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## **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)**

**(the “Company”)**

### **CLARIFICATION ANNOUNCEMENT NOTIFIABLE TRANSACTION LOAN**

Reference is made to the Company’s disclosure at note 10(b) on page 11 of the final results announcement of the Company for the year ended 31 March 2008, dated 28 July 2008. The Company wishes to clarify that on 4 December 2007, it entered into a loan agreement (the “**Loan Agreement**”) with Charm Sea Investments Limited, an independent third party (the “**Borrower**”), pursuant to which the Company lent the Borrower the aggregate principal amount of HK\$650,000,000 (the “**Loan**”), approximately HK\$500,000,000 of which has since been repaid. The Loan Agreement constituted an advance to an entity under Listing Rule 13.13 and a notifiable transaction under Chapter 14 of the Listing Rules. Due to an administrative oversight, the Company did not comply in a timely manner with the disclosure requirements of Listing Rules 13.13 and Chapter 14 of the Listing Rules in respect of the Loan Agreement. Consequently, this clarification announcement is made.

### **CLARIFICATION RELATING TO NOTIFIABLE TRANSACTION**

Reference is made to the Company’s disclosure at note 10(b), relating to loan receivables attributable to the Loan, on page 11 of the final results announcement of the Company for the year ended 31 March 2008, dated 28 July 2008. The Company wishes to clarify that on 4 December 2007, it entered into the Loan Agreement with the Borrower, pursuant to which the Company lent the Borrower the aggregate principal amount of HK\$650,000,000, approximately HK\$500,000,000 of which has since been repaid.

The Company lent the Borrower HK\$400,000,000 on 5 December 2007 and HK\$250,000,000 on 10 December 2007. As of 29 April 2008, approximately HK\$500,000,000 of the outstanding principal amount of the Loan and approximately HK\$13,000,000 of accrued loan interest had been repaid. The outstanding principal amount of the Loan, being approximately HK\$150,000,000, is repayable in full on or before 31 December 2008 together with the interest accrued thereon.

## 1. Details of the Transaction

Details of the Transaction are set out below.

### *(A) The Loan Agreement*

#### *Date*

4 December 2007

#### *Parties*

- (1) The Company
- (2) Charm Sea Investments Limited

#### *Purpose of the Loan*

The Loan is to be used exclusively by the Borrower and/or a related company for the financing of the purchase of the entire issued share capital of a target company (“**Target**”), being an independent third party, by the Borrower and/or a related company.

#### *Principal Terms*

Pursuant to the Loan Agreement, the Company lent the Borrower the aggregate principal amount of HK\$650,000,000. The period of the Loan is expressed to be one year from the date on which the Loan is provided to the Borrower.

On repayment by the Borrower of the approximately HK\$500,000,000 of the outstanding principal amount of the Loan and approximately HK\$13,000,000 of accrued loan interest, as referred to above, it was agreed between the Company and the Borrower that the term of the outstanding principal amount of approximately HK\$150,000,000 of the Loan be extended by 21 days to 31 December 2008.

The relevant interest rate applicable to the Loan is 8% per annum.

The Borrower may prepay all or part of the Loan without any prepayment fee, premium or penalty at any date after the entering into of the Loan Agreement.

#### *Security*

Pursuant to a separate agreement (the “**Security Agreement**”) entered into between the Company and Great Wing Holdings Limited (the “**Guarantor**”), the Guarantor being a member of the same group of companies as the Borrower (both companies having the same ultimate beneficial owner), the Loan is secured by way of (i) a guarantee dated 4 December 2007 (the “**Guarantee**”) provided by the Guarantor and (ii) a charge over the entire issued share capital of Target (the “**Charge**”), which in turn holds a 70% equity interest in a

Sino-foreign equity joint venture established in the People's Republic of China (the "**Joint Venture**"). The Joint Venture is principally engaged in the operation of hotel and related businesses.

***Governing Law***

The Loan Agreement is governed by Hong Kong law.

**(B) *The Security Agreement***

***Date***

4 December 2007

***Parties***

- (1) The Company
- (2) Great Wing Holdings Limited

***Principal Terms***

The Guarantor guarantees, unconditionally and irrevocably, payment to the Company on demand of all moneys owing or incurred to the Company from or by the Borrower under the terms of the Loan Agreement together with interest to the date of payment at such rates and upon such terms as may from time to time be payable by the Borrower.

The Guarantor undertakes to charge the entire issued share capital of Target to the Company.

***Governing Law***

The Security Agreement is governed by Hong Kong law.

**2. Reasons for and benefits of the Loan Agreement**

The Company takes the initiative in identifying investment opportunities that will broaden its revenue sources and maximise value to the Company's shareholders. The interest received and to be received by the Company in respect of the Loan is at a rate which is commercially very favourable to the Company, as compared to usual market rates of interest offered by commercial banks. Therefore, the anticipated effect of the Loan was to allow the Company to benefit from increased returns on its cash assets and so maximise value to the Company's shareholders.

The Directors are satisfied after due and careful enquiry that taking into account the internal financial resources and the available credit facilities of the Company, as at the time of entering into the Loan Agreement by the Company, the Company had sufficient working capital for its requirements as at that time and for at least 12 months period from the date of entering into the Loan Agreement by the Company.

The terms of the Loan were arrived at after arm's length negotiation between the Company and the Borrower.

Based on the above reasons, the Directors consider that the Loan Agreement is beneficial to the Company's business prospects and the terms and conditions of the Loan Agreement are fair and reasonable and in the interests of the Company and the Company's shareholders as a whole.

### **3. Listing Rules Implications**

Applying the asset test and the consideration test as set out in Listing Rule 14.07 (which the Company believes to be the applicable tests), the Loan Agreement constituted an advance to an entity under Listing Rule 13.13 and a discloseable transaction of the Company under Chapter 14 of the Listing Rules and should have been the subject of an announcement and shareholders' circular when it was entered into. Due to an administrative oversight, the Company did not comply in a timely manner with the disclosure requirements of Listing Rules 13.13 and Chapter 14 of the Listing Rules in respect of the Loan Agreement.

However, the Stock Exchange considers that the revenue test and the profits test are also applicable to the Loan Agreement (using the identifiable income stream from the Loan). If the revenue test and the profits test were to be applied, the resulting percentage ratios would have constituted a major transaction of the Company under the Listing Rules and would have resulted in the Company being required under Listing Rules 14.40 and 14.41 to issue a circular to its shareholders and to seek shareholders' approval for the Loan Agreement at a general meeting of the Company unless no shareholders would have been required to abstain from voting if the Company were to convene a general meeting and a written shareholders' approval could have been obtained pursuant to Listing Rule 14.44(2).

The Company confirms that it would have been able to rely on Listing Rule 14.44 so that no shareholders' meeting would have been required to be convened to approve the Loan Agreement, because it has received confirmations from its ultimate controlling shareholder, Mr Zhang Hongwei, that the companies solely and beneficially owned by him and holding an aggregate of 70.5% of the issued share capital in the Company (namely He Fu International Limited (5,128,169,125 shares), United Petroleum & Natural Gas Holdings Limited (2,223,726,708 shares) and United Energy Holdings Limited (1,649,344,282 shares)) would have provided a written approval for the Loan Agreement pursuant to Listing Rule 14.44.

Further to the above, as a substantial part of the Loan has now been repaid and there is no additional material information relating to the Loan Agreement that would have been required under Rule 14.40 of the Listing Rules to be contained in a shareholders' circular which is not already contained in the annual report of the Company issued on 28 July 2008 and in this announcement, the Company considers that it is not longer meaningful to issue a circular to its shareholders in relation to the Loan Agreement.

#### **4. Principal business activities of the Company, the Borrower and the Guarantor**

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

The Borrower is an investment holding company whose principal activities are property and hotel development and management.

The Guarantor is an investment holding company whose principal activities are property and hotel development and management. The Guarantor is a part of the same group of companies as the Borrower, both companies having the same beneficial owner.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower, the Guarantor and their ultimate beneficial owners are third parties independent of the Company and are not connected persons of the Company.

The Company confirms that, other than the Loan Agreement, it has not entered into any prior transactions with the Borrower or the Guarantor requiring aggregation under Listing Rule 14.22.

#### **DEFINITIONS**

“Board”	the board of Directors
“Director(s)”	directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong

By Order of the Board  
**UNITED ENERGY GROUP LIMITED**  
**Zhang Meiyang**  
*Director*

5 September 2008

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