

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in United Energy Group Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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 INVESTMENT HOLDING LIMITED AND ITS SUBSIDIARIES

**Independent Financial Advisor
to the Independent Board Committee
and Independent Shareholders**



A letter from the Board is set out on pages 4 to 11 of this circular.

A notice convening the SGM to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 17 August 2018 at 10:00 a.m. is set out on pages N1 to N2 of this circular. Whether or not you are able to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Monday, 13 August 2018. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 13 August 2018.

* For identification purposes only

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This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at “www.uegl.com.hk” and Hong Kong Exchanges and Clearing Limited at “<http://www.hkexnews.hk>”. To the extent that there are any inconsistencies between the English version and the Chinese version of this circular, the English version shall prevail.

DEFINITION

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

“Announcement”	the announcement of the Company dated 27 June 2018 relating to the discloseable and connected transition regarding the acquisition of equity interests in the Target
“CDB”	the China Development Bank
“Company”	United Energy Group Limited, a company incorporated in the Cayman Islands and redomiciled 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
“Director(s)”	the director(s) of the Company
“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
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Chau Siu Wai, Mr. San Fung and Ms. Wang Ying, being the Independent Non-executive Directors of the Company, formed to advise the Independent Shareholders on the Target Equity Acquisition
“Independent Financial Adviser”	Donvex Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution approving the Target Equity Acquisition
“Latest Practicable Date”	20 July 2018
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITION

“OGID”	Orient Group Industrial & Development Co., Ltd., a company incorporated in the PRC and a subsidiary of OGIHL
“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
“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 Target 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 Target Equity Acquisition
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Target Equity Acquisition and to be held on Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 17 August 2018 at 10:00 a.m. or any adjournment thereof
“Shareholder(s)”	shareholder(s) of the Company
“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
“Target”	Orient Group Beijing Investment Holding Limited, a limited liability company incorporated under the laws of Mauritius

DEFINITION

“Target Equity Acquisition”	the acquisition of the Target Equity Interests by SSIHL pursuant to the Target SPA
“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 Target Equity Acquisition

For the purpose of this circular, all amounts denominated in US\$ have been translated (for information only) into HK\$ using the following exchange rate: US\$1.00: HK\$7.8.

Such translation shall not be construed as a representation that amounts of US\$ were or may have been converted at the rate set out above.

UNITED ENERGY GROUP LIMITED
聯合能源集團有限公司*

(Incorporated in the Cayman Islands and continues in Bermuda with limited liability)
(Stock code: 467)

Executive Directors:
Zhang Hong Wei (Chairman)
Zhang Meiyang

Independent non-executive Directors:
Chau Siu Wai
San Fung
Wang Ying

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal Place of Business
in Hong Kong:*
Unit 2505, 25/F
Two Pacific Place
88 Queensway
Admiralty
Hong Kong

26 July 2018

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF EQUITY INTERESTS IN
ORIENT GROUP BEIJING INVESTMENT HOLDING LIMITED AND
ITS SUBSIDIARIES**

INTRODUCTION

Reference is made to the announcement of the Company dated 27 June 2018 that 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.

The purpose of this circular is to provide you with, among other information, (i) further details of the Target Equity Acquisition; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders in respect of the Target Equity Acquisition; (iii) the letter from Donvex Capital Limited to the Independent board Committee and the Independent Shareholders in respect of the Target Equity Acquisition; (iv) a notice of the SGM.

The Target Equity Acquisition is subject to Shareholders' approval and satisfaction or waiver of conditions precedent. There is no assurance that the Target Equity Acquisition will take place or as to when it may take place. Shareholders and potential investors in the Company should therefore consult appropriate independent advisers on the appropriate course of action and exercise caution when dealing in the securities of the Company.

* For identification purposes only

LETTER FROM THE BOARD

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 (equivalent to approximately HK\$374,400,000) 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 Target 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 (equivalent to approximately HK\$386,880,000) as at 31 May 2018. The valuation was conducted by an independent valuation firm appointed by the Company based on the market approach. This approach adopts the guideline public company method in the valuation. The guideline public company method computes the price multiples of the publicly listed companies that are considered to be comparable to the subject asset, and then applies the result to a base of the subject asset, with necessary adjustments of discount for lack of marketability.

Conditions to completion

Obligations of OGIHL to complete the Target 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 Target 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

LETTER FROM THE BOARD

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 Target Equity Acquisition contemplated under the Target SPA (CDB has provided a loan to a subsidiary of the Target, which is secured by a pledge of shares including those of the Target. As such, the transfer of shares in the Target envisaged by the Target Equity Acquisition requires CDB's consent).
- (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 (this is imposed by CDB as a condition for giving its consent to the Target Equity Acquisition).
- (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 TARGET EQUITY ACQUISITION

Following completion of the Target 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 Target Equity Acquisition. Upon completion of the Target Equity Acquisition, the Target will become an associate of the Company. The investment in the Target will be accounted for in the consolidated financial statement of the Company by equity method.

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.

LETTER FROM THE BOARD

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 (the "**non-transferring shareholder**") set out in the shareholders' agreement.

The agreement also provides a tag-along right, whereby if the non-transferring shareholder does not exercise its right of first refusal, it will still have the right to sell its shares on the same terms and conditions as that of the shareholder proposing to sell its shares (the "**transferring shareholder**"), provided that the non-transferring shareholder shall notify the prospective seller in writing of its intention to participate in the proposed sale of shares at the same time when it declines to exercise its right of first refusal. The maximum number of shares that the non-transferring shareholder may elect to sell shall be equal to the product of (i) the aggregate number of the shares offered to be sold, multiplied by (ii) a fraction, the numerator of which is the number of shares held by non-transferring shareholder immediately before such proposed sale of shares and the denominator of which is the total number of shares held by the shareholders immediately before such proposed sale. To the extent the non-transferring shareholder exercises such

LETTER FROM THE BOARD

right of participation in accordance with the shareholders' agreement, the number of shares that the transferring shareholder may sell shall be reduced accordingly.

REASONS FOR AND BENEFITS OF THE TARGET EQUITY ACQUISITION AND THE SHAREHOLDERS' AGREEMENT

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 Target, through its Pakistan subsidiary, UEP Wind Power (Private) Limited ("UEPW") is engaged in the business of developing and operating a wind power project of approximately 100 megawatt electricity in the Sindh province of Pakistan. Prior to the Target Equity Acquisition, the Company through its subsidiary is already holding 1% equity interest of UEPW. The Target Equity Transaction provides an opportunity for the Company to further expand its investment in the clean energy business. The Target Equity Acquisition is consistent with the current strategy of the Company for expansion of its operation in energy related businesses. The Company has been operating in the Sindh Province of Pakistan since 2011. The wind power project is also located in the Sindh Province where the Company has strong presence and management team. The Target 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 Target 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 Target 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 Target Equity Acquisition and have abstained from voting on the board resolution approving the Target Equity Acquisition.

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.

LETTER FROM THE BOARD

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. The wind power project commenced production in June 2017. According to the unaudited financial statements of the Target:

- (i) the unaudited consolidated net profit/loss before taxation of the Target for the years ended 31 December 2017 and 2016 were approximately profit of US\$5,064,000 (equivalent to approximately HK\$39,499,200) and loss of US\$441,000 (equivalent to approximately HK\$3,439,800), respectively;
- (ii) the unaudited consolidated net profit/loss after taxation of the Target were approximately profit of US\$5,064,000 (equivalent to approximately HK\$39,499,200) and loss of US\$487,000 (equivalent to approximately HK\$3,798,600), respectively; and
- (iii) the unaudited consolidated net assets of the Targets as of 31 December 2017 and 2016 were approximately US\$31,809,000 (equivalent to approximately HK\$248,110,200) and US\$32,627,000 (equivalent to approximately HK\$254,490,600), respectively.

SGM

A notice convening the SGM to be held at 10:00 a.m. on Friday, 17 August 2018 at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong for the Shareholders to consider and, if thought fit, approve the Target Equity Acquisition is set out on pages N1 to N2 of this circular.

Pursuant to the Listing Rules, any Shareholder with a material interest in the Target Equity Acquisition and its associates are required to abstain from voting at the SGM on the relevant resolution in relation thereto. As such, Mr. Zhang Hong Wei and his associates are required to abstain from voting at the SGM on such resolution. Mr. Zhang Hong Wei indirectly holds approximately 71.39% of the shares in the Company as at the Latest Practicable Date. None of the associates of Mr. Zhang Hong Wei holds any share in the Company as at the Latest Practicable Date. To the best of the Directors' knowledge and information, no other Shareholder is required to abstain from voting at the SGM.

Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Monday, 13 August 2018. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 13 August 2018.

LETTER FROM THE BOARD

A proxy form for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM or any adjournment thereof, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish.

LISTING RULES IMPLICATIONS

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

RECOMMENDATION

Mr. Zhang Hong Wei and Ms. Zhang Meiyang, being Directors with material interests in the Target Equity Acquisition, abstained from voting in the relevant resolutions of the Board in approving the above.

The Independent Board Committee comprising Mr. Chau Siu Wai, Mr. San Fung and Ms. Wang Ying, all being Independent Non-executive Directors, has been formed to advise the Independent Shareholders:

- (i) as to whether the terms of the Target Equity Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (ii) as to whether the Target Equity Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group; and
- (iii) on how to vote, taking into account the recommendation of Donvex Capital Limited.

A copy of the letter from the Independent Board Committee is set out on page 12 of this circular.

LETTER FROM THE BOARD

The Directors (excluding the Independent Non-executive Directors who have expressed their recommendation in their letter to the Independent Shareholders on page 12 of this circular) consider that the Target 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 the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Target Equity Acquisition.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix of this circular.

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

UNITED ENERGY GROUP LIMITED
聯合能源集團有限公司*

(Incorporated in the Cayman Islands and continues in Bermuda with limited liability)

(Stock code: 467)

26 July 2018

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF EQUITY INTERESTS IN
ORIENT GROUP BEIJING INVESTMENT HOLDING LIMITED AND
ITS SUBSIDIARIES**

The Independent Board Committee has been established to advise you in connection with the Target Equity Acquisition, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 26 July 2018 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

Having considered the terms of the Target Equity Acquisition, and the advice of Donvex Capital Limited in relation thereto as set out on pages 13 to 24 of the Circular, we are of the opinion that the Target Equity Acquisition in itself is in the ordinary and usual course of business of the Group and the terms of the Target Equity Acquisition are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Target Equity Acquisition.

Yours faithfully,
Independent Board Committee of
United Energy Group Limited

Chau Siu Wai

San Fung

Wang Ying

* *For identification purposes only*

LETTER FROM DONVEX CAPITAL LIMITED

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1305, 13th Floor
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

26 July 2018

The Independent Board Committee and the Independent Shareholders

Dear Sir/Madam,

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

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Target SPA and the Target Equity Acquisition contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 26 July 2018 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise stated.

Reference is made to the announcement dated 27 June 2018 in relation to the Target SPA and the Target Equity Acquisition contemplated thereunder.

On 27 June 2018, SSIHL, a wholly-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 at an aggregate consideration of US\$48,000,000 (equivalent to approximately HK\$374,400,000).

As at the Latest Practicable Date, Mr. Zhang Hong Wei (“**Mr. Zhang**”), the executive Director and majority shareholder of the Company, indirectly holds approximately 71.39% of number of shares in issue of the Company. Save for the above, Mr. Zhang also indirectly holds approximately 94% of equity interests in OGIHL. As such, OGIHL is an associate (as defined under Chapter 14A of the Listing Rules) and therefore a connected person of the Company. As such, the Target Equity Acquisition constitutes a connected transaction and therefore is subject to the announcement, shareholders’ approval, circular and annual reporting requirement under Chapter 14A of the Listing Rules.

LETTER FROM DONVEX CAPITAL LIMITED

As one or more of the applicable percentage ratio in respect of the Target Equity Acquisition under the Target SPA are more than 5% but less than 25%, the Target Equity Acquisition constitutes a discloseable transaction of the Company and therefore is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Chau Siu Wai, Mr. San Fung and Ms. Wang Ying, has been established to advise the Independent Shareholders as to (i) whether the terms of the Target SPA are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Independent Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect to the relevant resolution to approve the Target SPA and the Target Equity Acquisition contemplated thereunder at the SGM. We, Donvex Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Mr. Zhang and Ms. Zhang Meiyong, who is the daughter of Mr. Zhang and an executive director of the Company, have a material interest in the Target Equity Acquisition and have abstained from voting on the board resolution approving the Target Equity Acquisition.

Pursuant to the Listing Rules, any Shareholder with a material interest in the Target Equity Acquisition and its associates are required to abstain from voting at the SGM on the relevant resolution in relation thereto. As Mr. Zhang indirectly holds approximately 71.39% of number of shares in issue of the Company as at the Latest Practicable Date, Mr. Zhang and his associates are required to abstain from voting at the SGM on such resolution. To the best of the Directors' knowledge and information, no other Shareholder is required to abstain from voting at the SGM.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In addition to our engagement as the Independent Financial Adviser, Donvex Capital Limited has not acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company for any transaction in the past two years.

We are independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules and, accordingly, are qualified to advise the Independent Board Committee and the Independent Shareholders in respect of the Target SPA and the Target Equity Acquisition contemplated thereunder. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

LETTER FROM DONVEX CAPITAL LIMITED

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date.

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

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we carried out any independent verification of the information provided.

Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Target SPA and the Target Equity Acquisition contemplated thereunder and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM DONVEX CAPITAL LIMITED

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Target SPA and the Target Equity Acquisition contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background of the parties

The Group

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.

Set out below is the financial information of the Group for the years ended 31 December 2016 and 2017 as extracted from the annual report of the Company for the year ended 31 December 2017 (“2017 Annual Report”).

	For the year ended		
	31 December		
	2017	2016	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(%)</i>
	(Audited)	(Audited)	
Revenue	4,441,266	4,061,024	9.4%
Profit for the year	1,315,817	960,353	37.0%
	As at 31 December		
	2017	2016	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(%)</i>
Bank and cash			
balances	2,746,793	5,850,098	(53.0)%
Net assets	10,677,019	10,423,544	2.4%

As illustrated in the above table, the revenue and profit of the Group amounted to approximately HK\$4.44 billion and HK\$1.32 billion respectively for the year ended 31 December 2017 (“FY2017”), representing increase of approximately 9.4% and 37.0% respectively as compared to the year ended 31 December 2016 (“FY2016”). With reference to the 2017 Annual Report, the improved business performance of the Group was mainly attributable to the increase in sales prices of oil and gas commodities in the global market for FY2017.

LETTER FROM DONVEX CAPITAL LIMITED

As at 31 December 2017, the Group had bank and cash balances of approximately HK\$2.75 billion representing a decrease of 53.0% as compared to that as at 31 December 2016 due to the repayment of the bank borrowings whereas the Group's net assets was approximately HK\$10.68 billion representing a slight increase of 2.4% as compared to the previous year.

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 that is wholly owned by OGIHL. The Target, through its subsidiaries and associates, is engaged in the business of developing and operating a wind power project with a maximum capacity of approximately 100 megawatts electricity located in Pakistan and development of renewable energy projects in the PRC. The wind power project commenced its production in June 2017, contributing the main revenue to the Target by the sales of the electricity to the local government.

Financial information of the Target

Set out below is the unaudited financial information of the Target for the years ended 31 December 2016 and 2017 respectively.

	For the year ended		
	December 31		
	2017	2016	
	<i>US\$'000</i>	<i>US\$'000</i>	
	(Unaudited)	(Unaudited)	
Revenue	23,876	1,660	
Profit/(loss) before taxation	5,064	(441)	
Net profit/(loss) after taxation	5,064	(487)	
	As at	As at 31 December	
	31 May 2018	2017	2016
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Total assets	287,197	266,680	279,228
Total liabilities	242,582	234,871	246,601
Net assets	44,616	31,809	32,627

LETTER FROM DONVEX CAPITAL LIMITED

2. Principal terms of the Target SPA

The principal terms of the Target SPA are summarized as follows:

Date: 27 June 2018

Parties: (a) SSIHL as the purchaser; and

(b) OGIHL as the seller

Subject Matter

The Target Equity Interests, being approximately 48% of the equity interests in the Target held by OGIHL

Conditions to completion

Completion of the Target Equity Acquisition is subject to the obligations of OGIHL and SSIHL as follows:

- (i) Obligations of OGIHL to complete the Target Equity Acquisition are subject to (i) the representations and warranties of SSIHL in the Target SPA 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; and
- (ii) Obligations of SSIHL to complete the Target Equity Acquisition are subject to (i) the representations and warranties of OGIHL in the Target SPA that are not qualified by materiality or material adverse effect having been true and correct in all material respects; (ii) the representations and warranties of OGIHL that are qualified in the Target by materiality and material adverse effect 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.

LETTER FROM DONVEX CAPITAL LIMITED

Other Conditions

Completion of the Target Equity Acquisition is also subject to other conditions, such as:

- (i) PRC ODI Approvals have been obtained or updated;
- (ii) Pakistan Acquisition Approval have been obtained;
- (iii) CDB has given its consent in respect of the Target Equity Acquisition contemplated under the Target SPA due to the reason that CDB has provided a loan to a subsidiary of the Target, which is secured by a pledge of shares including those of the Target;
- (iv) The HKEX Conditions shall have been satisfied;
- (v) As a condition imposed by CDB to give its consent as stated in (iii) above, 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;
- (vi) The SSIHL and OGIHL have negotiated in good faith and agreed the form of new constitution of the Target that aligns with the terms of the relevant shareholders' agreement; and
- (vii) All conditions precedent to consummate the transactions contemplated under the Orient SPA, in relation to the transfer of remaining 52% of equity interests in the Target from OGIHL to OGID, have been fulfilled or waived in accordance with the terms thereunder.

Consideration

The aggregate consideration in respect of the Target Equity Interests is US\$48,000,000 (equivalent to approximately HK\$374,400,000), which was determined after arm's length negotiations between SSIHL and OGIHL with reference to the valuation report ("**Valuation Report**") issued by BMI Appraisals Limited, an independent valuation firm appointed by the Company (the "**Valuer**").

According to the Valuation Report, the equity value of the Target Equity Interests as at 31 May 2018 was approximately US\$49,600,000 (equivalent to approximately HK\$386,880,000) based on the market approach adopted by the Valuer.

LETTER FROM DONVEX CAPITAL LIMITED

For our due diligence purpose, we have reviewed (i) the engagement of the Valuer; (ii) the Valuer's qualification and experience in relation to the preparation of the Valuation Report; and (iii) the due diligence measures adopted by the Valuer for conducting the valuation of the Target Equity Interests.

Valuer

Based on the engagement letter and other relevant information provided by the Valuer, we are of the view that the Valuer is qualified and competent to conduct the valuation. The Valuer has also confirmed that they are independent to the Group and OGIHL.

Valuation Methodology

Based on the review of the Valuation Report and discussion with the Valuer, we note that the Valuer has considered the income approach, market approach and cost approach for the valuation of the Target Equity Interests. The Valuer is of the opinion that the market approach is the most appropriate valuation approach for the valuation as it is the most direct valuation approach which reflects the value obtained as a result of a consensus of what other comparable companies have judged it to be.

We further note that, under the market approach, guideline public company method ("**GPC Method**") was adopted by the Valuer in the valuation. The GPC Method refers to the calculation of the price multiples of publicly listed companies which are considered to be comparable to the Target and then applies the result to a base of the Target, with necessary adjustment of discount for lack of marketability.

Selection of comparable companies

According to the Valuation Report, we have reviewed the six comparable companies ("**Comparable Companies**") selected by the Valuer in the valuation and noted that the Comparable Companies have been selected based on the following criteria:

- (i) The principle activities of the Comparable Companies are in Asia;
- (ii) The Comparable Companies are principally engaged in the wind power projects and the related operation in Asia;
- (iii) The Comparable Companies are profit making in the latest financial year;
- (iv) Shares of the Comparable Companies are listing a major stock exchange and are being actively traded in a reasonable period of time; and

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- (v) Detailed financial and operational information in respect of the Comparable Companies are available at other publicly available sources.

Having taken into account (i) the similar industry sector and geographical location of the Comparable Companies; (ii) the revenue of the Comparable Companies is mainly contributed by the wind energy business which is similar with the Target; and (iii) the availability of financial information of the Comparable Companies in calculating the price multiples for this valuation, we are of the view that the list of Comparable Companies is exhaustive and the selection of the Comparable Companies based on the above criteria are fair and reasonable.

Selection of price multiple

With reference to the Valuation Report, we understand that the Valuer has considered various price multiples in applying the GPC Method, including the enterprise value-to-earnings before interest, taxes, depreciation and amortization (“EV/EBITDA”) multiple, enterprise value-to-earnings before interest and taxes (“EV/EBIT”) multiple, price-to-earnings (“P/E”) multiple, price-to-sales (“P/S”) multiple and the price-to-book (“P/B”) multiple.

Having considered that (i) the P/S multiple does not capture differences in cost structure across Comparable Companies; (ii) the P/B multiple does not reflect the value of intangible economic assets such as human capital; and (iii) the P/E multiple does not cater for the tax policies difference in different listing countries that the effect of tax on earnings of Comparable Companies shall be eliminated, the Valuer is of the view that the price multiples of P/S, P/B and P/E were not appropriate for the valuation.

Besides, as the wind power industry usually requires intensive capital expenditures which may lead to a relative high level of depreciation and amortization expenses, the EV/EBIT multiple, which is susceptible to differences in depreciation and amortization, were not appropriate for the valuation.

As such, we concur with the Valuer that the EV/EBITDA multiple is considered most appropriate to be adopted in assessing the value of the Target as EV/EBITDA multiple excludes depreciation and amortization in the calculation.

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Determination of equity value of the Target

In applying the EV/EBITDA multiple, the EV is calculated by using the following formula:

$$EV = \text{Market Cap} + PE + MI + ST Debt + LT Debt - \text{Cash}$$

Where:

<i>EV</i>	:	enterprise value
<i>Market Cap</i>	:	market capitalization
<i>PE</i>	:	preferred equity
<i>MI</i>	:	minority interest
<i>ST Debt</i>	:	short-term debt
<i>LT Debt</i>	:	long-term debt
<i>Cash</i>	:	cash and cash equivalents

Based on the above formula, the EV/EBITDA multiple for each of the Comparable Companies has been determined, and the average price multiple of 9.77 was determined after excluding the outliers. In order to assess the equity value of the Target, the average of the EV/EBITDA multiple of the Comparable Companies of 9.77 was multiplied by the EBITDA of the Target for the year ended 31 May 2018 and further adjusted by subtracting the PE, MI, ST Debt and LT Debt and adding back the Cash. As a result, the equity value of the Target was determined to be approximately US\$123,000,000 (equivalent to approximately HK\$959,400,000).

Discount for lack of marketability ("DLOM")

DLOM is a downward adjustment to the market value to reflect its reduced level of marketability. As the shares of the Target are unlikely to be listed in any major stock exchange or be marketable in any over-the-counter market in the near future, the ownership interest in the Target is not readily marketable. However, the EV/EBITDA multiple adopted in the valuation was determined based on the public listed companies, representing the marketable interest value of Comparable Companies. As such, a DLOM was adopted by the Valuer to adjust such marketable equity value to non-marketable equity value.

Based on the Valuation Report, we note that the DLOM, as the percentage difference between the private placement price per share and the market trading price per share, has been properly selected the Valuer with reference to the Stout Restricted Stock Study which is the largest fully-vetted DLOM database providing the mean and median discount rate of DLOM based on its sizable transaction database.

Based on the above, we concur with the Director that the discount rate of 15.90% applied by the Valuer as the DLOM for the valuation is fair and justifiable.

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Our view

Having considered that (i) the list of the Comparable Companies is exhaustive; (ii) the valuation methodology has been properly adopted by the Valuer for the valuation; (iii) the DLOM selected for the valuation is fair and justifiable; and (iv) the consideration of the Target Equity Acquisition has been determined based on the valuation, we are of the view that the consideration of the Target Equity Acquisition is fair and reasonable and in the interests of the Company and Independent Shareholders as a whole.

3. Shareholding structure of the Target upon completion

Upon completion of the Target Equity Acquisition, SSIHL will directly hold 48% of the equity interests in the Target.

As OGIHL will transfer the remaining 52% of the equity interests in the Target to OGID, a wholly-owned subsidiary of OGIHL on or before completion of the Target Equity Acquisition, the Target will become a subsidiary of OGID and an associate of the Company. The investment in the Target will be accounted in the consolidated financial statement of the Company by equity method.

4. Reasons for and benefits of the Target Equity Acquisition

As stated in the above section headed "Background of the parties", the Company, together with its subsidiaries, is principally engaged in the investment and operation of upstream oil, natural gas and other energy related businesses. It has been the Company's business strategy to expand operation in energy related business including the renewable energy.

As stated in the Letter from the Board and enquired with the management, we understand that the Group has entered into the wind energy industry since 2013 by way of the indirect holding of 1% of equity interests in UEP Wind Power (Private) Limited ("UEPW"), the subsidiary of the Target, engaged in the business of developing and operating a wind power project in Pakistan. The Group has involved in the operation and management of the wind power project and therefore accumulated intensive experience and resources in wind energy industry in Pakistan. The Directors consider that the Target Equity Acquisition is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole after taking into account the following reasons:

- (i) With reference to Alternative Energy Development Board ("AEDB"), the sole representing agency of the Pakistan Federal Government with the main objective to facilitate, promote and encourage development of renewable energy in Pakistan, the market share of wind power in Pakistani energy mix has been increasing over the past few years and has arrived at 1.23% in September 2017. In addition, the Pakistan government had set a goal, in 2006, in relation to the development of wind energy and expected that the market share of wind energy would

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increase to 5% in the total energy mix by 2030. As such, the Target Equity Acquisition would enable the Group to further expand its operation in the renewable energy business, in particular for the uptrend market of wind energy in Pakistan;

- (ii) The Target Equity Acquisition could enhance the Group's position in developing the wind power projects of UEPW by leveraging on the Group's expertise and management experience in such industry, which would be ultimately beneficial to the sustainable development of the Group's energy related business; and
- (iii) In view of the stable profitability of the wind power project of UEPW, the existing bank borrowings and relevant interests could be repaid by the Target itself in a timely manner.

Having considered that (i) the Target Equity Acquisition provides an opportunity for the Group to expand and enhance its wind energy business; (ii) the future prospect of wind power market in Pakistan is considered to be positive; and (iii) the profitability of the Target is expected to be stable, we are of the view that the Target Equity Acquisition is fair and reasonable and in the interests of the Company and its Independent Shareholders as a whole.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the terms of the Target SPA are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole; and (ii) the Target Equity Acquisition is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend that the Independent Shareholders vote in favor of the resolution to be proposed at the SGM to approve the Target SPA and the Target Equity Acquisition.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

Ms. Doris Sy is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Donvex Capital Limited who has over 17 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS OF DIRECTORS

- (a) As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules were as follows:

Long position in the shares of the Company

Name of Director	Nature of interests	Number of Shares held as at the Latest Practicable Date	Percentage of total number of issued Shares as at the Latest Practicable Date
Mr. ZHANG Hong Wei	Attributable interest of controlled corporation	18,754,300,230	71.39% ^{Note 1}

Note 1: Out of the 18,754,300,230 shares, 10,657,758,250 shares were beneficially held by He Fu International Limited, 4,447,453,416 shares were beneficially held by United Petroleum & Natural Gas Holdings Limited, and 3,649,088,564 shares were beneficially held by United Energy Holdings Limited. He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited are companies wholly-owned by Mr. Zhang Hong Wei. Therefore, Mr. Zhang Hong Wei is deemed to be interested in those 18,754,300,230 shares.

- (b) Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, (i) none of the Directors or chief executives of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and (ii) none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

4. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTOR'S INTERESTS IN CONTRACTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8. EXPERT AND CONSENT

The following are the qualifications of the experts who have been named in this circular and whose advice or opinion is contained in this circular:

Name	Qualification
Donvex Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Donvex Capital Limited did not have any shareholding, direct or indirect, in any member of the Group or any right or option, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Donvex Capital Limited did not or had not had any interest, direct or indirect, in any assets which have been, since 31 December 2017, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Donvex Capital Limited has given and has not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter to the Independent Board Committee and the Independent Shareholders and references to their name, in the form and context in which they appear in this circular.

9. LITIGATION

During the year end, certain subsidiaries of the Group had disputes with the Pakistan government on the applicability of a windfall levy on its production of oil and condensate. The execution of windfall levy was subject to a series of government's approval process and was still not effective as at 31 December 2016. On 27 December 2017, the government's approval for the execution of windfall levy was granted and the windfall levy became applicable on the subsidiaries. Based on external legal advice, the Company believes that the applicability of the windfall levy is prospective, i.e. from the date of the government's approval. If the applicability of windfall levy is prospective, a further provision for the windfall levy of approximately HK\$194,261,000 (2016: HK\$179,229,000) would be required to be made in the consolidated financial statements for the year ended 31 December 2017. There has been no further development in this respect as at the Latest Practicable Date.

A subsidiary of the Company received various tax orders in an attempt to re-assess tax liability for prior years by the Pakistan tax department. The subsidiary is currently appealing against these orders and the cumulative exposure for the pending tax cases is Rupees 1.8 billion (equivalent to approximately HK\$102,400,000 based on an exchange rate of 1 Rupee to HK\$0.064).

The Company is of the view that there are reasonable grounds to believe that outcome of these proceedings will be in favour of the subsidiary and that no outflow of economic benefits from the subsidiary is expected based on evaluation of the subsidiary's independent tax advisor, hence no provision in respect of aforementioned amount has been made in the consolidated financial statements for the year ended 31 December 2017.

Save as disclosed above, there was no litigation or claim of material importance pending or threatened against any member of the Group as at the Latest Practicable Date.

10. MATERIAL CONTRACTS

The members of the Group have entered into the following material contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular:

- (a) The Target SPA;
- (b) The sale and purchase agreement dated 28 February 2018 entered into between Dragon Prime Hong Kong Limited, a wholly-owned subsidiary of the Company, and OMV Maurice Energy Limited ("OMEL") in relation to the acquisition of the entire issued share capital of OMEL by Dragon Prime Hong Kong Limited;
- (c) The sale and purchase agreement dated 28 February 2018 entered into between Dragon Prime Hong Kong Limited and OMV (PAKISTAN) Exploration Gesellschaft m.b.H. ("OPAK") in relation to the acquisition of the entire issued share capital of OPAK by the Dragon Prime Hong Kong Limited;
- (d) The conditional share purchase agreement dated 24 October 2017 and entered into between the fifteen shareholders of the Asia Resources Oil Limited ("AROL") and the sellers of the entire issued share capital of AROL and KNGS Exploration and Development Limited, a wholly-owned subsidiary of the Company, in respect of the proposed acquisition of the entire issued share capital of AROL; and
- (e) The shareholders agreement dated 25 November 2016 entered into between the Company, Orient Group Co., Ltd and OGIHL in respect of the jointly incorporation of Orient Art Limited in Beijing and in British Virgins Islands.

Save as disclosed above, no other material contract has been entered into by the members of the Group within the two years immediately preceding the date of this circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Unit 2505, 25/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday (other than public holidays) from the date of this circular up to and including 17 August 2018:

- (a) the memorandum of continuance and bye-laws of the Company;
- (b) the material contracts referred to in the section headed "Material Contracts" in this Appendix;
- (c) the annual reports of the Company for each of the three financial years ended 31 December 2015, 2016 and 2017; and
- (d) this circular.

12. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF SGM

UNITED ENERGY GROUP LIMITED
聯合能源集團有限公司*

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

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of United Energy Group Limited (the “**Company**”) will be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 17 August 2018 at 10:00 a.m. (the “**SGM**”) for the purpose of considering and, if thought fit, passing with or without modifications the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the Target SPA and the Target Equity Acquisition set out in the circular to the shareholders of the Company dated 26 July 2018 (the “**Circular**”), be and are hereby approved, confirmed, authorized and ratified; and
- (b) the directors of the Company be and are hereby authorised for and on behalf of the Company, amongst other matters, to sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Target Equity Acquisition.”

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

Hong Kong, 26 July 2018

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:

Unit 2505, 25/F
Two Pacific Place
88 Queensway
Hong Kong

* *For identification purposes only*

NOTICE OF SGM

Notes:

1. For the purpose of ascertaining shareholders who are entitled to attend and vote at the SGM to be held on Friday, 17 August 2018 (or any adjournment thereof), the register of members of the Company will be closed from Tuesday, 14 August 2018 to Friday, 17 August 2018 (both days inclusive). Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Monday, 13 August 2018. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 13 August 2018.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more (if the relevant member holds more than one share) proxies to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person to represent the member.
3. To be valid, the proxy form together with any power of attorney or other authority under which it is signed or a certified copy of such power or authority must be deposited at the office of the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjourned meeting thereof if the shareholder of the Company so desires, and in such event, the proxy form will be deemed to be revoked.
5. Where there are joint holders of any shares in the Company, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. Unless the context requires otherwise, terms defined in the circular of the Company dated 26 July 2018 of which this notice forms part have the same meanings in this notice.