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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 SECOND LEASE AGREEMENT
AND
CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE PROPERTY SERVICE AGREEMENT**

Reference is made to the announcement of the Company dated 21 June 2024 in relation to the First Lease Agreement.

THE SECOND LEASE AGREEMENT

On 29 August 2024, United Energy (Beijing), an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Second Lease Agreement with Beijing Dacheng, as landlord, pursuant to which United Energy (Beijing) agreed to lease the Second Premises from Beijing Dacheng for a term from 2 September 2024 to 31 August 2027 (both days inclusive).

THE PROPERTY SERVICE AGREEMENT

On 29 August 2024, United Energy (Beijing) also entered into the Property Service Agreement with Orient Anyi (Beijing), pursuant to which Orient Anyi (Beijing) agreed to provide property management services in respect of the First Premises and the Second Premises to United Energy (Beijing) for a term from 2 September 2024 to 31 August 2027 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Beijing Dacheng and Orient Anyi (Beijing) are both indirect 30%-controlled companies of Mr. Zhang Hong Wei, the Chairman, an executive Director and the controlling shareholder of the Company. Each of Beijing Dacheng and Orient Anyi (Beijing) is hence an associate of Mr. Zhang Hong Wei and a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Second Lease Agreement and the Property Service Agreement therefore will constitute a connected transaction and a continuing connected transaction respectively for the Company under Chapter 14A of the Listing Rules.

** For identification purposes only*

In accordance with HKFRS 16 “Leases”, the value of the right-of-use assets to be recognised by the Group in respect of the First Lease Agreement and the Second Lease Agreement are estimated to be approximately RMB24,702,000 and RMB35,411,000 respectively (equivalent to approximately HK\$26,876,000 and HK\$38,527,000 respectively).

As the Lease Agreements and the Property Service Agreement are entered into within a 12-month period with counterparties who are either the same or connected with each other, the transactions under such agreements will be aggregated under the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of each of: (i) the Second Lease Agreement; and (ii) the First Lease Agreement, the Second Lease Agreement and the Property Service Agreement, as aggregated, is 0.1% or higher but is less than 5%, the entering into of each of the Second Lease Agreement and the Property Service 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.

Reference is made to the announcement of the Company dated 21 June 2024 in relation to the First Lease Agreement.

THE SECOND LEASE AGREEMENT

On 29 August 2024, United Energy (Beijing), an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Second Lease Agreement with Beijing Dacheng, as landlord, pursuant to which United Energy (Beijing) agreed to lease the Second Premises from Beijing Dacheng for a term from 2 September 2024 to 31 August 2027 (both days inclusive).

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

Date:	29 August 2024
Parties:	United Energy (Beijing) (as tenant) Beijing Dacheng (as landlord)
Premises:	Units 2301-2306, 2308 on 23/F and 25/F Orient Financial Center, No.5 Lido Huayuan Road, Chaoyang District, Beijing (北京市朝陽區麗都花園路 5 號院 1 號樓東方金融中心大廈第 23 層 2301-2306, 2308 單元和第 25 層), with a gross floor area of approximately 4,676.69 square meters
Term:	From 2 September 2024 to 31 August 2027 (both days inclusive)

Renewal: United Energy (Beijing) shall have the priority to renew the Second 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 Second Lease Agreement

Rent and pricing basis: RMB1,403,007 per calendar month (exclusive of management and other utilities charges), payable every quarter in advance. Rental discounts in the total sum of RMB10,054,883.50 apply to three of the twelve quarters. The rent was arrived at after arm's length negotiation with reference to the prevailing market rent for comparable premises in the vicinity of the Second Premises. Rental payments are expected to be funded by the internal resources of the Group.

Use of Premises: For use as office space

Deposit: RMB4,209,021 (equivalent to 3 months' rent)

THE PROPERTY SERVICE AGREEMENT

On 29 August 2024, United Energy (Beijing) also entered into the Property Service Agreement with Orient Anyi (Beijing), pursuant to which Orient Anyi (Beijing) agreed to provide property management services in respect of the First Premises and the Second Premises to United Energy (Beijing) for a term from 2 September 2024 to 31 August 2027 (both days inclusive).

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

Date: 29 August 2024

Parties: United Energy (Beijing) (as service recipient)
Orient Anyi (Beijing) (as service provider)

Premises: The First Premises and the Second Premises, with a gross floor area of approximately 7,090.43 square meters

Term: From 2 September 2024 to 31 August 2027 (both days inclusive)

Scope of services: The property management services provided by Orient Anyi (Beijing) include maintenance of common facilities and equipment, cleaning and hygiene, security, fire safety systems, and paying for electricity, water and gas charges on behalf of United Energy (Beijing), among others.

Service fee and pricing basis: Property management service fee will be RMB260,887.54 per calendar month, payable every month in advance. The service fee was determined based on the standard service fee per square meter applicable to all tenants of office space in the building, which was in line with the prevailing

market property management service fee for comparable premises in the vicinity of the First Premises and the Second Premises. Fees for utilities and other services (including but not limited to air-conditioning overtime services and other ad hoc services) will be payable on a consumption basis with reference to the standard fee schedule applicable to all tenants of office space in the building. The above fees are expected to be funded by the internal resources of the Group.

Deposit: RMB782,662.62 (equivalent to 3 months' property management service fee)

ANNUAL CAPS AND BASIS OF DETERMINATION

The proposed annual caps for the transactions under the Property Service Agreement are as follows:

	From 2 September 2024 to 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026	From 1 January 2027 to 31 August 2027
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Proposed annual caps	1,138,000	3,431,000	3,431,000	2,288,000

The proposed annual caps set out above were determined after taking into account the property management service fee as agreed and set out in the Property Service Agreement, the estimated level of consumption of electricity, water and other supplies and services based on historical data relating to the Group's other office premises and the prevailing rates.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group intends to use the Second Premises as additional office space to accommodate its workforce which has expanded in line with its business expansion. Having regard to the prevailing market rent level and property management service fee level for comparable premises in the vicinity of the Second Premises which is in line with the rent and the property management service fee payable by United Energy (Beijing) under the Second Lease Agreement and the Property Service Agreement, respectively, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Second Lease Agreement and the Property Service Agreement are 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Beijing Dacheng and Orient Anyi (Beijing) are both indirect 30%-controlled companies of Mr. Zhang Hong Wei, the Chairman, an executive Director and the controlling shareholder of the Company. Each of Beijing Dacheng and Orient Anyi (Beijing) is hence an associate of Mr. Zhang Hong Wei and a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Second Lease Agreement and the Property Service Agreement therefore will constitute a connected transaction and a continuing connected transaction respectively 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 First Lease Agreement and the Second Lease Agreement are estimated to be approximately RMB24,702,000 and RMB35,411,000 respectively (equivalent to approximately HK\$26,876,000 and HK\$38,527,000 respectively).

As the Lease Agreements and the Property Service Agreement are entered into within a 12-month period with counterparties who are either the same or connected with each other, the transactions under such agreements will be aggregated under the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of each of: (i) the Second Lease Agreement; and (ii) the First Lease Agreement, the Second Lease Agreement and the Property Service Agreement, as aggregated, is 0.1% or higher but is less than 5%, the entering into of each of the Second Lease Agreement and the Property Service 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 Second Lease Agreement and the Property Service Agreement, none of them has a material interest in the transactions contemplated under the Second Lease Agreement and the Property Service 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.

Orient Anyi (Beijing)

Orient Anyi (Beijing) is a subsidiary of Orient Group Co., Ltd.. Its principal business is property management.

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;
“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;
“First 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 First Premises for a term from 1 September 2024 to 31 August 2027 (both days inclusive);

“First 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路5號院1號樓東方金融中心大廈第27層), with a gross floor area of approximately 2,413.74 square meters;
“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 Agreements”	the First Lease Agreement and the Second Lease Agreement;
“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;
“Property Service Agreement”	the property service agreement dated 29 August 2024 entered into between United Energy (Beijing) and Orient Anyi (Beijing) in relation to the property management services provided in respect of the First Premises and the Second Premises for a term from 2 September 2024 to 31 August 2027 (both days inclusive);
“Orient Anyi (Beijing)”	Orient Group Anyi (Beijing) Property Management Ltd. Chaoyang District Property Management Branch* (東方安頤(北京)物業管理有限公司朝陽區物業管理分公司), a company incorporated in the PRC with limited liability and a connected person of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Lease Agreement”	the lease agreement dated 29 August 2024 entered into between United Energy (Beijing) and Beijing Dacheng in relation to the leasing of the Second Premises for a term from 2 September 2024 to 31 August 2027 (both days inclusive);

“Second Premises”	the premises located at Units 2301-2306, 2308 on 23/F and 25/F Orient Financial Center, No.5 Lido Huayuan Road, Chaoyang District, Beijing (北京市朝陽區麗都花園路5號院1號樓東方金融中心大廈第23層2301-2306, 2308單元和第25層), with a gross floor area of approximately 4,676.69 square meters;
“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, 29 August 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\$1.088 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.