

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares. Any securities offered in connection with the transaction will not be or have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or exemption from the registration requirements.

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

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

(Stock Code: 467)

VERY SUBSTANTIAL ACQUISITION INVESTMENT IN TRANSMERIDIAN GENERAL AND SPECIAL MANDATES ISSUE OF CONVERTIBLE BONDS

AND

RESUMPTION OF TRADING

Financial Advisor

Citigroup Global Markets Inc.

THE TRANSACTION

The Company refers to its announcements made on 30 May 2008 and 10 June 2008, in which it was disclosed that the Company was engaged in discussions with a number of parties regarding potential investment transactions, one of which progressed to become the Advanced Stage Potential Transaction.

The Company is pleased to announce that, on 11 June 2008, the Company entered into the Advanced Stage Potential Transaction by signing the Transaction Agreements (as summarized below) in relation to its investment in Transmeridian.

Under the terms of the Transaction Agreements, the Company will be making an investment in Transmeridian with a value of approximately US\$212 million, including a cash injection of US\$75 million in Transmeridian to fund Transmeridian's ongoing capital expenditure program and working capital requirements. This will take place by way of the purchase by the Company of at least 90% of the outstanding shares of each of Transmeridian's Senior Preferred Stock and Transmeridian's Junior Preferred Stock for cash and the issue by the Company of Convertible Bonds. Additionally, Key Junior Preferred Stockholders may receive common stock in Transmeridian. Such securities in Transmeridian acquired by the Company plus \$75 million of cash consideration will be exchanged for new preferred stock (having full voting rights and powers equal to that of Transmeridian's Common Stock) convertible, and warrants carrying rights of subscription, into Transmeridian's Common Stock, which, when fully exercised will represent in aggregate approximately 60% of its enlarged issued Common Stock.

THE TRANSACTION AGREEMENTS

Pursuant to the Transaction Agreements:

1. the Company has agreed to issue Convertible Bonds to a Key Senior Preferred Stockholder, in exchange for which the Company will acquire from the Key Senior Preferred Stockholder all of the Senior Preferred Stock owned by it. Additionally, the Company has agreed to purchase Senior Preferred Stock in cash from certain other Key Senior Preferred Stockholders, one of which has the option to elect to be paid in Convertible Bonds. Together these represent approximately 83% of the issued and outstanding Senior Preferred Stock of Transmeridian. The aggregate consideration for the Senior Preferred Stock owned by the Key Senior Preferred Stockholders is approximately US\$38.9 million (out of which up to approximately US\$34.9 million may be paid by way of issue of Convertible Bonds by the Company) and the aggregate consideration for 100% of the Senior Preferred Stock is approximately US\$45.1 million;
2. the Company has agreed to acquire from the Key Junior Preferred Stockholders all of the Junior Preferred Stock owned by them, which represents approximately 74% of the issued and outstanding Junior Preferred Stock of Transmeridian at the acquisition price of US\$76 per share of Junior Preferred Stock or, at the option of any Key Junior Preferred Stockholders, a combination of cash and new shares of Common Stock of Transmeridian to be acquired for this purpose by the Company from Transmeridian provided that no more than 16% of the aggregate price paid to all of the Key Junior Preferred Stockholders may consist of Common Stock. The aggregate consideration for 100% of the Junior Preferred Stock is approximately US\$68.1 million (which includes the Additional Returns);
3. the Company has agreed, subject to the terms and conditions of the Investment Agreement, to make a Tender Offer to acquire (a) all outstanding shares of the Senior Preferred Stock that are not owned by the Key Senior Preferred Stockholders for US\$76 per share in cash, or at the option of the Company, Convertible Bonds, the aggregate consideration for which is approximately US\$6.2 million, and (b) all outstanding shares of the Junior Preferred Stock that are not owned by the Key Junior Preferred Stockholders for US\$76 per share in cash. The obligations of the Company under the Tender Offer will be subject to a minimum 90% acceptance threshold, which includes the shares purchased from the Key Senior Preferred Stockholders and the Key Junior Preferred Stockholders;
4. subject to the terms and conditions of the Investment Agreement, the Company has the right to request Transmeridian to conduct an Exchange Offer for Senior Notes in order to effect the Transactions. If requested, Transmeridian currently intends to conduct the Exchange Offer through its subsidiary to exchange the Senior Notes for new notes to be issued by Transmeridian and cash. The obligations of Transmeridian under the Exchange Offer (if applicable) will be subject to a minimum 90% acceptance threshold. The Company intends to close the Tender Offer simultaneously with, and conditional on, the closing of the Exchange Offer (if applicable);

5. upon completion of the above transactions, Transmeridian will issue to the Company:
- (a) the First Tranche Preferred Shares which are convertible into approximately 48% of Transmeridian's issued Common Stock as enlarged by the First Tranche Preferred Shares, at the conversion price of US\$1.40 per First Tranche Preferred Share, in exchange for the Company's:
 - (i) surrender to Transmeridian of the Senior Preferred Stock and Junior Preferred Stock purchased by the Company from the Key Senior Preferred Stockholders and the Key Junior Preferred Stockholders and acquired in the Tender Offer, respectively; and
 - (ii) payment to Transmeridian of the First Tranche Payment of approximately US\$14.3 million in cash;
 - (b) the Second Tranche Preferred Shares which are convertible into approximately an additional 6.8% of Transmeridian's issued Common Stock as enlarged by the First Tranche Preferred Shares and the Second Tranche Preferred Shares, at the conversion price of US\$1.84 per Second Tranche Share, in consideration of the Second Tranche Payment by the Company to Transmeridian of an aggregate amount of US\$60.7 million, provided that if the aggregate of the First Tranche Payment and US\$60.7 million exceeds US\$75 million (the "**Capital Excess**"), the Second Tranche Payment may, in the sole discretion of the Company, be reduced to an amount no less than the difference between US\$60.7 million and the Capital Excess and the number of the Second Tranche Preferred Shares shall be reduced proportionally. Together, the First Tranche Preferred Shares and the Second Tranche Preferred Shares will be convertible into approximately 54.8% of Transmeridian's issued Common Stock as enlarged by the First Tranche Preferred Shares and the Second Tranche Preferred Shares;
 - (c) US\$2 Warrants, which provide for the Company's right to purchase approximately 5.2% of Transmeridian's issued Common Stock as enlarged by the First Tranche Preferred Shares, the Second Tranche Preferred Shares and the Common Stock issuable on the full exercise of the US\$2 Warrants, at the subscription price of US\$2 per share of Common Stock (or approximately US\$67.3 million in aggregate); and
 - (d) Transmeridian will, subject to its having made the interest payments due under the Senior Notes, also issue to the Company US\$1 Warrants to purchase 5,000,000 shares of Common Stock constituting approximately 0.7% of Transmeridian's issued Common Stock as enlarged by the First Tranche Preferred Shares, the Second Tranche Preferred Shares and the Common Stock issuable on the full exercise of the US\$2 Warrants and the US\$1 Warrants, at the subscription price of US\$1 per share of Common Stock.
6. Immediately following the completion of the transactions above, Transmeridian intends to redeem any shares of Senior Preferred Stock and Junior Preferred Stock not purchased from the Key Senior Preferred Stockholders and Key Junior Preferred Stockholders or tendered into the Tender Offer, using funds provided by, or at the direction of, the Company.

7. After completion of the Exchange Offer (if applicable), subject to achievement a 90% acceptance threshold and after Closing, Transmeridian will cause the issuer of the Senior Notes to offer to repurchase any Senior Notes not exchanged in the Exchange Offer in accordance with their terms. The Company would be entitled to receive additional shares of First Tranche Shares to the extent it funds the repurchases and, additionally, the Company may elect to exchange any Senior Notes it owns on the closing date of the Transactions for additional shares of First Tranche Preferred Shares up to an aggregate maximum total number of 580,000 First Tranche Preferred Shares; and
8. The Company would, on Closing, be entitled to appoint up to four directors of Transmeridian.

LISTING RULES IMPLICATIONS

Since certain of the relevant percentage ratios (as defined under the Listing Rules) are greater than 100%, the Transactions constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and, accordingly, the Transactions contemplated under the Transaction Agreements are subject to the approval of the Shareholders at the SGM.

Furthermore, the issue of any Conversion Shares under the Convertible Bonds will be made pursuant to, depending on the timing of the launch of the Convertible Bonds, the general mandate granted on 3 December 2007 by the shareholders of the Company to the Directors to issue shares or at the next AGM of the Company, together with the special mandate proposed to be granted by the shareholders at the SGM, which will provide for the issue of any additional conversion shares beyond the number permitted by the general mandate.

The Company will comply with Listing Rule 14.75 on the exercise of the US\$2 Warrants and the US\$1 Warrants.

SGM

An SGM will be convened at which resolutions will be proposed to seek the Shareholders' approval of, amongst other things, the Transactions contemplated under the Transaction Agreements.

GENERAL

A circular containing, amongst other things, further details of (i) the Transactions, (ii) Transaction Agreements; (iii) the issue of the Convertible Bonds; together with (iv) a notice convening the SGM; and (v) other disclosures applicable under the Listing Rules will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

The Company requested trading in the Shares on the Stock Exchange to be suspended from 9:30 a.m. 12 June 2008, pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. 23 June 2008.

(A) THE TRANSACTIONS AND THE TRANSACTION AGREEMENTS

The Company refers to its announcements made on 30 May 2008 and 10 June 2008, in which it was disclosed that the Company was engaged in discussions with a number of parties regarding potential investment transactions, one of which progressed to become the Advanced Stage Potential Transaction.

The Company is pleased to announce that, on 11 June 2008, the Company entered into the Advanced Stage Potential Transaction by signing the Transaction Agreements (details of which are set out below) in relation to its investment in Transmeridian.

(I) Investment Agreement

Date

11 June 2008

Parties to the Investment Agreement

- (i) the Company
- (ii) Transmeridian

Subject matters under the Investment Agreement

Pursuant to the Investment Agreement and subject to the terms and conditions thereof:—

1. pursuant to the Stock Purchase Agreements, the Company has agreed to:
 - (i) issue Convertible Bonds to a Key Senior Preferred Stockholder, in exchange for which the Company will acquire from the Key Senior Preferred Stockholder all of the Senior Preferred Stock owned by it; and
 - (ii) purchase Senior Preferred Stock in cash from certain other Key Senior Preferred Stockholders, one of which has the option to elect to be paid in Convertible Bonds.

Together these represent approximately 83% of the issued and outstanding Senior Preferred Stock of Transmeridian (“**Roll-Over and Stock Purchase Transactions**”). The aggregate consideration for the Senior Preferred Stock owned by the Key Senior Preferred Stockholders is approximately US\$38.9 million (out of which up to approximately US\$34.9 million may be paid by way of issue of Convertible Bonds to be issued by the Company) and the aggregate consideration for 100% of the Senior Preferred Stock is approximately US\$45.1 million;

2. the Company has agreed to acquire from the Key Junior Preferred Stockholders all of the Junior Preferred Stock owned by them, which represents approximately 74% of the issued and outstanding Junior Preferred Stock of Transmeridian under the terms and conditions of the Junior Preferred Stock Purchase Agreement at the acquisition price of US\$76 per share of Junior Preferred Stock or, at the option of Key Junior Preferred Stockholders, a combination of cash and new shares of Common Stock of Transmeridian to be acquired for this purpose by the Company from Transmeridian. The aggregate consideration for 100% of the Junior Preferred Stock is approximately US\$68.1 million (which includes the Additional Returns) (“**Sale and Purchase Transactions**”);
3. the Company has agreed, subject to the terms and conditions of the Investment Agreement, to make a tender offer (“**Tender Offer**”) to acquire (a) all outstanding shares of the Senior Preferred Stock that are not owned by the Key Senior Preferred Stockholders (“**Remaining Shares of the Senior Preferred Stock**”) for US\$76 per share, in cash, or at the option of the Company, Convertible Bonds, the aggregate value for which is anticipated to be approximately US\$6.2 million, and (b) all outstanding shares of the Junior Preferred Stock that are not owned by the Key Junior Preferred Stockholders (“**Remaining Shares of the Junior Preferred Stock**”) for US\$76 per share in cash (constituting a 24% discount to the face value of the shares), (the Remaining Shares of the Senior Preferred Stock and the Remaining Shares of the Junior Preferred Stock are collectively referred to as the “**Remaining Shares of the Preferred Stock**”). The obligations of the Company under the Tender Offer will be subject to a minimum 90% acceptance threshold, which includes the shares purchased from the Key Senior Preferred Stockholders and the Key Junior Preferred Stockholders;
4. subject to the terms and conditions of the Investment Agreement, the Company has the right to request Transmeridian to conduct an Exchange Offer for Senior Notes in order to effect the Transactions. If requested, Transmeridian intends to conduct an Exchange Offer (the “**Exchange Offer**”) through its subsidiary to exchange the Senior Notes for cash and new notes to be issued by Transmeridian. The obligations of the Company under the Exchange Offer (if applicable) will be subject to a minimum 90% acceptance threshold. The Company intends to close the Tender Offer simultaneously with, and conditional on, the closing of the Exchange Offer (if applicable);
5. upon completion of the above transactions, Transmeridian has agreed to issue to the Company:
 - (a) 1,512,158 shares (“**First Tranche Preferred Share(s)**”) of series B-1 convertible preferred stock of Transmeridian of par value of US\$0.0006 per share and with face value of US\$100 per First Tranche Preferred Share, the aggregate value of the First Tranche Preferred Shares being US\$151.2 million, which are convertible into 108,011,288 shares of Common Stock, representing approximately 48% of Transmeridian’s issued Common Stock as enlarged by the First Tranche Preferred Shares, at the conversion price of US\$1.40 per First Tranche Preferred Share, in exchange for the Company’s:—

- (i) surrender to Transmeridian of any of the Senior Preferred Stock and Junior Preferred Stock purchased by the Company from the Key Senior Preferred Stockholders and the Key Junior Preferred Stockholders and acquired in the Tender Offer, respectively;
 - (ii) payment of the First Tranche Payment, which is an amount equal to the difference between (a) US\$151.2 million and (b) the sum of (i) the Total Preferred Stock Value and (ii) the Additional Returns (“**First Tranche Payment**”) to the escrow account maintained by the Escrow Agent, estimated to be approximately US\$14.3 million;
- (b) 622,897 shares (“**Second Tranche Preferred Share(s)**”) of series B-2 convertible preferred stock of Transmeridian of par value of US\$0.0006 per Second Tranche Preferred Share and with face value of US\$100 per Second Tranche Share, which are convertible into 33,853,096 of Common Stock, representing approximately an additional 6.8% of Transmeridian’s issued Common Stock as enlarged by the First Tranche Preferred Shares and the Second Tranche Preferred Shares, at the conversion price of US\$1.84 per Second Tranche Share, in consideration of the payment by the Company to Transmeridian of an aggregate amount of US\$60.7 million (“**Second Tranche Payment**”) to Transmeridian, provided that if the aggregate of the First Tranche Payment and US\$60.7 million exceeds the Capital Excess, the Second Tranche Payment may, in the sole discretion of the Company, be reduced to an amount no less than the difference between US\$60.7 million and the Capital Excess and the number of the Second Tranche Preferred Shares shall be reduced proportionally. Together, the First Tranche Preferred Shares and the Second Tranche Preferred Shares will be convertible into approximately 54.8% of Transmeridian’s issued Common Stock as enlarged by the First Tranche Preferred Shares and the Second Tranche Preferred Shares;
- (c) US\$2 Warrants, which provide for the Company’s right to purchase 33,653,960 of Common Stock, representing approximately 5.2% of Transmeridian’s issued Common Stock as enlarged by the First Tranche Preferred Shares, the Second Tranche Preferred Shares and the Common Stock issuable on the full exercise of the US\$2 Warrants, at the subscription price of US\$2 per share of Common Stock (or approximately US\$67.3 million in aggregate); and
- (d) Transmeridian will, subject to its having made the interest payments due under the Senior Notes, also issue to the Company US\$1 Warrants to purchase 5,000,000 shares of Common Stock constituting approximately 0.7% of Transmeridian’s issued Common Stock as enlarged by the First Tranche Preferred Shares, the Second Tranche Preferred Shares and the Common Stock issuable on the full exercise of the US\$2 Warrants and the US\$1 Warrants, at the subscription price of US\$1 per share of Common Stock.

6. Immediately following the completion of the transactions above, Transmeridian intends to redeem any shares of Senior Preferred Stock and Junior Preferred Stock not purchased from the Key Senior Preferred Stockholders and Key Junior Preferred Stockholders or tendered into the Tender Offer, using funds provided by, or at the direction of, the Company.
7. After completion of the Exchange Offer (if applicable), subject to achievement a 90% acceptance threshold and after Closing, Transmeridian will cause the issuer of the Senior Notes to offer to repurchase any Senior Notes not exchanged in the Exchange Offer in accordance with their terms. The Company would be entitled to receive additional shares of First Tranche Shares to the extent it funds the repurchases and, additionally, the Company may elect to exchange any Senior Notes it owns on the closing date of the Transactions for additional shares of First Tranche Preferred Shares, up to an aggregate maximum total number of 580,000 First Tranche Preferred Shares.

The Tender Offer

Under and subject to the terms and conditions of the Investment Agreement, the Company shall commence the Tender Offer at a time satisfactory to it after the date of the Investment Agreement. The obligation of the Company to accept for payment the Remaining Shares of the Preferred Stock tendered pursuant to the Tender Offer shall be subject to (i) the condition that at least 90% of each of the Senior Preferred Stock and the Junior Preferred Stock, which includes the shares purchased from the Key Senior Preferred Stockholders and the Key Junior Preferred Stockholders, having been validly tendered and not withdrawn prior to the expiration of the Tender Offer and (ii) the satisfaction of each of the other conditions in relation to the Tender Offer as set forth in the Investment Agreement. The Company expressly reserved the right under the Investment Agreement to waive any such condition, to increase the price payable in the Tender Offer, and to make any other changes in the terms and conditions of the Tender Offer subject to the terms and conditions of the Investment Agreement.

The Exchange Offer

Under and subject to the terms and conditions of the Investment Agreement, the Company has the right to request Transmeridian to cause the issuer of the Senior Notes to obtain the consent (“**Requisite Noteholder Consent**”) of the holders of the Senior Notes. If requested, Transmeridian intends to conduct an Exchange Offer through its subsidiary to exchange the Senior Notes for new notes to be issued by Transmeridian and cash. The obligations of the Company under such Exchange Offer will be subject to a 90% acceptance threshold. The Company intends to close the Tender Offer simultaneously with, and conditional on, the closing of such Exchange Offer (if applicable).

First Tranche Preferred Shares, Second Tranche Preferred Shares and their terms and conditions

The terms and conditions attached to the First Tranche Preferred Shares and the Second Tranche Preferred Shares are identical, save for their respective conversion rights. Their brief terms are set out below:

Interest Rate:	15% per annum.
Dividends:	payable quarterly, in arrears at the rate per annum of 15% per share.
Transferability:	freely transferable, subject to applicable securities laws and regulations.
Conversion Rights:	convertible to Common Stock at any time at the option of the holder of the First Tranche Preferred Shares or the Second Tranche Preferred Shares (as the case may be) at the conversion price of US\$1.40 and US\$1.84 per First Tranche Share and Second Tranche Share respectively.
Voting Rights:	except for the election of directors of Transmeridian, holders of the First Tranche Preferred Shares and the Second Tranche Preferred Shares will vote together with Common Stock as a single class on all matters as to which the approval of the stockholders of Transmeridian may be required, on an as-converted basis with full voting rights and powers equal to the voting rights and powers of the holders of Common Stock.

Warrants

The terms and conditions of the Warrants are identical, except for the exercise price. Their brief terms are set out below:

Mechanism of Exercise:	the Warrants may be exercised, in whole or in part, at any time and from time to time on or after issue date at the election of the holder of the Warrants, upon payment to Transmeridian of the Exercise Price (defined below).
Exercise Price:	US\$2 Warrants: US\$2 per share, (subject to adjustment), payable in cash or shares of Common Stock at the warrant holder's election; and US\$1 Warrants shall have an exercise price of US\$1 per share (subject to adjustment).

Transferability:	the Warrants and Common Stock to be issued upon exercise of the Warrants shall be freely transferable, subject to compliance with all applicable laws, including applicable securities laws.
Status of the Common Stock to be issued: upon exercise of the Warrants	the Common Stock, when issued pursuant to the exercise of any Warrant, will be duly and validly issued, fully paid and non-assessable and free from all taxes, liens, charges and security interests, and other encumbrances or restrictions on sale, and free of all preemptive rights.

Conditions precedent to completion of the Investment Agreement

Closing of the Investment Agreement is subject to the satisfaction of the following conditions precedent:

1. the Company or its permitted assignee shall have purchased a number of the Remaining Shares of the Senior Preferred Stock and the Remaining Shares of the Junior Preferred Stock, which, together with the shares of the Senior Preferred Stock and the shares of the Junior Preferred Stock then owned by Purchaser, represents at least 90% of the outstanding shares of each of the Senior Preferred Stock and the Junior Preferred Stock, respectively;
2. the closing of the Rollover and Stock Purchase Transactions shall have occurred pursuant to the Senior Preferred Stock Purchase Agreements;
3. the closings of the Sale and Purchase Transactions shall have occurred pursuant to the Junior Preferred Stock Purchase Agreement;
4. After the closing of the Tender Offer, to the extent that and only if the Company does not “beneficially” own at least 66²/₃% of the outstanding shares of Senior Preferred Stock or the Junior Preferred Stock, Transmeridian shall have obtained from the holders of the Junior Preferred Stock and the Senior Preferred Stock, written consent to amend certain provisions of the Junior Preferred Stock and the Senior Preferred Stock, approve the issuance of the New Preferred Stock and approve any other matters, if any, required by applicable law or reasonably requested by the Company consummate the Transactions;
5. receipt of the Requisite Noteholder Consent and the Company on the other hand; and
6. the Company having obtained 90% acceptance of the Exchange Offer.

Closing of the Investment Agreement shall take place immediately following the satisfaction or waiver of each of the conditions to the obligations of the parties set forth above.

Termination of the Investment Agreement

The Investment Agreement may be terminated and the transactions contemplated thereunder may be abandoned at any time prior to Closing:

1. by mutual written consent of each of the Company and Transmeridian;
2. by either the Company or Transmeridian, if Closing shall not have occurred on or before 31 December 2008;
3. by the Company, (i) if the Senior Preferred Stock Purchase Agreements or the Junior Preferred Stock Purchase Agreement is terminated without any material breach by the Company; (ii) if due to an occurrence or circumstance that would result in a failure to satisfy any condition in relation to the Tender Offer, the Company shall have failed to commence or terminated the Tender Offer or failed to accept the Senior Preferred Stock for payment as required or specified under the Investment Agreement; or (iii) the board of directors of Transmeridian ("**Transmeridian Board**") shall withdraw or modify any approval or recommendation by the Transmeridian Board of any of the Transactions in a manner adverse to the Company or shall have recommended or approved any transaction which involves the merger, liquidation or other similar transactions of the Transmeridian Group or sale or dispose of 15% or more of assets, securities of the Transmeridian Group or other transactions which would impede or materially delay any of the Transactions; or
4. by Transmeridian upon the approval of its board of directors, if due to a material breach by the Company of its representations or warranties or covenants contained in the Investment Agreement that would result in a failure to satisfy any condition to the Tender Offer, the Company shall have failed to commence the Tender Offer or terminated the Tender Offer or failed to accept any Senior Preferred Stock or the Senior Notes for payment pursuant to the Tender Offer as required or specified under the Investment Agreement.

In the event of termination of the Investment Agreement pursuant to the above terms, the Investment Agreement shall become void (other than regarding various provisions in relation to confidentiality) and there shall be no liability on the part of any party thereto, except as set forth in the Investment Agreement and save for any antecedent breaches of the Investment Agreement prior to the date of such termination.

Other material information in relation to the Investment Agreement and transactions contemplated thereunder

Listing of Common Stock

Transmeridian shall promptly prepare and submit to the American Stock Exchange a listing application covering the shares (“**Transmeridian Conversion Shares**”) of Common Stock issuable upon the conversion of the New Preferred Stock and upon exercise of rights attached to the Warrants, and shall use its reasonable best efforts to obtain, prior to the Closing, approval for the listing of such Transmeridian Conversion Shares.

Retirement of preferred shares

Transmeridian shall take all necessary actions to retire all shares of Senior Preferred Stock and Junior Preferred Stock repurchased from the Company pursuant to the terms of the Investment Agreement immediately following the Closing.

Redemption of remaining shares

Immediately following the Closing, Transmeridian intends to redeem, at the same price per share paid in the Tender Offer, all of the then outstanding shares of Senior Preferred Stock and Junior Preferred Stock which have not been purchased by the Company and surrendered to Transmeridian (the “**Remaining Shares**”). Transmeridian shall take all necessary actions to cancel all of the Remaining Shares immediately following such redemption.

Conduct of Business

Between the signing of the Investment Agreement and the Closing, Transmeridian will, unless the Company otherwise agrees in writing, conduct the businesses of Transmeridian and its subsidiaries only in, the ordinary course of business and in a manner consistent with past practice, and pursuant to the terms of the Investment Agreement.

(II) The Senior Preferred Stock Purchase Agreements

Date

11 June 2008

Parties to the Senior Preferred Stock Purchase Agreement

- (i) the Company
- (ii) Key Senior Preferred Stockholders

Subject matters under the Senior Preferred Stock Purchase Agreements

Pursuant to the three Senior Preferred Stock Purchase Agreements and subject to the terms and conditions of each of the agreements, the Company has agreed to:

- (i) issue Convertible Bonds to a Key Senior Preferred Stockholder, in exchange for which the Company will acquire from the Key Senior Preferred Stockholder all of the Senior Preferred Stock owned by it; and
- (ii) purchase Senior Preferred Stock in cash from certain other Key Senior Preferred Stockholders, one of which has the option to elect to be paid in Convertible Bonds.

Together these represent approximately 83% of the issued and outstanding Senior Preferred Stock of Transmeridian.

Conditions precedent to completion of the Senior Preferred Stock Purchase Agreements

Completion of the Senior Preferred Stock Purchase Agreements is subject to the satisfaction of the following conditions precedent:

1. the fulfillment or waiver by the Company (to the extent permitted under the Investment Agreement) of the conditions set forth in conditions (1), (3), (4) and (5) of the Investment Agreement, and in the case of one Senior Preferred Stock Purchase Agreement, condition (2) of the Investment Agreement, as set out in the section headed “Conditions precedent to completion of the Investment Agreement” in this announcement above;
2. if applicable, the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Conversion Shares and authority to issue such shares being granted by the shareholders of the Company;
3. if applicable, the shareholders of the Company having approved the issue of the Convertible Bonds;
4. the Investment Agreement having become and remaining unconditional under its own terms; and
5. that the respective representations, warranties, covenants or agreements of each of the Company and the Key Senior Preferred Stockholders contained in the Senior Preferred Stock Agreement shall be true and correct or complied with by the relevant parties in all material respects as of the Closing Date (or as of another date as specified), as the case may be.

The Senior Preferred Stock Purchase Agreements shall be terminated and the transactions contemplated thereby shall be abandoned solely in the event that the Investment Agreement is terminated pursuant to the terms thereof or if the purchase of the Senior Preferred Stock or, if applicable, the exchange of the Senior Preferred Stock for Convertible Bonds shall not have closed on or before 31 December 2008.

(III) The Junior Preferred Stock Purchase Agreement

Date

11 June 2008

Parties to the Junior Preferred Stock Purchase Agreement

- (i) the Company
- (ii) Key Junior Preferred Stockholders

Subject matters under the Junior Preferred Stock Purchase Agreement

Pursuant to the Junior Preferred Stock Purchase Agreement and subject to the terms and conditions thereof, the Company agreed to acquire from the Key Junior Preferred Stockholders all of the Junior Preferred Stock owned by them, which represent approximately 74% of the issued Junior Preferred Stock of Transmeridian at the acquisition price of US\$76 per share of Junior Preferred Stock or, at the option of Key Junior Preferred Stockholders, a combination of cash and new shares of Common Stock of Transmeridian to be acquired for this purpose by the Company from Transmeridian. The aggregate cash value of 100% of the Junior Preferred Stock is approximately US\$68.1 million.

Conditions precedent to completion of the Junior Preferred Stock Purchase Agreement

Completion of the Junior Preferred Stock Purchase Agreement is subject to the satisfaction of the following conditions precedent:

1. the fulfillment or waiver by the Company (to the extent permitted under the Investment Agreement) of the conditions set forth in conditions (1), (2), (4) and (5) of the Investment Agreement as set out in the section headed “Conditions precedent to completion of the Investment Agreement” in this announcement above; and
2. that the respective representations, warranties, covenants or agreements of each of the Company and the Key Junior Preferred Stockholders contained in the Junior Preferred Stock Agreement shall be true and correct or complied with by the relevant parties in all material respects as of the Closing Date (or as of another date as specified), as the case may be.

The Junior Preferred Stock Purchase Agreement shall be terminated and the transactions contemplated thereby shall be abandoned (i) in the event that the Investment Agreement is terminated pursuant to the terms thereof and (ii) in the event of the failure by Transmeridian to pay any interest payment under the Senior Notes by June 30 or September 30.

(IV) The Investor Rights Agreement

Date

11 June 2008

Parties to the Investor Rights Agreement

- (i) the Company
- (ii) Transmeridian

Subject matters under the Investor Rights Agreement

Pursuant to the Investor Rights Agreement and subject to the terms and conditions thereof, Transmeridian agreed with respect to the First Tranche Preferred Shares and Second Tranche Preferred Shares to be issued to the Company pursuant to the relevant Transaction Agreements, to grant the Company certain registration rights and other rights attached to or in relation to the First Tranche Preferred Shares and Second Tranche Preferred Shares.

Effectiveness of the Investor Rights Agreement

The Investor Rights Agreement will become effective as of the Closing.

Termination of the Investor Rights Agreement

The Investor Rights Agreement will only terminate:

1. by mutual written consent of each of the Company and Transmeridian; or
2. upon the expiration of (a) all rights created under the Investor Rights Agreement and (b) all statutes of limitations applicable to the enforcement of any claims under the Investor Rights Agreement.

(V) Other Information About the Transactions

Independence of parties to the Transaction Agreements

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of Transmeridian, the Key Senior Preferred Stockholders and Key Junior Preferred Stockholders and the ultimate beneficial owners of each of Transmeridian, the Key Senior Preferred Stockholders and Key Junior Preferred Stockholders are third parties independent of the Company and connected persons of the Company.

Asset to be acquired

Subject to the terms and conditions of the Investment Agreement, the Senior Preferred Stock Purchase Agreements and the Junior Preferred Stock Purchase Agreement, the Company agreed to acquire New Preferred Stock and the Warrants. Under the terms of the Transaction Agreements, the Company will be making an investment in Transmeridian for the value of approximately US\$212 million (the “**Transaction Value**”). Based on the published US audited financial statements of Transmeridian for the year ended 31 December 2007, its net liabilities were US\$14,819,000.

On the assumption that Transmeridian will not issue or repurchase any Common Stock, shares, securities or stock other than pursuant to the terms of the Transaction Agreements, after the Closing Date and prior to the date of exercise of the Warrants, the Company will be able to control 54.8% of the voting rights of Transmeridian. On exercise of the US\$2 Warrants, the Company will obtain a further approximately 5.2% of Transmeridian’s enlarged issued Common Stock, constituting a total aggregated acquisition of approximately 60% of the shares of Transmeridian on a fully diluted basis. As a consequence of the Transactions, upon completion, the financial statements of the Transmeridian Group will be consolidated into the Group’s financial statements.

Consideration

The aggregate consideration payable by the Company under the Transactions is approximately US\$188.2 million (the “**Consideration**”), which will take the form of Convertible Bonds of up to US\$41.1 million and the balance in cash.

In the event that the Company elects to exercise in full the US\$2 Warrants and the US\$1 Warrants granted to it under the Transactions (at the respective exercise price of US\$2 and US\$1 per share of Common Stock), the aggregate exercise price payable to Transmeridian could amount to approximately US\$67.3 million and US\$5 million respectively.

The above total cash payment under the First Tranche Payment and the Second Tranche Payment, in the aggregate amount of US\$75 million, to Transmeridian is intended to fund Transmeridian’s ongoing capital expenditure program and working capital requirements.

The First Tranche Payment and the Second Tranche Payment shall be paid to an escrow account to be maintained by an escrow agent (“**Escrow Agent**”) jointly appointed by the Company and Transmeridian pursuant to the terms of an escrow agreement to be entered into between the Company, Transmeridian and the Escrow Agent prior to Closing. In accordance with the terms of the said escrow agreement, the Company shall deposit the First Tranche Payment and Second Tranche Payment to be managed and paid out by the Escrow Agent in accordance with the terms of the said escrow agreement. The proceeds (“**Proceeds**”) to be received by Transmeridian from the Transactions, including the First Tranche Payment and the Second Tranche Payment, shall be allocated and used in accordance with the terms of the Investor Rights Agreement. The Proceeds shall be paid to Transmeridian by the Escrow Agent in accordance with the terms of the said escrow agreement and the Investor Rights Agreement.

It is expected that payment of the Transaction will be financed by the current cash reserves available within the Group.

The Consideration was determined after arm's length negotiation between the Company on one hand and Transmeridian (for itself and on behalf of the holders of the Senior Notes), the Key Senior Preferred Stockholders and the Key Junior Preferred Stockholders on the other hand with reference to publicly available information concerning the Company and Transmeridian respectively, including the trading price of shares over the last twenty-four months and published financial statements, such as the annual and quarterly financial reports of Transmeridian. Reference was also made to other comparable transactions that have taken place between companies operating in the energy sector.

In view of the above, the Directors (including the independent non-executive Directors) consider the terms and conditions of the Transactions and the Transaction Agreements, in particular, the Transaction Value, to be fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

(B) THE CONVERTIBLE BONDS

The following are the principal indicative terms of the Convertible Bonds to be issued to Key Senior Preferred Stockholders, which terms may be subject to amendment by agreement between the Company and the Key Senior Preferred Shareholders. The Convertible Bonds being issued to Senior Preferred Stockholders up to an aggregate principal amount of approximately US\$41.1 million (comprising up to approximately US\$34.9 million under the Roll-Over and Stock Purchase Transactions and up to approximately US\$6.2 million under the Tender Offer) are agreed to be so issued as part of a private placement of Convertible Bonds of at least US\$150,000,000 by the Company to institutional investors which will be Independent Third Parties. The Company has not yet entered into any placing agreement with any institutional investors in relation to the Convertible Bonds. The Convertible Bonds may be issued regardless of the completion of the Transactions. A further announcement will be made by the Company on settling the final terms of the Convertible Bonds.

Indicative terms and conditions:

Issuer	:	The Company
Maturity	:	5 years from the date of issue of the Convertible Bonds ("Issue Date"), with a one-time investor put at end of year 3 at the Early Redemption Price (as defined below)
Interest rate	:	Payable semi-annually, in arrears at a rate, subject to a coupon step down after Conversion Price Fixing Date to a lower rate, that are customary to this type of transaction and to be finalised

Ranking and Status	: Senior secured debt obligation of the Company upon completion of the Transactions. The Notes will rank pari passu with all senior unsecured debt obligations of the Company following the “Secured Fall-away” subject to conditions under “Security” (detailed below)
Security	: Initially: <ul style="list-style-type: none"> (1) the first priority charge on all cash and cash equivalent in an interest reserve account of the Company (2) the first priority charge on share capital of all the Company’s subsidiaries (except subsidiaries domiciled in the PRC) <p>Security Fall-away:</p> <p>The security package will “fall-away” around 3 months following Conversion Price Fixing Date</p>
Conversion Price Fixing Date	: Around 3 months following the Transactions
Reference Price	: Reference Price will be determined based on around 3 month volume weighted average price of each trading day with trading volume exceeding around US\$2 million or such other conventional reference price setting mechanism which will achieve substantially the same effect
Conversion Price	: Around 20-30% premium to Reference Price
Redemption rights of the Company	: The Company shall have right, on the date falling two (2) years from Conversion Price Fixing Date to redeem the outstanding Bonds held by the holders of the Convertible Bonds at the early redemption amount which is at 130% of the principal amount of the outstanding Bonds together with interest accrued thereon
Mandatory Repayment	: Around 12 months from Issue Date if Closing shall not have taken place or completed pursuant to the terms and conditions of the Investment Agreement. Mandatory Repayment Amount would be calculated based on a premium over the principal amount of the outstanding Convertible Bonds less interest at a rate that is customary to this type of transaction and to be finalised paid before Mandatory Repayment Date

Covenants	: Standard Euromarket provisions including negative pledge, delisting put, change of control put, anti-dilution protection and cross default
	Certain Restrictive Covenants not customary to Convertible Bonds will fall-away after Conversion Price Fixing Date
Redemption Price at Investor Put	: At the end of the third anniversary of the Issued Date, the holders of the Convertible Bonds may request the Company to redeem the outstanding Convertible Bonds held by the holders of the Convertible Bonds at the early redemption amount which is a premium over the principal amount of the outstanding Convertible Bonds together with interest accrued thereon at a rate that is customary to this type of transaction and to be finalised (“ Early Redemption Price ”)
Redemption Price at Maturity	: Unless previously redeemed or converted or purchased and cancelled as provided herein, the Company shall redeem each outstanding Convertible Bond on the Maturity Date at the redemption amount which is a premium over the principal amount of the outstanding Convertible Bonds together with interest accrued thereon at a rate that is customary to this type of transaction and to be finalised
Dividend Protection	: Adjustment to conversion price upon cash and stock dividend payment
Conditions Precedent	: Including but not limiting to completion of the Transactions
Governing Law	: English Law

Conversion Shares

The Shares will, upon exercise (if so exercised) of the conversion rights attached to the Convertible Bonds, be allotted and issued pursuant to, depending on the timing of the launch of the Convertible Bonds, the general mandate granted on 3 December 2007 by the shareholders of the Company to the Directors to issue shares or at the next AGM of the Company, together with the special mandate proposed to be granted by the shareholders at the SGM, which will provide for the issue of any additional conversion shares beyond the number permitted by the general mandate. Since the grant of the general mandate on 3 December 2007 no new Shares have been issued. As such, the Company still has authority to issue 2,555,418,326 Shares under the current general mandate.

There is no restriction on the subsequent sale of the Conversion Shares issued on conversion of the Convertible Bonds. As part of the terms of the Convertible Bonds, in the event that any conversion of the Convertible Bonds into Common Stock would result in a breach of the requirement that at least 25% of the Company's total issued share capital must at all times be held by the public (the "**Public Float Requirement**"), the Company will have the option to pay an amount, in cash, to the relevant holder of the Convertible Bonds equivalent to the value of those shares, which on conversion, would have caused the Company to be in breach of the Public Float Requirement. The Company will exercise the above option in such a way as will enable it to comply with the Public Float Requirement.

As at the date of this announcement, there are 12,777,091,632 Shares in issue. The conversion price will only be determined based on volume weighted average price of the shares of the Company of each trading day with trading volume exceeding US\$2 million over a three month period after Closing plus a premium of around 20 to 30% or such other conventional reference price setting mechanism which will achieve substantially the same effect. For illustrative purposes only, assuming a Reference Price (as defined below) of HK\$1.18 (being the Reference Price determined based on volume weighted average price of the shares of the Company of each trading day with trading volume exceeding US\$2 million over the three month period ended on the last day of trading on the Stock Exchange prior to this announcement) plus a premium of 20% to the Reference Price and therefore a Conversion Price of HK\$1.42 per Conversion Share, the Convertible Bonds may be convertible into a maximum number of approximately 823,943,662 Conversion Shares which represent approximately 6.45% of the existing issued shares capital of the Company and approximately 6.06% of the issued shares capital of the Company as enlarged by the Conversion Shares. Investors should note that the actual number of shares that may be issued on full conversion of the Convertible Bonds may be higher or lower than this number. The full conversion of the Convertible Bonds will not lead to any change of control in the Company.

Application for listing

No decision has yet been made by the Company on whether to apply for listing of the Convertible Bonds on any stock exchanges.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares.

View of Directors

The terms and conditions of the Convertible Bonds were determined after arm's length's negotiation between the Company and the Key Senior Preferred Stockholders, which in the opinion of the Directors (including the independent non-executive Directors) are fair and reasonable and the issue of the Convertible Bonds is in the interest of the Company and the Shareholders as a whole.

(C) INFORMATION ON THE TRANSMERIDIAN GROUP

Transmeridian is a corporation incorporated in the State of Delaware, the U.S.A. in April 2000, whose Common Stock began trading on the American Stock Exchange in March 2005. Transmeridian is an energy company engaged in the business of acquiring, developing and producing crude oil and natural gas.

According to Transmeridian's most recent annual report for the fiscal year ended 31 December 2007, Transmeridian's activities are primarily focused on the Caspian Sea region of the former Soviet Union and it currently has projects in Kazakhstan and southern Russia. Transmeridian's primary oil and gas property is the South Alibek Field (the "**Field**") in the Republic of Kazakhstan, of which it has a 100% interest in, covered by a subsoil use license and related exploration and production contracts.

Transmeridian conducts its operations in Kazakhstan through its indirect wholly owned subsidiary, JSC Caspi Neft TME, a joint stock company organized under the laws of Kazakhstan ("**Caspi Neft**"). Transmeridian holds, through Caspi Neft, an exclusive exploration contract governing the exploration activities in the Field, for the period from March 2000 to April 2009, and an exclusive 25-year production contract, commencing on 29 June 2005, that governs crude oil and gas production, both of which were entered into with the Kazakhstan Ministry of Energy and Mineral Resources.

Transmeridian also has a 50% interest in DNK LLC, a limited liability company incorporated under the laws of Russia ("**DNK**"). According to the information provided by Transmeridian and other publicly available information, DNK holds (i) a 20-year license that expires in May 2025, for developing the subsurface resources in the Gasha Field, which is located onshore in the Republic of Dagestan, Russia (the "**Gasha Field**"); and (ii) a 5-year license that expires in August 2009, for exploration of crude oil and gas in the Russian Federation. According to information given by the Transmeridian Group and other publicly available information, the Gasha Field, which is not currently producing, was active during the Soviet era and is located close to an existing oil and gas pipeline infrastructure and transportation networks.

According to Transmeridian's most recent annual report for the fiscal year ended 31 December 2007, the Transmeridian Group has a history of losses, incurring net losses of approximately \$20.5 million, \$53.2 million and \$57.7 million for the years ended December 31, 2005, 2006 and 2007, respectively.

(D) REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company is an investment holding company and the principal activities of its subsidiaries include investment holding, property development and investment and an oil resources business.

Following the entering into of acquisition agreements on 8 August 2007 with United Energy Holdings Limited, United Petroleum & Natural Gas Holdings Limited and Kowin Limited for the acquiring of the entire issued share capital of and shareholder's loan owing by United Petroleum & Natural Gas Investments Limited ("**United Petroleum**"), the Company's strategy has been to focus on the development of the oil resources business, primarily targeting investments in oil and gas fields globally with proved or probable reserves and significant upside reserve potential.

As a result of the acquisition of United Petroleum by the Company, the Company's main oil and gas asset comprises its participating interests in an oilfield project in Bohai Bay Basin in the People's Republic of China. These participating interests relate to the enhancing of oil recovery from the existing oilfield projects of China National Petroleum Corporation, China's largest oil and gas company, with United Energy acting as the operator for the asset.

The Company's acquisition of a majority interest in Transmeridian compliments the Company's strategy in the development of its oil resources business. The Company believes that Transmeridian will be an attractive investment due to Transmeridian's 100% interest in and operation of the Field, located in the highly prolific hydrocarbon area of Kazakhstan under a stable fiscal regime. The Company expects that Transmeridian's 25-year production contract related to the Field offers the Company the opportunity to maximize further production growth and reserve upside potential of the Field. The Field also enjoys competitive operating costs and well-established infrastructure, allowing ready access to regional export pipeline system for hydrocarbon sales. In addition, Transmeridian's ownership in the Gasha Field with a subsurface exploration license expiring in April 2009 and development license expiring 2025 provides the Company with an entry position into the Republic of Dagestan, Russia and further reserve upside opportunities. The Company's acquisition of a majority interest in Transmeridian will provide the Company with geographical diversification from which it can form a portfolio of oil and gas resources in P.R. China, Kazakhstan and Russia.

In view of the above, the Directors (including the independent non-executive Directors) have considered the Transactions and the terms and conditions of the Transaction Agreements are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

(F) FUND-RAISING ACTIVITIES OF THE GROUP DURING THE PAST TWELVE MONTHS

Apart from the following fund raising activity, the Company did not conduct any fund-raising activities during the past twelve months before the date of this announcement.

Completion Date	Description	Net proceeds raised	Use of proceeds
16 October 2007	Placing of 1,374,000,000 Shares	Approximately HK\$2.146 billion	(i) approximately HK\$2.1 billion to finance the development of oil project; (ii) the remaining balance for working capital of the Company

The proceeds raised from the above fund raising activity have been and will continue to be applied as set out under the heading “Use of proceeds” in the announcement made by the Company on 15 August 2007.

(G) LISTING RULES IMPLICATIONS

Since certain of the relevant percentage ratios (as defined under the Listing Rules) are greater than 100%, the Transactions constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and, accordingly, the Transactions contemplated under the Transaction Agreements are subject to the approval of the Shareholders at the SGM.

Furthermore, the issue of any Conversion Shares under the Convertible Bonds will be made pursuant to, depending on the timing of the launch of the Convertible Bonds, the general mandate granted on 3 December 2007 by the shareholders of the Company to the Directors to issue shares or at the next AGM of the Company, together with the special mandate proposed to be granted by the shareholders at the SGM, which will provide for the issue of any additional conversion shares beyond the number permitted by the general mandate.

(H) CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, there are a total of 12,777,091,632 Shares in issue. There are no outstanding options nor convertible securities of the Company as at the date of this announcement save for options granted under the Company’s Share Option Scheme involving up to approximately 9% of the current issued share capital of the Company.

The following table summarises the Company’s existing shareholding structure and the shareholding structure assuming and immediately after the issue of the Conversion Shares upon conversion of the Convertible Bonds at the Conversion Price in full (assuming a Conversion Price of HK\$1.42 (for illustration purposes) and that none of the substantial Shareholders and other persons will acquire or dispose of their Shares and the Company will not issue or repurchase any, convertible securities or Shares other than pursuant to the terms of the Transaction Agreements prior to such conversion).

Shareholder	As at the date of this announcement	Immediately after issue of the Conversion Shares upon the exercise of the conversion right attached to the Convertible Bonds in full at the Conversion Price (Note 3)
He Fu International Limited (“ He Fu ”) (Note 1)	5,128,169,125 Shares (40.14%)	5,128,169,125 Shares (37.70%)
United Petroleum & Natural Gas Holdings Limited (“ UPNG ”) (Note 1)	2,223,726,708 Shares (17.40%)	2,223,726,708 Shares (16.35%)
United Energy Holdings Limited (“ UEH ”) (Note 1)	1,649,344,282 Shares (12.91%)	1,649,344,282 Shares (12.13%)
Mr. Zhu Jun (Note 2)	1,443,000 Shares (0.01%)	1,443,000 Shares (0.01%)
Sub-total:	9,002,683,115 Shares (70.46%)	9,002,683,115 Shares (66.19%)
Public:		
— Public Shareholders	3,774,408,517 Shares (29.54%)	3,774,408,517 Shares (27.75%)
— Institutional investors in Convertible Bonds (Note 4)	—	598,183,099 Shares (4.40%)
— Senior Preferred Stockholders to be issued with Convertible Bonds (Note 4)	—	225,760,563 Shares (1.66%)
Sub-total:	3,774,408,517 Shares (29.54%)	4,598,352,179 Shares (33.81%)
Total:	12,777,091,632 Shares (100%)	13,601,035,294 Shares (100%)

Notes:

1. The entire issued shares capital of each of He Fu, UPNG and UEH is solely and beneficially owned by Mr. Zhang Hongwei, the controlling Shareholder of the Company, the chairman and an executive Director of the Company.
2. Mr. Zhu Jun is a Director.
3. Those figures relating to the shareholding structure immediately after the issue of the Conversion Shares Price are for illustrative purposes only and have been calculated on the assumption of an aggregate principal amount of US\$150 million of Convertible Bonds and a Conversion Price of HK\$1.42, based on a Reference Price of HK\$1.18 (being the Reference Price determined based on volume weighted average price of the shares of the Company of each trading day with trading volume exceeding US\$2 million over the three month period ended on the last day of trading prior to this announcement) plus a Conversion Price premium of 20% to the Reference Price. Investors should note that the actual number of Conversion Shares that may be issued on full conversion of the Convertible Bonds may be higher or lower.
4. Those figures relating to the “Institutional investors in Convertible Bonds” and the Key Senior Preferred Stockholders are calculated on the basis that up to approximately US\$41.1 million (out of the total issue of Convertible Bonds of at least US\$150,000,000 by the Company) in aggregate principal amount of Convertible Bonds may be issued to the Key Senior Preferred Stockholders as consideration for the exchange for the Senior Preferred Stock owned by them under the Roll-Over and Stock Purchase Transactions, with the balance in the aggregate principal amount of US\$108.9 million Convertible Bonds being issued to institutional investors.
5. As the Conversion Price of HK\$1.42 used for the purpose of the above illustration may be higher or lower when finally determined pursuant to the terms of the Convertible Bonds, any substantially lower Conversion Price (which may be as low as the par value of the Shares of HK\$0.01) could result in a substantial further dilution for existing shareholders of the Company. Investors should exercise caution in the trading of the Shares of the Company. A further announcement will be made by the Company upon the determination of the Conversion Price, which will include further details of the dilution effect on existing shareholders of the Company.

(I) SGM

An SGM will be convened at which resolutions will be proposed to seek the Shareholders’ approval of, amongst other things, the Transactions contemplated under the Transaction Agreements and the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds in full.

The Company is not aware of any Shareholders or the associates of any Shareholders who have a material interest in the Transactions and would therefore be required to abstain from voting at the SGM. Mr. Zhang Hongwei, the controlling Shareholder of the Company, has undertaken to Transmeridian to vote in favour of the resolutions proposed to approve the Transactions at the SGM.

(J) GENERAL

A circular containing, amongst other things, further details of (i) the Transactions, (ii) the Transaction Agreements; (iii) the issue of the Convertible Bonds; together with (iv) a notice convening the SGM; and (v) other disclosures applicable under the Listing Rules will be dispatched to the Shareholders as soon as practicable.

Following Closing there will be no change to the composition of the Directors of the Company as a result of the Transactions.

(K) RESUMPTION OF TRADING

The Company requested trading in the Shares on the Stock Exchange to be suspended from 9:30 a.m. 12 June 2008, pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. 23 June 2008.

DEFINITIONS

“Additional Return Agreements”	the 20% junior redeemable convertible preferred stock Additional Return Agreement, dated 18 June 2007, among Transmeridian, Kenmont Special Opportunities Master Fund, L.P., and other investors and (b) the 20% junior redeemable convertible preferred stock Additional Return Agreement, dated 26 June 2007, among Transmeridian, Capital Ventures International and others investors
“Additional Returns”	the total aggregate amount of US\$14.1 million to be paid by the Company to the initial purchasers of the Junior Preferred Stock pursuant to the terms of the Investment Agreement and the Junior Preferred Stock Purchase Agreement
“Advanced Stage Potential Transaction”	means the Advanced Stage Potential Transaction as defined in the announcement made by the Company on 10 June 2008
“associates”	the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company
“business day”	any day on which the principal offices of the Securities and Exchange Commission in Washington, D.C., the U.S.A. are open to accept filings, or, in the case of determining a date when any payment is due, any day (other than a Saturday or Sunday) on which banks are not required or authorized to close in Hong Kong and New York

“Capital Excess”	has the meaning set out on page 3 of this announcement
“Caspi Neft”	has the meaning set out on page 21 of this announcement
“Consideration”	has the meaning set out on page 16 of this announcement
“Convertible Bonds”	the convertible bonds, the details of which are set out on pages 17 to 20 of this announcement
“Conversion Price”	has the meaning set out in the indicative terms and conditions of the Convertible Bonds on page 18 of this announcement
“Conversion Price Fixing Date”	has the meaning set out in the indicative terms and conditions of the Convertible Bonds on page 18 of this announcement
“Common Stock”	the common stock of par value US\$0.0006 per share of Transmeridian
“Company”	United Energy Group Limited, a company with limited liabilities incorporated in the Cayman Islands and continued in Bermuda, the Shares of which are listed on the main board of the Stock Exchange
“Closing”	closing of those transactions under the Investment Agreement
“Closing Date”	date of the Closing
“Directors”	the directors of the Company
“DNK”	has the meaning set out on page 21 of this announcement
“Early Redemption Price”	has the meaning set out in the indicative terms and conditions of the Convertible Bonds on page 19 of this announcement
“Escrow Agent”	has the meaning set out on page 16 of this announcement
“Exchange Offer”	has the meaning set out on page 6 of this announcement
“Exercise Price”	has the meaning set out on page 9 of this announcement
“Field”	has the meaning set out on page 21 of this announcement
“First Tranche Payment”	has the meaning set out on page 7 of this announcement
“First Tranche Preferred Share(s)”	has the meaning set out on page 6 of this announcement

“Gasha Field”	has the meaning set out on page 21 of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indenture”	the indenture in respect of the Senior Notes dated 12 December 2005 among the issuer of the Senior Notes, Transmeridian and certain of Transmeridian’s subsidiaries, as guarantors, and the indenture trustee, as supplemented by the first supplemental indenture dated 22 December 2005 and the second supplemental indenture dated 24 May 2006, in respect of the Senior Notes
“Independent Third Party”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are third parties independent of the Company and connected persons of the Company
“Investment Agreement”	the investment agreement dated 11 June 2008 and entered into between the Company and Transmeridian
“Investor Rights Agreement”	the investor rights agreement dated 11 June 2008 and entered into between the Company and Transmeridian
“Junior Preferred Stock”	the 20% junior redeemable convertible preferred stock of par value of US\$0.0006 per share of Transmeridian
“Junior Preferred Stock Purchase Agreement”	the junior preferred stock purchase Agreement dated 11 June 2008 and entered into between the Company and the Key Junior Preferred Stockholders
“Key Junior Preferred Stockholders”	holder(s) of 74% of the Junior Preferred Stock
“Key Senior Preferred Stockholders”	holder(s) of 83% of the Senior Preferred Stock
“New Preferred Stock”	collectively, the First Tranche Preferred Shares and the Second Tranche Preferred Shares
“Proceeds”	has the meaning set out on page 16 of this announcement

“Public Float Requirement”	has the meaning set out on page 20 of this announcement
“Reference Price”	has the meaning set out in the indicative terms and conditions of the Convertible Bonds on page 18 of this announcement
“Requisite Noteholder Consent”	has the meaning set out on page 8 of this announcement
“Remaining Shares”	has the meaning set out on page 12 of this announcement
“Remaining Shares of the Junior Preferred Stock”	has the meaning set out on page 6 of this announcement
“Remaining Shares of the Preferred Stock”	has the meaning set out on page 6 of this announcement
“Remaining Shares of the Senior Preferred Stock”	has the meaning set out on page 6 of this announcement
“Roll-Over and Stock Purchase Transactions”	has the meaning set out on page 5 of this announcement
“Sale and Purchase Transactions”	has the meaning set out on page 6 of this announcement
“Second Tranche Payment”	has the meaning set out on page 7 of this announcement
“Second Tranche Preferred Share(s)”	has the meaning set out on page 7 of this announcement
“Senior Notes”	the outstanding 12% senior secured notes due 2010 issued by the issuer of the Senior Notes and guaranteed by Transmeridian and certain of its subsidiaries pursuant to the Indenture
“Senior Preferred Stock”	the 15% senior redeemable convertible preferred stock of par value of US\$0.0006 per share of Transmeridian
“Senior Preferred Stock Purchase Agreements”	means the agreements between the Company and the Key Senior Preferred Stockholders dated 11 June 2008, the details of which are set out on pages 12 to 13 of this announcement

“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and approve (among other things), if thought fit, the Transactions contemplated under the Transaction Agreements (including the issue of any conversion shares upon conversion in full of any convertible bonds which may be issued)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning ascribed to that term in the Listing Rules
“Tender Offer”	has the meaning set out on page 6 of this announcement
“Total Preferred Stock Value”	an amount equal to US\$100 multiplied by the number of shares of Junior Preferred Stock and Senior Preferred Stock surrendered by the Company to Transmeridian, pursuant to the terms of the Investment Agreement
“Transaction Agreements”	collectively, the Investment Agreement, the Senior Preferred Stock Purchase Agreements, the Junior Preferred Stock Agreement, the Investor Rights Agreement, the respective terms and conditions in relation to the New Preferred Stock and the Warrants
“Transactions”	collectively, the Roll-Over Transactions, the Sale and Purchase Transactions, the Tender Offer, the Exchange Offer (if applicable) and all other transactions contemplated under the Transaction Agreements
“Transaction Value”	has the meaning set out on pages 16 of this announcement
“Transmeridian”	Transmeridian Exploration Incorporated, a corporation incorporated under the laws of the State of Delaware, the U.S.A., whose Common Stock is listed on the American Stock Exchange
“Transmeridian Board”	has the meaning set out on page 11 of this announcement
“Transmeridian Conversion Shares”	has the meaning set out on page 12 of this announcement

“Transmeridian Group”	Transmeridian and its subsidiaries
“United Petroleum”	has the meaning set out on page 22 of this announcement
“U.S.A.”	the United States of America
“US\$1 Warrants”	the warrants to be issued by Transmeridian to the Company under the Investment Agreement providing for the Company’s right to subscribe for shares in the Common Stock of Transmeridian US\$1 per share
“US\$2 Warrants”	warrants to be issued by Transmeridian to the Company under the Investment Agreement, providing for the Company’s rights to subscribe for shares in the Common Stock of Transmeridian at US\$2 per share
“Warrants”	the US\$2 Warrants and the US\$1 Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the U.S.A.
“%”	per cent

All amounts in US\$ have been translated in HK\$ at a rate of US\$1 = HK\$7.8 in this announcement for illustration purpose only

By Order of the Board
UNITED ENERGY GROUP LIMITED
Zhang Meiyong
Director

Hong Kong, 20 June 2008

As at the date of this announcement, the executive Directors are Mr. Zhang Hongwei, Mr. Zhu Jun and Ms Zhang Meiyong, and the independent non-executive Directors are Mr. Chau Siu Wai, Mr. San Fung and Mr. Zhu Chengwu.