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UNITED ENERGY GROUP LIMITED

聯合能源集團有限公司*

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 467)*

DISCLOSEABLE TRANSACTION – ACQUISITIONS OF OMV MAURICE ENERGY LIMITED AND OMV (PAKISTAN) EXPLORATION GESELLSCHAFT M.B.H.

On 28 February 2018, the Purchaser, a wholly-owned subsidiary of the Company, entered into the OMEL Agreement and the OPAK Agreement with OMEG and OMVEP respectively, under which the Purchaser has conditionally agreed to acquire, and OMEG and OMVEP have respectively agreed to sell the OMEL Sale Shares and the OPAK Sale Share to the Purchaser.

The OMEL Acquisition

Pursuant to the OMEL Agreement, the Purchaser has conditionally agreed to acquire, and OMEG has conditionally agreed to sell, the OMEL Sale Shares. The OMEL Sale Shares represent the entire issued share capital of OMEL.

The OPAK Acquisition

Pursuant to the OPAK Agreement, the Purchaser has conditionally agreed to acquire, and OMVEP has conditionally agreed to sell, the OPAK Sale Share. The OPAK Sale Share represents the entire issued share capital of OPAK.

LISTING RULES IMPLICATIONS ON THE ACQUISITIONS

As certain applicable percentage ratios in respect of the Acquisitions (on an aggregated basis) exceed 5% but all of them are less than 25%, the Acquisitions constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement set out in Chapter 14 of the Listing Rules.

On 28 February 2018, the Purchaser, a wholly-owned subsidiary of the Company, entered into the OMEL Agreement and the OPAK Agreement with OMEG and OMVEP respectively, under which the Purchaser has conditionally agreed to acquire, and OMEG and OMVEP have respectively agreed to sell the OMEL Sale Shares and the OPAK Sale Share to the Purchaser. In connection with the Acquisitions, the Company will guarantee the performance of the obligations of the Purchaser under the Agreements.

THE OMEL ACQUISITION

Date

28 February 2018

** For identification purposes only*

Parties

Purchaser: Dragon Prime Hong Kong Limited, a wholly-owned subsidiary of the Company

Vendor: OMV Maurice Energy GmbH

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, OMEG 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.

Subject matter

Pursuant to the OMEL Agreement, OMEG has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the OMEL Sale Shares, representing the entire issued share capital of the OMEL. OMEL is a company incorporated in Mauritius.

Consideration

The initial consideration for the OMEL Sale Shares is EUR80,616,516 (equivalent to approximately HK\$771,500,000), subject to the following adjustments:

- (a) a reduction in the amount equal to the dividend for the financial year ended 31 December 2017;
- (b) an addition of any increase in the capital of OMEL by way of share subscription taking effect between the date of the OMEL Agreement and the date of completion of the OMEL Acquisition; and
- (c) a reduction for the leakage of OMEL that has accrued or been paid or incurred by OMEL between 31 December 2016 to the date of completion of the OMEL Acquisition (other than the permitted leakage as agreed in the OMEL Agreement).

The consideration was determined after arm's length negotiations between the parties with reference to the value of OMEL's oil and gas assets, adjusted based on its net working capital and financial indebtedness as at 31 December 2016.

Upon signing of the OMEL Agreement, a deposit in the amount of EUR8,061,651.6 (equivalent to approximately HK\$77,150,000) shall be payable by the Purchaser in cash; and at completion of the OMEL Acquisition, the remaining balance of the consideration shall be payable by the Purchaser in cash. The Group intends to fund the OMEL Acquisition by its internal financial resources.

Purchaser's conditions

The obligations of the Purchaser to proceed with completion of the OMEL Acquisition shall be conditional upon the following conditions being satisfied or waived before the Longstop Date:

- (a) certain warranties given by OMEG shall be true and correct as at the date of the OMEL Agreement and as of the date of completion of the OMEL Acquisition;
- (b) the Competition Commission of Pakistan has authorized the OMEL Acquisition and OMEG shall use all reasonable endeavours to assist the Purchaser as required to help obtain the order;
- (c) since 31 December 2016, there shall have been no material adverse change; and
- (d) the Purchaser's conditions set out in the OPAK Agreement having been satisfied or waived in accordance with the terms therein.

The Vendor's conditions

The obligations of the Vendor to proceed with completion of the OMEL Acquisition shall be conditional upon the following conditions being satisfied or waived before the Longstop Date:

- (a) payment by the Purchaser of the deposit in the amount of EUR8,061,651.6 (equivalent to approximately HK\$77,150,000) has been made to the Vendor;
- (b) the warranties given by the Purchaser shall be true and correct as of the date of the OMEL Agreement and as of the date of completion of the OMEL Acquisition; and
- (c) the Vendor's conditions set out in the OPAK Agreement having been satisfied or waived in accordance with the terms therein.

Mutual conditions

Completion of the OMEL Acquisition will be conditional upon the satisfaction or waiver of, among others, the following mutual conditions:

- (a) a tax clearance certificate having been provided by the Tax Authority in respect of the relevant tax that may be due and payable by OMEG in respect of the OMEL Acquisition;
- (b) the Authority having issued its written consent to the change of control of OMEL under the relevant rules; and
- (c) the mutual conditions set out in the OPAK Agreement having been satisfied or waived in accordance with the terms of the OPAK Agreement.

If the foregoing conditions have not been satisfied and/or waived by the Longstop Date then either OMEG or the Purchaser shall have the right to terminate the OMEL Agreement at any time on or after the Longstop Date, except if such termination was a result of its breach of any obligations under the OMEL Agreement. The OMEL Agreement shall lapse and cease to have effect (save for certain provisions) upon termination.

THE OPAK ACQUISITION

Date

28 February 2018

Parties

Purchaser: Dragon Prime Hong Kong Limited, a wholly-owned subsidiary of the Company

Vendor: OMV Exploration & Production GmbH.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, OMVEP 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.

Subject matter

Pursuant to the OPAK Agreement, OMVEP has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the OPAK Sale Share, representing the entire issued share capital of OPAK. OPAK is a company incorporated in Austria.

Consideration

The initial consideration for the OPAK Sale Share is EUR77,218,823 (equivalent to approximately HK\$738,984,000), subject to the following adjustments:

- (a) a reduction in the amount equal to the dividend for the financial year ended 31 December 2017;
- (b) an addition of any increase in the capital of OPAK by way of share subscription taking effect between the date of the OPAK Agreement and the date of completion of the OPAK Acquisition; and
- (c) a reduction for the leakage of OPAK that has accrued or been paid or incurred by OPAK between 31 December 2016 to the date of completion of the OPAK Acquisition (other than the permitted leakage as agreed in the OPAK Agreement).

The consideration was determined after arm's length negotiations between the parties with reference to the value of OPAK's oil and gas assets, adjusted based on its net working capital and financial indebtedness as at 31 December 2016.

Upon signing of the OPAK Agreement, a deposit in the amount of EUR7,721,882.3 (equivalent to approximately HK\$73,898,000) shall be payable by the Purchaser in cash; and at completion of the OPAK Acquisition, the remaining balance of the consideration shall be payable by the Purchaser in cash. The Group intends to fund the OPAK Acquisition by its internal financial resources.

Purchaser's conditions

The obligations of the Purchaser to proceed with completion of the OPAK Acquisition shall be conditional upon the following conditions being satisfied or waived before the Longstop Date:

- (a) certain warranties given by OMVEP shall be true and correct as at the date of the OPAK Agreement and as of the date of completion of the OPAK Acquisition;
- (b) the Competition Commission of Pakistan has authorized the OPAK Acquisition and OMVEP shall use all reasonable endeavours to assist the Purchaser as required to help obtain the order;
- (c) since 31 December 2016, there shall have been no material adverse change; and
- (d) the Purchaser's conditions set out in the OMEL Agreement having been satisfied or waived in accordance with the terms therein.

The Vendor's conditions

The obligations of the Vendor to proceed with completion of the OPAK Acquisition shall be conditional upon the following conditions being satisfied or waived before the Longstop Date:

- (a) payment by the Purchaser of the deposit in the amount of EUR7,721,882.3 (equivalent to approximately HK\$73,898,000) has been made to the Vendor;
- (b) the warranties given by the Purchaser shall be true and correct as of the date of the OPAK Agreement and as of the date of completion of the OPAK Acquisition; and
- (c) the Vendor's conditions set out in the OMEL Agreement having been satisfied or waived in accordance with the terms therein.

Mutual conditions

Completion of the OPAK Acquisition will be conditional upon the satisfaction or waiver of, among others, the following mutual conditions:

- (a) a tax clearance certificate having been provided by the Tax Authority in respect of the relevant tax the may be due and payable by OMVEP in respect of the OPAK Acquisition;
- (b) the Authority having issued its written consent to the change of control of OPAK under the relevant rules; and
- (c) the mutual conditions set out in the OMEL Agreement having been satisfied or waived in accordance with the terms of the OMEL Agreement.

If the foregoing conditions have not been satisfied and/or waived by the Longstop Date then either OMVEP or the Purchaser shall have the right to terminate the OPAK Agreement at any time on or after the Longstop Date, except if such termination was a result of its breach of any obligations under the OPAK Agreement. The OPAK Agreement shall lapse and cease to have effect (save for certain provisions) upon termination.

COMPLETION OF THE ACQUISITIONS

Completion of the OMEL Acquisition and the OPAK Acquisition shall take place on the later of (i) the last Business Day of the month on which the last of the conditions to proceed with completion of the OMEL Acquisition and OPAK Acquisition (the “**Conditions**”) has been satisfied or waived in all respects; (ii) the fifth Business Day after the date on which the last of the Conditions has been satisfied or waived in all respects; and (iii) the fifth Business Day after the date on which all Injunction Events have been lifted or on such other Business Day as the parties shall agree in writing.

Completion of the OMEL Acquisition and OPAK Acquisition shall be inter-conditional upon each other.

INFORMATION ON OMEL

OMEL is a company incorporated in Mauritius and is principally engaged in the exploration, development and production of condensate and natural gas.

Based on the management accounts of OMEL, its net liabilities value as at 31 December 2016 was approximately US\$33,289,678 (equivalent to approximately HK\$259,659,488). The financial accounts of OMEL for the two financial years immediately preceding the date of the OMEL Agreement (which were prepared in accordance with the International Financial Reporting Standards) are as follows:

	For the year ended			
	31 December			
	2015	2015	2016	2016
	US\$	HK\$ equivalent	US\$	HK\$ equivalent
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Net loss before taxation	166,813,640	1,301,146,392	84,518,350	659,243,130
Net loss after taxation	142,940,428	1,114,935,338	58,050,042	452,790,328

Upon completion of the OMEL Acquisition, the Company will own the entire issued share capital in OMEL, and the financial statements of OMEL will be consolidated with the accounts of the Group.

INFORMATION ON OPAK

OPAK is a company incorporated in Austria and is principally engaged in the exploration, development and production of condensate and natural gas.

Based on the management accounts of OPAK, its net asset value as at 31 December 2016 was approximately US\$30,935,890 (equivalent to HK\$241,299,942). The financial accounts of OPAK for the two financial years immediately preceding the date of the OPAK Agreement (which were prepared in accordance with the International Financial Reporting Standards) are as follows:

	For the year ended 31 December			
	2015		2016	
	US\$ (<i>approximately</i>)	HK\$ equivalent (<i>approximately</i>)	US\$ (<i>approximately</i>)	HK\$ equivalent (<i>approximately</i>)
Net profit before taxation	12,688,246	98,968,318	7,852,521	61,249,664
Net profit after taxation	11,000,035	85,800,273	6,067,540	47,326,812

Upon completion of the OPAK Acquisition, the Company will own the entire issued share capital in OPAK, and the financial statements of OPAK will be consolidated with the accounts of the Group.

INFORMATION ON OMEG

OMEG is a company incorporated in Austria and is principally engaged in the exploration, development and production of oil, condensate and natural gas.

INFORMATION ON OMVEP

OMVEP is a company incorporated in Austria and is principally engaged in the exploration, development and production of oil, condensate and natural gas.

REASONS FOR THE ACQUISITIONS

The Group is one of the largest listed independent upstream oil and gas corporations in Hong Kong, with business presence in South Asia. The Group is principally engaged in the investment and operation of upstream oil, natural gas and other energy related businesses. The Purchaser is principally engaged in investment holding.

The Group has been heavily investing in Pakistan since 2011. By introducing Chinese oil and gas expertise and supply chain management, the Group has successfully achieved exponential growth over the last five years, making the Group and its Pakistan subsidiary, United Energy Pakistan Limited, the largest foreign exploration and production company and investor in Pakistan.

The acquisition of the Target Companies is an extension and enlargement of the Group's upstream business in Pakistan. The Target Companies are engaged in exploration, development and production of natural gas and condensate in Pakistan where the Group has a significant presence.

The Acquisitions will enable the Group to (i) gain operatorship of all the production fields and a majority of the exploration fields; (ii) partner with major market participants in Pakistan; (iii) gain access to producing fields with high exploration potentials in the low-to-medium geological risk regions; and (iv) synergize with the Group's existing operation in the local market where the Group has developed a strong capability and deep understanding.

In view of the growth potential of the Target Companies, the Directors expect that the Acquisitions will be beneficial to the Group and the Board is of the view that the terms of the Agreements are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS ON THE ACQUISITIONS

As certain applicable percentage ratios in respect of the Acquisitions (on an aggregated basis) exceed 5% but all of them are less than 25%, the Acquisitions constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement set out in Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisitions”	the OMEL Acquisition and the OPAK Acquisition;
“Agreements”	the OMEL Agreement and the OPAK Agreement;
“Authority”	the Directorate General Petroleum Concessions (DGPC) or any officer or authority appointed by the Government of the Islamic Republic of Pakistan to exercise the powers and perform the functions of it;
“Board”	the board of directors of the Company;
“Business Day”	a day (other than a Saturday or Sunday) on which banks in Islamabad, Pakistan, Vienna, Austria and Hong Kong are open for the transaction of normal banking business;
“Company”	United Energy Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liabilities, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 467);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EUR”	Euro dollar, the lawful currency of the European Zone;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;

“Injunction Event”	an injunction, restraining order or other order or any other legal or regulatory restraint or prohibition has been issued or made by any court of competent jurisdiction or any other person which prevents the consummation of the Acquisitions;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Longstop Date”	the date falling on twelve (12) months after the date of the OMEL Agreement or OPAK Agreement (as the case may be), as may be extended (i) for an additional six (6) months or a longer time upon the mutual consent of OMEG/OMVEP (as the case may be) and the Purchaser; or (ii) automatically for the duration of an Injunction Event subject to a maximum period of twelve (12) months (the “ Extended Period ”) plus a further extension period of six (6) months by mutual consent of OMEG/OMVEP (as the case may be) and the Purchaser after the expiry of the Extended Period;
“OMEL”	OMV Maurice Energy Limited, a company incorporated under the laws of Mauritius;
“OMEL Acquisition”	the acquisition of the OMEL Sale Shares by the Purchaser pursuant to the terms of the OMEL Agreement;
“OMEL Agreement”	the sale and purchase agreement dated 28 February 2018 entered into between the Purchaser and OMEG in relation to the OMEL Acquisition;
“OMEL Sale Shares”	332,517,327 shares of OMEL, representing the entire issued share capital of OMEL;
“OMEG”	OMV Maurice Energy GmbH, a company incorporated under the laws of Austria;
“OMVEP”	OMV Exploration & Production GmbH, incorporated under the laws of Austria;
“OPAK”	OMV (PAKISTAN) Exploration Gesellschaft m.b.H., incorporated under the laws of Austria;
“OPAK Acquisition”	the acquisition of the OPAK Sale Share by the Purchaser pursuant to the terms of the OPAK Agreement;
“OPAK Agreement”	the sale and purchase agreement dated 28 February 2018 entered into between the Purchaser and OMVEP in relation to the OPAK Acquisition;
“OPAK Sale Share”	1 share of OPAK, representing the entire issued share capital of OPAK;
“Purchaser”	Dragon Prime Hong Kong Limited, a company incorporated in Hong Kong and being a wholly-owned subsidiary of the Company;

“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Companies”	OMEL and OPAK;
“Tax Authority”	any taxing or other authority competent to impose any liability in respect of tax or responsible for the administration and/or collection of tax or enforcement of any law in relation to tax; and
“Vendors”	OMEG and OMVEP.

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

28 February 2018

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Hong Wei (chairman) and Ms. Zhang Meiyang and the independent non-executive directors are Mr. Chau Siu Wai, Mr. San Fung and Ms. Wang Ying.

In this announcement amounts denominated in EUR have been translated into HK\$ at the rate of EUR 1.00 = HK\$9.57 and amount denominated in US\$ has been translated into HK\$ at the rate of US\$1.00 = HK\$7.80 for illustration purpose only. No representation is made that any amounts in EUR or US\$ or HK\$ have been, could have been or could be converted at the above rate or at any other rate or at any other rates or at all.