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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 - ACQUISITION OF APEX INTERNATIONAL ENERGY HOLDINGS I

On 7 February 2025, the Buyer, a wholly-owned subsidiary of the Company, entered into the SPA with the Seller and KEP, a wholly-owned subsidiary of the Company, as Guarantor, under which the Buyer has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, the Sale Shares to the Buyer. In connection with the Acquisition, KEP has agreed to guarantee the payment obligations of the Buyer under the SPA. The Sale Shares represent the entire issued share capital of AIEH I.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the Acquisition is more than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

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THE ACQUISITION

Date

7 February 2025

Parties

Buyer: United Energy (MENA) Limited, a wholly-owned subsidiary of the Company

Seller: Apex International Energy L.P.

Guarantor: Kuwait Energy Plc

** For identification purposes only*

Subject Matter

Pursuant to the SPA, the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to acquire, the Sale Shares, representing the entire issued share capital of AIEH I. AIEH I is a company incorporated in the Cayman Islands.

Purchase Price

The purchase price for the Sale Shares is US\$150,000,000 (equivalent to approximately HK\$1,170,000,000), subject to the following adjustments (the “**Purchase Price**”):

- (a) a reduction for the known leakage as agreed in the SPA that has accrued or been paid or incurred from (and including) 00:01 hours Cairo time on 1 July 2023 to (but excluding) the date of completion of the Acquisition; and
- (b) an addition of the known contributions as agreed in the SPA that has accrued or been paid or incurred from (and including) 00:01 hours Cairo time on 1 July 2023 to (but excluding) the date of completion of the Acquisition.

Deferred Payment

The deferred payment, as further consideration for the Sale Shares, is US\$7,000,000 (equivalent to approximately HK\$54,600,000) (the “**Deferred Payment**”).

Upon the completion of the Acquisition, the Purchase Price shall be payable by the Buyer in cash (the “**Closing Payment**”). On the first anniversary of the date of the completion of the Acquisition, the Deferred Payment shall be payable by the Buyer in cash pursuant to the terms and conditions of the SPA. The Buyer intends to fund the Acquisition by internal funding sources and external debt financing.

Conditions Precedent

Completion of the Acquisition will be conditional upon the satisfaction in full or valid waiver of all the following conditions before the Longstop Date (the “**Conditions Precedent**”):

- (a) EGPC and the government of Egypt having issued their respective written consent to the sale and purchase of the Sale Shares and EGPC having waived its pre-emption rights under the concession agreements;
- (b) consent from IEOC Production to release guarantees entered into by Apex in favour of IEOC Production;
- (c) waiver from each of Ina-Industrija Nafta, d.d. and Dana Petroleum West Abu Gharadig Ltd Company of their respective pre-emption rights, or lapse of such rights following notice, under the West Abu Gharadig joint operating agreement;
- (d) written evidence of submission of an initialled copy of merged concession agreement to the parliament of Egypt; and
- (e) merger clearance from the Egyptian Competition Authority in respect of the Acquisition (the “**Anti-Trust Condition**”).

If the Conditions Precedent have not been satisfied in full and/or validly waived by the Longstop Date then either the Buyer or the Seller shall have the right to terminate the SPA, except if such termination was a result of its breach of any obligations under the SPA. The SPA shall lapse and cease to have effect (save for certain provisions) upon termination.

Closing

Closing shall take place no later than 14:00 hours London time on the later of (i) the tenth (10) Business Day immediately following the date on which a statement providing the Closing Payment amount (the “**Closing Statement**”) is issued by the Seller (which shall be issued no later than five (5) Business Days after satisfaction in full and/or valid waiver of all the Conditions Precedent), (ii) such date as is necessary to allow for any cure period, in the event where any payment default shall be cured or rectified by the Seller, or (iii) such other time and on such other date as may be agreed in writing between the Buyer and the Seller.

Upon completion of the Acquisition, AIEH I will become an indirect wholly-owned subsidiary of the Company, and the financial statements of AIEH I will be consolidated with the accounts of the Group.

Guarantee

KEP has agreed to guarantee to the payment obligations of the Buyer arising out of the SPA.

BASIS FOR DETERMINING THE PURCHASE PRICE AND DEFERRED PAYMENT

The Purchase Price and Deferred Payment were determined following arm’s length negotiations between the Buyer and the Seller, taking into account, among other factors:

- (a) **Valuation of AIEH I’s Oil and Gas Assets:** The value of AIEH I’s oil and gas assets was primarily assessed based on the independently audited 2P (Proven and Probable) net Reserves, which amounted to 31 million barrels of oil equivalent as of 1 July 2023. The working interest production was approximately 10,000 barrels per day as of 1 July 2023. The average working interest production for the year ended 31 December 2024 is over 11,000 barrels per day.
- (b) **Comparable Market Transactions:** The prevailing market prices of similar assets and facilities in the oil and gas industry were analyzed to ensure the fairness and competitiveness of the Purchase Price in comparison with market benchmarks.
- (c) **Strategic Rationale for the Acquisition:** Additionally, the strategic benefits and rationale underlying the Acquisition were carefully considered. The Acquisition is expected to strengthen the Group’s portfolio and create long-term value, as detailed in the section titled “Reasons for the Acquisition” below.

REASONS FOR THE ACQUISITION

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, North Africa and Europe. The Group principally engages in upstream exploration, development, production and sale of oil and natural gas, as well as renewable energy businesses. Egypt is one of the Group's strategic focus areas.

AIEH I engages in upstream oil and gas explorations and exploitations in Egypt where the Group has significant presence. The acquisition of the AIEH I is an extension and enlargement of the Group's upstream business in Egypt, as well as developing synergies with the existing assets.

The Acquisition will enable the Group to grow its reserves base and production level, as well as promote economic growth and social prosperity in Egypt, since AIEH I currently possesses interests in 8 onshore concessions in the Western Desert of Egypt, providing an average working interest production of over 11,000 barrels per day during 2024.

In view of the growth potential of AIEH I, the Directors (including the independent non-executive Directors) consider that the terms of the SPA and the Acquisition, including, among other things, the basis of calculating the Purchase Price and Deferred Payment, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Leveraging the Group's substantial transactions track record and heightened influence in Egypt, the Group is confident to navigate and close the transaction with minimal execution risk.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the Acquisition is more than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

FINANCIAL INFORMATION ATTRIBUTABLE TO THE ASSET

Apex is an exempted limited partnership registered in the Cayman Islands with its sole investment in AIEH I, a company incorporated in the Cayman Islands and principally engaging in oil and gas explorations and exploitations in Egypt through subsidiaries. Apex serves as the investment vehicle for AIEH I and has minimal financial impact; the consolidated financial statements of Apex principally reflect the financial results and status of AIEH I.

Based on the consolidated financial statements of Apex which were prepared in accordance with the U.S. Generally Accepted Accounting Principles, Apex's audited net asset value for the two years ended 31 December 2022 and 2023 was approximately US\$79,152,000 (equivalent to HK\$617,386,000) and US\$108,977,000 (equivalent to HK\$850,021,000) and its unaudited

net asset value for the 11 months ended 30 November 2024 was approximately US\$160,250,000 (equivalent to HK\$1,249,950,000).

The financial information of Apex for the two years ended 31 December 2022 and 2023 and the 11 months ended 30 November 2024, respectively:

	For the year ended 31 December		For the 11 months ended
	2022	2023	30 November 2024
	audited	audited	unaudited
	US\$	US\$	US\$
Net profit before tax	14,910,000	21,801,000	51,439,000
Net profit after tax	14,909,000	21,825,000	51,271,000

INFORMATION OF THE PARTIES TO THE TRANSACTIONS

The Group

The Group principally engages in upstream exploration, development, production and sale of oil and natural gas, as well as renewable energy businesses.

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.

KEP is a company incorporated in Jersey. It principally engages in the production of oil and gas across Iraq and Egypt and is a wholly-owned subsidiary of the Company.

The Buyer

The Buyer is a company incorporated in the Cayman Islands. It is an investment holding company and is a wholly-owned subsidiary of the Company.

The Seller

Apex is an exempted limited partnership formed and registered and validly existing in the Cayman Islands. It is a holding company principally engaged in oil and gas explorations and exploitations in Egypt through its subsidiaries. Apex is privately held, principally by Blue Water Energy LLP.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Apex and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

DEFINITIONS

In this announcement, unless the context otherwise requires, the capitalized terms have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Buyer pursuant to the terms of the SPA;
“Anti-Trust Condition”	has the meaning as defined under the section headed “THE ACQUISITION – Conditions Precedent” of this announcement;
“Apex” or “Seller”	Apex International Energy L.P., an exempted limited partnership formed and registered and validly existing in the Cayman Islands;
“AIEH I”	Apex International Energy Holdings I, a company incorporated in the Cayman Islands;
“Board”	the board of Directors of the Company;
“Business Day”	a day other than a Friday, Saturday, Sunday or a legal bank holiday or public holiday, on which banks in London (England), Cairo (Egypt), Hong Kong, Dubai (United Arab Emirates), Texas (United States of America) and the Cayman Islands are ordinarily open for the transaction of business;
“Buyer”	United Energy (MENA) Limited, a company incorporated in the Cayman Islands and being a wholly-owned subsidiary of the Company;
“Closing Payment”	has the meaning as defined under the section headed “THE ACQUISITION – Deferred Payment” of this announcement;
“Closing Statement”	has the meaning as defined under the section headed “THE ACQUISITION – Closing” of this announcement;
“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);
“Conditions Precedent”	has the meaning as defined under the section headed “THE ACQUISITION – Conditions Precedent” of this announcement;

“Deferred Payment”	has the meaning as defined under the section headed “THE ACQUISITION – Deferred Payment” of this announcement;
“Director(s)”	the director(s) of the Company;
“EGPC”	Egyptian General Petroleum Corporation, the national oil economic State Corporation of Egypt;
“Egypt”	the Arab Republic of Egypt;
“Group”	the Company and its subsidiaries;
“Guarantor”	KEP
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“IEOC Production”	IEOC Production B.V., a company incorporated in the Netherlands;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“KEP”	Kuwait Energy plc, a company incorporated in Jersey and being a wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Longstop Date”	the date falling twelve (12) months after the date of the SPA, as may be extended (i) for an additional six (6) months by either of the Buyer or the Seller where any of the Conditions Precedent has not been satisfied in full or validly waived; or (ii) for an additional six (6) months only by the Seller where the only Conditions Precedent that has not been satisfied in full or validly waived is the Anti-Trust Condition;
“Purchase Price”	has the meaning as defined under the section headed “THE ACQUISITION – Purchase Price” of this announcement;
“Sale Shares”	100 shares of AIEH I, representing the entire issued share capital of AIEH I;
“Share(s)”	ordinary share(s) in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);

“SPA”	the sale and purchase agreement dated 7 February 2025 entered into between the Buyer, the Seller and KEP in relation to the Acquisition;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“US\$” or “US Dollars”	the lawful currency of the United States of America from time to time.

For illustration purposes in this announcement, unless otherwise specified, the exchange rate of US\$1.00 = HK\$7.8 is adopted. The exchange rate does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

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

Hong Kong, 7 February 2025

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Hong Wei (Chairman), Mr. Yiu Chi Shing (Vice Chairman) and Ms. Zhang Meiyong and independent non-executive directors are Mr. Chau Siu Wai, Mr. San Fung and Ms. Wang Ying.