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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 AND CONNECTED TRANSACTION ACQUISITION OF EQUITY INTERESTS IN ORIENT GROUP BEIJING INVESTMNET HOLDING LIMITED AND ITS SUBSIDIARIES

THE EQUITY ACQUISITION

On 27 June 2018, SSIHL (a 100% owned subsidiary of the Company) and OGIHL entered into the Target SPA, pursuant to which SSIHL has agreed to purchase, and OGIHL has agreed to sell, the Target Equity Interests.

LISTING RULES IMPLICATIONS

As the assets ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Acquisition exceed 5% but all applicable percentage ratios are less than 25%, the Equity Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

Further, Mr. Zhang Hong Wei is an executive director and majority shareholder of the Company, indirectly holding approximately 71.39% of the shares in the Company as at the date of this announcement. Mr. Zhang is also indirectly holding 94% of the shares in OGIHL. On this basis, OGIHL is an associate within the definition of “associate” set out in 14A.12 of the Listing Rules and therefore a connected person of the Company. SSIHL is a wholly-owned subsidiary of the Company. Accordingly, the Equity Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules. As a result, the Equity Acquisition is subject to the reporting and announcement requirements and the shareholder approval.

A circular is expected to be dispatched to the shareholders of the Company on or around 18 July 2018.

* *For identification purposes only*

INTRODUCTION

On 27 June 2018, SSIHL (a 100% owned subsidiary of the Company) and OGIHL entered into the Target SPA, pursuant to which SSIHL has agreed to purchase, and OGIHL has agreed to sell, the Target Equity Interests.

PRINCIPAL TERMS OF THE TARGET SPA

Date

27 June 2018

Parties

- (1) SSIHL, as purchaser; and
- (2) OGIHL, as seller.

Subject matter

The Target Equity Interests held by OGIHL

Consideration

The aggregate consideration in respect of the Target Equity Interests of US\$48,000,000 was determined with reference to, among others, the valuation of the Target and the financial position of the Target. The consideration is payable upon completion of the Equity Acquisition. The Target was incorporated by OGIHL. It is engaged in the business of developing and operating a wind power project of approximately 100 megawatt located in Pakistan and developing renewable energy projects in the PRC, through its subsidiaries or associates. The Target Equity Interest was valued at US\$49,600,000.

Conditions to completion

Obligations of OGIHL to complete the Equity Acquisition are subject to (i) the representations and warranties of SSIHL being true and correct when made and remaining true and correct in all material respects as of the completion, and (ii) the covenants in the Target SPA to be complied with by SSIHL on or before the completion having been complied with in all material respects.

Obligations of SSIHL to complete the Equity Acquisition are subject to (i) the representations and warranties of OGIHL not qualified by materiality having been true and correct in all material respects; (ii) the representations and warranties of OGIHL qualified by materiality being true and correct unless a failure of such representations and warranties to be true and correct would not have a material adverse effect; and (iii) the covenants in the

Target SPA to be complied with by OGIHL on or before the completion having been complied with in all material respects.

Completion is also subject to other conditions, such as:

- (1) PRC ODI Approvals have been obtained or updated;
- (2) Pakistan Acquisition Approvals have been obtained;
- (3) CDB has given its consent in respect of the Equity Acquisition contemplated under the Target SPA;
- (4) The HKEX Conditions shall have been satisfied;
- (5) The entire issued shares of the purchaser, the Target (held then by the seller), and three subsidiaries of the Target including UEG Renewable Energy Group (Private) Limited, Super Success Investments Limited and UEP Wind Power (Private) Limited, as of the time immediately prior to the completion, shall have been duly pledged in favour of CDB, and such pledges duly perfected, in accordance with the terms of the relevant financing documents;
- (6) The SSIHL and OGIHL have negotiated in good faith and agreed the form of the new constitution of the Target that aligns with the terms of the relevant shareholders' agreement;
- (7) All conditions precedent to consummate the transactions contemplated under the Orient SPA have been fulfilled or waived in accordance with the term thereunder.

SHAREHOLDING STRUCTURE OF THE TARGET AFTER THE EQUITY ACQUISITION

Following completion of the Equity Acquisition, SSIHL will hold 48% of the shares in the Target. The seller, OGIHL, will transfer the remaining 52% of the shares in the Target to OGID on or before the completion of the Equity Acquisition.

THE SHAREHOLDERS' AGREEMENT

Upon completion of the Target SPA, SSIHL will hold 48% of the shares in the Target. OGID will hold the remaining 52% of the shares in the Target.

SSIHL, OGID and the Target entered into a shareholders' agreement on 27 June 2018.

The principal terms of the shareholders' agreement are summarised below:

Management

SSIHL is entitled to nominate three directors to the board of the Target which comprises seven directors. The quorum of the board will be met only with the presence of at least one director nominated by SSIHL and at least one director nominated by OGID.

Matters requiring affirmative vote of directors appointed by SSIHL

The following matters require the affirmative vote of at least one director appointed by SSIHL:

- (1) the amendment or restatement of the constitutional documents of the Company and the relevant subsidiaries and affiliates;
- (2) (i) the dissolution, liquidation or winding-up of the Company or the relevant subsidiaries and affiliates or (ii) the commencement of a voluntary proceeding seeking reorganisation or other similar relief;
- (3) continuing the Company under the laws of any other jurisdiction;
- (4) increase the share capital of the Company; or
- (5) enter into any contract, arrangement, understanding or other similar agreement with respect to the reserved matters above.

Restrictions on disposal of shares

No shareholder of the Target may dispose of its shares unless approved by CDB, the relevant government authorities and in compliance with the right of first refusal of the other shareholder set out in the shareholders' agreement. The agreement also provides a tag-along right.

INFORMATION OF THE RELATED PARTIES

The Company

The Company is one of the largest listed independent upstream oil and gas corporations in Hong Kong, with business presence in South Asia. The Company, together with its subsidiaries, 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.

OGIHL

OGIHL is a company incorporated under the laws of the PRC with limited liability, with the principal business of investment holdings in different industries including finance, port transportation, modern agriculture, commodity trade, new urbanization development and new energy.

The Target

The Target is a company incorporated under the laws of Mauritius with limited liability and is a wholly owned subsidiary of OGIHL. The Target, through its subsidiaries and associates, is engaged in the business of developing and operating a wind power project of approximately 100 megawatt located in Pakistan and development of renewable energy projects in the PRC. According to the unaudited financial statements of the Target, the unaudited consolidated net profit/loss before taxation of the Target for the years ended 31 December 2017 and 2016 were approximately profit of HK\$39,495,799 and loss of HK\$3,441,173, respectively, and the unaudited consolidated net profit/loss after taxation of the Target were approximately profit of HK\$39,495,799 and loss of HK\$3,794,708, respectively. The unaudited consolidated net assets of the Targets as of 31 December 2017 and 2016 were approximately HK\$248,113,694 and HK\$254,491,115, respectively.

REASONS FOR BENEFITS OF THE TRANSACTIONS

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

The Equity Acquisition is consistent with the current strategy of the Company for expansion of its operation in energy related businesses. The Equity Acquisition will create strategic synergies within the Company given our existing business presence in South Asia. Leveraging on the management's extensive experience in the energy related business, the Group has successfully grown into one of the major players in the energy industry. The Company believes that the Equity Acquisition is beneficial to the sustainable development of the Company.

The Directors (including independent non-executive Directors) of the Company are of the view that the Equity Acquisition is conducted in the ordinary course of business of the Group on normal commercial terms or better negotiated on an arm's length basis which are fair and reasonable, and are in the interests of the Company and its shareholders as a whole. Mr. Zhang Hong Wei and Ms. Zhang Meiyang, who is the daughter of Mr. Zhang Hong Wei and an executive director of the Company, have a material interest in the Equity Acquisition and have abstained from voting on the board resolution approving the Equity Acquisition.

LISTING RULES IMPLICATIONS

As the assets ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Acquisition exceed 5% but all applicable percentage ratios are less than 25%, the Equity Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

Further, Mr. Zhang Hong Wei is an executive director and majority shareholder of the Company, indirectly holding approximately 71.39% of the shares in the Company as at the date of this announcement. Mr. Zhang is also indirectly holding 94% of the shares in OGIHL. On this basis, OGIHL is an associate within the definition of “associate” set out in 14A.12 of the Listing Rules and therefore a connected person of the Company. SSIHL is a wholly-owned subsidiary of the Company. Accordingly, the Equity Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules. As a result, the Equity Acquisition is subject to the reporting and announcement requirements and the shareholder approval.

A circular is expected to be dispatched to the shareholders of the Company on or around 18 July 2018.

DEFINITIONS

“CDB”	the China Development Bank
“Company”	United Energy Group Limited, a company incorporated in the Cayman Islands and re-domiciled to Bermuda as an exempted company with limited liability under the Companies Act of Bermuda
“Company Group”	the Company and its subsidiaries from time to time
“Directors”	the director(s) of the Company
“Equity Acquisition”	the acquisition of the Target Equity Interests by SSIHL pursuant to the Target SPA
“HKEX Conditions”	all the requisite conditions for SSIHL, as a wholly owned subsidiary of the Company, to consummate the transactions contemplated by the Target SPA, the shareholders’ agreement for the Target, the new constitution of the Target, and the Orient SPA, under the Listing Rules

“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“OGID”	Orient Group Industrial & Development Co., Ltd., a company incorporated in the PRC and a subsidiary of OGIHL. Its principal business includes banking, securities and finance, modern agricultural industry, port transportation, new urbanization and development, information technology, oil and gas and new energy
“OGIHL”	Orient Group Investment Holding Limited, a limited liability company incorporated under the laws of the PRC
“OGIHL Group”	OGIHL and its subsidiaries from time to time
“Orient SPA”	the share purchase agreement between OGIHL and OGID dated on or around date of this Agreement
“SSIHL”	Super Success International Holdings Limited, a limited liability company incorporated under the laws of Mauritius
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Pakistan Acquisition Approvals”	the requisite clearance and approval from the Competition Commission of Pakistan and Alternative Energy Development Board of Pakistan in connection with the Equity Acquisition
“PRC ODI Approvals”	(i) the notice of filing for record to be issued by the National Development and Reform Commission of the PRC or its regional branches, and (ii) the enterprise overseas investment certificate to be issued by the Ministry of Commerce or its regional branches, in each case with respect to the Equity Acquisition
“Target Equity Interests”	Approximately 48% of the equity interests in the Target held by OGIHL comprising 22,929,377 shares
“Target SPA”	the share sale and purchase agreement for the Equity Acquisition

“Target”

Orient Group Beijing Investment Holding Limited,
a limited liability company incorporated under the
laws of Mauritius

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

Hong Kong, 27 June 2018

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