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## **UNITED ENERGY GROUP LIMITED**

**聯合能源集團有限公司**

*(incorporated in Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 467)**

### **VOLUNTARY ANNOUNCEMENT - SHARE PURCHASE AGREEMENT**

#### **SHARE PURCHASE AGREEMENT**

The Board is pleased to announce that on 17 June 2009, UEIH, a wholly owned subsidiary of the Company, FL and Madura Petroleum entered into the Share Purchase Agreement pursuant to which UEIH has agreed to acquire the Acquired Shares, representing the entire issued share capital of PCI, from Madura Petroleum for the consideration of US\$21,505,000.

The Acquisition does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules, nor any connected transaction under Chapter 14A of the Listing Rules. The Board wishes to make a voluntary disclosure of the Acquisition to inform the shareholders of the Company of the details of the Acquisition.

#### **INTRODUCTION**

On 17 June 2009, UEIH, a wholly owned subsidiary of the Company, FL and Madura Petroleum entered into the Share Purchase Agreement pursuant to which UEIH has agreed to acquire the Acquired Shares, representing the entire issued share capital of PCI, from Madura Petroleum for the consideration of US\$21,505,000.

#### **SHARE PURCHASE AGREEMENT**

##### **Date**

17 June 2009

##### **Parties to the Share Purchase Agreement**

Purchaser: UEIH

Seller: Madura Petroleum

Guarantor: FL

## **Conditions precedents**

### *Conditions precedent for UEIH*

The obligations of UEIH to proceed to Closing are conditional upon the satisfaction of the following conditions precedent:

- (a) the representations and warranties made by Madura Petroleum and FL in the Share Purchase Agreement shall have been true and correct in all material respects as of the date of execution of the Share Purchase Agreement and shall be true and correct in all material respects with the same force and effect as though such representations and warranties had been made at and as of the date of Closing (other than representations and warranties that by their terms address matters only as of another specified date, which shall be true and correct in all material respects as of such date). All of the covenants, terms and conditions of the Share Purchase Agreement to be complied with or performed by Madura Petroleum and FL at or before the date of Closing shall have been complied with and performed in all material respects;
- (b) there shall be in effect no injunction, order or decree of any nature issued, ordered or granted by any Governmental Authority of competent jurisdiction that restrains or prohibits in any material respect, or would award substantial damages in connection with, the consummation of the transactions contemplated under the Share Purchase Agreement, and no such injunction, order or decree has been threatened by any Governmental Authority of competent jurisdiction.
- (c) UEIH shall have completed to its satisfaction its review of due diligence materials relating to Madura Petroleum, PCI and the business and operations of PCI and shall have been granted reasonable access to such materials by Madura Petroleum and PCI (and their affiliates, employees, agents and representatives);
- (d) UEIH shall have obtained all necessary approvals from any Governmental Authorities required for UEIH to proceed with the transactions contemplated under the Share Purchase Agreement;
- (e) UEIH shall have obtained to its satisfaction a legal opinion from a Bahamas law firm in respect of PCI and the transactions contemplated under the Share Purchase Agreement;
- (f) Madura Petroleum shall have delivered to UEIH the Financial Statements prepared in accordance with the generally accepted international accounting practices; and
- (g) the Madura PSC Contract has not been cancelled, suspended, or materially modified or amended.

The above conditions precedent can only be waived, in whole or in part, by UEIH.

### *Conditions precedent for Madura Petroleum*

The obligations of Madura Petroleum to proceed to Closing are conditional upon the satisfaction of the following conditions precedent:

- (a) the representations and warranties made by UEIH in the Share Purchase Agreement shall have been true and correct in all material respects as of the date of execution of the Share Purchase Agreement and shall be true and correct in all material respects with the same force and effect as though such representations and warranties had been made at and as of the date of Closing (other than representations and warranties that by their terms address matters only as of another specified date, which shall be true and correct in all material respects as of such date). All of the covenants, terms and conditions of the Share Purchase Agreement to be complied with or performed by UEIH at or before the date of Closing shall have been complied with and performed in all material respects; and
- (b) there shall be in effect no injunction, order or decree of any nature issued, ordered or granted by any Governmental Authority of competent jurisdiction that restrains or prohibits in any material respect, or would award substantial damages in connection with, the consummation of the transactions contemplated under the Share Purchase Agreement.

The above conditions precedent can only be waived, in whole or in part, by Madura Petroleum.

### **Completion**

Completion of the Acquisition will take place on the seventh business day after the conditions precedent have been satisfied or waived, or at such other date as the parties may mutually agree in writing.

### **Consideration**

The Purchase Price for the Acquired Shares is US\$21,505,000, which shall be payable by wire transfer to a bank account designated by Madura Petroleum in the following manner:

- (a) 90% of the Purchase Price on the date of Closing; and
- (b) the balance of 10% of the Purchase Price within thirty (30) days of the date of Closing, subject to certain adjustments as determined by the Agreed Accounting Firm to reflect any changes in the working capital, assets or liabilities of PCI between the valuation date of the Acquired Shares and the date of Closing.

### **Performance bond**

Pursuant to the terms of the Share Purchase Agreement, UEIH shall also deliver to Madura Petroleum on the date of Closing a copy of the receipt evidencing the payment by UEIH of 10% of the performance bond as required in the Madura PSC Contract in the form of a bank guarantee and in the amount of US\$600,000. Such bank guarantee will be issued in favour of Directorate General of Oil and Gas Department of Energy and Mineral Resources of the Central Government of the Republic of Indonesia for guarantee of the Company's performance of its obligations through PCI in relation to the seismic survey cost in the first three years of exploration term as contemplated in the Madura PSC Contract.

## **Guarantee by FL**

FL has undertaken to UEIH that he will procure the due and punctual performance by Madura Petroleum of all of its obligations, commitments and undertakings under or pursuant to the Share Purchase Agreement and has guaranteed to UEIH the due and punctual performance by Madura Petroleum of its obligations and the due and punctual payment by Madura Petroleum of any moneys payable by Madura Petroleum pursuant to the Share Purchase Agreement or for any breach of the Share Purchase Agreement by Madura Petroleum.

## **INFORMATION RELATING TO THE COMPANY AND UEIH**

The Company is an investment holding company. The principal activities of its subsidiaries include investment holding, oil resources related business and property investment.

## **INFORMATION RELATING TO FL AND MADURA PETROLEUM**

FL is a natural person and citizen of the Republic of Indonesia, and is the 100% legal and beneficial owner of Madura Petroleum.

## **INFORMATION RELATING PCI**

PCI is a company incorporated under the laws of the Commonwealth of the Bahamas. PCI holds a 10% Participating Interest in the Madura PSC Contract relating to the right to join and assist BPMIGAS in accelerating the exploration for and development of the potential resources within the Madura Contract Area.

## **INFORMATION RELATING TO MADURA PSC CONTRACT**

Madura PSC Contract is a production sharing contract relating to the right to join and assist BPMIGAS in accelerating the exploration for and development of the potential resources within the Madura Contract Area covering approximately 2,712.67 square kilometers in East Java, the Republic of Indonesia. The Participating Interest in the Madura PSC Contract are currently held as to 80%, 10% and 10% by SPE Petroleum (which is a wholly owned subsidiary of China National Petroleum Corporation), PCI and Madura Petroleum, respectively.

Following the signing of the Share Purchase Agreement, PCI is currently in discussion with SPE Petroleum (which is a wholly owned subsidiary of China National Petroleum Corporation) and Madura Petroleum regarding the joint operation of the Madura Contract Area and the signing of a contract relating thereto.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE PURCHASE AGREEMENT**

The Company is an investment holding company. The principal activities of its subsidiaries include investment holding, oil resources related business and property investment.

It has been the Company's strategy to focus on the development of the oil resources business, primarily targeting investments in oil and gas fields globally with proved or probable reserves and significant upside reserve potential. The Acquisition compliments the Company's strategy in the development of its oil resource business. The Company believes that PCI will be an attractive investment due to PCI's 10% Participating Interest in the Madura PSC Contract. The Acquisition will provide the Company with geographical diversification from which it can form a portfolio of oil and gas resources in the Republic of Indonesia.

The Directors have considered that the Acquisition and the terms of the Share Purchase Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

## **LISTING RULE REQUIREMENTS**

The Acquisition does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules, nor any connected transaction under Chapter 14A of the Listing Rules. The Board wishes to make a voluntary disclosure of the Acquisition to inform the shareholders of the Company of the details of the Acquisition.

## **DEFINITIONS**

In this announcement, the following terms have the following meanings:

|                          |  |
|--------------------------|--|
| “Acquired Shares”        | the entire issued share capital of PCI   |
| “Acquisition”            | the acquisition of the Acquired Shares under the Share Purchase Agreement  |
| “Agreed Accounting Firm” | means an international accounting firm with an office in the Republic of Indonesia acceptable to UEIH  |
| “Board”                  | the board of Directors of the Company  |
| “BPMIGAS”                | Badan Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi, a state-owned legal entity established under the Government of the Republic of Indonesia  |
| “Closing”                | the closing of the transactions contemplated under the Share Purchase Agreement  |
| “Company”                | United Energy Group Limited (聯合能源集團有限公司), a company incorporated in Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Stock Exchange |
| “Director(s)”            | the director(s) of the Company   |
| “Financial Statements”   | the management accounts of PCI as of and for the year  |

ended 31 December 2008 and as of and for the five months ended 31 May 2009

|                               |  |
|-------------------------------|--|
| “FL”                          | Ferry Lirungan, a natural person and citizen of the Republic of Indonesia, and the guarantor of the obligations and performance of Madura Petroleum under the Share Purchase Agreement |
| “Governmental Authority(ies)” | any government, governmental agency, authority, entity or instrumentality or any court thereof or any securities exchange, including any corporatized entity thereof                   |
| “Hong Kong”                   | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Madura Contract Area”        | a geographical area consists of approximately 2,712.67 square kilometers located in East Java, the Republic of Indonesia   |
| “Madura Petroleum”            | Madura Petroleum Ltd., a company established under the laws of the British Virgin Islands and the seller of the Acquired Shares  |
| “Madura PSC Contract”         | a production sharing contract entered into between BPMIGAS and SPE Petroleum covering the Madura Contract Area dated 13 November 2008 and as amended on 8 May 2009                     |
| “Participating Interest”      | the undivided rights in all rights, interests, benefits, obligations and liabilities derived and to be derived under the Madura PSC Contract   |
| “PCI”                         | PC (NAD) International Ltd., a company incorporated under the laws of the Commonwealth of the Bahamas  |
| “Purchase Price”              | the consideration for the Acquired Shares in the sum of US\$21,505,000   |
| “Share Purchase Agreement”    | the share purchase agreement dated 17 June 2009 entered into among Madura Petroleum, FL and UEIH in relation to the sale and purchase of the Acquired Shares                           |
| “SPE Petroleum”               | SPE Petroleum Ltd., a company established under the laws of the Commonwealth of Bahamas, and a wholly owned subsidiary of China National Petroleum Corporation                         |

|                  |  |
|------------------|--|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited  |
| “subsidiary”     | has the meaning to be construed in accordance with section 2 of the Companies Ordinance (Chapter 32, Laws of Hong Kong)  |
| “UEIH”           | United Energy International Holdings Limited, a wholly owned subsidiary of the Company, incorporated under the laws of the British Virgin Islands and the purchaser of the Acquired Shares |
| “US\$”           | the lawful currency of the United States of America  |
| “%”              | per cent.  |

By Order of the Board  
**UNITED ENERGY GROUP LIMITED**  
**Zhang Meiying**  
*Director*

19 June 2009

*As at the date of this announcement, the executive Directors are Mr. Zhang Hongwei, Mr. Zhu Jun and Ms. Zhang Meiying, and the independent non-executive Directors are Mr. Chau Siu Wai, Mr. San Fung and Mr. Zhu Chengwu.*