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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 : ACQUISITION OF A COMPANY WHICH INDIRECTLY HOLDS WORKING INTEREST IN MKK CONCESSIONS IN PAKISTAN

On 1 October 2012, the Buyer (a wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement with the Seller for the Acquisition of the Subject Shares in Oasis and the Shareholder's Loan owed by Oasis. The Consideration for the Acquisition is US\$33,330,000 (equivalent to approximately HK\$259,974,000) subject to adjustments upon Closing. The Consideration for the Acquisition is to be wholly satisfied in cash and will be financed by internal resources of the Group.

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

As Closing is subject to the fulfillment of a number of conditions precedent which are summarized in this announcement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

The Board is pleased to announce that the Buyer (a wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement with the Seller for the Acquisition of the Subject Shares in Oasis and Shareholder's Loan owed by Oasis on 1 October 2012.

SHARE PURCHASE AGREEMENT DATED 1 OCTOBER 2012

Parties to the Share Purchase Agreement

Buyer: Gold Trade Group Limited, a limited liability company incorporated in the BVI and a wholly-owned subsidiary of the Company.

Seller: Mr. Sadruddin Hashwani, a resident of Dubai, United Arab Emirates and the sole shareholder of Oasis and the founder of Hashoo Group.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller, Hashoo Group, Oasis and Bow are third parties independent of the Group and the connected persons of the Group.

The Acquisition

The Buyer desires to acquire from the Seller the Subject Shares and the Shareholder's Loan and the Seller desires to sell to the Buyer the Subject Shares and Shareholder's Loan in accordance with the terms of the Share Purchase Agreement. The Subject Shares represents 100% of the total issued share capital of Oasis. Oasis owns all of the issued share capital of Bow. Bow owns a 26.32% working interest in the licence in the areas under the MKK Concessions (which includes a 6.58% working interest owned by Government Holdings Private Limited, a company owned by the Government of Pakistan, with the exploration costs carried by Bow) and a 19.74% working interest in the lease in the areas under the MKK Concessions.

Consideration

The Consideration for the purchase of the Subject Shares and the Shareholder's Loan shall be US\$33,330,000 (equivalent to approximately HK\$259,974,000) which will be subject to the following adjustments upon Closing:

1. should there exist any Restricted Distribution, the Consideration shall be adjusted downward by deducting the aggregate Restricted Distributions (to the extent not paid to the Buyer, Oasis or Bow prior to Closing);
2. should there exist any ordinary course intercompany payables, the Consideration shall be adjusted upward by adding the aggregate ordinary course intercompany payables (to the extent not paid by Oasis or Bow prior to Closing); and
3. the Tax Attribute Adjustment.

The Consideration was negotiated on an arm's length basis among the parties of the Share Purchase Agreement and shall be payable on Closing. The Board considers that the terms of the Share Purchase Agreement and the Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The obligation of the Buyer and the Seller to consummate the Acquisition is subject to the satisfaction, on or before the date of Closing, of each of the following conditions (any of which may be waived by the relevant party to the Share Purchase Agreement, in whole or in part):

1. the warranties given by each of the Seller and the Buyer shall be true and correct in all respects as of Closing except to the extent any such representation or warranty speaks as of the date of the Share Purchase Agreement only or any other specific date only;
2. all of the required governmental approvals shall have been obtained and shall be in form and substance satisfactory to Buyer and the Seller, such approvals include certain consent or clearance pursuant to the Pakistan Petroleum (Exploration and Production) Rules and Competition Commission of Pakistan ;
3. no material adverse effect (as defined in the Share Purchase Agreement, which is considered to be customary in transactions of similar nature) shall have occurred on or after the 1 July 2012 and be continuing;

4. all of the covenants and obligations that each of the Seller and the Buyer is required to perform or comply with under the Share Purchase Agreement on or before the date of Closing shall have been duly performed and complied with in all material respects;
5. there shall not be (i) in effect any law or judgment or (ii) any pending proceedings that would prohibit or make illegal the consummation of the Acquisition or cause the Acquisition to be rescinded following consummation;
6. no voluntary or involuntary bankruptcy or other insolvency proceeding has been commenced by or against Oasis or Bow that has not been dismissed; and
7. United Energy Pakistan Limited, an indirectly wholly-owned subsidiary of the Group, shall have executed and delivered to OPI Gas (Pvt) Limited, a company within the Hashoo Group, an amendment to the LPG Marketing Agreement extending the term thereof for at least three years from the current expiration date of such agreement, and further providing for the possibility of a further two year extension upon the mutual agreement of the parties thereto.

Closing

The Closing of the Acquisition shall take place at 10:00 a.m. (United Arab Emirates time) at the office of Buyer's legal advisers in Dubai on the later of 16 November 2012 or the fifth business day following the date on which the last of the conditions precedent has been satisfied or waived in accordance with the Share Purchase Agreement, or at such other time and place as the Seller and the Buyer may agree in writing.

INFORMATION OF THE GROUP, THE BUYER, THE SELLER, OASIS AND BOW

The Group is currently principally engaged in upstream oil and natural gas business, including development of strategy energy reserves, focusing on the investment and operation of oil, natural gas and other energy related businesses. This is accomplished by the merger and acquisition of oil and natural gas assets; the exploration, development and production of crude oil and natural gas; and the provision of patented technologies supporting services to oilfields.

The Buyer is a limited liability company incorporated in the BVI and a wholly-owned subsidiary of the Company.

The Seller is a resident of Dubai, United Arab Emirates. He is the sole shareholder of Oasis and the founder of Hashoo Group.

Oasis is a company organized under the law of Panama and the sole shareholder of Bow. Other than the holding of Bow, Oasis does not have any current business.

Bow is a company organized under the law of Barbados and a wholly-owned subsidiary of Oasis. Bow owns a 26.32% working interest in the licence in the areas under the MKK Concessions (which includes a 6.58% working interest owned by Government Holdings Private Limited with the exploration costs carried by Bow) and a 19.74% working interest in the lease in the areas under the MKK Concessions.

According to the audited accounts of Oasis as at 30 June 2012 which have been prepared in accordance with International Financial Reporting Standards, there were only recorded the following items without any entries on turnover and profit:

1. one asset being the “Investment in subsidiary” with book value of US\$9,775,568 (equivalent to approximately HK\$76,249,430);
2. one liability being the “Payable to shareholder” with book value of US\$9,765,568 (equivalent to approximately HK\$76,171,430); and
3. “Share Capital” with book value of US\$10,000 (equivalent to approximately HK\$78,000).

Based on the audited accounts of Bow which have been prepared in accordance with International Financial Reporting Standards, the book value of the total assets of Bow was approximately US\$37,940,139 (equivalent to approximately HK\$295,933,084) as at 30 June 2012. Some of the financial data extracted from the audited accounts of the Bow are set out as follows:

	Net profits before taxation and extraordinary items	Net profits after taxation and extraordinary items
For the year ended 31 December 2011	US\$4,800,412 (equivalent to approximately HK\$37,443,214)	US\$4,163,213 (equivalent to approximately HK\$32,473,061)
For the year ended 31 December 2010	US\$2,149,544 (equivalent to approximately HK\$16,766,443)	US\$760,794 (equivalent to approximately HK\$5,934,193)

REASONS FOR AND BENEFITS OF THE ACQUISITION

After completion of the acquisition of Pakistan business and assets from BP p.l.c. on 16 September 2011, the Group acquired a 68.42% working interest in the licence in the areas under the MKK Concessions (which includes a 17.11% working interest owned by Government Holdings Private Limited with the exploration costs carried by the Group) and a 51.31% working interest in the lease in the areas under the MKK Concessions. During the year after the completion, the Group is striving to develop the assets in the MKK Concessions. The Directors believe that the Acquisition would facilitate the implementation of the Group’s business plan in respect of the MKK Concessions which will be beneficial to the business of the Group.

FINANCING OF THE ACQUISITION

The Consideration for the Acquisition is to be wholly satisfied in cash and will be financed by internal resources of the Group.

DISCLOSEABLE TRANSACTION

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

As Closing is subject to the fulfillment of a number of conditions precedent which are summarized in this announcement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the Acquisition of the Subject Shares and the Shareholder’s Loan by the Buyer from the Seller under the Share Purchase Agreement as set out under the paragraph headed “The Acquisition” in this announcement
“Board”	board of Directors
“Bow”	BowEnergy Resources (Pakistan) SRL, a company organized under the law of Barbados and a wholly-owned subsidiary of Oasis
“Buyer”	Gold Trade Group Limited, a limited liability company incorporated in the BVI and is a wholly-owned subsidiary of the Company
“BVI”	the British Virgin Islands
“Closing”	the closing of the Acquisition pursuant to the Share Purchase Agreement
“Company”	United Energy Group Limited, an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“Consideration”	the sum of US\$33,330,000 (equivalent to approximately HK\$259,974,000) subject to adjustments upon Closing as set out under the paragraph headed “Consideration” in this announcement
“connected persons”	has the same meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries

“Hashoo Group”	those companies owned or controlled, directly or indirectly by the Seller or any member of immediate family of the Seller and engages in various industries, including oil and gas exploration and production, information technology, investments, minerals, ceramics pharmaceuticals, travel and tourism, real estate and commodity trading
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MKK Concessions”	the petroleum concessions granted by the Pakistan Government in the Mirpur Khas and Khipro areas, Sindh Province, Pakistan
“Oasis”	Oasis Natural Energy, Inc., a company organized under the law of Panama and the sole shareholder of Bow
“Restricted Distributions”	<p>any or all of the following:</p> <ul style="list-style-type: none"> a) any dividend, bonus or other distribution of capital or income declared, paid or made (whether in cash, in stock or in specie) or any repurchase, redemption, repayment or return of share or loan capital (or any other relevant securities) by Oasis or Bow to or for the benefit of any person other than Oasis and Bow; b) the payment by either Oasis and/or Bow to, or assets transferred to or liabilities assumed, indemnified, or incurred by Oasis or Bow for the benefit of, any member of the Hashoo Group (including with respect to any share capital or other securities of Oasis or Bow or pursuant to any contract between either Oasis or Bow and a member of the Hashoo Group) other than the payment of any ordinary course intercompany payables; c) except as permitted under paragraph (a), any waiver by Oasis or Bow of any economic benefit or amount owed to Oasis or Bow by any member of the Hashoo Group; d) the payment by Oasis or Bow of any professional fees or other third party costs or expenses in connection with the transactions contemplated by the Share Purchase Agreement other than the payment of professional fees in respect to the ordinary course of business of the Oasis or Bow in an amount not to exceed US\$25,000 (equivalent to approximately HK\$195,000); and

- e) the payment of any taxes, fees and costs by Oasis or Bow as a result of the occurrence of any of those matters set out in paragraphs (a) through (d) above (which shall for the purposes of paragraph (d) of this definition be deemed to have been received by the person receiving the benefit of the payment in question).

For the purposes of this definition, references to a member of the Hashoo Group shall include any nominee or agent or any person receiving monies or the benefit of any waiver or indemnity on behalf of a member of the Hashoo Group

“Seller”	Mr. Sadruddin Hashwani, a resident of Dubai, United Arab Emirates and the sole shareholder of Oasis and the founder of Hashoo Group
“Share Purchase Agreement”	the share purchase agreement entered into between the Seller and the Buyer on 1 October 2012 regulating the terms of the Acquisition
“Shares”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Shareholder’s Loan”	book value of US\$9,765,568 (equivalent to approximately HK\$76,171,430), being the amount recorded in the audited financial statements of Oasis as at 30 June 2012 as being payable to the Seller
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Shares”	100 shares owned by the Seller representing 100% of the issued share capital of Oasis
“Tax Attributes”	any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute that could be carried forward or back to reduce taxes
“Tax Attributes Adjustment”	prior to Closing, if Bow does not have Tax Attributes of at least 90% of tax credits of at least US\$1,500,000 (equivalent to approximately HK\$11,700,000) and carried forward losses of at least US\$3,950,000 (equivalent to approximately HK\$30,810,000) as of 1 July 2012, the Consideration shall be adjusted by deducting such amount necessary to compensate the Buyer for the economic effect of Bow’s failure to have such Tax Attributes
“US\$”	United States Dollars, the lawful currency of the United States of America
“working interest”	the right to develop and produce hydrocarbons at the interest owner’s expense

“%” per cent

For the purpose of this announcement, unless otherwise indicated, the exchange ratio at HK\$1.00 = US\$7.80 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.

By Order of the Board
United Energy Group Limited
Zhang Hong Wei
Chairman

Hong Kong, 2 October 2012

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 Meiyong, and independent non-executive directors are Mr. Chau Siu Wai, Mr. San Fung and Mr. Zhu Chengwu.