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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)

PROPOSED SHARE PREMIUM REDUCTION

The Board intends to put forward for approval by the Shareholders at the AGM a proposal to reduce the entire amount standing to the credit of the share premium account of the Company in the sum of HK\$13,312,565,548.97 (as of 31 March 2015) with the credit arising therefrom to be entirely transferred to the contributed surplus account of the Company.

A circular of the Company containing, inter alia, details of the Proposed Share Premium Reduction and a notice convening the AGM for the purpose of considering (among other things) and, if thought fit, passing the special resolution to approve the Proposed Share Premium Reduction will be despatched to the Shareholders in April 2015.

PROPOSED SHARE PREMIUM REDUCTION

The Proposal

The Board intends to put forward for approval by the Shareholders at the AGM a proposal to reduce the entire amount standing to the credit of the share premium account of the Company in the sum of HK\$13,312,565,548.97 (as of 31 March 2015) with the credit arising therefrom to be entirely transferred to the contributed surplus account of the Company.

Reason for the Proposed Share Premium Reduction

According to Bermuda law, a company can declare or pay a dividend out of contributed surplus provided that there are reasonable grounds for believing that the company is, or would after the payment be, able to pay its liabilities as they become due or the realizable value of the company's assets exceeds its liabilities.

The Board considers that the Proposed Share Premium Reduction will give the Company greater flexibility to declare dividends or make distribution to the Shareholders in the future as and when the Board considers appropriate. The Board therefore considers that the Proposed Share Premium Reduction is in the interests of the Company and the Shareholders as a whole.

Effects of the Proposed Share Premium Reduction

The implementation of the Proposed Share Premium Reduction does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Ordinary Shares or the trading arrangements concerning the Ordinary Shares. Other than the expenses incurred by the Company in relation to the Proposed Share Premium Reduction, the implementation of the Proposed Share Premium Reduction will not, of itself, alter the underlying assets, liabilities, business operations, management or financial position of the Company or affect the interests of the Shareholders as a whole or the share capital of the Company.

Upon the completion of the Proposed Share Premium Reduction, the balance of the share premium account of the Company will be reduced by an amount of HK\$13,312,565,548.97 and the balance will become nil (assuming the balance of the share premium account of the Company will not change from that as at the date of this announcement).

Conditions of the Proposed Share Premium Reduction

The Proposed Share Premium Reduction will be conditional upon:

- (a) the passing of a special resolution by the Shareholders approving the Proposed Share Premium Reduction at the AGM; and
- (b) compliance with Section 46(2) of the Companies Act 1981 of Bermuda (as amended), including (a) publication of a notice in relation to the Proposed Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the Effective Date; and (b) the Board being satisfied that on the Effective Date, there are no reasonable grounds for believing the Company is, or after the Proposed Share Premium Reduction would be, unable to pay its liabilities as they become due.

Assuming that the above conditions are fulfilled, it is expected that the Proposed Share Premium Reduction will become effective on the date of the AGM, at which the relevant special resolution approving the Proposed Share Premium Reduction will be considered and, if thought fit, passed by the Shareholders.

GENERAL

A circular of the Company containing, inter alia, details of the Proposed Share Premium Reduction and a notice convening the AGM for the purpose of considering (among other things) and, if thought fit, passing the special resolution to approve the Proposed Share Premium Reduction will be despatched to the Shareholders in April 2015. As no Shareholder has an interest in the Proposed Share Premium Reduction which is different from other Shareholders, no Shareholder is required to abstain from voting at the AGM.

Shareholders and potential investors should also be aware of and take note that the Proposed Share Premium Reduction is conditional upon satisfaction of the conditions set out in this announcement. Therefore, the Proposed Share Premium Reduction may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Ordinary Shares and other securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

DEFINITIONS

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

“AGM”	an annual general meeting of the Company to be held on 29 May 2015, to consider and, if thought fit, approve, among other things, the Proposed Share Premium Reduction contemplated thereunder
“Board”	the board of Directors of the Company
“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
“Directors”	the directors of the Company
“Effective Date”	the date on which the Proposed Share Premium Reduction shall become effective, being the date of the AGM at which the relevant special resolution approving the Proposed Share Premium Reduction will be considered by the Shareholders
“Hong Kong”	the Hong Kong Special Administrative Region of People’s Republic of China

“Ordinary Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company carrying voting rights at general meetings of the Company
“Proposed Share Premium Reduction”	the proposed reduction of HK\$13,312,565,548.97 standing to the credit of the share premium account of the Company
“Shareholder”	holders of the Ordinary Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

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

Hong Kong, 24 April 2015

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.