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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 OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

Financial Adviser



Haitong International Capital Limited

Underwriter



Haitong International Securities Company Limited

PROPOSED OPEN OFFER

The Company proposes to raise approximately HK\$2,617.14 million to HK\$2,627.66 million, before expenses, by issuing not less than 13,085,721,377 Shares and not more than 13,138,321,377 Shares to the Qualifying Shareholders at the Subscription Price of HK\$0.20 per Offer Share on the basis of one (1) Offer Share for every one (1) existing Share held by each Qualifying Shareholder on the Record Date. The Open Offer is only available to the Qualifying Shareholders.

The net proceeds of the Open Offer after the deduction of all estimated expenses are estimated to be not less than approximately HK\$2,575.24 million and not more than approximately HK\$2,585.44 million. The Company intends to apply the net proceeds of the Open Offer for drilling wells, conducting seismic studies and construction of development and production facilities to capture business opportunities arising from the strong demand for primary energy in Pakistan, repayment of debt and interest expenses as well as potential acquisitions.

* *for identification purposes only*

Pursuant to the Undertaking, each of the Committed Shareholders, namely, He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited, has undertaken to the Company and the Underwriter, among other things, to accept or procure the acceptance of 3,652,025,125 Offer Shares, 2,157,718,268 Offer Shares and 1,824,544,282 Offer Shares, respectively.

Save for those Offer Shares which the Committed Shareholders have undertaken to take up, the Open Offer is fully underwritten by the Underwriter.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to the requirements of the Listing Rules, the Open Offer must be made conditional on, among other things, the approval by the Independent Shareholders at the SGM where any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Open Offer.

As at the date of this announcement, He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited, each of which is wholly owned by Mr. Zhang Hong Wei (an executive Director, the chairman and the controlling shareholder of the Company), held 5,328,879,125 Shares, 2,223,726,708 Shares and 1,824,544,282 Shares, respectively. Accordingly, He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited are required to abstain from voting in favour of the respective resolution(s) for approving the Open Offer at the SGM.

The Company has established an Independent Board Committee, which comprises all independent non-executive Directors, to advise the Independent Shareholders as to whether the terms of the Open Offer and the Underwriting Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The Company will appoint an Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Open Offer and the Underwriting Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole and to advise the Independent Shareholders on how to vote.

GENERAL

A circular containing, among other things, further details of the Open Offer, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and a notice convening the SGM, will be despatched to the Shareholders on or before Thursday, 30 June 2016.

Subject to, among other things, the Open Offer being approved by the Independent Shareholders at the SGM, the Prospectus Documents setting out the details of the Open Offer will be despatched to the Qualifying Shareholders on the Posting Date and the Overseas Letter and the Prospectus will be despatched to the Non-Qualifying Shareholders on the Posting Date for information only.

WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer is conditional upon, inter alia, the fulfilment of the conditions set out under the section headed “Conditions of the Open Offer” in this announcement and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof and as set out under the section headed “Termination of the Underwriting Agreement”. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer:	one (1) Offer Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price:	HK\$0.20 per Offer Share
Number of Shares in issue as at the date of this announcement:	13,085,721,377 Shares
Number of Offer Shares:	not less than 13,085,721,377 Shares (assuming no exercise of the outstanding Share Options which have been vested and are exercisable and there is no further issue of new Shares or repurchase of Shares by the Company on or before the Record Date) and not more than 13,138,321,377 Shares (assuming not more than 40,000,000 Shares are allotted and issued pursuant to the Schemes, and new Shares are issued pursuant to the exercise in full of all the 12,600,000 Share Options which have been vested and are exercisable, but no further issue of new Shares or repurchase of Shares by the Company, on or before the Record Date) (<i>Note</i>)

Number of Underwritten Shares: all Offer Shares (other than those which have been undertaken to be subscribed for by the Committed Shareholders), being not less than 5,451,433,702 Shares (assuming no exercise of the outstanding Share Options which have been vested and are exercisable and there is no further issue of new Shares or repurchase of Shares by the Company on or before the Record Date) and not more than 5,504,033,702 Shares (assuming not more than 40,000,000 Shares are allotted and issued pursuant to the Schemes, and new Shares are issued pursuant to the exercise in full of all the 12,600,000 Share Options which have been vested and are exercisable, but no further issue of new Shares or repurchase of Shares by the Company, on or before the Record Date) (*Note*)

Number of Shares in issue immediately upon completion of the Open Offer: not less than 26,171,442,754 Shares (assuming no exercise of the outstanding Share Options which have been vested and are exercisable and there is no further issue of new Shares or repurchase of Shares by the Company on or before the Record Date) and not more than 26,276,642,754 Shares (assuming not more than 40,000,000 Shares are allotted and issued pursuant to the Schemes, and new Shares are issued pursuant to the exercise in full of all the 12,600,000 Share Options which have been vested and are exercisable, but no further issue of new Shares or repurchase of Shares by the Company, on or before the Record Date) (*Note*)

Note: As at the date of this announcement, the Company has outstanding Share Options carrying rights to subscribe for a total of 18,000,000 new Shares under the Share Option Scheme. Out of such outstanding Share Options, 12,600,000 Share Options have been vested and are exercisable as at the date of this announcement and on or before the Record Date. Assuming no further grant of Share Options by the Company and exercise in full of the subscription rights attaching to such outstanding and exercisable Share Options, an additional 12,600,000 Offer Shares will be issued.

Save for the outstanding Share Options, as at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Pursuant to the Underwriting Agreement, the Company has undertaken to the Underwriter that for the period from the date of the Underwriting Agreement and ending on the date which is 60 days from the Closing Date, except with the prior written consent of the Underwriter, the Company will not:

- (a) except for the Offer Shares, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares other than the issue, offer to issue or grant of any Shares pursuant to the Schemes or any option pursuant to the Share Option Scheme or any other employee share option scheme adopted in accordance with the Listing Rules or allotment or issue of any Shares upon the exercise of such options;

- (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (a) above; or
- (c) announce any intention to enter into or effect any such transaction described in paragraph (a) or (b) above.

Assuming no exercise of the outstanding Share Options which have been vested and are exercisable and there is no further issue of new Shares or repurchase of Shares by the Company on or before the Record Date, the minimum number of Offer Shares proposed to be allotted, being 13,085,721,377 new Shares, represents 100.00% of the Company's issued share capital as at the date of this announcement and 50.00% of the Company's issued share capital as enlarged by the issue of the minimum number of Offer Shares.

Assuming not more than 40,000,000 Shares are allotted and issued pursuant to the Schemes, and new Shares are issued pursuant to the exercise in full of all the 12,600,000 Share Options which have been vested and are exercisable, but no further issue of new Shares or repurchase of Shares by the Company, on or before the Record Date, the maximum number of Offer Shares proposed to be allotted, being 13,138,321,377 new Shares, represents approximately 100.40% of the Company's issued share capital as at the date of this announcement and 50.00% of the Company's issued share capital as enlarged by the issue of the maximum number of Offer Shares.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and the invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. The Company will despatch (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Non-Qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must: (i) be registered as a member of the Company at the close of business on the Record Date; and (ii) not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar by no later than 4:30 p.m. on Wednesday, 27 July 2016.

Closure of register of members for the Open Offer

The register of members of the Company will be closed from Friday, 15 July 2016 to Friday, 22 July 2016, both dates inclusive, for determining the right to attend and vote at the SGM.

The register of members of the Company will be closed from Thursday, 28 July 2016 to Thursday, 4 August 2016, both dates inclusive, for determining the entitlement of the Qualifying Shareholders to the Open Offer.

No transfer of Shares will be registered during the respective book close periods.

Subscription Price

The Subscription Price is HK\$0.20 per Offer Share, payable in full upon application.

The Subscription Price represents:

- (a) a discount of approximately 52.38% to the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 35.48% to the theoretical ex-entitlement price of approximately HK\$0.310 per Share based on the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 51.57% to the average closing price of HK\$0.413 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 51.28% to the average closing price of HK\$0.411 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among other things, the recent financial market performance, the prevailing market price and trading liquidity of the Shares and the financial and working capital requirements of the Group. The Directors (excluding the independent non-executive Directors who will give their view after taking into account the advice of the Independent Financial Adviser) consider the terms of the Open Offer, including the Subscription Price which has been set at a discount to the recent closing prices of the Shares with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

The net price per Offer Share (after deducting the costs and expenses in relation to the Open Offer and the underwriting commission) will be approximately HK\$0.20.

Overseas Shareholders and Non-Qualifying Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not intended to be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory

body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders, and who will become Non-Qualifying Shareholders. Further information in this connection will be set out in the Overseas Letter and the Prospectus. The Company will send the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only, but no Application Form will be sent to them.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Qualifying Shareholders who do not take up the Offer Shares in full to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue on the date of allotment of the Offer Shares. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares.

Fractions of the Offer Shares

Fractional entitlements to the Offer Shares will not be allotted to the Qualifying Shareholders and entitlements of the Qualifying Shareholders shall be rounded down to the nearest whole number. All such fractional entitlements to the Offer Shares created from the said rounding down will be aggregated and underwritten by the Underwriter.

Applications for excess Offer Shares

Qualifying Shareholders shall be entitled to apply for entitlements of Offer Shares which are not taken up by other Qualifying Shareholders in excess of their own assured allotments but are not assured of being allocated any Offer Shares in excess of those in their assured allotments. Application may be made by Qualifying Shareholders by completing the Excess Application Form and lodging the same with a separate remittance for the excess Offer Shares being applied for. The Directors will, upon consultation with the Underwriter, allocate the excess Offer Shares at their discretion on a fair and equitable basis as far as practicable, according to the principle that any excess of Offer Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess of Offer Shares applied for by all such Qualifying Shareholders.

No preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offer Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares.

Any remaining Underwritten Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any application may have been made with the intention to abuse the above mechanism, such application(s) for excess Offer Shares may be rejected at the sole discretion of the Board.

Shareholders with their Shares held by a nominee (including HKSCC Nominees Limited) should note that the Directors will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (including HKSCC Nominees Limited) should note that the aforesaid arrangements in relation to the allocation of excess Offer Shares will not be extended to them individually. Shareholders should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names prior to the relevant book closure period and apply for the excess Offer Shares themselves.

Share certificates and refund cheques for the Offer Shares

Subject to the fulfilment of the conditions precedent as set out in the section headed “Conditions of the Open Offer” in this announcement, share certificates for all fully-paid Offer Shares are expected to be posted on or before Tuesday, 30 August 2016 by ordinary mail to the Qualifying Shareholders who have validly accepted and applied for (where appropriate), and paid for the Offer Shares by 4:00 p.m. on Friday, 19 August 2016 at their own risk. If the Open Offer is terminated, refund cheques will be despatched to such Qualifying Shareholders on or before Tuesday, 30 August 2016 by ordinary post at the respective Shareholders’ own risk.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

UNDERTAKING GIVEN BY THE COMMITTED SHAREHOLDERS

He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited, each of which is wholly owned by Mr. Zhang Hong Wei (an executive Director, the chairman and the controlling shareholder of the Company), held 5,328,879,125 Shares, 2,223,726,708 Shares and 1,824,544,282 Shares, respectively, representing approximately 40.72%, 17.00% and 13.94%, respectively, of the Company's issued share capital, as at the date of this announcement.

Pursuant to the Undertaking, each of He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited has provided an irrevocable undertaking to the Company and the Underwriter, among other things:

1. to accept or procure the acceptance of 3,652,025,125 Offer Shares, 2,157,718,268 Offer Shares and 1,824,544,282 Offer Shares, respectively;
2. to procure that its Application Forms in respect of the aforementioned Offer Shares will be lodged with the Registrar with payment therefor in accordance with the terms of the Prospectus Documents on or before three Business Days before the Latest Time for Acceptance or such later date as agreed between the Committed Shareholders and the Underwriter;
3. in default of a Committed Shareholder complying with its obligations under paragraphs 1 and 2 above, to authorise the Company to (and, unless otherwise agreed by the Underwriter, shall) treat the Undertaking as an application by that Committed Shareholder for all of its portion of the Committed Shares, and to allocate and procure the issue of the same to that Committed Shareholder and to procure the registration of the same in that Committed Shareholder's name upon payment for the same which shall be made by that Committed Shareholder or on its behalf;
4. to provide evidence to the Company and the Underwriter of the Application Forms being lodged and paid for in accordance with the Underwriting Agreement by no later than the third Business Day after the Open Offer becomes open for acceptance;
5. not to acquire (except by taking up Offer Shares offered to them pursuant to the Open Offer and pursuant to the Underwriting Agreement or acquiring Shares in circumstances which do not contravene the Listing Rules and/or the Takeovers Code and do not render information submitted to the Stock Exchange and/or the SFC to become untrue, inaccurate or misleading in any material respect (whether by omission or otherwise)) any Shares or any interest therein between the date of the Underwriting Agreement and the Latest Time for Acceptance without the prior written consent of the Underwriter;
6. in the event that it delivers a Valid Excess Application to the Underwriter and the Underwriter permits such Committed Shareholder to take up the Shares the subject of such Valid Excess Application, such take up will not result in such Committed Shareholder, or its direct or indirect shareholder, being obliged to make a mandatory general offer for the Shares pursuant to the Takeovers Code; and

7. from the date of the Underwriting Agreement until 60 days from the Closing Date, except with the prior written consent of the Underwriter, not to (excluding any purchase of Shares during the aforesaid period and any disposal thereof):
- (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Offer Shares) or any interests therein beneficially owned or held by the Committed Shareholders or such controlled companies or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests;
 - (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (a) or (b) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
 - (c) announce any intention to enter into or effect any such transaction described in (a) or (b).

CONDITIONS OF THE OPEN OFFER

The Open Offer is subject to, among other things, the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. The obligations of the Underwriter under the Underwriting Agreement are conditional upon the following conditions being fulfilled:

- (a) listing of, and permission to deal in, all the Offer Shares being granted (subject only to allotment and despatch of the appropriate documents of title) by the Stock Exchange by no later than the Business Day prior to the commencement of trading of the Offer Shares and such permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (b) the delivery to the Stock Exchange for authorization and the registration by the Registrar of Companies in Hong Kong respectively on or prior to the Posting Date of one copy of each of the Prospectus Documents each duly certified in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (and other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Listing Rules;
- (c) the despatch on the Posting Date of copies of the Prospectus Documents to the Qualifying Shareholders;

- (d) all relevant consents and approvals being obtained from the regulatory authorities, including the Stock Exchange, the SFC and the Bermuda Monetary Authority, as the case may require in connection with the Open Offer and/or issue of the Offer Shares by the relevant time that each consent and approval is required;
- (e) the despatch of a circular to the Shareholders in accordance with the Listing Rules, and the passing of the resolutions for approving the Open Offer at the SGM;
- (f) compliance by the Company with all its obligations in relation to the making of the Open Offer and the allotment and offer of Offer Shares under the Underwriting Agreement having taken place by the times specified;
- (g) signing of the Undertaking by and compliance by the Committed Shareholders with their obligations thereunder by the times specified;
- (h) receipt by the Underwriter (in a form and substance satisfactory to it) of all the relevant documents on or before such time as specified in the Underwriting Agreement; and
- (i) no breach of any of the representations and warranties given by the Company under the Underwriting Agreement having come to the knowledge of the Underwriter by the Latest Time for Termination.

The Underwriter has the sole discretion to waive any of the conditions (f) to (i) above.

If (i) any of the conditions are not fulfilled or waived in accordance with the terms of the Underwriting Agreement by the specified time and date or (ii) the Latest Time for Termination occurs, or will occur, after the Long Stop Date, the Underwriting Agreement and the obligations of all parties thereunder shall terminate forthwith and no party will have any claim against any other for costs, damages, compensation or otherwise, provided that:

- (a) provisions in relation to definitions, indemnity, termination, notices, general, law and dispute resolution under the Underwriting Agreement shall remain in full force and effect;
- (b) the Company shall pay all the relevant fees and expenses in accordance with the Underwriting Agreement (other than the underwriting commission payable to the Underwriter by the Company); and
- (c) such termination shall be without prejudice to the rights of the parties thereto in respect of any breach of the Underwriting Agreement occurring prior to such termination.

THE UNDERWRITING AGREEMENT

Date:	2 June 2016
Underwriter:	Haitong International Securities Company Limited
Total number of Underwritten Shares:	all Offer Shares (other than those which have been undertaken to be subscribed by the Committed Shareholders), being not less than 5,451,433,702 Shares (assuming no exercise of the outstanding Share Options which have been vested and are exercisable and there is no further issue of new Shares or repurchase of Shares by the Company on or before the Record Date) and not more than 5,504,033,702 Shares (assuming not more than 40,000,000 Shares are allotted and issued pursuant to the Schemes, and new Shares are issued pursuant to the exercise in full of all the 12,600,000 Share Options which have been vested and are exercisable, but no further issue of new Shares or repurchase of Shares by the Company, on or before the Record Date)
Underwriting commission:	3.0% of a sum which is equal to the Subscription Price multiplied by the number of Underwritten Shares to be determined based on the number of issued Shares on the Record Date

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

As at the date of this announcement, the Underwriter was not interested in any Shares. The amount of commission was determined after arm's length negotiation between the Company and the Underwriter. The Directors (excluding the independent non-executive Directors who will give their view after taking into account the advice of the Independent Financial Adviser), by reference to the existing financial position of the Company, the size of the Open Offer, and the current and expected market conditions and as compared to the market practice, consider the terms of the Underwriting Agreement including the amount of commission are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Underwriter has conditionally agreed to fully underwrite all the Offer Shares other than those agreed to be taken up by the Committed Shareholders pursuant to the Undertaking. Upon completion of the Open Offer in accordance with the terms of the Underwriting Agreement, the public float requirement under the Listing Rules will be complied with.

Termination of the Underwriting Agreement

If at any time commencing from signing of the Underwriting Agreement to the Latest Time for Termination:

- (a) any breach of any of the representations and warranties or the undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement;
- (b) any event occurs or matter arises, which, if it had occurred before the date of the Underwriting Agreement or before any of the times on which the representations and warranties contained in the Underwriting Agreement are deemed to be given thereunder would have rendered any of those representations and warranties untrue, incorrect or misleading in any material respect;
- (c) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom;
- (d) there is any material adverse change or prospective material adverse change in the condition, results of operations, management, business, stockholders' equity or in the financial or trading position of any member of the Group which, in the reasonable opinion of the Underwriter, is or may be materially adverse in the context of the Open Offer;
- (e) permission to deal in and listing of all the Offer Shares has been withdrawn by the Stock Exchange;
- (f) any expert, who has given advice which is contained in the Prospectus, has withdrawn its respective consent to the issue of the Prospectus with the inclusion of its reports, letters, opinions or advices and references to its name included in the form and context in which it respectively appears prior to the issue of the Prospectus;
- (g) the Company withdraws the circular or the Prospectus (and/or any other documents issued or used in connection with the Open Offer) or the Open Offer; or
- (h) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (i) any change (whether or not permanent) in the local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting the PRC, Hong Kong or the United States;

- (ii) any event force majeure (including, without limitation, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in or affecting the PRC, Hong Kong or the United States;
- (iii) the declaration of a banking moratorium by Hong Kong authorities occurring due to exceptional financial circumstances or otherwise;
- (iv) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong;
- (v) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Open Offer or where such suspension is temporary or routine in nature for not more than three trading days);
- (vi) any new law or regulation or any change, or any development involving a prospective change, in existing laws or regulations in Hong Kong or any other place in which any member of the Group conducts or carries on business;
- (vii) any change or development occurs involving a prospective change in taxation in Hong Kong, the PRC or any other jurisdiction(s) to which any member of the Group is subject or the implementation of any exchange controls;
- (viii) any litigation or claim of material importance to the business, financial or operations of the Group being threatened or instituted against any member of the Group;
- (ix) the imposition of economic sanctions, in whatever form, directly or indirectly, in Hong Kong, the PRC or any other jurisdiction(s) relevant to the Company and its subsidiary;
- (x) any governmental or regulatory commission, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-government regulatory authority or any court, tribunal or arbitrator, whether national, central, federal, provincial, state, regional, municipal in any relevant jurisdiction commencing any investigation, or formally announcing to investigate or take other legal action, against the Group or any of the Directors in respect of any matter related to the Group's business, which investigation has or would have material adverse effect on the traded price of the Shares or the Group; or

- (xi) order or petition for the winding up of any members of the Group or any composition or arrangement made by any members of the Group with its creditors or a scheme of arrangement entered into by any members of the Group or any members of the resolution for the winding up of any Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any members of the Group or anything analogous thereto occurring in respect of any members of the Group;

the effect of which events or circumstances referred to herein, individually or in the aggregate (in the reasonable opinion of the Underwriter): (1) is or will likely be materially adverse to the Group (taken as a whole), or materially prejudicially affects or would materially and prejudicially affect, the Group (taken as a whole) or the Open Offer; or (2) makes or will likely make it inadvisable or inexpedient to proceed with the Open Offer, or (3) will make or is likely to make the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Open Offer or pursuant to the underwriting thereof;

then in any such case the Underwriter may by notice in writing to the Company, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement. If prior to the Latest Time for Termination any such notice is given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party will have any claim against any other for costs, damages, compensation or otherwise, provided that:

- (a) provisions in relation to definitions, indemnity, termination, notices, general, law and dispute resolution under the Underwriting Agreement shall remain in full force and effect;
- (b) the Company shall pay all the relevant fees and expenses in accordance with the Underwriting Agreement (other than the underwriting commission payable to the Underwriter by the Company); and
- (c) such termination shall be without prejudice to the rights of the parties thereto in respect of any breach of the Underwriting Agreement and claims arising from the Underwriting Agreement occurring prior to such termination.

If the Underwriting Agreement is terminated by the Underwriter at such time before the Latest Time for Termination but after the Underwriter has in accordance with the Underwriting Agreement paid or procured payment to the Company of the aggregate Subscription Price in respect of the Underwritten Shares not taken up for which the Underwriter is obliged to subscribe or procure subscription under the provisions of the Underwriting Agreement, the Company shall, not later than the end of the fifth Business Day after (but not including) the date of receipt of the notice of termination issued by the Underwriter, remit to the Underwriter such amount of aggregate Subscription Price which it has received from the Underwriter.

EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is indicative only and it has been prepared on the assumption that all the conditions as set out under the paragraph headed “Conditions of the Open Offer” in this announcement will be fulfilled. The expected timetable for the Open Offer is set out below:

Despatch of circular (together with the notice of SGM and proxy form) Thursday, 30 June 2016

Latest time for lodging transfers of Shares in order to qualify for attendance and voting at the SGM. 4:30 p.m. on Thursday, 14 July 2016

Closure of register of members of the Company for determining the rights to attend the SGM (both dates inclusive) Friday, 15 July 2016 to Friday, 22 July 2016

Latest time for lodging proxy form for the SGM (not less than 48 hours) 10:00 a.m. on Wednesday, 20 July 2016

Record date for attendance and voting at the SGM Friday, 22 July 2016

SGM 10:00 a.m. on Friday, 22 July 2016

Announcement of poll results of SGM Friday, 22 July 2016

Last day of dealings in the Shares on cum-entitlement basis Monday, 25 July 2016

First day of dealings in the Shares on ex-entitlement basis Tuesday, 26 July 2016

Latest time for lodging transfers of Shares in order to qualify for the Open Offer 4:30 p.m. on Wednesday, 27 July 2016

Closure of register of member of the Company for determining the eligibility of the Open Offer (both dates inclusive) Thursday, 28 July 2016 to Thursday, 4 August 2016

Record Date for the Open Offer Thursday, 4 August 2016

Despatch of (i) Prospectus Documents to Qualifying Shareholders and (ii) Overseas Letter and Prospectus to Non-Qualifying Shareholders (if any) Friday, 5 August 2016

Latest Time for Acceptance and application for and payment for excess Offer Shares	4:00 p.m. on Friday, 19 August 2016
Latest Time for Termination	4:00 p.m. on Friday, 26 August 2016
Announcement of results of the Open Offer and excess application.	Monday, 29 August 2016
Despatch of share certificates for the Offer Shares	Tuesday, 30 August 2016
Despatch of refund of cheques if the Open Offer is terminated and in respect of wholly or partly unsuccessful applications for the excess Offer Shares	Tuesday, 30 August 2016
Expected date of dealings in the Offer Shares	9:00 a.m. on Wednesday, 31 August 2016

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company before and after the completion of the Open Offer assuming there is no (i) further issue of any Shares other than the issue of Shares pursuant to the exercise of any outstanding and exercisable Share Options; (ii) repurchase of any Shares by the Company; and (iii) change in the shareholding structure of the Company, from the date of this announcement to immediately after completion of the Open Offer:

(A) Assuming no outstanding and exercisable Share Option is exercised and no Share under the Schemes is issued on or before the Record Date

	As at the date of the announcement		Upon completion of the Open Offer (assuming all Shareholders are Qualifying Shareholders and they take up their respective entitlements to the Offer Shares in full)		Upon completion of the Open Offer (assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer and excess application except for the Committed Shareholders pursuant to the Undertaking)	
	No. of Shares	App. %	No. of Shares	App. %	No. of Shares	App. %
He Fu International Limited ^(Note)	5,328,879,125	40.72%	1 0,657,758,250	40.72%	8,980,904,250	34.32%
United Petroleum & Natural Gas Holdings Limited ^(Note)	2,223,726,708	17.00%	4,447,453,416	17.00%	4,381,444,976	16.74%
United Energy Holdings Limited ^(Note)	1,824,544,282	13.94%	3,649,088,564	13.94%	3,649,088,564	13.94%
The Underwriter	–	0.00%	–	0.00%	5,451,433,702	20.83%
Share Option Holders	–	0.00%	–	0.00%	–	0.00%
Zhu Jun	1,443,000	0.01%	2,886,000	0.01%	1,443,000	0.01%
Existing Public Shareholders	3,707,128,262	28.33%	7,414,256,524	28.33%	3,707,128,262	14.16%
	<u>13,085,721,377</u>	<u>100.00%</u>	<u>26,171,442,754</u>	<u>100.00%</u>	<u>26,171,442,754</u>	<u>100.00%</u>

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

(B) Assuming all outstanding Share Options are exercised in full and a maximum of 40,000,000 Shares are allotted and issued pursuant to the Schemes on or before the Record Date

	As at the date of the announcement		Upon completion of the Open Offer (assuming all Shareholders are Qualifying Shareholders and they take up their respective entitlements to the Offer Shares in full)		Upon completion of the Open Offer (assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer and excess application except for the Committed Shareholders pursuant to the Undertaking)	
	No. of Shares	App. %	No. of Shares	App. %	No. of Shares	App. %
He Fu International Limited ^(Note)	5,328,879,125	40.72%	10,657,758,250	40.56%	8,980,904,250	34.18%
United Petroleum & Natural Gas Holdings Limited ^(Note)	2,223,726,708	17.00%	4,447,453,416	16.93%	4,381,444,976	16.67%
United Energy Holdings Limited ^(Note)	1,824,544,282	13.94%	3,649,088,564	13.89%	3,649,088,564	13.89%
The Underwriter	-	0.00%	-	0.00%	5,504,033,702	20.94%
Share Option Holders	-	0.00%	25,200,000	0.10%	12,600,000	0.05%
Beneficiaries under the Schemes	-	0.00%	80,000,000	0.30%	40,000,000	0.15%
Zhu Jun	1,443,000	0.01%	2,886,000	0.01%	1,443,000	0.01%
Existing Public Shareholders	3,707,128,262	28.33%	7,414,256,524	28.21%	3,707,128,262	14.11%
	<u>13,085,721,377</u>	<u>100.00%</u>	<u>26,276,642,754</u>	<u>100.00%</u>	<u>26,276,642,754</u>	<u>100.00%</u>

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

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Open Offer are subject to various factors, including the results of acceptance of the Open Offer.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

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 Board expects that the demand for primary energy in Pakistan will remain strong as energy deficit in domestic market continues to escalate, according to Pakistan Energy Outlook 2015 released by the Petroleum Institute of Pakistan in October 2015. To capture the business opportunities arising from this trend, the Board is of the view that the Group should employ more resources to unlock the potential of its assets in Pakistan.

The gross proceeds of the Open Offer will be not less than approximately HK\$2,617.14 million and not more than approximately HK\$2,627.66 million. The net proceeds of the Open Offer (after deducting the costs and expenses in relation to the Open Offer and the underwriting commission) are expected to be not less than approximately HK\$2,575.24 million and not more than approximately HK\$2,585.44 million. The Company intends to apply approximately 40% of the net proceeds of the Open Offer for drilling wells, conducting seismic studies, construction of development and production facilities, approximately 40% of net proceeds of the Open Offer for repayment of debt and interest expense and approximately 20% of the net proceeds of the Open Offer for potential acquisitions to accelerate the Group's expansion.

The Directors consider that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board (excluding the independent non-executive Directors who will give their view after taking into account the advice of the Independent Financial Adviser) is of the view that the Open Offer represents a good opportunity to broaden the capital base of the Company and will facilitate the long-term development of the Company. The Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the growth and development of the Group. The Directors (excluding the independent non-executive Directors who will give their view after taking into account the advice of the Independent Financial Adviser) consider the terms of the Open Offer, including the Subscription Price which has been set at a discount to the recent closing prices of the Shares with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth and development of the Company, to be fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

Although rights issue, as compared to the Open Offer, can provide an additional option to those Shareholders who do not wish to take up the entitlements by selling their entitled nil-paid rights, the Directors are of the view that if the Company is to carry out a rights issue instead of the Open Offer, the Company will incur: (i) splitting costs for Shareholders who only take up their rights issue entitlement partially; (ii) fees payable for nil-paid rights trading arrangement; (iii) additional printing costs of share certificates for new Shareholders who will purchase the nil-paid rights on the market; and (iv) additional professional fees for preparing and reviewing the provisional allotment letters and the excess application forms and liaising with the registrar of the Company. It is estimated that the additional costs and expenses of approximately HK\$200,000 would be incurred for such administrative work and arrangements for trading of the nil-paid rights. The Directors also noted that the average trading volume of the Shares between 1 March 2016 and 31 May 2016 was only approximately 0.007% of the total issued Shares. Furthermore, the Group reported a net loss attributable to the owners of the Company of approximately HK\$2,943.67 million for year ended 31 December 2015 as compared to a profit of approximately HK\$1,827.89 million for year ended 31 December 2014.

Having considered and taken into account the extra administrative work and additional cost which will be involved for the trading arrangement of nil-paid rights, and in addition, in view of the relatively inactive historical trading volume of the Shares, there is uncertainty of existence of a market to trade in the nil-paid rights if a rights issue is conducted by the Company. Furthermore, given that the loss-making position in terms of operating performance of the Group and all Qualifying Shareholders can have an equal opportunity to maintain their interests in the Company, the Board considers that it is important for the Group to minimise all costs which may be incurred for fund raising, and conducting the Open Offer would be more cost-effective and efficient as compared to a rights issue.

The objective of the Open Offer is to enable the Shareholders to maintain their proportionate interests in the Company should they wish to do so, ensuring stability in the Company's Shareholders' base, and to participate in the Company's future growth and development. The Board therefore considers that, since the Open Offer will already give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, even without the right to trade their nil-paid rights as in a rights issue, on balance, to conduct the Open Offer instead of a rights issue will be more beneficial to the Company and its Shareholders in the current circumstances.

Having considered conducting the Open Offer or a rights issue, and taking into account the benefits and cost of each of the options, the Board is of the view that the Open Offer is the most appropriate fund raising option to the Company and in the interest of the Company and its Shareholders as a whole since it offers the Qualifying Shareholders the opportunity to maintain their pro-rata shareholding interests in the Company.

In assessing the fairness and reasonableness of the Open Offer, the Directors (excluding the independent non-executive Directors who will give their view after taking into account the advice of the Independent Financial Adviser) are of the view that:

- (a) the time required for the Open Offer is shorter than that for a rights issue due to the trading arrangements for nil-paid rights involved in a rights issue;
- (b) additional costs and expenses would be incurred for a rights issue due to the administrative work and the arrangements for trading of the nil-paid rights;
- (c) the Company has an inactive historical trading volume, with average trading volume of the Shares between 1 March 2016 and 31 May 2016 being only approximately 0.007% of the total issued Shares;
- (d) excess applications will be available under the Open Offer;
- (e) the Open Offer will be made conditional on, among other things, the approval by the Independent Shareholders at the SGM where any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Open Offer;

- (f) the offer ratio of the Open Offer is determined after taking into account the estimated funding requirements of the Company and the Subscription Price;
- (g) the Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares prior to the Last Trading Day and the theoretical entitlement price and the net loss of the Group in terms of operating performance for the year ended 31 December 2015;
- (h) in view of the uncertainties in the financial market in Hong Kong as a result of the uncertainties stemming from the fluctuating market sentiment, capital flow and trend of interest rate, the Directors consider that it will be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Open Offer if the Subscription Price is not set at a relatively deep discount to the historical trading prices of the Shares;
- (i) the Open Offer will provide the Group with readily available fund for its business and operation and help reduce its gearing; and
- (j) under the Open Offer, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Company. Should the Qualifying Shareholders participate in the Open Offer, they will be subscribing the Offer Shares at a price lower than the historical and prevailing market price of the Shares.

FUND RAISING EXERCISE IN THE PAST 12 MONTHS

The Company had not conducted any fund raising exercise in the past 12 months immediately preceding the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on, among other things, the approval by the Independent Shareholders at the SGM where any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Open Offer.

As at the date of this announcement, He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited, each of which is wholly owned by Mr. Zhang Hong Wei (an executive Director, the chairman and the controlling shareholder of the Company), held 5,328,879,125 Shares, 2,223,726,708 Shares and 1,824,544,282 Shares, respectively. Accordingly, He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited are required to abstain from voting in favour of the respective resolution(s) for approving the Open Offer at the SGM.

The Company has established an Independent Board Committee, which comprises all independent non-executive Directors, to advise the Independent Shareholders as to whether the terms of the Open Offer and the Underwriting Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The Company will appoint an Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Open Offer and the Underwriting Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole and to advise the Independent Shareholders on how to vote.

GENERAL

A circular containing, among other things, further details of the Open Offer, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and a notice convening the SGM, will be despatched to the Shareholders on or before Thursday, 30 June 2016.

Subject to, among other things, the Open Offer being approved by the Independent Shareholders at the SGM, the Prospectus Documents setting out the details of the Open Offer will be despatched to the Qualifying Shareholders on the Posting Date and the Overseas Letter and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer is conditional upon, inter alia, the fulfilment of the conditions set out under the section headed “Conditions of the Open Offer” in this announcement and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof and as set out under the section headed “Termination of the Underwriting Agreement”. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

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| “Application Form(s)” | the application form(s) in respect of the assured allotment of Offer Shares to be issued to the Qualifying Shareholders in connection with the Open Offer, being in such usual form as may be agreed between the Company and the Underwriter |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the date falling on the Business Day immediately preceding to the date of the announcement to be released by the Company confirming the levels of acceptance of offer under the Open Offer or such later date as the Company and the Underwriter may agree in writing
“Committed Shareholders”	He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited, each of which has given the Undertaking to the Company and the Underwriter
“Committed Shares”	in respect of the Committed Shareholders, the total number of Offer Shares which the Committed Shareholders have undertaken to accept, or procure the acceptance of, pursuant to the Undertaking, being 3,652,025,125 Offer Shares, 2,157,718,268 Offer Shares and 1,824,544,282 Offer Shares by He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited, respectively
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	United Energy Group Limited (Stock Code: 467), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

“Deferred Annual Bonus Scheme”	the deferred annual bonus scheme of the Company approved and adopted by the Board on 28 December 2012, in its present form or as amended from time to time in accordance with the provisions of the rules relating to the deferred annual bonus scheme, as amended, modified or supplemented from time to time
“Director(s)”	the director(s) of the Company
“Excess Application Form(s)”	the form(s) of application proposed to be issued to the Qualifying Shareholders who wish to apply for Offer Shares in excess of their respective pro rata entitlements under the Open Offer, being in the form as may be agreed between the Company and the Underwriter
“Executive Performance Share Scheme”	the executive performance share scheme of the Company approved and adopted by the Board on 28 December 2012, in its present form or as amended from time to time in accordance with the provisions of the rules relating to the executive performance share scheme, as amended, modified or supplemented from time to time
“Financial Adviser”	Haitong International Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (Central Entity number ADQ859) and is licensed to conduct Type 6 (advising on corporate finance) regulated activity
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company, comprising all independent non-executive Directors, established to advise the Independent Shareholders in respect of the Open Offer
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer

“Independent Shareholder(s)”	Shareholder(s) other than the controlling shareholders of the Company and their associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Last Trading Day”	Thursday, 2 June 2016, being the date of the Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 19 August 2016 (or such other date as the Underwriter may agree with the Company as the latest date for acceptance of, and payment for, Offer Shares)
“Latest Time for Termination”	4:00 p.m. on Friday, 26 August 2016 (or such other date as the Underwriter may agree with the Company as the latest date for termination of the Underwriting Agreement)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5:00 p.m. on the earlier of: (i) 30 days from the Posting Date; and (ii) 30 September 2016, or such later date as the Underwriter may agree
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whose address(es) is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to such Overseas Shareholders
“Offer Shares”	the new Shares to be allotted and issued under the Open Offer, being not less than 13,085,721,377 Shares (assuming no exercise of the outstanding Share Options which have been vested and are exercisable and there is no further issue of new Shares or repurchase of Shares by the Company on or before the Record Date) and not more than 13,138,321,377 Shares (assuming not more than 40,000,000 Shares are allotted issued pursuant to the Schemes, and new Shares are issued pursuant to the exercise in full of all the 12,600,000 Share Options which have been vested and are exercisable, but no further issue of new Shares or repurchase of Shares by the Company, on or before the Record Date)

“Open Offer”	the proposed issue of the Offer Shares on the basis of one (1) Offer Share for every one (1) Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside of Hong Kong
“Performance Share Scheme”	the performance share scheme of the Company approved and adopted by the Board on 28 December 2012, in its present form or as amended from time to time in accordance with the provisions of the rules relating to the performance share scheme, as amended, modified or supplemented from time to time
“Posting Date”	Friday, 5 August 2016 or such other date as the Underwriter may agree with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Overseas Letter and the Prospectus, for information only, to the Non-Qualifying Shareholders (as the case may be)
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus, the Application Form and the Excess Application Form
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appears/appear on the register of members of the Company on the Record Date
“Record Date”	Thursday, 4 August 2016 (or such other date as the Underwriter may agree with the Company), as the date by reference to which entitlements to the Open Offer are expected to be determined
“Registrar”	Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
“Schemes”	the Share Match Scheme, the Deferred Annual Bonus Scheme, the Executive Performance Share Scheme and the Performance Share Scheme

“SFC”	the Securities and Futures Commission in Hong Kong
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Open Offer
“Share Match Scheme”	the share match scheme of the Company approved and adopted by the Board on 16 September 2011, in its present form or as amended from time to time in accordance with the provisions of the rules relating to the share match scheme, as amended, modified or supplemented from time to time
“Share Option(s)”	share option(s) carrying right(s) to subscribe for Shares granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company effective from 11 May 2006
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.20 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertaking”	the undertaking letter dated 2 June 2016 executed by each of the Committed Shareholders in favour of the Company and the Underwriter
“Underwriter”	Haitong International Securities Company Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (Central Entity number AAF806) and is licensed to conduct Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities
“Underwriting Agreement”	the underwriting agreement dated 2 June 2016 and entered into by the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer

“Underwritten Shares”	all Offer Shares (other than those which have been undertaken to be subscribed for by the Committed Shareholders), being not less than 5,451,433,702 Shares (assuming no exercise of the outstanding Share Options which have been vested and are exercisable and there is no further issue of new Shares or repurchase of Shares by the Company on or before the Record Date) and not more than 5,504,033,702 Shares (assuming not more than 40,000,000 Shares are allotted and issued pursuant to the Schemes, and new Shares are issued pursuant to the exercise in full of all the 12,600,000 Share Options which have been vested and are exercisable, but no further issue of new Shares or repurchase of Shares by the Company, on or before the Record Date)
“Valid Excess Application”	the number of Underwritten Shares applied for under the Excess Application Form which shall have been lodged in accordance with the terms of the Prospectus Documents, together with cheques or banker’s cashier orders or other remittances for the full amount payable in connection with such Excess Application Form
“%”	per cent.

By Order of the Board
UNITED ENERGY GROUP LIMITED
Zhang Hong Wei
Chairman

Hong Kong, 2 June 2016

As at the date of this announcement, the executive Directors 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.