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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)

CONNECTED TRANSACTION IN RELATION TO THE LEASE AGREEMENT

THE LEASE AGREEMENT

On 21 June 2024, United Energy (Beijing), an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Lease Agreement with Beijing Dacheng as landlord for a term of 36 months from 1 September 2024 to 31 August 2027 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Beijing Dacheng is an indirect 30%-controlled company of Mr. Zhang Hong Wei, the Chairman, an executive Director and the controlling shareholder of the Company. Beijing Dacheng is hence an associate of Mr. Zhang Hong Wei and a connected person of the Company under Chapter 14A of the Listing Rules. The transaction contemplated under the Lease Agreement therefore will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 “Leases”, the value of the right-of-use assets to be recognised by the Group in respect of the Lease Agreement is estimated to be approximately RMB 24,702,000 (equivalent to approximately HK\$26,587,000).

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the estimated value of the right-of-use assets to be recognised by the Company under the Lease Agreement is 0.1% or higher but all of the applicable percentage ratios are less than 5%, the entering into the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

** For identification purposes only*

THE LEASE AGREEMENT

On 21 June 2024, United Energy (Beijing), an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Lease Agreement with Beijing Dacheng as landlord for a term of 36 months from 1 September 2024 to 31 August 2027 (both days inclusive).

A summary of the key terms of the Lease Agreement is set out below:

Date:	21 June 2024
Parties:	United Energy (Beijing) (as tenant) Beijing Dacheng (as landlord)
Premises:	27/F Orient Financial Center, No.5 Lido Huayuan Road, Chaoyang District, Beijing (北京市朝陽區麗都花園 5 號院 1 號樓東方金融中心大廈 27 樓), with a gross floor area of approximately 2,413.74 square meters
Term:	A term of 36 months from 1 September 2024 to 31 August 2027 (both days inclusive)
Renewal:	United Energy (Beijing) shall have the priority to renew the Lease Agreement at the then prevailing market rent and otherwise upon the same terms and conditions at its option by notifying Beijing Dacheng in writing no later than six months prior to the expiration of the Lease Agreement
Rent:	RMB724,122 per calendar month (exclusive of management and other utilities charges), payable every quarter in advance. Rental payments are expected to be funded by the internal resources of the Group
Use of Premises:	For use as office space
Deposit:	RMB2,172,366 (equivalent to 3 months' rent)

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group intends to use the Premises as additional office space to accommodate its workforce which has expanded in line with its business expansion. The Lease Agreement is entered into following arm's length negotiation and the rent has been determined with reference to the prevailing market rent. Having regard to the prevailing market rent level for comparable premises in the vicinity of the Premises which is in line with the rent payable by United Energy (Beijing) under the Lease Agreement, the Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Lease Agreement is on normal commercial terms or better, which are fair and reasonable, in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

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In accordance with HKFRS 16 “Leases”, the value of the right-of-use assets to be recognised by the Group in respect of the Lease Agreement is estimated to be approximately RMB 24,702,000 (equivalent to approximately HK\$26,587,000).

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the estimated value of the right-of-use assets to be recognised by the Company under the Lease Agreement is 0.1% or higher but all of the applicable percentage ratios are less than 5%, the entering into the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Directors confirmed that, save for Mr. Zhang Hong Wei and Ms. Zhang Meiyong (being Mr. Zhang Hong Wei’s daughter), who have abstained from voting on the Board resolutions of the Company approving the entering into of the Lease Agreement, none of them has a material interest in the transaction contemplated under the Lease Agreement.

INFORMATION ABOUT THE PARTIES

The Company

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

United Energy (Beijing)

United Energy (Beijing) is an indirect wholly-owned subsidiary of the Company and its business scope includes technical research and development relating to the exploration, production, transportation and sale of oil, natural gas, shale gas and coalbed methane, and provision of technical services.

Orient Group Co. Ltd.

Orient Group Co., Ltd. is a company listed on the Shanghai Stock Exchange (SSE: 600811), of which Mr. Zhang Hong Wei is the de facto controller under the relevant rules of the Shanghai Stock Exchange. Its principal businesses include engaging in investment activities with self-owned funds, information system integration services, import and export of technology, property management, coal sales, wholesale of hardware products and acting as agent for domestic trade, import and export.

Beijing Dacheng

Beijing Dacheng is a subsidiary of Orient Group Co., Ltd.. Its principal business is property management and leasing.

DEFINITIONS

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

“30%-controlled company”	has the meaning ascribed to it under the Listing Rules;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Beijing Dacheng”	Beijing Dacheng Hotels Limited* (北京大成飯店有限公司), a company incorporated in the PRC with limited liability and a connected person of the Company; <i>* For identification purposes only</i>
“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(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Lease Agreement”	the lease agreement dated 21 June 2024 entered into between United Energy (Beijing) and Beijing Dacheng in relation to the leasing of the Premises from 1 September 2024 to 31 August 2027 (both days inclusive);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Premises”	the premises located at 27/F Orient Financial Center, No.5 Lido Huayuan Road, Chaoyang District, Beijing (北京市朝陽區麗都花園 5 號院 1 號樓東方金融中心大廈 27 樓), with a gross floor area of approximately 2,413.74 square meters;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules; and
“United Energy (Beijing)”	United Energy (Beijing) Limited (聯合能源 (北京) 有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.

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

Hong Kong, 21 June 2024

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 RMB have been translated into HK\$ at the exchange rate of RMB1.00 = HK\$1.0763 for illustration purpose only. No representation is made as to whether any amounts in RMB or HK\$ have been, could have been or could be converted at the above exchange rate or at any other exchange rates or at all.