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If you have sold or transferred all your securities in United Energy Group Limited, you should at once hand this circular to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or to the transferee.

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)

PROPOSALS FOR RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES
PROPOSED ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of United Energy Group Limited to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 27 May 2016 at 10:00 a.m. is set out on pages 22 to 26 of this circular. Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

21 April 2016

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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DEFINITION

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

“Annual General Meeting”	the annual general meeting of the Company to be held on Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 27 May 2016 at 10:00 a.m. or any adjournment thereof
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“close associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“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
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	13 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Code”	Hong Kong Code on Share Repurchases
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Option Scheme”	the share option scheme of the Company to be proposed for the Shareholder’s consideration at the Annual General Meeting

DEFINITION

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a subsidiary within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial Shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Takeover Code”	Hong Kong Code on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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)

Executive Directors:

Zhang Hong Wei (*Chairman*)

Zhu Jun

Zhang Meiying

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent non-executive Directors:

Chau Siu Wai

San Fung

Zhu Chengwu

Principal place of business

in Hong Kong:

Unit 2505, 25/F.

Two Pacific Place

88 Queensway

Admiralty

Hong Kong

21 April 2016

To the Shareholders

Dear Sir or Madam,

PROPOSALS FOR RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES
PROPOSED ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING

I. INTRODUCTION

At the annual general meeting of the Company held on 29 May 2015, general mandates were given to the Directors to exercise the powers of the Company to repurchase and issue Shares. Such mandates will lapse at the conclusion of the Annual General Meeting.

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting relating to, inter alia, (i) the re-election of Directors; (ii) the granting to the Directors of general mandates for the issue and repurchase of Shares up to 20% and 10% respectively of the aggregate nominal amount of the Company's issued share capital as at the date of the passing of the relevant resolutions; and (iii) the proposed adoption of Share Option Scheme of the Company.

LETTER FROM THE BOARD

II. RE-ELECTION OF DIRECTORS

As at the date of the circular, the Board comprises six Directors, namely Mr. Zhang Hong Wei, Mr. Zhu Jun and Ms. Zhang Meiyang, being the executive Directors, and Mr. Chau Siu Wai, Mr. San Fung and Mr. Zhu Chengwu, being the independent non-executive Directors.

Pursuant to Bye-law 87(1) of the Bye-laws, notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

Pursuant to Bye-law 87(2) of the Bye-laws, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by Directors pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Pursuant to Bye-law 86(2) of the Bye-laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the Shareholders in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the next following general meeting and only Director so appointed as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Bye-laws 87(1) and 87(2) of the Bye-laws, Mr. Zhu Jun and Mr. San Fung, shall retire by rotation and each being eligible, will offer himself for re-election at the Annual General Meeting.

The brief biographical details of the retiring Directors are set out in Appendix I to this circular.

LETTER FROM THE BOARD

III. GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES

At the Annual General Meeting, ordinary resolutions will be proposed to renew or grant the general mandates given to the Directors (i) to allot, issue and otherwise deal with securities not exceeding in aggregate 20% (2,617,144,275 shares based on 20% of the issued number of the issued Share as at the Latest Practicable Date) of the number of the issued Share in issue as at the date of passing of such resolution; (ii) to repurchase securities which does not exceed 10% of the number of the issued Share as at the date of passing of such resolution; and (iii) to add the number of the issued securities repurchased by the Company to the general mandate to the Directors to allot new securities of up to 20% of the number of the issued Share as at the date of passing such resolution.

The mandate to issue Shares granted on 29 May 2015 will lapse at the conclusion of the Annual General Meeting. In this regards, resolution will be proposed at the Annual General Meeting to renew the mandate.

The explanatory statement in connection with the proposed general mandate to repurchase securities (the “**Repurchase Mandate**”) is set out in Appendix III to this circular. The explanatory statement contains all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

IV. PROPOSED ADOPTION OF SHARE OPTION SCHEME

The Board also intends to put forward to the Shareholders a proposal regarding the adoption of the Share Option Scheme at the Annual General Meeting. As at the Latest Practicable Date, the Company has an old share option scheme which will be expired on 11 May 2016.

A summary of the principal terms of the Share Option Scheme is set out in Appendix II to this circular.

The purpose of the Share Option Scheme is to provide qualified employees of the Group with an opportunity to acquire proprietary interests in the Company and to encourage qualified employees of the Group to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

The Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such terms(s) on the grant of an option. This determination may vary on a case by case basis but no such term(s) shall be imposed the result of which will be to the advantage of the qualified employees of the Group. The basis for determination of the subscription price is also specified precisely in the rules of the Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage the qualified employees of the Group to acquire proprietary interests in the Company.

LETTER FROM THE BOARD

The Directors consider that it is not appropriate to state the value of all options that can be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date as a number of variables which are crucial to the calculation of that value have not been determined. Such variables include the exercise price, exercise period, any performance targets set and other relevant variables. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

The adoption of the Share Option Scheme is conditional upon:

- (1) the Shareholders passing an ordinary resolution at the Annual General Meeting to approve the adoption of the Share Option Scheme;
- (2) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be issued pursuant to any exercise of the option and which Shares must not in aggregate exceed 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme by resolution of the Shareholders at the Annual General Meeting.

If condition (2) above is not satisfied within 2 calendar months after the date of adoption of the Share Option Scheme on 27 May 2016, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

The Directors are aware that the Stock Exchange has indicated that they normally would not grant any listing approval to a company whose shares have been suspended from trading for a prolonged period of time until the concerns leading to the prolonged suspension have been cleared and suitability under Rule 13.24 of the Listing Rules should be demonstrated to the satisfaction of the Stock Exchange before resumption of the trading in the Shares.

Based on 13,085,721,377 Shares in issue as at the Latest Practicable Date and assuming there is no change in the issued share capital of the Company before the Annual General Meeting, the maximum number of Shares to be issued upon the exercise of options that may be granted under the Share Option Scheme are 1,308,572,137 Shares, being 10% of the issued share capital of the Company pursuant to Rule 17.03 of the Listing Rules.

An application will be made to the Stock Exchange for approval of the listing of and permission to deal in the Shares that may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme representing 10% of the issued share capital of the Company at the date of the Annual General Meeting. An announcement will be published by the Company in compliance with the Listing Rules in respect of the outcome of the Annual General Meeting for the adoption of the Share Option Scheme.

LETTER FROM THE BOARD

A summary of the principal terms of the Share Option Scheme which is proposed to be approved and adopted by the Company at the Annual General Meeting is set out in Appendix II to this circular. A copy of the rules of the Share Option Scheme is available for inspection at the head office and principal place of business of the Company in Hong Kong at Unit 2505, 25/F., Two Pacific Place, 88 Queensway, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

V. ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting is set out on pages 22 to 26 of this circular. At the Annual General Meeting, in addition to the ordinary business of the Meeting, resolutions will be proposed to approve the re-election of Directors, the general mandates for the issue and repurchase by the Company of its own shares and the proposed adoption of Share Option Scheme of the Company.

A form of proxy for use at the Annual General Meetings is also enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude the Shareholders from attending and voting in person at the Annual General Meeting or any adjournment thereof if they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Pursuant to Bye-law 66 of the Bye-laws, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded as stated in Bye-law 66 of the Bye-laws. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the Annual General Meeting pursuant to Bye-law 66 of the Bye-laws.

The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

LETTER FROM THE BOARD

VI. RECOMMENDATION

The Board considers that all the proposed resolutions in relation to (i) re-election of Directors, (ii) the general mandate to issue new shares, (iii) Repurchase Mandate and (iv) the proposed adoption of Share Option Scheme to be put forward at the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

VII. GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolutions to be proposed at the AGM.

Yours faithfully
For and on behalf of
UNITED ENERGY GROUP LIMITED
ZHANG Hong Wei
Chairman

This biographical details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out as follows:

Mr. Zhu Jun, aged 50, joined the Company on 20 October 2005 as an executive Director. He is currently an executive director of China Infrastructure Holdings Limited, the shares of which are listed on The Singapore Exchange Securities Trading Limited. After graduation from the Peking University with a bachelor degree and a master degree in economics, Mr. Zhu Jun has had over 22 years of experience in corporate finance, investment and management. As at the date of this report, Mr. Zhu Jun directly holds 1,443,000 shares of the Company, representing approximately 0.01% of the existing issued share capital of the Company.

There is no service contract entered into between the Company and Mr. Zhu and he is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws of the Company. The director's fee for Mr. Zhu is HK\$240,000 per annum which is determined by reference to his duties and responsibilities in the Company and the remuneration policy of the Company.

Save as disclosed above, Mr. Zhu confirms that he has not held any directorship in any company listed on the Stock Exchange or other stock exchanges in the last three years and do not has any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, save as disclosed above, Mr. Zhu has never held any position with the Company or its subsidiaries and he does not have any interest or short position in shares, underlying shares or debentures of the Company or any of its associated companies within the meaning of Part XV of the SFO.

Mr. San Fung, aged 51, joined the Company on 9 November 2004 as an independent non-executive Director. He completed a course in Master of Business Administration from the International East-western University of the United States and a course of EMBA from Cheung Kong Graduate School of Business and was awarded a master degree. He specialized in financial analysis in infrastructure project and has over 18 years of experience in accounting. Mr. San is currently the chairman of Shenzhen Jin Xun Investment Development Company Limited. Mr. San is considered to be an independent non-executive director under Rule 3.13 of the Listing Rules.

There is no service contract entered into between the Company and Mr. San and he is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws of the Company. The director's fee for Mr. San as the independent non-executive Director is HK\$120,000 per annum which is determined with reference to his duties and responsibilities in the Company and the remuneration policy of the Company.

Save as disclosed above, Mr. San confirms that he has not held any directorship in any company listed on the Stock Exchange or other stock exchanges in the last three years and do not has any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. San has never held any position with the Company or its subsidiaries and he does not have any interest or short position in shares, underlying shares or debentures of the Company or any of its associated companies within the meaning of Part XV of the SFO.

The above Directors confirm that there is no information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

The following is a summary of the terms required to be included in the Share Option Scheme as required by the Listing Rules:

A. SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

1. The purpose of the Share Option Scheme is to provide the qualified employees of the Group with the opportunity to acquire proprietary interests in the Company and to encourage qualified employees of the Group to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.
2. All directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and consultants, advisors, agents, customers, service providers, contractors, business partners of any member of the Group or any company or other entity in which the Group or any member of it has a shareholding interest, in the sole discretion of the Board, has contributed to the Group or any member of it are eligible to participate in the Share Option Scheme.
3. The total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme or any other share option scheme adopted by the Company must not exceed 30% of the Shares in issue from time to time. No option may be granted under the Share Option Scheme or any other share option scheme adopted by the Company if that will result in the 30% limit being exceeded. The number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not (when aggregated with any Shares subject to any other share option scheme(s) of the Company) exceed 10% in nominal amount of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. As at the Latest Practicable Date, the Company has 13,085,721,377 Shares in issued, and 10% of such, being the maximum number of Shares to be issued upon the exercise of options may be granted under the Share Option Scheme, amount to 1,308,572,137 Shares. Options which have lapsed in accordance with the terms of the Share Option Scheme will not be counted in calculating the 10% limit. However, the Company may refresh this 10% limit with Shareholders' approval in general meeting with the issue of an appropriate circular to Shareholders provided that each such renewal may not exceed the 10% of the Shares in issue as at the date of the Shareholders' approval for refreshing the 10% limit. The Company shall send a circular to its Shareholders containing the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules. The Company may seek separate approval by Shareholders in general meeting, with the issue of an appropriate circular to Shareholder, for granting options beyond the 10% limit provided the options in excess of the limit are granted only to the qualified employees of the Group specially identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of the specified qualified employees of the Group, the number and terms of options to be

granted, the purpose of granting options to the specified qualified employees of the Group with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

4. Unless approved by Shareholders in the manner set out below in this paragraph, the total number of Shares issued and to be issued upon exercise of the options granted to each qualified employee of the Group (including both exercised and unexercised options) under the Share Option Scheme or any other Share Option Scheme adopted by the Company in any 12 month period must not exceed 1% of the Shares in issue. Any further grant of options which would result in the number of Shares issued as aforesaid exceeding the said 1% limit shall be subject to prior Shareholders' approval with the relevant qualified employee of the Group and his close associates (as such term is defined in the Listing Rules) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of such qualified employee of the Group and the number and terms of the options granted and to be granted.
5.
 - (a) The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant date of grant (being the business day on which the Board resolves to make an offer of option to the relevant qualified employee of the Group).
 - (b) In the event a qualified employee of the Group, ceases to be an employee of the Group for any reason other than (i) his or her death or (ii) on one or more of the grounds of termination of employment specified in paragraph 12(f) below, the option shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment shall be the last actual working day on which the qualified employee of the Group was physically at work with the Company or the relevant Subsidiary, whether salary is paid in lieu of notice or not.
 - (c) In the event the qualified employee of the Group dies before exercising the option in full and qualified employee of the Group, none of the events for termination of employment under paragraph 12(f) below then exists with respect to such qualified employee of the Group, the personal representative(s) of the qualified employee of the Group shall be entitled within a period of 12 months from the date of death to exercise the option up to the entitlement of such qualified employee of the Group as at the date of death.

- (d) If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5(e) below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, the Company shall forthwith give notice thereof to the qualified employee of the Group and the qualified employee of the Group shall be entitled to exercise the option either to its full extent or to the extent notified by the Company at any time within such period as shall be notified by the Company.
- (e) If a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the qualified employee of the Group and the qualified employee of the Group may at any time thereafter (but before such time as shall be notified by the Company) exercise the option either to its full extent or to the extent notified by the Company.
- (f) In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the qualified employee of the Group and the qualified employee of the Group may at any time thereafter (but before such time as shall be notified by the Company) exercise the option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed shareholders' meeting, allot, issue and register in the name of the qualified employee of the Group such number of fully paid Shares which fall to be issued on exercise of such option.
- (g) In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5(e) above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all qualified employee of the Group on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the qualified employee of the Group may at any time thereafter but before such time as shall be notified by the Company exercise the option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed

meeting, allot, issue and register in the name of the qualified employee of the Group such number of fully paid Shares which fall to be issued on exercise of such option.

- (h) Upon the occurrence of any of the events referred to in paragraphs 5(d), (e), (f) and (g) above, the Company may in its discretion and notwithstanding the terms of the relevant option also give notice to a qualified employee of the Group that his or her option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company. If the Company gives such notice, the balance of the option shall lapse.
6. Each grant of options to any Director, chief executive or substantial shareholder of the Company, or any of their respective close associates (as such term is defined in the Listing Rules) shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a qualified employee of the Group of the option in question). Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates (as such term is defined in the Listing Rules), would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:
- (a) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of each grant, in excess of HK\$5 million (or such other percentage as may from time to time be specified by the Stock Exchange),

such grant of options shall be subject to prior approval by the Shareholders. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. All core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting at such general meeting, except that any core connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

7. Unless otherwise determined by the Board at its sole discretion, the Share Option Scheme does not require a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. In the event that the Board resolves to impose such term(s) on the grant of an option which decision may vary on a case by case basis, such terms should be stated in the letter containing the offer to the relevant qualified employee of the Group and no such term(s) shall be imposed the result of which will be to the advantage of the qualified employees of the Group.
8. The amount payable on acceptance of an option is HK\$1 and an offer shall remain open for acceptance by the qualified employee of the Group for a period of 30 days from the date on which the letter containing the offer is delivered to that qualified employee of the Group.
9. The subscription price for the Shares the subject of an option shall be no less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant. The subscription price will be established by the Board at the time the option is offered to the relevant qualified employee of the Group.
10. The Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of the memorandum and articles of association of the Company in force at the relevant time and will rank *pari passu* with the fully paid Shares in issue on the date the name of the qualified employee of the Group is registered on the register of members of the Company. Prior to the qualified employee of the Group being registered on the register of members of the Company, the qualified employee of the Group shall not have any voting rights, or rights to participate in any dividends or distributions of any rights arising on a liquidation of the Company, in respect of the Shares to be issued upon the exercise of the option.
11. The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme by resolution of the Shareholders.

12. An option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:
- (a) the expiry of the option period;
 - (b) the expiry of the period for exercising the option as referred to in paragraphs 5(b), (c), (d), (f) or (g) above;
 - (c) subject to the scheme of arrangement referred to in paragraph 5(e) above becoming effective, the expiry of the period for exercising the option as referred to in paragraph 5(e) above;
 - (d) subject to paragraph 5(f) above, the date of commencement of the winding up of the Company;
 - (e) the date on which the qualified employee of the Group sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any other person, over or in relation to any option in breach of the Share Option Scheme;
 - (f) the date on which the qualified employee of the Group ceases to be a qualified employee of the Group by reason of the termination of his or her employment on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily; and
 - (g) unless the Board otherwise determines, the date the qualified employee of the Group ceases to be a qualified employee of the Group for any other reason.
13. In the event of any capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares, reduction of the share capital of the Company whilst any option remains exercisable, the auditors of the Company shall certify in writing that any corresponding adjustment required to be made to the subscription price or the number of Shares to be issued on exercise of the options or the method of exercise of the option is in their opinion fair and reasonable and provided that any such adjustments give the qualified employee of the Group the same proportion of the equity capital of the Company as to which that person was previously entitled. No such adjustment may be made to the extent that a Share will be issued at less than its nominal value.

14. Any options granted but not exercised may be cancelled if the qualified employee of the Group so agrees and new options may be granted to the qualified employee of the Group provided there are available unissued options (excluding the cancelled options) within the limits specified in paragraph 3 above and are otherwise granted in accordance with the terms of the Share Option Scheme.
15. The Shares issued on exercise of the options will on issue be identical to the then existing issued Shares of the Company.
16. The Company by ordinary resolution of Shareholders, or by resolution of the Board, may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered or granted under the Share Option Scheme. Any granted but unexercised options shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.
17. The options granted will be personal to the qualified employee of the Group and will not be transferable or assignable.
18. Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of qualified employees of the Group, and no changes to the authority of the Board in relation to any alteration of the terms shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the then existing terms of the Share Option Scheme. Any such alterations to the terms of the Share Option Scheme and the options will have to comply with the Listing Rules then applicable.

B. RESTRICTION ON THE TIME OF GRANT OF OPTIONS

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published. In particular, during the period commencing one month immediately preceding the earlier of:

- (1) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with paragraph 12 of the listing agreement between the Company and the Stock Exchange) for the approval of the Company's interim or annual results; and

- (2) the deadline for the Company to publish its interim or annual results announcement under the listing agreement between the Company and the Stock Exchange, and ending on the date of the results announcement, no option may be granted. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

C. STATUS OF THE SHARE OPTION SCHEME AND THE ADOPTION OF THE SHARE OPTION SCHEME IS CONDITIONAL ON:

- (a) the Shareholders passing an ordinary resolution at the Annual General Meeting to adopt the Share Option Scheme;
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be issued pursuant to any exercise of the options and which Shares must not in aggregate exceed 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme by resolution of the Shareholders.

If condition (b) above is not satisfied within 2 calendar months after the date of adoption of the Share Option Scheme on 27 May 2016, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the number of Shares in issue was 13,085,721,377 Shares.

Subject to the passing of the resolution granting the proposed mandate to repurchase securities and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 1,308,572,137 Shares, representing 10% of the number of the issued Share at the Latest Practicable Date, during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its securities on the Stock Exchange. The Repurchase Mandate, once approved, would give the Company the flexibilities to undertake the buy-back of the Shares at any time, subject to market conditions, during the period when the Mandate is in force. Further, among others, Shares repurchase provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The Directors believe the Share repurchase may help to mitigate against short term volatility of share price and offset the effects of short term speculation. Such repurchases may, depending on market conditions and funding arrangements at the time, enhance the net assets value of the Company and/or earnings per Share and the repurchase will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares of the Company and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on the terms favourable to the Company. As compared with the financial position of the Company as at 31 December 2015, being the date of its latest published audited accounts, the Directors consider that if the Repurchase Mandate were to be exercised in full during the proposed repurchase period, there will be a material adverse impact on the working capital position and gearing level of the Company. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level as compared with the position disclosed in the latest published audited accounts of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

FUNDING OF REPURCHASES

Repurchases to be made pursuant to the Repurchase Mandate would be financed out of funds legally available for the purpose in accordance with the Bye-laws and the applicable laws in Hong Kong and Bermuda. Such funds include, but are not limited to, profits available for distribution.

EFFECT OF THE TAKEOVERS CODE AND REPURCHASE CODE

Upon the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code and Rule 6 of the Repurchase Code. Accordingly, a Shareholder or group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and, depending on the level of increase of the Shareholders' interests, may become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, according to the register maintained by the Company pursuant to Section 336 of the SFO, the following substantial shareholders were interested in 5% or more of the issued share capital of the Company:

Name	Number of Shares held	Approximately % of shareholding as at the Latest Practicable Date (%)	Approximate % of shareholding if Repurchase Mandate is exercised in full (%)
He Fu International Limited (<i>Note</i>)	5,328,879,125	40.72	45.25
United Petroleum & Natural Gas Holdings Limited (<i>Note</i>)	2,223,726,708	17.00	18.89
United Energy Holdings Limited (<i>Note</i>)	1,824,544,282	13.94	15.49

Note: These companies are wholly-owned by Mr. Zhang Hong Wei.

In the event that the Repurchase Mandate is exercised in full, the shareholding of these companies which are wholly-owned by Mr. Zhang Hong Wei in the Company will increase from 71.66% to 79.63%, the Directors consider that such increase will not give rise to an obligation to make a mandatory general offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such an extent that would make the public float of the Shares be less than 25%.

PRICE OF THE SHARES

The following table shows the highest and lowest closing prices at which the Shares have been traded on the Stock Exchange in each of the past twelve months:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2015		
April	1.200	1.070
May	1.220	1.100
June	1.580	1.140
July	1.280	0.880
August	1.070	0.830
September	0.960	0.850
October	1.050	0.860
November	1.010	0.930
December	0.930	0.680
2016		
January	0.660	0.395
February	0.460	0.370
March	0.470	0.335
April (up to the Latest Practicable Date)	0.345	0.340

REPURCHASE OF SHARES

No Shares of the Company have been repurchased by the Company or any of its subsidiaries during the 6 months immediately preceding the Latest Practicable Date.

GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their close associates have any present intention to sell any Shares to the Company or its subsidiaries if the Repurchase Mandate is exercised by the Company.

No core connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate to repurchase Shares in accordance with the Listing Rules and applicable laws of Hong Kong and Bermuda.

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)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of United Energy Group Limited (the “**Company**”) will be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 27 May 2016 at 10:00 a.m. for the following purposes of considering and, if thought fit, passing the following ordinary resolutions with or without amendments:

As Ordinary Business

1. To receive and adopt the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 December 2015.
2. To re-elect Mr. Zhu Jun, a retiring executive director, as executive director.
3. To re-elect Mr. San Fung, a retiring independent non-executive director, as independent non-executive director.
4. To authorize the board of directors of the Company to fix the remuneration of the directors.
5. To appoint auditors of the Company and authorize the directors to fix their remuneration.

As Special Business

6. To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

(A) “**THAT:**

- (a) subject to paragraph (A)(c) of this Resolution, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of the Company (“**Shares**”) or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers, be and is hereby generally and unconditionally approved;

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- (b) the approval given in paragraph (A)(a) of this Resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval given in paragraph (A)(a) of this Resolution, otherwise than pursuant to:
 - (i) a Right Issue (as hereinafter defined);
 - (ii) the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the bye-laws of the Company from time to time.shall not in total exceed 20% of the number of the issued share of the Company in issue at the date of the passing of this Resolution and the said approval shall be limited accordingly;
- (d) for the purpose of this Resolution (A), "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held;

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- (iii) the revocation or variation of the authority given under this Resolution (A) by an ordinary resolution of the shareholders of the Company (the “Shareholders”) in general meeting; and

“Right Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares at that date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory applicable to the Company).”

(B) “THAT:

- (a) subject to paragraph (B)(b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and recognized for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases, subject to and in accordance all applicable laws and regulations and the bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which may be repurchased by the Company pursuant to paragraph (B)(a) of this Resolution (B) during the Relevant Period shall not exceed 10% of the number of the issued share of the Company in issue at the date of the passing of this Resolution, and the approval granted under paragraph (B)(a) of this Resolution (B) shall be limited accordingly;
- (c) for the purpose of this Resolution (B):

“Relevant Period” means the period from the passing of this Resolution (B) until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this Resolution (B) by an ordinary resolution of the Shareholders in general meeting.”
- (C) **“THAT** conditional upon the passing of Resolution 6(A) and 6(B), the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with additional securities of the Company pursuant to Resolution 6(A) as set out in the notice convening the Meeting of which this Resolution forms part be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 6(B) as set out in the notice convening the Meeting of which this Resolution forms part, provided that such amount shall not exceed 10% of the number of such securities of the Company in issue at the date of the passing of this Resolution.”
7. **“THAT:** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) granting the approval of the listing of, and permission to deal in, the shares of HK\$0.01 each in the capital of the Company (**“Shares”**) to be issued pursuant to the exercise of options which may be granted under the share option scheme (copy of which is produced to this meeting and signed by the chairman of this meeting for the purpose of identification) (the **“Share Option Scheme”**), the rules of the Share Option Scheme be and are hereby approved and adopted and that any director of the Company be and is hereby authorised to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme.”

By Order of the Board
Zhang Hong Wei
Chairman

Hong Kong, 21 April 2016

Notes:

- (1) Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the Annual General Meeting is enclosed.

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- (3) The form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be under its seal or the hand of an officer, attorney or other person duly authorised.
- (4) The form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be lodged at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Annual General Meeting or at any adjourned meeting (as the case may be) should they so wish.
- (5) Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either in personal or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shall be accepted to the exclusion of the votes of the other joint holders.

As at the date hereof, the Board of Director comprises three executive directors, namely Mr. Zhang Hong Wei, Mr. Zhu Jun and Ms. Zhang Meiyang, and three independent non-executive directors, Mr. Chau Siu Wai, Mr. San Fung and Mr. Zhu Chengwu.