	Statutory reserve (Note 37(b)) HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2024	260,405	–	2,305,762	(2,286,000)	7,436,432	10,201	21,447	(145,279)	2,623	5,225,135	12,830,726	5,423	12,836,149
Total comprehensive income for the year	–	–	–	–	–	(5,820)	–	–	–	1,557,367	1,551,547	(14)	1,551,533
Purchase of treasury shares (Note 35(a))	–	(61,990)	–	–	–	–	–	–	–	–	(61,990)	–	(61,990)
Purchase of shares under performance share unit scheme (Note 38(c))	–	–	–	–	–	–	–	(11,819)	–	–	(11,819)	–	(11,819)
Equity-settled share-based payments under performance share unit scheme (Note 38(c))	–	–	–	–	–	–	15,491	–	–	–	15,491	–	15,491
Shares vested under performance share unit scheme	–	–	–	–	–	–	(2,335)	2,081	–	254	–	–	–
Dividend paid (Note 17)	–	–	–	–	(1,033,984)	–	–	–	–	–	(1,033,984)	–	(1,033,984)
Changes in equity for the year	–	(61,990)	–	–	(1,033,984)	(5,820)	13,156	(9,738)	–	1,557,621	459,245	(14)	459,231
At 31 December 2024	260,405	(61,990)	2,305,762	(2,286,000)	6,402,448	4,381	34,603	(155,017)	2,623	6,782,756	13,289,971	5,409	13,295,380
At 1 January 2025	260,405	(61,990)	2,305,762	(2,286,000)	6,402,448	4,381	34,603	(155,017)	2,623	6,782,756	13,289,971	5,409	13,295,380
Total comprehensive income for the year	–	–	–	–	–	62,484	–	–	–	1,112,661	1,175,145	(12)	1,175,133
Equity-settled share-based payments under performance share unit scheme (Note 38(c))	–	–	–	–	–	–	6,790	–	–	–	6,790	–	6,790
Shares vested under performance share unit scheme	–	–	–	–	–	–	(33,944)	31,512	–	2,432	–	–	–
Dividend paid (Note 17)	–	–	–	–	(1,292,480)	–	–	–	–	–	(1,292,480)	–	(1,292,480)
Changes in equity for the year	–	–	–	–	(1,292,480)	62,484	(27,154)	31,512	–	1,115,093	(110,545)	(12)	(110,557)
At 31 December 2025	260,405	(61,990)	2,305,762	(2,286,000)	5,109,968	66,865	7,449	(123,505)	2,623	7,897,849	13,179,426	5,397	13,184,823

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,296,814	1,730,525
Adjustments for:			
Allowance for trade receivables		4,818	78,000
Depreciation and amortisation		4,756,444	5,268,605
Depreciation of right-of-use assets		71,707	94,480
Deemed gain on disposal of investment in associates	39(a)(i)	(78,912)	–
Deemed gain on increase in interest of a joint operation		–	(89,908)
Fair value gains on financial assets at FVTPL		(1,981)	(544)
Finance costs		321,325	351,143
Gain on bargain purchase	39(a)	(114,381)	–
Gain on disposals of property, plant and equipment		(2,216)	(9,850)
Gain on lease modification		(211)	(671)
Investment income		(87,204)	(70,227)
Impairment losses on investment in associates		–	211,087
Impairment losses on intangible assets		761,012	8,528
Impairment losses on property, plant and equipment		165,081	212,083
Imputed interest income on financial guarantee liabilities		(8,634)	(3,080)
Property, plant and equipment written off		285,369	466,016
Release of provision for decommissioning costs		(5,852)	(4,740)
Share-based payments		6,790	15,552
Share of losses/(profits) of associates		29,223	(56,623)
Operating profit before working capital changes		7,399,192	8,200,376
Decrease in inventories		39,597	2,587
Increase in trade and other receivables		(1,289,736)	(641,874)
Decrease/(increase) in advances, deposits and prepayments		53,360	(1,705)
Increase in trade and other payables		1,078,086	1,141,123
Increase in employee retirement benefits assets		(1,160)	(1,440)
Increase in employee retirement benefits obligations		13,894	15,705
(Decrease)/increase in due to a director		(7,708)	3,851
Decrease in provisions		(91,358)	(51,674)
Cash generated from operations		7,194,167	8,666,949
Interest paid		(243,476)	(274,428)
Interest on lease liabilities	39(c)	(22,890)	(16,848)
Income taxes paid		(765,005)	(949,674)
Net cash generated from operating activities		6,162,796	7,425,999

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	39(a)	(1,155,305)	–
Deposit paid for acquisition of property, plant and equipment		–	(56,835)
Purchase of government treasury bills		(16,134)	–
Proceeds from disposals of property, plant and equipment		–	100
Purchases of property, plant and equipment		(5,262,550)	(5,969,101)
Purchases of intangible assets		–	(269,590)
Interest received		85,856	68,050
Net cash used in investing activities		(6,348,133)	(6,227,376)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends received		217	308
Borrowings raised, net of direct transaction cost	39(c)	3,400,792	–
Repayment of borrowings	39(c)	(384,540)	(2,578,772)
Advances from a customer	39(c)	624,000	2,340,000
Repayment of advances from a customer	39(c)	(1,248,000)	–
Purchase of shares under performance share unit scheme		–	(11,819)
Purchase of treasury shares		–	(61,990)
Principal elements of lease payments	39(c)	(148,730)	(244,808)
Dividends paid to owners of the Company		(1,292,480)	(1,033,984)
Net cash generated from/(used in) financing activities		951,259	(1,591,065)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		765,922	(392,442)
Effect of foreign exchange rate changes		(16,190)	959
CASH AND CASH EQUIVALENTS AT 1 JANUARY		2,935,796	3,327,279
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		3,685,528	2,935,796
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		3,685,528	2,935,796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 39/F., West Tower, Cheung Kong Center II, 10 Harcourt Road, Central, 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. The principal activities of its principal subsidiaries are set out in Note 45 to the consolidated financial statements.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRS Accounting Standards 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 HKFRS Accounting Standards 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 HKFRS Accounting Standards

(a) Application of new and revised HKFRS Accounting Standards

The Group has adopted all of the new or amended HKFRS Accounting Standards and Interpretations issued by the HKICPA that are mandatory for the current reporting period. There was no material impact to the consolidated financial statements as a result of the adoption of these standards.

3. Adoption of New and Revised HKFRS Accounting Standards (Continued)**(b) Revised HKFRS Accounting Standards in issue but not yet effective**

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2025 and which have not been early adopted by the Group for the annual reporting period ended 31 December 2025. The company's assessment of the impact of these new or amended HKFRS Accounting Standards and Interpretations, most relevant to the company, are set out below:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendment to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendment to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
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

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following.

3. Adoption of New and Revised HKFRS Accounting Standards (Continued)

(b) Revised HKFRS Accounting Standards in issue but not yet effective (Continued)

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities’ net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group’s statement of loss, the statements of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., interest income on certain investments and foreign exchange gains/losses) into the new categories, namely investing and financing categories.
- The Group disclosed certain MPMs in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the financial statements.
- The Statement of Cash Flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

3. Adoption of New and Revised HKFRS Accounting Standards (Continued)**(b) Revised HKFRS Accounting Standards in issue but not yet effective (Continued)****Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7**

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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

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.

4. Material Accounting Policy Information

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

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

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

4. Material Accounting Policy Information (Continued)

(a) Consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Separate financial statements

In the Company's statement of financial position, investments in subsidiaries is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amount of the investments in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

4. Material Accounting Policy Information (Continued)**(c) Associates (Continued)**

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to be joint operation or joint venture.

4. Material Accounting Policy Information (Continued)

(d) Joint arrangements (Continued)

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements in accordance with the HKFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. Material Accounting Policy Information (Continued)

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to the consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. Material Accounting Policy Information (Continued)**(f) Property, plant and equipment (other than oil and gas properties and exploration and evaluation expenditures)**

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold land, construction in progress and spare parts as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	5% – 10%
Leasehold improvements	5% – 33.33%
Vessels	20%
Aircrafts	6.67%
Motor vehicles	20% – 30%
Furniture, fixtures and equipment	10% – 33.33%
Plant and machinery	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is stated at cost less subsequent accumulated impairment losses, if any.

Construction in progress represents plant and machinery pending installation and oil wells under construction, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

Spare parts are classified as property, plant and equipment rather than inventories when they meet the definition of property, plant and equipment. Upon utilisation, capital spares and serving equipment are depreciated as part of the principal asset.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. Material Accounting Policy Information (Continued)**(g) Oil and gas properties and exploration and evaluation expenditures**

Oil and gas properties are accounted for using the successful efforts method of accounting. Under this method, all costs for development wells, support equipment and facilities, and proved mineral interests in oil and gas properties are capitalised. Geological and geophysical costs are expensed when incurred. Exploration and evaluation expenditures are capitalised and no depreciation or amortisation is charged until determination of the related exploratory wells find commercial reserves. Commercial reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made.

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and subject to impairment review. For exploratory wells that are found to have economically viable reserves in areas where major capital expenditure will be required before production can commence, the related well costs remain capitalised only if additional drilling is under way or firmly planned. Otherwise the related well costs are expensed as dry holes.

Exploration and evaluation expenditures are stated at cost less impairment losses. Depreciation begins when the relevant assets are transferred to oil and gas properties and available for use.

Oil and gas properties are stated at cost less subsequent accumulated depreciation and any subsequent impairment losses. The cost of oil and gas properties (including decommissioning cost and future capital expenditures) is depreciated at the field level based on the unit-of-production method over the proved and probable reserves of petroleum.

(h) Decommissioning cost

Decommissioning cost represents cost for the future abandonment of oil and gas production facilities, representing the legal obligations, at the end of their economic lives. Decommissioning activities may include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration.

The Group makes provision for its share of the full decommissioning cost on the declaration of commercial discovery of the reserves of each field, to fulfil the legal obligation. The amount recognised as part of the cost of oil and gas properties is the estimated cost of decommissioning, discounted to its net present value. The timing and amount of future expenditure are reviewed annually together with the interest rate to be used in discounting the cash flows. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment – oil and gas properties.

Decommissioning costs are depreciated as part of the cost of oil and gas properties using the unit-of-production method over the proved and probable reserves. The unwinding of discount of the provision of decommissioning cost is recognised as finance costs in the consolidated profit or loss.

4. Material Accounting Policy Information (Continued)

(i) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, eg. term, country, currency and security.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment/the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

4. Material Accounting Policy Information (Continued)**(i) Leases (Continued)**

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(j) Concession and lease rights

Concession and lease rights that are acquired in business combinations are recognised at fair value on initial recognition. After initial recognition, concession and lease rights are carried at cost less subsequent accumulated amortisation and any subsequent accumulated impairment losses.

Concession and lease rights are amortised using the unit-of-production method over the proved and probable reserves of petroleum.

(k) Contractual rights for solar energy business and wind power business

Contractual rights for solar energy business and wind power business that are acquired through acquisition are recognised at fair value on initial recognition. After initial recognition, contractual rights for solar energy business and wind power business are carried at cost less subsequent accumulated amortisation and any subsequent accumulated impairment losses.

Amortisation of contractual rights for solar energy business and wind power business are calculated on a straight-line basis over their estimated useful lives of 35 years and 12 years respectively.

(l) Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories represent purchase or production cost of goods and are determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. Material Accounting Policy Information (Continued)

(n) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

4. Material Accounting Policy Information (Continued)**(o) Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- fair value through other comprehensive income ("FVTOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("ECL"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

4. Material Accounting Policy Information (Continued)**(p) Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

(r) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

4. Material Accounting Policy Information (Continued)

(t) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under HKFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(u) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(v) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(w) Shares held for employee share scheme and treasury shares

Where the Group purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares or shares held for employee share scheme until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the trust of performance share unit scheme (Note 38(c)) are disclosed as performance share unit scheme reserve and deducted from contributed equity.

4. Material Accounting Policy Information (Continued)

(x) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sales and production of crude oil, condensate, gas and liquefied petroleum gas is recognised when control of the goods has transferred, being when the promised goods have been physically delivered to the designated oil tankers, pipe or other delivery mechanism and is measured based on the Group's working interest and the terms specified in the production sharing contracts/petroleum concession agreements. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from the trading of energy products is recognised when control of the goods has transferred, being when the goods has been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from the sales of electricity generated from wind power is recognised when control of the electricity has transferred, being when the electricity has been transmitted to the customer's power grid (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the electricity, has the primary responsibility when on selling the electricity and bears the risks of obsolescence and loss in relation to the electricity. A receivable is recognised by the Group when the electricity is delivered to the customer's power grid as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from management services is recognised as a performance obligation satisfied over time when the management services are rendered.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Income from sales of scrap materials are recognised at a point in time when control of the products has transferred to the customer, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Payment of the transaction price is due immediately when goods are delivered.

Income from liquefied petroleum gas processing fees, software costs and technical services charged to concessions are recognised at the point in time when the services are rendered.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Investment income is recognised when the rights to receive payments are established.

4. Material Accounting Policy Information (Continued)**(y) Employee benefits****(i) Employee leave entitlements**

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

For the defined benefit retirement plans, the liability/(asset) recognised in the consolidated statement of financial position is the present value of the defined benefits obligations less the fair value of plan assets. When there is a surplus in a defined benefits plan, the net defined benefit asset is measured at the lower of the surplus in the defined benefit plan and the asset ceiling. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. If there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of the net defined benefit liability/(asset) – which include actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/(asset)), and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/(asset)) – are recognised in other comprehensive income in the period in which they arise and will not be reclassified to profit or loss. Service costs and net interest on the net defined benefit liability/(asset) are recognised immediately in profit or loss.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

4. Material Accounting Policy Information (Continued)**(y) Employee benefits (Continued)****(ii) Pension obligations (Continued)**

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plan.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If the contributions are linked to services, they reduce service costs. For the amount of contributions that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduce service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' period of service in accordance with HKAS 19 paragraph 70.

For long service payment ("LSP") obligation, the Group accounts for the employer mandatory provident fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. Material Accounting Policy Information (Continued)**(z) Share-based payments**

The Group issues equity-settled share-based payments to certain employees and consultants. Equity-settled share-based payments to employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(aa) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(bb) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

4. Material Accounting Policy Information (Continued)

(bb) Taxation (Continued)

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4. Material Accounting Policy Information (Continued)**(cc) Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(dd) Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost, trade and other receivables, pledged bank deposits and bank and cash balances, as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. Material Accounting Policy Information (Continued)**(dd) Impairment of financial assets (Continued)****Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. Material Accounting Policy Information (Continued)**(dd) Impairment of financial assets (Continued)****Significant increase in credit risk (Continued)**

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. Material Accounting Policy Information (Continued)

(dd) Impairment of financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

4. Material Accounting Policy Information (Continued)**(ee) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

(ff) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

(gg) Dividend distribution

Dividends are recognised as liabilities when they are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity). Typically, dividends are recognised as liabilities in the period in which their distribution is approved at the shareholders' annual general meeting. Interim dividends are recognised when paid.

(hh) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are, with limited exceptions, measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

5. Critical Judgements and Key Estimates

In applying the Group's accounting policies, which are described in Note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Joint control assessment

The Group holds certain interests on its joint arrangements (Note 46). The directors have determined that the Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

(b) Principal vs agent consideration

The Group engages in trading of energy products. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators including that the Group is primarily responsible for fulfilling the promise to provide the energy products to the customer and the Group has discretion in setting the price of the energy products to the customer. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 December 2025, the Group recognised revenue relating to trading of energy products amounted to approximately HK\$9,588,129,000 (2024: HK\$7,664,387,000).

5. Critical Judgements and Key Estimates (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Estimation of crude oil and gas reserves

Crude oil and gas reserves are key elements in the Group's investment decision-making process. They are also an important element in determining the amount of amortisation of the concession and lease rights included in intangible assets and depreciation of oil and gas properties included in property, plant and equipment, and in testing for impairment. Changes in proved and probable oil and gas reserves will affect unit-of-production amortisation, depreciation and depletion recorded in the Group's consolidated financial statements for the concession and lease rights and oil and gas properties related to oil and gas production activities.

Proved and probable reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans. In general, changes in the technical maturity of oil and gas reserves resulting from new information becoming available from development and production activities tend to be the most significant cause of annual revisions.

(b) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment (other than freehold land, oil and gas properties, construction in progress, exploration and evaluation expenditures and spare parts). This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment (other than freehold land, oil and gas properties, construction in progress, exploration and evaluation expenditures and spare parts) as at 31 December 2025 was approximately HK\$985,536,000 (2024: HK\$299,643,000).

(c) Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as future prices of crude oil or gas and production profile. The impairment reviews and calculation are based on assumptions that are consistent with the Group's business plans. Favourable changes to some assumptions may allow the Group to avoid the need to impair any assets in these years or reverse previous impairments, whereas unfavourable changes may cause the assets to be impaired.

Impairment loss of approximately HK\$926,093,000 was provided for the carrying amounts of intangible assets, property, plant and equipment and right-of-use assets for the year ended 31 December 2025 (2024: HK\$220,611,000).

5. Critical Judgements and Key Estimates (Continued)**Key sources of estimation uncertainty (Continued)****(d) Decommissioning cost**

Provision is recognised for the future decommissioning and restoration of oil and gas properties. The amounts of the provision recognised are the present values of the estimated future expenditures. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, discount rates, inflation factor, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The carrying amount of decommissioning cost provisions as at 31 December 2025 was approximately HK\$730,796,000 (2024: HK\$733,211,000).

(e) Impairment of trade receivables

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2025, the carrying amount of trade receivables is approximately HK\$6,149,811,000 (net of allowances for trade receivables and price adjustments of approximately HK\$107,166,000 and HK\$17,203,000 respectively) (2024: HK\$6,022,190,000 (net of allowances for trade receivables and price adjustments of approximately HK\$102,348,000 and HK\$196,100,000 respectively)).

(f) Income tax

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

During the year, approximately HK\$179,695,000 (2024: HK\$172,407,000) of income tax was charged to profit or loss based on the estimated profit from continuing operations.

(g) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

During the year ended 31 December 2025, no allowance for slow-moving inventories was charged to profit or loss (2024: approximately HK\$88,181,000).

5. Critical Judgements and Key Estimates (Continued)**Key sources of estimation uncertainty (Continued)****(h) Estimation of future capital expenditure**

Future capital expenditure represents the future development costs which will be incurred by the Group to access the undeveloped reserves. Such costs are considered for the amortisation of intangible assets and depreciation of oil and gas properties which are being amortised and depreciated using the unit-of-production method over the proved and probable reserves of petroleum. The ultimate future development costs are uncertain and cost estimates can vary in response to many factors including discount rates, inflation factor, changes in economic factors, including contract terms, evolution of technology or development plans. The expected timing and amount of expenditure can also change and as a result, there could be a significant change in the amortisation and depreciation which would affect future financial results.

(i) Actuarial assumptions on defined benefit retirement plans

Accounting for defined benefit plans may be complex because actuarial assumptions are required to measure the obligation and the expense, with the possibility that actual results differ from the assumed results. These differences are known as actuarial gains and losses. Defined benefits obligations are measured using the Projected Unit Credit Method ("PUCM"), according to which the Group has to make a reliable estimate of the amount of benefits earned in return for services rendered in current and prior periods, using actuarial techniques. In addition, in cases where defined benefit plans are funded, the Group has to estimate the fair value of plan assets. As a result, the use of the PUCM involves a number of actuarial assumptions. These assumptions include demographic assumptions such as mortality, turnover and retirement age and financial assumptions such as discount rates, salary and benefit levels. Such assumptions are subject to judgements and may develop materially differently than expected and therefore may result in significant impacts on defined benefits obligations.

The carrying amount of employee retirement benefit assets and employee retirement benefit obligations as at 31 December 2025 was approximately HK\$10,034,000 (2024: HK\$9,103,000) and HK\$74,040,000 (2024: HK\$54,677,000) respectively.

6. Financial Risk Management

The Group's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, credit risk, price risk and foreign currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Interest rate risk

The Group's cash flow interest rate risk primarily relates to variable-rate bank loans, advances from a customer and bank and cash balances. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk.

At 31 December 2025, if interest rates at that date had been 50 basis points lower/higher with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$8,377,000 (2024: HK\$1,971,000) higher/lower and retained earnings as at 31 December 2025 would have been approximately HK\$8,377,000 (2024: HK\$1,971,000) higher/lower, arising mainly as a result of lower/higher interest expenses on the borrowings and advances from a customer (2024: borrowings, advances from a customer and lease liabilities) bearing interest at variable rates.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the participation in supplier finance arrangements with banks and the raising of loans to cover expected cash demands, subject to approval by the Directors of the Company when the borrowing exceed certain predetermined level of authority.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

6. Financial Risk Management (Continued)

(b) Liquidity risk (Continued)

As disclosed in Note 28 and Note 30, all of the Group's advances from a customer and banking facilities are subject to the fulfillments of covenants. Some of those covenants relate to the Group's financial covenants which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach these covenants, the related loans would become payable on demand.

Certain of the Group's advances from a customer and loans with carrying amounts of HK\$3,537,181,000 (2024: HK\$2,729,775,000) are attached with the following financial covenants which require that at any time:

- (i) ratios of borrowings to consolidated adjusted net earnings of the Group or its certain subsidiaries are not more than certain required levels (Note (a));
- (ii) ratios of net borrowings to consolidated net assets of the Group are not more than certain required levels (Note (b));
- (iii) ratio of net revenue to the aggregate of scheduled payment of loan, voluntary prepayment and finance charges of certain subsidiaries is not more than certain required level (Note (a));
- (iv) ratio of net present value of projected net revenue up to the loan life maturity to loan outstanding less debt service accrual amount of certain subsidiaries is not more than certain required level (Note (a));
- (v) ratio of net present value of projected net revenue up to the field life end date to loan outstanding less debt service accrual amount of certain subsidiaries is not more than certain required level (Note (a));
- (vi) consolidated borrowings of the Group is not more than certain required level (Note (b));
- (vii) ratio of adjusted current assets to adjusted current liabilities of the Group is not less than certain required level (Note (b));
- (viii) minimum cash balance of the Group is not less than certain required level (Note (c));
- (ix) ratios of cargo value delivered under commercial contract to outstanding balance payable during the period or remaining contract value to remaining discharge obligation of certain subsidiaries are not be less than certain required level (Note (c)); and
- (x) minimum consolidated equity of the Group is not less than certain required level (Note (c)).

Notes:

- (a) The financial covenant is applicable to the years ended 31 December 2025 and 2024.
- (b) The financial covenant is applicable to the year ended 31 December 2025.
- (c) The financial covenant is applicable to the year ended 31 December 2024.

Up to the date of these consolidated financial statements, there are no indications that the Group would have difficulties complying with the above covenants when they will be next tested.

6. Financial Risk Management (Continued)**(b) Liquidity risk (Continued)**

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Carrying amount HK\$'000	Total contractual undiscounted cash outflow HK\$'000	Less than 1 year or on demand HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000
At 31 December 2025						
Trade and other payables	7,943,011	7,963,102	7,963,102	–	–	–
Borrowings	3,537,181	4,455,491	1,176,818	930,411	2,253,556	94,706
Lease liabilities	294,614	358,338	112,843	90,233	115,904	39,358
At 31 December 2024						
Trade and other payables	8,583,427	8,799,563	7,775,569	1,023,994	–	–
Due to a director	7,708	7,708	7,708	–	–	–
Borrowings	233,775	253,149	171,003	82,146	–	–
Financial guarantee contracts	8,634	138,904	138,904	–	–	–
Lease liabilities	296,275	356,041	147,993	97,290	110,758	–

The amounts included in above for liabilities directly associated with financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantors. Based on the expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Except for the financial guarantee given by the Group as set out in Note 33, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in Note 33.

6. Financial Risk Management (Continued)

(c) Credit risk (Continued)

Trade receivables

As at 31 December 2025, approximately 67% (2024: 68%) of the Group's trade receivables were due from the Group's two (2024: two) largest customers. The Group has policies and procedures to monitor the collection of the trade receivables to limit the exposure to non-recoverable of the receivables and there is no history of default for these large customers of the Group.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 45 days from the date of billing. As at 31 December 2025, trade receivables of approximately HK\$2,330,733,000 (2024: HK\$632,878,000) was pledged as collaterals for obtaining banking facilities letter.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated based on Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

The product of the PD, EAD and LGD are defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. It varies by type of counterparty and availability of collateral.

6. Financial Risk Management (Continued)**(c) Credit risk (Continued)****Trade receivables (Continued)**

The ECL is determined by projecting the PD, LGD and EAD for each individual exposure. These three components are multiplied together and adjusted based on the forward-looking information.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flow of that assets have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

6. Financial Risk Management (Continued)

(c) Credit risk (Continued)

Trade receivables (Continued)

The tables below detail the credit quality of the Group's trade receivables and the Group's maximum exposure to credit risk by credit risk rating grades.

31 December 2025	Internal credit rating	12-month or lifetime ECL	Expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Trade receivables	Performing	12-month ECL	1.7%	6,274,180	(107,166)	6,167,014
31 December 2024	Internal credit rating	12-month or lifetime ECL	Expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Trade receivables	Performing	12-month ECL	1.6%	6,320,638	(102,348)	6,218,290

Movement in the loss allowance for trade receivables during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	102,348	24,348
Additions	4,818	78,000
At 31 December	107,166	102,348

The increase in trade receivables past due over 1 year resulted in increase in loss allowance of approximately HK\$4,818,000 for the year ended 31 December 2025 (2024: HK\$78,000,000).

Financial assets at amortised cost

All of the Group's financial assets measured at amortised cost are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12-month expected losses. Management considers 'low credit risk' for financial assets measured at amortised cost when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include due from joint operators, sales tax receivables, loans to employees and other receivables.

As of 31 December 2025, an allowance was made for estimated irrecoverable other receivables of approximately HK\$387,000 (2024: HK\$387,000).

6. Financial Risk Management (Continued)

(d) Price risk

The Group's financial assets at fair value through profit or loss is measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk and return profiles.

The directors of the Company consider that the price risk exposure for the years ended 31 December 2025 and 2024 are insignificant to the Group and therefore no sensitivity analysis is presented thereon.

(e) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars ("HK\$"), United States dollars ("US\$"), Renminbi ("RMB"), Pakistani Rupees ("PKR"), Egyptian Pounds ("EGP") and Iraqi Dinar, while the functional currencies of the principal operating Group entities are HK\$ and US\$. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2025, if the HK\$ had weakened/strengthened by 5 per cent against the RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$3,579,000 lower/higher and retained earnings as at 31 December 2025 would have been approximately HK\$3,579,000 lower/higher, arising mainly as a result of the foreign exchange loss/gain on bank and cash balances, trade and other receivables, trade and other payables and lease liabilities denominated in RMB.

At 31 December 2024, if the HK\$ had weakened/strengthened by 3 per cent against the RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$653,000 lower/higher and retained earnings as at 31 December 2024 would have been approximately HK\$653,000 lower/higher, arising mainly as a result of the foreign exchange loss/gain on bank and cash balances, trade and other receivables, and trade and other payables denominated in RMB.

At 31 December 2025, if the HK\$ had weakened/strengthened by 5 per cent against the PKR with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$29,660,000 lower/higher and retained earnings as at 31 December 2025 would have been approximately HK\$29,660,000 lower/higher, arising mainly as a result of the foreign exchange loss/gain on bank and cash balances, trade and other receivables, and trade and other payables denominated in PKR.

6. Financial Risk Management (Continued)**(e) Foreign currency risk (Continued)**

At 31 December 2024, if the HK\$ had weakened/strengthened by 5 per cent against the PKR with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$2,211,000 lower/higher and retained earnings as at 31 December 2024 would have been approximately HK\$2,211,000 lower/higher, arising mainly as a result of the foreign exchange loss/gain on bank and cash balances, trade and other receivables, and trade and other payables denominated in PKR.

At 31 December 2025, if the HK\$ had weakened/strengthened by 10 per cent against the EGP with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$16,665,000 higher/lower and retained earnings as at 31 December 2025 would have been approximately HK\$16,665,000 higher/lower, arising mainly as a result of the foreign exchange gain/loss on bank and cash balances, other receivables, and trade and other payables denominated in EGP.

At 31 December 2024, if the HK\$ had weakened/strengthened by 10 per cent against the EGP with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$8,141,000 lower/higher and retained earnings as at 31 December 2024 would have been approximately HK\$8,141,000 lower/higher, arising mainly as a result of the foreign exchange loss/gain on bank and cash balances, other receivables, and trade and other payables denominated in EGP.

The directors of the Company consider that the foreign currency exposure in respect of US\$ and Iraqi Dinar for the years ended 31 December 2025 and 2024 are insignificant to the Group and therefore no sensitivity analysis is presented thereon.

6. Financial Risk Management (Continued)**(f) Categories of financial instruments at 31 December**

	2025 HK\$'000	2024 HK\$'000
Financial assets:		
Financial assets at FVTPL:		
Mandatorily measured at FVTPL		
– Held for trading	5,202	3,221
Financial assets measured at amortised cost	11,372,251	10,189,703
Financial liabilities:		
Financial liabilities at amortised cost	11,480,192	8,824,910
Financial guarantee contracts	–	8,634

(g) Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The recurring fair value of the financial assets at fair value through profit or loss at 31 December 2025 and 2024 are measured by using Level 1 of the fair value hierarchy.

During the two years, there were no changes in the valuation techniques used.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. Turnover

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

	2025 HK\$'000	2024 HK\$'000
Sales and production of crude oil, condensate, gas and liquefied petroleum gas (Note (a))	9,219,754	9,858,537
Trading of energy products	9,588,129	7,664,387
Sales of electricity generated from wind power (Note (b))	173,807	–
Other income – tax entitlement volumes (Note (c))	209,580	271,541
	19,191,270	17,794,465

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

For the year ended 31 December

	Sales and production of crude oil, condensate, gas and liquefied petroleum gas (Note (a))		Trading of energy products		Sales of electricity generated from wind power (Note (b))		Other income – tax entitlement volumes (Note (c))		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Primary geographical markets										
Hong Kong	–	–	500,343	215,587	–	–	–	–	500,343	215,587
Pakistan	2,272,806	2,410,379	1,091,908	2,346,638	173,807	–	–	–	3,538,521	4,757,017
Singapore	625,623	970,305	6,944,677	1,728,418	–	–	–	–	7,570,300	2,698,723
Egypt	1,056,922	1,119,490	–	–	–	–	209,580	271,541	1,266,502	1,391,031
Iraq	5,264,403	5,358,363	–	–	–	–	–	–	5,264,403	5,358,363
United Arab Emirates	–	–	1,051,201	694,837	–	–	–	–	1,051,201	694,837
Switzerland	–	–	–	2,678,907	–	–	–	–	–	2,678,907
Revenue from external customers	9,219,754	9,858,537	9,588,129	7,664,387	173,807	–	209,580	271,541	19,191,270	17,794,465

Notes:

- 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\$362,676,000 (2024: HK\$379,626,000), HK\$399,061,000 (2024: HK\$470,480,000), HK\$Nil (2024: HK\$10,247,000), and HK\$52,195,000 (2024: HK\$132,088,000) respectively.
- The turnover from sales electricity generated from wind power are net of sales tax amounting to approximately HK\$28,285,000 (2024: HK\$Nil).
- Under the concession agreements in Egypt, income tax due on taxable profit is paid on behalf of the Group by the joint operation partner, Egyptian General Petroleum Corporation, from the Group's share of production. To reflect this arrangement through the concession agreements, the Group notionally receive a greater share of hydrocarbon production, grossing up the Group's entitlement interest share of production, by the amount required to cover the tax payable. The oil is produced and sold on behalf of the Group and proceeds remitted to the tax authorities. This income does not meet the HKFRS Accounting Standards definition of revenue and is therefore shown as other income with an equal and opposite tax charge recorded through current taxation.

9. Investment and Other Income

	2025 HK\$'000	2024 HK\$'000
Dividends income from listed equity investments	217	308
Interest income on:		
Bank deposits	75,198	68,050
Loan receivables from a former associate	663	1,869
Government treasury bills	4,385	–
Overdue receivables	6,741	–
Total interest income	86,987	69,919
Liquefied petroleum gas processing fees charged to concessions, net	4,689	6,668
Income from technical services charged to concessions	44,634	68,248
Income from operation and maintenance services provided	19,095	46,973
Management fees income	6,928	5,003
Rental income	3,303	3,418
Sales of scrap materials	32,082	2,603
Service income from trade of energy products	2,402	13,045
Others	7,203	6,226
	207,540	222,411

10. Other Gains and Losses

	2025 HK\$'000	2024 HK\$'000
Deemed gain on increase in interest of a joint operation	–	89,908
Fair value gains on financial assets at FVTPL	1,981	544
Gain on bargain purchase	114,381	–
Gain on deemed disposal of investment in associates	78,912	–
Gain on disposals of property, plant and equipment	2,216	9,850
Gain on lease modification	211	671
Net foreign exchange gains/(losses)	39,212	(15,714)
Realised gain on derivative financial instruments	25,070	–
Release of provision for decommissioning costs	5,852	4,740
Impairment losses on trade receivables	(4,818)	(78,000)
Impairment losses on investment in associates	–	(211,087)
Impairment losses on intangible assets	(761,012)	(8,528)
Impairment losses on property, plant and equipment	(165,081)	(212,083)
Imputed interest income on financial guarantee contracts	8,634	3,080
Property, plant and equipment written off	–	(21,718)
	(654,442)	(438,337)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

11. Segment Information

The chief operating decision maker is the board of the directors of the Company. During the year, the Group acquired subsidiaries that are engaged in the development and operation of a wind power project. As a result, the basis of segmentation is changed and the Group has identified three reportable segments as follows:

1. Exploration and production – activities relating to the exploration and production of crude oil and natural gas in Pakistan, Middle East and North Africa.
2. Trading – activities relating to trading of energy products, including petrochemical.
3. Clean energy business – activities relating to sales of electricity generated from wind power and solar power.

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 marketing strategies.

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.

The accounting policies of the operating segments are the same as those described in Note 4 to the consolidated financial statements.

Segment profit or loss does not include the following items:

- investment and other income
- other gains and losses
- share of (losses)/profits of associates

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 a director
- borrowings
- lease liabilities
- deferred tax liabilities
- current tax liabilities
- financial guarantee contracts

11. Segment Information (Continued)

Information about operating segment profit or loss, assets and liabilities from continuing operations:

	Exploration and production HK\$'000	Trading HK\$'000	Clean energy business HK\$'000	Total HK\$'000
Year ended 31 December 2025				
Turnover from external customers	9,429,334	9,588,129	173,807	19,191,270
Segment profit/(loss)	1,593,819	(29,864)	29,289	1,593,244
Interest revenue	65,869	9,787	11,331	86,987
Interest expense	308,175	116	13,034	321,325
Depreciation and amortisation	4,715,237	515	40,692	4,756,444
Depreciation of right-of-use assets	68,652	3,023	32	71,707
Share of losses of associates	29,223	–	–	29,223
Income tax expense	168,461	3,568	7,666	179,695
Other material non-cash items:				
Allowance for trade receivables	–	–	4,818	4,818
Gain on bargain purchase	114,381	–	–	114,381
Gain on deemed disposal of investment in associates	78,912	–	–	78,912
Impairment losses on intangible assets	761,012	–	–	761,012
Impairment losses on property, plant and equipment	165,081	–	–	165,081
Property, plant and equipment written off	285,369	–	–	285,369
Additions to segment non-current assets	5,472,468	12,352	25,903	5,510,723
As at 31 December 2025				
Segment assets	21,110,498	1,629,396	1,127,337	23,867,231
Segment liabilities	8,458,937	1,856,250	105,834	10,421,021

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

11. Segment Information (Continued)

Information about operating segment profit or loss, assets and liabilities from continuing operations:
(Continued)

	Exploration and production HK\$'000	Trading HK\$'000	Clean energy business HK\$'000	Total HK\$'000
Year ended 31 December 2024				
Turnover from external customers	10,130,078	7,664,387	–	17,794,465
Segment profit	1,717,100	321	–	1,717,421
Interest revenue	63,929	5,990	–	69,919
Interest expense	351,070	73	–	351,143
Depreciation and amortisation	5,268,596	9	–	5,268,605
Depreciation of right-of-use assets	92,713	1,767	–	94,480
Share of profits of associates	56,623	–	–	56,623
Income tax expense	171,294	1,113	–	172,407
Other material non-cash items:				
Allowance for trade receivables	78,000	–	–	78,000
Deemed gain on increase in interest of a joint operation	89,908	–	–	89,908
Impairment losses on investment in associates	211,087	–	–	211,087
Impairment losses on intangible assets	8,528	–	–	8,528
Impairment losses on property, plant and equipment	212,083	–	–	212,083
Property, plant and equipment written off	466,016	–	–	466,016
Additions to segment non-current assets	6,525,947	1,743	–	6,527,690
As at 31 December 2024				
Segment assets	21,090,943	942,786	–	22,033,729
Segment liabilities	7,516,019	3,046,088	–	10,562,107

11. Segment Information (Continued)

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

	2025 HK\$'000	2024 HK\$'000
Profit or loss		
Total profit of reportable segments	1,593,244	1,717,421
Share of (losses)/profits of associates	(29,223)	56,623
Investment and other income	207,540	222,411
Other gains and losses	(654,442)	(438,337)
Consolidated profit for the year	1,117,119	1,558,118
Assets		
Total assets of reportable segments	23,867,231	22,033,729
Unallocated amounts:		
Investment in associates	20,456	125,225
Deferred tax assets	1,538,258	999,348
Financial assets at fair value through profit or loss	5,202	3,221
Current tax assets	22,145	23,081
Bank and cash balances	3,685,528	2,935,796
Consolidated total assets	29,138,820	26,120,400
Liabilities		
Total liabilities of reportable segments	10,421,021	10,562,107
Unallocated amounts:		
Due to a director	–	7,708
Borrowings	3,537,181	233,775
Lease liabilities	294,614	296,275
Deferred tax liabilities	14,198	77,965
Current tax liabilities	1,686,983	1,638,556
Financial guarantee contracts	–	8,634
Consolidated total liabilities	15,953,997	12,825,020

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

11. Segment Information (Continued)

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:

	Turnover		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong	500,343	215,587	471,962	567,944
People's Republic of China ("PRC") except Hong Kong	–	–	144,410	110,412
Pakistan	3,538,521	4,757,017	4,555,777	5,121,686
Singapore	7,570,300	2,698,723	10,358	1,566
Egypt	1,266,502	1,391,031	2,010,318	1,093,231
Iraq	5,264,403	5,358,363	7,624,809	7,025,627
United Arab Emirates	1,051,201	694,837	22,142	24,536
Switzerland	–	2,678,907	–	–
Bulgaria	–	–	364,592	306,434
Consolidated total	19,191,270	17,794,465	15,204,368	14,251,436

Turnover from major customers:

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

	2025 HK\$'000	2024 HK\$'000
Customer A	5,230,084	5,323,034
Customer B (Note)	4,760,523	N/A
Customer C (Note)	N/A	2,678,907
Customer D	2,723,421	2,634,627
Customer E (Note)	N/A	2,449,777
Customer F (Note)	N/A	1,773,254

Note:

Customer B did not contribute over 10% of the total turnover of the Group for the year ended 31 December 2024; customer C, customer E and customer F did not contribute over 10% of the total turnover of the Group for the year ended 31 December 2025 individually.

12. Finance Costs

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans	61,392	90,503
Interest expense on lease liabilities	22,890	16,848
Interest on advances from customers	203,572	204,874
Provisions – unwinding of discounts (Note 32)	38,910	42,359
Others	1,529	175
Total borrowing costs	328,293	354,759
Amount capitalised	(6,968)	(3,616)
	321,325	351,143

The weighted average capitalisation rate on funds borrowed generally is at a rate of 7.7% (2024: 3.4%) per annum.

13. Profit for the Year

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

	2025 HK\$'000	2024 HK\$'000
Auditors' remuneration	8,258	15,786
Amortisation of intangible assets (included in cost of sales)	232,775	334,529
Depreciation	4,523,669	4,934,076
Depreciation on right-of-use assets	71,707	94,480
Cost of inventories sold (Note (a))	15,699,897	14,113,303
Gain on bargain purchase	(114,381)	–
Gain on deemed disposal of investment in associates	(78,912)	–
Impairment losses on investment in associates (included in other gains and losses)	–	211,087
Impairment losses on intangible assets (included in other gains and losses)	761,012	8,528
Impairment losses on property, plant and equipment (included in other gains and losses)	165,081	212,083
Property, plant and equipment written off (included in other gains and losses of approximately HK\$Nil (2024: HK\$21,718,000) and exploration expenses of approximately HK\$285,369,000 (2024: HK\$444,298,000))	285,369	466,016
Allowance for trade receivables	4,818	78,000
Staff costs excluding directors' emoluments		
– Salaries, bonuses and allowances	688,593	585,742
– Retirement benefits – defined contribution plans	47,113	34,435
– Retirement benefits – defined benefit plans (Note 44(b))	21,331	19,524
– Share-based payments	6,675	15,552
	763,712	655,253

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

13. Profit for the Year (Continued)

Note:

- (a) Cost of inventories sold includes staff costs, depreciation and amortisation and short term leases expenses of approximately HK\$5,115,939,000 (2024: HK\$5,585,540,000) which are included in the amounts disclosed separately above.

14. Income Tax Expense

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

	2025 HK\$'000	2024 HK\$'000
Current tax – Overseas		
Provision for the year	819,526	779,967
Provision for Pillar Two income taxes	41,729	–
Over-provision in prior years	(49,007)	–
	812,248	779,967
Deferred tax (Note 34)	(632,553)	(607,560)
	179,695	172,407

No provision for Hong Kong Profits Tax has been made in the financial statements since the Group has no assessable profit for the years ended 31 December 2025 and 2024.

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.

14. Income Tax Expense (Continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the weighted average tax rate of the consolidated companies is as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	1,296,814	1,730,525
Tax at the weighted average tax rate of 20% (2024: 43%)	257,114	738,644
Tax effect of income that is not taxable	(45,517)	(2,913)
Tax effect of expenses that are not deductible	337,063	313,888
Tax effect of share of profits of associates	(10,969)	(8,443)
Tax effect of tax losses not recognised	19,240	6,679
Tax effect of other temporary differences recognised	(43,600)	(413,330)
Tax effect of withholding tax on gain derived from the Group's Iraq Branches	4,522	3,059
Tax effect of withholding tax on gain derived from the Group's Pakistan, Mauritius and Dubai subsidiaries	32,932	30,780
Tax effect of withholding tax on interest income	467	–
Tax effect of depletion allowance	(227,411)	(271,710)
Tax effect of royalty deduction	(212,656)	(212,885)
Tax effect of super tax in Pakistan	65,224	(17,221)
Tax effect of minimum turnover tax charged in Pakistan	10,670	5,959
Income tax at concessionary rate	(106)	(100)
Pillar Two income taxes	41,729	–
Over-provision in prior years	(49,007)	–
Income tax expenses	179,695	172,407

On 6 June 2025, Hong Kong has enacted the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 to implement the global minimum tax and the Hong Kong minimum top-up tax ("HKMTT") in accordance with the global OECD Pillar Two model rules. This legislation implements:

- Hong Kong Minimum Top-up Tax (HKMTT): A qualified domestic minimum top-up tax (QDMTT) applicable to constituent entities in Hong Kong.
- Income Inclusion Rule (IIR): Applicable to the Group's ultimate parent entity (UPE) located in Hong Kong in respect of low-taxed foreign subsidiaries.

These rules are effective for fiscal years beginning on or after 1 January 2025. The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two model rules, as provided in the amendments to HKAS 12 issued in May 2023. Consequently, the Group neither recognizes nor discloses deferred tax information related to Pillar Two income taxes.

For the year ended 31 December 2025, the Group qualified for the "Transitional CbCR Safe Harbour" in 18 jurisdictions (including Pakistan, Iraq, Egypt and United Arab Emirates). Consequently, the top-up tax for these jurisdictions is deemed to be zero.

For jurisdiction that did not satisfy the safe harbour criteria (including Singapore, Mauritius and British Virgin Islands), the Group performed full GloBE calculations based on the OECD Model Rules and local legislation to determine the top-up tax expenses as disclosed in the table above.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

15. Directors' and Employee Benefits

(a) Directors' emoluments

Pursuant to the Listing Rule and the disclosure requirements of the Hong Kong Companies Ordinance, the emoluments of each director were as follows:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking							
	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Share-based payments HK\$'000	Retirement benefits scheme contributions HK\$'000	Housing allowance HK\$'000	Total HK\$'000
Year ended 31 December 2025							
Executive directors:							
Mr. Zhang Hong Wei (Note i)	-	3,900	-	-	-	1,433	5,333
Mr. Yiu Chi Shing (Note ii)	-	1,083	-	-	-	-	1,083
Ms. Zhang Meiying (Note iii)	-	2,100	-	-	8	475	2,583
Mr. Song Yu (Note iv)	-	3,469	-	115	9	-	3,593
Mr. Chiu Ping Shun (Note v)	-	1,349	-	-	10	-	1,359
	-	11,901	-	115	27	1,908	13,951
Non-executive director:							
Mr. Yiu Chi Shing (Note ii)	1,517	-	-	-	-	-	1,517
Independent non-executive directors:							
Mr. Chau Siu Wai (Note vi)	50	-	-	-	-	-	50
Mr. San Fung	120	-	-	-	-	-	120
Ms. Wang Ying (Note vii)	30	-	-	-	-	-	30
Mr. Sun Chuen Wah Anthony (Note viii)	70	-	-	-	-	-	70
Ms. Tang Yuen Ching Irene (Note ix)	70	-	-	-	-	-	70
	340	-	-	-	-	-	340
	1,857	11,901	-	115	27	1,908	15,808
Year ended 31 December 2024							
Executive directors:							
Mr. Zhang Hong Wei (Note i)	-	7,800	-	-	-	4,248	12,048
Mr. Yiu Chi Shing (Note ii)	-	743	-	-	-	-	743
Ms. Zhang Meiying (Note iii)	-	4,550	-	-	18	1,081	5,649
	-	13,093	-	-	18	5,329	18,440
Independent non-executive directors:							
Mr. Chau Siu Wai (Note vi)	120	-	-	-	-	-	120
Mr. San Fung	120	-	-	-	-	-	120
Ms. Wang Ying (Note vii)	120	-	-	-	-	-	120
	360	-	-	-	-	-	360
	360	13,093	-	-	18	5,329	18,800

15. Directors' and Employee Benefits (Continued)**(a) Directors' emoluments (Continued)**

Note:

- (i) Mr. Zhang Hong Wei was resigned on 27 June 2025.
- (ii) Mr. Yiu Chi Shing was appointed as an executive director on 18 September 2024 and re-designated as a non-executive director on 4 June 2025.
- (iii) Ms. Zhang Meiying was resigned on 4 June 2025.
- (iv) Mr. Song Yu was appointed on 4 June 2025. Before his appointment of director, he had already been an employee of the Group and received approximately HK\$4,434,000 as employee's emoluments during the year.
- (v) Mr. Chiu Ping Shun was appointed on 27 June 2025. Before his appointment of director, he had already been an employee of the Group and received approximately HK\$641,000 as employee's emoluments during the year.
- (vi) Mr. Chau Siu Wai was resigned on 4 June 2025.
- (vii) Ms. Wang Ying was resigned on 1 April 2025.
- (viii) Mr. Sun Chuen Wah Anthony was appointed on 4 June 2025.
- (ix) Ms. Tang Yuen Ching Irene was appointed on 4 June 2025.

None of the directors waived any emoluments during the year (2024: HK\$Nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

15. Directors' and Employee Benefits (Continued)

(b) Employees' emoluments

The five highest paid individuals in the Group during the year included one director (2024: two directors) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2024: three) individuals are set out below:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	17,685	11,637
Discretionary bonus	12,102	8,615
Share-based payments	1,200	2,569
	30,987	22,821

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
HK\$6,000,000 to HK\$6,500,001	1	–
HK\$7,000,001 to HK\$7,500,000	1	2
HK\$7,500,001 to HK\$8,000,000	1	–
HK\$8,000,001 to HK\$8,500,000	–	1
HK\$9,500,001 to HK\$10,000,000	1	–
	4	3

No emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2024: HK\$Nil).

15. Directors' and Employee Benefits (Continued)**(c) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities**

- (i) The information about quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company in favour of connected entities of which Mr. Zhang Hong Wei, a former director and substantial shareholder of the Company, having significant control (before step acquisition of UEGBIH as disclosed in note 39(a)(i)), is as follows:

Name of the borrower	Total receivables			Term	Interest rate
	Outstanding amount at the beginning of the year	Outstanding amount at the end of the year	Maximum outstanding amount during the year		
	HK\$'000	HK\$'000	HK\$'000		
As at 31 December 2025					
UEG Beijing Investment Holding Limited (formerly known as Orient Group Beijing Investment Holding Limited)	32,288	N/A	32,951	Repayable on or before 29 September 2025	3 months LIBOR plus 1.7% per annum
UEP Wind Power (Private) Limited	162,367	N/A	162,367	Repayable on demand	Nil
As at 31 December 2024					
UEG Beijing Investment Holding Limited	30,420	32,288	32,288	Repayable on or before 29 September 2025	3 months LIBOR plus 1.7% per annum
UEG Renewable Energy Group (Beijing) Limited	1,473	–	1,473	Repayable on demand	Nil
UEP Wind Power (Private) Limited	152,454	162,367	162,367	Repayable on demand	Nil

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

15. Directors' and Employee Benefits (Continued)

(c) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities (Continued)

- (ii) The information about guarantees or security provided to certain controlled bodies corporate and connected entities of Mr. Zhang Hong Wei, a director and substantial shareholder of the Company, having significant control (before step acquisition of UEGBIH as disclosed in note 39(a)(i)), in respect of loans, quasi-loans or credit transactions is as follows:

	Maximum liability that may be incurred under the guarantee			
Name of the borrower	Nature of guarantee or security	at the beginning of the year HK\$'000	at the end of the year HK\$'000	during the year HK\$'000
As at 31 December 2025				
Loan UEP Wind Power (Private) Limited	Corporate guarantee	138,904	N/A	138,904
As at 31 December 2024				
Loan UEP Wind Power (Private) Limited	Corporate guarantee	242,966	138,904	242,966

(d) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 40 to the consolidated financial statements, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$1,117,131,000 (2024: HK\$1,558,132,000) and the weighted average number of ordinary shares of 25,694,872,192 (2024: 25,801,598,466) in issue during the year.

(b) Diluted earnings per share

The Company did not have any dilutive potential ordinary share for the years ended 31 December 2025 and 2024. Diluted earnings per share for the years ended 31 December 2025 and 2024 are the same as the basic earnings per share for the year.

17. Dividend

	2025 HK\$'000	2024 HK\$'000
2024 Final dividend of HK5 cents per ordinary share paid	1,292,480	–
2024 Special dividend of HK4 cents per ordinary share paid	–	1,033,984
	1,292,480	1,033,984

The Board did not recommend payment of a final dividend for the year ended 31 December 2025 (2024: final dividend in respect of the year ended 31 December 2024 of HK5 cents per ordinary share).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

18. Property, Plant and Equipment

	Freehold land HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Vessels HK\$'000	Aircraft HK\$'000	Motor vehicles HK\$'000	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Oil and gas properties HK\$'000	Construction in progress HK\$'000	Exploration and Evaluation Expenditures HK\$'000	Spare part HK\$'000	Total HK\$'000
Cost													
At 1 January 2024	15,844	2,947	21,293	56,263	74,658	98,684	712,676	225,557	34,638,421	197,533	180,424	605,857	36,830,157
Additions	-	-	12,202	-	-	2,049	14,026	1,144	5,141,544	239,905	613,243	166,973	6,191,086
Addition due to revision in decommissioning costs estimate	-	-	-	-	-	-	-	-	68,333	-	-	-	68,333
Disposals	-	-	-	-	-	(843)	-	-	-	-	-	-	(843)
Written off	-	-	(780)	-	-	-	(3,331)	-	-	(21,700)	(444,298)	-	(470,109)
Transfers	-	-	-	-	-	(13)	14,589	(244)	716,662	(205,087)	(299,868)	(226,039)	-
Exchange differences	-	-	(439)	-	-	-	(1,884)	-	-	(128)	-	-	(2,451)
At 31 December 2024 and 1 January 2025	15,844	2,947	32,276	56,263	74,658	99,877	736,076	226,457	40,564,960	210,523	49,501	546,791	42,616,173
Acquisition of subsidiaries	-	16,551	-	-	-	-	11	402,744	479,535	-	96,382	-	995,223
Additions	-	-	343	-	-	-	10,713	5,291	4,196,257	475,160	526,818	120,411	5,334,993
Addition due to revision in decommissioning costs estimate	-	-	-	-	-	-	-	-	55,885	-	-	-	55,885
Written off	-	-	(20,293)	-	-	-	-	-	-	-	(285,369)	-	(305,662)
Transfers	-	-	18,257	-	-	-	8,693	-	304,696	(214,091)	(90,025)	(27,530)	-
Transferred from right-of- use assets	-	-	-	-	499,745	-	-	-	-	-	-	-	499,745
Exchange differences	-	85	478	-	-	-	2,306	2,073	-	1,862	-	-	6,804
At 31 December 2025	15,844	19,583	31,061	56,263	574,403	99,877	757,799	636,565	45,601,333	473,454	297,307	639,672	49,203,161
Accumulated depreciation and impairment losses													
At 1 January 2024	-	2,268	18,557	56,079	29,846	92,758	493,274	158,864	24,754,242	-	-	-	25,605,888
Charge for the year	-	454	3,123	69	4,979	2,373	51,020	21,457	4,850,601	-	-	-	4,934,076
Disposals	-	-	-	-	-	(843)	-	-	-	-	-	-	(843)
Impairment losses	-	-	-	-	-	-	-	-	212,083	-	-	-	212,083
Written off	-	-	(780)	-	-	-	(3,313)	-	-	-	-	-	(4,093)
Exchange differences	-	-	(419)	-	-	-	(855)	-	-	-	-	-	(1,274)
At 31 December 2024 and 1 January 2025	-	2,722	20,481	56,148	34,825	94,288	540,126	180,321	29,816,926	-	-	-	30,745,837
Charge for the year	-	1,095	2,675	69	24,413	2,338	48,443	39,782	4,404,854	-	-	-	4,523,669
Transferred from right-of- use assets	-	-	-	-	161,029	-	-	-	-	-	-	-	161,029
Impairment losses	-	-	-	-	-	-	-	-	165,081	-	-	-	165,081
Written off	-	-	(20,293)	-	-	-	-	-	-	-	-	-	(20,293)
Exchange differences	-	5	220	-	-	-	1,206	122	-	-	-	-	1,553
At 31 December 2025	-	3,822	3,083	56,217	220,267	96,626	589,775	220,225	34,386,861	-	-	-	35,576,876
Carrying amount													
At 31 December 2025	15,844	15,761	27,978	46	354,136	3,251	168,024	416,340	11,214,472	473,454	297,307	639,672	13,626,285
At 31 December 2024	15,844	225	11,795	115	39,833	5,589	195,950	46,136	10,748,034	210,523	49,501	546,791	11,870,336

18. Property, Plant and Equipment (Continued)

Due to the depletion of commercial oil and gas reserves and the results of technical evaluation, the management considered that future economic benefits of certain property, plant and equipment in the exploration and production activities are no longer expected. As such, the carrying amounts of exploration and evaluation expenditures attributable to the exploration and production activities which amounted to approximately HK\$285,369,000 (2024: exploration and evaluation expenditures and construction in progress which amounted to approximately HK\$444,298,000 and HK\$21,700,000 respectively) had been written off during the year.

The Group carried out reviews of the recoverable amounts of its property, plant and equipment and intangible assets during the year. In assessing whether impairment is required, the carrying value of certain property, plant and equipment and intangible assets use in exploration and production activities is compared with its recoverable amount. The recoverable amount is the higher of fair value less costs to disposal and value in use. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment loss described below is value in use. The Group generally estimates value in use using a discounted cash flow method.

During the year ended 31 December 2025, the management of the Group determined that there were impairments for the oil and gas assets related to certain concessions which had been allocated to individual cash generating units. As the recoverable amounts of these concessions were less than their carrying amounts at the end of the year, the management decided to impair the relevant assets included in these concessions. Therefore, impairment losses of approximately HK\$165,081,000 and HK\$761,012,000 (2024: HK\$212,083,000 and HK\$8,528,000) for the oil and gas properties and intangible assets (Note 20) respectively have been recognised for the year ended 31 December 2025.

The recoverable amounts of the relevant assets had been determined on the basis of its value in use using the discounted cash flow method. Discount rates applied should reflect the return required by the market and risks inherent in the cash flows being discounted, which includes country risks of the assets and risk-free rate. The impairment of the relevant assets was mainly resulted from a drop of oil and gas prices and a decline in production and oil and gas reserve of certain concessions in Pakistan and Egypt. As such, the impairment losses on property, plant and equipment and intangible assets were provided. The future cash flows from the concessions were discounted to their present values using a pre-tax discount rate ranged from 13.63% to 31.84% per annum (2024: ranged from 31.83% to 37.69% per annum).

At 31 December 2025, the carrying amount of property, plant and equipment pledged as security for the Group's borrowings amounted to approximately HK\$7,361,143,000 (2024: Nil) (Note 30).

19. Right-of-Use Assets

	Leasehold lands HK\$'000	Properties HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Aircraft HK\$'000	Total HK\$'000
At 1 January 2024	–	35,890	122,090	22,703	385,914	566,597
Additions	–	109,291	82,883	19,299	–	211,473
Depreciation	–	(38,790)	(107,531)	(8,352)	(33,316)	(187,989)
Lease modification	–	38,797	(11,533)	–	–	27,264
Exchange differences	–	(876)	–	–	–	(876)
At 31 December 2024 and 1 January 2025	–	144,312	85,909	33,650	352,598	616,469
Acquisition of subsidiaries	980	–	–	–	–	980
Additions	–	8,425	96,508	12,876	–	117,809
Depreciation	(32)	(42,545)	(74,007)	(10,047)	(13,882)	(140,513)
Transferred to property, plant and equipment	–	–	–	–	(338,716)	(338,716)
Derecognition	–	–	(13,144)	–	–	(13,144)
Lease modification	–	38,217	–	–	–	38,217
Exchange differences	5	1,673	–	–	–	1,678
At 31 December 2025	953	150,082	95,266	36,479	–	282,780

Lease liabilities of approximately HK\$294,614,000 (2024: HK\$296,275,000) are recognised with related right-of-use assets of approximately HK\$282,780,000 as at 31 December 2025 (2024: HK\$616,469,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2025 HK\$'000	2024 HK\$'000
Depreciation expenses on right-of-use assets (included in administrative expenses of approximately HK\$66,473,000 (2024: HK\$80,458,000), cost of sales and services rendered of approximately HK\$5,234,000 (2024: HK\$14,022,000) and approximately HK\$68,806,000 (2024: HK\$93,509,000) was capitalised to property, plant and equipment)	140,513	187,989
Interest expense on lease liabilities (included in finance cost of approximately HK\$15,922,000 (2024: HK\$13,232,000) and approximately HK\$6,968,000 (2024: HK\$3,616,000) was capitalised to property, plant and equipment)	22,890	16,848
Expenses relating to short-term lease (included in administrative expenses of approximately HK\$8,052,000 (2024: HK\$11,979,000) and cost of sales and services rendered of approximately HK\$4,224,000 (2024: HK\$1,127,000))	12,276	13,106

Details of total cash outflow for leases are set out in Note 39(c).

For both years, the Group leases various lands, offices, plant and machinery, motor vehicles and aircraft for its operations. Lease contracts are entered into for fixed term of 2 to 30 years (2024: 2 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

20. Intangible Assets

	Concession and lease rights HK\$'000	Contractual rights for solar energy business HK\$'000	Contractual rights for wind power business HK\$'000	Club membership HK\$'000	Total HK\$'000
Cost					
At 1 January 2024	9,551,320	–	–	17,000	9,568,320
Additions	–	313,716	–	–	313,716
Exchange differences	–	(7,281)	–	–	(7,281)
At 31 December 2024 and 1 January 2025	9,551,320	306,435	–	17,000	9,874,755
Acquisition of subsidiaries	472,989	–	173,815	–	646,804
Exchange differences	–	39,784	–	–	39,784
At 31 December 2025	10,024,309	346,219	173,815	17,000	10,561,343
Accumulated amortisation and impairment losses					
At 1 January 2024	7,949,093	–	–	–	7,949,093
Amortisation for the year	334,529	–	–	–	334,529
Impairment losses	8,528	–	–	–	8,528
At 31 December 2024 and 1 January 2025	8,292,150	–	–	–	8,292,150
Amortisation for the year	215,772	8,612	8,391	–	232,775
Impairment losses	761,012	–	–	–	761,012
Exchange differences	–	559	–	–	559
At 31 December 2025	9,268,934	9,171	8,391	–	9,286,496
Carrying amount					
At 31 December 2025	755,375	337,048	165,424	17,000	1,274,847
At 31 December 2024	1,259,170	306,435	–	17,000	1,582,605

Concession and lease rights

Concession and lease rights represent the rights for oil and gas exploration and production in Pakistan, Middle East and North Africa which will expire on various dates, in accordance with the respective development and production leases, between years 2026 and 2070. The amortisation of concession and lease rights is determined using the unit-of-production method over the proved and probable reserves of petroleum.

During the year, impairment losses of intangible assets attributable to the exploration and production activities amounted to approximately HK\$761,012,000 (2024: HK\$8,528,000) were recognised. The assessments by the management are disclosed in Note 18 to the consolidated financial statements.

20. Intangible Assets (Continued)**Contractual rights for solar energy business**

Contractual rights for solar energy business represent a series of rights for construction and operation of photovoltaic power facilities in Bulgaria which will expire on 30 September 2061. The amortisation of contractual rights for solar energy business is calculated on a straight-line basis over their estimated useful lives of 35 years.

Contractual rights for wind power business

Contractual rights for wind power business represent the rights for operation of wind powered electric generation facilities in Pakistan which will expire on 15 June 2037. The amortisation of contractual rights for wind power business is calculated on a straight-line basis over their estimated useful lives of 12 years.

At 31 December 2025, the carrying amount of intangible assets pledged as security for the Group's borrowings amounted to approximately HK\$165,424,000 (2024: Nil) (Note 30).

21. Investment in Associates

	2025 HK\$'000	2024 HK\$'000
Unlisted investments:		
Cost of investment (Note (a))	–	22,605
Share of net assets	20,456	286,355
Goodwill	–	146,843
	20,456	455,803
Less: Impairment loss	–	(330,578)
	20,456	125,225

During the year ended 31 December 2024, the management of the Group performed impairment assessment on the wind power project held by UEP Wind Power (Private) Limited in Pakistan. As the recoverable amounts of the wind power project was less than its carrying amount of investment in associates at the end of the year, impairment losses of approximately HK\$211,087,000 for the investment in associates have been recognised for the year ended 31 December 2024.

The recoverable amounts of wind power project in Pakistan had been determined on the basis of its value in use using the discounted cash flow method. Discount rates applied should reflect the return required by the market and risks inherent in the cash flows being discounted, which includes country risks of the assets and risk-free rate. The impairment of investment in wind power project in Pakistan mainly resulted from the accelerated depreciation in exchange rate of Pakistani Rupees against United States dollars and its financial performance is less satisfactory than expected. As such, the impairment losses on investment in associates have been provided. The future cash flows from the wind power project in Pakistan was discounted to their present values using a pre-tax discount rate of 18.67% per annum.

During the year ended 31 December 2025, such impairment loss on investment in associates has been fully derecognised upon the step acquisition of Orient Group Beijing Investment Holding Limited (whose name was subsequently changed to UEG Beijing Investment Holding Limited ("UEGBIH")) and its subsidiaries, including UEP Wind Power (Private) Limited, as set out in Note 39(a) to the consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

21. Investment in Associates (Continued)

Movement in the impairment loss on investment in associates during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	330,578	119,491
Additions	–	211,087
Reversal on deemed disposal	(330,578)	–
At 31 December	–	330,578

Details of the Group's principal associates at 31 December 2024 and 2025 are as follows:

Name	Place of incorporation/ registration	Issued and paid up capital	Percentage of ownership interest/voting power/profit sharing 2025	2024	Principal activities
UEGBIH	Mauritius	47,769,535 ordinary shares of US\$1 each	–	48%	Investment holding
UEG Renewable Energy Group (Private) Limited	Mauritius	62,753,135 ordinary shares of US\$1 each	–	48%	Investment holding
Super Success Investments Limited	Mauritius	63,000,000 ordinary share of US\$1 each	–	48.52%	Investment holding
UEP Wind Power (Private) Limited (Note (a) & (b))	Pakistan	659,974,655 ordinary shares of PKR10 each	–	48.52%	Developing and operating of wind power project in Pakistan
Orient Art Limited	British Virgin Islands	276,500,000 ordinary shares of HK\$1 each	25.32%	25.32%	Investment holding

The above list contains the particulars of associates which principally affected the results and net assets of the Group.

Notes:

- (a) As at 31 December 2024, the Company acted as the guarantor to provide corporate guarantee to secure bank borrowings granted to an associate, UEP Wind Power (Private) Limited, and agreed to repay the outstanding loan and interest accrual if the associate defaults the loan repayment. The fair value of the financial guarantee contract was determined by an independent professional valuer and it was recognised as investment in associates and financial guarantee contracts in the Group's consolidated statement of financial position as set out in Note 33.
- (b) As at 31 December 2024, the Group held 48.52% effective equity interest in UEP Wind Power (Private) Limited through directly held 48% and 1% equity interests in Orient Group Beijing Investment Holding Limited and Super Success Investments Limited respectively.

21. Investment in Associates (Continued)

The following table shows information on the associate that is material to the Group. This associate is accounted for using the equity method in the consolidated financial statements. The summarised financial information presented is based on the financial statements of the associate prepared in accordance with HKFRS Accounting Standards.

Name	UEP Wind Power (Private) Limited	
	2025	2024
Principal place of business/country of incorporation	Pakistan	
Principal activities	Developing and operating of wind power project in Pakistan	
% of ownership interests/voting rights held by the Group	N/A	48.52%/48.52%
	HK\$'000	HK\$'000
At 31 December:		
Non-current assets	–	832,311
Current assets	–	344,461
Non-current liabilities	–	(199,982)
Current liabilities	–	(429,548)
Net assets	–	547,242
Group's share of net assets	–	265,522
Cost of investment	–	22,605
Goodwill	–	146,843
Group's share of carrying amount of interests	–	434,970
Year ended 31 December:		
Revenue	35,156	133,903
Profit from operations	9,226	54,348
Other comprehensive income	(1,208)	596
Total comprehensive income	8,018	54,944

UEP Wind Power (Private) Limited is a strategic investment of the Group, providing access to wind power business in Pakistan.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

21. Investment in Associates (Continued)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2025 HK\$'000	2024 HK\$'000
At 31 December:		
Carrying amounts of the Group's investments in associates	20,456	20,833
Year ended 31 December:		
Share of the associates' (loss)/profit for the year	(38,449)	2,275
Share of the associates' other comprehensive income	–	(1,033)
Share of the associates' total comprehensive income	(38,449)	1,242

22. Investment in a Joint Venture

	2025 HK\$'000	2024 HK\$'000
Unlisted investment:		
Share of net assets	–	–

Details of the Group's joint venture at 31 December 2025 are as follows:

Name	Place of incorporation/ registration	Issued and paid up capital	Percentage of ownership interest/voting power/profit sharing 2025	Principal activities 2024
Genuine Fair Limited	British Virgin Islands	10 ordinary shares of US\$1 each	40%	40% Investment holding

22. Investment in a Joint Venture (Continued)

The following table shows the Group's share of the amounts of the immaterial joint venture that is accounted for using the equity method.

	2025 HK\$'000	2024 HK\$'000
At 31 December:		
Carrying amounts of the Group's investments in a joint venture	–	–
Year ended 31 December:		
Share of the joint venture's loss for the year	–	–
Share of the joint venture's other comprehensive income	–	–
Share of the joint venture's total comprehensive income	–	–

The Group has not recognised profit for the year amounting to approximately HK\$3,000 (2024: loss of HK\$99,000) for Genuine Fair Limited. The accumulated losses not recognised were approximately HK\$283,000 (2024: HK\$286,000).

23. Advances, Deposits and Prepayments

	2025 HK\$'000	2024 HK\$'000
Advances to staff	2,693	1,753
Deposits and prepayments (Note (i))	35,964	34,869
Deposits paid for acquisition of property, plant and equipment	–	56,801
	38,657	93,423

Note:

- (i) At 31 December 2025, deposits of approximately HK\$32,055,000 (2024: HK\$32,055,000) is pledged as security for the commitment of exploration expenditures of the Group.

The carrying amounts of the Group's advances, deposits and prepayments are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
RMB	–	1,421
US\$	34,748	88,335
PKR	3,909	3,667
Total	38,657	93,423

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

24. Inventories

	2025 HK\$'000	2024 HK\$'000
Finished goods	71,171	76,137
Spare parts and consumables	278,195	308,904
Less: allowance for inventories	(109,432)	(127,181)
	239,934	257,860

At 31 December 2025, the carrying amount of inventories pledged as security for the Group's borrowings amounted to approximately HK\$15,593,000 (2024: Nil) (Note 30).

25. Trade and Other Receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables (Note (a))	6,274,180	6,320,638
Allowance for trade receivables	(107,166)	(102,348)
Allowance for price adjustments (Note (b))	(17,203)	(196,100)
	6,149,811	6,022,190
Other receivables	2,245,270	1,582,130
Allowance for other receivables	(387)	(387)
Other receivables, net of allowance (Note (c))	2,244,883	1,581,743
Total trade and other receivables	8,394,694	7,603,933

25. Trade and Other Receivables (Continued)**(a) Trade receivables**

The Group's trading terms with customers are mainly on credit. The credit term generally ranges from 30 to 45 days (2024: 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:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	4,049,487	3,858,007
31 to 60 days	206,577	254,487
61 to 90 days	646,099	688,384
Over 90 days	1,372,017	1,519,760
	6,274,180	6,320,638

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
RMB	1	1
US\$	6,088,225	6,301,352
PKR	185,954	19,285
Total	6,274,180	6,320,638

At 31 December 2025, the carrying amount of trade receivables pledged as security for the Group's borrowings amounted to approximately HK\$2,330,733,000 (2024: HK\$632,878,000) (Note 30).

(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\$17,203,000 (2024: HK\$196,100,000) was provided.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

25. Trade and Other Receivables (Continued)

(c) Other receivables

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

	2025 HK\$'000	2024 HK\$'000
Due from joint operators	1,162,989	752,320
Advances to staff	16,735	12,194
Central excise duty receivables	5,384	4,843
Deposits and prepayments	545,707	380,048
Deposits in financial institutions	83,635	–
Government treasury bills	82,592	–
Interest receivables	1,714	–
Sales tax receivables	244,487	171,381
Other tax receivables	3,492	1,989
Withholding tax receivables	1,442	1,334
Amount due from associates (Note (i))	–	194,655
Others	96,706	62,979
	2,244,883	1,581,743

Note:

- (i) As at 31 December 2024, other than due from a former associate of the Group, Orient Group Beijing Investment Holding Limited, of approximately HK\$26,208,000 which interest bearing at a rate of 3 months LIBOR plus 1.7% per annum, unsecured and repayable on or before 29 September 2025, the remaining balances are unsecured, interest-free and repayable on demand.

The carrying amounts of the Group's other receivables, and net of allowance, are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	38,320	36,024
RMB	5,649	10,645
US\$	1,817,271	1,332,212
PKR	362,978	185,321
Others	20,665	17,541
Total	2,244,883	1,581,743

At 31 December 2025, the carrying amount of other receivables pledged as security for the Group's borrowings amounted to approximately HK\$486,044,000 (2024: Nil) (Note 30).

26. Financial Assets at Fair Value through Profit or Loss

	2025 HK\$'000	2024 HK\$'000
Equity securities, at fair value		
Listed in Hong Kong at market value	5,202	3,221

The carrying amounts of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

The investments represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on current bid prices (level 1 fair value measurements). The carrying amount of the investment is denominated in Hong Kong dollars.

In order to minimise credit risk, the directors have delegated a team to be responsible for the formulation of a credit policy governing the control of credit risk. In this regard, the directors consider that there is no concentration of credit risk in respect of the financial assets at fair value through profit or loss.

27. Bank and Cash Balances

	2025 HK\$'000	2024 HK\$'000
Cash at bank and on hand (Note (a) and (b))	2,441,538	1,574,244
Term deposits matured within 3 months (Note (b))	1,243,990	1,361,552
Total bank and cash balances	3,685,528	2,935,796

At 31 December 2025, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$58,651,000 (2024: HK\$59,641,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Notes:

- (a) At 31 December 2025, the carrying amount of cash at bank and on hand amounted to approximately HK\$91,685,000 (2024: HK\$548,092,000) and HK\$1,564,015,000 (2024: HK\$61,334,000) are pledged as securities for the settlement of acquisition of property, plant and equipment and the Group's borrowings (Note 30) respectively.
- (b) At 31 December 2025, the carrying amount of cash at bank and on hand and term deposits matured within 3 months amounted to approximately HK\$21,577,000 (2024: HK\$21,577,000) is pledged as security for the commitments of exploration expenditures of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

28. Trade and Other Payables

	2025 HK\$'000	2024 HK\$'000
Trade payables (Note (a))	2,021,528	2,139,032
Other payables (Note (b))	7,594,157	7,634,687
Total trade and other payables	9,615,685	9,773,719
Analysed as:		
Current liabilities	9,615,685	8,794,443
Non-current liabilities	–	979,276
Total trade and other payables	9,615,685	9,773,719

(a) Trade payables

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

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	1,762,887	761,135
31 to 60 days	84,761	215,777
61 to 90 days	40,603	82,322
Over 90 days	133,277	1,079,798
	2,021,528	2,139,032

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
RMB	194	189
US\$	1,859,433	2,001,428
PKR	108,156	52,881
EGP	48,381	55,215
Others	5,364	29,319
Total	2,021,528	2,139,032

28. Trade and Other Payables (Continued)**(b) Other payables**

	2025 HK\$'000	2024 HK\$'000
Accrual for operating and capital expenses	3,158,578	2,698,622
Due to joint operators	502,877	106,041
Deferred payment for acquisition of a subsidiary	50,458	43,276
Advances from a customer (Note (i))	624,000	2,496,000
Salaries and welfare payables	239,277	188,056
Provision for infrastructure funds	1,308,385	867,122
Other tax payables	1,672,674	1,190,292
Others	37,908	45,278
	7,594,157	7,634,687

Note:

- (i) The Group entered into an agreement with a customer for secured crude oil prepayment facilities to the extent of approximately HK\$624,000,000 (equivalent to approximately US\$80,000,000) (2024: HK\$3,120,000,000 (equivalent to approximately US\$400,000,000)). Advances drawn under the facilities bear interest rates at 1.50% plus 3 months Term SOFR per annum (2024: 5.25% plus 3 months Term SOFR per annum), are repayable principally by the delivery of the Group's crude oil entitlement and are secured by the unlimited corporate guarantee of the Company.

The carrying amounts of the Group's other payables are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	24,229	31,564
RMB	64,672	38,160
US\$	6,461,706	6,987,956
PKR	872,992	441,364
EGP	42,372	49,545
United Arab Emirates Dirham ("AED")	38,648	34,905
Euro	75,998	43,398
Others	13,540	7,795
Total	7,594,157	7,634,687

29. Due to a Director

The amount due to a director is unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

30. Borrowings

	2025 HK\$'000	2024 HK\$'000
Bank loans, secured	3,537,181	233,775

The analysis of the repayment schedule of borrowings is as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year or on demand	837,123	155,825
More than one year, but not exceeding two years	686,114	77,950
More than two years, but not more than five years	1,920,439	–
More than five years	93,505	–
	3,537,181	233,775

The carrying amounts of the Group's borrowings are denominated in US dollars.

The weighted average effective interest rate of the secured bank loans as at 31 December 2025 was 9.81% (2024: 8.61%).

Bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

As at 31 December 2025, bank loans are secured or guaranteed by the following:

- (i) share charge over the entire equity interests of the wholly owned subsidiaries of the Company including KEC (MENA) Limited, KEC (Egypt) Limited, Kuwait Energy Egypt Limited, United Energy Egypt Limited, United Energy (Eastern Desert) for Energy Services S.A.E., United Energy (MENA) Limited, Apex International Energy Holdings I, Apex International Energy Holdings II, Kuwait Energy Basra Limited, UEP Wind Power (Private) Limited, Super Success International Holdings Limited, UEGBIH, UEG Renewable Energy Group (Private) Limited and Super Success Investments Limited (2024: KEC (MENA) Limited, KEC (Egypt) Limited, Kuwait Energy Egypt Limited, United Energy Egypt Limited and United Energy (Eastern Desert) for Energy Services S.A.E.);
- (ii) certain property, plant and equipment, intangible assets, inventories, trade and other receivables and bank and cash balances of the Group with an aggregate carrying value of approximately HK\$11,922,952,000 (equivalent to approximately US\$1,528,584,000) (2024: trade receivables and bank and cash balances of the Group with an aggregate carrying value of approximately HK\$694,212,000 (equivalent to approximately US\$89,001,000)); and

30. Borrowings (Continued)

As at 31 December 2025, bank loans are secured or guaranteed by the following: (Continued)

- (iii) unlimited corporate guarantee provided by the Company and wholly owned subsidiaries of the Company including United Energy (Eastern Desert) for Energy Services S.A.E., KEC (Egypt) Limited, Kuwait Energy Egypt Limited, United Energy Egypt Limited, Apex International Energy Holdings I and Apex International Energy Holdings II (2024: the Company and wholly owned subsidiaries of the Company including KEC (Egypt) Limited, Kuwait Energy Egypt Limited, United Energy Egypt Limited and United Energy (Eastern Desert) for Energy Services S.A.E.).

All of the Group's banking facilities are subject to the fulfillment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the related borrowings would become payable on demand.

The Group has complied with the financial covenants of its borrowing facilities during the year ended 31 December 2025 (2024: Same). Further details of the covenants and the Group's management of liquidity risk are set out in Note 6(b).

31. Lease Liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Within one year	112,843	147,993	94,472	129,523
In the second to fifth years, inclusive	206,137	208,048	164,973	166,752
Over fifth years	39,358	–	35,169	–
	358,338	356,041	294,614	296,275
Less: Future finance charges	(63,724)	(59,766)	N/A	N/A
Present value of lease obligations	294,614	296,275	294,614	296,275
Less: Amount due for settlement within 12 months (shown under current liabilities)			(94,472)	(129,523)
Amount due for settlement after 12 months			200,142	166,752

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

31. Lease Liabilities (Continued)

The weighted average incremental borrowing rates applied to lease liabilities range from 3.65% to 22.00% (2024: 3.35% to 22.00%).

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	44,338	53,785
RMB	71,020	53,692
US\$	91,853	100,560
AED	14,745	19,843
PKR	65,755	66,914
Singapore Dollar	6,903	1,481
Total	294,614	296,275

32. Provisions

	Dismantling costs in respect of leasehold improvements HK\$'000	Decommissioning costs HK\$'000	Total HK\$'000
At 1 January 2024	530	678,403	678,933
Less:			
Release of provision during the year	–	(4,740)	(4,740)
Reversal of provisions recognised during the year	–	(15,371)	(15,371)
Actual costs incurred during the year	(530)	(51,144)	(51,674)
Add:			
Provisions recognised during the year	500	83,704	84,204
Unwinding of discounts	–	42,359	42,359
At 31 December 2024 and 1 January 2025	500	733,211	733,711
Less:			
Release of provision during the year	–	(5,852)	(5,852)
Reversal of provisions recognised during the year	–	(2,417)	(2,417)
Actual costs incurred during the year	–	(91,358)	(91,358)
Add:			
Provisions recognised during the year	–	58,302	58,302
Unwinding of discounts	–	38,910	38,910
At 31 December 2025	500	730,796	731,296

32. Provisions (Continued)

	2025 HK\$'000	2024 HK\$'000
Analysed as:		
Current liabilities	36,416	33,959
Non-current liabilities	694,880	699,752
	731,296	733,711

Oil and gas exploration and production activities may result in land subsidence and damage to the environment of the concession areas. Pursuant to the relevant rules and regulations, the Group is required to restore the concession areas back to acceptable conditions.

The decommissioning costs obligation has been determined by management by discounting the expected future expenditures to their net present value using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. The amounts provided in relation to the decommissioning costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions are updated accordingly.

The provision for dismantling costs in respect of leasehold improvements is calculated based on the net present value of costs to be incurred to remove leasehold improvements from the leased properties of the Group. The amounts are determined with reference to the quotations from external contractors and the management's estimation.

33. Financial Guarantee Contracts

	2025 HK\$'000	2024 HK\$'000
Fair value of financial guarantees	–	8,634

As at 31 December 2024, the Company has issued certain guarantees of approximately HK\$715,282,000 to a bank in respect of banking facilities granted to a former associate of the Company, UEP Wind Power (Private) Limited, as disclosed in Note 21(a). Under the guarantees, the Company is liable for all or any of the borrowings of the associate from the bank upon failure of the associate to make payments when due.

The maximum liability of the Company as at 31 December 2024 under guarantees is the amount of bank loans drawn and the related interest accrued under the guarantees at that date of approximately HK\$138,904,000.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. Deferred Tax

The following are the deferred tax liabilities and assets recognised by the Group.

	Accelerated tax depreciation	Intangible assets	Allowance for inventories	Finance costs	Provision for price adjustments	Provision for expected credit losses	Provision for workers' funds	Pre- commercial expenditure for concession rights surrendered	Defined benefit liabilities	Tax losses	Right-of-use assets	Lease liabilities	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	(765,663)	773,156	(77,555)	(238,490)	(131,076)	(618)	(28,461)	114,640	2,904	(7,732)	55,757	(526)	(6,891)	(310,555)
(Credit)/charge to profit or loss for the year (Note 14)	(323,633)	(162,218)	(79,320)	(10,167)	(129)	-	(81)	-	-	(20,208)	28,753	(40,785)	228	(607,560)
Charge to other comprehensive income for the year	-	-	-	-	-	-	-	-	(400)	-	-	-	-	(400)
Exchange differences	(2,172)	-	(190)	-	2	-	(349)	-	36	(97)	(39)	25	(84)	(2,868)
At 31 December 2024 and 1 January 2025	(1,091,468)	610,938	(157,065)	(248,657)	(131,203)	(618)	(28,891)	114,640	2,540	(28,037)	84,471	(41,286)	(6,747)	(921,383)
Acquisition of subsidiaries (Note 39(a))	(163,573)	191,797	-	-	-	-	-	-	-	-	-	-	-	28,224
(Credit)/charge to profit or loss for the year (Note 14)	(183,987)	(541,081)	31,468	(12,671)	121,590	-	-	-	-	(1,215)	(38,320)	(15,022)	6,685	(632,553)
Credit to other comprehensive income for the year	-	-	-	-	-	-	-	-	(92)	-	-	-	-	(92)
Exchange differences	1,152	-	211	-	(1)	-	155	-	(13)	147	299	(268)	62	1,744
At 31 December 2025	(1,437,876)	261,654	(125,386)	(261,328)	(9,614)	(618)	(28,736)	114,640	2,435	(29,105)	46,450	(56,576)	-	(1,524,060)

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax liabilities	14,198	77,965
Deferred tax assets	(1,538,258)	(999,348)
	(1,524,060)	(921,383)

At the end of the reporting period, the Group has unused tax losses and other deductible temporary differences of approximately HK\$291,251,000 and HK\$915,000 respectively (2024: HK\$212,311,000 and HK\$1,341,000 respectively) that are available for offsetting against future taxable profits. A deferred tax asset has been recognised in respect of approximately HK\$72,761,000 (2024: HK\$70,091,000) of such losses. No deferred tax assets have been recognised in respect of the remaining approximately HK\$218,490,000 (2024: HK\$142,220,000) due to unpredictability of future profit streams. Included in unrecognised tax losses are of approximately HK\$104,477,000 (2024: HK\$28,727,000) that will expire from 2026 to 2030 (2024: from 2025 to 2029). Other tax losses and other deductible temporary differences may be carried forward indefinitely.

Temporary differences in connection with the interests in subsidiaries, associates and joint venture are insignificant.

35. Share Capital

	2025 HK\$'000	2024 HK\$'000
Authorised: 60,000,000,000 ordinary shares of HK\$0.01 each	600,000	600,000
Issued and fully paid: 26,040,504,786 (at 31 December 2024: 26,040,504,786) ordinary shares of HK\$0.01 each	260,405	260,405

A summary of the movement in the issued share capital of the Company is as follows:

	Note	Number of shares			Nominal value of shares issued HK\$'000
		Issued shares (excluding treasury shares) '000	Treasury shares '000	Total number of issued shares '000	
At 1 January 2024		26,040,504	–	26,040,504	260,405
Purchase of treasury shares	(a)	(190,910)	190,910	–	–
At 31 December 2024, 1 January 2025 and 31 December 2025		25,849,594	190,910	26,040,504	260,405

Note:

- (a) During the year ended 31 December 2024, the Company purchased 190,910,000 of its own shares on the Stock Exchange as treasury shares. The total amount paid on the treasury shares was approximately HK\$61,990,000.

35. Share Capital (Continued)

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group monitors capital by maintaining a positive cash position throughout the year. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Group may adjust the payment of dividends, issue new shares, buy back shares and raise new debts.

The Group's strategy is to maintain a solid base to support the operations and development of its business in the long term. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 2024.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, at 31 December 2025 was 55% (2024: 49%).

The externally imposed capital requirement for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the issued shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Group receives a report from the share registrars periodically on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2025, 50.10% (2024: 25.31%) of the shares were in public hands.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 December 2025 and 2024.

36. Statement of Financial Position of the Company and Reserve Movement of the Company**(a) Statement of financial position of the Company**

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		16,757	20,539
Right-of-use assets		40,591	402,555
Investments in subsidiaries		54,595	51,504
Investments in an associate		–	22,605
Intangible assets		17,000	17,000
		128,943	514,203
Current assets			
Other receivables		43,352	72,988
Financial assets at fair value through profit or loss		5,202	3,221
Due from subsidiaries		10,797,105	10,336,687
Bank and cash balances		742,609	1,067,261
		11,588,268	11,480,157
Current liabilities			
Other payables		24,906	36,043
Lease liabilities		9,156	25,011
Due to subsidiaries		10,101,101	10,372,615
Due to a director		–	7,708
Financial guarantee contracts		5,563	25,919
Current tax liabilities		41,729	–
		10,182,455	10,467,296
Net current assets		1,405,813	1,012,861
Total assets less current liabilities		1,534,756	1,527,064
Non-current liabilities			
Lease liabilities		34,805	43,961
Deferred tax liabilities		–	53,197
Provisions		500	500
		35,305	97,658
NET ASSETS		1,499,451	1,429,406
Capital and reserves			
Share capital		260,405	260,405
Reserves	36(b)	1,239,046	1,169,001
TOTAL EQUITY		1,499,451	1,429,406

The Company's statement of financial position was approved by the Board of Directors on 31 March 2026 and signed on its behalf by:

Song Yu
Executive Director

Chiu Ping Shun
Executive Director

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

36. Statement of Financial Position of the Company and Reserve Movement of the Company (Continued)

(b) Reserve movement of the Company

	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus reserve HK\$'000	Share-based capital reserve HK\$'000	Performance share unit scheme reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	–	2,305,762	7,436,432	21,447	(145,279)	(9,096,980)	521,382
Purchase of treasury shares (Note 35(a))	(61,990)	–	–	–	–	–	(61,990)
Purchase of shares under performance share unit scheme (Note 38(c))	–	–	–	–	(11,819)	–	(11,819)
Equity-settled share- based payments under performance share unit scheme (Note 38(c))	–	–	–	15,491	–	–	15,491
Shares vested under performance share unit scheme	–	–	–	(2,335)	2,081	254	–
Dividend paid (Note 17)	–	–	(1,033,984)	–	–	–	(1,033,984)
Profit and other comprehensive income for the year	–	–	–	–	–	1,739,921	1,739,921
At 31 December 2024	(61,990)	2,305,762	6,402,448	34,603	(155,017)	(7,356,805)	1,169,001
At 1 January 2025	(61,990)	2,305,762	6,402,448	34,603	(155,017)	(7,356,805)	1,169,001
Equity-settled share- based payments under performance share unit scheme (Note 38(c))	–	–	–	6,790	–	–	6,790
Shares vested under performance share unit scheme	–	–	–	(33,944)	31,512	2,432	–
Dividend paid (Note 17)	–	–	(1,292,480)	–	–	–	(1,292,480)
Profit and other comprehensive income for the year	–	–	–	–	–	1,355,735	1,355,735
At 31 December 2025	(61,990)	2,305,762	5,109,968	7,449	(123,505)	(5,998,638)	1,239,046

37. Reserves

(a) Group

The amounts of Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be utilised in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) Merger reserve

Merger reserve represents the difference between the nominal value of the shares of subsidiaries acquired and the market value of the shares issued by the Company as consideration for the acquisition.

(iii) Contributed surplus reserve

Contributed surplus reserve represents the amount available for distribution to the shareholders of the Company. It was transferred from share premium account pursuant to the special resolution passed at the annual general meeting held on 29 May 2015.

(iv) Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 4(e)(iii) to the consolidated financial statements.

(v) Share-based capital reserve

The share-based capital reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in Note 4(z) to the consolidated financial statements.

(vi) Performance share unit scheme reserve

Performance share unit scheme reserve arose as a result of purchasing of Company's shares for performance share unit scheme or granting the shares to relevant eligible employees of the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 4(w) to the consolidated financial statements.

(vii) Statutory reserve

Transfer from retained profits to the statutory reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and were approved by the respective boards of directors.

38. Share-Based Payments

(a) Share option scheme

On 27 May 2016, a share option scheme (the "Scheme") was adopted by the shareholders of the Company pursuant to the shareholder's resolution. Under the Scheme, the Board of Directors of the Company may grant options to eligible person (including all directors, employees of the Group, consultants, advisors, agents, customers, service providers, contractors and business partners of any members of the Group).

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual is not permitted to exceed 10% of the shares of the Company in issue from time to time.

The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the share for the five business dates immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Share options granted to any director, chief executive or substantial shareholder, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to substantial shareholders or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within 12-month period, are subject to shareholders' approval in advance in general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee.

During the years ended 31 December 2025 and 2024, no share options were granted, exercised, lapsed or cancelled under the Scheme.

(b) Employees performance share schemes

Pursuant to the three separate announcements of the Company dated 28 December 2012, the Company introduced and adopted the performance share scheme, executive performance share scheme and deferred annual bonus scheme (collectively referred as the "Employees Performance Share Schemes") for the primary purpose of driving success and growth in the shareholder value of the Group and creating long-term value for the eligible employees of the Group. A trustee, as an independent third party, is appointed by the Company for the administration of the Employees Performance Share Schemes. The trustee shall purchase the shares ("Scheme Shares") to be awarded to the eligible employees by way of either share allotment or acquisition from the market out of cash contributed by the Company. The trustee shall hold the Scheme Shares and the related income derived from the relevant Scheme Shares (the "Related Income") in trust until they are vested to the eligible employees in accordance to the rules as set forth under the Employees Performance Share Schemes and the trust deeds.

38. Share-Based Payments (Continued)**(b) Employees performance share schemes (Continued)**

The Scheme Shares would be vested over a period of three years commencing from the first calendar day of the year in which the grant is made. The unvested Scheme Shares and the Related Income granted to the eligible employees shall automatically lapse upon the resignation of the employees.

The aggregate number of the Company's shares which may be granted to the employees of the Group (including the eligible employees) under the Employees Performance Share Schemes together with other share schemes is not permitted to exceed 10% of the total issued share capital of the Company from time to time. The maximum number of Company's shares which may be vested in an employee of the Group (including the eligible employees) under the Employees Performance Share Schemes together with other share schemes shall not exceed 1% of the total issued share capital of the Company from time to time.

The grant of the Scheme Shares and the number of Scheme Shares awarded or to be awarded to each eligible employee under the performance share scheme and executive performance share scheme shall be determined annually at the sole and absolute discretion of a wholly-owned subsidiary, United Energy Pakistan Limited ("UEPL"), considering inter alia but not exclusively the individual performance rating achieved by the eligible employees. The eligible employees will be assessed in each year starting from 1 January to 31 December (the "Assessment Year") and if any Scheme Shares are to be granted under the performance share scheme and executive performance share scheme, the Scheme Shares will be granted in the following year.

The grant of the Scheme Shares under the deferred annual bonus scheme and the number of Scheme Shares awarded or to be awarded to each eligible employee shall be determined annually based on the results of the variable pay plan (the "VPP") and the rewards of the performance unit in the corresponding Assessment Year. The VPP refers to an annual cash bonus scheme and rewards subject to the annual business of the UEPL and the individual performance of the eligible employees. Each eligible employee who is entitled to any cash bonus under the VPP in the Assessment Year shall automatically be entitled to a grant of the Scheme Shares under the deferred annual bonus scheme. The eligible employees will be assessed in each Assessment Year and if any Scheme Shares are to be granted under the deferred annual bonus scheme, the Scheme Shares will be granted in the following year.

Fair value of the Scheme Shares at the grant date is determined with reference to the closing market price of the Company's ordinary share at the date of grant. The Group recognised the total expenses of HK\$Nil (2024: approximately HK\$61,000) for the year ended 31 December 2025 in relation to the Employees Performance Share Schemes.

38. Share-Based Payments (Continued)**(b) Employees performance share schemes (Continued)**

Subject to any early termination as may be determined by the Board pursuant to the scheme rules, the Employees Performance Share Schemes shall be valid and effective for a term of ten years commencing from 28 December 2012 ("Trust Period").

Pursuant to the Board's resolution passed on 22 December 2021, the directors of the Company resolved and approved that the Trust Period of the Employees Performance Share Schemes is extended to 31 March 2025.

(c) Performance share unit scheme

On 1 April 2019, the Company adopted the performance share unit scheme (the "PSU Scheme") with objectives to provide the employees of the Group with incentives to drive success and growth in the shareholder value of the Group; to promote the effective achievement of the mid and long term performance goals of the Group; and to attract, motivate and retain core talents of the Group with rewards and incentives. Unless terminated earlier by the Board pursuant to the PSU Scheme, the PSU Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

Pursuant to the PSU Scheme, the Board may, from time to time, at its absolute discretion cause to be transferred to the trust the necessary funds for the purchase of the Company's shares to be held on trust in accordance with the rules as set out in the PSU Scheme and the trust deed. Such funds shall be applied towards the purchase of the specific number of the Company's shares from the open market according to the written instructions of the Board. The Company shall not make any further grant of shares award which will result in the aggregate number of awarded share under the PSU Scheme (exclude awarded shares that have been forfeited in accordance with the Scheme) exceeding 10% of the total issued shares capital of Company from time to time.

38. Share-Based Payments (Continued)**(c) Performance share unit scheme (Continued)**

During the year ended 31 December 2025, no shares (2024: 40,000,000 shares) were purchased by the trustee from the market at an average price of HK\$Nil (2024: HK\$0.30 per share), with an aggregate amount of HK\$Nil (2024: approximately HK\$11,819,000).

No shares were granted to eligible employees pursuant to the PSU Scheme by the Company during the year ended 31 December 2025 and 2024.

Movements in the number of awarded shares granted under the PSU Scheme during the year are as follows:

Date of grant	Fair value per share at grant date	Number of award shares					Vesting period
		Outstanding as at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Outstanding as at 31 December 2025	
17 May 2022	HK\$1.13	21,292,097	-	(21,106,108)	(185,989)	-	17 May 2022 to 16 May 2025
17 May 2022	HK\$1.13	14,224,798	-	(13,960,787)	(264,011)	-	17 May 2022 to 16 May 2025
27 June 2023	HK\$0.80	20,150,000	-	(1,300,000)	(1,050,000)	17,800,000	27 June 2023 to 26 June 2026
		55,666,895	-	(36,366,895)	(1,500,000)	17,800,000	

The fair value of the shares at grant date was estimated by taking the market price of the Company's shares on grant date. The Group recognised the total expenses of approximately HK\$6,790,000 (2024: HK\$15,491,000) for the year ended 31 December 2025 in relation to the PSU Scheme.

At 31 December 2025, there are 142,526,846 shares (2024: 178,893,741 shares) held by the trustee.

39. Notes to the Consolidated Statement of Cash Flows

(a) Acquisition of subsidiaries

(i) Step acquisition of Orient Group Beijing Investment Holding Limited from associates to subsidiaries

On 14 February 2025, the Group entered into a sale and purchase agreement with a related company, Orient Group Industrial and Development Company Limited to acquire 52% issued share capital of Orient Group Beijing Investment Holding Limited (whose name was subsequently changed to UEG Beijing Investment Holding Limited ("UEGBIH")) and its subsidiaries ("UEGBIH Group") at a cash consideration of approximately HK\$148,200,000 (equivalent to approximately US\$19,000,000) (the "UEGBIH Acquisition"). The UEGBIH Acquisition was completed on 12 May 2025 (the "UEGBIH Acquisition Date").

UEGBIH Group is engaged in the development and operation of a 99-megawatt wind power project in Pakistan through its subsidiaries. The UEGBIH Acquisition was made as part of the Group's strategy to expand its clean energy business sector.

Upon the UEGBIH Acquisition Date, the Group's equity interest in UEGBIH Group increased from 48% to 100%. UEGBIH Group became the wholly owned subsidiaries of the Group and its results have been consolidated into the financial statements of the Group thereafter.

The Group accordingly remeasured the fair value of its pre-existing interest held in the UEGBIH Group at the UEGBIH Acquisition Date and recognised a gain of approximately HK\$78,912,000. The amount has been recognised under "other gains and losses" in the consolidated financial statements for the year ended 31 December 2025 and the details are as follows:

	HK\$'000
Carrying value of previously held equity interest in UEGBIH Group at the UEGBIH Acquisition Date	74,337
Release of foreign currency translation reserve	30,834
Less: fair value of pre-existing equity interest in UEGBIH Group at the UEGBIH Acquisition Date	(184,083)
Gain on deemed disposal of investment in associates	(78,912)

39. Notes to the Consolidated Statement of Cash Flows (Continued)**(a) Acquisition of subsidiaries (Continued)****(ii) Acquisition of Apex International Energy Holdings I**

On 7 February 2025, the Group entered into a share purchase agreement with Apex International Energy L.P. to acquire entire issued share capital of Apex International Energy Holdings I ("AIEH I") and its subsidiaries ("AIEH I Group") at a purchase consideration of approximately HK\$1,170,000,000 (equivalent to approximately US\$150,000,000) plus a deferred consideration of approximately HK\$54,600,000 (equivalent to approximately US\$7,000,000) (the "AIEH I Acquisition"). The AIEH I Acquisition was completed on 14 October 2025 (the "AIEH I Acquisition Date").

AIEH I Group is engaged in explorations and exploitations activities in Egypt through its subsidiaries. The AIEH I Acquisition was made as part of the Group's strategy to extend and enlarge the Group's upstream oil and gas business in Egypt.

The purchase price allocation recognised in the financial statements remains provisional as the external valuer has not yet obtained the requisite governmental permit to perform a site inspection of the oil and gas properties situated in a restricted area in Egypt. Consequently, the valuation report has not yet been finalised. The provisional amounts have been determined by management based on the best information available at the reporting date, with the support of the external valuer.

The fair value of the identifiable assets and liabilities of UEGBIH Group and AIEH I Group acquired as at respective dates of acquisition are as follows:

	UEGBIH Group HK\$'000	AIEH I Group HK\$'000	Total HK\$'000
Net assets acquired:			
Property, plant and equipment	419,307	575,916	995,223
Right-of-use assets	980	–	980
Intangible assets	173,815	472,989	646,804
Inventories	1,260	20,411	21,671
Trade and other receivables	239,700	1,176,404	1,416,104
Current tax assets	350	–	350
Bank and cash balances	167,725	45,378	213,103
Trade and other payables	(15,963)	(603,799)	(619,762)
Borrowings	(295,718)	–	(295,718)
Lease liabilities	(2,807)	–	(2,807)
Employee retirement benefit obligation	(919)	–	(919)
Deferred tax liabilities	–	(28,224)	(28,224)
	687,730	1,659,075	2,346,805
Gain on bargain purchase	(114,381)	–	(114,381)
	573,349	1,659,075	2,232,424

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. Notes to the Consolidated Statement of Cash Flows (Continued)

(a) Acquisition of subsidiaries (Continued)

	UEGBIH Group HK\$'000	AIEH I Group HK\$'000	Total HK\$'000
Satisfied by:			
Cash	148,200	1,220,208	1,368,408
Receivables from UEGBIH Group and AIEH I Group before acquisition	241,066	438,867	679,933
Fair value of pre-existing equity interest in UEGBIH Group at the UEGBIH Acquisition Date	184,083	–	184,083
	573,349	1,659,075	2,232,424
Net cash inflow arising on acquisition:			
Cash consideration paid	(148,200)	(1,220,208)	(1,368,408)
Cash and cash equivalents acquired	167,725	45,378	213,103
	19,525	(1,174,830)	(1,155,305)

The fair value of trade and other receivables acquired is approximately HK\$1,416,104,000. The gross amount due under the contractual is approximately HK\$1,419,110,000, of which approximately HK\$3,006,000 is expected to be uncollectible.

The Group recognised a gain on bargain purchase of approximately HK\$114,381,000 in the business combination. The gain is included in other gains and losses. The gain on bargain purchase is attributable to the increase in fair value of the net assets acquired between the valuation date used for determining the purchase considerations and the UEGBIH Acquisition Date.

UEGBIH Group and AIEH I Group contributed turnover of approximately HK\$378,193,000 and profit of approximately HK\$136,209,000 in the period between the respective dates of acquisition and the end of the reporting period. If both UEGBIH Acquisition and AIEH I Acquisition had been completed on 1 January 2025, total Group turnover for the year would have been approximately HK\$20,086,974,000, and profit for the year would have been approximately HK\$1,261,596,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is intended to be a projection of future results.

Costs related to both UEGBIH Acquisition and AIEH I Acquisition of approximately HK\$21,655,000 have been charged to administrative expenses in the consolidated financial statements for the year ended 31 December 2025.

39. Notes to the Consolidated Statement of Cash Flows (Continued)**(b) Major non-cash transaction**

- (i) During the year ended 31 December 2025, crude oil prepayment facilities amounted to approximately HK\$1,248,000,000 (2024: HK\$1,014,000,000) were settled by the delivery of the Group's crude oil entitlement.
- (ii) During the year ended 31 December 2025, additions of property, plant and equipment amounted to approximately HK\$1,421,000 (2024: HK\$8,142,000) were transferred from advances, deposits and prepayments.
- (iii) During the year, depreciation on right-of-use assets of approximately HK\$68,806,000 (2024: HK\$93,509,000) were capitalised to property, plant and equipment.
- (iv) Additions to right-of-use assets during the year of approximately HK\$117,809,000 (2024: HK\$210,973,000) was financed by leases liabilities.
- (v) During the year ended 31 December 2024, additions to contractual rights for solar energy business during the year of approximately HK\$44,126,000 (equivalent to Euro 5,319,000) was financed by deferred payment for acquisition of a subsidiary included in other payable.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. Notes to the Consolidated Statement of Cash Flows (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Trade and other payables – Advances from customers HK\$'000 (Note 28(b))	Borrowings HK\$'000 (Note 30)	Lease liabilities HK\$'000 (Note 31)	Total HK\$'000
As at 1 January 2025	2,496,000	233,775	296,275	3,026,050
Changes from operating cash flows:				
Interest on lease liabilities	–	–	(22,890)	(22,890)
Changes from investing cash flows:				
Acquisition of subsidiaries (Note 39(a))	–	295,718	2,807	298,525
Changes from financing cash flows:				
Principal elements of lease payments	–	–	(148,730)	(148,730)
Borrowings raised, net of direct transaction cost	–	3,400,792	–	3,400,792
Advances from customers	624,000	–	–	624,000
Repayment of borrowings	–	(384,540)	–	(384,540)
Repayment of advances from customers	(1,248,000)	–	–	(1,248,000)
	(624,000)	3,016,252	(148,730)	2,243,522
Non-cash transaction:				
Additions to lease liabilities	–	–	117,809	117,809
Lease modification	–	–	24,862	24,862
Settlement by the Group's crude oil entitlement (Note 39(b)(i))	(1,248,000)	–	–	(1,248,000)
Imputed interest	–	(8,564)	22,890	14,326
Exchange differences	–	–	1,591	1,591
	(1,248,000)	(8,564)	167,152	(1,089,412)
As at 31 December 2025	624,000	3,537,181	294,614	4,455,795

39. Notes to the Consolidated Statement of Cash Flows (Continued)**(c) Reconciliation of liabilities arising from financing activities (Continued)**

	Trade and other payables – Advances from customers HK\$'000 (Note 28(b))	Borrowings HK\$'000 (Note 30)	Lease liabilities HK\$'000 (Note 31)	Total HK\$'000
As at 1 January 2024	1,170,000	2,794,035	304,381	4,268,416
Changes from operating cash flows:				
Interest on lease liabilities	–	–	(16,848)	(16,848)
Changes from financing cash flows:				
Principal elements of lease payments	–	–	(244,808)	(244,808)
Advances from customers	2,340,000	–	–	2,340,000
Repayment of borrowings	–	(2,578,772)	–	(2,578,772)
	2,340,000	(2,578,772)	(244,808)	(483,580)
Non-cash transaction:				
Additions to lease liabilities	–	–	210,973	210,973
Lease modification	–	–	26,593	26,593
Settlement by the Group's crude oil entitlement (Note 39(b)(i))	(1,014,000)	–	–	(1,014,000)
Imputed interest	–	18,512	16,848	35,360
Exchange differences	–	–	(864)	(864)
	(1,014,000)	18,512	253,550	(741,938)
As at 31 December 2024	2,496,000	233,775	296,275	3,026,050

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. Notes to the Consolidated Statement of Cash Flows (Continued)

(d) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for lease comprise the following:

	2025 HK\$'000	2024 HK\$'000
Within operating cash flows	35,166	29,954
Within financing cash flows	155,698	248,424
	190,864	278,378

The amounts above are related to the followings:

	2025 HK\$'000	2024 HK\$'000
Lease rental paid	190,864	278,378

40. Related Party Transactions

(a) Name of and relationship with related parties:

Name of the related party	Relationship
東方集團產業發展有限公司 (Orient Group Industrial & Development Co., Ltd. ("Orient Group Industrial & Development")) #	Mr. Zhang Hong Wei, a former director and substantial shareholder of the Company, has significant influence over the Orient Group Industrial & Development
東方集團有限公司 (Orient Group Co., Ltd. ("Orient Group"))	Mr. Zhang Hong Wei, a former director and substantial shareholder of the Company, has significant influence over the Orient Group
北京大成飯店有限公司 (Beijing Dacheng Hotels Limited ("BDHL")) #	BDHL is a subsidiary of Orient Group
東方安頤(北京)物業管理有限公司 (Orient Group Anyi (Beijing) Property Management Limited ("OGAY")) #	OGAY is a subsidiary of Orient Group

The English translation of the company name is for reference only. The official name of the company is in Chinese.

40. Related Party Transactions (Continued)

- (b) As referred to note 39(a)(i) to the consolidated financial statements, the UEGBIH Acquisition completed on 12 May 2025 at a cash consideration of approximately HK\$148,200,000 (equivalent to approximately US\$19,000,000) paid to Orient Group Industrial & Development.
- (c) Orient Group and Orient Group Industrial & Development has provided corporate guarantees to the bank for banking facilities of approximately HK\$715,282,000 granted to UEGBIH, the former associate of the Group. Orient Group also entered into an entrusted guarantee agreement with UEGBIH for the corporate guarantee services provided by Orient Group. Under the entrusted guarantee agreement, 2% service fee was charged at outstanding bank loan. During the year, Orient Group had waived such service charge of approximately HK\$999,000 to UEGBIH (2024: HK\$4,829,000).
- (d) As at 31 December 2024, Mr. Zhang Hong Wei, a former director and substantial shareholder of the Company, has provided personal guarantees to secure certain of the Group's obligations under finance leases approximately HK\$16,397,000.
- (e) At 31 December 2024, the Company has provided an unlimited corporate guarantee in favour of its former associate, UEP Wind Power (Private) Limited, against the bank loans of approximately HK\$138,904,000 made to the former associate of the Group.
- (f) For the year ended 31 December 2025, leases payments of approximately HK\$12,781,000 (2024: HK\$21,243,000) for leasing an office premises of the Group were paid to BDHL.
- (g) For the year ended 31 December 2025, property management, electricity and rental expenses of approximately HK\$1,734,000 (2024: HK\$3,629,000) related to office premises of the Group were charged by OGAY.
- (h) For the year ended 31 December 2025, service income on wind turbine operation and maintenance services of approximately HK\$16,323,000 (2024: HK\$44,176,000) were received from a former associate of the Group, UEP Wind Power (Private) Limited.
- (i) The details of the remuneration paid to the key management personnel are set out in Note 15 to the consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

41. Contingent Liabilities

- (a) For the years ended 31 December 2025 and 2024, the Company issued various unlimited corporate guarantees in favour of the President of the Islamic Republic of Pakistan for providing 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 (2024: HK\$191,969,000) would be required to be made in the consolidated financial statements for the year ended 31 December 2025.
- (c) As at 31 December 2025, 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\$1,503,437,000 (2024: HK\$898,741,000).
- (d) At the end of the reporting period, bank guarantees to the extent of approximately HK\$55,933,000 (equivalent to US\$7,171,000) (2024: HK\$53,593,000 (equivalent to US\$6,871,000)) in favor of certain government authorities was obtained by certain subsidiaries of the Group to guarantee their exploration, performance and financial obligations as stipulated in the concession agreements.

42. Capital Commitments

The Group's capital commitments at the end of reporting periods are as follows:

	2025 HK\$'000	2024 HK\$'000
Contracted but not provided for:		
Acquisition of property, plant and equipment	1,418,566	977,177
Capital contribution to subsidiaries	187,709	573,084
Capital contribution to associates	–	21,597
	1,606,275	1,571,858

43. Operating Lease Arrangements

The Group regularly entered into short-term leases for vessel mooring, staff quarters and motor vehicles. As at 31 December 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed in Note 19.

44. Retirement Benefits Scheme**(a) Defined Contribution Plans**

The Group participates in various retirement benefits scheme, which are defined contribution plans established by the relevant authorities in their respective countries where the Group operates.

Hong Kong

The Group participates in the mandatory provident fund scheme (the "MPF Scheme") established under the MPF Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The Group's contribution under the MPF Scheme for the year ended 31 December 2025 amounted to approximately HK\$315,000 (2024: HK\$362,000).

PRC

According to the relevant laws and regulations in the PRC, the Group's subsidiaries in the PRC are required to contribute a specified percentage of the payroll of their employees to the retirement benefits schemes to fund the retirement benefits of their employees. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the respective schemes.

The Group's contribution under the respective schemes for the year ended 31 December 2025 amounted to approximately HK\$25,369,000 (2024: HK\$21,765,000).

Pakistan**(i) Defined Contribution Gratuity Fund**

According to the Income Tax Ordinance in Pakistan, a defined contribution gratuity fund is being maintained for all permanent employees, established under a Trust Deed. Contributions to the fund are as per Trust Deed, based on each individual employee's salary, number of years of service and contribution rate applicable to the employee's level or grade.

The Group's contribution under the scheme for the year ended 31 December 2025 amounted to approximately HK\$11,538,000 (2024: HK\$6,903,000).

(ii) Defined Contributory Provident Fund

A defined contribution provident fund is being maintained for all permanent employees in Pakistan. Monthly contributions are made to the fund both by the Group and the employees at the rate of 10% of basic salary. The only obligation of the Group with respect to the contributory provident fund is to make the required contributions under the scheme.

The Group's contribution under the scheme for the year ended 31 December 2025 amounted to approximately HK\$9,390,000 (2024: HK\$5,194,000).

44. Retirement Benefits Scheme (Continued)

(b) Defined Benefit Plans

The Group operates several defined benefit retirement plans for its eligible employees who complete the qualifying period of service in Pakistan, Iraq, Egypt and Middle East. Such plans are administered by independent trustees with the assets, if any, held separately from those of the Group.

Pakistan

The Group operates a funded defined benefit retirement plan in Pakistan. Plan assets held in trust are governed by regulations and practice in Pakistan. Responsibility for governance of the plan – including investment decisions and contribution schedules – lies jointly with the Group and the board of trustees. The board of trustees must be composed of representatives of the Group in accordance with the trust deed's regulations.

Iraq

The Group has an unfunded post-employment defined benefit obligation towards its qualifying employees in Iraq which is an end-of-service benefit governed by local Labour Law. The entitlement to these benefits is conditional upon the tenure of employee service, completion of a minimum service year, salary drawn etc.

Egypt

The Group offers all its full-time employees in Egypt with an end-of-service benefit program. The end-of-service benefit program is an unfunded non-contributory indemnity program that provides for a lump-sum payment upon the termination or retirement of employment. The amount of such lump-sum end-of-service benefit payment is based on the length of service and staff salary as at the last working date.

Other subsidiaries in Middle East

The Group operates an unfunded end-of-service benefit to their employees of certain subsidiaries located in Middle East in accordance with the production sharing agreement ("PSA") and the relevant labour law in their respective jurisdictions. The benefits shall be paid upon termination/retirement of employment or termination of the PSA. The liabilities of the end-of-service benefit payment is determined equal to the length of year of service times gross staff salary as at the last working date.

The annual provisions for the above plans are made on the basis of an actuarial valuation carried out using the Projected United Credit Method. The level of benefits provided depends on members' length of services and their salary in the final year leading up to retirement. The actuarial valuation of the plans were prepared by the qualified actuaries, 4Sight Advisory Solutions FZ-LLC and Akhtar & Hasan (Pvt) Ltd.

The amount of retirement benefits assets and obligations recognised in the consolidated statement of financial position are as follows:

	2025 HK\$'000	2024 HK\$'000
Fair value of plan assets	10,034	32,705
Present value of defined benefits obligations	–	(23,602)
Present value of unfunded obligations	(74,040)	(54,677)
	(64,006)	(45,574)

44. Retirement Benefits Scheme (Continued)**(b) Defined Benefit Plans (Continued)**

The following is the analysis of the retirement benefits assets and retirement benefits obligations recognised in the consolidated statement of financial position:

	2025 HK\$'000	2024 HK\$'000
Employee retirement benefits assets	10,034	9,103
Employee retirement benefits obligations	(74,040)	(54,677)
	(64,006)	(45,574)

Movements in the Group's retirement benefits assets and obligations during the year are as follows:

	Fair value of plan assets HK\$'000	Present value of defined benefits obligations HK\$'000	Present value of unfunded obligations HK\$'000	Total HK\$'000
At 1 January 2025	32,705	(23,602)	(54,677)	(45,574)
Acquisition of subsidiaries	–	–	(919)	(919)
Amounts recognised in profit or loss:				
Current service cost	–	(700)	(20,631)	(21,331)
Interest income/(expense)	3,913	(2,811)	(463)	639
Remeasurements recognised in other comprehensive income:				
Loss on plan assets	(559)	–	–	(559)
Actuarial losses arising from changes in financial assumptions	–	–	(253)	(253)
Actuarial gains/(losses) arising from experience adjustments	–	376	(4,126)	(3,750)
Contributions to the plan by employer	758	–	–	758
Outstanding payments to member at the end of the year	(27,661)	27,661	7,200	7,200
Payments from the plan	1,140	(1,140)	–	–
Exchange differences	(262)	216	(171)	(217)
At 31 December 2025	10,034	–	(74,040)	(64,006)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

44. Retirement Benefits Scheme (Continued)

(b) Defined Benefit Plans (Continued)

Movements in the Group's retirement benefits assets and obligations during the year are as follows:
(Continued)

	Fair value of plan assets HK\$'000	Present value of defined benefits obligations HK\$'000	Present value of unfunded obligations HK\$'000	Total HK\$'000
At 1 January 2024	31,119	(21,957)	(38,608)	(29,446)
Amounts recognised in profit or loss:				
Current service cost	–	(1,540)	(17,984)	(19,524)
Interest income/(expense)	4,841	(3,424)	(367)	1,050
Remeasurements recognised in other comprehensive income:				
Gain on plan assets	376	–	–	376
Actuarial (losses)/gains arising from changes in financial assumptions	–	(228)	50	(178)
Actuarial losses arising from experience adjustments	–	(949)	(414)	(1,363)
Contributions to the plan by employer	1,563	–	–	1,563
Outstanding payments to member at the end of the year	(4,460)	4,460	2,646	2,646
Payments from the plan	(299)	299	–	–
Exchange differences	(435)	(263)	–	(698)
At 31 December 2024	32,705	(23,602)	(54,677)	(45,574)

The maximum economic benefit available from the net defined benefits assets is determined based on reductions in future contributions.

The fair value of the plan assets at the end of the reporting period divided into classes is as follows:

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents	10,034	5,139
Debt investments	–	28,717
Other liabilities – payable to outgoing members	–	(1,151)
	10,034	32,705

The fair values of the debt investments are determined by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

44. Retirement Benefits Scheme (Continued)**(b) Defined Benefit Plans (Continued)**

The principal actuarial assumptions adopted by the Group as at 31 December 2025 (expressed as weighted average) are as follows:

	2025	2024
Discount rate	3.65% – 19.50%	4.50% – 24.00%
Salary growth rate	6.00% – 15.00%	6.00% – 25.00%

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Risk	Description
Mortality risks	The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service or age distribution and the benefit.
Investment risks	The risk of the investment underperforming and not being sufficient to meet the liabilities.
Final salary risks	The risk that the final salary at the time of cessation of service is higher than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.
Withdrawal risks	The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service or age distribution and the benefit.

The Group's sensitivity analysis for each significant actuarial assumption as of the end of the reporting period based on reasonably possible changes of the relevant actuarial assumption is as follows:

	Increase/ decrease in rate	Impact on defined benefits obligations 2025 HK\$'000	2024 HK\$'000
Discount rate	1%	(5,271)/5,428	(5,530)/5,825
Salary growth rate	1%	5,464/(5,321)	5,732/(5,495)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

44. Retirement Benefits Scheme (Continued)

(b) Defined Benefit Plans (Continued)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The Group finances the funding requirements of the pension plan by internal resources and does not have any funding arrangements and funding policy that will affect future contributions.

There is an implicit objective that the contribution to the fund asset should remain reasonably stable as a percentage of salaries.

The expected contributions to the pension plan for the year ending 31 December 2026 is approximately HK\$23,262,000 (for the year ending 31 December 2025: HK\$19,870,000).

The weighted average duration of the Group's defined benefits obligations is approximately 6.86 years (2024: 6.94 years). The maturity analysis of the Group's undiscounted benefit payments is as follows:

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2025					
Pension payments	7,974	5,488	17,395	113,537	144,394
At 31 December 2024					
Pension payments	7,594	7,955	24,217	122,750	162,516

45. Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2025 are as follows:

Name	Place of incorporation/ registration	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
Fine Profit Corporation Limited	Hong Kong	HK\$10,000	100%	100%	–	Provision of administrative services
United Energy Group (Hong Kong) Limited	Hong Kong	HK\$100	100%	100%	–	Provision of group financing supporting services
Bright Advance International Investment Limited	Hong Kong	HK\$1	100%	100%	–	Investment holding
Dragon Prime Hong Kong Limited	Hong Kong	HK\$1	100%	100%	–	Investment holding
United Petroleum & Natural Gas (Panjin) Limited # (Note (a))	PRC	RMB50,000,000	100%	–	100%	Trading of energy products
United Energy (Beijing) Limited # (Note (a))	PRC	RMB12,246,200	100%	–	100%	Provision of administrative services
Vision Peak Investments Limited	British Virgin Islands	US\$10	100%	100%	–	Investment holding and provision of group financing supporting services
United Energy (China) Limited	British Virgin Islands	US\$1,000	100%	100%	–	Investment holding
Asia Resources Oil Limited	British Virgin Islands	US\$6,340,744	100%	–	100%	Engaged in activities relating to the exploration and production of crude oil and natural gas in Pakistan
KNGS Exploration and Development Limited	Cayman Islands	US\$100	100%	–	100%	Investment holding
Oasis Natural Energy Inc	Republic of Panama	US\$10,000	100%	–	100%	Investment holding
BowEnergy Resources FZCO (formerly known as BowEnergy Resources (Pakistan) SRL)	United Arab Emirates	AED50,000	100%	–	100%	Engaged in activities relating to the exploration and production of crude oil and natural gas in Pakistan

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

45. Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2025 are as follows: (Continued)

Name	Place of incorporation/ registration	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
UEP Beta GmbH	Austria	US\$50,000	100%	–	100%	Engaged in activities relating to the exploration and production of crude oil and natural gas in Pakistan
United Energy Pakistan Holdings Limited	Mauritius	US\$1	100%	100%	–	Investment holding
United Energy Pakistan Limited	Mauritius	US\$1	100%	–	100%	Engaged in activities relating to the exploration and production of crude oil and natural gas in Pakistan
Gold Trade International Limited	Mauritius	US\$1	100%	–	100%	Provision of group financing supporting services
UEP Alpha Limited	Mauritius	US\$332,517,327	100%	–	100%	Engaged in activities relating to the exploration and production of crude oil and natural gas in Pakistan
United Energy Upstream FZCO (formerly known as United Energy Upstream DMCC)	United Arab Emirates	AED50,000	100%	–	100%	Investment holding and provision of administrative services
United Energy Trading FZCO (formerly known as United Energy Trading DMCC)	United Arab Emirates	AED50,000	100%	–	100%	Trading of energy products
United Energy (Singapore) Resources Pte. Limited	Singapore	Singapore Dollar 10,000,000 and US\$20,000,000	100%	–	100%	Trading of energy products
Green Profit EOOD	Bulgaria	Bulgarian lev 8,387,000	100%	–	100%	Engaged in construction and operation of solar power generation facility in Bulgaria
UEG Clean Energy FZCO (formerly known as UEG Clean Energy DMCC)	United Arab Emirates	AED50,000	100%	–	100%	Investment holding and provision of clean energy related services

45. Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2025 are as follows: (Continued)

Name	Place of incorporation/ registration	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
UEG Beijing Investment Holding Limited (formerly known as Orient Group Beijing Investment Holding Limited)	Mauritius	US\$47,769,535	100%	–	100%	Investment holding
UEP Wind Power (Private) Limited	Pakistan	PKR6,599,746,550	100%	–	100%	Developing and operating of wind power project in Pakistan
Kuwait Energy Public Limited Company	Jersey	Great British Pound 324,189,606	100%	–	100%	Investment holding
KEC (Egypt) Limited	British Virgin Islands	US\$1	100%	–	100%	Engaged in activities relating to the development and production of crude oil and natural gas in Egypt
Kuwait Energy Egypt Limited	British Virgin Islands	US\$1,000	100%	–	100%	Engaged in activities relating to the exploration, development and production of crude oil and natural gas in Egypt
United Energy (Eastern Desert) for Energy Services S.A.E.	Egypt	EGP1,000,000	100%	–	100%	Engaged in activities relating to the exploration, development and production of crude oil and natural gas in Egypt
Kuwait Energy Basra Limited	British Virgin Islands	US\$1,000	100%	–	100%	Engaged in activities relating to the exploration, development and production of crude oil and natural gas in Iraq
Kuwait Energy Iraq Limited	British Virgin Islands	US\$1,000	100%	–	100%	Engaged in activities relating to the exploration, development and production of crude oil and natural gas in Iraq

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

45. Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2025 are as follows: (Continued)

Name	Place of incorporation/ registration	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
United Energy FAO Limited	British Virgin Islands	US\$1	100%	–	100%	Engaged in activities relating to the exploration, development and production of crude oil and natural gas in Iraq
United Energy Egypt Limited	British Virgin Islands	US\$2	100%	–	100%	Engaged in activities relating to the exploration, development and production of crude oil and natural gas in Egypt
Apex International Energy Holdings II	Cayman Islands	US\$100	100%	–	100%	Engaged in activities relating to the exploration, development and production of crude oil and natural gas in Egypt

The above table lists out the subsidiaries of the Company as at 31 December 2025, which in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particular of excessive length.

Notes:

(a) Wholly foreign owned enterprise established in the PRC in accordance with relevant laws and regulations.

The English translation of the company names is for reference only. The official names of these companies are in Chinese.

46. Joint Operations

As at 31 December 2025, the particulars of the principal joint arrangements of the Group, all of which are not structured through separate vehicles, are set out as follows:

Concession/project name	Place of business	Proportion of participating/revenue interest held by the Group		Principal activities
		2025	2024	
Badin II	Pakistan	51%	51%	Exploration and production of crude oil and natural gas
Badin II Revised	Pakistan	76%	76%	Exploration and production of crude oil and natural gas
Badin III	Pakistan	60%	60%	Exploration of crude oil and natural gas
Mehran	Pakistan			Exploration of crude oil and natural gas
– exploration		95%	95%	
– development and production		75%	75%	
Mirpur Khas	Pakistan			Exploration and production of crude oil and natural gas
– exploration		95%	95%	
– development and production		75%	75%	
Khipro	Pakistan			Exploration and production of crude oil and natural gas
– exploration		95%	95%	
– development and production		75%	75%	
Digri	Pakistan	75%	75%	Exploration and production of crude oil and natural gas
Kotri North	Pakistan	60%	60%	Exploration and production of crude oil and natural gas
Meeranpur	Pakistan	50%	50%	Exploration of crude oil and natural gas
Dadhar	Pakistan	30%	30%	Exploration of crude oil and natural gas
Mach	Pakistan	30%	30%	Exploration of crude oil and natural gas
Kalchas South	Pakistan	46%	50%	Exploration of crude oil and natural gas
Sawan South	Pakistan	75%	75%	Exploration and production of crude oil and natural gas
Gambat South	Pakistan	10%	10%	Exploration and production of crude oil and natural gas

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

46. Joint Operations (Continued)

As at 31 December 2025, the particulars of the principal joint arrangements of the Group, all of which are not structured through separate vehicles, are set out as follows: (Continued)

Concession/project name	Place of business	Proportion of participating/revenue interest held by the Group		Principal activities
		2025	2024	
Mubarak	Pakistan			Exploration and production of crude oil and natural gas
– exploration		57%	57%	
– development and production		45%	45%	
Mehar	Pakistan			Exploration and production of crude oil and natural gas
– exploration		75%	75%	
– development and production		59.2%	59.2%	
Miano	Pakistan	17.7%	17.7%	Exploration and production of crude oil and natural gas
Sawan	Pakistan	19.7%	19.7%	Exploration and production of crude oil and natural gas
Gambat	Pakistan			Exploration of crude oil and natural gas
– exploration		36.8%	36.8%	
– development and production		27.6%	27.6%	
Latif	Pakistan	33.4%	33.4%	Exploration and production of crude oil and natural gas
South West Miano II	Pakistan	33.4%	33.4%	Exploration of crude oil and natural gas
Kuhan	Pakistan			Exploration of crude oil and natural gas
– exploration		47.5%	47.5%	
Siba	Iraq	30%	30%	Exploration and production of crude oil and natural gas
Block 9	Iraq	60%	60%	Exploration and production of crude oil and natural gas
Area A	Egypt	70%	70%	Exploration and production of crude oil
Abu Sennan	Egypt	32.1%	32.1%	Exploration and production of crude oil and natural gas
East Ras Qattara	Egypt	49.5%	49.5%	Exploration and production of crude oil
Ras Qattara	Egypt	75%	–	Exploration and production of crude oil
West Abu Gharadig	Egypt	45%	–	Exploration and production of crude oil

46. Joint Operations (Continued)

As at 31 December 2025, the particulars of the principal joint arrangements of the Group, all of which are not structured through separate vehicles, are set out as follows: (Continued)

Concession/project name	Place of business	Proportion of participating/revenue interest held by the Group		Principal activities
		2025	2024	
South West Melieiha	Egypt	25%	–	Exploration and production of crude oil
East Obaiyed	Egypt	25%	–	Exploration and production of natural gas
East Siwa	Egypt	50%	–	Exploration of crude oil and natural gas

47. Events After the Reporting Period

Subsequent to the reporting date, geopolitical tensions in the Middle East have intensified following recent military actions and retaliatory responses in the region. Management is closely monitoring the situation, as the evolving environment may increase risks related to regional security, logistics, and energy supply, which could impact operations.

Potential disruptions to key supply routes, including the Strait of Hormuz, may affect global supply chains and commodity prices; however, the extent and duration of such impacts remain uncertain. As at the reporting date, there has been no material impact on the Group's operations, other than a temporary curtailment of production in Iraq in coordination with local governing authorities.

Given the uncertainty, it is not currently possible to reliably estimate any financial impact. Accordingly, no adjustments have been made to the consolidated financial statements, as these events are considered non-adjusting subsequent events.

Management will continue to monitor developments and assess potential implications for operations, financial position and performance.

FINANCIAL SUMMARY

RESULTS

	2025 HK\$'000	Year ended 31 December			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Turnover	19,191,270	17,794,465	13,900,984	11,166,808	7,651,171
Profit/(loss) before tax	1,296,814	1,730,525	(1,710,032)	3,434,161	2,647,051
Income tax credit/(expense)	(179,695)	(172,407)	2,631	(833,015)	(646,474)
Profit/(loss) for the year	1,117,119	1,558,118	(1,707,401)	2,601,146	2,000,577
Attributable to:					
Owners of the Company	1,117,131	1,558,132	(1,707,385)	2,601,162	2,000,597
Non-controlling interests	(12)	(14)	(16)	(16)	(20)
	1,117,119	1,558,118	(1,707,401)	2,601,146	2,000,577

	2025 HK\$'000	As at 31 December			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	29,138,820	26,120,400	25,829,150	27,419,844	25,032,350
Total liabilities	(15,953,997)	(12,825,020)	(12,993,001)	(11,612,024)	(10,792,070)
Net assets	13,184,823	13,295,380	12,836,149	15,807,820	14,240,280
Equity attributable to owners of the Company	13,179,426	13,289,971	12,830,726	15,802,040	14,234,374
Non-controlling interests	5,397	5,409	5,423	5,780	5,906
Total equity	13,184,823	13,295,380	12,836,149	15,807,820	14,240,280

GLOSSARY AND DEFINITIONS

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

General Terms:

"AGM"	annual general meeting of the Company
"Apex Assets" or "Apex"	assets in Egypt area engaged Upstream business, held by Apex International Energy Holdings I
"Board"	board of directors of the Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Company"	United Energy Group Limited
"CSR"	corporate social responsibility
"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
"HSSE"	health, safety, security and environment
"IMF"	International Monetary Fund
"Iraqi 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"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"OPEC"	Organisation of the Petroleum Exporting Countries

Glossary and Definitions (Continued)

"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
"GW"	gigawatt
"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