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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 ARBITRATION AWARD ON THE DISPUTE WITH A MINORITY SHAREHOLDER OF A SUBSIDIARY

On 23 December 2010, UET received from Harbin Arbitration Commission(哈爾濱仲裁委員會) its arbitral award made on 6 December 2010. Under the Award, the residual assets of the JV upon dissolution will be distributed according to the ratio of the actual capital contribution made by UET and Shengtai Mingze. It is estimated that a decrease in net assets contributed by the JV to the Group of approximately RMB192,000,000 (i.e. 80% of the Reserve and equivalent to about HK\$220,689,655) will be recognised in the balance sheet of the Group for the current financial year.

This is a voluntary announcement made by United Energy Group Limited (“**Company**” and together with its subsidiaries, “**Group**”).

Reference is made to the announcement (“**Announcement**”) of the Company dated 10 September 2010. Unless otherwise specified, capitalized terms used in this announcement shall have the same meaning as those in the Announcement.

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 100% 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* (北京盛泰銘澤食品有限公司) (“**Shengtai Mingze**”).

On 10 September 2010 UET and Shengtai Mingze, as shareholders of the JV, passed shareholders' resolutions to approve the voluntary dissolution of the JV. In the course of dissolution, a dispute (“**Dispute**”) has arisen between UET and Shengtai Mingze over the proper distribution basis to be applied to the capital reserve of RMB240,000,000 (equivalent to about HK\$275,862,069, “**Reserve**”) in the books of the JV. UET and Shengtai Mingze have agreed to resolve the Dispute by arbitration or court proceedings to be conducted in the PRC. Details of the Dispute and its background were disclosed in the Announcement.

On 25 September 2010, the Dispute was submitted to Harbin Arbitration Commission(哈爾濱仲裁委員會) (“**Commission**”) for disposal. On 23 December 2010, UET received from the Commission its arbitral award made on 6 December 2010 (“**Award**”).

Under the Award, the residual assets of the JV upon dissolution will be distributed according to the ratio of the actual capital contribution made by UET and Shengtai Mingze.

As the Award is a final decision without right to appeal under arbitration, the board of directors of the Company (“**Board**”) has decided not to pursue any appeal avenue against the Award and it is expected that the Reserve will, in accordance with the terms of the Award, be returned to Shengtai Mingze upon the dissolution of the JV. In view of the outcome of the Award, it is estimated that a decrease in net assets contributed by the JV to the Group approximately of RMB192,000,000 (i.e. 80% of the Reserve and equivalent to about HK\$220,689,655) will be recognised in the balance sheet of the Group for the current financial year. However, the Award will not have any impact on the profit and loss of the Group. The Board is of the opinion that the recognition of the decrease in net assets contributed by the JV will not have a material adverse financial impact on the Group.

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 Hong Wei
Director

Hong Kong, 24 December 2010

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