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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)

VOLUNTARY ANNOUNCEMENT PROPOSED DISSOLUTION OF A SUBSIDIARY DISPUTE WITH MINORITY SHAREHOLDER OF SUCH SUBSIDIARY

<p>The Company wishes to announce that on 10 September 2010, UET and Shengtai Mingze, as shareholders of the JV, passed resolutions approving the voluntary dissolution of the JV. By such resolutions, shareholders of the JV agreed to resolve the dispute over the proper distribution basis to be applied to the Reserve by arbitration or court proceedings to be conducted in the PRC.</p>
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This is a voluntary announcement made by United Energy Group Limited (“**Company**” and together with its subsidiaries, “**Group**”).

Shenyang Shengtaiyuan Logistics Company Limited* (瀋陽盛泰源物流有限公司) (“**JV**”) is an indirectly owned subsidiary of the Company established in the People’s Republic of China (“**PRC**”) as a limited liability company. The direct holding company of the JV is United Energy Technology (China) Company Limited* (聯合能源技術(中國)有限公司) (“**UET**”). UET is 71% owned by the Group.

UET owns 80% equity interest in the JV. The other 20% equity interest in the JV is owned by Beijing Shengtai Mingze Food Products Company Limited* (北京盛銘澤食品有限公司) (“**Shengtai Mingze**”).

Purpose of forming the JV was to engage in the business of sale of household building materials. The JV has not developed a substantive operation and its business has become inactive. Having regard to the JV’s inactive status and the fact that its business is not consistent with the Group’s current principal business in upstream oil and natural gas, the Company has decided to dissolve the JV by voluntary winding up in order to concentrate available resources on the Group’s principal business.

On 10 September 2010, UET and Shengtai Mingze, as shareholders of the JV, passed resolutions approving the voluntary dissolution of the JV (“**Dissolution Resolutions**”).

Included in the JV's capital reserve is a sum of RMB240,000,000 (equivalent to about HK\$275,862,069) ("**Reserve**"), being additional equity contribution made by Shengtai Mingze to the JV at time of its formation. In connection with the proposed dissolution of the JV, Shengtai Mingze claimed that (i) the Reserve should not be distributed to the shareholders in the proportion of 80:20 and (ii) Shengtai Mingze should be solely entitled to the Reserve to the exclusion of UET. Basis of such claim is that the Reserve was contributed solely by Shengtai Mingze and UET did not make any contribution of similar nature corresponding to its 80% ownership in the JV.

Shengtai Mingze's claim to the Reserve is disputed by the Company. The Company's position is that the Reserve should be treated on the same basis as capital and residual assets of the JV in its dissolution and be distributed to its shareholders pro rata to their respective shares of equity interest in the JV.

Under the Dissolution Resolutions, UET and Shengtai Mingze have agreed to resolve the dispute over the proper distribution basis to be applied to the Reserve by arbitration or court proceedings to be conducted in the PRC.

Directors of the Company will take appropriate steps and make further announcement to comply with the applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as and when progress is made towards resolution of the dispute between shareholders of the JV regarding distribution of the Reserve.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1.00 = RMB0.87 has been used for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate.

** For identification purposes only*

By Order of the Board
United Energy Group Limited
Zhang Meiyang
Director

Hong Kong, 10 September 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.