

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

REPURCHASE AND CANCELLATION OF UNLISTED WARRANTS

Reference is made to the Announcement in relation to, among other things, the issue of 500,000,000 Warrants to each of the Consultants. As such, a total of 1,000,000,000 Warrants were issued by the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Consultants and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Board announces that, in accordance with the terms and conditions of the Warrant Instrument, the Company has exercised its right to repurchase the 250,000,000 Warrants held by each of the Consultants on 30 August 2011. As a result, a total of 500,000,000 Warrants were repurchased, representing approximately 50% of the total outstanding Warrants immediately before the Warrants Repurchase.

Reference is made to the announcement of the Company dated 19 July 2010 (the "Announcement") in relation to, among other things, the issue of 500,000,000 Warrants to each of Tung Tai and Joy Wealth (the "Consultants"). As such, a total of 1,000,000,000 Warrants were issued by the Company. Each of the Consultants is an independent third party to the Company and its connected persons and has agreed to provide advisory services to the Company. Unless otherwise stated, capitalized terms used but not defined in this announcement shall have the same meanings as those defined in the Announcement.

WARRANTS REPURCHASE

Date

30 August 2011

Party extending the repurchase invitation

The Company, as issuer of the Warrants

Party accepting the repurchase invitation

- (i) Tung Tai Asset Management Limited (“Tung Tai”), as holder of the 500,000,000 Warrants before the Warrants Repurchase; and
- (ii) Joy Wealth International Limited (“Joy Wealth”), as holder of the 500,000,000 Warrants before the Warrants Repurchase.

Subject matter

The Warrants were issued by the Company to the Consultants on 26 July 2010 as part of the consideration for advisory services agreed to be provided by each of the Consultants under their respective service agreements with the Company dated 19 July 2010 (the “Service Agreements”). Pursuant to Condition 7 of the warrant instrument dated 26 July 2010 (the “Warrant Instrument”), the Company may, at any time and from time to time, repurchase the Warrants at any price as agreed between the Company and the relevant Warrantheolders. The Company has exercised its right on 30 August 2011 to extend a purchase invitation to each of the Consultants respectively for repurchase of the 250,000,000 Warrants held by each of the Consultants. As a result, a total of 500,000,000 Warrants were repurchased, representing approximately 50% of the total outstanding Warrants immediately before the Warrants Repurchase. Each of the Consultants has accepted the repurchase invitation on 30 August 2011, particulars of which are set out as follows:

Total number of Warrants repurchased	Total number of Warrants repurchased as a percentage of total outstanding Warrants before the Repurchase	Exercise Price	Maximum aggregate amount of Share capital upon full exercise of the Warrants repurchased
500,000,000	50%	HK\$0.80	HK\$400,000,000

Consideration

The total consideration of HK\$2 for the Warrants Repurchase was satisfied by cash.

Completion of the Warrants Repurchase

The Warrants Repurchase was completed on 30 August 2011.

Cancellation of the Warrants after the Warrants Repurchase

All Warrants repurchased were cancelled immediately following the Warrants Repurchase and will not be reissued or resold in accordance to the Condition 7 of the Warrant Instrument.

REASONS FOR AND BENEFITS OF THE WARRANTS REPURCHASE

Due to the recent development of the global financial market condition, the Consultants have consulted the Company which shared the view that it is to the best interests of Shareholders of the Company if the Company would consider a repurchase of warrants arrangement. With such, the Company would repurchase the 500,000,000 Warrants from the Consultants at a nominal consideration of HK\$1 to each of the Consultants. Immediately after the Warrants Repurchase, the 500,000,000 Warrants would be cancelled in accordance with Condition 7 of the Warrant Instrument. The Company appreciates the views of the Consultants and their judgment to exercise their fiduciary duties to protect the best interests of the Shareholders.

The Board considers that the Warrants Repurchase would not have any material adverse effect on the financial position of the Group and the existing financial resources of the Group after the Warrants Repurchase, and that the financial resources of the Group after the Warrants Repurchase will be sufficient for the Group's operations and capital expenditures requirement.

The Board is of the view that the Warrants Repurchase (including the consideration involved and the method of payment) is on normal commercial terms that is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and is principally engaged in the business of investment holding. The principal business activities of the Group include the development of strategic energy reserves, focusing on the investment and operation of oil, natural gas and other energy related businesses.

DEFINITIONS

The following words and phrases used in this announcement have the same meaning assigned:

“Warrants Repurchase”	the repurchase of the 500,000,000 Warrants from by the Company in accordance with Condition 7 of the Warrant Instrument dated 26 July 2010
“Board”	the board of directors of the Company
“Company”	United Energy Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose securities are listed on the Stock Exchange (stock code: 467)
“Group”	the Company and its subsidiaries
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong

By order of the board
United Energy Group Limited
Zhang Hong Wei
Chairman

Hong Kong, 30 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Hong Wei (chairman), Mr. Zhu Jun, Ms. Zhang Meiyong and Mr. Andrew Leo Kirby, the non-executive director is Mr. Ho King Fung, Eric, and the independent non-executive directors are Mr. Chau Siu Wai, Mr. San Fung and Mr. Zhu Chengwu.