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CHINA UNIENERGY GROUP LIMITED

中国优质能源集团有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1573)

PROGRESS ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

PURCHASE OF THE EXPLORATION RIGHT

Reference is made to the announcement of China Unienergy Group Limited (the “**Company**”) dated 21 December 2017 in relation to the purchase of the Exploration Right (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

APPLICATION PROCESS OF THE RESERVATION OF THE EXPLORATION RIGHT

Prior to the application in respect of the reservation of the Exploration Right (“**Application**”) with the Department of Land and Resources of Guizhou Province (貴州省國土資源廳) (the “**Department of Land and Resources**”) on 6 December 2017, the Purchaser has enquired with the Department of Land and Resources regarding the Application. The Department of Land and Resources has confirmed that (i) the application in respect of exploration right is a standard procedure, (ii) upon submitting the necessary documents, the relevant application will be examined and approved in accordance with the relevant procedures, after which new exploration right shall be issued without practical legal, regulatory or policy impediments, (iii) if the necessary documents have not been provided along with the application, the Department of Land and Resources would not have accepted the application, and (iv) the acceptance of the application meant that all necessary documents have been submitted and it is only pending the approval process by the Department of Land and Resources.

During the process of the Application, the Purchaser has been actively and directly communicating with the Department of Land and Resources which confirmed that all necessary documents have been submitted with the Application. Based on (i) the due diligence conducted by the Group as set out above, and (ii) previous experience of the Group in making similar applications to the relevant competent authority in respect of renewal of exploration rights in the Guizhou Province, the Board is of the view that there is no practical obstacle in the renewal of the Exploration Right.

On 3 January 2018, the Purchaser has obtained the renewed Exploration Right license. Details of the renewed Exploration Rights are summarised below:

License holder	Exploration		Valid period
	License number	Exploration area (<i>km</i> ²)	
Purchaser	T52120091201037747	19.67	15 December 2017 - 15 December 2019

STATUS OF THE ANLANG SYNCLINE COAL MINE

The Anlang Syncline Coal Mine is approved for the construction of two mine shafts with the designed production capacities of 600,000 tons per year and 450,000 tons per year respectively. As a result, when aggregated with the existing coal mines of the Group, the total designed production capacity of the Group increased from 2,250,000 tons per year to 3,300,000 tons per year. The Board is of the view that the value of the Exploration Right equals to the fair value of the Exploration Right (being the Total Consideration RMB288,000,000).

As at the date of this announcement, the construction of the Anlang Syncline Coal Mine has yet to be commenced, and there is no development or constructions with respect to the Anlang Syncline Coal Mine and it has not commenced any business operations.

By order of the Board
CHINA UNIENERGY GROUP LIMITED
Xu Bo
Chairman

Guiyang, People's Republic of China
4 January 2018

As at the date of this announcement, the executive directors of the Company are Mr. Xu Bo, Mr. Wei Yue and Mr. Xiao Zhijun; and the independent non-executive directors of the Company are Mr. Jiang Chenglin, Mr. Choy Wing Hang William, Mr. Lee Cheuk Yin Dannis and Mr. Fu Lui.