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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)

PROFIT WARNING

This announcement is made by United Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company (“**Shareholders**”) and potential investors that, based on a preliminary review of the Group’s unaudited consolidated management accounts for the year ended 31 December 2023 and other information currently available to the Company, the Group is expected to record net loss attributable to owners of the Company in the range of approximately HK\$1,500 million to HK\$1,800 million for the year ended 31 December 2023, as compared to the audited net profit of approximately HK\$2,601 million for the year ended 31 December 2022, primarily due to a one-off oil and gas reserve impairment and a one-off exploration dry well write-off in an aggregate amount of approximately HK\$4,400 million.

The one-off oil and gas reserve impairment primarily reflects the unaudited oil reserves as at 31 December 2023 in the Block 9 (B9) Contract Area in Iraq of 482 MMboe as set out in a preliminary reserve report prepared by ERCE, an external reserve assessment agency, being 247 MMboe lower than the audited amount as at 31 December 2022. The main reasons for the decline include the decrease in formation pressure in the main Yamama reservoir being faster than expected and the characters and connectivity of the Mishrif reservoir being less optimal than expected.

The one-off exploration dry well write off reflects the confirmation after the drilling of exploration wells by the Group during the year ended 31 December 2023 that no commercial production would be feasible at such sites.

Each of the oil and gas reserve impairment and exploration dry well write off is a one-off accounting adjustment and has no adverse impact on the Group’s operations or cash flow.

Based on a preliminary review of the Group’s unaudited consolidated management accounts for the year ended 31 December 2023 and other information currently available to the Company, the Group’s turnover and EBITDA for the year ended 31 December 2023 are expected to represent an increase in the range of 5% to 10% and a decrease in the range of 5% to 10%, respectively, as compared to the year ended 31 December 2022. EBITDA represents the profit before finance costs, income tax expense, depreciation and amortisation, property, plant and equipment written off, impairment losses for intangible assets and property, plant and equipment, share of profits/losses of associates, share of loss in a joint venture, gain/loss on disposals of property, plant and equipment, gain on derecognition of right-of-use assets and lease liabilities, allowance for slow-moving inventories, other payables and accruals written back, reversals of impairment losses/impairment losses on trade receivables and reversals of impairment losses on other receivables.

The Company is still in the process of finalising its audited consolidated accounts for the year ended 31 December 2023, including liaising with reserve auditor and asset valuer in respect of the finalisation of their reports. The information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 and the information available for the time being, which have been neither reviewed by the audit committee of the Company nor audited by the Company's auditors, and is subject to possible adjustment upon further review.

Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the year ended 31 December 2023, which is expected to be released by the end of March 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 19 February 2024

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