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If you have sold or transferred all your shares in United Energy Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock code: 467)

MAJOR TRANSACTION:
DIVESTMENT OF INVESTMENT IN
AN ASSOCIATED COMPANY

3 September 2009

CONTENT

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I – Financial information of the Group	9
Appendix II – General Information	11

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement dated 20 August 2009 issued by the Company in relation to the Divestment
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Company”	United Energy Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Divestment
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited, all are companies wholly-owned by Mr. Zhang Hongwei, the Chairman of the Company and an executive Director
“Director(s)”	the director(s) of the Company
“Divestment”	the disposal of the Sale Shares by the Company to the Purchaser and the redemption of the Redemption Shares by Glimmer Stone
“Divestment Agreement”	the divestment agreement dated 20 August 2009 entered into between the Company, Glimmer Stone and the Purchaser in relation to the Divestment

DEFINITIONS

“Glimmer Stone”	Glimmer Stone Investments Limited, a company incorporated in the British Virgin Islands, 26.3% of the total issued share capital of which was owned by the Company prior to Completion
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	31 August 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	5:00 p.m. on 31 December 2009 or such later date as the parties to the Divestment Agreement may agree in writing
“Purchaser”	Wong Sik Kam
“Redemption Shares”	26,300 non-voting preference shares of US\$0.1 each in the capital of Glimmer Stone
“Redemption Shares Consideration”	the total redemption price payable by Glimmer Stone to the Company for the Redemption Shares
“Sale Shares”	26,300 ordinary shares of US\$0.1 each in the capital of Glimmer Stone
“Sale Shares Consideration”	the total consideration payable by the Purchaser to the Company for the Sale Shares
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent
“US\$”	United States dollars, the lawful currency of the United States of America

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

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 467)

Executive Directors:

Zhang Hongwei
Zhu Jun
Zhang Meiying

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

Chau Siu Wai
San Fung
Zhu Chengwu

Principal place of business

in Hong Kong:
Unit 2112, 21st Floor
Two Pacific Place
88 Queensway
Hong Kong

3 September 2009

To the Shareholders

Dear Sir or Madam

**MAJOR TRANSACTION:
DIVESTMENT OF INVESTMENT IN AN ASSOCIATED COMPANY**

INTRODUCTION

On 20 August 2009, the Company announced that on 20 August 2009, the Company, Glimmer Stone and the Purchaser entered into the Divestment Agreement pursuant to which (1) Glimmer Stone has agreed to redeem all the Redemption Shares held by the Company; and (2) the Company has agreed to sell the Sale Shares to the Purchaser.

The purpose of this circular is to give you further information regarding the Divestment.

THE DIVESTMENT AGREEMENT

Date: 20 August 2009

Parties:

(a) the Company

LETTER FROM THE BOARD

- (b) Glimmer Stone. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save that 26.3% of the issued share capital of Glimmer Stone was owned by the Company prior to Completion, Glimmer Stone and its ultimate beneficial owners are independent third parties of the Group and their respective connected persons.
- (c) the Purchaser. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is independent third party of the Group and their respective connected persons.

Subject matters

- (a) the Sale Shares; and
- (b) the Redemption Shares.

Consideration

The Sale Shares Consideration is HK\$20,514 and is payable in cash at Completion.

The Redemption Shares Consideration is HK\$116,257,000, HK\$116,000,000 of which was paid in cash by Glimmer Stone to the Company prior to the date of the Divestment Agreement and the balance of HK\$257,000 is payable in cash at Completion. If the Divestment Agreement lapses pursuant to the terms therein, the Company shall forthwith refund to Glimmer Stone all amounts of the Redemption Shares Consideration that shall have been prepaid by Glimmer Stone, without interest.

Basis of determining the Consideration

The Sale Shares Consideration was determined after arm's length negotiations between the Company and the Purchaser, taking into account (1) the par value of the Sale Shares (i.e. US\$0.1); (2) that the Sale Shares were subscribed by the Company at par; and (3) that the Sale Shares are ordinary shares in the capital of Glimmer Stone, the holders of which are entitled to exercise voting right at general meetings of Glimmer Stone but are not entitled to participate in the profits or surplus assets of Glimmer Stone on a winding up or otherwise. The Directors, taking into account the factors mentioned above, in particular, the fact that the holders of the Sale Shares are not entitled to participate in the profits or surplus assets of Glimmer Stone on a winding up or otherwise, consider that the Sale Shares Consideration was fair and reasonable and in the interests of the Shareholders as a whole.

The Redemption Shares Consideration was determined after arm's length negotiations between the Company and Glimmer Stone, taking into account (1) that the Redemption Shares are non-voting preference shares in the capital of Glimmer Stone, the holders of which are entitled to participate in the profits of Glimmer Stone and (subject to a return of capital to the holders of ordinary shares) in the surplus assets of Glimmer Stone

LETTER FROM THE BOARD

on a winding up or otherwise but are not entitled to exercise voting right at general meetings of Glimmer Stone (save for the general meetings in relation to variation of rights of non-voting preference shares in the capital of Glimmer Stone); and (2) the unaudited consolidated net assets value of Glimmer Stone as at 31 March 2009. The Directors, taking into account the factors mentioned above, consider that the Redemption Shares Consideration was fair and reasonable and in the interests of the Shareholders as a whole.

Pre-conditions

Completion of the Divestment is subject to fulfillment of the following conditions on or before the Longstop Date:

- (1) the Company having obtained clearance of the Announcement and this circular from the Stock Exchange;
- (2) the Company having obtained written approval to the Divestment Agreement and the transactions contemplated thereby from its shareholders who together hold more than 50% in nominal value of the securities of the Company giving the right to attend and vote at general meetings; and
- (3) the compliance by the Company of any other requirements under the Listing Rules or otherwise of the Stock Exchange or other regulatory authorities or any applicable laws and regulations which requires compliance by the Company at any time prior to Completion in relation to the transactions contemplated under the Divestment Agreement.

If the above conditions are not fulfilled on or before the Longstop Date, the Divestment Agreement shall lapse and be of no further effect and no party shall have any claim against or liability to the other parties, save (i) in respect of any antecedent breaches of the Divestment Agreement; and (ii) that the Company shall forthwith make the refunds to Glimmer Stone any payments made by it under the Divestment Agreement.

As at the date of this circular, all the conditions precedents have been fulfilled.

Completion

Completion shall take place on the first Business Day following the fulfillment of the last of the outstanding pre-conditions mentioned above or such other date as the parties to the Divestment Agreement shall mutually agree in writing as the date on which Completion shall take place. As at the date of this circular, Completion has taken place.

INFORMATION ON THE GROUP AND GLIMMER STONE

The Company is an investment holding company. The Group is principally engaged in upstream oil and natural gas business, including exploitation, development, production of crude oil and natural gas, also provide patented technologies services to oil fields and property investment and management.

LETTER FROM THE BOARD

Glimmer Stone is an investment holding company. As at the Latest Practicable Date, Glimmer Stone held (1) 190 million shares (“**Kaisun Shares**”) of HK\$0.01 each in the capital of Kaisun Energy Group Holdings Limited (a company which shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code:8203)) (“**Kaisun**”); (2) convertible bonds issued by Kaisun in principal amount of HK\$211 million; and (3) 100% interest in a company incorporated in the British Virgin Islands, which, as at the Latest Practicable Date, held 40 million Kaisun Shares. As set out in the circular dated 17 August 2009 issued by Kaisun, Kaisun is an investment holding company and the existing subsidiaries of Kaisun are principally engaged in the investment in mining, sale and processing of coking coal in the PRC and the provision of auto repairing/detailing services and on-line distribution of office supplies and equipment.

POSSIBLE FINANCIAL EFFECT OF THE DIVESTMENT

As at the Latest Practicable Date and prior to Completion, Glimmer Stone was owned as to 26.3% by the Company and was an associated company of the Company.

It is expected that the Group may record a loss from the Divestment of approximately HK\$2,778,486, which is the difference between the aggregate consideration for the Divestment of HK\$116,277,514 and the share of net assets of Glimmer Stone of approximately HK\$119,056,000 as per the consolidated balance sheet of the Group as at 31 March 2009.

Glimmer Stone was incorporated on 23 April 2008. The net asset value attributable to Sale Shares and the Redemption Shares as at 31 March 2009 was about HK\$123,958,000.

The net profit before taxation and after taxation attributable to Sale Shares and the Redemption Shares for financial period commencing on 23 April 2008 to 31 March 2009 was about HK\$18,964,000.

The deficit of the aggregate consideration for the Divestment under the net book value of the Sale Shares and the Redemption Shares is approximately about HK\$2,778,486. As mentioned above, it is expected that the Group may record a loss from the Divestment of approximately HK\$2,778,486, and therefore, the consolidated earnings of the Group may be decreased by such amount. The Divestment will not have a material impact on the liabilities of the Group. Completion of the Divestment will result in reduction of the Group’s investment in an associated company of about HK\$119,056,000 and increase in the Group’s cash balances by HK\$116,277,514.

REASONS FOR AND BENEFITS OF THE DIVESTMENT

As set out in the 2009 annual report of the Company, the global financial crisis amid increased uncertainties in the global economic environment, the Directors still hold a positive view regarding the prospect of the oil and gas market in the world within the next few decades, therefore, the Group will continue and enhance its existing oil resources business. The Divestment will enable the Group to focus more on its oil resource business and realise its investment in Glimmer Stone.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) are of the view that the terms of the Divestment Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

USE OF PROCEEDS

The Company intends to use the net sale proceeds from the Divestment as general working capital and as at the Latest Practicable Date, there was no specific plan as to the use of such general working capital.

LISTING RULES REQUIREMENTS

The Divestment constitutes a major transaction for the Company and is subject to approval by the Shareholders pursuant to the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Divestment may be obtained by written Shareholders' approval without the need of convening a general meeting if (a) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Divestment; and (b) written approval has been obtained from a Shareholder or a closely allied group of shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the Divestment.

Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Divestment, written Shareholders' approval has been given in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Controlling Shareholders, in aggregate holding 9,001,240,115 Shares, representing approximately 70.45% of the existing issued share capital of the Company as at the Latest Practicable Date, have given their written approval in respect of the Divestment. Accordingly, no special general meeting of the Company will be convened for the purposes of approving the Divestment.

If special general meeting of the Company were convened for the purposes of approving the Divestment, the Directors would recommend the Shareholders to vote in favour of the Divestment.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
United Energy Group Limited
Zhang Hongwei
Chairman

1. INDEBTEDNESS, LIQUIDITY AND FINANCIAL RESOURCES

At the close of business on 31 July 2009 (being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular), the Group had outstanding borrowings of approximately HK\$78 million, comprising unsecured amounts due to directors of approximately HK\$6 million, unsecured amount due to a minority equity holder of approximately HK\$40 million and unsecured amount due to an independent third party of approximately HK\$32 million.

As at the close of business on 31 July 2009 (being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular), the Group has total banking facilities of approximately HK\$4.68 million in respect of issuance of performance bond for guarantee of our Company's performance of its obligations to commitment to cover seismic survey cost in the first three years of exploration term as contemplated in the Production Sharing Contract for Madura Blok, dated 13 November 2008. The Group's cash at banks with carrying value of approximately HK\$4.68 million were pledged for the banking facilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 31 July 2009, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities.

2. WORKING CAPITAL

The Directors are of the opinion that, taking into account the present internal financial resources and the present credit facilities available to the Group, the Group will have sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular.

3. BUSINESS PROSPECTS

The global financial crisis amid increasing uncertainties in the global economic environment, the Directors still hold a positive view regarding the prospect of the oil and gas market in the world within the next few decades, therefore, the Group will continue and enhance its existing oil resources business.

Leveraging its relationships with major Chinese E&P players, the Group will continue to expand into new markets internationally, targeting areas such as Central Asia and Southeast Asia. The Group will also maintain its aggressive growth strategy of acquiring reserves and increasing production through both organic and merger and acquisition initiatives.

The Group will continue to explore new investment opportunities in the world, hoping to further expand the Group's scale, widen its asset base and increase its profitability through merger and acquisitions, with the aim to bring stable, long-term high returns to its shareholders.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors jointly and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of interest
Zhong Hongwei	Interest of controlled corporations (Note 1)	9,001,240,115 Shares	70.45
Zhu Jun	Beneficial owner	1,443,000	0.01

Interests in underlying Shares

Name of Director	Capacity	Number of underlying Shares	Approximate percentage of interest
Zhang Meiying	Beneficial owner	100,000,000 (Note 2)	0.78

Notes:

1. Out of the 9,001,240,115 Shares, 5,128,169,125 Shares were beneficially held by He Fu International Limited, 2,223,726,708 Shares were beneficially held by United Petroleum & Natural Gas Holdings Limited, and 1,649,344,282 Shares were beneficially held by United Energy Holdings Limited. He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited are companies wholly-owned by Mr. Zhang Hongwei. Therefore, Mr. Zhang Hongwei is deemed to be interested in those 9,001,240,115 Shares.
 2. Share options which entitle Ms. Zhang Meiying to subscribe for an aggregate 100,000,000 shares were granted to Ms. Zhang Meiying on 4 December 2007 under the share option scheme adopted by the Company on 11 May 2006.
- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.
- (c) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2009, the date to which the latest published audited financial statements of the Group were made up.
- (d) As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group since 31 March 2009, being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Group.
- (e) As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

- (f) As at the Latest Practicable Date, none of the Directors had a service contract or proposed service contract with the Company which may not terminated by the employer within one year without payment of any compensation (other than statutory compensation).

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

- (a) As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long position in the Shares:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest
He Fu International Limited	Beneficial owner	5,128,169,125	40.14
United Petroleum & Natural Gas Holdings Limited	Beneficial owner	2,223,726,708	17.40
United Energy Holdings Limited	Beneficial owner	1,649,344,282	12.91
Kowin Limited	Beneficial owner	654,037,267	5.12

- (b) Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.
- (c) As at the Latest Practicable Date, He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited had interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. As at the Latest Practicable Date, Mr. Zhang Hongwei is a director of He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited.

4. MATERIAL CONTRACTS

Within the two years immediately preceding the Latest Practicable Date, the following agreements, being contracts not entered into in the ordinary course of business, has been entered into by members of the Group and is or may be material:

- (a) a deed of assignment dated 16 October 2007 entered into by the Company, United Energy Holdings Limited and United Petroleum and Natural Gas Investments Limited in relation to the assignment to the Company by United Energy Holdings Limited the shareholders' loan owing by United Petroleum and Natural Gas Investments Limited at a consideration of HK\$268,644,294;
- (b) the loan agreement dated 4 December 2007 and entered into between the Company and Charm Sea Investments Limited ("**Charm Sea**"), an independent third party, pursuant to which the Company lent Charm Sea the aggregate principal amount of HK\$650,000,000 ("**Charm Sea Loan**"), to be used exclusively by Charm Sea 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. Pursuant to a separate agreement entered into between the Company and Great Wing Holdings Limited ("**Great Wing**"), Great Wing being a member of the same group of companies as Charm Sea, the Charm Sea Loan was secured by way of (i) a guarantee dated 4 December 2007 provided by Great Wing and (ii) a charge over the entire issue share capital of Target, which in turn holds a 70% equity interest in a Sino-foreign equity joint venture established in the People's Republic of China ("**Joint Venture**"). The Joint Venture is principally engaged in the operation of hotel and related businesses;
- (c) the capital contribution agreement dated 11 December 2007 and entered into between Grand Hope Group Limited ("**Grand Hope**"), a wholly-owned subsidiary of the Company and Beijing Glory Real Estate Company Limited ("**Beijing Glory**") pursuant to which the parties have conditionally agreed to increase the total investment and the registered capital of the Shenyang Dadongfang Property Development Company Limited ("**Shenyang Dadongfang**") from US\$30,359,800 to US\$ 71,851,400 and from US\$15,179,900 to US\$35,925,700, respectively. Under the capital contribution agreement, Beijing Glory will solely contribute the full amount of US\$20,745,800 (equivalent to approximately HK\$161,817,240) in the increased registered capital. Upon completion of the investment injection, Beijing Glory and Grand Hope will be interested in 70% and 30% of the paid-up registered capital in Shenyang Dadongfang;
- (d) the amended and restated investment agreement ("**Amended and Restated Investment Agreement**") entered into by the Company and Transmeridian Exploration Incorporated ("**Transmeridian**") dated as of 11 June 2008 and amended and restated as of 22 September 2008 pursuant to which the Company agreed to make investment in Transmeridian with a value of approximately US\$212 million, details of which are set out in the Company's circular dated 30 September 2008;

- (e) the agreements dated 11 June 2008 and entered into between the Company and the holders (“**Key Senior Preferred Stockholders**”) of 83% of the 15% senior redeemable convertible preferred stock of par value of US\$0.0006 per share of Transmeridian (“**Senior Preferred Stock**”), pursuant to which the Company has agreed to (i) issue certain 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 had the option to elect to be paid in convertible bond, but chose not to make such election, at an aggregate consideration of US\$34.6 million, details of which are set out in the Company’s circular dated 30 September 2008;
- (f) the junior preferred stock purchase agreement dated 11 June 2008 and entered into between the Company and the holders (“**Key Junior Preferred Stockholders**”) of 74% of the 20% junior redeemable convertible preferred stock of par value of US\$0.0006 per share of Transmeridian (“**Junior Preferred Stock**”), pursuant to which the Company agreed to acquire from the Key Junior Preferred Stockholders all of the Junior Preferred Stock owned by them at the acquisition price of US\$76 per share of Junior Preferred Stock or, at the option of the 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, details of which are set out in the Company’s circular dated 30 September 2008;
- (g) the amended and restated investor rights agreement dated as of 11 June 2008 and amended and restated as of 22 September 2008, pursuant to which Transmeridian agreed to grant the Company certain registration rights and other rights attached to or in relation to the 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 and 622,897 shares of Transmeridian’s series B-2 redeemable convertible preferred stock, par value US\$0.0006 per share, details of which are set out in the Company’s circular dated 30 September 2008;
- (h) the stockholder support and irrevocable proxy agreement dated 22 September 2008 entered into between the Company and Lorrie T. Olivier (“**Mr Olivier**”) pursuant to which Mr Olivier, solely in his capacity as a stockholder of Transmeridian, granted the Company an irrevocably proxy to vote his common stock of par value of US\$0.0006 per share of Transmeridian in favour of all matters required to consummate the transactions contemplated by the Amended and Restated Investment Agreement, details of which are set out in the Company’s circular dated 30 September 2008;
- (i) the termination agreement dated 15 November 2008 and entered into between the Company and Transmeridian pursuant to which the Amended and Restated Investment Agreement was terminated;

- (j) the sale and purchase agreement dated 9 April 2009 and entered into between the Company and Wang I-Wen pursuant to which the Company has agreed to acquire the entire issued share capital of Merry Year Investments Limited from Wang I-Wen for the consideration of HK\$218,000,000;
- (k) the sale and purchase agreement dated 17 June 2009 and entered into between, United Energy International Holdings Limited (“UEIH”), a wholly owned subsidiary of the Company, Madura Petroleum Ltd. and Ferry Lirungan pursuant to which UEIH has agreed to acquire the entire issued share capital of PC (NAD) International Ltd. from Madura Petroleum Ltd. for the consideration of US\$21,505,000;
- (l) the Divestment Agreement.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. MISCELLANEOUS

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The secretary of the Company is Ho Yuk Ming, Hugo, who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal office of the Company in Hong Kong at Unit 2112, 21st Floor, Two Pacific Place, 88 Queensway, Hong Kong, from the date of this circular up to and including 16 September 2009:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for the two years ended 31 March 2009;

- (iii) the materials contracts referred to in the paragraph (4) headed “Material contracts” in this Appendix;
- (iv) the Divestment Agreement; and
- (v) this circular.