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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)

DISCLOSEABLE TRANSACTION – PERFORMANCE BOND

On 26 January 2010, United Petroleum has issued the Performance Bond in favor of PetroChina in the amount of US\$60 million for guarantee of United Petroleum's performance of its obligations in the development period of the EOR Contract.

As one or more of the applicable percentage ratios in respect of the limit of the Performance Bond exceeds 5% but all those applicable percentage ratios are less than 25%, the limit of the Performance Bond constitutes a discloseable transaction of the Company under the Listing Rules.

Reference is made to the circular issued by the Company on 17 September 2007 in related to Acquisition of United Petroleum (the "Circular"). Terms defined in the Circular shall have the same meanings herein unless the context requires otherwise.

EOR Contract

On 15 September 2006, United Petroleum and China National Petroleum Corporation ("CNPC") entered in to a cooperative contract for enhancing oil recovery ("EOR Contract") in Gaosheng Block, Bohai Bay Basin of the PRC. Pursuant to the EOR Contract, United Petroleum agreed to provide funds and apply its appropriate and advanced technology, equipment and managerial experience to enhance, with the cooperation of CNPC, the oil recovery of the reservoir(s) within the relevant contract area in contrast to the estimated oil recovery that CNPC would be able to reach by applying the original operation method. The maximum term of the EOR Contract is 25 years from the date of commencement of implementation of the EOR Contract, i.e. 1 February 2007, unless extended due to the production period.

CNPC and United Petroleum have appointed an equal number of representatives to form a joint management committee for proper performance of the EOR operations. The term of the EOR Contract consists of three phases, including: Phase 1 - Pilot Test Period, Phase 2 - Development Period and Phase 3 - Production Period.

Performance Bond

Pursuant to the Clause 26.6(2) of the EOR Contract, before commencement of the Development

Period, United Petroleum should provide a written performance assurance to CNPC with the format and content accepted by CNPC. As the Phase 2 – Development Period of the EOR Contract will commence soon, on 26 January 2010, United Petroleum has issued an irrevocable performance bond in favor of PetroChina Company Limited (“PetroChina”) in the amount of US\$60 million (the “Performance Bond”) for guarantee of United Petroleum’s performance of its obligations in the development period of the EOR Contract. During the Development Period, United Petroleum has the right to request partial release of the limit of the Performance Bond every three months according to the value confirmed by CNPC of the percentage of the development work performed. The Performance Bond is financed by the internal fund of the Group by pledge of the Group’s cash at bank with carrying value of approximately HK\$468 million (equivalent to approximately US\$60 million) for bank facilities.

The Directors considered the Performance Bond is fair and reasonable and in the interest of the Company and Shareholders as a whole.

Information on the Company, the Group and United Petroleum

The Company is primarily involved in investment holding.

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 supporting services to oilfields and property investment and management in the PRC.

United Petroleum is principally engaged in production of crude oil in the PRC and became a wholly-owned subsidiary of the Company after approved by Shareholders in the Special General Meeting held on 3 October 2007 and completion of the Acquisition of United Petroleum by the Company on 16 October 2007.

Information on CNPC and PetroChina

CNPC is a PRC state-owned enterprise and has the exclusive right to engage in petroleum exploration, development and production in cooperation with foreign enterprises in areas approved by the State Council of the PRC (including the oilfield in Bohai Bay Basin) for exploitation of land petroleum resources in cooperation with foreign enterprises. PetroChina is a state-owned limited liability company established in PRC and is a subsidiary of CNPC.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiry, CNPC and PetroChina are third parties independent of the Company and its connected persons.

General

As one or more of the applicable percentage ratios in respect of the limit of the Performance Bond exceeds 5% but all those applicable percentage ratios are less than 25%, the limit of the Performance Bond constitutes a discloseable transaction of the Company under the Listing Rules.

Definitions

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Company”	United Energy Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the Company’s shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) the Company
“EOR Contract”	the Petroleum Contract for Enhancing Oil Recovery in Gaosheng Block, Bohai Bay Basin of the PRC between China National Petroleum Corporation and United Petroleum entered into 15 September 2006 and includes any supplemental contracts relating thereto
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rule Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited”
“United Petroleum”	United Petroleum & Natural Gas Investments Limited, a company incorporated in the British Virgin Islands with the limited liability on 15 March 2006
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of the United States of America

By Order of the Board
United Energy Group Limited
Zhang Hongwei
Chairman

Hong Kong, 26 January 2010

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