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UNITED ENERGY GROUP LIMITED

聯合能源集團有限公司*

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

DISCLOSEABLE TRANSACTION – ENTERING INTO A CONTRACT FOR PROVISION OF ENGINEERING, PROCUREMENT, CONSTRUCTION AND COMMISSIONING OF CENTRAL PROCESSING FACILITY - OIL TREATMENT SYSTEM AND AUXILIARY SYSTEMS

On 21 January 2022, KE Basra, an indirect wholly-owned subsidiary of the Company, entered into the EPCC Contract with the Contractor with Contract Price of US\$593,584,975 (equivalent to approximately HK\$4,629,962,805) in respect of the provision of engineering, procurement, construction and commissioning of a central processing facility including oil treatment system and auxiliary systems in the Block 9 contract area located in the Basra Governorate, Southern Iraq.

LISTING RULES IMPLICATIONS ON ENTERING INTO THE EPCC CONTRACT

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

On 21 January 2022, KE Basra, an indirect wholly-owned subsidiary of the Company, entered into the EPCC Contract with the Contractor with Contract Price of US\$593,584,975 (equivalent to approximately HK\$4,629,962,805) in respect of the provision of engineering, procurement, construction and commissioning of a central processing facility including oil treatment system and auxiliary systems in the Block 9 contract area located in the Basra Governorate, Southern Iraq.

THE EPCC CONTRACT

Date

21 January 2022

Parties

- (1) KE Basra (an indirect wholly-owned subsidiary of the Company)
- (2) The Contractor

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons as at the date of this announcement.

** For identification purposes only*

Subject matter

Pursuant to the EPCC Contract, the Contractor shall be responsible for provision of engineering, procurement, construction and commissioning of central processing facility including oil treatment system and auxiliary systems in the Block 9 contract area located in the Basra Governorate, Southern Iraq at the Contract Price of US\$593,584,975 (equivalent to approximately HK\$4,629,962,805), subject to adjustments in respect of changes (if any) to the works contemplated thereunder.

To guarantee the due performance of Contractor's obligations under the EPCC Contract, the Contractor shall within thirty (30) days from the date of the EPCC Contract furnish KE Basra, at the Contractor's cost, with an unconditional, irrevocable and first demand bank guarantee, in the prescribed form contained in the EPCC Contract. The bank guarantee shall remain in force, with a value of ten percent (10%) of the Contract Price, from the date of issuance to cover the overall works execution duration till issuance of provisional acceptance certificate or any extension hereof.

Completion

The completion of the works contemplated under the EPCC Contract shall be 33 months from the date of commencement of the works.

Contract Price

The Contract Price shall mean the all-inclusive, fixed, non-escalating, lump sum price set forth in the EPCC Contract, which is US\$593,584,975 (equivalent to approximately HK\$4,629,962,805) and any adjustment subject to the condition of the EPCC Contract if any.

The Contract Price was determined after arm's length negotiations between the parties with reference to the contract works. The Contract Price payable by KE Basra under the EPCC Contract will be funded by the Group's internal resources and cash calls from project partners.

Payment Terms

The Contract Price will be paid in tranches according to the payment schedule set forth under the EPCC Contract.

INFORMATION ABOUT THE PARTIES TO THE EPCC CONTRACT

KE Basra

Kuwait Energy Basra Limited is a limited liability company incorporated in British Virgin Islands and an indirect wholly-owned subsidiary of the Company. KE Basra is the operator of the Block 9 contract area located in the Basra Governorate, Southern Iraq, pursuant to the Exploration, Development and Production Service Contract with the contracting parties of Basra Oil Company (an Iraqi State Oil Company), KE Basra, Dragon Oil (Block 9) Limited and Egyptian General Petroleum Corporation.

The Contractor

The Contractor is a consortium formed on 31 December 2020 and consisting of CHINA CAMC ENGINEERING Co., Ltd. (中工國際工程股份有限公司) and CNOOC Petrochemical Engineering Co., Ltd. (中海油石化工程有限公司). Both companies are leading and reputable large-scale construction enterprises in China. CHINA CAMC ENGINEERING Co., Ltd. is a company organized and existing under the laws of the PRC with its shares listed on the Shenzhen Stock Exchange (Stock Code: 002051). CNOOC Petrochemical Engineering Co., Ltd. is a company organized and existing under the laws of the PRC. The Group has engaged a third-party credit investigation institution to

conduct compliance risk assessment and background due diligence against the Contractor and according to such results, no material risks were found.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Contractor and its ultimate beneficial owner(s) is third party independent of the Company and the connected persons of the Company as at the date of this announcement.

REASONS FOR ENTERING INTO THE EPCC CONTRACT

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

The main purpose of this central processing facility project is to increase crude oil production capacity to 100,000 barrels per day of Block 9 and increase the overall production scale of the Group through the commissioning of the crude oil central processing plant in accordance with the phase one field development plan of the Block 9.

In view of the production growth potential of this central processing facility project, the Directors expect that entering into the EPCC Contract will be beneficial to the Group and the Board is of the view that the terms of the EPCC Contract are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS ON ENTERING INTO THE EPCC CONTRACT

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DEFINITIONS

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

“Board”	the board of directors of the Company;
“Company”	United Energy Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liabilities, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 467);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Contract Price”	shall mean the all-inclusive, fixed, non-escalating, lump sum price set forth in the EPCC Contract, which is US\$593,584,975 (equivalent to approximately HK\$4,629,962,805) and any adjustment subject to the condition of the EPCC Contract if any;
“Contractor”	is a consortium formed on 31 December 2020 and consisting of CHINA CAMC ENGINEERING Co., Ltd. (中工國際工程股份有限公司) and CNOOC Petrochemical Engineering Co., Ltd (中海油石化工程有限公司). CHINA CAMC ENGINEERING Co.,

Ltd. is a company established in China with its shares listed on the Shenzhen Stock Exchange (Stock Code: 002051). CNOOC Petrochemical Engineering Co., Ltd. is a company organized and existing under the laws of the PRC;

“Director(s)”	the director(s) of the Company;
“EPCC Contract”	a contract entered between KE Basra and the Contractor on 21 January 2022 in respect of the provision of engineering, procurement, construction and commissioning of a central processing facility including oil treatment system and auxiliary systems in the Block 9 contract area located in the Basra Governorate, Southern Iraq;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“KE Basra”	Kuwait Energy Basra Limited is a limited liability company incorporated in British Virgin Islands and an indirect wholly-owned subsidiary of the Company. KE Basra is the operator of the Block 9 contract area located in the Basra Governorate, Southern Iraq, pursuant to the Exploration, Development and Production Service Contract with the contracting parties of Basra Oil Company (an Iraqi State Oil Company), KE Basra, Dragon Oil (Block 9) Limited and Egyptian General Petroleum Corporation;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“the PRC”	the People’s Republic of China;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 23 January 2022

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

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