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

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2023	2022	**Change**
	HK$'000	HK$'000	**%**
Results			
Turnover	**6,226,137**	6,020,796	+3.4
Gross profit	**2,549,269**	3,212,342	-20.6
EBITDA (Note 1)	**4,410,292**	4,829,722	-8.7
Profit for the period	**1,663,117**	1,510,239	+10.1
Profit for the period attributable to owners of the Company	**1,663,123**	1,510,248	+10.1
Basic earnings per share (HK cents)	**6.36**	5.77	+10.2

	30 June	31 December	
	2023	2022	**Change**
	HK$'000	HK$'000	%
Key items in Consolidated Statement of Financial Position			
Equity attributable to owners of the Company	**16,423,697**	15,802,040	+3.9
Total assets	**30,184,823**	27,419,844	+10.1
Net assets	**16,429,471**	15,807,820	+3.9

OPERATION HIGHLIGHTS

	Six months ended 30 June		
	2023	2022	**Change %**
Average Daily Working Interest Production (boed) (Note 2)			
Pakistan Assets	**44,558**	48,814	-8.7
MENA Assets	**57,069**	51,293	+11.3
Iraq	**44,845**	38,449	+16.6
Egypt	**12,224**	12,844	-4.8

Note:
1. EBITDA represents the profit before finance costs, income tax expense, depreciation and amortisation, property, plant and equipment written off, share of losses of associates, share of loss in a joint venture, impairment losses on investment in associates, impairment losses for/reversals of impairment losses on trade receivables and reversals of impairment losses on other receivables.
2. Working interest production represents Group's proportion prior to application of the state share under the concession agreements governing the assets.

** For identification purposes only*

The board of directors of the Company (the "Board") of United Energy Group Limited (the "Company") hereby present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2023 together with unaudited comparative figures for the six months ended 30 June 2022 as follows:–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023

	Note	**Six months ended 30 June** **2023** **HK$'000** **(unaudited)**	2022 HK$'000 (unaudited and restated)
Turnover	6	**6,226,137**	6,020,796
Cost of sales		**(3,676,868)**	(2,808,454)
Gross profit		**2,549,269**	3,212,342
Investment and other income		**97,651**	62,843
Other gains and losses		**138,476**	(357,751)
Exploration expenses		**(13,157)**	(721,688)
Administrative expenses		**(273,249)**	(204,697)
Other operating expenses		**(57,992)**	(67,174)
Profit from operations		**2,440,998**	1,923,875
Finance costs	7	**(143,659)**	(167,950)
Share of losses of associates		**(57,844)**	(36,695)
Share of loss in a joint venture		**-**	(120,377)
Profit before tax		**2,239,495**	1,598,853
Income tax expense	8	**(576,378)**	(88,614)
Profit for the period	9	**1,663,117**	1,510,239
Attributable to:			
Owners of the Company		**1,663,123**	1,510,248
Non-controlling interests		**(6)**	(9)
		1,663,117	1,510,239
Earnings per share	10		
Basic (cents per share)		**6.36**	5.77
Diluted (cents per share)		**N/A**	5.77

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**1,663,117**	1,510,239
Other comprehensive income after tax:		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**3,774**	19,897
Other comprehensive income for the period, net of tax	**3,774**	19,897
Total comprehensive income for the period	**1,666,891**	1,530,136
Attributable to:		
Owners of the Company	**1,666,897**	1,530,145
Non-controlling interests	**(6)**	(9)
	1,666,891	1,530,136

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2023

	Note	**30 June 2023 HK$'000 (unaudited)**	31 December 2022 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	12	**13,446,616**	11,739,252
Right-of-use assets	13	**567,021**	565,305
Intangible assets		**4,145,982**	4,323,573
Investment in associates	14	**295,624**	395,488
Advances, deposits and prepayments		**259,268**	368,070
Deferred tax assets		**57,390**	23,059
		18,771,901	17,414,747
Current assets			
Inventories		**345,139**	389,310
Trade and other receivables	15	**8,354,784**	6,315,856
Financial assets at fair value through profit or loss ("FVTPL")		**2,592**	2,063
Employee retirement benefits assets		**8,248**	9,247
Current tax assets		**-**	33,497
Bank and cash balances		**2,702,159**	3,255,124
		11,412,922	10,005,097
Current liabilities			
Trade and other payables	16	**7,103,730**	4,773,530
Due to a director		**1,314**	442
Borrowings	17	**391,386**	1,885,969
Lease liabilities		**199,816**	170,974
Provisions	18	**3,564**	3,564
Financial guarantee contracts		**-**	14,786
Current tax liabilities		**1,504,501**	1,125,044
		9,204,311	7,974,309
Liabilities held for sale	14	**13,263**	-
		9,217,574	7,974,309
Net current assets		**2,195,348**	2,030,788
Total assets less current liabilities		**20,967,249**	19,445,535
Non-current liabilities			
Borrowings	17	**2,624,553**	1,586,344
Lease liabilities		**121,189**	169,241
Provisions	18	**608,477**	620,165
Employee retirement benefits obligations		**33,737**	27,886
Deferred tax liabilities		**1,149,822**	1,234,079
		4,537,778	3,637,715
NET ASSETS		**16,429,471**	15,807,820

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2023

	Note	**30 June 2023 HK$'000 (unaudited)**	31 December 2022 HK$'000 (audited)
Capital and reserves			
Share capital	19	**262,899**	262,899
Reserves		**16,160,798**	15,539,141
Equity attributable to owners of the Company		**16,423,697**	15,802,040
Non-controlling interests		**5,774**	5,780
TOTAL EQUITY		**16,429,471**	15,807,820

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated financial statements should be read in conjunction with the 2022 annual consolidated financial statements. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2022.

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

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases.

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

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

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

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

Based on the management's assessment, there was immaterial impact on the condensed consolidated statement of financial position as at 1 January 2022, 31 December 2022 and 30 June 2023, because the deferred tax assets and the deferred tax liabilities recognised as a result of the adoption of Amendments to HKAS 12 qualify for offset under paragraph 74 of HKAS 12. There was also immaterial impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised. This disclosure will be provided in the annual financial statements.

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

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2023.

In addition to the adoption of the above amendments to standards, in the current period, the Group has adopted all other new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. They do not have a material effect on the Group's condensed consolidated interim financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

4. **FAIR VALUE MEASUREMENT**

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

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 categories 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 30 June 2023 and 31 December 2022 are measured by using Level 1 of the fair value hierarchy.

There were no changes in the valuation techniques used.

5. SEGMENT INFORMATION

The Group has identified two reportable segments as follows:

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

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

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

Segment profit or loss does not include the following items:

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

Segment assets do not include the following items:

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

Segment liabilities do not include the following items:

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

5. SEGMENT INFORMATION (CONT'D)

	Exploration and production	Trading	Total
	HK$'000 (unaudited)	**HK$'000 (unaudited)**	**HK$'000 (unaudited)**
For the six months ended 30 June 2023			
Revenue from external customers	**5,000,897**	**1,225,240**	**6,226,137**
Segment profit/(loss)	**1,488,497**	**(3,663)**	**1,484,834**
As at 30 June 2023			
Segment assets	**26,050,886**	**1,076,172**	**27,127,058**
Segment liabilities	**6,839,581**	**909,927**	**7,749,508**
For the six months ended 30 June 2022			
Turnover with external customers	5,498,374	522,422	6,020,796
Segment profit/(loss)	1,964,297	(2,078)	1,962,219
As at 31 December 2022			
Segment assets	23,066,041	644,572	23,710,613
Segment liabilities	4,987,203	437,942	5,425,145

Reconciliation of reportable segment profit or loss:

	Six months ended 30 June	
	2023	2022
	HK$'000 (unaudited)	HK$'000 (unaudited)
Profit or loss		
Total profit of reportable segments	**1,484,834**	1,962,219
Share of losses of associates	**(57,844)**	(36,695)
Share of loss in a joint venture	**-**	(120,377)
Investment and other income	**97,651**	62,843
Other gains and losses	**138,476**	(357,751)
Consolidated profit for the period	**1,663,117**	1,510,239

6. TURNOVER

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

	Six months ended 30 June **2023** **HK$'000** **(unaudited)**	 2022 HK$'000 (unaudited and restated)
Sales and production of crude oil, condensate, gas and liquefied petroleum gas	**5,000,897**	5,498,374
Trading of petrochemical	**1,225,240**	522,422
	6,226,137	6,020,796

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

	Six months ended 30 June 2023		
	Sales and production of crude oil, condensate, gas and liquefied petroleum gas **HK$'000** **(unaudited)**	**Trading of petrochemical** **HK$'000** **(unaudited)**	**Total** **HK$'000** **(unaudited)**
Primary geographical markets			
- Pakistan	**1,839,627**	**-**	**1,839,627**
- Singapore	**-**	**984,574**	**984,574**
- Egypt	**567,705**	**-**	**567,705**
- Iraq	**2,593,565**	**-**	**2,593,565**
- Others	**-**	**240,666**	**240,666**
Revenue from external customers	**5,000,897**	**1,225,240**	**6,226,137**

6. **TURNOVER (CONT'D)**

	Six months ended 30 June 2022		
	Sales and production of crude oil, condensate, gas and liquefied petroleum gas	Trading of petrochemical	Total
	HK$'000 (unaudited and restated)	HK$'000 (unaudited and restated)	HK$'000 (unaudited and restated)
Primary geographical markets			
- Pakistan	1,483,065	-	1,483,065
- Singapore	717,176	-	717,176
- Egypt	779,195	-	779,195
- Iraq	2,518,938	-	2,518,938
- Others	-	522,422	522,422
Revenue from external customers	5,498,374	522,422	6,020,796

The turnover from sales and production of crude oil, condensate, gas and liquefied petroleum gas are net of sales tax, royalty to government, sales discounts and windfall levy amounting to approximately HK$249,677,000 (2022: HK$257,194,000), HK$259,235,000 (2022: HK$309,890,000), HK$4,424,000 (2022: HK$3,648,000) and HK$71,218,000 (2022: HK$97,371,000) respectively.

7. **FINANCE COSTS**

	Six months ended 30 June	
	2023	2022
	HK$'000 (unaudited)	HK$'000 (unaudited)
Interest on bank loans	**109,889**	152,794
Interest expense on lease liabilities	**15,715**	9,848
Interest on advance from customers	**12,815**	-
Provisions - unwinding of discounts (note 18)	**11,587**	5,308
Total borrowing costs	**150,006**	167,950
Amount capitalised	**(6,347)**	-
	143,659	167,950

In 2023, the weighted average capitalisation rate on funds borrowed generally was at a rate of 11.4%-12.0% per annum.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax - Overseas		
Provision for the period	**604,200**	485,046
Under-provision in prior years	**101,085**	39,524
	705,285	524,570
Deferred tax	**(128,907)**	(435,956)
	576,378	88,614

No provision for profits tax in Austria, Cayman Islands, Bermuda, British Virgin Islands, Jersey, Kuwait, Dubai, Netherlands, United States of America, Republic of Panama, Mauritius, Singapore or Hong Kong is required as the Group has no assessable profit for the period arising in or derived from these jurisdictions for the six months ended 30 June 2023 and 2022.

Egypt, Iraq, Pakistan and PRC Income Tax has been provided at a rate of 22.5%, 35%, ranging from 40% to 50% 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.

9. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest income	**(21,909)**	(4,660)
(Reversal of allowance)/allowance for trade receivables	**(1,611)**	350,899
Reversal of allowance for other receivables	**(375)**	(150)
Property, plant and equipment written off (2022: included in exploration expenses of approximately HK$715,614,000))	**-**	715,614
Impairment losses on investment in associates	**42,754**	85,800
Amortisation of intangible assets	**177,591**	211,773
Depreciation	**1,750,937**	1,541,911
Directors' remuneration	**21,326**	22,849
Fair value gains on financial assets at FVTPL	**(529)**	(204)

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK$1,663,123,000 (2022: HK$1,510,248,000) and the weighted average number of ordinary shares of 26,163,186,786 (2022: 26,163,186,786) in issue during the period.

(b) Diluted earnings per share

The Company did not have any dilutive potential ordinary share for the six months ended 30 June 2023. Diluted earnings per share for the six months ended 30 June 2023 is the same as the basic profit per share for the period.

The calculation of diluted earnings per share attributable to owners of the Company for the six months ended 30 June 2022 is based on the profit for the period attributable to owners of the Company of approximately HK$1,510,248,000 and the weighted average number of ordinary shares of 26,164,415,531, being the weighted average number of ordinary shares of 26,163,186,786 in issue during the period used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 1,228,745 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the period.

11. DIVIDEND

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
2023 Special dividend of HK4 cents per ordinary share declared	**1,051,597**	-
2022 Special dividend of HK4 cents per ordinary share paid	-	1,051,597
	1,051,597	1,051,597

Subsequent to the end of reporting period, 2023 Special dividend of HK4 cents per ordinary share has been paid on 9 August 2023. The directors of the Company do not recommend any interim dividend for the six months ended 30 June 2023 (2022: HK$Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of approximately HK$3,422,255,000 (2022: HK$2,028,673,000).

13. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the Group entered into a number of new lease agreements for properties, plant and machinery and motor vehicles for fixed terms of 2 to 5 years (2022: motor vehicles for fixed terms of 5 years). The Group makes fixed payments during the contract period. On lease commencement, the Group recognised approximately HK$92,842,000 (2022: HK$2,292,000) of right-of-use assets and lease liabilities.

14. INVESTMENT IN ASSOCIATES / LIABILITIES HELD FOR SALE

On 30 June 2023, an associate company of the Group and a subsidiary company of the Group together entered into a sale and purchase agreement with an independent third party to dispose the entire equity interest of Super Success Investments Limited and its subsidiary (collectively the "Disposal Group") with its main assets of wind power generation in Pakistan. In accordance with Hong Kong Financial Reporting Standard 5, the relevant assets or liabilities associated to the Disposal Group are classified as assets/liabilities held for sale. Completion of the disposal is subject to obtaining the approval from different relevant parties.

15. TRADE AND OTHER RECEIVABLES

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Trade receivables (note (a))	**7,452,977**	5,143,356
Allowance for trade receivables	**(24,348)**	(25,959)
Allowance for price adjustments (note (b))	**(195,071)**	(198,843)
	7,233,558	4,918,554
Other receivables (note (c))	**1,121,613**	1,398,064
Allowance for other receivables	**(387)**	(762)
	1,121,226	1,397,302
Total trade and other receivables	**8,354,784**	6,315,856

(a) Trade receivables

The Group's trading terms with customers are mainly on credit. The credit term generally ranges from 30 to 45 days (31 December 2022: 30 to 45 days) except for the customers in Iraq which were settled by having physical delivery of crude oil on accumulation of balance sufficient enough for cargo lifting. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
0 to 30 days	**3,208,774**	2,346,088
31 to 60 days	**305,662**	262,016
61 to 90 days	**1,738,246**	916,341
Over 90 days	**2,200,295**	1,618,911
	7,452,977	5,143,356

15. **TRADE AND OTHER RECEIVABLES (CONT'D)**

(b) **Allowance for price adjustments**

This represents the provision for the possible price adjustment in gas prices as per the draft gas price notifications submitted to the relevant regulatory authorities in Pakistan in respect of certain gas sales agreements. Since the final price notification has not yet been received from the regulatory authorities, the management had estimated the potential price differential based on the draft notifications and a possible price reduction (excluding royalty expenses) of approximately HK$195,071,000 (31 December 2022: HK$198,843,000) was provided.

(c) **Other receivables**

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

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Due from joint operators	**427,752**	394,418
Advances to staff	**10,414**	10,750
Central excise duty receivables	**7,711**	10,780
Deposits and prepayments	**364,168**	122,224
Sales tax receivables	**68,360**	118,759
Other tax receivables	**23,951**	29,365
Withholding tax receivables	**1,334**	1,331
Amount due from an associate (note (i))	**29,456**	28,590
Sundry debtors	**-**	640,091
Others	**188,080**	40,994
	1,121,226	1,397,302

Note:

(i) As at 30 June 2023, the amount due from associate of the Group, Orient Group Beijing Investment Holding Limited, which is unsecured, interest bearing at a rate of 3 months LIBOR plus 1.7% per annum (31 December 2022: 3 months LIBOR plus 1.7% per annum) and repayable on or before 29 September 2023.

16. TRADE AND OTHER PAYABLES

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Trade payables (note (a))	**1,258,888**	606,629
Other payables (note (b))	**5,844,842**	4,166,901
Total trade and other payables	**7,103,730**	4,773,530

(a) Trade payables

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

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
0 to 30 days	**1,079,439**	449,269
31 to 60 days	**28,216**	49,993
61 to 90 days	**7,850**	29,638
Over 90 days	**143,383**	77,729
	1,258,888	606,629

(b) Other payables

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Accrual for operating and capital expenses	**2,211,108**	1,670,309
Due to joint operators	**59,414**	112,976
Deposits received	**15,402**	67
Advances from customers (note (i))	**195,000**	390,000
Salaries and welfare payables	**111,216**	195,214
Provision for infrastructure funds	**653,928**	560,403
Other tax payables	**1,487,194**	1,132,750
Sundry creditors	**-**	42,197
Dividend payable	**1,051,597**	-
Others	**59,983**	62,985
	5,844,842	4,166,901

16. **TRADE AND OTHER PAYABLES (CONT'D)**

(b) **Other payables (cont'd)**

Note:

(i) The Group entered into an agreement with customer for secured crude oil prepayment facilities of up to approximately HK$390,000,000 (equivalent to approximately US$50,000,000). The facilities bearing interest rate at 3.75% plus 3 months Term SOFR per annum. The crude oil prepayment facilities are repayable principally by the delivery of the Group's crude oil entitlement. The advances from customers are guaranteed by the unlimited corporate guarantee provided by the Company.

17. **BORROWINGS**

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Bank loans, secured	**3,015,939**	3,472,313
Analysed as:		
Current liabilities	**391,386**	1,885,969
Non-current liabilities	**2,624,553**	1,586,344
	3,015,939	3,472,313

18. **PROVISIONS**

	Dismantling costs in respect of leasehold improvements HK$'000	Decommissioning costs HK$'000	Total HK$'000
At 1 January 2023 (audited)	530	623,199	623,729
Less:			
Actual costs incurred during the period	-	(17,346)	(17,346)
Reversal of provisions recognised during the period	-	(5,929)	(5,929)
Add:			
Unwinding of discounts	-	11,587	11,587
At 30 June 2023 (unaudited)	530	611,511	612,041

18. **PROVISIONS (CONT'D)**

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Analysed as:		
Current liabilities	**3,564**	3,564
Non-current liabilities	**608,477**	620,165
	612,041	623,729

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 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.

19. **SHARE CAPITAL**

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Authorised:		
60,000,000,000 ordinary shares of HK$0.01 each	**600,000**	600,000
Issued and fully paid:		
26,289,928,786 (at 31 December 2022: 26,289,928,786) ordinary shares of HK$0.01 each	**262,899**	262,899

A summary of the issued share capital of the company is as follows:

	Number of shares issued '000	Nominal value of shares issued HK$'000
At 31 December 2022 and 1 January 2023 (audited) and 30 June 2023 (unaudited)	**26,289,928**	**262,899**

20. PERFORMANCE SHARE UNIT SCHEME

On 1 April 2019, the Company adopted a 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 six months ended 30 June 2023, no shares were purchased by the trustee.

On 27 June 2023, 20,600,000 shares were granted to eligible employees pursuant to the PSU Scheme by the Company. The shares will be vested to the eligible employees on the 3rd anniversary of the grant date.

The Group recognised the total expenses of approximately HK$6,357,000 (2022: HK$1,580,000) for the six months ended 30 June 2023 in relation to the PSU Scheme.

As at 30 June 2023, 66,594,841 shares (31 December 2022: 87,194,841 shares) are held by the trustee under the PSU Scheme and not yet granted to the employees of the Group.

21. CAPITAL COMMITMENTS

(a) The Group's capital commitments at the end of reporting period are as follows:

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Contracted but not provided for:		
Acquisition of property, plant and equipment	**-**	7
Commitments for capital expenditures	**3,264,940**	3,717,682
	3,264,940	3,717,689

(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$108,462,000 (equivalent to approximately RMB100,000,000) (31 December 2022: HK$111,948,000 (equivalent to approximately RMB100,000,000)). As at 30 June 2023, the Group has contributed approximately HK$13,282,000 (equivalent to approximately RMB12,246,000) (31 December 2022: HK$13,709,000 (equivalent to approximately RMB12,246,000)) to UEBL. In accordance with the memorandum of association of UEBL, the remaining balance of approximately HK$95,180,000 (equivalent to approximately RMB87,754,000) (31 December 2022: HK$98,239,000 (equivalent to approximately RMB87,754,000)) shall be contributed to UEBL within twenty years from the date of its establishment.

21. **CAPITAL COMMITMENTS (CONT'D)**

(c) On 25 May 2017, UEBL, 東方集團投資控股有限公司 ("Orient Group Company Limited") and Orient Group Inc 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$108,462,000 (equivalent to approximately RMB100,000,000) (31 December 2022: HK$111,948,000 (equivalent to approximately RMB100,000,000)). In accordance with the memorandum of association of 東方藝術品, UEBL agrees to contribute approximately HK$21,692,000 (equivalent to approximately RMB20,000,000) (31 December 2022: HK$22,390,000 (equivalent to approximately RMB20,000,000)) as 20% registered capital of 東方藝術品. As at 30 June 2023, UEBL has not yet contributed any registered capital to 東方藝術品. In accordance with the memorandum of association of 東方藝術品, registered capital contribution shall be made to 東方藝術品 by UEBL on or before 30 June 2045.

(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 2022: HK$390,000,000 (equivalent to approximately US$50,000,000)). As at 30 June 2023, 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.

22. **CONTINGENT LIABILITIES**

(a) As at 30 June 2023 and 31 December 2022, the Company issued various unlimited corporate guarantees in favour of the President of the Islamic Republic of Pakistan for providing United Energy Pakistan Limited ("UEPL") with all necessary financial and other means to enable UEPL to fully perform its obligations as stipulated in the concession agreements.

(b) Certain subsidiaries of the Group had dispute with the Pakistan government on the applicability of windfall levy on its production of oil and condensate. On 27 December 2017, the government's approval for the execution of windfall levy was granted and the windfall levy became applicable on the subsidiaries. Based on legal advice from external lawyers, the management believes that the applicability of the windfall levy is prospective, i.e. from the date of the government's approval. If the applicability of windfall levy is retrospective, further provision for the windfall levy of approximately HK$191,969,000 (31 December 2022: HK$191,969,000) would be required to be made in the consolidated financial statements for the period ended 30 June 2023.

(c) As at 30 June 2023, certain subsidiaries of the Group received various tax orders in an attempt to re-assess tax liability for prior years by the Pakistan tax department. The subsidiaries of the Group are currently appealing against these orders and the cumulative potential tax exposure for the pending tax cases was approximately HK$663,519,000 (31 December 2022: HK$722,680,000).

(d) As at 30 June 2023, bank guarantees to the extent of approximately HK$53,593,000 (equivalent to US$6,871,000) (31 December 2022: HK$67,439,000 (equivalent to US$8,646,000)) in favor of certain government authorities was obtained by certain subsidiaries of the Group to guarantee its exploration, performance and financial obligations as stipulated in the concession agreements.

23. RELATED PARTY TRANSACTIONS

(a) Name 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) As at 30 June 2023, Orient Group and Orient Group Industrial & Development have provided corporate guarantees to a bank for banking facilities granted to the associate of the Group, Orient Group Beijing Investment Holding Limited ("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 six months ended 30 June 2023, Orient Group had waived such service charges of approximately HK$3,410,000 made to OGBIH (2022: HK$4,367,000).

(c) As at 30 June 2023, the executive directors of the Company, Mr. Zhang Hong Wei and Ms. Zhang Meiying have provided joint personal guarantees to the bank loans granted to the Group totaling approximately HK$2,426,602,000 (31 December 2022: HK$2,013,115,000).

(d) As at 31 December 2022, the executive director of the Company, Mr. Zhang Hong Wei provided personal guarantees to the bank loans granted to the Group of HK$488,624,000.

(e) As at 30 June 2023, the executive director of the Company, Mr. Zhang Hong Wei has provided personal guarantees to secure the Group's obligations under finance leases of approximately HK$142,669,000 (31 December 2022: HK$182,726,000).

(f) As at 30 June 2023, 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$292,640,000 (31 December 2022: HK$339,565,000) granted to the associate.

(g) For the six months ended 30 June 2023, leases payments of approximately HK$8,740,000 (2022: HK$11,187,000) for leasing an office premises of the Group were paid to BDHL.

(h) For the six months ended 30 June 2023, property management, electricity and rental expenses of approximately HK$1,754,000 (2022: HK$1,356,000) related to office premises of the Group were charged by OGAY.

23. RELATED PARTY TRANSACTIONS (CONT'D)

(i) For the six months ended 30 June 2023, service income on wind turbine operation and maintenance services of approximately HK$21,450,000 (2022: HK$Nil) were charged to UEP Wind Power (Private) Limited, an associate of the Group by UEG Clean Energy DMCC, a wholly owned subsidiary of the Group.

(j) The details of the remuneration paid to the key management personnel are set out in note 9 to the condensed consolidated financial statements.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or extended to conform with the presentation for current period.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2023 has been approved for issue by the board of directors on 31 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the largest listed upstream oil and gas corporations in Hong Kong, with business presence in South Asia and MENA. The Group is principally engaged in the investment and operation of upstream oil, natural gas and other energy related businesses. Leveraging on management's extensive experience in oil and gas exploration, the Group has successfully grown its business as one of the major players in the upstream oil and gas industry. It has established a sound track record of growing its business through acquisition and capital investment in a short span of time.

Growth of the global economy in 2023 was forecasted by the IMF, to slow down from 3.4% in 2022 to 3.0% in 2023. Global economy is experiencing a number of challenges, including high inflation, continuing Russia's war in Ukraine and sovereign debt stress. World oil demand growth in 2023 was estimated at 2.4 mmbbld year-on-year to average of 102.0 mmbbld in 2023, reported by the OPEC Monthly Oil Market Report of July 2023. The oil price fluctuated between $90 and $70 in 2023, the crude market was better supplied than anticipated. Correspondingly, the average Brent Oil Price in the reporting period, is US$79.58/bbl, which is 25.76% lower than US$107.20/bbl for corresponding period of 2022, according to data from U.S. Energy Information Administration. The Group reported a profit attributable to the owners of the Company for the reporting period of approximately HK$1,663,123,000, representing an increase of 10.1% compared to corresponding period of approximately HK$1,510,248,000.

Cost of sales and services rendered by the Group for the reporting period was approximately HK$2,445,175,000, and the Group invested approximately HK$3,415,635,000 of capital expenditure in oil exploration, development and production activities. The Group drilled 26 wells during the reporting period, including 11 wells in Pakistan Assets and 15 wells in MENA Assets.

Exploration, Development and Production

In the first half of 2023, the Group devoted continuous efforts in its 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, 6 commercial discoveries were achieved of which 3 were in Pakistan, 2 in Egypt and 1 in Iraq.

For the six-month ended 30 June 2023, the Group's average daily gross production was approximately 170,271 boed (Pakistan Assets – 65,707 boed plus MENA Assets – 104,564 boed), a 3.0% increase compared to approximately 165,338 boed of the corresponding period, and gross accumulated production was approximately 30.82 mmboe, a 3.0% increase compared to approximately 29.93 mmboe of the corresponding period, at the same time, Group's average working interest production was 101,627 boed (Pakistan Assets – 44,558 boed plus MENA Assets – 57,069 boed), a 1.5% increase compared to approximately 100,107 boed of last period, and working interest accumulated production was approximately 18.39 mmboe, a 1.5% increase compared to approximately 18.12 mmboe of the corresponding period. Both the accumulated gross production and working interest production were steadily increased with 3.0% and 1.5% respectively in the reporting period, mainly contributed by the existing wells and new wells with sound commercial discoveries. In the six-month ended 30 June 2023, the Group aggressively managed production profile of existing wells, at a relatively high level.

Pakistan

As of 30 June 2023, the Group holds interests in 9 areas dividing into 19 development concessions for oil and gas production in Pakistan.

For the six-month ended 30 June 2023, Pakistan Assets achieved an average daily gross production of approximately 65,707 boed, decreased by 8.3% compared to the corresponding period, and an average daily working interest production of approximately 44,558 boed, decreased by 8.7% compared to the corresponding period. Pakistan Assets have an oil and liquids ratio of ~21% which was 4 percentage points higher than the ratio of the corresponding period. Accumulated gross production and working interest production of the reporting period was approximately 11.89 mmboe and 8.06 mmboe respectively. Three commercial discoveries in Pakistan in the reporting period, will contribute to reserve base and production profile in the near future.

Iraq

The Group holds a 60% participating interest in the EDPSC of Block 9 in Iraq and is the Operator of this block. For the six-month ended 30 June 2023, average daily gross production was approximately 62,839 boed, increased by 16.2% compared to the corresponding period, and average daily working interest production was approximately 37,704 boed, increased by 16.2% compared to the corresponding period. Accumulated gross production and working interest production for the reporting period were approximately 11.37 mmboe and 6.82 mmboe respectively. Block 9 has an oil and liquids ratio of 100%. One commercial discovery in Block 9 in the reporting period, will contribute to reserve base and production profile in the near future.

The Group holds a 30% participating interest in the GDPSC for the Siba contract area in Iraq and is the Operator of this block. Average daily gross production in the six-month ended 30 June 2023 was approximately 23,805 boed, increased by 18.9% compared to the corresponding period, and average daily working interest production was approximately 7,141 boed, increased by 18.9% compared to the corresponding period. Accumulated gross and working interest production were approximately 4.31 mmboe and 1.29 mmboe respectively. Siba has an oil and liquids ratio of ~66%.

Egypt

The Group holds interests in five blocks in Egypt. It has a 100% participating interest in Burg El Arab and West Wadi El Natrun. Participating interest in Area A, Abu Sennan and East Ras Qattara are 70%, 25% and 49.5% respectively. The Group are operators for all these blocks, except for East Ras Qattara. In the six-month ended 30 June 2023, average daily gross production was approximately 17,920 boed, decreased by 8.5% compared to the corresponding period, and average daily working interest production was approximately 12,224 boed, decreased by 4.8% compared to the corresponding period. Accumulated gross production and working interest production for the reporting period were approximately 3.24 mmboe and 2.21 mmboe respectively. Egypt Assets has an oil and liquids ratio of ~99%. Two commercial discoveries in Egypt in the reporting period, will contribute to reserve base and production profile in the near future.

SALES AND MARKETING

Sales of Crude Oil

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

For the six-month ended 30 June 2023, the Group's total working interest crude and condensates selling volumes are 11.1 million barrels, representing a year-on-year increase of 8.8% and its average realised oil price (before government royalty, windfall levy and government take at working interest production) was approximately US$74.51/bbl, representing a year-on-year decrease of 28.5%, mainly due to the decrease of Brent Oil Price.

Sales of Natural Gas

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

For the six-month ended 30 June 2023, the Group's total working interest natural gas selling volumes are 6.8 mmboe, representing a year-on-year decrease of 11.7% and its average realised gas price (before government royalty, windfall levy and government take at working interest production) was approximately US$30.91/boe, representing a year-on-year increase of 5.1%, mainly due to the lagging pricing mechanism of natural gas, which was pegged to higher oil price in 2022.

FINANCIAL RESULTS

Financial Review

For the six months ended 30 June 2023 (the "reporting period"), the Group reported a profit attributable to the owners of the Company of approximately HK$1,663,123,000, representing an increase of 10.1% from the six months ended 30 June 2022 (the "corresponding period") of approximately HK$1,510,248,000.

During the reporting period, the Group's average daily working interest production was approximately 101,627 boed (Pakistan Assets of 44,558 boed plus MENA Assets of 57,069 boed), slightly increased compared to approximately 100,107 boed (Pakistan Assets of 48,814 boed plus MENA Assets of 51,293 boed) of the corresponding period. The Group aggressively managed demand with the customers to achieve the above production results. The average realised oil and gas price (before government royalty, windfall levy and government take at working interest quantity) was approximately US$57.89/boe, compared to approximately US$71.93/boe of the corresponding period, representing a decrease of 19.5%.

Turnover

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Exploration and production	**5,000,897**	5,498,374
Trading	**1,225,240**	522,422
	6,226,137	6,020,796

The Group's turnover for the reporting period was approximately HK$6,226,137,000, representing an increase of 3.4% as compared with the turnover of approximately HK$6,020,796,000 of the corresponding period. The increase in turnover was mainly contributed by the effect of the increase in trading business but offset by the decrease in realised sales prices for exploration and production business during the reporting period.

Exploration and Production Category		**Six months ended 30 June 2023**	Six months ended 30 June 2022	Change
Oil and gas sales*	*USD'000*	**1,043,584**	1,296,535	- 19.5%
Crude oil and liquids	*USD'000*	**827,075**	1,063,183	- 22.2%
Natural gas	*USD'000*	**210,225**	227,012	- 7.4%
LPG	*USD'000*	**6,284**	6,340	- 0.9%
Sales Volume	*mmboe*	**18.0**	18.0	0.0 #
Crude oil and liquids	*mmboe*	**11.1**	10.2	+ 0.9
Natural gas	*mmboe*	**6.8**	7.7	- 0.9
LPG	*mmboe*	**0.1**	0.1	0.0 #
Realised prices*	*US$/boe*	**57.89**	71.93	- 19.5%
Crude oil and liquids	*US$/bbl*	**74.51**	104.18	- 28.5%
Natural gas	*US$/boe*	**30.91**	29.40	+ 5.1%
LPG	*US$/boe*	**49.09**	63.69	- 22.9%

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

Cost of sales and services rendered

Operating expenses

The Group's operating expenses for exploration and production activities (which is defined as the cost of sales excluding depreciation and amortisation and distribution expenses) slightly decreased 1.6% to approximately HK$569,095,000 in the first half of 2023, compared with approximately HK$578,326,000 in the corresponding period. The overall operating expenses per boe (at working interest production) was approximately US$4.1 in the reporting period, compared with approximately US$4.1 in the corresponding period, maintained at same level. For Pakistan Assets, operating expenses per boe was approximately US$3.5, decreased by 14.6% (2022: approximately US$4.1 per boe); while for MENA Assets, operating expense per boe was approximately US$4.5, increased by 9.8% (2022: approximately US$4.1 per boe).

Depreciation, depletion and amortisation

Included in the cost of sales and services rendered, the depreciation, depletion and amortisation was approximately HK$1,871,586,000, representing an increase of 10.2% as compared with the amount of approximately HK$1,697,699,000 in the corresponding period.

Gross profit

The Group's gross profit for the reporting period was approximately HK$2,549,269,000 (gross profit ratio 40.9%) which represented a decrease of 20.6% as compared with gross profit of approximately HK$3,212,342,000 (gross profit ratio 53.4%) for the corresponding period. The significant decrease in gross profit was mainly due to lower average international oil price during first half of 2023 compared to corresponding period and increased depreciation, depletion and amortisation during the period.

Exploration expenses

The Group's exploration expenses for the reporting period were approximately HK$13,157,000 (2022: approximately HK$721,688,000) which included the expenses for performance of geological and geophysical studies and surface use rights. In 2022, written off loss arising from dry exploration wells approximately HK$715,614,000.

Administrative expenses

The Group's administrative expenses for the reporting period were approximately HK$273,249,000 (2022: approximately HK$204,697,000) representing 4.4% (2022: 3.4%) of the turnover.

Finance costs

The Group's finance costs for the reporting period were approximately HK$143,659,000, which represented a decrease of 14.5% as compared with the finance costs of approximately HK$167,950,000 for the corresponding period. The decrease in finance costs was mainly due to the decrease in average outstanding loan balance during the reporting period, but offset by the increase in average interest rate during the reporting period. The weighted average interest rate of borrowings for the reporting period was 6.68% (2022: 6.35%).

Income tax expense

The Group's income tax expense for the reporting period was approximately HK$576,378,000. This included the current income tax of approximately HK$705,285,000 and deferred tax income of approximately HK$128,907,000, compared with current income tax of approximately HK$524,570,000 and deferred tax income of approximately HK$435,956,000 for the corresponding period respectively. The Group's effective tax rate for the reporting period was approximately 25.7%, representing an increase 20.2 percentage points as compared with 5.5% for the corresponding period.

EBITDA

EBITDA represents the profit before finance costs, income tax expense, depreciation and amortisation, property, plant and equipment written off, share of losses/profits of associates, share of loss in a joint venture, impairment losses on investment in associates, impairment losses for/reversals of impairment losses on trade receivables and reversals of impairment losses on other receivables. It should be noted that EBITDA is not a measurement of operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies. The EBITDA for the reporting period was approximately HK$4,410,292,000, decreased by 8.7% from the corresponding period of approximately HK$4,829,722,000. The decrease in EBITDA was mainly attributable to the decrease in average realised sales price during the reporting period.

Cash generated from operating activities

The Group's net cash inflow from operating activities for the reporting period was approximately HK$2,851,219,000, representing a decrease of 10.4% as compared with the corresponding period of approximately HK$3,182,024,000. This was primarily attributed to lower average international oil price during first half of 2023 compared to corresponding period resulting to the decrease in sales inflow during the current period.

Cash used in investing activities

In the first half 2023, the Group's net cash used in investing activities increased by 22.0% to approximately HK$3,163,299,000 compared to approximately HK$2,593,123,000 in the corresponding period, mainly due to the development expenditure of approximately HK$3,270,013,000 for the reporting period with an overall increase of 60.3% as compared to the corresponding period.

Cash used in financing activities

In the first half 2023, the net cash used in financing activities was approximately HK$169,719,000, mainly attributed to the drawdown of bank loans of approximately HK$2,409,251,000 and prepayment facilities of approximately HK$390,000,000; and repayment of bank loans of approximately HK$2,851,508,000 during the period.

Dividend

The Board has not recommended the payment of interim dividend for the reporting period.

Business and market outlook

Global economy in 2023 is projected to growth by 3.0% for the year, according to IMF forecast in July 2023. On the commodity front, global oil demand is forecast to increase by 2.4 mmbbl/d to average of 102.0 mmbbl/d, which is stated in OPEC Monthly Market Report of July 2023. Economy will continue resilient recovery and commodity market will be fluctuated, with uncertainties from the continuing war in Ukraine, high inflation, tackling sovereign debt stress. Oil and gas industry is expected to benefit from high energy price caused by tighten and imbalanced market.

For 2023 plans, the Group targets average daily gross production level of 165,000 to 179,000 boed, and average daily working interest production level of 94,700 to 102,400 boed. Capital expenditure is anticipated to reach US$990 million to US$1,050 million, which is essential to support exploration, development and construction plans of Group. It aims to continue with its financial discipline and manage capital expenditure to the possible extent through optimisation of its exploration program and schedule of development facilities construction; whilst balancing workload of each asset to reach economically efficient outputs.

Pakistan Assets:
According to a Pakistan 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, the domestic production amounted to approximately 3.69 bcfd in 2020 and is expected to decline quickly to approximately 2.82 bcfd in 2025, and approximately 2.18 bcfd by 2030. Gas shortage in Pakistan is mitigated by importing significantly more expensive LNG from the neighboring countries. Given Group's production is predominantly in gas, our sale of natural gas is almost guaranteed to be taken up by the state-owned gas distribution customer. We continue to leverage our experience and understanding of the geology and geophysics in Lower Indus Basin, Middle Indus Basin and Western Fold Belt of Pakistan to unlock the potentials of these assets. The Group acquired one exploration block in 2023. Compared with 2022, the extent of exploration rights rose from 22,433 Km2 to 24,858 Km2, approximately 11%. Besides, the Group will continue to look for similar opportunities in the market or other access alternatives, such as participating in government bidding process, and strengthen cooperation with state-owned oil companies to expand its footprint in Pakistan.

For Pakistan Assets, the Group plans to achieve an average daily working interest production of 40,500 to 44,500 boed in 2023.

MENA Assets:
In March 2019, the Group completed acquisition of KEC, which is engaged in exploration, appraisal, development and production of oil and gas assets in the MENA region. This acquisition brings high-quality assets to the Group's portfolio with significant scale and strong development potential. The production base and long reserve life of these assets are highly complementary to the Group's existing portfolio and will provide a sustainable development profile to the Group for the next two decades. As per reserve report issued by independent reserve auditor as of 31 December 2022, the MENA Assets were reported with 2P working interest reserve of 767.6 mmboe with almost 97.5% located in Iraq. The Group will leverage its strong financial capability to further unlock the potential of MENA Assets and replicate its past success story in MENA region. Average daily gross production of Block 9 in Iraq is expected to reach 130,000 boed in the near future. The 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, it will stay stable in terms of both production and reserve, in the year of 2023.

In 2023, Iraq Assets are expected to achieve an average daily working interest production of 42,700 to 44,900 boed, whereas Egypt Assets will achieve an average daily working interest production of 11,500 to 13,000 boed.

Conclusion
In first half of 2023, United Energy has achieved outstanding operational and financial performance. Quality professional management greatly contributes to these desirable results. For the way forward, we will continue to ramp up production, optimising operation and re-investing in our people and assets. Devoted to creating value for the shareholders, we expect a fruitful year of 2023.

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$2,702,159,000 as at 30 June 2023 (31 December 2022: approximately HK$3,255,124,000).

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

	Principal amount outstanding at 30 June 2023	
	US$	Equivalent to HK$
Term loans	389,154,000	3,035,401,000
Prepayment facilities	25,000,000	195,000,000
Finance leases	20,309,000	158,410,000
	434,463,000	**3,388,811,000**

As at 30 June 2023, the gearing ratio was approximately 11.7% (31 December 2022: 15.3%), based on borrowings, advance from customers and lease liabilities under current liabilities and non-current liabilities of approximately HK$786,202,000 (31 December 2022: approximately HK$2,446,943,000) and approximately HK$2,745,742,000 (31 December 2022: approximately HK$1,755,585,000) respectively and total assets of approximately HK$30,184,823,000 (31 December 2022: approximately HK$27,419,844,000). As at 30 June 2023, the current ratio was approximately 1.24 times (31 December 2022: approximately 1.25 times), based on current assets of approximately HK$11,412,922,000 (31 December 2022: approximately HK$10,005,097,000) and current liabilities of approximately HK$9,217,574,000 (31 December 2022: approximately HK$7,974,309,000).

As at 30 June 2023, the Group's total borrowings (net of transaction cost and measured at amortised cost) amounted to approximately HK$3,015,939,000 (31 December 2022: approximately HK$3,472,313,000), all of them are denominated in United States dollars. The weighted average interest rate of the borrowings as at 30 June 2023 was 8.22% (31 December 2022: 7.43%).

As at 30 June 2023, the Group's property, plant and equipment, right-of-use assets, trade receivable, advances, deposits and prepayments and bank balances, with total carrying value of approximately HK$4,922,691,000 (31 December 2022: approximately HK$5,459,329,000) and share charges in respect of the equity interests of certain subsidiaries were pledged to secure the Group's general banking facilities, finance lease, trade and other payables and exploration, performance and financial obligations of the Group.

The Group is continuously exploring opportunities to 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
Except for the disclosure set out in note 14 of the Notes to Condensed Consolidated Financial Statements in this announcement, 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 5 of the Notes to Condensed Consolidated Financial Statements in this announcement.

Capital Structure
During the reporting period, there was no change of the issued share capital of the Company. The total number of issued shares of the Company was 26,289,928,786 shares as at 1 January 2023 and 30 June 2023.

Employees
As at 30 June 2023, the Group employed a total of 2,256 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 the note 22 of the Notes to Condensed Consolidated Financial Statements in this announcement.

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

Sufficiency of Public Float
The Company has maintained a sufficient public float throughout the six months ended 30 June 2023.

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.

On 27 June 2023, the Board approved to grant a total of 20,600,000 shares of the Company to 55 eligible employees of the Group under the PSU Scheme for the scheme year 2023. It was the second grant under the PSU Scheme since the date of adoption of the PSU Scheme. During the reporting period, 20,600,000 shares of the Company was granted under the PSU Scheme and no granted shares was vested, lapsed and cancelled. 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 announcement, the total number of shares granted of two grants under the PSU Scheme since the date of adoption of the PSU Scheme is 60,147,159 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 66,594,841 shares, representing approximately 2.5% 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 30 June 2023, the following Directors had or we 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 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) which were otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code:

		Number of Shares		
Name of Director	**Nature of interest**	**Long Position**	**Short Position**	**Approximate % shareholding**
Zhang Hong Wei *(Note 1)*	Attributable interest of controlled corporation	17,466,600,230	2,696,809,090	66.44% (L) 10.26% (S)
Zhang Meiying *(Note 2)*	Attributable interest of controlled corporation	1,287,700,000	800,000,000	4.90% (L) 3.04% (S)

Notes:

1. Out of the 17,466,600,230 shares (66.44%), 8,029,971,845 shares (30.54%) were beneficially held by He Fu International Limited, 5,787,539,821 shares (22.01%) were beneficially held by United Petroleum & Natural Gas Holdings Limited, and 3,649,088,564 shares (13.88%) were beneficially held by United Energy Holdings Limited. United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited are companies wholly-owned by Million Fortune Enterprises Limited, which is in turn wholly-owned by Mr. Zhang Hong Wei. He Fu International Limited is wholly-owned by Huilan Investment Limited, which is owned by 东方集团有限公司 (92%) and 东方集团产业发展有限公司 (8%). 东方集团产业发展有限公司 is wholly-owned by 东方集团有限公司, which is 94% owned by 名泽东方投资有限公司, which is in turn wholly-owned by Mr. Zhang Hong Wei. Therefore, Mr. Zhang Hong Wei is deemed to be interested in those 17,466,600,230 shares (66.44%).

2. 1,287,700,000 shares (4.9%) were beneficially held by Brand Master Group Limited which is wholly-owned by Ms. Zhang Meiying.

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

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive 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 or 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 30 June 2023, 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	17,466,600,230 (L) 2,696,809,090 (S)	66.44% (L) 10.26% (S)
名泽东方投资有限公司 *(Note a)*	Attributable interest of controlled corporation	8,029,971,845 (L)	30.54% (L)
东方集团有限公司 *(Note b)*	Attributable interest of controlled corporation	8,029,971,845 (L)	30.54% (L)
东方集团产业发展有限公司 *(Note c)*	Attributable interest of controlled corporation	8,029,971,845 (L)	30.54% (L)
Huilan Investment Limited *(Note d)*	Attributable interest of controlled corporation	8,029,971,845 (L)	30.54% (L)
He Fu International Limited *(Note e)*	Beneficial owner	8,029,971,845 (L)	30.54% (L)
东方集团股份有限公司 *(Note f)*	Attributable interest of controlled corporation	6,572,483,000 (L)	25.00% (L)
东方集团粮油食品有限公司 *(Note f)*	Attributable interest of controlled corporation	6,572,483,000 (L)	25.00% (L)
北京青龙湖嘉禾企业管理有限公司 *(Note f)*	Beneficial owner	6,572,483,000 (L)	25.00% (L)
Million Fortune Enterprises Limited *(Note a)*	Attributable interest of controlled corporation	9,436,628,385 (L) 2,696,809,090 (S)	35.89% (L) 10.26% (S)
United Petroleum & Natural Gas Holdings Limited *(Note g)*	Beneficial owner	5,787,539,821 (L) 1,287,700,000 (S)	22.01% (L) 4.90% (S)
United Energy Holdings Limited *(Note g)*	Beneficial owner	3,649,088,564 (L) 1,409,109,090 (S)	13.88% (L) 5.36% (S)

Haitong Securities Co., Ltd. *(Note h)*	Attributable interest of controlled corporation	3,496,809,090 (L) 1,409,109,090 (S)	13.30% (L) 5.36% (S)
Haitong International Holdings Limited *(Note h)*	Attributable interest of controlled corporation	3,496,809,090 (L) 1,409,109,090 (S)	13.30% (L) 5.36% (S)
Haitong International Securities Group Limited *(Note h)*	Attributable interest of controlled corporation	3,496,809,090 (L) 1,409,109,090 (S)	13.30% (L) 5.36% (S)
Haitong International Securities Group (Singapore) Pte. Ltd. *(Note h)*	Attributable interest of controlled corporation	2,087,700,000 (L)	7.94% (L)
Haitong International Securities (Singapore) Pte. Ltd. *(Note h)*	Person having a security interest in shares	2,087,700,000 (L)	7.94% (L)

Notes:

(a) 名泽东方投资有限公司 and Million Fortune Enterprises Limited are wholly owned by Mr. Zhang Hong Wei.

(b) 名泽东方投资有限公司 owns 94% shares of 东方集团有限公司.

(c) 东方集团产业发展有限公司 is wholly-owned by 东方集团有限公司.

(d) Huilan Investment Limited is 92% owned by 东方集团有限公司 and 8% owned by 东方集团产业发展有限公司.

(e) He Fu International Limited is wholly-owned by Huilan Investment Limited.

(f) 北京青龙湖嘉禾企业管理有限公司 is jointly owned by 东方集团股份有限公司 (30%), a wholly-owned subsidiary of 东方集团股份有限公司 (30%) and 东方集团粮油食品有限公司 (40%). 东方集团粮油食品有限公司 is a wholly-owned subsidiary of 东方集团股份有限公司. Therefore, each of 东方集团股份有限公司 and 东方集团粮油食品有限公司 is deemed or taken to be interested in 6,572,483,000 shares which are owned by 北京青龙湖嘉禾企业管理有限公司 as right to take the underlying shares under the SFO.

(g) These companies are wholly-owned by Million Fortune Enterprises Limited.

(h) Haitong International Securities (Singapore) Pte. Ltd. is wholly-owned by Haitong International Securities Group (Singapore) Pte. Ltd. Haitong International Securities Group (Singapore) Pte. Ltd. and HTI Financial Solutions Limited are wholly-owned by Haitong International Securities Group Limited. Haitong International Holdings Limited has an interest in approximately 65.00% of the issued share capital of Haitong International Securities Group Limited and is wholly owned by Haitong Securities Co., Ltd. Therefore, each of Haitong International Securities Group Limited, Haitong International Holdings Limited and Haitong Securities Co., Ltd. is deemed or taken to be interested in 3,496,809,090 shares which are owned by Haitong International Securities (Singapore) Pte. Ltd. (2,087,700,000 shares) and HTI Financial Solutions Limited (1,409,109,090 shares) as right to take the underlying shares under the SFO.

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

Save as disclosed above, as at 30 June 2023, 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 10% 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.

Corporate Governance

The Company has applied the principles and complied with the code provisions as set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2023 except that:

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

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

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

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

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

Compliance with the Model Code of the Listing Rules

The Company has adopted the Model Code as set out in Appendix 10 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 during the six months ended 30 June 2023.

Audit Committee

The Audit Committee of the Company comprise three independent non-executive directors, namely Mr. Chau Siu Wai, Mr. San Fung and Ms. Wang Ying. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023. The Audit Committee has also discussed with management and reviewed the accounting principles and practices adopted by the Group, as well as risk management, internal control and financial reporting matters, and found them to be satisfactory.

Purchase, Sale or Redemption of Shares

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 six months ended 30 June 2023.

Publication of interim report
A detailed interim report containing all the information required by paragraph 46(1) to 46(9) of Appendix 16 of the Listing Rules will be dispatched to the shareholders and available on the Company's website at www.uegl.com.hk and the Stock Exchange's website at www.hkexnews.hk in due course.

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

Hong Kong, 31 August 2023

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

GLOSSARY AND DEFINITION

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

General Terms:

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

Technical Terms:

"1P"	proved reserve
"2P"	proved plus probable reserve
"bbl"	barrel
"bcfd"	billion cubic feet per day
"boe"	barrels of oil equivalent
"boed"	barrels of oil equivalent per day
"EDPSC"	Exploration Development and Production Service Contract
"FDP"	field development plan
"GDPSC"	Gas Development and Production Service Contract
"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"	oil and gas exploration, development, production and sales