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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)

### **DEFERRED ANNUAL BONUS SCHEME**

On the date of this announcement, the Board is pleased to announce that it has approved and adopted the Scheme pursuant to which new Shares may be allotted and issued to the Trustee under general mandates granted or to be granted by the Shareholders at general meetings from time to time and be held in trust for the Participating Employees until the end of each vesting period. As part of the acquisition of upstream business and assets in Pakistan, and as the Group becomes an internationally competitive business, the Board has decided to adopt a deferred annual bonus scheme as part of a long term incentive plan for the Employees.

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#### **Objectives of the Scheme**

The objectives of the Scheme are to (i) drive success and growth in the shareholder value of the Group and (ii) create long-term value for the eligible Employees of the Group.

#### **Administration of the Scheme**

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules.

The Trustee shall, during the period in which the Scheme remains valid and effective, hold the Scheme Shares and the Related Income in accordance with the terms of the Scheme Rules and the Trust Deed.

## **Duration of the Scheme**

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the Scheme shall be valid and effective for a term of ten (10) years commencing from the Adoption Date.

## **Scheme Limit**

The maximum number of Shares which may be granted to the employees of the Group (including the Participating Employees) under the Scheme together with Other Share Schemes shall not exceed ten percent (10%) of the total issued Shares as at the Adoption Date.

The maximum number of Shares which may be vested in an employee of the Group (including the Participating Employees) under the Scheme together with Other Share Schemes shall not exceed one percent (1%) of the total issued Shares as at the Adoption Date.

## **Operation of the Scheme**

All Employees, other than the Excluded Employee, are entitled to participate in the Scheme as a Participating Employee in each Scheme Year subject to the terms and conditions of the Scheme Rules.

The grant of the Scheme Shares under the Scheme and the number of Scheme Shares awarded or to be awarded to each Participating Employee in each Scheme Year shall be determined based on the results of the VPP and the rewards of the performance unit in the corresponding Assessment Year. Each Participating Employee who is entitled to any cash bonus under the VPP in an Assessment Year shall automatically be entitled to a grant of the Scheme Shares under the Scheme up to the Contribution Amount, and the Scheme Shares will be granted in the following year, being the Scheme Year to the corresponding Assessment Year. In the event that the acquisition of the Scheme Shares up to the Contribution Amount results in the acquisition of a fractional Share, then no such fractional Share shall be acquired. For the purpose of the Scheme, the Participating Employee shall only be entitled up to the unit number of the Scheme Shares that may be acquired by the Trustee up to the Contribution Amount and any odd sum of the Contribution Amount which is not sufficient for the acquisition of a unit number of the Share shall be regarded as the Related Income for such Participating Employee.

After completion of the determination of the results of VPP and the performance assessment of each Participating Employees for each Assessment Year by the Employer, the Employer will notify in writing the Participating Employees who are entitled to an award under the Scheme the Contribution Amount and such other conditions (if any) the Board may at its sole and absolute discretion deem fit to impose. For the purpose of the Scheme, the Employer will refer to the Reference Price

as a reference price for ascertaining the Contribution Amount, and hence, the number of the Scheme Shares.

The Trustee shall within thirty five (35) Business Days from the Approval Date and on which the trading of Shares has not been suspended (or such longer period as the Trustee and the Board may agree from time to time having regard to the circumstances of the acquisition concerned) apply the Reference Amount towards the acquisition of the Scheme Shares by way of (i) application for allotment to the Company; (ii) from the stock market; or otherwise (as the case may be) subject to and in accordance with the Listing Rules. The Company shall, on at least seven (7) Business Days prior to the acquisition of the Scheme Shares by the Trustee, cause to make available sufficient fund not less than the Reference Amount to the Trustee for the acquisition of the Scheme Shares. Any balance of the Reference Amount (if any) shall be returned by the Trustee to the Company within seven (7) Business Days after the acquisition.

The Scheme Shares so acquired shall be allocated to each Participating Employee to which he is entitled during the Scheme Year. For the avoidance of doubt, the Scheme Shares so acquired for each Scheme Year shall form part of the capital of the trust fund of the Trust. The Trustee shall hold the acquired Scheme Shares until they are vested to the Participating Employee as Scheme Shares in accordance with the Scheme Rules.

The Company shall comply with the Listing Rules when issuing the new Scheme Shares and application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new Scheme Shares to be issued.

The Company intends to use the general mandate available at the time of allotting and issuing the Scheme Shares in accordance with the terms of the Scheme.

For the Participating Employees who are connected persons (as defined under Chapter 14A of the Listing Rules) of the Company, the Company will comply with the relevant provisions of the Listing Rules in relation to the reporting, announcement and independent Shareholders' approval requirements.

## **Vesting**

Unless otherwise determined by the Board at its sole and absolute discretion, the Scheme Shares and the Related Income held by the Trustee upon the Trust and which are referable to a Participating Employee shall vest in the Participating Employee by way of transferring the Scheme Shares or the net sale proceeds thereof (as the case may be) and the Related Income to the Pakistan Trustee on the expiry of a period of three (3) years commencing from the first calendar day of the Scheme Year in which the grant is made (or in case such date is not a Business Day, the Business Day immediately thereafter) (the “**Vesting Schedule**”).

In respect of a Participating Employee who dies at any time:

- (a) in the event that the Scheme Shares have been granted but the death occurs prior to the Vesting Date, the grant shall immediately be vested on the date of death of the deceased Participating Employee; and
- (b) in the event that the Scheme Shares to be awarded are in respect of the year of death of the Participating Employee and not yet granted, then the deceased Participating Employee shall be entitled to the grant in that year notwithstanding his death. If the Contribution Amount has been ascertained and the Scheme Shares have been acquired, the grant shall immediately be vested on the date of death of the deceased Participating Employee. If the Contribution Amount has not been ascertained or the Scheme Shares have not been acquired, the grant shall immediately be vested on the date when the Share Shares are acquired.

In respect of a Participating Employee who (i) retires at his normal retirement date; (ii) is no longer capable to be an Employee due to disability, ill-health or injury; or (iii) ceases to be an Employee, whether due to the redundancy, change in control of the Company or the Employer, whether by way of offer, merger, scheme of arrangement or otherwise, the Employer ceases to be a Subsidiary of the Company (or of a member of the Group), or an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) or otherwise (collectively the “**Relevant Events**”), at any time prior to the Vesting Date:

- (a) in the event that the Scheme Shares have been granted but the Relevant Events occur prior to the Vesting Date, the grants do not lapse and all the Scheme Shares and the Related Income of that Participating Employee that are unvested shall continue to be vested in accordance with the Vesting Schedule; and
- (b) in the event that the Scheme Shares to be awarded are in respect of the Assessment Year on which the Relevant Events occur and not yet granted, then (i) where the Relevant Events occur prior to the close of business of the Employer on 31 December of the Assessment Year, there shall be no grant to the Participating Employee on that year; and (ii) where the Relevant Events occur as of the close of business of the Employer on 31 December of the Assessment Year, such Scheme Shares shall be dealt with as if the Relevant Events had not occurred.

In respect of a Participating Employee who ceases to be an Employee due to termination initiated by the Employer that has been negotiated with the Participating Employee, at any time prior to the Vesting Date:

- (a) in the event that the Scheme Shares have been granted but the termination occurs prior to the Vesting Date, the Employer shall have the sole and absolute discretion to determine as to whether the unvested Scheme Shares and Related Income of that Participating Employee shall lapse or shall be vested to that Participating Employee on a case-by-case basis in respect of the merits of the reason for dismissal and the procedure carried out. If it is the case that the Employer decides that the unvested Scheme Shares and Related Income shall be vested, such Scheme Shares and Related Income of that Participating Employee shall be vested in accordance with the Vesting Schedule; and
- (b) in the event that the Scheme Shares to be awarded are in respect of the Assessment Year on which the termination occurs prior to the close of business of the Employer on 31 December of that year and not yet granted, there will be no grant in respect of the year of termination.

The Board shall have the sole discretion to decide whether any event will trigger the vesting of the Scheme Shares and the Related Income in any particular Participating Employees. The Trustee shall act in accordance with the decision and instructions of the Board.

Where any Scheme Shares and Related Income are not vested in any Participating Employee for whatever reasons in accordance with the Scheme Rules, all such unvested Scheme Shares and Related Income shall become and for all intent and purpose be deemed to become the Returned Shares for the purpose of the Scheme and in accordance with the Scheme Rules.

### **Lapse**

In the event that a Participating Employee ceases to be an Employee due to (i) his dismissal by the Employer (whether due to Gross Misconduct or otherwise, but except termination initiated by the Employer that has been negotiated with the Participating Employee); or (ii) his resignation, before the relevant Vesting Date, the unvested Scheme Shares and the Related Income granted to that Participating Employee shall automatically lapse forthwith and such unvested Scheme Shares and Related Income shall not be vested in that Participating Employee but shall become and for all intent and purpose be deemed to become Returned Shares for the purpose of the Scheme. In any event, such Participating Employee shall not be entitled to any grant in respect of the year of termination.

In the event that (i) a Participating Employee is found to be an Excluded Employee; or (ii) a Participating Employee fails to return duly executed transfer documents prescribed by the Trustee for the relevant Scheme Shares and Related Income within the stipulated period, before the relevant Vesting Date, the relevant part of the Scheme Shares referable to such Participating Employee shall automatically lapse forthwith and the relevant Scheme Shares and Related Income shall not be vested in the relevant Participating Employee but shall become and for all intent and purpose be

deemed to become Returned Shares for the purpose of the Scheme.

### **Rights and Restrictions**

The Trustee shall not exercise the voting rights in respect of any Shares held by it as nominee or under the Trust, including but not limited to the Scheme Shares and the Returned Shares.

A Participating Employee shall not have (i) any interest or rights (including the right to vote or receive dividends or cash income) in the Scheme Shares and the Related Income until the Scheme Shares and the Related Income are vested in the Participating Employee; (ii) any interest or rights in any of the Returned Shares or the Residual Cash; (iii) any rights to give instructions to the Trustee in respect of the Scheme Shares and the Related Income which have not been vested in him, and such other properties of the trust fund managed by the Trustee; or (iv) any interest or rights in the Shares including any balance fractional share of the Shares not so allocated to him as Scheme Shares and the fractional share arising out of consolidation of Shares (such Shares shall be deemed as Returned Shares for the purposes of the Scheme).

Prior to the Vesting Date, the right of any Participating Employee to participate in the Scheme shall be personal to the Participating Employee and shall not be assignable and no Participating Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to either the Scheme Shares or the Related Income referable to him prior to the Vesting Date.

### **Termination of the Scheme**

The Scheme shall terminate on the earlier of (i) the tenth (10<sup>th</sup>) anniversary date of the Adoption Date; (ii) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; and (iii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Participating Employee under the Scheme. Upon termination, (i) all Scheme Shares and Related Income shall become vested in the Participating Employees in accordance with the Scheme Rules; (ii) the Returned Shares and all such non-cash income remaining in the trust fund shall be sold by the Trustee in accordance with the Scheme Rules and the net proceeds of such sale, together with the Residual Cash and such other funds remaining in the trust fund managed by the Trustee shall be remitted to the Company forthwith, after deducting of all relevant disposal expenses and costs; and (iii) for the avoidance of doubt, the Trustee may not transfer any Shares to the Company, and the Company may not hold any Shares whatsoever, other than its interest in the sale proceeds of such Shares pursuant to sub-paragraph (ii) above.

## **Definition**

Unless otherwise defined, the following expressions in this announcement have the following meanings:

- “Adoption Date”** means the date on which the Scheme is approved and adopted by the Board, i.e. 28 December 2012.
- “Approval Date”** in relation to a Participating Employee, means the date on which the Board approves the granting of the Scheme Shares to the Participating Employee, and where regulatory consent/ approval is required, the date on which such consent/ approval is obtained, whichever is later.
- “Assessment Year”** means each year starting from 1 January to 31 December (both dates inclusive) for the assessment of the Participating Employees’ performance according to the Individual Performance Rating.
- “Board”** means the board of directors of the Company, including such committee or such sub-committee or person(s) delegated with the power and authority by the board of the directors of the Company to administer the Scheme.
- “Business Day”** means a day (other than Saturdays) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong.
- “Company”** means United Energy Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liabilities, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 467).
- “Contribution Amount”** in relation to a Participating Employee, means the sum of money from time to time paid by the Company out of its resources for the acquisition of the Scheme Shares through the Trustee for the purpose of the Scheme up to the value of 50% of the cash bonus the Participating Employee is entitled to receive under the VPP for a particular Assessment Year.
- “Employee”** means all senior executives of the Employer falling on the rank of Level D or its equivalent rank as designated by the Employer from time to time at the beginning of the

relevant Assessment Year and/or at the time the Employee is promoted to such rank, whether part time or full time and whether becoming the employee of the Employer before or after the Adoption Date.

**“Employer”** means United Energy Pakistan Limited, a company incorporated in the Republic of Mauritius, being an indirect wholly own subsidiary of the Company.

**“Excluded Employee”** means any Employee who is resident in any place where, as determined by the Board or the Trustee (as the case may be), the grant, vesting and/or settlement of the Scheme Shares and the Related Income pursuant to the terms of the Scheme at the time of the proposed grant, vesting and/or settlement is not permitted under the laws and regulations of such place, or where in the view of the Board or the Trustee (as the case may be), compliance with the applicable laws and regulations of such place makes it necessary or expedient to exclude such Employee.

**“General Guidelines”** in relation to the determination of the Individual Performance Rating, shall include but not limited to the following considerations:

- (1) Being able to deliver good performance at current level and is likely to remain at this level;
- (2) Showing track record of effective delivery; being core to the business; having influence beyond own immediate area of responsibility;
- (3) Being able to deliver consistently against challenging objectives and key individual with potential for bigger role in the medium term;
- (4) Being an influential, highly valued contributor and leader making a significant impact and with near-term growth potential; and
- (5) Having exceptional business and leadership skills and significant long-term potential;

**“Gross Misconduct”** includes such gross misconduct as dishonesty, violence at work place, drunkenness, stealing, bullying or other material breach of the Employer’s policies and practices for the time being in force as interpreted by the Employer at its sole and absolute discretion in compliance with applicable laws.

**“Group”** means the Company and its Subsidiaries (including the Employer) and “member of the Group” shall be construed



accordingly.

- “Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China.
- “Individual Performance Rating”** means the performance rating of each Participating Employee to be assessed and determined by the Employer in accordance with a scale of categories including as at the date hereof the following categories namely (1) “*Exceptional*”; (2) “*Exceeds Expectations*”; (3) “*Meets Expectations*”; and (4) “*Below Expectations*”, measuring the individual performance of the Employees from various aspects as from time to time determined by the Employer including but not limited to the General Guidelines ;
- “Listing Rules”** means the Rules Governing the Listing of Securities on the Stock Exchange as amended, modified or supplemented from time to time.
- “Other Share Schemes”** means any other share schemes for the time being or to be adopted by the Company to all the employees of the Group (including the Employees and the Participating Employees), but excluding the share option scheme adopted by the Company and the scheme under which the warrant is issued or granted by the Company.
- “Pakistan Trust”** means a trust constituted or to be constituted under the laws of Pakistan for the purpose of receiving for and on behalf of the Participating Employees the Scheme Shares and the Related Income from the Trustee under the Scheme.
- “Pakistan Trustee”** means the trustee or trustees to be appointed for the Pakistan Trust and any additional or replacement trustees, being the trustee or trustees of the Pakistan Trust.
- “Participating Employee”** means any Employee, excluding the Excluded Employees, participating in the Scheme in accordance with the Scheme Rules or (where the context so permits) the legal personal representative of such deceased Participating Employee.
- “Reference Amount”** means the aggregate sum of (i) the Contribution Amount and (ii) the related acquisition expenses (including for the time being, the brokerage fee, stamp duty, SFC transaction levy, Stock Exchange trading fee (if any)) and

such other necessary expenses required for the completion of the acquisition of the Scheme Shares for a particular Scheme Year.

**“Reference Price”** means the higher of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on 31 December of a particular Assessment Year (if 31 December of a particular Assessment Year is not a Business Day, then its immediate preceding Business Day); and (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding 31 December of a particular Assessment Year.

**“Related Income”** in relation to the Scheme Shares, means all incomes, whether in the form of cash or non-cash, derived from the relevant Scheme Shares, including but without limitation, any dividends, bonus shares and scrip shares received in connection with the relevant Scheme Shares any odd sum of the Contribution Amount that a Participating Employee is entitled under the Scheme which is not sufficient for the acquisition of a unit number of the Share, but excluding, for the avoidance of doubt, the Residual Cash.

**“Residual Cash”** means the cash remaining in the trust fund set up by the Trustee in respect of the Scheme not derived from the Scheme Shares, including interest income derived from deposits maintained with banks in Hong Kong.

**“Returned Shares”** means such Scheme Shares and Related Income held by the Trustee upon the Trust under the Scheme which are not vested and/or are forfeited in accordance with the Scheme Rules, or such Shares being deemed to be Returned Shares in accordance with the terms of the Scheme.

**“Scheme”** means the deferred annual bonus scheme of the Company approved and adopted by the Board on the Adoption Date, in its present form or as amended from time to time in accordance with the provisions of the Scheme Rules.

**“Scheme Rules”** means the rules relating to the Scheme, as amended, modified or supplemented from time to time.

**“Scheme Shares”** means the Shares to be awarded to a Participating

Employee as determined by the Employer in accordance with the Scheme Rules subject to the approval by the Board.

- “Scheme Year”** means each year starting from 1 January to 31 December of that year (both dates inclusive).
- “SFC”** means the Securities and Futures Commission of Hong Kong.
- “Shareholder(s)”** means the holders of the Shares.
- “Share(s)”** means ordinary shares of HK\$0.01 each in the share capital of the Company.
- “Stock Exchange”** means The Stock Exchange of Hong Kong Limited.
- “Subsidiaries”** mean companies which are for the time being and from time to time subsidiaries (within the meaning of section 2 of the Companies Ordinance (Cap.32 Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere.
- “Trust”** means the trust constituted by the Trust Deed.
- “Trust Deed”** means the trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of, inter alia, the constitution of the employee share trust pursuant to the Scheme and the appointment of the Trustee for the administration of the Scheme.
- “Trustee”** means Bank of Communications Trustee Limited, and any additional or replacement trustees, being the trustee or trustees for the time being of the Trust under the Trust Deed.
- “VPP”** means the Variable Pay Plan being an annual cash bonus scheme and rewards subject to the annual business of the Employer and the individual performance of the employees, from time to time and for the time being adopted by the Employer but not including awards granted under the Scheme.
- “Vesting Date”** means in respect of a Participating Employee, the date on which the Participating Employee’s entitlement to the

Scheme Shares and the Related Income is vested in accordance with the terms and conditions of the Scheme Rules.

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

Hong Kong, 28 December 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 Meiyang, and the independent non-executive directors are Mr. Chau Siu Wai, Mr. San Fung and Mr. Zhu Chengwu.