2024
年報
Annual Report

联合能源

# 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

Zhang Hong Wei *(Chairman)*
Yiu Chi Shing *(Vice Chairman)*
*(Appointed on 18 September 2024)*
Zhang Meiying

### Independent Non-Executive Directors

Chau Siu Wai
San Fung
Wang Ying

## 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

Bank of China (Hong Kong) Limited
China Minsheng Banking Corporation,
Hong Kong Branch
Standard Chartered Bank
Industrial and Commercial Bank of China (Asia) Ltd.

## 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.uegl.com.hk

# KEY FINANCIAL AND OPERATION SUMMARY

## Financial Summary

| | **2024**<br>**HK'000** | 2023<br>HK'000 | **Change** |
|---|---|---|---|
| **Results** | | | |
| Turnover | **17,522,924** | 13,591,075 | +28.9% |
| Gross Profit | **3,301,651** | 4,439,240 | –25.6% |
| Profit/(loss) for the year | **1,558,118** | (1,707,401) | N/A |
| Profit/(loss) for the year attributable to owners of the Company | **1,558,132** | (1,707,385) | N/A |
| Basic earning/(loss) per share (HK cents) | **6.04** | (6.53) | N/A |
| EBITDA (Note 1) | **7,173,212** | 3,006,136 | +138.6% |
| Adjusted EBITDA (Note 1) | **7,991,874** | 8,885,063 | –10.1% |
| **Key items in Consolidated Statement of Financial Position** | | | |
| Equity attributable to owners of the Company | **13,289,971** | 12,830,726 | +3.6% |
| Total assets | **26,120,400** | 25,829,150 | +1.1% |
| Net assets | **13,295,380** | 12,836,149 | +3.6% |

## Operation Summary

| **Pakistan Assets** | **2024** | 2023 | **Change** |
|---|---|---|---|
| **Operation** | | | |
| Average Daily Working Interest Production (boed) | **36,627** | 43,017 | –14.9% |
| Oil & Liquids Ratio (Note 2) | **24.4%** | 23.1% | +1.3% |
| **Reserve** (Note 3) | | | |
| Net Entitlement 1P Reserve at the year end (mmboe) | **49.2** | 48.4 | +1.7% |
| Working Interest 2P Reserve at the year end (mmboe) | **88.9** | 94.0 | –5.4% |
| **Exploration & Development Activity** | | | |
| Rig workovers | **5** | – | +5 |
| Exploration wells | **12** | 6 | +6 |
| Development wells | **9** | 14 | –5 |

| MENA Assets | 2024 | 2023 | Change |
|---|---|---|---|
| **Operation** | | | |
| Average Daily Working Interest Production (boed) | **71,452** | 57,390 | +24.5% |
| Oil & Liquids Ratio (Note 2) | **96.2%** | 95.4% | +0.8% |
| **Reserve** (Note 3) | | | |
| Net Entitlement 1P Reserve at the year end (mmboe) | **110.6** | 119.8 | –7.7% |
| – Egypt Assets | **3.9** | 4.4 | –11.4% |
| – Iraq Assets | **106.7** | 115.4 | –7.5% |
| Working Interest 2P Reserve at the year end (mmboe) | **576.7** | 517.6 | +11.4% |
| – Egypt Assets | **17.3** | 18.5 | –6.5% |
| – Iraq Assets | **559.4** | 499.1 | +12.1% |
| **Exploration & Development Activity** | | | |
| Rig workovers | **21** | 15 | +6 |
| Exploration wells | **6** | 3 | +3 |
| Development wells | **20** | 25 | –5 |

Notes:

1. For EBITDA and adjusted EBITDA, please refer to "Other Financial Information" on pages 15 to 17 for more information.

2. Oil & Liquids including Crude Oil, Condensate & LPG.

3. 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.

## 2024: A YEAR OF GROWTH AND TRANSFORMATION

In 2024, the global energy industry navigated a complex landscape marked by geopolitical tensions, accelerating energy transitions, and financial volatility. Against this backdrop, United Energy Group Limited ("UEG" or the "Group") delivered exceptional results through robust operational strategies, solid execution, and relentless innovation.

Building on our deep industry expertise, we successfully replicated the transformative success of our Pakistan operations across the MENA region, unlocking value in existing markets while advancing our strategic vision to become a global energy leader.

## 2024 PERFORMANCE: DELIVERING EXCELLENCE

### Operational Highlights

- HSSE: UEG maintained its unwavering 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 reached 180,554 barrels of oil equivalent (boe), with working interest production averaging 108,079 boe per day. We made 11 commercial discoveries (8 in Pakistan, 2 in Egypt, and 1 in Iraq), driving our working interest 2P reserves to approximately 665.6 million barrels of oil equivalent (mmboe) and a reserve-production ratio of 16.9.

- Regional Successes:

    - In Iraq, Block 9 emerged as a flagship project, with the oil and gas central processing facilities (CPFs) completed in 25 and 33 months, respectively. These achievements, delivered by a diverse team of over 40 nationalities, underscores UEG's operational excellence and collaborative ethos.

    - Pakistan solidified its role as a cornerstone of our portfolio, with stable operations enhancing national energy security. We continue to leverage our market leadership to explore new opportunities for growth.

    - In Egypt, efficiency enhancements and a strategic acquisition in progress is set to double our portfolio and position us for sustained expansion.

### Energy Transition & Innovation

UEG accelerated its evolution into a diversified energy leader with strategic investments in renewables:

- Entered Europe's clean energy market through acquisitions of 250 MW solar project in Bulgaria.
- Advanced green hydrogen initiatives in Egypt and Jordan via key memorandums of understanding.
- Launched a global digital center and global procurement center, laying the foundation for full digital integration across the Group by 2026.

### Financial Strength & Shareholder Value

Prudent financial stewardship ensured a robust balance sheet, optimized capital structure, and disciplined cost management. Our flexible dividend policy balanced shareholder returns with reinvestment in growth, maximizing long-term value.

### Community & Sustainability

UEG remains deeply committed to the communities where it operates. Through targeted CSR initiatives, we supported education, infrastructure, and local economic development, while fostering employment and supplier opportunities. Our decarbonization roadmap advanced with investments in emissions reduction and clean energy, aligning operations with global sustainability goals.

## 2025 OUTLOOK: STRATEGIC GROWTH IN A DYNAMIC WORLD

The global energy sector will continue to face geopolitical and economic uncertainties in 2025. However, with oil demand projected to rise and prices expected to remain stable, UEG is well-positioned to capitalize on opportunities while advancing its transition agenda.

### Key Priorities for 2025

- HSSE Leadership: Maintain world-class safety standards through advanced systems and technology.
- Production & Efficiency: Target daily gross production of 178,900–204,200 boe and working interest production of 104,200–120,600 boe. Capital expenditure of US$750 million will fund exploration, development, and operational enhancements.
- Energy Transition Momentum: Expand clean energy portfolios in Europe, MENA, and Central Asia, while integrating green solutions across existing assets.
- Financial Agility: Optimize capital allocation to support growth and shareholder value, underpinned by a strong balance sheet.

## A VISION FOR THE FUTURE

Our achievements in 2024 reflect the dedication of UEG's global team and the strength of our strategic vision. As we look ahead, we remain focused on sustainable growth – optimizing our core assets, accelerating the energy transition, and seizing new opportunities with discipline and innovation. Together, we are building a future where UEG stands as a beacon of resilience, responsibility, and excellence in the global energy landscape.

**Zhang Hong Wei**
*Chairman*
28 March 2025

# 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. The Group is principally engaged in upstream oil & natural gas, clean energy and energy trading businesses. Leveraging on management's extensive experience in oil & gas business, the Group has successfully grown its footprint as one of the major players in energy space. Over time, the Group has established a solid and diversified portfolio through acquisitions and capital investments.

As forecasted by IMF in January 2025, global economy growth in 2024 is likely to be 3.2% down from 3.3% in 2023. Trade policy uncertainty, geopolitical tensions (Middle East, Ukraine, etc) and fiscal instability in some regions weighed on growth. The global economy is holding steady, although it varies widely across countries. Global disinflation continues while global financial conditions remain largely accommodative. World oil demand was estimated to have increased by 1.64 mmbbld year-on-year to average of 103.7 mmbbld in 2024 as reported by the OPEC Monthly Oil Market Report of January 2025. Oil price remained at a relatively high level with average Brent Oil Price in 2024 at US$80.52/bbl, ~2% lower than US$82.49/bbl in 2023, according to data from U.S. Energy Information Administration. The Group recorded net profit attributable to shareholders for the reporting period of approximately HK$1,558,132,000, representing a change from loss to profit, compared to net loss of approximately HK$1,707,385,000 in last year, primarily due to increase of production and higher amount of impairment and dry well written-off in last year.

Cost of sales rendered by the Group for the reporting period was approximately HK$14,221,273,000, and the Group invested approximately HK$6,378,782,000 of capital expenditure in oil exploration, development and production activities. The Group drilled 47 wells during the reporting period, including 21 wells in Pakistan Assets and 26 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. The 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 incremental output with a higher 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. The Group 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 debt management are systematically structured to ensure a healthy financial position, providing stability and flexibility for future growth.

**Exploration**

In 2024, the Group continued efforts in oil and gas exploration. Adhering to the philosophy of value-driven and anchoring on exploration and discoveries of small and prolific oil and gas fields, 11 commercial discoveries were achieved of which 8 were in Pakistan, 2 in Egypt and 1 in Iraq.

In 2024, the Group strengthened its technical capabilities and enhanced exploration efficiency. By maintaining a balanced investment strategy, the Group continued to support exploration activities, ensuring sustainable growth and long-term development. As of the end of 2024, exploration area in Pakistan increased to 26,454 $Km^2$ (including 5,639 $Km^2$ non-operated), following the successful addition of new blocks to its portfolio. Egypt's exploration area was 1,597 $Km^2$. Exploration breakthroughs and commercial discoveries were achieved in Badin, Kotri North, Mirpur Khas Khipro ("MKK") and Middle Indus and Mehar ("MIM") blocks, with production addition in mature fields in Pakistan. Exploration campaign in Pakistan and Egypt continued to optimize business portfolio and enhance production.

In Pakistan, within six months of the Sawan South block award, two back-to-back wells were spud, resulting in discoveries that established commercial production. Work associated with the new blocks will continue in 2025.

**Engineering Construction**

In 2024, 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, both crude oil and natural gas CPF were commissioned in 2024. 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 explored innovative approaches to process optimization, efficiency enhancement, energy conservation, and emission reduction, yielding tangible benefits from facility upgrades and renovations. In Pakistan, the successful implementation of several compression projects 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 optimized operating costs, reduced diesel consumption, partially eliminated rented generators, and enhanced facility efficiency, performance, and safety, fostering a healthier and more sustainable workplace for employees.

### Development and Production

For the year ended 31 December 2024, the Group's average daily gross production was approximately 180,554 boed (Pakistan Assets – 51,896 boed plus MENA Assets – 128,658 boed), a 7.6% increase compared to approximately 167,826 boed last year. Gross accumulated production was approximately 66.08 mmboe, a 7.9% increase compared to approximately 61.26 mmboe last year. At the same time, Group's average working interest production was 108,079 boed (Pakistan Assets – 36,627 boed plus MENA Assets – 71,452 boed), a 7.6% increase compared to approximately 100,407 boed last year. Working interest accumulated production was approximately 39.56 mmboe, a 7.9% increase compared to approximately 36.65 mmboe last year. In 2024, the Group aggressively managed decline rate of mature fields coupled with new exploration successes, contributed to sustaining production with a slight increase.

### Pakistan

As of 31 December 2024, the Group holds interests in 20 blocks of which 13 are exploration licenses for oil and gas production in Pakistan.

In 2024, Pakistan Assets achieved an average daily gross production of approximately 51,896 boed, decreased by 17.3% compared to last year, and an average daily working interest production of approximately 36,627 boed, decreased by 14.9% compared to last year. Pakistan Assets have an oil and liquids ratio of ~24.4% which was 1.3% higher than last year. Accumulated gross production and working interest production for the full year was approximately 19.0 mmboe and 13.4 mmboe respectively.

### Iraq

The Group holds a 60% participating interest in the EDPSC and is the Operator of Block 9 in Iraq. In 2024, average daily gross and working interest production was approximately 86,832 boed and 52,099 boed respectively, an increase of 37.1% compared to last year. Accumulated gross and working interest production for the year was approximately 31.78 mmboe and 19.07 mmboe respectively. Block 9 has an oil and liquids ratio of 100%.

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 2024 was approximately 25,955 boed and 7,786 boed respectively, an increase of 4.7% compared to 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 in which work will commence in 2025.

### Egypt

The Group holds interests in four blocks in Egypt. It has a 100% participating interest in Burg El Arab. 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 2024, average daily gross and working interest production was approximately 15,872 boed and 11,567 boed respectively, a decrease of 6.4% and 3.3% compared to last year. Accumulated gross production and working interest production for the year were approximately 5.8 mmboe and 4.2 mmboe respectively. Egypt Assets have an oil and liquids ratio of ~99%.

## Core Strengths

### 1. Successful exploration program and solid resources base

During the year, the Group achieved 11 commercial discoveries, strengthening its reserve base and supporting long-term production growth. With a stable production growth momentum, the Group maintained a reserve life of approximately 16 years, ensuring a solid foundation for future sustainability and development.

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

In Block 9, the Group successfully commissioned a 100,000 barrel per day Oil CPF and a 130 mmscf per day Gas CPF in 2024. These milestones were achieved after 25 and 33 months of dedicated efforts by the Company and its partners, ensuring safely, timely, and efficient production increase.

### 3. Significant low-cost advantage and strong financial performance

The Group remains committed to efficient business management, 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 HSE performance

Operational safety is a top priority for the Group. Various Health, Safety and Environment ("HSE") indicators 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 develop 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 support a more sustainable energy future.

### 6. Commitment to social responsibility

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

## Sales and Marketing

### Sales of Crude Oil

The Group sells crude oil and condensate produced in Pakistan and Iraq primarily through traders in international market. The Group's crude oil sales price is mainly determined by the prices of international benchmark crude oil of similar quality, with certain adjustments subject to prevailing market conditions. Prices are quoted and settled in US dollars with Brent Oil Price as 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 2024, the Group's total working interest crude and condensates sale volumes are 28.2 million barrels, representing a year-on-year increase of 21.6%, Its average realised oil price (before government royalty, windfall levy and government take at working interest production) was approximately US$75.54/bbl, representing a year-on-year decrease of 3.9%, mainly due to the decrease in Brent Oil Price.

### Sales of Natural Gas

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

In 2024, the Group's total working interest natural gas sale volume was 11.1 mmboe, representing a year-on-year decrease of 14.7%. Its average realised gas price (before government royalty, windfall levy and government take at working interest production) was approximately US$30.0/boe, representing a year-on-year decrease of 2.8%, mainly due to the historical period for the price review mechanism of natural gas.

### Sales of Energy Products

The Group's energy trading business carried energy products trading and optimized cargo liftings in Iraq. Trading activities were carried out with international counterparts, including Vitol SA, BP Singapore Pte. Ltd, Trafigura Pte Ltd, Repsol Trading Singapore Pte. Ltd, Itochu, etc. Price is mainly determined by the prices of international benchmark energy products of similar quality, with certain adjustments subject to prevailing market conditions.

In 2024, the Group's total energy products trade volume was 1,735,425 tons and its average realized price was approximately US$560.40/tons.

## Financial Results

### Financial Review

For the year ended 31 December 2024 (the "reporting period"), the Group reported a profit attributable to the owners of the Company of approximately HK$1,558,132,000, compared to loss of approximately HK$1,707,385,000 for the year ended 31 December 2023 ("last year"), a change from loss to profit. The increase in net profit was primarily due to there were oil and gas assets impairment of approximately HK$4,185,457,000 (net tax) and exploration dry well write-off approximately HK$201,156,000 (net tax) for last year, compared to oil and gas assets impairment of approximately HK$166,286,000 (net of tax) and exploration dry well write-off approximately HK$306,335,000 (net of tax) for current year, which are sharply reduced during the reporting period.

During the reporting period, the Group's average daily working interest production was approximately 108,079 boed (Pakistan Assets of 36,627 boed plus MENA Assets of 71,452 boed) compared to approximately 100,407 boed (Pakistan Assets of 43,017 boed plus MENA Assets of 57,390 boed) of last year, increased by 7.6%. The Group aggressively managed decline rate of mature oil fields, meanwhile, new exploration successes contributed to production increase. The average realised oil and gas price (before government royalty, windfall levy and government take at working interest production) was approximately US$62.58/boe, compared to approximately US$61.31/boe of last year, representing a slight increase of 2.1%.

### Turnover

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Exploration and production | **9,858,537** | 10,417,962 |
| Trading | **7,664,387** | 3,173,113 |
| | **17,522,924** | 13,591,075 |

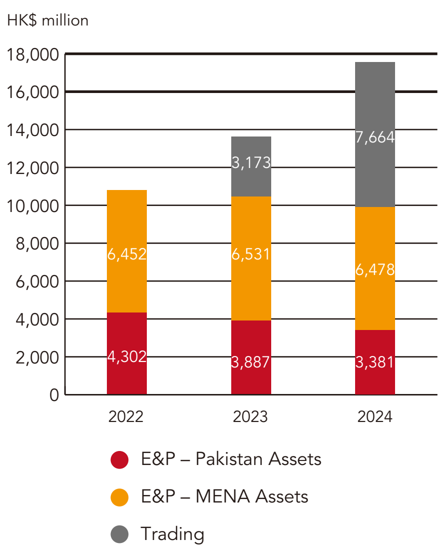
The Group's turnover for the reporting period was approximately HK$17,522,924,000, representing an increase of 28.9% as compared with the turnover of approximately HK$13,591,075,000 of last year. The increase in turnover was mainly contributed by the effect of the growth of trading business during the reporting period.

| Exploration and Production Category | | Year 2024 | Year 2023 | Change |
|---|---|---|---|---|
| Oil and gas sales* | USD'000 | **2,477,102** | 2,238,415 | +10.7% |
| Crude oil and liquids | USD'000 | **2,130,053** | 1,822,322 | +16.9% |
| Natural gas | USD'000 | **333,733** | 402,803 | –17.1% |
| LPG | USD'000 | **13,316** | 13,290 | +0.2% |
| Sales Volume | mmboe | **39.6** | 36.5 | +3.1 |
| Crude oil and liquids | mmboe | **28.2** | 23.2 | +5.0 |
| Natural gas | mmboe | **11.1** | 13.0 | –1.9 |
| LPG | mmboe | **0.3** | 0.3 | +0.0# |
| Realised prices* | US$/boe | **62.58** | 61.31 | +2.1% |
| Crude oil and liquids | US$/bbl | **75.54** | 78.60 | –3.9% |
| Natural gas | US$/boe | **30.00** | 30.88 | –2.8% |
| LPG | US$/boe | **51.37** | 47.93 | +7.2% |

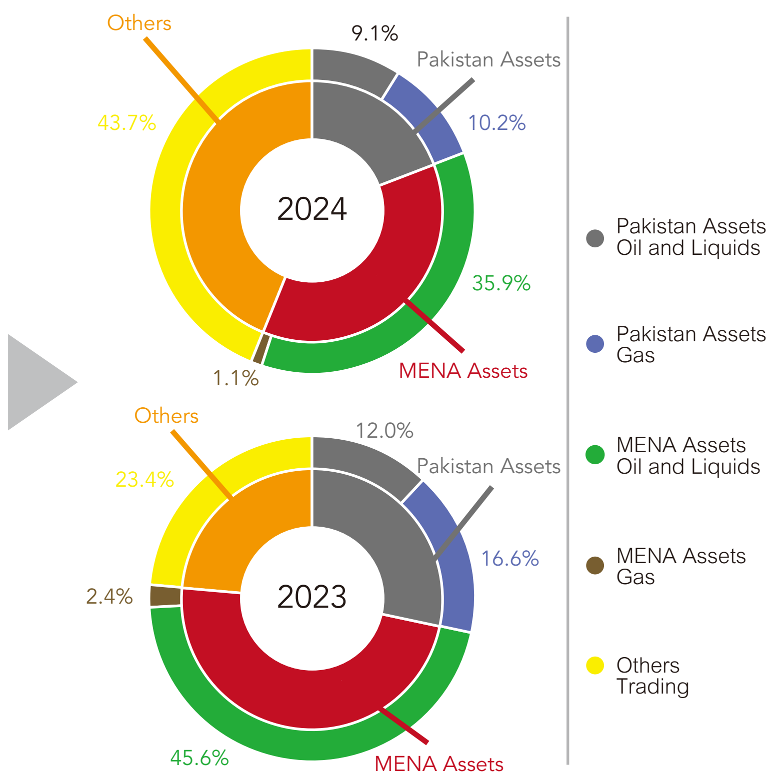
* before government royalty, windfall levy and government take (at working interest quantity)

\# represents volume less than 100,000 boe

## UEG 2024 FY – Turnover




## Turnover Contribution by Products – 2024




Note:

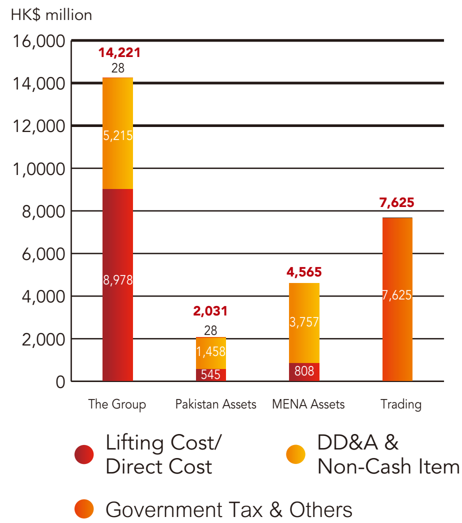
1. Turnover represents sales after government take.

## Cost of sales

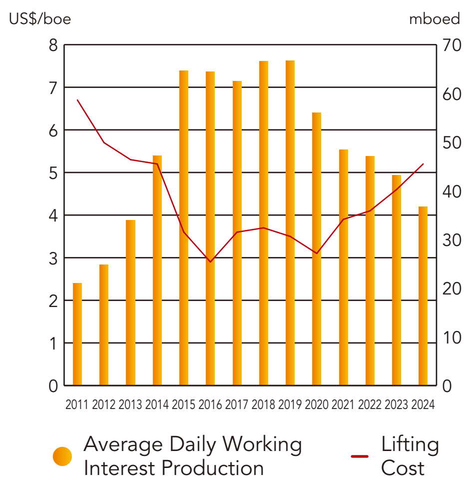
### Operating expenses for exploration and production activities

The Group's operating expenses for exploration and production activities (which is defined as the cost of sales excluding depreciation and amortisation, distribution expenses and allowance for slow-moving inventories) increased 5.3% to approximately HK$1,352,643,000 in 2024, compared with approximately HK$1,284,260,000 in 2023. The operating expenses per boe (at working interest production) was approximately US$4.38 in 2024, compared with approximately US$4.51 in 2023, slightly decreased by 2.9%. For Pakistan Assets, operating expenses per boe was approximately US$5.16, increased by 13.2% (last year: approximately US$4.56 per boe); while for MENA Assets, operating expense per boe was approximately US$3.98, decreased by 11.0% (last year: approximately US$4.47 per boe).

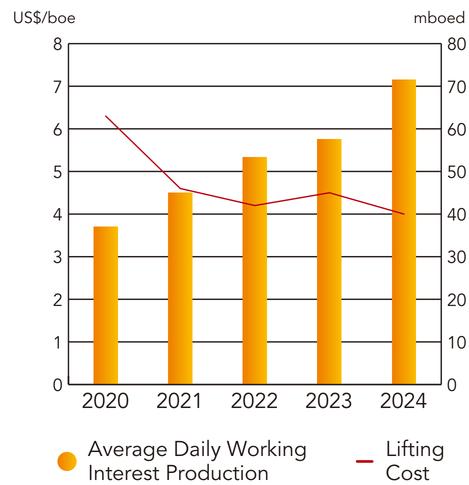
### UEG 2024 FY – Cost of Sales




### Pakistan Assets – Lifting Cost vs Working Interest Production




### MENA Assets – Lifting Cost vs Working Interest Production




Note:

1. 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$5,215,320,000, representing an increase of 13.5% as compared with the amount of approximately HK$4,596,942,000 in last year.

## Gross profit

The Group's gross profit for the reporting period was approximately HK$3,301,651,000 (gross profit ratio 18.8%) which represented a decrease of 25.6% as compared with gross profit of approximately HK$4,439,240,000 (gross profit ratio 32.7%) for the last year. The decrease in gross profit was mainly due to lower average net realised price (after government royalty, windfall levy and government take) during 2024 compared to corresponding period and increased depreciation, depletion and amortisation during the year.

## Exploration expenses

The Group's exploration expenses for the reporting period was approximately HK$577,194,000 (last year: approximately HK$492,526,000) which included the expenses for performance of geological and geophysical studies, surface use rights and the written off loss of approximately HK$444,298,000 (last year: approximately HK$433,890,000) arising from dry exploration wells in Pakistan and Egypt Assets.

## Administrative expenses

The Group's administrative expenses for the reporting period was approximately HK$700,501,000 (last year: approximately HK$676,330,000) representing 4.0% (last year: 5.0%) of the turnover.

## Finance costs

The Group's finance costs for the reporting period was approximately HK$351,143,000, which represented an increase of 19.6% as compared with the finance costs of approximately HK$293,634,000 for the last year. The increase in finance costs was mainly due to the increased prepayment facilities financing during the reporting period; offset by the repayment of borrowings. The weighted average interest rate of borrowings for the reporting period was 11.47% (2023: 7.89%), sharp increase in weighted average interest rate of borrowings mainly caused by amortisation effect of upfront fee upon repayment of borrowings. The weighted average interest rate of borrowings for the reporting period would be 10.14% excluding the amortisation effect of upfront fee upon repayment of borrowings.

## Income tax credit

The Group's income tax credit for the reporting period was approximately HK$99,134,000. This included the current income tax of approximately HK$508,426,000 and deferred tax income of approximately HK$607,560,000, compared with current income tax of approximately HK$1,218,717,000 and deferred tax income of approximately HK$1,531,257,000 for the last year respectively. The Group's effective tax rate for the reporting period was approximately −6.8% (2023: 15.5%). The decrease in effective tax rate mainly contributed by a reversal of overprovision of tax approximately HK$300,942,000 upon a favorable determination from tax bureau and impairment and written off loss incurred in jurisdiction with higher tax rate in the reporting period.

### Cash generated from operating activities

The Group's net cash inflow from operating activities for the reporting period was approximately HK$7,425,999,000, representing a slight increase of 1.4% as compared with the last year of approximately HK$7,326,562,000.

### Cash used in investing activities

In 2024, the Group's net cash used in investing activities decreased by 5.1% to approximately HK$6,227,376,000 from last year, mainly comprise of the development expenditure of approximately HK$5,969,101,000 for the reporting period with an overall decrease of 10.7% as compared to last year and net payment for acquisition of intangible assets of approximately HK$269,590,000 during the reporting period.

### Cash used in financing activities

In 2024, the net cash used in financing activities was approximately HK$1,591,065,000, mainly due to the payment of special dividend of approximately HK$1,033,984,000, repayment of bank loans of approximately HK$2,578,772,000, purchase of treasury shares of approximately HK$61,990,000 and purchase of shares under performance share unit scheme of approximately HK$11,819,000; but offset by drawdown of prepayment facilities of approximately HK$2,340,000,000.

### Dividend

A final dividend of HK5 cents per share (2023: Nil) in relation to profit attributable to the year ended 31 December 2024 is proposed after the end of reporting period and amounts to approximately HK$1,292,480,000.

## 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.

The following table set forth reconciliations of the Group's non-HKFRS measures for the years ended 31 December 2024 and 2023 to the nearest measures prepared in accordance with HKFRS Accounting Standards.

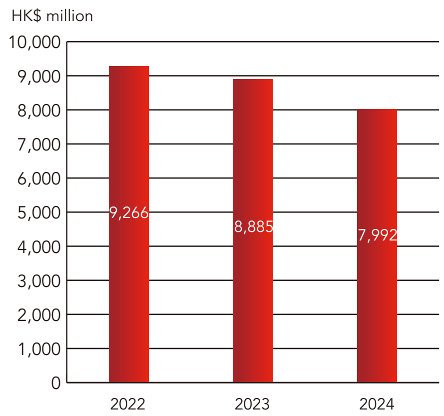
| | Note | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|---|
| **Profit/(loss) for the year** | | **1,558,118** | (1,707,401) |
| *Adjustments:* | | | |
| Depreciation and amortisation | 13 | **5,268,605** | 4,649,632 |
| Depreciation on right-of-use assets | 13 | **94,480** | 82,811 |
| Finance costs | 12 | **351,143** | 293,634 |
| Income tax credit | 14 | **(99,134)** | (312,540) |
| **EBITDA** | | **7,173,212** | 3,006,136 |
| *Adjustments:* | | | |
| Property, plant and equipment written off in other gains and losses | 10 | **21,718** | 153,349 |
| Property, plant and equipment written off in exploration expenses | 13 | **444,298** | 433,890 |
| Impairment losses on investment in associates | 10 | **211,087** | 119,491 |
| Impairment losses on intangible assets | 10 | **8,528** | 2,263,951 |
| Impairment losses on property, plant and equipment | 10 | **212,083** | 2,833,566 |
| Share of profits of associates | | **(56,623)** | (4,334) |
| Gain on disposals of property, plant and equipment | 10 | **(9,850)** | (7,131) |
| Gain on lease modification | 10 | **(671)** | – |
| Deemed gain on increase in interest of a joint operation | 10 | **(89,908)** | – |
| Allowance for slow-moving inventories | 13 | **–** | 88,181 |
| Other payables and accruals written back | 10 | **–** | (50) |
| Impairment losses/(reversals of impairment losses) on trade receivables | 10 | **78,000** | (1,611) |
| Reversals of impairment losses on other receivables | 10 | **–** | (375) |
| **Adjusted EBITDA** | | **7,991,874** | 8,885,063 |

**EBITDA** is calculated as the profit/(loss) for the year, adjust for finance costs, income tax credit, depreciation and amortisation and depreciation on right-of-use assets.

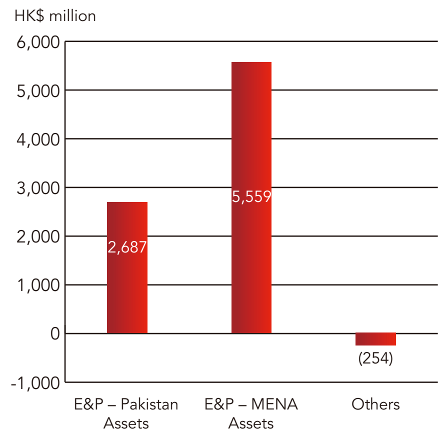
**Adjusted EBITDA** is calculated as the profit/(loss) for the year, adjust for finance costs, income tax credit, depreciation and amortisation, depreciation on right-of-use assets, property, plant and equipment written off, impairment losses on investment in associates, intangible assets and property, plant and equipment, share of profits of associates, gain on disposals of property, plant and equipment, gain on lease modification, deemed gain on increase in interest of a joint operation, allowance for slow-moving inventories, other payables and accruals written back, impairment losses/(reversals) of impairment losses on trade receivables and reversals of impairment losses on other receivables.

The adjusted EBITDA for the reporting period was approximately HK$7,991,874,000, decreased by 10.1% from the last year of approximately HK$8,885,063,000. The decrease in adjusted EBITDA was mainly attributable to the decrease in average net realised sales price during the reporting period.

**UEG 2024 FY – Adjusted EBITDA**




**UEG 2024 FY – Adjusted EBITDA by Assets**




Notes:

1. Adjusted EBITDA is calculated as the profit/(loss) for the year, adjust for finance costs, income tax credit, depreciation and amortisation, 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 profits of associates, gain on disposals of property, plant and equipment, gain on lease modification, deemed gain on increase in interest of a joint operation, allowance for slow-moving inventories, other payables and accruals written back, impairment losses/(reversals) of impairment losses on trade receivables and reversals of impairment losses on other receivables.

2. Others represent corporate and administrative expenses.

## Business and market outlook

According to the recent IMF forecast in January 2025, the global economy in 2025 is projected to grow by 3.3%. The economic growth forecast is expected to be below the historical annual average growth rate of 3.7%. Global headline inflation is expected to decline to 4.2 percent in 2025, converging back to target earlier in advanced economies than in emerging market and developing economies. Global oil demand is forecasted to increase by 1.45 mmbbld to average of 105.2 mmbbld, as per OPEC Monthly Market Report of January 2025. Oil and gas industry is expected to benefit from high energy prices caused by tightened and imbalanced market.

For 2025, the Group targets an average daily gross production of 178,900 to 204,200 boed, and an average daily working interest production of 104,200 to 120,600 boed. Capital expenditure is anticipated to reach US$750 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.

### Pakistan Assets:

According to an energy outlook report prepared by Ministry of Planning, Development and Special Initiatives Government of Pakistan, gas demand is expected to increase from approximately 3.56 bcfd in 2020 to approximately 4.24 bcfd in 2030. On the supply side, domestic production is expected to decline from approximately 3.69 bcfd in 2020 to approximately 2.18 bcfd by 2030. Gas shortage in Pakistan is mitigated by importing significantly more expensive LNG from the neighboring countries. Given Group's production is predominantly in gas, its sale of natural gas is almost guaranteed to be taken up by the state-owned gas distribution customers. The Group continues to leverage its experience and understanding of the geology and geophysics in Lower Indus Basin, Middle Indus Basin, Kirthar and Suleman Fold Belt of Pakistan to unlock the potentials of these assets. In January 2024, two exploration blocks were successfully awarded through the bidding process. Compared with 2023, the extent of exploration rights rose from 24,830 $Km^2$ to 26,454 $Km^2$, approximately 6.5% increase. Besides, efforts are in place to further to expand its footprint in Pakistan.

For Pakistan Assets, the Group plans to achieve an average daily working interest production of 29,500 to 35,500 boed in 2025.

### MENA Assets:

In March 2019, the Group completed the acquisition of KEC, which is engaged in exploration, appraisal, development and production of oil and gas assets in the MENA region. This acquisition brought high-quality assets to the Group's portfolio with significant scale and strong development potential. The production base and long reserve life of these assets are highly complementary to the Group's existing portfolio and will provide a sustainable development profile for the Group for the next two decades. As per reserve report issued by independent reserve auditor as of 31 December 2024, the MENA Assets were reported with 2P working interest reserve of 576.7 mmboe with almost 97.0% located in Iraq. The Group will leverage its strong financial capability to further unlock the potential of MENA Assets and replicate its past success story in MENA region. Average daily gross production of Block 9 in Iraq is expected to reach 130,000 boed. Gas production of Siba in Iraq is expected to reach a sustainable plateau production target in the near future. Egyptian assets are mature producing assets and are expected to stay stable in terms of both production and reserve, in 2025.

In 2025, Iraq Assets are expected to achieve an average daily working interest production of 65,100 to 73,000 boed, whereas Egypt Assets will achieve an average daily working interest production of 9,500 to 12,100 boed.

## Conclusion

The Group delivered a remarkable turnaround in 2024. This significant improvement reflects the effectiveness of our strategic initiatives, including enhanced operational efficiency, disciplined cost control, and focused investments in high-potential assets. Building on this momentum, the Group remains committed to ramping up production, strengthening its portfolio, and fostering innovation through investments in talent and technology. With a steadfast focus on sustainable growth and value creation, we are confident in our ability to deliver long-term returns for our shareholders while navigating the evolving energy market with resilience and agility.

## 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$2,935,796,000 as at 31 December 2024 (31 December 2023: approximately HK$3,327,279,000).

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 2024** | |
|---|---|---|
| | US$ | Equivalent to HK$ |
| Term loans | **30,000,000** | **234,000,000** |
| Prepayment facilities | **320,000,000** | **2,496,000,000** |
| Finance leases | **5,077,000** | **39,601,000** |
| | **355,077,000** | **2,769,601,000** |

As at 31 December 2024, the gearing ratio was approximately 11.6% (31 December 2023: 16.5%), based on borrowings, advance from customers, and lease liabilities under current liabilities and non-current liabilities of approximately HK$1,845,348,000 (31 December 2023: approximately HK$1,096,165,000) and approximately HK$1,180,702,000 (31 December 2023: approximately HK$3,172,251,000) respectively and total assets of approximately HK$26,120,400,000 (31 December 2023: approximately HK$25,829,150,000). As at 31 December 2024, the current ratio was approximately 1.01 times (31 December 2023: approximately 1.30 times), based on current assets of approximately HK$10,832,994,000 (31 December 2023: approximately HK$11,658,954,000) and current liabilities of approximately HK$10,768,648,000 (31 December 2023: approximately HK$8,987,411,000).

As at 31 December 2024, the Group's total borrowings amounted to approximately HK$233,775,000 (31 December 2023: approximately HK$2,794,035,000), all of them are denominated in United States dollars. The weighted average interest rate of the borrowings as at 31 December 2024 was 8.61% (31 December 2023: 8.33%).

As at 31 December 2024, the Group's property, plant and equipment, right-of-use assets, trade receivable, advances, deposits and prepayments and bank balances, with total carrying value of approximately HK$1,682,181,000 (31 December 2023: approximately HK$4,039,764,000) 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

On 29 March 2024, the Group entered into a sale and purchase agreement with an independent third party to acquire 100% equity interest of Green Profit EOOD at a base consideration of EUR37,500,000 with adjustments. Green Profit EOOD targets to develop total of 250MW solar electricity generation facilities in Bulgaria. The transaction has been completed on 15 November 2024.

On 30 June 2023, an associate, UEG Renewable Energy Group Private Limited, and a subsidiary, Super Success International Holdings Limited, of the Group together entered into a sale and purchase agreement with an independent third party to dispose the Group's entire equity interests of the associates, Super Success Investments Limited and UEP Wind Power (Private) Limited with their main assets and liabilities of wind power generation in Pakistan. However, approval for the disposal has not been granted by the PRC government authorities and such transaction was terminated on 31 December 2024 upon the expiry of long stop date.

Except for the above, 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 changes of the share capital structure of the Company are as follow:

The Company repurchased 190,910,000 shares of the Company in total as treasury shares from market after the recent amendments to the Listing Rules relating to treasury shares which have become effective on 11 June 2024. Shareholders approved to adopt the amendments of the existing bye-laws of the Company in order to enable the Company to hold and dispose of any repurchased shares of the Company as treasury shares in the Special General Meeting held on 12 August 2024.

After completion of the purchase of treasury shares during the period, the total number of issued shares of the Company (including treasury shares) was 26,040,504,786 shares as at 1 January 2024 and 31 December 2024 and the total number of issued shares of the Company (excluding treasury shares) was 25,849,594,786 shares as at 31 December 2024.

## Employees

As at 31 December 2024, the Group employed a total of 2,260 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 2024, the Group's five largest customers represented 84.8% of total turnover (2023: 79.4%) and the Group's five largest suppliers represented 53.5% of total cost of sales (2023: 52.4%).

# 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 2024, the Group engaged independent third party consulting firms to perform audit and review on the reserves estimates. The firms have audited over 88.9% 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 11.1% 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.

| | Pakistan Assets | | | MENA Assets | | | |
|---|---|---|---|---|---|---|---|
| **Net entitlement proved reserves** | **Oil, Condensate and LPG** (MMbbl) | **Sales Gas** (Bcf) | **Total** (MMboe) | **Oil, Condensate and LPG** (MMbbl) | **Sales Gas** (Bcf) | **Total** (MMboe) | **Total** (MMboe) |
| As at 31 December 2023 and 1 January 2024 | **15.2** | **192.5** | **48.4** | **108.1** | **70.8** | **119.9** | **168.3** |
| Production | **(3.3)** | **(58.8)** | **(13.4)** | **(10.7)** | **(1.9)** | **(11.0)** | **(24.4)** |
| Revisions | **1.8** | **72.0** | **14.2** | **1.1** | **3.8** | **1.7** | **15.9** |
| As at 31 December 2024 | **13.7** | **205.7** | **49.2** | **98.5** | **72.7** | **110.6** | **159.8** |

Notes:

1. 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.

2. 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: | • 12 Exploration wells | • 6 Exploration wells |
| Development activities: | • 9 Development wells<br>• 5 Rig workovers | • 20 Development wells<br>• 21 Rig workovers |
| Production activities: | • Average daily working interest production of 36,627 boed | • Average daily working interest production of 71,452 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 2024:

| | Pakistan Assets HK$'000 | MENA Assets HK$'000 | Total HK$'000 |
|---|---|---|---|
| Exploration costs | 567,310 | 184,900 | 752,210 |
| Development costs | 460,153 | 5,138,412 | 5,598,565 |
| Production costs (Note) | 553,586 | 823,740 | 1,377,326 |

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 2024, the Company has applied the principles and complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix C1 of the Listing Rules, save for the deviations which are explained below.

- The Code C.2.1 – the company have the post of chief executive officer but it was vacant;
- The Code B.2.2 – the independent non-executive Directors have not been appointed for any specific terms as they are subject to retirement by rotation at least once every three years in accordance with the Company's Bye-laws;

Code provision 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.

Code provision B.2.2 of the Code provides that every Director, including those appointed a specific term, should be subject to retirement by rotation at least once every three years. None of Directors has entered into any service contracts with the Company or its subsidiaries. In view of the fact that every Directors are subject to retirement by rotation at least once every three years though they have no set term of office, the Board considers that the quality of good corporate governance will not be impaired.

## Model Code for Securities Transactions by Directors

The Group has adopted the code of conduct with respect to the dealings in securities of the Company by the Directors as set out in Appendix C3 of the Listing Rules (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 2024.

## 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

As at 31 December 2024, the Board of Directors (the "Board") of the Company comprises six members and Mr. Zhang Hong Wei acts as the Chairman of the Board and Mr. Yiu Chi Shing acts as the Vice Chairman of the Board. Another executive Director is Ms. Zhang Meiying. The Company has three independent non-executive Directors, Mr. Chau Siu Wai, Mr. San Fung and Ms. Wang Ying, one of whom namely, Ms. Wang Ying has appropriate professional accounting experience and expertise.

| Board Members | Board of Directors | Audit Committee | Remuneration Committee | Nomination Committee |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| Mr. Zhang Hong Wei | C | | | |
| Mr. Yiu Chi Shing *(Appointed on 18 September 2024)* | VC | | | |
| Ms. Zhang Meiying | M | | M | M |
| **Independent Non-executive Directors** | | | | |
| Mr. Chau Siu Wai | M | M | M | M |
| Mr. San Fung | M | C | C | C |
| Ms. Wang Ying | 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. Yiu Chi Shing was appointed as the executive Director and Vice Chairman of the Board on 18 September 2024. As Mr. Yiu is the executive director and the vice chairman of Zhongyu Energy Holdings Limited (HKEX: 3633) since 29 October 2021, he confirmed that he already understood his obligations as a director of a listed company. On 7 October 2024, the Company has further appointed a firm of qualified solicitors to obtain legal advice that Mr. Yiu has re-confirmed he understood his obligations as the Director 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 on page 44 of this annual report.

During the year ended 31 December 2024, save as disclosed above 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 the family relationship between Mr. Zhang Hong Wei, Chairman of the Board, and Ms. Zhang Meiying, executive Director and daughter of the Chairman, there are no relationships among members of the Board. Except for the above, 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 13 Board meetings being held during the year ended 31 December 2024 and the attendance of individual Directors is as follows:

| | Board Meetings |
|---|---|
| Mr. Zhang Hong Wei | 13/13 |
| Mr. Yiu Chi Shing *(Appointed on 18 September 2024)* | 2/2 |
| Ms. Zhang Meiying | 13/13 |
| Mr. Chau Siu Wai | 13/13 |
| Mr. San Fung | 13/13 |
| Ms. Wang Ying | 13/13 |

The attendance records of individual Directors of the 2024 Annual General Meeting ("2024 AGM") held on 6 June 2024 and the Special General Meeting ("SGM") held on 12 August 2024 are set out below:

| | 2024 AGM | SGM |
|---|---|---|
| Mr. Zhang Hong Wei | 1/1 | 1/1 |
| Mr. Yiu Chi Shing *(Appointed on 18 September 2024)* | N/A | N/A |
| Ms. Zhang Meiying | 1/1 | 1/1 |
| Mr. Chau Siu Wai | 1/1 | 1/1 |
| Mr. San Fung | 1/1 | 1/1 |
| Ms. Wang Ying | 1/1 | 1/1 |

## 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.

Under code provision C.1.4, 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 2024, the Company provided reading materials on corporate governance, Directors' duties and responsibilities and regulatory update on the Listing Rules amendments 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 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 2024, 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 2024, the Audit Committee consists of all the independent non-executive Directors, namely Mr. Chau Siu Wai, Mr. San Fung and Ms. Wang Ying. 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.

During the year ended 31 December 2024, 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. Chau Siu Wai | 2/2 |
| Mr. San Fung | 2/2 |
| Ms. Wang Ying | 2/2 |

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 2024: (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

With effect from 17 July 2006, a remuneration committee has been set up with written terms of reference to review the remuneration package, performance-based remuneration and termination compensation of Directors and senior management of the Group. The Remuneration Committee comprises Mr. Chau Siu Wai, Mr. San Fung and Ms. Zhang Meiying. 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 2024, 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 2024.

### Nomination Committee

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

The Nomination Committee held 3 meetings in 2024 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 Report on pages 45 to 52.

During the year, remuneration paid/payable to the Group's auditors in respect of the audit and non-audit services during the year ended 31 December 2024 are set out below:

| **Remuneration paid/payable to the external auditors of the Company, Messrs. RSM Hong Kong** | **HK$** |
|---|---|
| – Audit services | 3,890,000 |
| – Non-audit services | 710,000 |

| **Remuneration paid/payable to other auditors** | **HK$** |
|---|---|
| – Audit services | 11,896,000 |
| – Non-audit services | 1,894,000 |

Note: The non-audit services included but not limited to interim compliance review, agreed upon procedures and taxation services.

## 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 2024, 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<br>(For the attention of the General Manager of the Investor Relations Department) |
| Fax: | 852–2522 6938 |
| Email: | ir@uegl.com.hk |

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.uegl.com.hk) 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 2024.

## 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 7 to 21 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, 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 31.

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 2024 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 53 to 59 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 | 30.4% | N/A |
| Five largest customers | 84.8% | N/A |
| The largest supplier | N/A | 16.2% |
| Five largest suppliers | N/A | 53.5% |

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 57 of this annual report respectively.

## Segment Information

The segment information of the Group for the year ended 31 December 2024 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 164 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. Zhang Hong Wei *(Chairman)*
Mr. Yiu Chi Shing *(Vice Chairman) (Appointed on 18 September 2024)*
Ms. Zhang Meiying

### Independent non-executive Directors:

Mr. Chau Siu Wai
Mr. San Fung
Ms. Wang Ying

Pursuant to Bye-laws 87(1) and 87(2), Mr. Yiu Chi Shing, Ms. Zhang Meiying and Mr. San Fung shall retire by rotation and being eligible, will offer themselves for re-election at the Annual General Meeting to be held on 3 June 2025.

There is no service contract entered into between the Company and independent non-executive Directors and they are not appointed for a specific term. However, all Directors are subject to retirement by rotation at least once every three years pursuant to the Bye-laws of the Company.

## 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.

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, 2,401,619 granted shares were vested due to retirement of eligible employees, 632,005 granted shares were forfeited due to resignation of eligible employees and no granted shares were cancelled or 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 123,226,846 shares, representing approximately 4.7% 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 2024, 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 Long Position | Number of Shares Short Position | Approximate % shareholding |
|---|---|---|---|---|---|
| Zhang Hong Wei (Note 1) | The Company | Attributable interest of controlled corporation | 13,436,012,833 | 2,020,915,141 | 51.60% (L)<br>7.76% (S) |
| Yiu Chi Shing (Note 2) | The Company | Attributable interest of controlled corporation | 6,013,681,397 | – | 23.09% (L) |
| Zhang Meiying (Note 3) | The Company | Attributable interest of controlled corporation | 1,287,700,000 | 800,000,000 | 4.94% (L)<br>3.07% (S) |

Notes:

1. Out of the 13,436,012,833 shares (51.60%), 7,684,809,845 shares (29.51%) were beneficially held by He Fu International Limited ("He Fu"), 4,272,592,988 shares (16.41%) were beneficially held by United Petroleum & Natural Gas Holdings Limited, 1,287,700,000 shares (4.94%) were beneficially held by Brand Master Group Limited ("Brand Master") and 190,910,000 shares were beneficially held as treasury shares by United Energy Group Limited. 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. He Fu 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. Brand Master is wholly-owned by Ms. Zhang Meiying. On 29 November 2024, Brand Master and He Fu entered into a voting deed pursuant to which Brand Master has conferred on He Fu control over the exercise of the voting rights attached to the 1,287,700,000 shares in the Company held by Brand Master ("Voting Deed"). As Mr. Zhang Hong Wei controls over one-third of the voting power at general meeting of the Company, he would be taken to have an interest in 190,910,000 treasury shares under Part XV of the SFO. Therefore, Mr. Zhang Hong Wei is deemed to be interested in those 13,436,012,833 shares (51.60%).

2. 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.

3. 1,287,700,000 shares (4.94%) were beneficially held by Brand Master which is wholly-owned by Ms. Zhang Meiying. Brand Master has conferred on He Fu control over the exercise of the voting rights attached to the 1,287,700,000 shares pursuant to the Voting Deed on 29 November 2024.

4. (L) denotes long position and (S) denotes short position.

Save as disclosed above, as at 31 December 2024, 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 2024, 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 |
|---|---|---|---|
| Zhang Hong Wei (Note a) | Attributable interest of controlled corporation | 13,436,012,833 (L)<br>2,020,915,141 (S) | 51.60% (L)<br>7.76% (S) |
| 名澤東方投資有限公司 (Note a) | Attributable interest of controlled corporation | 9,163,419,845 (L) | 35.19% (L) |
| 東方集團有限公司 (Note a) | Attributable interest of controlled corporation | 9,163,419,845 (L) | 35.19% (L) |
| 東方集團產業發展有限公司 (Note a) | Attributable interest of controlled corporation | 9,163,419,845 (L) | 35.19% (L) |
| Huilan Investment Limited (Note a) | Attributable interest of controlled corporation | 9,163,419,845 (L) | 35.19% (L) |
| He Fu International Limited (Note a) | Beneficial owner | 9,163,419,845 (L) | 35.19% (L) |
| Million Fortune Enterprises Limited (Note a) | Attributable interest of controlled corporation | 4,272,592,988 (L)<br>2,020,915,141 (S) | 16.41% (L)<br>7.76% (S) |
| United Petroleum & Natural Gas Holdings Limited (Note a) | Beneficial owner | 4,272,592,988 (L)<br>2,020,915,141 (S) | 16.41% (L)<br>7.76% (S) |
| Yiu Chi Shing (Note b) | Attributable interest of controlled | 6,013,681,397 (L) | 23.09% (L) |
| Equinox Investments Worldwide Ltd. (Note b) | Attributable interest of controlled | 5,983,681,397 (L) | 22.98% (L) |
| China Point Investment Ltd. (Note b) | Attributable interest of controlled | 5,983,681,397 (L) | 22.98% (L) |
| 泉州東海開發有限公司 (Note b) | Attributable interest of controlled | 5,983,681,397 (L) | 22.98% (L) |
| 廈門象嶼東洋國際貿易有限公司 (Note b) | Attributable interest of controlled | 5,983,681,397 (L) | 22.98% (L) |
| Hong Kong (Xiamen) Investment Development Company Limited (Note b) | Attributable interest of controlled | 5,983,681,397 (L) | 22.98% (L) |
| Sheen Wise International Investment Limited (Note b) | Beneficial owner | 5,983,681,397 (L) | 22.98% (L) |
| 東方集團股份有限公司 (Note c) | Attributable interest of controlled corporation | 6,572,483,000 (L) | 25.24% (L) |
| 東方集團糧油食品有限公司 (Note c) | Attributable interest of controlled corporation | 6,572,483,000 (L) | 25.24% (L) |
| 北京青龍湖嘉禾企業管理有限公司 (Note c) | Beneficial owner | 6,572,483,000 (L) | 25.24% (L) |
| Haitong Securities Co. Ltd. (Note d) | Attributable interest of controlled corporation | 2,039,700,000 (L) | 7.83% (L) |
| Haitong International Holdings Limited (Note d) | Attributable interest of controlled corporation | 2,039,700,000 (L) | 7.83% (L) |
| Haitong International Securities Group Limited (Note d) | Attributable interest of controlled corporation | 2,039,700,000 (L) | 7.83% (L) |
| Haitong International Securities Group (Singapore) Pte. Ltd. (Note d) | Attributable interest of controlled corporation | 2,039,700,000 (L) | 7.83% (L) |
| Haitong International Securities (Singapore) Pte. Ltd. (Note d) | Person having a security interest in shares | 2,039,700,000 (L) | 7.83% (L) |

Notes:

(a) 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. 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.

(b) 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.

(c) 北京青龍湖嘉禾企業管理有限公司 is jointly owned by a wholly-owned subsidiary of 東方集團股份有限公司 (30%) and 東方集團糧油食品有限公司 (40%). 東方集團糧油食品有限公司 is a wholly-owned subsidiary of 東方集團股份有限公司. Therefore, each of東方集團股份有限公司 and 東方集團糧油食品有限公司 is deemed or taken to be interested in 6,572,483,000 shares which are owned by 北京青龍湖嘉禾企業管理有限公司 as right to take the underlying shares under the SFO.

(d) Haitong International Securities (Singapore) Pte. Ltd. is a wholly-owned subsidiary of Haitong International Securities Group (Singapore) Pte. Ltd. which in turn is wholly-owned by Haitong International Securities Group Limited. Haitong International Securities Group Limited is a wholly-owned subsidiary of Haitong International Holdings Limited which itself is wholly-owned by Haitong Securities Co. Ltd.. Consequently, each of Haitong International Securities Group Limited, Haitong International Holdings Limited and Haitong Securities Co. Ltd. are deemed or taken to be interested in 2,039,700,000 shares which are owned by Haitong International Securities (Singapore) Pte. Ltd. as right to take the underlying shares under the SFO.

(e) (L) denotes long position and (S) denotes short position.

Save as disclosed above, as at 31 December 2024, 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 20 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" and "Performance Share Units Scheme" on page 36 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

There is no service contract entered between the Company and Directors and no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2024.

## Directors' Interests in Competing Business

During the year ended 31 December 2024, 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.

## Appointment of 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 2024.

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 2024.

## 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 2024.

On 21 June 2024, United Energy (Beijing) Limited, an indirect wholly-owned subsidiary of the Company, ("United Energy (Beijing)") as tenant, entered into a lease agreement (the "First Lease Agreement") with Beijing Dacheng Hotels Limited ("Beijing Dacheng") as landlord pursuant to which United Energy (Beijing) agreed to lease the first office premises from Beijing Dacheng for a term from 1 September 2024 to 31 August 2027 (both days inclusive).

On 29 August 2024, United Energy (Beijing), an indirect wholly-owned subsidiary of the Company, as tenant, entered into the second lease agreement (the "Second Lease Agreement") with Beijing Dacheng, as landlord, pursuant to which United Energy (Beijing) agreed to lease the second office premises from Beijing Dacheng for a term from 2 September 2024 to 31 August 2027 (both days inclusive).

In accordance with HKFRS 16 "Leases", the value of the right-of-use assets to be recognised by the Group in respect of the First Lease Agreement and the Second Lease Agreement were approximately RMB22,673,000 and RMB35,411,000 respectively (equivalent to approximately HK$24,841,000 and HK$38,798,000 respectively).

On 29 August 2024, United Energy (Beijing) also entered into the property service agreement (the "Property Service Agreement") with Orient Anyi (Beijing) Property Management Ltd ("Orient Anyi (Beijing)"), pursuant to which Orient Anyi (Beijing) agreed to provide property management services in respect of the first premises and the second premises to United Energy (Beijing) for a term from 2 September 2024 to 31 August 2027 (both days inclusive).

As at 21 June 2024 and 29 August 2024, Beijing Dacheng and Orient Anyi (Beijing) are both indirect 30%-controlled companies of Mr. Zhang Hong Wei, the Chairman, an executive Director and 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 First Lease Agreement and the Second Lease Agreement will constitute connected transactions and the Property Service Agreement therefore will constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Details of the transactions are set out in the Company's announcements dated 21 June 2024 and 29 August 2024.

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 2024 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 24 to 31 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 2024, the aggregate amounts of the Company's reserves available for distribution to equity shareholders of the Company was approximately HK$6,402,448,000 (31 December 2023: approximately HK$7,436,432,000).

## Dividends

The Board has recommended to declare and payment of a final dividend for the year ended 31 December 2024 at HK5 cents per share in the total amounts of approximately HK$1,292,480,000 (2023: Nil) to the shareholders whose names appear on the register of members of the Company on Wednesday, 11 June 2025. Subject to approval of the proposed final dividend by the Company's shareholders at the forthcoming annual general meeting to be held on Tuesday, 3 June 2025, the dividend cum-date and ex-date will be Thursday, 5 June 2025 and Friday, 6 June 2025 respectively, and the final dividend will be paid to the shareholders of the Company on or about Thursday, 26 June 2025. The proposed final dividend has not been reflected in the consolidated financial statements as at 31 December 2024.

## 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 Tuesday, 3 June 2025 (the "AGM").

## Closure of Register of Members

The AGM of the Company will be held on Tuesday, 3 June 2025. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 28 May 2025 to Tuesday, 3 June 2025, 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 branch share registrar and transfer office 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 Tuesday, 27 May 2025.

The proposed final dividend is subject to the passing of an ordinary resolution by the Company's shareholders at the AGM. The record date for entitlement to the proposed final dividend is Wednesday, 11 June 2025. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 10 June 2025 to Wednesday, 11 June 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 9 June 2025.

## Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the financial year ended 31 December 2024.

## Purchase, Sale or Redemption of Shares

The Company repurchased 190,910,000 shares of the Company in total as treasury shares from market on 21, 24, 28 June 2024 and 11 September 2024 after the recent amendments to the Listing Rules relating to treasury shares which have become effective on 11 June 2024. Shareholders approved to adopt the amendments of the existing bye-laws of the Company in order to enable the Company to hold and dispose of any repurchased shares of the Company as treasury shares in the Special General Meeting held on 12 August 2024.

| Trading Date | Number of shares repurchased | Method of repurchase | Highest repurchase price per share HK$ | Lowest repurchase price per share HK$ | Aggregate price paid HK$ |
|---|---|---|---|---|---|
| 21 June 2024 | 18,000,000 | On the Exchange | 0.435 | 0.430 | 7,782,000 |
| 24 June 2024 | 36,000,000 | On the Exchange | 0.365 | 0.355 | 12,990,000 |
| 28 June 2024 | 37,054,000 | On the Exchange | 0.285 | 0.280 | 10,460,390 |
| 11 September 2024 | 99,856,000 | On the Exchange | 0.310 | 0.300 | 30,757,240 |
| Total | 190,910,000 | | | | 61,989,630 |

Save as disclosed above, the Company has not redeemed any of its shares nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31 December 2024.

## Auditors

At the Company's last Annual General Meeting held on 6 June 2024, 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**

Zhang Hong Wei
*Chairman*
Hong Kong, 28 March 2025

# BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

## Executive Directors

**Mr. Zhang Hong Wei**, aged 70, joined the Company on 27 February 1998. Mr. Zhang is the Chairman of the Group. Mr. Zhang has 30 more years of experience in business management. As at the date of this annual report, Mr. Zhang is beneficially interested in 13,436,012,833 shares of the Company, representing approximately 51.60% of the existing issued share capital of the Company, and is the controlling shareholder of the Company. Mr. Zhang is the father of Ms. Zhang Meiying, an executive Director appointed on 19 June 2006.

**Mr. Yiu Chi Shing**, aged 61, joined the Company on 18 September 2024 as an executive Director and Vice Chairman of the Company. 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.

**Ms. Zhang Meiying**, aged 46, joined the Company on 19 June 2006 as an executive Director. Ms. Zhang previously worked in Citigroup Investment Banking Division (Hong Kong) and China Minsheng Banking Corporation Limited and has over 20 more years of experience in banking and financial management. Ms. Zhang Meiying holds a BBA degree in Finance and International Business from the George Washington University, USA and a Master degree in Finance Executive MBA from the Tsinghua University, China. As at the date of this annual report, Ms. Zhang is beneficially interested in 1,287,700,000 shares of the Company, representing approximately 4.94% of the existing issued share capital of the Company. Ms. Zhang has not held any directorship with other listed companies in the last 3 years. Ms. Zhang is the daughter of Mr. Zhang Hong Wei, the Chairman, executive Director and controlling shareholder of the Company.

## Independent Non-executive Directors

**Mr. San Fung**, aged 61, 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. Chau Siu Wai**, aged 55, joined the Company on 9 November 2004 as an independent non-executive Director. He obtained a master's degree in business administration from Murdoch University in Australia. Mr. Chau has over 20 more years of experience in financial reporting and investment.

**Ms. Wang Ying**, aged 47, joined the Company on 1 July 2017 as an independent non-executive Director. Ms. Wang graduated from the Beijing Chemical University with a major in Financial Accounting. In 2012, she also obtained a Beijing International MBA (BiMBA) from BiMBA Business School of the National School of Development at Peking University. Ms. Wang was the Senior Finance Manager (Internal Compliance & Risk Control, Accounting) of Pfizer Pharmaceuticals Limited. She has over 20 more years of experience in financial accounting, risk management and internal control. Through her past working experience, Ms. Wang has gained much experience in (a) preparing and conducting review and internal audit of financial statements and reports; and (b) internal control and procedures for financial reporting. The Board considers Ms. Wang possesses appropriate 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.

## Senior Management

**Mr. Song Yu**, aged 48, 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 graduated from Tsinghua University and obtained a bachelor's degree of Physics and 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.

# 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 53 to 163, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards 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") 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"), and we have 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 69 to 70 and page 82.<br><br>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 2024, the Group had property, plant and equipment and intangible assets with carrying values of approximately HK$11,692,119,000 and HK$1,259,170,000 respectively attributable to the exploration and production activities.<br><br>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 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$678,081,000 and HK$8,528,000 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.<br><br>• Understanding and evaluating key controls over management's impairment assessment process.<br><br>• 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.<br><br>• 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)** | **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: (cont'd)** |
| 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. | • 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:<br>– Assessed the mathematical accuracy of the write-off amounts;<br>– Assessed the written off assets performance by inspecting supporting evidence such as reserves estimates, current production information and future production plans;<br>– 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<br>– 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)**<br><br>• For impairment of property, plant and equipment and intangible assets, we obtained the discounted cash flow forecast prepared by management and:<br><br>– Assessed the integrity of the value in use model;<br><br>– Challenged the reasonableness of management's key assumptions based on our knowledge of the business and the industry;<br><br>– Reconciled input data to supporting evidence, such as approved budgets and considered the historical accuracy of those budgets;<br><br>– Assessed the appropriateness of the discount rates used with the assistance of our external valuation specialists; and<br><br>– 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**<br><br>Refer to Note 5 to the consolidated financial statements and the key sources of estimation uncertainty on page 88.<br><br>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.<br><br>These estimates have a significant impact on the financial statements, in particular in the determination of impairment losses and depreciation, depletion and amortisation charges.<br><br>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:**<br><br>• Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity.<br><br>• Understanding and evaluating management's internal processes and key controls over estimates of oil and gas reserves.<br><br>• Evaluating the outcome of prior period estimate of oil and gas reserves to assess the effectiveness of management's estimation process.<br><br>• 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.<br><br>• Evaluating whether the methodology adopted by the reserves specialists to estimate the oil and gas reserves was consistent with recognised industry standards.<br><br>• 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 issued by the HKICPA and 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 HKSAs, 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, 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.

**RSM Hong Kong**
*Certified Public Accountants*

28 March 2025
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 2024

| | Note | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|---|
| Turnover | 8 | **17,522,924** | 13,591,075 |
| Cost of sales | | **(14,221,273)** | (9,151,835) |
| **Gross profit** | | **3,301,651** | 4,439,240 |
| Investment and other income | 9 | **222,411** | 213,279 |
| Other gains and losses | 10 | **(438,337)** | (5,127,278) |
| Exploration expenses | | **(577,194)** | (492,526) |
| Administrative expenses | | **(700,501)** | (676,330) |
| Other operating expenses | | **(54,526)** | (87,026) |
| **Profit/(loss) from operations** | | **1,753,504** | (1,730,641) |
| Finance costs | 12 | **(351,143)** | (293,634) |
| Share of profits of associates | | **56,623** | 4,334 |
| **Profit/(loss) before tax** | | **1,458,984** | (2,019,941) |
| Income tax credit | 14 | **99,134** | 312,540 |
| **Profit/(loss) for the year** | 13 | **1,558,118** | (1,707,401) |
| **Attributable to:** | | | |
| Owners of the Company | | **1,558,132** | (1,707,385) |
| Non-controlling interests | | **(14)** | (16) |
| | | **1,558,118** | (1,707,401) |
| **Earnings/(loss) per share** | 16 | | |
| Basic (cents per share) | | **6.04** | (6.53) |
| Diluted (cents per share) | | **N/A** | N/A |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Profit/(loss) for the year** | **1,558,118** | (1,707,401) |
| **Other comprehensive income after tax:** | | |
| *Item that will not be reclassified to profit or loss:* | | |
| Remeasurement (losses)/gains on defined benefit pension plans, net of tax credit of approximately HK$400,000 (2023: tax expense of HK$669,000) | **(765)** | 1,658 |
| *Item that may be reclassified to profit or loss:* | | |
| Exchange differences on translating foreign operations | **(5,820)** | 1,285 |
| **Other comprehensive income for the year, net of tax** | **(6,585)** | 2,943 |
| **Total comprehensive income for the year** | **1,551,533** | (1,704,458) |
| **Attributable to:** | | |
| Owners of the Company | **1,551,547** | (1,704,442) |
| Non-controlling interests | **(14)** | (16) |
| | **1,551,533** | (1,704,458) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| | Note | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 18 | **11,870,336** | 11,224,269 |
| Right-of-use assets | 19 | **616,469** | 566,597 |
| Intangible assets | 20 | **1,582,605** | 1,619,227 |
| Investment in associates | 21 | **125,225** | 280,126 |
| Investment in a joint venture | 22 | **–** | – |
| Advances, deposits and prepayments | 23 | **93,423** | 43,059 |
| Deferred tax assets | 34 | **999,348** | 436,918 |
| | | **15,287,406** | 14,170,196 |
| **Current assets** | | | |
| Inventories | 24 | **257,860** | 252,570 |
| Trade and other receivables | 25 | **7,603,933** | 8,048,362 |
| Financial assets at fair value through profit or loss ("FVTPL") | 26 | **3,221** | 2,677 |
| Employee retirement benefits assets | 44(b) | **9,103** | 9,162 |
| Current tax assets | | **23,081** | 18,904 |
| Bank and cash balances | 27 | **2,935,796** | 3,327,279 |
| **Total current assets** | | **10,832,994** | 11,658,954 |
| **Current liabilities** | | | |
| Trade and other payables | 28 | **8,794,443** | 6,643,732 |
| Due to a director | 29 | **7,708** | 3,857 |
| Borrowings | 30 | **155,825** | 306,034 |
| Lease liabilities | 31 | **129,523** | 205,131 |
| Provisions | 32 | **33,959** | 10,565 |
| Financial guarantee contracts | 33 | **8,634** | 11,714 |
| Current tax liabilities | | **1,638,556** | 1,806,378 |
| **Total current liabilities** | | **10,768,648** | 8,987,411 |
| **Net current assets** | | **64,346** | 2,671,543 |
| **Total assets less current liabilities** | | **15,351,752** | 16,841,739 |

| | Note | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Trade and other payables | 28 | **979,276** | 585,000 |
| Borrowings | 30 | **77,950** | 2,488,001 |
| Lease liabilities | 31 | **166,752** | 99,250 |
| Provisions | 32 | **699,752** | 668,368 |
| Employee retirement benefits obligations | 44(b) | **54,677** | 38,608 |
| Deferred tax liabilities | 34 | **77,965** | 126,363 |
| | | **2,056,372** | 4,005,590 |
| **NET ASSETS** | | **13,295,380** | 12,836,149 |
| **Capital and reserves** | | | |
| Share capital | 35 | **260,405** | 260,405 |
| Reserves | 37(a) | **13,029,566** | 12,570,321 |
| Equity attributable to owners of the Company | | **13,289,971** | 12,830,726 |
| Non-controlling interests | | **5,409** | 5,423 |
| **TOTAL EQUITY** | | **13,295,380** | 12,836,149 |

Approved by the Board of Directors on 28 March 2025 and are signed on its behalf by:

**Zhang Hong Wei**
*Executive Director*

**Zhang Meiying**
*Executive Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital (Note 35) HK$'000 | Treasury shares (Note 35(b)) HK$'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 | Total equity HK$'000 |
| At 1 January 2023 | 262,899 | – | 2,519,759 | (2,286,000) | 8,488,029 | 8,916 | 7,899 | (132,606) | 2,623 | 6,930,521 | 15,802,040 | 5,780 | 15,807,820 |
| Total comprehensive income for the year | – | – | – | – | – | 1,285 | – | – | – | (1,705,727) | (1,704,442) | (16) | (1,704,458) |
| Repurchase of shares (Note 35(a)) | (2,494) | – | (213,997) | – | – | – | – | – | – | – | (216,491) | – | (216,491) |
| Purchase of shares under performance share unit scheme (Note 38(c)) | – | – | – | – | – | – | – | (14,113) | – | – | (14,113) | – | (14,113) |
| Equity-settled share-based payments under performance share unit scheme (Note 38(c)) | – | – | – | – | – | – | 14,988 | – | – | – | 14,988 | – | 14,988 |
| Shares vested under performance share unit scheme | – | – | – | – | – | – | (1,440) | 1,440 | – | – | – | – | – |
| Purchase of non-controlling interest | – | – | – | – | – | – | – | – | – | 341 | 341 | (341) | – |
| Dividend paid (Note 17) | – | – | – | – | (1,051,597) | – | – | – | – | – | (1,051,597) | – | (1,051,597) |
| Changes in equity for the year | (2,494) | – | (213,997) | – | (1,051,597) | 1,285 | 13,548 | (12,673) | – | (1,705,386) | (2,971,314) | (357) | (2,971,671) |
| At 31 December 2023 | 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 |
| 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(b)) | - | (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 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | Note | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit/(loss) before tax | | **1,458,984** | (2,019,941) |
| Adjustments for: | | | |
| Allowance for slow-moving inventories | | **–** | 88,181 |
| Allowance for trade receivables | | **78,000** | – |
| Depreciation and amortisation | | **5,268,605** | 4,649,632 |
| Depreciation of right-of-use assets | | **94,480** | 82,811 |
| Deemed gain on increase in interest of a joint operation | | **(89,908)** | – |
| Fair value gains on financial assets at FVTPL | | **(544)** | (614) |
| Finance costs | | **351,143** | 293,634 |
| Gain on disposals of property, plant and equipment | | **(9,850)** | (7,131) |
| Gain on lease modification | | **(671)** | – |
| Investment income | | **(70,227)** | (49,173) |
| Impairment losses on investment in associates | | **211,087** | 119,491 |
| Impairment losses on intangible assets | | **8,528** | 2,263,951 |
| Impairment losses on property, plant and equipment | | **212,083** | 2,833,566 |
| Imputed interest income on financial guarantee liabilities | | **(3,080)** | (3,072) |
| Other payables and accruals written back | | **–** | (50) |
| Property, plant and equipment written off | | **466,016** | 587,239 |
| Release of provision for decommissioning cost | | **(4,740)** | – |
| Reversal of allowance for trade receivables | | **–** | (1,611) |
| Reversal of allowance for other receivables | | **–** | (375) |
| Share-based payments | | **15,552** | 17,574 |
| Share of profits of associates | | **(56,623)** | (4,334) |
| Operating profit before working capital changes | | **7,928,835** | 8,849,778 |
| Decrease in inventories | | **2,587** | 48,559 |
| Increase in trade and other receivables | | **(641,874)** | (2,513,518) |
| Increase in advances, deposits and prepayments | | **(1,705)** | (482) |
| Increase in trade and other payables | | **1,141,123** | 1,684,741 |
| Increase in employee retirement benefits assets | | **(1,440)** | (1,035) |
| Increase in employee retirement benefits obligations | | **15,705** | 12,326 |
| Increase in due to a director | | **3,851** | 3,415 |
| (Decrease)/increase in provisions | | **(51,674)** | 54,442 |
| Cash generated from operations | | **8,395,408** | 8,138,226 |
| Interest paid | | **(274,428)** | (253,168) |
| Interest on lease liabilities | 39(b) | **(16,848)** | (37,189) |
| Income taxes paid | | **(678,133)** | (521,307) |
| Net cash generated from operating activities | | **7,425,999** | 7,326,562 |

| | Note | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Deposit paid for acquisition of property, plant and equipment | | **(56,835)** | (8,155) |
| Withdrawal of restricted bank deposits | | **–** | 85,669 |
| Proceeds from disposals of property, plant and equipment | | **100** | – |
| Purchases of property, plant and equipment | | **(5,969,101)** | (6,685,918) |
| Purchases of intangible assets | | **(269,590)** | – |
| Interest received | | **68,050** | 48,997 |
| Net cash used in investing activities | | **(6,227,376)** | (6,559,407) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividends received | | **308** | 176 |
| Borrowings raised, net of direct transaction cost | 39(b) | **–** | 2,409,251 |
| Repayment of borrowings | 39(b) | **(2,578,772)** | (3,074,136) |
| Advances from a customer | 39(b) | **2,340,000** | 1,560,000 |
| Repurchase of shares | | **–** | (216,491) |
| Purchase of shares under performance share unit scheme | | **(11,819)** | (14,113) |
| Purchase of treasury shares | | **(61,990)** | – |
| Principal elements of lease payments | 39(b) | **(244,808)** | (235,129) |
| Dividends paid to owners of the Company | | **(1,033,984)** | (1,051,597) |
| Net cash used in financing activities | | **(1,591,065)** | (622,039) |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | **(392,442)** | 145,116 |
| Effect of foreign exchange rate changes | | **959** | 12,708 |
| **CASH AND CASH EQUIVALENTS AT 1 JANUARY** | | **3,327,279** | 3,169,455 |
| **CASH AND CASH EQUIVALENTS AT 31 DECEMBER** | | **2,935,796** | 3,327,279 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | | |
| Bank and cash balances | | **2,935,796** | 3,327,279 |

## 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.

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

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

## 2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with all applicable 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 applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

**Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")**

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

*"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."*

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments. The Group has provided additional disclosures about its non-current liabilities subject to covenants in Note 6(b).

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## 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 2024 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

| | Effective for accounting periods beginning on or after |
|---|---|
| Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability | 1 January 2025 |
| 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 |
| 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.

**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 key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

## 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.

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.

## 4. Material Accounting Policy Information (Continued)

### (a) Consolidation (Continued)

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.

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.

## 4. Material Accounting Policy Information (Continued)

### (c) Associates (Continued)

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.

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.

## 4. Material Accounting Policy Information (Continued)

### (d) Joint arrangements (Continued)

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

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

Amortisation of contractual rights for solar energy business is calculated on a straight-line basis over their estimated useful lives of 35 years.

### (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 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 LSP obligation, the Group accounts for the employer MPF contributions expected to be offsetted 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 use 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.

## 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 2024, the Group recognised revenue relating to trading of energy products amounted to approximately HK$7,664,387,000 (2023: HK$3,173,113,000).

## 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 2024 was approximately HK$299,643,000 (2023: HK$340,432,000).

**(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$220,611,000 was provided for the carrying amounts of intangible assets, property, plant and equipment and right-of-use assets for the year ended 31 December 2024 (2023: HK$5,097,517,000).

## 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 2024 was approximately HK$733,211,000 (2023: HK$678,403,000).

**(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 2024, the carrying amount of trade receivables is approximately 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 (2023: HK$6,864,308,000 (net of allowances for trade receivables and price adjustments of approximately HK$24,348,000 and HK$195,610,000 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$99,134,000 (2023: HK$312,540,000) of income tax was credited to profit or loss based on the estimated profit/(loss) 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 2023, approximately HK$88,181,000 of allowance for slow-moving inventories was charged to profit or loss.

## 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 2024 was approximately HK$9,103,000 and HK$54,677,000 respectively (2023: employee retirement benefit assets and employee retirement benefit obligations of approximately HK$9,162,000 and HK$38,608,000 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 and bank and cash balances. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk.

At 31 December 2024, 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$1,971,000 higher/lower and retained earnings as at 31 December 2024 would have been approximately HK$1,971,000 higher/lower, arising mainly as a result of lower/higher interest expenses on the borrowings, advances from a customer and lease liabilities bearing interest at variable rates.

At 31 December 2023, if interest rates at that date had been 50 basis points lower/higher with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$11,353,000 lower/higher and retained earnings as at 31 December 2023 would have been approximately HK$11,353,000 higher/lower, arising mainly as a result of lower/higher interest expenses on the 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$2,729,775,000 (2023: HK$1,562,890,000) 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;

(ii) minimum cash balance of the Group is not less than certain required level;

(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;

(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;

(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;

(vi) 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; and

(vii) minimum consolidated equity of the Group is not less than certain required level.

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 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** | **–** |
| At 31 December 2023 | | | | | | |
| Trade and other payables | 5,917,328 | 6,050,725 | 5,436,081 | 614,644 | – | – |
| Due to a director | 3,857 | 3,857 | 3,857 | – | – | – |
| Borrowings | 2,794,035 | 3,402,093 | 529,791 | 770,816 | 2,101,486 | – |
| Financial guarantee contracts | 11,714 | 242,966 | 242,966 | – | – | – |
| Lease liabilities | 304,381 | 351,243 | 221,632 | 79,492 | 50,119 | – |

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.

## 6. Financial Risk Management (Continued)

### (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.

**Trade receivables**

As at 31 December 2024, approximately 68% (2023: 84%) of the Group's trade receivables were due from the Group's two (2023: 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 2024, trade receivables of approximately HK$632,878,000 (2023: HK$627,607,000) 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").

## 6. Financial Risk Management (Continued)

### (c) Credit risk (Continued)

**Trade receivables (Continued)**

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.

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 |

# 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 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** |

| 31 December 2023 | 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 | 0.3% | 7,084,266 | (24,348) | 7,059,918 |

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

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| At 1 January | **24,348** | 25,959 |
| Additions | **78,000** | – |
| Reversals | **–** | (1,611) |
| At 31 December | **102,348** | 24,348 |

The increase in trade receivables past due over 1 year resulted in increase in loss allowance of approximately HK$78,000,000 for the year ended 31 December 2024.

The decrease in trade receivables past due over 1 year resulted in decrease of loss allowance of approximately HK$1,611,000 for the year ended 31 December 2023.

### 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 form joint operators, sales tax receivables, loans to employees and other receivables.

## 6. Financial Risk Management (Continued)

### (c) Credit risk (Continued)

**Financial assets at amortised cost (Continued)**

As of 31 December 2024, an allowance was made for estimated irrecoverable other receivables of approximately HK$387,000 (2023: HK$387,000).

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| At 1 January | **387** | 762 |
| Reversals | **–** | (375) |
| At 31 December | **387** | 387 |

### (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 2024 and 2023 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 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.

## 6. Financial Risk Management (Continued)

### (e) Foreign currency risk (Continued)

At 31 December 2023, if the HK$ had weakened/strengthened by 3 per cent against the RMB with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$69,000 higher/lower and retained earnings as at 31 December 2023 would have been approximately HK$69,000 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 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 2023, if the HK$ had weakened/strengthened by 5 per cent against the PKR with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$11,813,000 higher/lower and retained earnings as at 31 December 2023 would have been approximately HK$11,813,000 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 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.

At 31 December 2023, if the HK$ had weakened/strengthened by 10 per cent against the EGP with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$6,362,000 higher/lower and retained earnings as at 31 December 2023 would have been approximately HK$6,362,000 lower/higher, 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.

The directors of the Company consider that the foreign currency exposure in respect of US$ and Iraqi Dinar for the years ended 31 December 2024 and 2023 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

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Financial assets:** | | |
| Financial assets at FVTPL: | | |
| Mandatorily measured at FVTPL | | |
| – Held for trading | **3,221** | 2,677 |
| Financial assets measured at amortised cost | **10,189,703** | 11,102,608 |
| **Financial liabilities:** | | |
| Financial liabilities at amortised cost | **8,824,910** | 8,715,220 |
| Financial guarantee contracts | **8,634** | 11,714 |

### (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 2024 and 2023 are measured by using Level 1 of the fair value hierarchy.

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

## 8. Turnover

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

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Sales and production of crude oil, condensate, gas and liquefied petroleum gas | **9,858,537** | 10,417,962 |
| Trading of energy products | **7,664,387** | 3,173,113 |
| | **17,522,924** | 13,591,075 |

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 | | Trading of energy products | | Total | |
|---|---|---|---|---|---|---|
| | 2024<br>HK$'000 | 2023<br>HK$'000 | 2024<br>HK$'000 | 2023<br>HK$'000 | 2024<br>HK$'000 | 2023<br>HK$'000 |
| **Primary geographical markets** | | | | | | |
| – Hong Kong | **–** | – | **215,587** | 291,178 | **215,587** | 291,178 |
| – Pakistan | **2,410,379** | 3,063,382 | **2,346,638** | – | **4,757,017** | 3,063,382 |
| – Singapore | **970,305** | 555,674 | **1,728,418** | 315,020 | **2,698,723** | 870,694 |
| – Egypt | **1,119,490** | 1,149,321 | **–** | – | **1,119,490** | 1,149,321 |
| – Iraq | **5,358,363** | 5,381,177 | **–** | – | **5,358,363** | 5,381,177 |
| – United Arab Emirates | **–** | 268,408 | **694,837** | 2,072,809 | **694,837** | 2,341,217 |
| – Switzerland | **–** | – | **2,678,907** | 494,106 | **2,678,907** | 494,106 |
| Revenue from external customers | **9,858,537** | 10,417,962 | **7,664,387** | 3,173,113 | **17,522,924** | 13,591,075 |

The turnover from sales and production of crude oil, condensate, gas, liquefied petroleum gas and energy products are net of sales tax, royalty to government, sales discounts and windfall levy amounting to approximately HK$379,626,000 (2023: HK$473,504,000), HK$470,480,000 (2023: HK$547,902,000), HK$10,247,000 (2023: HK$23,448,000), and HK$132,088,000 (2023: HK$169,410,000) respectively.

## 9. Investment and Other Income

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Dividends income from listed equity investments | **308** | 176 |
| Interest income on: | | |
| Bank deposits | **68,050** | 47,167 |
| Loan receivables | **1,869** | 1,830 |
| Total interest income | **69,919** | 48,997 |
| Liquefied petroleum gas processing fees charged to concessions, net | **6,668** | 7,764 |
| Income from technical services charged to concessions | **68,248** | 93,735 |
| Income from operation and maintenance services provided | **46,973** | 44,362 |
| Agency income from trade of commodities | **–** | 6,719 |
| Management fees income | **5,003** | 2,726 |
| Rental income | **3,418** | 3,999 |
| Sales of scrap materials | **2,603** | 227 |
| Service income from trade of energy products | **13,045** | – |
| Others | **6,226** | 4,574 |
| | **222,411** | 213,279 |

## 10. Other Gains and Losses

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Deemed gain on increase in interest of a joint operation | **89,908** | – |
| Fair value gains on financial assets at FVTPL | **544** | 614 |
| Gain on disposals of property, plant and equipment | **9,850** | 7,131 |
| Gain on lease modification | **671** | – |
| Net foreign exchange (losses)/gains | **(15,714)** | 230,226 |
| Release of provision for decommissioning cost | **4,740** | – |
| Reversal of impairment losses on trade receivables | **–** | 1,611 |
| Reversal of impairment losses on other receivables | **–** | 375 |
| Impairment losses on trade receivables | **(78,000)** | – |
| Impairment losses on investment in associates | **(211,087)** | (119,491) |
| Impairment losses on intangible assets | **(8,528)** | (2,263,951) |
| Impairment losses on property, plant and equipment | **(212,083)** | (2,833,566) |
| Imputed interest income on financial guarantee contracts | **3,080** | 3,072 |
| Property, plant and equipment written off | **(21,718)** | (153,349) |
| Other payables and accruals written back | **–** | 50 |
| | **(438,337)** | (5,127,278) |

## 11. Segment Information

The Group has identified two 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. |

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 profits of associates

Segment assets do not include the following items:

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

Segment liabilities do not include the following items:

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

## 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 | Total HK$'000 |
|---|---|---|---|
| **Year ended 31 December 2024** | | | |
| Turnover from external customers | 9,858,537 | 7,664,387 | 17,522,924 |
| Segment profit | 1,717,100 | 321 | 1,717,421 |
| Interest revenue | 63,929 | 5,990 | 69,919 |
| Interest expenses | 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 (credit)/expense | (100,247) | 1,113 | (99,134) |
| 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)

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

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

## 11. Segment Information (Continued)

### Reconciliations of segment profit or loss from continuing operations, assets and liabilities:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| **Profit or loss** | | |
| Total profit of reportable segments | **1,717,421** | 3,202,264 |
| Share of profits of associates | **56,623** | 4,334 |
| Investment and other income | **222,411** | 213,279 |
| Other gains and losses | **(438,337)** | (5,127,278) |
| Consolidated profit/(loss) from continuing operations | **1,558,118** | (1,707,401) |
| **Assets** | | |
| Total assets of reportable segments | **22,033,729** | 21,763,246 |
| Unallocated amounts: | | |
| Investment in associates | **125,225** | 280,126 |
| Deferred tax assets | **999,348** | 436,918 |
| Financial assets at fair value through profit or loss | **3,221** | 2,677 |
| Current tax assets | **23,081** | 18,904 |
| Bank and cash balances | **2,935,796** | 3,327,279 |
| Consolidated total assets | **26,120,400** | 25,829,150 |
| **Liabilities** | | |
| Total liabilities of reportable segments | **10,562,107** | 7,946,273 |
| Unallocated amounts: | | |
| Due to directors | **7,708** | 3,857 |
| Borrowings | **233,775** | 2,794,035 |
| Lease liabilities | **296,275** | 304,381 |
| Deferred tax liabilities | **77,965** | 126,363 |
| Current tax liabilities | **1,638,556** | 1,806,378 |
| Financial guarantee contracts | **8,634** | 11,714 |
| Consolidated total liabilities | **12,825,020** | 12,993,001 |

## 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 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Hong Kong | **215,587** | 291,178 | **567,944** | 546,377 |
| People's Republic of China ("PRC") except Hong Kong | **–** | – | **110,412** | 66,609 |
| Pakistan | **4,757,017** | 3,063,382 | **5,121,686** | 6,222,068 |
| Singapore | **2,698,723** | 870,694 | **1,566** | 1,597 |
| Egypt | **1,119,490** | 1,149,321 | **1,093,231** | 1,093,890 |
| Iraq | **5,358,363** | 5,381,177 | **7,025,627** | 5,767,212 |
| United Arab Emirates | **694,837** | 2,341,217 | **24,536** | 608 |
| Switzerland | **2,678,907** | 494,106 | **–** | – |
| Bulgaria | **–** | – | **306,434** | – |
| Consolidated total | **17,522,924** | 13,591,075 | **14,251,436** | 13,698,361 |

### Turnover from major customers:

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

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Customer A | **5,323,034** | 5,368,223 |
| Customer B (Note) | **2,678,907** | N/A |
| Customer C (Note) | **2,634,627** | N/A |
| Customer D (Note) | **2,449,777** | N/A |
| Customer E | **1,773,254** | 2,216,430 |

Note:

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

## 12. Finance Costs

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Interest on bank loans | **90,503** | 235,387 |
| Interest expense on lease liabilities | **16,848** | 37,189 |
| Interest on advances from customers | **204,874** | 49,728 |
| Provisions – unwinding of discounts (Note 32) | **42,359** | 26,861 |
| Others | **175** | – |
| Total borrowing costs | **354,759** | 349,165 |
| Amount capitalised | **(3,616)** | (55,531) |
| | **351,143** | 293,634 |

The weighted average capitalisation rate on funds borrowed generally is at a rate of 3.4% (2023: 9.5%) per annum.

## 13. Profit/(Loss) for the Year

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

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Auditors' remuneration | **15,786** | 7,133 |
| Depreciation and amortisation (Note (a)) | **5,268,605** | 4,649,632 |
| Depreciation on right-of-use assets | **94,480** | 82,811 |
| Cost of inventories sold (Note (b)) | **14,113,303** | 9,034,849 |
| Impairment losses on investment in associates (included in other gains and losses) | **211,087** | 119,491 |
| Impairment losses on intangible assets (included in other gains and losses) | **8,528** | 2,263,951 |
| Impairment losses on property, plant and equipment (included in other gains and losses) | **212,083** | 2,833,566 |
| Property, plant and equipment written off (included in other gains and losses of approximately HK$21,718,000 (2023: HK$153,349,000) and exploration expenses of approximately HK$444,298,000 (2023: HK$433,890,000)) | **466,016** | 587,239 |
| Allowance for slow-moving inventories | **–** | 88,181 |
| Allowance for trade receivables | **78,000** | – |
| Reversal of allowance for trade receivables | **–** | (1,611) |
| Reversal of allowance for other receivables | **–** | (375) |
| Staff costs excluding directors' emoluments | | |
| – Salaries, bonuses and allowances | **585,742** | 537,816 |
| – Retirement benefits – defined contribution plans | **34,435** | 33,878 |
| – Retirement benefits – defined benefit plans (Note 44(b)) | **19,524** | 15,394 |
| – Share-based payments | **15,552** | 17,574 |
| | **655,253** | 604,662 |

## 13. Profit/(Loss) for the Year (Continued)

Notes:

(a) Amortisation charges on intangible assets of approximately HK$334,529,000 (2023: HK$440,395,000) which are included in the costs of sales and services rendered.

(b) Cost of inventories sold includes staff costs, depreciation and amortisation, short term leases expenses and allowance for slow-moving inventories of approximately HK$5,585,540,000 (2023: HK$5,054,232,000) which are included in the amounts disclosed separately above.

## 14. Income Tax Credit

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

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Current tax – Overseas | | |
| Provision for the year | **508,426** | 1,218,717 |
| Deferred tax (Note 34) | **(607,560)** | (1,531,257) |
| | **(99,134)** | (312,540) |

No provision for profits tax in Austria, Cayman Islands, Bermuda, British Virgin Islands ("BVI"), Jersey, Kuwait, Dubai, Netherlands, United States of America, Republic of Panama, Mauritius, Cyprus, Bulgaria or Hong Kong is required as the Group has no assessable profit for the year arising in or derived from these jurisdictions for the years ended 31 December 2024 and 2023.

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

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

## 14. Income Tax Credit (Continued)

The reconciliation between the income tax credit and the product of profit/(loss) before tax multiplied by the weighted average tax rate of the consolidated companies is as follows:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Profit/(loss) before tax | **1,458,984** | (2,019,941) |
| Tax at the weighted average tax rate of 35% (2023: 37%) | **516,714** | (755,948) |
| Tax effect of income that is not taxable | **(2,913)** | (32,081) |
| Tax effect of expenses that are not deductible | **264,277** | 1,403,507 |
| Tax effect of share of profits of associates | **(8,443)** | (589) |
| Tax effect of tax losses not recognised | **6,679** | 445 |
| Tax effect on deferred tax balance resulting from a change in tax rate | **–** | 63 |
| Tax effect of other temporary differences recognised | **(413,330)** | (706,859) |
| Tax effect of withholding tax on gain derived from the Group's Iraq Branches | **3,059** | 4,206 |
| Tax effect of withholding tax on gain derived from the Group's Pakistan, Mauritius and Dubai subsidiaries | **30,780** | 34,310 |
| Tax effect of depletion allowance | **(271,710)** | (327,002) |
| Tax effect of royalty deduction | **(212,885)** | (242,524) |
| Tax effect of super tax in Pakistan | **(17,221)** | 305,969 |
| Tax effect of minimum turnover tax charged in Pakistan | **5,959** | 4,066 |
| Income tax at concessionary rate | **(100)** | (103) |
| Income tax credit | **(99,134)** | (312,540) |

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions in which the Group operates.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group's effective tax rates in all jurisdictions in which it operates are above 15% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

## 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 | Salaries | Discretionary bonus | Retirement benefits scheme contributions | Housing allowance | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Year ended 31 December 2024** | | | | | | |
| Executive directors: | | | | | | |
| Mr. Zhang Hong Wei | **–** | **7,800** | **–** | **–** | **4,248** | **12,048** |
| Mr. Yiu Chi Shing (Note) | **–** | **743** | **–** | **–** | **–** | **743** |
| Ms. Zhang Meiying | **–** | **4,550** | **–** | **18** | **1,081** | **5,649** |
| | **–** | **13,093** | **–** | **18** | **5,329** | **18,440** |
| Independent non-executive directors: | | | | | | |
| Mr. Chau Siu Wai | **120** | **–** | **–** | **–** | **–** | **120** |
| Mr. San Fung | **120** | **–** | **–** | **–** | **–** | **120** |
| Ms. Wang Ying | **120** | **–** | **–** | **–** | **–** | **120** |
| | **360** | **–** | **–** | **–** | **–** | **360** |
| | **360** | **13,093** | **–** | **18** | **5,329** | **18,800** |
| **Year ended 31 December 2023** | | | | | | |
| Executive directors: | | | | | | |
| Mr. Zhang Hong Wei | – | 7,800 | – | – | 20,695 | 28,495 |
| Ms. Zhang Meiying | – | 4,550 | – | 18 | 1,102 | 5,670 |
| | – | 12,350 | – | 18 | 21,797 | 34,165 |
| Independent non-executive directors: | | | | | | |
| Mr. Chau Siu Wai | 120 | – | – | – | – | 120 |
| Mr. San Fung | 120 | – | – | – | – | 120 |
| Ms. Wang Ying | 120 | – | – | – | – | 120 |
| | 360 | – | – | – | – | 360 |
| | 360 | 12,350 | – | 18 | 21,797 | 34,525 |

Note: Mr. Yiu Chi Shing was appointed on 18 September 2024.

None of the directors waived any emoluments during the year (2023: HK$Nil).

## 15. Directors' and Employee Benefits (Continued)

### (b) Employees' emoluments

The five highest paid individuals in the Group during the year included two directors (2023: two directors) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2023: three) individuals are set out below:

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Salaries and other benefits | **20,252** | 17,929 |
| Share-based payments | **2,569** | 2,967 |
| | **22,821** | 20,896 |

The emoluments fell within the following bands:

| | **Number of individuals** | |
|---|---|---|
| | **2024** | 2023 |
| HK$5,500,001 to HK$6,000,000 | **–** | 1 |
| HK$6,500,001 to HK$7,000,000 | **–** | 1 |
| HK$7,000,001 to HK$7,500,000 | **2** | – |
| HK$8,000,001 to HK$8,500,000 | **1** | – |
| HK$8,500,001 to HK$9,000,000 | **–** | 1 |
| | **3** | 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 (2023: 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 certain connected entities of Mr. Zhang Hong Wei, a director of the holding company of the Company, is as follows:

| Name of the borrower | Nature of connection | Total amount receivable HK$'000 | Outstanding amount at the beginning of the year HK$'000 | Outstanding amount at the end of the year HK$'000 | Maximum outstanding amount during the year HK$'000 | Amount due but not paid HK$'000 | Provision for doubtful debts made HK$'000 | Term | Interest rate | Security |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2024** | | | | | | | | | | |
| Quasi-loans or credit transactions: | | | | | | | | | | |
| Orient Group Beijing Investment Holding Limited | Controlled body corporate of Mr. Zhang Hong Wei | **32,288** | **30,420** | **32,288** | **32,288** | **-** | **-** | **Repayable on or before 29 September 2025** | **3 months LIBOR plus 1.7% per annum** | **Nil** |
| UEG Renewable Energy Group (Beijing) Limited | Controlled body corporate of Mr. Zhang Hong Wei | **-** | **1,473** | **-** | **1,473** | **-** | **-** | **Repayable on demand** | **Nil** | **Nil** |
| UEP Wind Power (Private) Limited | Controlled body corporate of Mr. Zhang Hong Wei | **162,367** | **152,454** | **162,367** | **162,367** | **-** | **-** | **Repayable on demand** | **Nil** | **Nil** |
| **As at 31 December 2023** | | | | | | | | | | |
| Quasi-loans or credit transactions: | | | | | | | | | | |
| Orient Group Beijing Investment Holding Limited | Controlled body corporate of Mr. Zhang Hong Wei | 30,420 | 28,590 | 30,420 | 30,420 | - | - | Repayable on or before 29 September 2024 | 3 months LIBOR plus 1.7% per annum | Nil |
| UEG Renewable Energy Group (Beijing) Limited | Controlled body corporate of Mr. Zhang Hong Wei | 1,473 | - | 1,473 | 1,473 | - | - | Repayable on demand | Nil | Nil |
| UEP Wind Power (Private) Limited | Controlled body corporate of Mr. Zhang Hong Wei | 152,454 | - | 152,454 | 152,454 | - | - | Repayable on demand | Nil | 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 (Continued)

#### (ii) The information about guarantees or security provided to certain controlled bodies corporate and connected entities of Mr. Zhang Hong Wei in respect of loans, quasi-loans or credit transactions is as follows:

| Name of the borrower | Nature of connection | Nature of guarantee or security | Maximum liability that may be incurred under the guarantee at the beginning of the year HK$'000 | Maximum liability that may be incurred under the guarantee at the end of the year HK$'000 | Maximum liability that may be incurred under the guarantee during the year HK$'000 | Amounts or liabilities incurred during the financial year for the purpose of fulfilling the guarantee or discharge the security HK$'000 |
|---|---|---|---|---|---|---|
| **As at 31 December 2024** | | | | | | |
| Loan | | | | | | |
| UEP Wind Power (Private) Limited | Controlled body corporate of Mr. Zhang Hong Wei | Corporate guarantee | **242,966** | **138,904** | **242,966** | **–** |
| **As at 31 December 2023** | | | | | | |
| Loan | | | | | | |
| UEP Wind Power (Private) Limited | Controlled body corporate of Mr. Zhang Hong Wei | Corporate guarantee | 339,565 | 242,966 | 339,565 | – |

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

Save as disclosed elsewhere in the consolidated financial statements, 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/(Loss) Per Share

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) 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$1,558,132,000 (2023: loss of HK$1,707,385,000) and the weighted average number of ordinary shares of 25,801,598,466 (2023: 26,151,548,893) in issue during the year.

### (b) Diluted earnings/(loss) per share

The Company did not have any dilutive potential ordinary share for the years ended 31 December 2024 and 2023. Diluted earnings/(loss) per share for the years ended 31 December 2024 and 2023 are the same as the basic earnings/(loss) per share for the year.

## 17. Dividend

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| 2024 Special dividend of HK4 cents per ordinary share paid | **1,033,984** | – |
| 2023 Special dividend of HK4 cents per ordinary share paid | **–** | 1,051,597 |
| | **1,033,984** | 1,051,597 |

Subsequent to the end of reporting period, final dividend in respect of the year ended 31 December 2024 of HK5 cents per ordinary share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting (2023: Nil).

## 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 2023 | 15,844 | 2,947 | 21,590 | 56,263 | 74,658 | 91,210 | 595,356 | 200,275 | 27,815,617 | 380,287 | 440,954 | 608,506 | 30,303,507 |
| Additions | – | – | – | – | – | – | 41,736 | 10,464 | 6,014,239 | 316,202 | 309,702 | 368,994 | 7,061,337 |
| Addition due to revision in decommissioning costs estimate | – | – | – | – | – | – | – | – | 54,443 | – | – | – | 54,443 |
| Written off | – | – | – | – | – | – | (519) | – | – | (19,959) | (433,890) | (133,390) | (587,758) |
| Transfers | – | – | – | – | – | 7,474 | 77,178 | 14,818 | 754,122 | (478,997) | (136,342) | (238,253) | – |
| Exchange differences | – | – | (297) | – | – | – | (1,075) | – | – | – | – | – | (1,372) |
| At 31 December 2023 and 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 | **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** |
| **Accumulated depreciation and impairment losses** | | | | | | | | | | | | | |
| At 1 January 2023 | – | 1,814 | 14,653 | 56,010 | 24,867 | 89,442 | 442,541 | 138,567 | 17,796,361 | – | – | – | 18,564,255 |
| Charge for the year | – | 454 | 4,132 | 69 | 4,979 | 3,316 | 51,675 | 20,297 | 4,124,315 | – | – | – | 4,209,237 |
| Impairment losses | – | – | – | – | – | – | – | – | 2,833,566 | – | – | – | 2,833,566 |
| Written off | – | – | – | – | – | – | (519) | – | – | – | – | – | (519) |
| Exchange differences | – | – | (228) | – | – | – | (423) | – | – | – | – | – | (651) |
| At 31 December 2023 and 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 | **-** | **2,722** | **20,481** | **56,148** | **34,825** | **94,288** | **540,126** | **180,321** | **29,816,926** | **-** | **-** | **-** | **30,745,837** |
| **Carrying amount** | | | | | | | | | | | | | |
| 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** |
| At 31 December 2023 | 15,844 | 679 | 2,736 | 184 | 44,812 | 5,926 | 219,402 | 66,693 | 9,884,179 | 197,533 | 180,424 | 605,857 | 11,224,269 |

## 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 and construction in progress attributable to the exploration and production activities which amounted to approximately HK$444,298,000 and HK$21,700,000 respectively (2023: exploration and evaluation expenditures, construction in progress and spare part attributable to the exploration and production activities which amounted to approximately HK$433,890,000, HK$19,959,000 and HK$133,390,000 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 2024, 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$212,083,000 and HK$8,528,000 (2023: HK$2,833,566,000 and HK$2,263,951,000) for the oil and gas properties and intangible assets (Note 20) respectively have been recognised for the year ended 31 December 2024.

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 the decrease in oil and gas reserves of concessions in Pakistan by updated information obtained from technical assessment in reservoir modelling. Based on the updated assessment, the management of the Group has revised the development plan of concessions in Pakistan that reduces its recoverable oil and gas reserves in future. 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 31.83% to 37.69% per annum (2023: ranged from 20.98% to 57.94% per annum).

At 31 December 2023, the carrying amount of property, plant and equipment pledged as security for the Group's borrowings amounted to approximately HK$1,636,825,000 (Note 30).

## 19. Right-Of-Use Assets

| | Properties HK$'000 | Plant and machinery HK$'000 | Motor vehicles HK$'000 | Aircraft HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| At 1 January 2023 | 5,348 | 121,144 | 19,583 | 419,230 | 565,305 |
| Additions | 57,118 | 130,947 | 8,796 | – | 196,861 |
| Depreciation | (29,013) | (130,001) | (5,676) | (33,316) | (198,006) |
| Derecognition upon early termination of leases | 2,516 | – | – | – | 2,516 |
| Exchange differences | (79) | – | – | – | (79) |
| At 31 December 2023 and 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 | **144,312** | **85,909** | **33,650** | **352,598** | **616,469** |

Lease liabilities of approximately HK$296,275,000 (2023: HK$304,381,000) are recognised with related right-of-use assets of approximately HK$616,469,000 as at 31 December 2024 (2023: HK$566,597,000). 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.

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Depreciation expenses on right-of-use assets (included in administrative expenses of approximately HK$80,458,000 (2023: HK$68,005,000), cost of sales and services rendered of approximately HK$14,022,000 (2023: HK$14,806,000) and approximately HK$93,509,000 (2023: HK$115,195,000) was capitalised to property, plant and equipment) | **187,989** | 198,006 |
| Interest expense on lease liabilities (included in finance cost of approximately HK$13,232,000 (2023: HK$21,096,000) and approximately HK$3,616,000 (2023: HK$16,093,000) was capitalised to property, plant and equipment) | **16,848** | 37,189 |
| Expenses relating to short-term lease (included in administrative expenses of approximately HK$11,979,000 (2023: HK$5,467,000) and cost of sales and services rendered of approximately HK$1,127,000 (2023: HK$1,216,000)) | **13,106** | 6,683 |

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

For both years, the Group leases various offices, plant and machinery, motor vehicles and aircraft for its operations. Lease contracts are entered into for fixed term of 2 to 5 years (2023: 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.

## 20. Intangible Assets

| | Concession and lease rights HK$'000 | Contractual rights for solar energy business HK$'000 | Club membership HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2023, 31 December 2023 and 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 | 9,551,320 | 306,435 | 17,000 | 9,874,755 |
| **Accumulated amortisation and impairment losses** | | | | |
| At 1 January 2023 | 5,244,747 | – | – | 5,244,747 |
| Amortisation for the year | 440,395 | – | – | 440,395 |
| Impairment losses | 2,263,951 | – | – | 2,263,951 |
| At 31 December 2023 and 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 | **8,292,150** | **–** | **–** | **8,292,150** |
| **Carrying amount** | | | | |
| At 31 December 2024 | **1,259,170** | **306,435** | **17,000** | **1,582,605** |
| At 31 December 2023 | 1,602,227 | – | 17,000 | 1,619,227 |

### 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 2025 and 2043. 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$8,528,000 (2023: HK$2,263,951,000) were recognised. The assessments by the management are disclosed in Note 18 to the consolidated financial statements.

### 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.

## 21. Investment in Associates

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Unlisted investments: | | |
| Cost of investment (Note (a)) | **22,605** | 22,605 |
| Share of net assets | **286,355** | 230,169 |
| Goodwill | **146,843** | 146,843 |
| | **455,803** | 399,617 |
| Less: Impairment loss | **(330,578)** | (119,491) |
| | **125,225** | 280,126 |

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 (2023: HK$119,491,000) 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.

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

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| At 1 January | **119,491** | – |
| Additions | **211,087** | 119,491 |
| At 31 December | **330,578** | 119,491 |

## 21. Investment in Associates (Continued)

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

| Name | Place of incorporation/ registration | Issued and paid up capital | Percentage of ownership interest/voting power/profit sharing 2024 | 2023 | Principal activities |
|---|---|---|---|---|---|
| Orient Group Beijing Investment Holding Limited ("OGBIH") | Mauritius | 47,769,535 ordinary shares of US$1 each | **48%** | 48% | Investment holding |
| UEG Renewable Energy Group (Private) Limited | Mauritius | 62,753,135 ordinary shares of US$1 each | **48%** | 48% | Investment holding |
| UEG Renewable Energy Group (Beijing) Limited | PRC | Paid up capital of RMB18,211,526 (2023: RMB17,500,306) | **–** | 48% | Dormant |
| Super Success Investments Limited | Mauritius | 63,000,000 ordinary share of US$1 each | **48.52%** | 48.52% | Investment holding |
| UEP Wind Power (Private) Limited (Note (a) & (b)) | Pakistan | 659,974,655 ordinary shares of PKR10 each | **48.52%** | 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) 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) 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 2024 | 2023 |
|---|---|---|
| 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 | **48.52%/48.52%** | 48.52%/48.52% |
| | **HK$'000** | HK$'000 |
| **At 31 December:** | | |
| Non-current assets | **832,311** | 893,627 |
| Current assets | **344,461** | 377,901 |
| Non-current liabilities | **(199,982)** | (348,520) |
| Current liabilities | **(429,548)** | (489,005) |
| Net assets | **547,242** | 434,003 |
| Group's share of net assets | **265,522** | 210,578 |
| Cost of investment | **22,605** | 22,605 |
| Goodwill | **146,843** | 146,843 |
| Group's share of carrying amount of interests | **434,970** | 380,026 |
| **Year ended 31 December:** | | |
| Revenue | **133,903** | 181,413 |
| Profit from operations | **54,348** | 7,052 |
| Other comprehensive income | **596** | (3,615) |
| Total comprehensive income | **54,944** | 3,437 |

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

## 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.

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **At 31 December:** | | |
| Carrying amounts of the Group's investments in associates | **20,833** | 19,591 |
| **Year ended 31 December:** | | |
| Share of the associates' profit/(loss) for the year | **2,275** | (2,718) |
| Share of the associates' other comprehensive income | **(1,033)** | 3,410 |
| Share of the associates' total comprehensive income | **1,242** | 692 |

## 22. Investment in a Joint Venture

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Unlisted investment: | | |
| Share of net assets | **–** | – |

Details of the Group's joint venture at 31 December 2024 are as follows:

| Name | Place of incorporation/ registration | Issued and paid up capital | Percentage of ownership interest/voting power/profit sharing 2024 | 2023 | Principal activities |
|---|---|---|---|---|---|
| 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.

| | 2024 HK$'000 | 2023 HK$'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 loss for the year amounting to approximately HK$99,000 (2023: HK$70,000) for Genuine Fair Limited. The accumulated losses not recognised were approximately HK$286,000 (2023: HK$187,000).

## 23. Advances, Deposits and Prepayments

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Advances to staff | 1,753 | 981 |
| Deposits and prepayments (Note (i)) | 34,869 | 33,936 |
| Deposits paid for acquisition of property, plant and equipment | 56,801 | 8,142 |
| | 93,423 | 43,059 |

Note:

(i) At 31 December 2024, deposits of approximately HK$32,055,000 (2023: HK$32,955,000) 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:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| HK$ | – | 50 |
| RMB | 1,421 | – |
| US$ | 88,335 | 41,047 |
| PKR | 3,667 | 1,962 |
| Total | 93,423 | 43,059 |

## 24. Inventories

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Finished goods | **76,137** | 62,704 |
| Spare parts and consumables | **308,904** | 317,047 |
| Less: allowance for inventories | **(127,181)** | (127,181) |
| | **257,860** | 252,570 |

## 25. Trade and Other Receivables

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Trade receivables (Note (a)) | **6,320,638** | 7,084,266 |
| Allowance for trade receivables | **(102,348)** | (24,348) |
| Allowance for price adjustments (Note (b)) | **(196,100)** | (195,610) |
| | **6,022,190** | 6,864,308 |
| Other receivables (Note (c)) | **1,582,130** | 1,184,441 |
| Allowance for other receivables | **(387)** | (387) |
| | **1,581,743** | 1,184,054 |
| Total trade and other receivables | **7,603,933** | 8,048,362 |

### (a) Trade receivables

The Group's trading terms with customers are mainly on credit. The credit term generally ranges from 30 to 45 days (2023: 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:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| 0 to 30 days | **3,858,007** | 2,469,309 |
| 31 to 60 days | **254,487** | 288,916 |
| 61 to 90 days | **688,384** | 1,904,084 |
| Over 90 days | **1,519,760** | 2,421,957 |
| | **6,320,638** | 7,084,266 |

## 25. Trade and Other Receivables (Continued)

### (a) Trade receivables (Continued)

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

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| RMB | **1** | 619 |
| US$ | **6,301,352** | 7,069,913 |
| PKR | **19,285** | 13,734 |
| Total | **6,320,638** | 7,084,266 |

At 31 December 2024, the carrying amount of trade receivables pledged as security for the Group's borrowings amounted to approximately HK$632,878,000 (2023: HK$627,607,000) (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$196,100,000 (2023: HK$195,610,000) was provided.

### (c) Other receivables

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

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Due from joint operators | **752,320** | 505,284 |
| Advances to staff | **12,194** | 10,807 |
| Central excise duty receivables | **4,843** | 6,716 |
| Deposits and prepayments | **380,048** | 339,331 |
| Sales tax receivables | **171,381** | 99,055 |
| Other tax receivables | **1,989** | 5,557 |
| Withholding tax receivables | **1,334** | 1,334 |
| Amount due from associates (Note (i)) | **194,655** | 184,347 |
| Others | **62,979** | 31,623 |
| | **1,581,743** | 1,184,054 |

Note:

(i) As at 31 December 2024, other than due from an associate of the Group, Orient Group Beijing Investment Holding Limited, of approximately HK$26,208,000 (2023: HK$26,208,000) which interest bearing at a rate of 3 months LIBOR plus 1.7% per annum (2023: 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.

## 25. Trade and Other Receivables (Continued)

### (c) Other receivables (Continued)

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

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| HK$ | **36,024** | 12,967 |
| RMB | **10,645** | 16,827 |
| US$ | **1,332,212** | 1,012,391 |
| PKR | **185,321** | 135,816 |
| Others | **17,541** | 6,053 |
| Total | **1,581,743** | 1,184,054 |

## 26. Financial Assets at Fair Value through Profit or Loss

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Equity securities, at fair value | | |
| Listed in Hong Kong at market value | **3,221** | 2,677 |

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

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Cash at bank and on hand (Note (a) and (b)) | **1,574,244** | 2,666,853 |
| Term deposits matured within 3 months (Note (b)) | **1,361,552** | 660,426 |
| Total bank and cash balances | **2,935,796** | 3,327,279 |

At 31 December 2024, the bank and cash balances of the Group denominated in RMB amounted to approximately HK$59,641,000 (2023: HK$41,268,000). 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 2024, the carrying amount of cash at bank and on hand amounted to approximately HK$548,092,000 (2023: HK$1,049,680,000) and HK$61,334,000 (2023: HK$262,504,000) 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 2024, the carrying amount of cash at bank and on hand and term deposits matured within 3 months amounted to approximately HK$21,577,000 (2023: HK$21,577,000) is pledged as security for the commitments of exploration expenditures of the Group.

## 28. Trade and Other Payables

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Trade payables (Note (a)) | **2,139,032** | 1,117,991 |
| Other payables (Note (b)) | **7,634,687** | 6,110,741 |
| Total trade and other payables | **9,773,719** | 7,228,732 |
| Analysed as: | | |
| Current liabilities | **8,794,443** | 6,643,732 |
| Non-current liabilities | **979,276** | 585,000 |
| | **9,773,719** | 7,228,732 |

## 28. Trade and Other Payables (Continued)

### (a) Trade payables

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

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| 0 to 30 days | **761,135** | 394,838 |
| 31 to 60 days | **215,777** | 138,550 |
| 61 to 90 days | **82,322** | 331,963 |
| Over 90 days | **1,079,798** | 252,640 |
| | **2,139,032** | 1,117,991 |

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

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| RMB | **189** | 2,383 |
| US$ | **2,001,428** | 942,520 |
| PKR | **52,881** | 70,261 |
| EGP | **55,215** | 102,558 |
| Others | **29,319** | 269 |
| Total | **2,139,032** | 1,117,991 |

### (b) Other payables

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Accrual for operating and capital expenses | **2,698,622** | 2,354,045 |
| Due to joint operators | **106,041** | 87,474 |
| Deferred payment for acquisition of a subsidiary | **43,276** | – |
| Advances from a customer (Note (i)) | **2,496,000** | 1,170,000 |
| Salaries and welfare payables | **188,056** | 210,143 |
| Provision for infrastructure funds | **867,122** | 911,253 |
| Other tax payables | **1,190,292** | 1,311,404 |
| Others | **45,278** | 66,422 |
| | **7,634,687** | 6,110,741 |

Note:

(i) The Group entered into an agreement with a customer for secured crude oil prepayment facilities to the extent of approximately HK$3,120,000,000 (equivalent to approximately US$400,000,000) (2023: HK$1,170,000,000 (equivalent to approximately US$150,000,000)). Advances drawn under the facilities bear interest rates at 5.25% plus 3 months Term SOFR per annum (2023: 4.75% 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.

## 28. Trade and Other Payables (Continued)

### (b) Other payables (Continued)

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

| | **2024** **HK$'000** | 2023 HK$'000 |
|---|---|---|
| HK$ | **31,564** | 23,857 |
| RMB | **38,160** | 47,412 |
| US$ | **6,987,956** | 5,333,631 |
| PKR | **441,364** | 702,705 |
| EGP | **49,545** | 1,307 |
| United Arab Emirates Dirham ("AED") | **34,905** | 524 |
| Euro | **43,398** | – |
| Others | **7,795** | 1,305 |
| Total | **7,634,687** | 6,110,741 |

## 29. Due to a Director

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

## 30. Borrowings

| | **2024** **HK$'000** | 2023 HK$'000 |
|---|---|---|
| Bank loans, secured | **233,775** | 2,794,035 |

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

| | **2024** **HK$'000** | 2023 HK$'000 |
|---|---|---|
| Within one year or on demand | **155,825** | 306,034 |
| More than one year, but not exceeding two years | **77,950** | 578,798 |
| More than two years, but not more than five years | **–** | 1,909,203 |
| | **233,775** | 2,794,035 |

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 2024 was 8.61% (2023: 8.33%).

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

## 30. Borrowings (Continued)

As at 31 December 2024, 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 and Kuwait Energy (Eastern Desert) Petroleum Services S.A.E (2023: Asia Resources Oil Limited, UEP Alpha Limited, UEP Beta GmbH, United Energy Pakistan Holdings Limited, United Energy Pakistan Limited, Gold Cheers Corporation Limited, KEC (MENA) Limited, KEC (Egypt) Limited, Kuwait Energy Egypt Limited, United Energy Egypt Limited and Kuwait Energy (Eastern Desert) Petroleum Services S.A.E);

(ii) certain property, plant and equipment, 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) (2023: HK$2,526,936,000 (equivalent to approximately US$323,966,000));

(iii) unlimited corporate guarantee provided by the Company and wholly owned subsidiaries of the Company including KEC (Egypt) Limited, Kuwait Energy Egypt Limited, United Energy Egypt Limited and Kuwait Energy (Eastern Desert) Petroleum Services S.A.E (2023: Asia Resources Oil Limited, UEP Alpha Limited, UEP Beta GmbH, United Energy Pakistan Holdings Limited, United Energy Pakistan Limited, KEC (Egypt) Limited, Kuwait Energy Egypt Limited, United Energy Egypt Limited and Kuwait Energy (Eastern Desert) Petroleum Services S.A.E); and

(iv) unlimited personal guarantee provided by the executive directors of the Company.

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 2024 (2023: 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 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Within one year | **147,993** | 221,632 | **129,523** | 205,131 |
| In the second to fifth years, inclusive | **208,048** | 129,611 | **166,752** | 99,250 |
| | **356,041** | 351,243 | **296,275** | 304,381 |
| Less: Future finance charges | **(59,766)** | (46,862) | **N/A** | N/A |
| Present value of lease obligations | **296,275** | 304,381 | **296,275** | 304,381 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | | | **(129,523)** | (205,131) |
| Amount due for settlement after 12 months | | | **166,752** | 99,250 |

The weighted average incremental borrowing rates applied to lease liabilities range from 3.35% to 22.00% (2023: 3.15% to 22.00%).

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

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| HK$ | **53,785** | 1,491 |
| RMB | **53,692** | 11,209 |
| US$ | **100,560** | 232,226 |
| AED | **19,843** | – |
| PKR | **66,914** | 57,865 |
| Singapore Dollar | **1,481** | 1,590 |
| Total | **296,275** | 304,381 |

## 32. Provisions

| | Dismantling costs in respect of leasehold improvements HK$'000 | Decommissioning costs HK$'000 | Total HK$'000 |
|---|---|---|---|
| At 1 January 2023 | 530 | 623,199 | 623,729 |
| Less: | | | |
| Reversal of provisions recognised during the year | – | (13,869) | (13,869) |
| Actual costs incurred during the year | – | (26,099) | (26,099) |
| Add: | | | |
| Provisions recognised during the year | – | 68,311 | 68,311 |
| Unwinding of discounts | – | 26,861 | 26,861 |
| At 31 December 2023 and 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 | **500** | **733,211** | **733,711** |

## 32. Provisions (Continued)

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Analysed as: | | |
| Current liabilities | **33,959** | 10,565 |
| Non-current liabilities | **699,752** | 668,368 |
| | **733,711** | 678,933 |

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

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Fair value of financial guarantees | **8,634** | 11,714 |

At the end of the reporting period, the Company has issued certain guarantees of approximately HK$715,282,000 (2023: HK$715,282,000) to a bank in respect of banking facilities granted to an 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 at the end of the reporting period 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 (2023: HK$242,966,000).

## 34. Deferred Tax

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

| | Accelerated tax depreciation HK$'000 | Intangible assets HK$'000 | Allowance for inventories HK$'000 | Finance costs HK$'000 | Allowance for price adjustments HK$'000 | Provision for expected credit losses HK$'000 | Provision for workers' funds HK$'000 | Pre-commercial expenditure for concession rights surrendered HK$'000 | Defined benefit liabilities HK$'000 | Tax losses HK$'000 | Right-of-use assets HK$'000 | Lease liabilities HK$'000 | Others HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2023 | (158,011) | 1,657,578 | (24,420) | (209,928) | (117,761) | (1,418) | (28,283) | 114,640 | 2,792 | (16,849) | - | - | (7,320) | 1,211,020 |
| (Credit)/charge to profit or loss for the year (Note 14) | (606,129) | (884,422) | (53,886) | (28,562) | (13,265) | 800 | (5,817) | - | - | 5,820 | 55,757 | (526) | (1,027) | (1,531,257) |
| Charge to other comprehensive income for the year | - | - | - | - | - | - | - | - | 669 | - | - | - | - | 669 |
| Exchange differences | (1,523) | - | 751 | - | (50) | - | 5,639 | - | (557) | 3,297 | - | - | 1,456 | 9,013 |
| At 31 December 2023 and 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)** |
| Credit 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 | **(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)** |

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

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Deferred tax liabilities | **77,965** | 126,363 |
| Deferred tax assets | **(999,348)** | (436,918) |
| | **(921,383)** | (310,555) |

At the end of the reporting period, the Group has unused tax losses and other deductible temporary differences of approximately HK$212,311,000 and HK$1,341,000 respectively (2023: HK$134,130,000 and HK$1,835,000 respectively) that are available for offsetting against future taxable profits. A deferred tax asset has been recognised in respect of approximately HK$70,091,000 (2023: HK$19,330,000) of such losses. No deferred tax assets have been recognised in respect of the remaining approximately HK$142,220,000 (2023: HK$114,800,000) due to unpredictability of future profit streams. Included in unrecognised tax losses are of approximately HK$28,727,000 (2023: HK$3,848,000) that will expire from 2025 to 2030 (2023: from 2024 to 2028). 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

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Authorised:<br>60,000,000,000 ordinary shares of HK$0.01 each | **600,000** | 600,000 |
| Issued and fully paid:<br>26,040,504,786 (at 31 December 2023: 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:

| | | Number of shares | | | |
|---|---|---|---|---|---|
| | Note | Issued shares (excluding treasury shares) '000 | Treasury shares '000 | Total number of issued shares '000 | Nominal value of shares issued HK$'000 |
| At 1 January 2024 | | 26,289,928 | – | 26,289,928 | 262,899 |
| Repurchase of shares | (a) | (249,424) | – | (249,424) | (2,494) |
| At 31 December 2023 and 1 January 2024 | | 26,040,504 | – | 26,040,504 | 260,405 |
| Purchase of treasury shares | (b) | (190,910) | 190,910 | – | – |
| At 31 December 2024 | | 25,849,594 | 190,910 | 26,040,504 | 260,405 |

Note:

(a) The Company repurchased 249,424,000 of its own shares on the Stock Exchange in November 2023. The repurchased shares were cancelled on 20 December 2023. The total amount paid on the repurchased shares was approximately HK$216,491,000 and have been deducted from the share capital and share premium account.

(b) 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 2024 and 2023.

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 2024 was 49% (2023: 50%).

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 2024, 25.31% (2023: 27.23%) 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 2024 and 2023.

## 36. Statement of Financial Position of the Company and Reserve Movement of the Company

### (a) Statement of financial position of the Company

| | Note | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **20,539** | 4,389 |
| Right-of-use assets | | **402,555** | 385,914 |
| Investments in subsidiaries | | **51,504** | 20,823 |
| Investments in an associate | | **22,605** | 22,605 |
| Intangible assets | | **17,000** | 17,000 |
| | | **514,203** | 450,731 |
| **Current assets** | | | |
| Other receivables | | **72,988** | 48,052 |
| Financial assets at fair value through profit or loss | | **3,221** | 2,677 |
| Due from subsidiaries | | **10,336,687** | 9,954,738 |
| Bank and cash balances | | **1,067,261** | 338,316 |
| | | **11,480,157** | 10,343,783 |
| **Current liabilities** | | | |
| Other payables | | **36,043** | 28,384 |
| Lease liabilities | | **25,011** | 81,712 |
| Due to subsidiaries | | **10,372,615** | 9,720,186 |
| Due to a director | | **7,708** | 3,857 |
| Financial guarantee contracts | | **25,919** | 102,346 |
| Provisions | | **–** | 530 |
| | | **10,467,296** | 9,937,015 |
| **Net current assets** | | **1,012,861** | 406,768 |
| **Total assets less current liabilities** | | **1,527,064** | 857,499 |
| **Non-current liabilities** | | | |
| Lease liabilities | | **43,961** | 20,481 |
| Deferred tax liabilities | | **53,197** | 55,231 |
| Provisions | | **500** | – |
| | | **97,658** | 75,712 |
| **NET ASSETS** | | **1,429,406** | 781,787 |
| **Capital and reserves** | | | |
| Share capital | | **260,405** | 260,405 |
| Reserves | 36(b) | **1,169,001** | 521,382 |
| **TOTAL EQUITY** | | **1,429,406** | 781,787 |

The Company's statement of financial position was approved by the Board of Directors on 28 March 2025 and signed on its behalf by:

**Zhang Hong Wei**
*Executive Director*

**Zhang Meiying**
*Executive Director*

## 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 2023 | – | 2,519,759 | 8,488,029 | 7,899 | (132,606) | (8,973,523) | 1,909,558 |
| Repurchase of shares (Note 35(a)) | – | (213,997) | – | – | – | – | (213,997) |
| Purchase of shares under performance share unit scheme (Note 38(c)) | – | – | – | – | (14,113) | – | (14,113) |
| Equity-settled share-based payments under performance share unit scheme (Note 38(c)) | – | – | – | 14,988 | – | – | 14,988 |
| Shares vested under performance share unit scheme | – | – | – | (1,440) | 1,440 | – | – |
| Dividend paid (Note 17) | – | – | (1,051,597) | – | – | – | (1,051,597) |
| Profit and other comprehensive income for the year | – | – | – | – | – | (123,457) | (123,457) |
| At 31 December 2023 | – | 2,305,762 | 7,436,432 | 21,447 | (145,279) | (9,096,980) | 521,382 |
| 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(b)) | **(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** |

## 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 2024 and 2023, no share options were granted, exercised, lapsed or cancelled under the Scheme.

## 38. Share-Based Payments (Continued)

### (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.

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.

## 38. Share-Based Payments (Continued)

### (b) Employees performance share schemes (Continued)

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 approximately HK$61,000 (2023: HK$2,586,000) for the year ended 31 December 2024 in relation to the Employees Performance Share Schemes.

Subject to any early termination as may be determined by the Board of Directors of the Company (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.

## 38. Share-Based Payments (Continued)

### (b) Employees performance share schemes (Continued)

Movements in the number of Scheme Shares granted under the Employees Performance Share Schemes during the year are as follows:

| | | | Number of Scheme Shares | | | | | |
|---|---|---|---|---|---|---|---|---|
| Name of the scheme | Date of grant | Fair value per share at grant date | Outstanding as at 1 January 2024 | Granted during the year | Vested during the year | Lapsed during the year | Outstanding as at 31 December 2024 | Vesting period |
| Performance share scheme | 4 January 2021 | HK$1.45 | 3,610,608 | – | (3,610,608) | – | – | 4 January 2021 to 3 January 2024 |
| Executive performance share scheme | 4 January 2021 | HK$1.45 | 706,588 | – | (706,588) | – | – | 4 January 2021 to 3 January 2024 |
| Deferred annual bonus scheme | 4 January 2021 | HK$1.45 | 819,061 | – | (819,061) | – | – | 4 January 2021 to 3 January 2024 |
| | | | 5,136,257 | – | (5,136,257) | – | – | |

### (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 of directors (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.

During the year ended 31 December 2024, 40,000,000 shares (2023: 16,000,000 shares) were purchased by the trustee from the market at an average price of HK$0.30 (2023: HK$0.88) per share, with an aggregate amount of approximately HK$11,819,000 (2023: HK$14,113,000).

During the year ended 31 December 2023, 20,600,000 shares were granted to eligible employees pursuant to the PSU Scheme by the Company. The shares will be vested after three years from the grant date.

## 38. Share-Based Payments (Continued)

### (c) Performance share unit scheme (Continued)

Movements in the number of awarded shares granted under the PSU Scheme during the year are as follows:

| | | Number of award shares | | | | | |
|---|---|---|---|---|---|---|---|
| Date of grant | Fair value per share at grant date | Outstanding as at 1 January 2024 | Granted during the year | Vested during the year | Forfeited during the year | Outstanding as at 31 December 2024 | Vesting period |
| 17 May 2022 | HK$1.13 | 22,331,260 | – | (739,163) | (300,000) | 21,292,097 | 17 May 2022 to 16 May 2025 |
| 17 May 2022 | HK$1.13 | 15,769,259 | – | (1,412,456) | (132,005) | 14,224,798 | 17 May 2022 to 16 May 2025 |
| 27 June 2023 | HK$0.80 | 20,600,000 | – | (250,000) | (200,000) | 20,150,000 | 27 June 2023 to 26 June 2026 |
| | | 58,700,519 | – | (2,401,619) | (632,005) | 55,666,895 | |

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$15,491,000 (2023: HK$14,988,000) for the year ended 31 December 2024 in relation to the PSU Scheme.

At 31 December 2024, there are 178,893,741 shares (2023: 141,295,360 shares) held by the trustee.

## 39. Notes to the Consolidated Statement of Cash Flows

### (a) Major non-cash transaction

(i) During the year ended 31 December 2024, crude oil prepayment facilities amounted to approximately HK$1,014,000,000 (2023: HK$780,000,000) were settled by the delivery of the Group's crude oil entitlement.

(ii) During the year, additions of property, plant and equipment amounted to approximately HK$8,142,000 (2023: HK$333,635,000) were transferred from advances, deposits and prepayments.

(iii) During the year, depreciation on right-of-use assets of approximately HK$93,509,000 (2023: HK$115,195,000) were capitalised to property, plant and equipment.

(iv) Additions to right-of-use assets during the year of approximately HK$210,973,000 (2023: HK$196,861,000) was financed by leases liabilities and approximately HK$500,000 (2023: HK$Nil) was financed by provisions for dismantling costs in respect of leasehold improvements.

(v) Additions to contractual rights for solar energy business during the year of approximately HK$44,126,000 (equivalent to Euro 5,319,000) (2023: HK$Nil) were not yet settled and included in other payable.

## 39. Notes to the Consolidated Statement of Cash Flows (Continued)

### (b) 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 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(a)(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 |

## 39. Notes to the Consolidated Statement of Cash Flows (Continued)

### (b) 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 2023** | 390,000 | 3,472,313 | 340,215 | 4,202,528 |
| **Changes from operating cash flows:** | | | | |
| Interest on lease liabilities | – | – | (37,189) | (37,189) |
| **Changes from financing cash flows:** | | | | |
| Principal elements of lease payments | – | – | (235,129) | (235,129) |
| Advances from customers | 1,560,000 | – | – | 1,560,000 |
| Borrowings raised, net of direct transaction cost | – | 2,409,251 | – | 2,409,251 |
| Repayment of borrowings | – | (3,074,136) | – | (3,074,136) |
| | 1,560,000 | (664,885) | (235,129) | 659,986 |
| **Non-cash transaction:** | | | | |
| Additions to lease liabilities | – | – | 196,861 | 196,861 |
| Lease modification | – | – | 2,516 | 2,516 |
| Settlement by the Group's crude oil entitlement (Note 39(a)(i)) | (780,000) | – | – | (780,000) |
| Imputed interest | – | (13,393) | 37,189 | 23,796 |
| Exchange differences | – | – | (82) | (82) |
| | (780,000) | (13,393) | 236,484 | (556,909) |
| **As at 31 December 2023** | 1,170,000 | 2,794,035 | 304,381 | 4,268,416 |

## 39. Notes to the Consolidated Statement of Cash Flows (Continued)

### (c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for lease comprise the following:

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Within operating cash flows | **29,954** | 43,872 |
| Within financing cash flows | **248,424** | 251,222 |
| | **278,378** | 295,094 |

The amounts above are related to the followings:

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Lease rental paid | **278,378** | 295,094 |

## 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 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 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.

**(b)** At 31 December 2024, Orient Group and Orient Group Industrial & Development has provided corporate guarantees to the bank for banking facilities of approximately HK$715,282,000 (2023: HK$715,282,000) granted to the associate of the Group, OGBIH. Orient Group also entered into an entrusted guarantee agreement with OGBIH 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$4,829,000 to OGBIH (2023: HK$6,820,000).

## 40. Related Party Transactions (Continued)

**(c)** As at 31 December 2023, the executive directors of the Company, Mr. Zhang Hong Wei and Ms. Zhang Meiying have provided joint personal guarantees to the bank loans made to the Group totaling approximately HK$2,368,835,000.

**(d)** The executive director of the Company, Mr. Zhang Hong Wei has provided personal guarantees to secure certain of the Group's obligations under finance leases approximately HK$16,397,000 at 31 December 2024 (2023: HK$102,194,000).

**(e)** At 31 December 2024, the Company has provided an unlimited corporate guarantee in favour of its associate, UEP Wind Power (Private) Limited, against the bank loans of approximately HK$138,904,000 (2023: HK$242,966,000) made to the associate of the Group.

**(f)** For the year ended 31 December 2024, leases payments of approximately HK$21,243,000 (2023: HK$17,167,000) for leasing an office premises of the Group were paid to BDHL.

**(g)** For the year ended 31 December 2024, property management, electricity and rental expenses of approximately HK$3,629,000 (2023: HK$3,184,000) related to office premises of the Group were charged by OGAY.

**(h)** For the year ended 31 December 2024, service income on wind turbine operation and maintenance services of approximately HK$44,176,000 (2023: HK$43,246,000) were received from an 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.

## 41. Contingent Liabilities

**(a)** For the years ended 31 December 2024 and 2023, 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 (2023: HK$191,969,000) would be required to be made in the consolidated financial statements for the year ended 31 December 2024.

## 41. Contingent Liabilities (Continued)

**(c)** As at 31 December 2024, 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$898,741,000 (2023: HK$807,579,000).

**(d)** At the end of the reporting period, bank guarantees to the extent of approximately HK$53,593,000 (equivalent to US$6,871,000) (2023: HK$54,532,000 (equivalent to US$6,991,000)) 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:

(a)

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Contracted but not provided for: | | |
| Acquisition of property, plant and equipment | **977,177** | 1,990,128 |

(b) On 20 October 2014, the Group established a wholly owned subsidiary, United Energy (Beijing) Limited ("UEBL") in the PRC with registered capital of approximately HK$107,987,000 (equivalent to approximately RMB100,000,000) (2023: HK$110,348,000 (equivalent to approximately RMB100,000,000)). At 31 December 2024, the Group has contributed approximately HK$13,224,000 (equivalent to approximately RMB12,246,000) (2023: HK$13,513,000 (equivalent to approximately RMB12,246,000)) to UEBL. In accordance with the memorandum of association of UEBL, the remaining balance of approximately HK$94,763,000 (equivalent to approximately RMB87,754,000) (2023: HK$96,835,000 (equivalent to approximately RMB87,754,000)) shall be contributed to UEBL within twenty years from the date of its establishment.

(c) On 25 May 2017, UEBL, OGCL and Orient Group established a company, 東方藝術品有限公司 ("東方藝術品") in the PRC with registered capital of approximately HK$107,987,000 (equivalent to approximately RMB100,000,000) (2023: HK$110,348,000 (equivalent to approximately RMB100,000,000)). In accordance with the memorandum of association of 東方藝術品, UEBL is committed to contribute approximately HK$21,597,000 (equivalent to approximately RMB20,000,000) (2023: HK$22,070,000 (equivalent to approximately RMB20,000,000)) as 20% registered share capital of 東方藝術品. At 31 December 2024, UEBL has not yet contributed any capital to 東方藝術品. In accordance with the memorandum of association of 東方藝術品, capital contribution shall be made to 東方藝術品 on or before 30 June 2045.

## 42. Capital Commitments (Continued)

(d) On 2 July 2021, UEBL established a wholly owned subsidiary, 浙江嘉聯輝石油化工有限公司 ("Zhejiang Jia Lian Hui") in the PRC with registered capital of approximately HK$390,000,000 (equivalent to approximately US$50,000,000) (31 December 2023: HK$390,000,000 (equivalent to approximately US$50,000,000)). As at 31 December 2024, UEBL has not contributed any registered capital to Zhejiang Jia Lian Hui. In accordance with the memorandum of association of Zhejiang Jia Lian Hui, registered capital contribution shall be made to Zhejiang Jia Lian Hui by UEBL on or before 2 December 2050.

(e) At 31 December 2024, the Group has not contributed registered capital of approximately HK$88,321,000 (equivalent to approximately RMB81,788,000) (2023: HK$Nil) to UEG Renewable Energy Group (Beijing) Limited ("UEG Renewable (Beijing)"), a wholly owned subsidiary of the Group, in accordance with the memorandum of association of UEG Renewable (Beijing) and the balance shall be contributed on or before 20 June 2026.

## 43. Operating Lease Arrangements

The Group regularly entered into short-term leases for vessel mooring, staff quarters and motor vehicles. As at 31 December 2024, 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. During the years ended 31 December 2024 and 2023, the Group had no forfeited contributions under the MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2024 and 2023 under the MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

The Group's contribution under the MPF Scheme for the year ended 31 December 2024 amounted to approximately HK$362,000 (2023: HK$336,000).

## 44. Retirement Benefits Scheme (Continued)

### (a) Defined Contribution Plans (Continued)

**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. During the years ended 31 December 2024 and 2023, the Group had no forfeited contributions under the retirement benefits schemes and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2024 and 2023 under the retirement benefits schemes which may be used by the Group to reduce the contribution payable in future years.

The Group's contribution under the respective schemes for the year ended 31 December 2024 amounted to approximately HK$21,765,000 (2023: HK$18,022,000).

**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 2024 amounted to approximately HK$24,461,000 (2023: HK$21,608,000).

(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 2024 amounted to approximately HK$16,293,000 (2023: HK$18,762,000).

### (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.

## 44. Retirement Benefits Scheme (Continued)

### (b) Defined Benefit Plans (Continued)

**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:

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Fair value of plan assets | **32,705** | 31,119 |
| Present value of defined benefits obligations | **(23,602)** | (21,957) |
| Present value of unfunded obligations | **(54,677)** | (38,608) |
| | **(45,574)** | (29,446) |

## 44. Retirement Benefits Scheme (Continued)

### (b) Defined Benefit Plans (Continued)

**Other subsidiaries in Middle East (Continued)**

The following is the analysis of the retirement benefits assets and retirement benefits obligations recognised in the consolidated statement of financial position:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Employee retirement benefits assets | **9,103** | 9,162 |
| Employee retirement benefits obligations | **(54,677)** | (38,608) |
| | **(45,574)** | (29,446) |

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 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 | – | (948) | (414) | (1,362) |
| 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) | (264) | – | (699) |
| At 31 December 2024 | 32,705 | (23,602) | (54,677) | (45,574) |

## 44. Retirement Benefits Scheme (Continued)

### (b) Defined Benefit Plans (Continued)

**Other subsidiaries in Middle East (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 2023 | 33,445 | (24,198) | (27,886) | (18,639) |
| Amounts recognised in profit or loss: | | | | |
| Current service cost | – | (1,387) | (14,007) | (15,394) |
| Interest income/(expense) | 3,765 | (2,707) | (263) | 795 |
| Remeasurements recognised in other comprehensive income: | | | | |
| Gain on plan assets | 1,500 | – | – | 1,500 |
| Actuarial gains arising from changes in financial assumptions | – | 71 | 155 | 226 |
| Actuarial (losses)/gains arising from experience adjustments | – | (848) | 1,449 | 601 |
| Contributions to the plan by employer | 1,364 | – | – | 1,364 |
| Outstanding payments to member at the end of the year | (841) | 841 | – | – |
| Payments from the plan | (1,461) | 1,461 | 1,944 | 1,944 |
| Exchange differences | (6,653) | 4,810 | – | (1,843) |
| At 31 December 2023 | 31,119 | (21,957) | (38,608) | (29,446) |

## 44. Retirement Benefits Scheme (Continued)

### (b) Defined Benefit Plans (Continued)

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:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Cash and cash equivalents | 5,139 | 924 |
| Debt investments | 28,717 | 31,036 |
| Other liabilities – payable to outgoing members | (1,151) | (841) |
| | 32,705 | 31,119 |

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).

The principal actuarial assumptions adopted by the Group as at 31 December 2024 (expressed as weighted average) are as follows:

| | 2024 | 2023 |
|---|---|---|
| Discount rate | 4.50% – 24.00% | 4.35% – 16.00% |
| Salary growth rate | 6.00% – 25.00% | 6.00% – 16.00% |

## 44. Retirement Benefits Scheme (Continued)

### (b) Defined Benefit Plans (Continued)

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 | |
|---|---|---|---|
| | | **2024** | 2023 |
| | | **HK$'000** | HK$'000 |
| Discount rate | 1% | **(5,530)/5,825** | (4,581)/4,778 |
| Salary growth rate | 1% | **5,732/(5,495)** | 4,702/(4,556) |

## 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 2025 is approximately HK$19,870,000 (for the year ending 31 December 2024: HK$15,803,000).

The weighted average duration of the Group's defined benefits obligations is approximately 6.94 years (2023: 7.32 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 2024** | | | | | |
| Pension payments | **7,594** | **7,955** | **24,217** | **122,750** | **162,516** |
| **At 31 December 2023** | | | | | |
| Pension payments | 7,178 | 6,455 | 14,677 | 98,592 | 126,902 |

## 45. Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2024 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 (Pakistan) SRL | Barbados | US$9,775,568 | 100% | – | 100% | Engaged in activities relating to the exploration and production of crude oil and natural gas in Pakistan |
| 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 |

## 45. Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2024 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 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 DMCC | United Arab Emirates | AED50,000 | 100% | – | 100% | Investment holding and provision of administrative services |
| 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 DMCC | United Arab Emirates | AED50,000 | 100% | – | 100% | Investment holding and provision of clean energy related services |
| 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 |

## 45. Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2024 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 | |
| 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 |
| Kuwait Energy (Eastern Desert) Petroleum 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 |
| 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 |

The above table lists out the subsidiaries of the Company as at 31 December 2024, 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 2024, 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 2024 | 2023 | Principal activities |
|---|---|---|---|---|
| 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 | **50%** | 50% | Exploration of crude oil and natural gas |
| Sawan South | Pakistan | **75%** | – | Exploration and production of crude oil and natural gas |
| Gambat South | Pakistan | **10%** | 10% | Exploration and production of crude oil and natural gas |

## 46. Joint Operations (Continued)

As at 31 December 2024, 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 2024 | 2023 | Principal activities |
|---|---|---|---|---|
| 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 | | **47.5%** | 47.5% | Exploration of crude oil and natural gas |
| Siba | Iraq | **30%** | 30% | Exploration and production of crude oil and natural gas |
| Block 9 | Iraq | **60%** | 60% | Exploration and production of crude oil |
| Area A | Egypt | **70%** | 70% | Exploration and production of crude oil |
| Abu Sennan | Egypt | **32.1%** | 25% | Exploration and production of crude oil and natural gas |
| East Ras Qattara | Egypt | **49.5%** | 49.5% | Exploration and production of crude oil |

## 47. Events After the Reporting Period

(a) On 7 February 2025, United Energy (MENA) Limited, a wholly owned subsidiary of the Group entered into a share purchase agreement with Apex International Energy L.P., pursuant to the agreement the Group has conditionally agreed to acquire the entire issued share capital of Apex International Energy Holdings I ("AIEH I"), a company incorporated in the Cayman Islands, 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). AIEH I is an upstream oil and gas company and principally engaged in explorations and exploitations activities in Egypt. The completion of the acquisition is subject to the full satisfaction of conditions precedent mentioned in the share purchase agreement and the Egypt government approval before 7 February 2026.

Details of the acquisition of AIEH I were set out in the Company's announcements dated 7 February 2025, 26 February 2025 and 28 February 2025.

(b) On 14 February 2025, Super Success International Holdings Limited, a wholly owned subsidiary of the Group entered into a share sale and purchase agreement with a related company, Orient Group Industrial & Development, pursuant to the agreement the Group has conditionally agreed to acquire 52% issued share capital of OGBIH held by the related company, at a purchase consideration of approximately HK$148,200,000 (equivalent to approximately US$19,000,000). The completion of the acquisition is subject to the full satisfaction of conditions precedent mentioned in the share sale and purchase agreement and the Pakistan government approval.

Details of the acquisition of OGBIH were set out in the Company's announcements dated 14 February 2025, 27 February 2025 and 7 March 2025.

# FINANCIAL SUMMARY

## RESULTS

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | **HK'000** | HK'000 | HK'000 | HK'000 | HK'000 |
| Turnover | **17,522,924** | 13,591,075 | 10,753,743 | 7,436,936 | 6,204,227 |
| Profit/(loss) before tax | **1,458,984** | (2,019,941) | 3,021,096 | 2,432,816 | 1,026,763 |
| Income tax credit/(expense) | **99,134** | 312,540 | (419,950) | (432,239) | (162,588) |
| Profit/(loss) for the year | **1,558,118** | (1,707,401) | 2,601,146 | 2,000,577 | 864,175 |
| Attributable to: | | | | | |
| Owners of the Company | **1,558,132** | (1,707,385) | 2,601,162 | 2,000,597 | 864,176 |
| Non-controlling interests | **(14)** | (16) | (16) | (20) | (1) |
| | **1,558,118** | (1,707,401) | 2,601,146 | 2,000,577 | 864,175 |

| | As at 31 December | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | **HK'000** | HK'000 | HK'000 | HK'000 | HK'000 |
| Total assets | **26,120,400** | 25,829,150 | 27,419,844 | 25,032,350 | 24,941,385 |
| Total liabilities | **(12,825,020)** | (12,993,001) | (11,612,024) | (10,792,070) | (12,025,593) |
| Net assets | **13,295,380** | 12,836,149 | 15,807,820 | 14,240,280 | 12,915,792 |
| Equity attributable to owners of the Company | **13,289,971** | 12,830,726 | 15,802,040 | 14,234,374 | 12,907,170 |
| Non-controlling interests | **5,409** | 5,423 | 5,780 | 5,906 | 8,622 |
| Total equity | **13,295,380** | 12,836,149 | 15,807,820 | 14,240,280 | 12,915,792 |

# 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 |
| "Board" | board of directors of the Company |
| "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 environmental |
| "IMF" | International Monetary Fund |
| "Iraq Assets" | assets in Iraq area engaged in Upstream business |
| "KEC" | Kuwait Energy PLC |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "MENA" | Middle East and North Africa |
| "MENA Assets" | assets in MENA engaged in Upstream business, including Iraqi Assets and Egypt Assets |
| "Model Code" | Appendix C3 of the Listing Rules – Model Code for Securities Transactions by Directors of Listed Issuers |
| "OPEC" | Organisation of the Petroleum Exporting Countries |
| "Pakistan Assets" | assets in Pakistan area engaged in Upstream business |
| "PSU Scheme" | the performance share unit scheme adopted by the Company on 1 April 2019 |
| "SFO" | Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) |

| | |
|---|---|
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "US$" or "US dollars" | the lawful currency of the United States of America |

**Technical Terms:**

| | |
|---|---|
| "1P" | proved reserve |
| "2P" | proved plus probable reserve |
| "bbl" | barrel |
| "bcfd" | billion cubic feet per day |
| "boe" | barrels of oil equivalent |
| "boed" | barrels of oil equivalent per day |
| "CPF" | Central processing facilities |
| "EDPSC" | Exploration Development and Production Service Contract |
| "FDP" | field development plan |
| "GDPSC" | Gas Development and Production Service Contract |
| "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 |