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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”)

**AMENDMENT OF TERMS OF
VERY SUBSTANTIAL ACQUISITION
INVESTMENT IN TRANSMERIDIAN
RESUMPTION OF TRADING**

**Financial Advisor
Citigroup Global Markets Inc.**

Further to the Announcement regarding the Company’s entry into the Transaction Agreements in relation to its investment in Transmeridian, the Company announces that on 22 September 2008, the Company and Transmeridian entered into the Amended and Restated Investment Agreement to amend and restate the Investment Agreement in its entirety and to modify certain of the transactions contemplated thereby.

Under the terms of the Transaction Agreements as amended by the Amended and Restated Investment Agreement, but as is consistent the Investment Agreement, the Company will be making an investment in Transmeridian with a value of approximately US\$212 million, which includes 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, together with, in the case of one Key Senior Preferred Stockholder, Convertible Bonds. Additionally, Key Junior Preferred Stockholders may receive common stock in Transmeridian. Such securities in Transmeridian acquired by the Company plus US\$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. As disclosed in the Announcement, pursuant to the Transaction Agreements, after the Closing Date and prior to the issuance of any Newly Issued Common Stock or exercise of the Warrants, the Company will be able to control 54.8% of the voting rights of Transmeridian.

Pursuant to and subject to the terms and conditions of the Amended and Restated Investment Agreement, the Company will exchange Senior Notes and New Notes held by it and fund the Exchange Offer, the Change of Control Offer and the New Notes Redemption for an aggregate amount of cash and principal amount of Senior Notes and New Notes totalling approximately US\$117.3 million and receive 260,666,667 Newly Issued Common Stock. Such number of Newly Issued Common Stock when taken together with First Tranche Preferred Shares and the Second Tranche Preferred Shares will represent in aggregate approximately 77.5% of Transmeridian's enlarged issued Common Stock on a fully diluted basis.

On Swap Closing, the Company will be issued with Additional Warrants, the exercise of which and of the Warrants would result in the Company holding in aggregate approximately 85% of Transmeridian's enlarged issued Common Stock on a fully diluted basis.

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

The Company requested trading in the Shares on the Stock Exchange to be suspended from 9:30 a.m. 23 September 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. 29 September 2008.

Further to the Announcement regarding the Company's entry into the Transaction Agreements in relation to its investment in Transmeridian, pursuant to Rule 14.36 of the Listing Rules, the Company announces that on 22 September 2008, the Company and Transmeridian entered into the Amended and Restated Investment Agreement.

Under the terms of the Transaction Agreements as amended by the Amended and Restated Investment Agreement, but as is consistent the Investment Agreement, the Company will be making an investment in Transmeridian with a value of approximately US\$212 million, which includes 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, together with, in the case of one Key Senior Preferred Stockholder, Convertible Bonds. Additionally, Key Junior Preferred Stockholders may receive common stock in Transmeridian. Such securities in Transmeridian acquired by the Company plus US\$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. As disclosed in the Announcement, pursuant to the Transaction Agreements, after the Closing Date and prior to the issuance of any Newly Issued Common Stock or exercise of the Warrants, the Company will be able to control 54.8% of the voting rights of Transmeridian.

Pursuant to and subject to the terms and conditions of the Amended and Restated Investment Agreement, the Company will exchange Senior Notes and New Notes held by it and fund the Exchange Offer, the Change of Control Offer and the New Notes Redemption for an aggregate amount of cash and principal amount of Senior Notes and New Notes totalling approximately US\$117.3 million and receive

260,666,667 Newly Issued Common Stock. Such number of Newly Issued Common Stock when taken together with First Tranche Preferred Shares and the Second Tranche Preferred Shares will represent in aggregate approximately 77.5% of Transmeridian's enlarged issued Common Stock on a fully diluted basis.

On Swap Closing, the Company will be issued with Additional Warrants, the exercise of which and of the Warrants would result in the Company holding in aggregate approximately 85% of Transmeridian's enlarged issued Common Stock on a fully diluted basis.

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

1. STOCK PURCHASE AGREEMENTS AND THE ISSUE OF CONVERTIBLE BONDS TO KEY SENIOR PREFERRED STOCKHOLDERS

It was previously stated in the Announcement that the Company had agreed to issue Convertible Bonds to a Key Senior Preferred Stockholder, in exchange for which the Company would acquire from a Key Senior Preferred Stockholder all of the Senior Preferred Stock owned by it. Additionally, the Company had agreed to purchase Senior Preferred Stock in cash from certain other Key Senior Preferred Stockholders, one of which had 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 was approximated as 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.

Subsequent to the Announcement and as a result of the decision by one Senior Preferred Stockholder to receive cash rather than Convertible Bonds in exchange for its Senior Preferred Stock, the aggregate consideration payable by the Company for the Senior Preferred Stock owned by the Key Senior Preferred Stockholders is approximately US\$34.5 million (out of which up to approximately US\$16.9 million may be paid by way of issue of Convertible Bonds) and the aggregate consideration for 100% of the Senior Preferred Stock is approximately US\$40.8 million.

2. ACQUISITION OF JUNIOR PREFERRED STOCK FROM THE KEY JUNIOR PREFERRED STOCKHOLDERS

It was previously stated in the Announcement that the Company had agreed to acquire from the Key Junior Preferred Stockholders all of the Junior Preferred Stock owned by them, which represented 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. The aggregate consideration for 100% of the Junior Preferred Stock is approximately US\$68.1 million (which includes the Additional Returns).

As a result of the Amended and Restated Investment Agreement, the number of new shares of Common Stock to be received by a Key Junior Preferred Stockholder from the Company as consideration shall not exceed 16% of the aggregate consideration to be paid by the Company to the Key Junior Preferred Stockholders.

3. AMENDMENT TO THE TERMS OF THE TENDER OFFER

It was previously stated in the Announcement that the Company had 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, 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. It was further stated that 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.

Subsequent to the Announcement, the Company has elected not to offer Convertible Bonds to Key Senior Preferred Stockholders as an alternative to cash payment under the terms of the Tender Offer. Under the terms of the Amended and Restated Investment Agreement, the obligations of the Company under the Tender Offer remain subject to the minimum 90% acceptance threshold outlined above. The Tender Offer, which had an original expiration date of 12:00 midnight, New York City time, on 29 August 2008 and was previously extended until 22 September 2008, has been extended until 5:00 p.m., New York City time, on 7 October 2008, unless further extended.

4. THE EXCHANGE OFFER

It was previously stated in the Announcement that, subject to the terms and conditions of the Investment Agreement, the Company had the right to request Transmeridian to conduct an Exchange Offer for Senior Notes in order to effect the Transactions. It was further stated that the obligations of Transmeridian under the Exchange Offer (if applicable) will be subject to a minimum 90% acceptance threshold.

On July 23, 2008, at the Company's request, Transmeridian and the Senior Notes Issuer commenced the Exchange Offer, pursuant to which the Senior Notes Issuer has offered to exchange the Senior Notes for the New Notes and cash. The Exchange Offer, which is subject to a minimum 90% acceptance threshold (excluding the Senior Notes held by the Company), will expire at 12:00 a.m. midnight, New York City time, on 7 October 2008, unless further extended.

Consistent with the Announcement, the obligations of the Company under the Amended and Restated Investment Agreement and the Stock Purchase Agreements are subject to the completion of the Tender Offer and the Exchange Offer and it is contemplated that the Tender Offer and the Exchange Offer will close simultaneously.

5. SWAP CLOSING UNDER THE AMENDED AND RESTATED INVESTMENT AGREEMENT

(A) First Tranche Preferred Shares

Under the terms of the Amended and Restated Investment Agreement, consistent with the Investment Agreement, upon the closing of the transactions described above and the other conditions to closing discussed below, the Company will:

- (1) pay into an escrow account the First Tranche Price, which amount will equal: (i) US\$151,215,804 minus (ii) (A) the number of shares of Senior Preferred Stock and Junior Preferred Stock acquired by the Company in the transaction times (B) US\$100 minus (iii) the Additional Returns to be paid to the holders of Junior Preferred Stock pursuant to the Amended and Restated Investment Agreement and the Junior Preferred Stock Purchase Agreement;
- (2) surrender to Transmeridian all of the shares of Senior Preferred Stock and Junior Preferred Stock acquired by it;
- (3) pay the Additional Returns to the holders of Junior Preferred Stock; and
- (4) receive 1,512,158 shares of Transmeridian's series B-1 redeemable convertible preferred stock, par value US\$0.0006 per share and with face value of US\$100 per share (the "**First Tranche Preferred Shares**"), at a conversion price of US\$1.40 per share.

(B) Second Tranche Preferred Shares and the Warrants

Pursuant to the Amended and Restated Investment Agreement, at the Swap Closing, the Company will:

- (1) pay into the escrow account the Second Tranche Price, an amount equal to: (i) US\$62,289,696 minus (ii) if the Company elects and the aggregate of the First Tranche Price and US\$62,289,696 exceeds US\$75,000,000 (any such excess, the "**Capital Excess**"), the amount of the Capital Excess;
- (2) receive 622,897 shares of Transmeridian's series B-2 redeemable convertible preferred stock, par value US\$0.0006 per share (the "**Second Tranche Preferred Shares**"), at a conversion price of US\$1.84 per share, such total number of shares of Second Tranche Preferred Shares to be proportionately reduced by the Capital Excess the Company elects not to pay;
- (3) receive warrants to purchase 33,653,960 shares of Common Stock at US\$1.20 per share (which, under the Investment Agreement as stated in the Announcement, was previously US\$2.00) (the "**Mandatory Warrants**") beginning on the one year anniversary of the date of the Swap Closing (the "**Original Issue Date**") and ending no later than on the ten year anniversary of the Original Issue Date (the "**Exercise Period**"); and

- (4) subject to certain events not having occurred, receive warrants to purchase 5,000,000 shares of Common Stock at the subscription price of US\$1.00 per share during the Exercise Period (the “**Optional Warrants**” and, together with the Mandatory Warrants, the “**Warrants**”).

However, at the Swap Closing, pursuant to the Amended and Restated Investment Agreement, the following further changes have been made:

(C) Common Stock and the Additional Warrants

The Company will be required to exchange any Senior Notes and New Notes held by it, or any of its affiliates for (i) a number of shares of Common Stock to be determined based on the aggregate principal amount of the Senior Notes and the New Notes being surrendered, divided by US\$0.45, subject to a cap as set out under section 7 below (Change of Control Offer), (ii) warrants to purchase up to 150,000,000 shares of Common Stock at the subscription price of US\$0.60 per share during the Exercise Period; and (iii) warrants to purchase up to 75,000,000 shares during the Exercise Period, at the subscription price of US\$1.20 per share (the warrants described in (ii) and (iii) of this paragraph, together, the “**Additional Warrants**”).

6. REDEMPTION BY TRANSMERIDIAN OF SENIOR PREFERRED STOCK AND JUNIOR PREFERRED STOCK

Under the terms of the Amended and Restated Investment Agreement and consistent with the Announcement, immediately following the completion of the transactions detailed 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. CHANGE OF CONTROL OFFER

The Announcement previously stated that after completion of the Exchange Offer, subject to achievement a 90% acceptance threshold and after Closing, Transmeridian will cause the Senior Notes Issuer to offer to repurchase any Senior Notes not exchanged in the Exchange Offer in accordance with their terms (the “**Change of Control Offer**”). The cash to be paid under the Exchange offer and the Change of Control Offer are to be paid for using funds provided by or at the direction of the Company.

Pursuant to the Amended and Restated Investment Agreement, if less than all of the outstanding Senior Notes are so repurchased in the Change of Control Offer, the Senior Notes Issuer and the Company will apply the amount of cash provided for the purposes of the Exchange Offer and the Change of Control Offer and not used to fully repurchase the outstanding Senior Notes (the “**Redemption Payment**”) to redeem New Notes on a pro rata basis at par plus accrued but unpaid interest as at the redemption date in an amount equal to the Redemption Payment (“**New Notes Redemption**”). The Senior Notes Issuer will not be required to redeem any outstanding New Notes unless the aggregate principal amount of the New Notes to be redeemed is at least US\$2,000,000.

As previously stated in the Announcement, the Company would be entitled (i) to receive additional shares of First Tranche Shares to the extent it funds the repurchases and, additionally, (ii) 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.

Under the Amended and Restated Investment Agreement, the Company will no longer be entitled to the rights described in (i) and (ii) in the preceding paragraph. Instead, the Amended and Restated Investment Agreement provides that Transmeridian shall issue to the Company a number of shares of Common Stock equal to any funding or guarantee provided by the Company or by another party at the direction of the Company of (i) the Exchange Offer, (ii) the Change of Control Offer and (iii) the New Notes Redemption, divided by US\$0.45; provided, that the number of shares of Common Stock to be issued to the Company under item (C) in paragraph 5 above (based on the aggregate principal amount of the Senior Notes and the New Notes being surrendered), together with any Common Stock issued to the Company pursuant to the funding of the Change of Control Offer and/or the subsequent redemption of any outstanding New Notes (collectively, the “**Newly Issued Common Stock**”), will be capped at 260,666,667 shares. The issue to the Company of the Newly Issued Common Stock contemplates that the Company (or its affiliates) will exchange Senior Notes and New Notes held by the Company or its affiliates and fund the Exchange Offer, the Change of Control Offer and the New Notes Redemption for an aggregate amount of cash and principal amount of Senior Notes and New Notes totalling approximately US\$117.3 million.

8. APPOINTMENT OF DIRECTORS OF TRANSMERIDIAN

It was previously stated in the Announcement that the Company would, on Closing, be entitled to elect a majority of Transmeridian’s directors equal to four directors of Transmeridian.

Under the terms of the Amended and Restated Investment Agreement the Company will, on Closing, be entitled to vote on the election of Transmeridian’s remaining directors, based on its ownership of Common Stock.

9. AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

As a result of the entry into the Amended and Restated Investment Agreement, on September 22, 2008, Transmeridian and the Company entered into an amended and restated investor rights agreement (the “**Amended and Restated Investor Rights Agreement**”) to reflect the changes made to the Investment Agreement as a result of Transmeridian and the Company entering into the Amended and Restated Investor Rights Agreement. The Amended and Restated Investor Rights Agreement is to be effective at the closing of the transactions contemplated by the Amended and Restated Investment Agreement.

10. TERMS OF WARRANTS

As a result of the Amended and Restated Investment Agreement, the Mandatory Warrants and the Optional Warrants to be issued to the Company will give the Company the right to acquire, during the Exercise Period, approximately 33.7 million shares of Common Stock at the subscription price of \$1.20 per share (instead of US\$2.00 as stated in the Announcement), and 5.0 million shares of Common Stock at the subscription price of US\$1.00 per share, respectively.

The Additional Warrants to be issued to the Company will give the Company the right to acquire, during the Exercise Period, 150.0 million shares of Common Stock at the subscription price of US\$0.60 per share and 75.0 million shares of Common Stock at a subscription price of US\$1.20 per share.

Each of the Warrants and the Additional Warrants are not transferable until the commencement of the Exercise Period, may be exercised by cashless exercise during the Exercise Period, and the exercise price is subject to anti-dilution adjustments for dividends, subdivisions, combinations and reclassifications of Common Stock and for other distributions, as well as for issuances of Common Stock for less than the then-current exercise price on a weighted-average basis. Other than exercise price, the Warrants and the Additional Warrants will have substantially identical terms and conditions as set out on pages 9 and 10 of the Announcement, including exercise, in whole or part, at any time and from time to time on or after the issue date at the election of the holder of the Additional Warrants upon payment to Transmeridian of the respective subscription prices.

11. IRREVOCABLE PROXY

In connection with the transactions contemplated by the Amended and Restated Investment Agreement, on September 22, 2008, Lorrie T. Olivier (“**Mr. Olivier**”), the Chief Executive Officer of Transmeridian, and the Company entered into a Stockholder Support and Irrevocable Proxy Agreement (the “**Irrevocable Proxy**”) pursuant to which Mr. Olivier, solely in his capacity as a stockholder of Transmeridian, granted the Company an irrevocable proxy to vote his Common Stock in favor of all matters required to consummate the transactions contemplated by the Amended and Restated Investment Agreement. Other than in his capacity as a stockholder and director of Transmeridian, a party to the Transaction Agreements, and as a party to the abovementioned Irrevocable Proxy, there is no other relationship between the Company and Mr. Olivier and Mr. Olivier is not a stockholder of the Company.

12. OTHER INFORMATION ABOUT THE TRANSACTIONS

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 receiving Newly Issued Common Stock at the Closing Date and prior to the date of exercise of the Warrants and the Additional Warrants, the Company will be able to control approximately 77.5% of the voting rights of Transmeridian. Upon exercise of the Warrants and the Additional Warrants, the Company will obtain a further approximately 8.3% of Transmeridian’s enlarged issued Common Stock, constituting a total aggregated acquisition of approximately 85% of the shares of Transmeridian on a fully diluted basis. As a consequence of the Transactions, upon Closing, the financial statements of the Transmeridian Group will be consolidated into the Group’s financial statements.

13. CONSIDERATION

On page 16 of the Announcement, it was stated that the aggregate consideration payable by the Company under the Transactions is approximately US\$188.2 million, which will take the form of Convertible Bonds of up to US\$41.1 million and the balance in cash.

As a result of the decision by one Senior Preferred Stockholder to receive cash in exchange for its Senior Preferred Stock and to elect not to be paid in Convertible Bonds (as set out at 2 above) and election by the Company not to offer Convertible Bonds to Key Senior Preferred Stockholders as an alternative to cash payment under the terms of the Tender Offer (as set out at 4 above) the aggregate consideration payable by the Company under the Transactions is approximately US\$183.9 million (the “**Consideration**”), which will take the form of Convertible Bonds of up to US\$16.9 million and the balance in cash.

In addition, pursuant to the Amended and Restated Investment Agreement, the Company will be issued Newly Issued Common Stock in exchange for Senior Notes and New Notes held by the Company or any of its affiliates and in return for funding to be provided by the Company or another party of the Exchange Offer, Change of Control Offer and New Notes Redemption, together for an aggregate consideration of approximately US\$102.8 million, bringing the total consideration to approximately US\$286.7 million.

In the event that the Company elects to exercise in full the Mandatory Warrants and the Optional Warrants granted to it under the Transactions (at the respective exercise price of US\$1.20 and US\$1 per share of Common Stock), the aggregate exercise price payable to Transmeridian could amount to approximately US\$40.4 million and US\$5 million respectively.

In the event that the Company elects to exercise in full the Additional Warrants to be issued to the Company under the Amended and Restated Investment Agreement, the aggregate exercise price payable to Transmeridian could amount to approximately US\$90 million in relation to the US\$0.60 warrants and US\$90 million in relation to the US\$1.20 warrants.

14. THE CONVERTIBLE BONDS

It was previously stated in the Announcement that Convertible Bonds would be 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.

As a result of the decision by one Senior Preferred Stockholder to receive cash in exchange for its Senior Preferred Stock and to elect not to be paid in Convertible Bonds (as set out at 2 above) and election by the Company not to offer Convertible Bonds to Key Senior Preferred Stockholders as an alternative to cash payment under the terms of the Tender Offer (as set out at 4 above), Convertible Bonds it is contemplated that Convertible Bonds will be issued to Senior Preferred Stockholder up to an aggregate principal amount of approximately US\$16.9 million with the balance in the aggregate principal amount of US\$133.1 million Convertible Bonds proposed to be issued to institutional investors.

In addition to the indicative terms of the Convertible Bonds set out on pages 25 to 28 of the Announcement, the Company has determined that the maximum number of Conversion Shares upon conversion of the Convertible Bonds to be issued to one Key Senior Preferred Stockholder (“**Key Senior Preferred Conversion Shares**”) will be 324,467,090 shares (the “**Maximum Issue**”), such figure calculated on the basis that if the maximum number of Conversion Shares to be issued on conversion of the US\$133.1 million of Convertible Bonds issued to Institutional Investors under the general mandate granted at a meeting of the company held on 21 August 2008 is limited to the size of that general mandate, being 2,555,411,327 shares, then the corresponding number of Conversion Shares to be issued on conversion of the US\$16.9 million of Convertible Bonds issued to Key Senior Preferred Stockholders under the general mandate granted at a meeting of the company held on 3 December 2007 would be 324,467,090 shares. In the event that the Key Senior Preferred Conversion Shares would exceed the Maximum Issue, the Company will be obliged to pay such bondholder in cash in lieu of the issue of such number of Key Senior Preferred Conversion Shares that exceeds the Maximum Issue.

15. CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Further to the changes to the Convertible Bonds, as set out at 14 above, the following table (amending the table set out at pages 24 and 25 of the Announcement) summarizes the Company’s existing shareholding structure and the shareholding structure assuming and immediately after the issue of the Key Senior Preferred Conversion Shares (and assuming 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 the issue of the Conversion Shares assuming the Maximum Issue upon the exercise of the conversion right attached to the Convertible Bonds to be issued to one Key Senior Preferred Stockholder <i>(Note 3)</i>
He Fu International Limited (“ He Fu ”) <i>(Note 1)</i>	5,128,169,125 40.14%	5,128,169,125 39.14%
United Petroleum & Natural Gas Holdings Limited (“ UPNG ”) <i>(Note 1)</i>	2,223,726,708 17.40%	2,223,726,708 16.97%
United Energy Holdings Limited (“ UEH ”) <i>(Note 1)</i>	1,649,344,282 12.91%	1,649,344,282 12.59%
Mr. Zhu Jun <i>(Note 2)</i>	1,443,000 0.01%	1,443,000 0.01%
Sub-total:	9,002,683,115 70.46%	9,002,683,115 68.71%

Shareholder	As at the date of this announcement	Immediately after the issue of the Conversion Shares assuming the Maximum Issue upon the exercise of the conversion right attached to the Convertible Bonds to be issued to one Key Senior Preferred Stockholder (Note 3)
Public:		
— Public Shareholders	3,774,408,517 29.54%	3,774,408,517 28.81%
— Senior Preferred Stockholder to be issued with Convertible Bonds (Note 4)	— —	324,467,090 2.48%
Sub-total:	3,774,408,517 29.54%	4,098,875,607 31.29%
Total:	12,777,091,632 100.00%	13,101,558,722 100.00%

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. The maximum number of Conversion Shares upon conversion of the Convertible Bonds to be issued to one Key Senior Preferred Stockholder will be 324,467,090 shares. In the event that the Conversion Shares to be issued upon conversion of the Convertible Bonds to be issued to the Key Senior Preferred Stockholder would exceed the Maximum Issue, the Company will be obliged to pay the bondholder in cash in lieu of issuing such number of Key Senior Preferred Conversion Shares exceeding the maximum allowed under the general mandate. These figures illustrate the shareholding structure immediately after the issue of the Key Senior Preferred Conversion Shares in the event that the Conversion Price were to fall to a level where the maximum number of Conversion Shares upon conversion of the Convertible Bonds to be issued to the Key Senior Preferred Stockholder were to be issued.
4. Those figures relating to the Key Senior Preferred Stockholder are calculated on the basis that up to approximately US\$16.9 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 will be issued to one Key Senior Preferred Stockholder as consideration for the exchange for the Senior Preferred Stock owned by it under the Roll-Over and Stock Purchase Transactions, with the balance in the aggregate principal amount of US\$133.1 million Convertible Bonds assumed to have been issued to institutional investors.

16. REASONS FOR ENTERING INTO THE AMENDED AND RESTATED INVESTMENT AGREEMENT

Further to negotiations with the Senior Preferred Stockholders, the Junior Preferred Stockholders and the holders of the Senior Notes in relation to the Transaction Agreements and consistent with the reasons and benefits of the Transactions as outlined on page 22 of the Announcement, the Company has agreed with Transmeridian to enter into the Amended and Restated Investment Agreement.

The Directors (including the independent non-executive Directors) have considered the Transactions as amended by the Amended and Restated Investment Agreement and consider the terms and conditions of the Amended and Restated Investment Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

17. LISTING RULE 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.

In the Announcement it was stated that the issue of any Conversion Shares under the Convertible Bonds will be made pursuant to a general mandate, together with a 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 has subsequently determined that the Shares will, upon exercise (if so exercised) of the conversion rights attached to the Convertible Bonds, be allotted and issued as follows:

- (i) since the Senior Preferred Stock Purchase Agreement was entered into between the parties on 11 June 2008, up to approximately 324,467,090 Conversion Shares, being the Conversion Shares to be issued to one Key Senior Preferred Stockholder on conversion of the approximately US\$16.9 million Convertible Bonds to be issued to that Key Senior Preferred Stockholder will be issued pursuant to the general mandate granted on 3 December 2007 by the shareholders of the Company to the Directors to issue shares, this general mandate being relied on for issue of the Conversion Shares to be issued pursuant to that agreement; and
- (ii) any remaining Conversion Shares to be issued on conversion of the remaining US\$133.1 million Convertible Bonds will be issued pursuant to the general mandate granted on 21 August 2008 by the shareholders of the Company to the Directors to issue shares, assuming that the remaining Convertible Bonds will be issued by the Company during the term of such general mandate.

A further announcement will be made by the Company once it has entered into the placing agreement in relation to the Convertible Bonds and on settling the final terms of the Convertible Bonds.

Since the grant of the general mandate on 3 December 2007, no new shares in the Company have been issued. At the annual general meeting of the Company held on 21 August 2008, a new general mandate was granted by the shareholders of the Company to the Directors to issue 2,555,418,327 shares (being 20% of the total number of shares in issue of 12,777,091,632 at 21 August 2008). As such, the Company still has authority to issue 2,555,418,326 shares under the current general mandate. Any such mandate will remain valid until the next AGM of the Company unless otherwise refreshed.

Rule 14.74 of the Listing Rules applies to the Warrants and the Additional Warrants and if and on any exercise such warrants, the Company will comply with all applicable requirements under the Listing Rules.

18. 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, including the Amended and Restated Investment Agreement and the Amended and Restated Investor Rights Agreement.

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.

19. GENERAL

A circular containing, amongst other things, further details of (i) the Transactions, (ii) the Transaction Agreements, including the Amended and Restated Investment Agreement and the Amended and Restated Investor Rights Agreement; (iii) a notice convening the SGM; and (iv) 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.

20. RESUMPTION OF TRADING

The Company requested trading in the Shares on the Stock Exchange to be suspended from 9:30 a.m. 23 September 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. 29 September 2008.

Terms used in the Announcement shall have the same meanings as in this announcement unless otherwise defined.

DEFINITIONS

“Additional Warrants”	has the meaning set out on page 6 of this announcement;
“Amended and Restated Investment Agreement”	the amended and restated investment agreement entered into by the Company and Transmeridian dated as of June 11 2008 and amended and restated as of September 22, 2008;
“Amended and Restated Investor Rights Agreement”	the amended and restated investment rights agreement dated as of June 11 2008 and amended and restated as of September 22, 2008;
“Announcement”	the announcement of the Company dated 20 June, 2008;
“Capital Excess”	has the meaning set out on page 5 of this announcement;
“Change of Control Offer”	has the meaning set out on page 6 of this announcement;
“Consideration”	has the meaning set out on page 9 of this announcement;
“Exercise Period”	has the meaning set out on page 5 of this announcement;
“First Tranche Preferred Shares”	has the meaning set out on page 5 of this announcement;
“Listing Rules”	the Rules Governing Listing of Securities on the Stock Exchange;
“Irrevocable Proxy”	has the meaning set out on page 8 of this announcement;
“Key Senior Preferred Conversion Shares”	has the meaning set out on page 10 of this announcement;
“New Notes”	the notes to be issued by the Senior Notes Issuer pursuant to the Exchange Offer;
“Newly Issued Common Stock”	the Common Stock to be issued by Transmeridian to the Company (i) for the exchange of Senior Notes and New Notes held by the Company or any of its affiliates; (ii) equal to the aggregate amount of the cash consideration payable in the Exchange Offer funded by the Company and (iii) equal to the aggregate amount funded by the Company for the change of control repurchase of Senior Notes, divided by US\$0.45;
“Mandatory Warrants”	has the meaning set out on page 5 of this announcement;
“Maximum Issue”	has the meaning set out on page 10 of this announcement;
“Mr. Olivier”	has the meaning set out on page 8 of this announcement;

“New Notes Redemption”	has the meaning set out on page 6 of this announcement;
“Optional Warrants”	has the meaning set out on page 6 of this announcement;
“Original Issue Date”	has the meaning set out on page 5 of this announcement;
“Preferred Stock”	the Senior Preferred Stock and the Junior Preferred Stock, together;
“Redemption Payment”	has the meaning set out on page 6 of this announcement;
“Second Tranche Preferred Shares”	has the meaning set out on page 5 of this announcement;
“Senior Notes Issuer”	Transmeridian Exploration Inc., a British Virgin Islands company and wholly owned subsidiary of Transmeridian;
“Stock Purchase Agreements”	the stock purchase agreements entered into by the Company with the Key Senior Preferred Stockholders and the Key Junior Preferred Stockholders; and
“Swap Closing”	the obligations of the Company under the Amended and Restated Investment Agreement upon satisfaction of all of the conditions under Article VIII of the Amended and Restated Investment Agreement and all of the conditions under the Stock Purchase Agreements.

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

26 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.