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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 WORKING INTEREST IN THE MKK CONCESSIONS IN PAKISTAN

On 5 March 2013, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Purchase and Sale Agreement with the Seller for the Acquisition of the Interests in relation to the MKK Concessions in Pakistan. The Consideration for the Acquisition is US\$4,000,000 (equivalent to approximately HK\$31,200,000) subject to adjustments upon Completion. The Consideration for the Acquisition is to be wholly satisfied in cash and will be financed by internal resources of the Group.

The Acquisition in this announcement and the last acquisition by the Group as disclosed in the announcements dated 2 October 2012 and 31 December 2012 in connection with the MKK Concessions constitute a series of transactions under Rule 14.22 of the Listing Rules. As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Series of Transactions are more than 5% but less than 25%, the Series of Transactions constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

As Completion 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 Purchaser (an indirectly wholly-owned subsidiary of the Company) entered into the Purchase and Sale Agreement with the Seller for the Acquisition of the Interests in relation to the MKK Concessions in Pakistan on 5 March 2013.

PURCHASE AND SALE AGREEMENT DATED 5 March 2013

Parties to the Share Purchase Agreement

Purchaser: BowEnergy Resources (Pakistan) SRL, a company organized under the law of Barbados and is an indirectly wholly-owned subsidiary of the Company.

Seller: Zaver Petroleum Corporation Limited, a company organized under the laws of the Islamic Republic of Pakistan and is wholly-owned by Mr. Sadruddin Hashwani under Hashoo Group. Mr. Sadruddin Hashwani, a resident of Dubai, United Arab Emirates, was the ex-ultimate sole shareholder of the Purchaser 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 and Mr. Sadruddin Hashwani are third parties independent of the Group and the connected persons of the Group.

The Acquisition

The Seller owns a 5.26% working interest in the licence in the areas under the MKK Concessions (which includes a 1.31% working interest owned by Government Holdings Private Limited, a company owned by the Government of Pakistan, with the exploration costs carried by the Seller) and a 3.95% working interest in the lease in the areas under the MKK Concessions. The Purchaser desires to acquire from the Seller and the Seller desires to sell, assign and transfer to the Purchaser its entire Interests in the MKK Concessions in accordance with the terms of the Purchase and Sale Agreement.

Consideration

The Consideration for the Acquisition shall be a base consideration of US\$4,000,000 (equivalent to approximately HK\$31,200,000) which will be subject to the following adjustments upon Completion:

- A. the Interim Period Expenditure Adjustment;;
- B. the Interim Period Petroleum Sales Adjustment; and
- C. the Tax and Royalty Adjustment.

Each of the above adjustments shall be independently determined and then added to or deducted from the base consideration.

The Consideration was negotiated on an arm's length basis among the parties of the Purchase and Sale Agreement and shall be payable on Completion. The Board considers that the terms of the Purchase and Sale 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 Purchaser and the Seller to consummate the Acquisition is subject to the satisfaction, on or before the date of Completion, of each of the following conditions (any of which may be waived by the relevant party to the Purchase and Sale Agreement, in whole or in part):

1. all necessary consents or waivers (express or deemed) by the Other Working Interest Owners in relation to the assignment and transfer by the Seller to the Purchaser of the Interests, in form and substance reasonably acceptable to the Purchaser and Seller;

2. the Government of Pakistan’s written consent to the assignment and transfer of the Interests to the Purchaser, in form and substance reasonably acceptable to the Purchaser and the Seller; and
3. the Competition Commission of Pakistan’s consent to the assignment and transfer of the Interests to the Purchaser.

Completion

The Completion of the Acquisition shall take place at 10:00 a.m. (United Arab Emirates time) at the office of Purchaser’s legal advisers in Dubai on the day intimated by the Purchaser (the “Completion Date”), provided that the Completion Date shall be between five and fifteen business days after the last of the conditions precedent has been satisfied or waived in accordance with the Purchase and Sale Agreement, or at such other time and place as the Seller and the Purchaser may agree in writing.

INFORMATION OF THE GROUP, THE PURCHASER AND THE SELLER

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 Purchaser is a company organized under the law of Barbados and is an indirectly wholly-owned subsidiary of the Company. The Purchaser 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 the Purchaser) and a 19.74% working interest in the lease in the areas under the MKK Concessions.

The Seller is a company organized under the laws of the Islamic Republic of Pakistan and is wholly-owned by Mr. Sadruddin Hashwani under Hashoo Group. Mr. Sadruddin Hashwani, a resident of Dubai, United Arab Emirates, was the ex-ultimate sole shareholder of the Purchaser and the founder of Hashoo Group.

Based on the management accounts of the Seller, the book value of the Interests was approximately US\$4,081,316 (equivalent to approximately HK\$31,834,265) as at 30 June 2012. Some of the financial data extracted from the management accounts of the Seller 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\$1,371,882 (equivalent to approximately HK\$10,700,680)	US\$915,323 (equivalent to approximately HK\$7,139,519)

For the year ended 31
December 2010

US\$878,690
(equivalent to approximately
HK\$6,853,782)

US\$682,632
(equivalent to approximately
HK\$5,324,530)

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 and completion of the acquisition of the Purchaser on 31 December 2012, the Group owned total of a 94.74% working interest in the licence in the areas under the MKK Concessions (which includes a 23.69% working interest owned by Government Holdings Private Limited with the exploration costs carried by the Group) and a 71.05% working interest in the lease in the areas under the MKK Concessions. The Group is striving to develop the assets in the MKK Concessions. For the Acquisition, the Group will further acquire from the Seller a 5.26% working interest in the licence in the areas under the MKK Concessions (which includes a 1.31% working interest owned by Government Holdings Private Limited with the exploration costs carried by the Seller) and a 3.95% working interest in the lease in the areas under the MKK Concessions. After the Completion, the Group will totally own a 100% working interest in the licence in the areas under the MKK Concessions (which includes a 25% working interest owned by Government Holdings Private Limited with the exploration costs carried by the Group) and a 75% working interest in the lease in the areas under the MKK Concessions. As the Group is the sole operator and major owner of the working interest in the licence and in the lease in the areas under 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

The Acquisition in this announcement and the last acquisition by the Group as disclosed in the announcements dated 2 October 2012 and 31 December 2012 in connection with the MKK Concessions constitute a series of transactions under Rule 14.22 of the Listing Rules. As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Series of Transactions are more than 5% but less than 25%, the Series of Transactions constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

As Completion 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 Interests under the Purchase and Sale Agreement as set out under the paragraph headed “The Acquisition” in this announcement
“Board”	board of Directors
“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
“Completion”	the completion of the Acquisition pursuant to the Purchase and Sale Agreement
“Completion Date”	the date on which the Completion takes place as intimated by the Purchaser
“connected persons”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the sum of US\$4,000,000 (equivalent to approximately HK\$31,200,000) subject to adjustments upon Completion as set out under the paragraph headed “Consideration” in this announcement
“Directors”	directors of the Company
“Economic Date”	00:01 hours (Pakistan time) on 1 July 2012
“Group”	the Company and its subsidiaries
“Hashoo Group”	those companies owned or controlled, directly or indirectly by Mr. Sadruddin Hashwani or any member of immediate family of Mr. Sadruddin Hashwani 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

“Interests”	the 5.26 % working interest in the licence in the areas under the MKK Concessions (which includes a 1.31% working interest owned by Government Holdings Private Limited, a company owned by the Government of Pakistan, with the exploration costs carried by the Seller) and the 3.95% working interest in the lease in the areas under the MKK Concessions owned by the Seller
“Interim Period”	the period from and including the Economic Date up to and including the Completion Date
“Interim Period Expenditure Adjustment”	adjustment of the base consideration by deducting the capital and operating expenditures (including inventory purchases) paid by the Seller in accordance with the documents relating to the MKK Concessions, net of sales tax, attributable to the Interests, to the extent they relate to the Interim Period
“Interim Period Petroleum Sales Adjustment”	adjustment of the base consideration by adding the sum of all the Seller’s share of sales invoiced and received under or in connection with the Petroleum Sales Documents during the Interim Period
“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
“Other Working Interest Owners”	the parties (other than the Seller) to the Joint Operating Agreements relating to the PCAs
“Petroleum Sales Documents”	including two Gas Sales Agreements, the Gas Pricing Agreements, two Crude Oil/Condensate Sale and Purchase Agreements and the Liquefied Petroleum Gas Sale & Purchase Agreement relating to the PCAs
“PCAs”	the Petroleum Concession Agreements dated 29 December 1999 Block No. 2568-6 (Khipro) and Block No. 2568-7 (Mirpur Khas), respectively, as amended, novated, modified and supplemented
“Purchaser”	BowEnergy Resources (Pakistan) SRL, a company organized under the law of Barbados and is a wholly-owned subsidiary of the Company
“Seller”	Zaver Petroleum Corporation Limited, a company organized under the laws of the Islamic Republic of Pakistan and wholly-owned by Mr. Sadruddin Hashwani under Hashoo Group. Mr. Sadruddin Hashwani, a resident of Dubai, United Arab Emirates, was the ex-ultimate sole shareholder of the Purchaser and the founder of Hashoo Group.
“Series of Transactions”	the Acquisition and the last acquisition by the Group as disclosed in the announcements dated 2 October 2012 and 31 December 2012 in connection with the MKK Concessions

“Purchase and Sale Agreement”	the purchase and sale agreement entered into between the Seller and the Purchaser on 5 March 2013 regulating the terms of the Acquisition
“Shares”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tax and Royalty Adjustment”	adjustment of the base consideration by adding any tax and royalty payable pursuant to the terms of the PCAs and the leases listed in the Purchase and Sale Agreement that are the responsibility of the Purchaser but which have been paid by the Seller, or which the Seller would have to pay but for the Seller’s carried forward tax losses after claiming all available deductions (other than the Seller’s carried forward losses) and allowances for capital expenditure
“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, 5 March 2013

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