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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)

DISCLOSEABLE TRANSACTION PURCHASE OF THE EXPLORATION RIGHT

THE EXPLORATION RIGHT PURCHASE AGREEMENT

The Board is pleased to announce that on 21 December 2017, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Exploration Right Purchase Agreement with the Sellers pursuant to which the Purchaser agreed to purchase and the Sellers agreed to sell the Exploration Right at the Total Consideration of RMB288,000,000. The Purchaser will satisfy the Total Consideration by internal resources.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the transaction contemplated under the Exploration Right Purchase Agreement exceeds 5% but is less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

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The principal terms of the Exploration Right Purchase Agreement are set out below:

Date

21 December 2017

Parties

- (1) The Purchaser; and
- (2) The Sellers

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Sellers is a third party independent of the Group and are not connected persons of the Group.

Assets to be Acquired

The Exploration Right as set out in the Exploration Right Purchase Agreement.

Consideration and Payment Terms

The Total Consideration for the Exploration Right as set out under the Exploration Right Purchase Agreement is RMB288,000,000, which shall be paid by the Purchaser in cash by way of transfer into the bank account as designed by the Sellers in writing in the following manners:

- (a) RMB86,400,000, representing 30% of the Total Consideration, shall be paid within 15 working days after the date of the Exploration Right Purchase Agreement;
- (b) RMB144,000,000, representing 50% of the Total Consideration (the "**Second Payment**"), shall be paid within 10 working days after the Sellers have completed the procedures as required by the Purchaser, including but not limited to the completion of the reservation procedures of the Exploration Right and the transfer of the exploration areas; and
- (c) RMB57,600,000, representing 20% of the Total Consideration, shall be paid after six months upon the payment of the Second Payment.

The Anlang Syncline Coal Mine is adjacent to the Weishe Coal Mine which is owned by the Group, with continuity of coal seam of the Weishe Coal Mine. The coal of the said two coal mines has similar quality, and their anthracite coal resources also have the characteristics of high calorific value, low sulphur content and low ash content. The reserves of coal resources, exploration area and designed annual production capacity of the Anlang Syncline Coal Mine are much larger than those of the Weishe Coal Mine. For details, please refer to the paragraph headed "Information of the Exploration Right" of this announcement. The Total Consideration was determined after arm's length negotiations between the Purchaser and the Sellers after taking into consideration of the aforementioned factors and with reference to the prevailing market conditions within the Guizhou Province.

The Purchaser will satisfy the Total Consideration by internal resources.

INFORMATION OF THE EXPLORATION RIGHT

The Exploration Right (certificate number T52120091201037747) was issued by the Department of Land and Resources of Guizhou Province (貴州省國土資源廳) and covers an exploration area of 19.67 square kilometers. The valid term of the Exploration Right commenced from 15 December 2015 and ended on 15 December 2017. On 6 December 2017, the Purchaser has submitted an application in respect of the reservation of the Exploration Right to the Department of Land and Resources of Guizhou Province (貴州省國土資源廳) which has been issued with an acceptance receipt.

According to the China Solid Mineral Resource/Reserve Classification System, in the exploration area of the Anlang Syncline Coal Mine, a total of 123.77 million tons of coal resources were identified, of which the measured intrinsic economic resources were 25.32 million tons, accounting for 21% of the total resources; the indicated intrinsic economic resources were 42.24 million tons, accounting for 34% of the total resources; the inferred intrinsic economic resources were 56.21 million tons, accounting for 45% of the total resources.

REASONS AND BENEFITS OF THE EXPLORATION RIGHT PURCHASE AGREEMENT

The domestic economy of China maintains a steady growth trend. The Chinese government continues to implement the policy to reduce production capacity and to tighten up the restriction on the exploitation of high-polluting coal resources. The market is on high demand for high-quality, low-pollution anthracite coal. The Board considers that, as a qualified coal mining consolidator, the Group may continue to seek opportunities to consolidate high quality coal resources that can meet the stringent quality requirements of the Group by taking advantage of the favorable industry policies. The acquisition of the Exploration Right would enable the Group to increase its reserves of high quality anthracite coal resources, maintain product competitiveness in the market, expand its operation scale and enhance its market position.

The terms of the Exploration Right Purchase Agreement have been agreed upon arm's length negotiations between the parties. The Directors are of the view that the terms of the Exploration Right Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP

The Purchaser is a wholly-owned subsidiary of the Company.

The Group is a producer of anthracite coal based in Guizhou Province of the PRC. The Group engages in the extraction and sale of anthracite coal and possesses scarce anthracite coal resources with the characteristics of high calorific value, low sulphur content and low ash content. Most of the Group's coal products are suitable to be used as chemical coal and PCI coal. The Group is one of the less than 100 qualified consolidators in Guizhou Province that are permitted to engage in coal mine acquisition and operation.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, the following expressions will, unless the context requires otherwise, have the following meanings:

“Anlang Syncline Coal Mine”	Anlang Syncline Coal Mine in Hezhang County, Guizhou Province, the PRC
“Board”	the board of Directors
“Company”	CHINA UNIENERGY GROUP LIMITED (中國優質能源集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 January 2014
“Director(s)”	the director(s) of the Company
“Exploration Right”	the exploration right for the Anlang Syncline Coal Mine
“Exploration Right Purchase Agreement”	the exploration right purchase agreement entered into between the Purchaser and the Sellers on 21 December 2017
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Peng”	Mr. Peng Song (彭松)
“Mr. Zhang”	Mr. Zhang Liming (張力明)
“PRC”	the People’s Republic of China (for the purposes of this announcement excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Purchaser”	Guizhou Union (Group) Mining Co. Ltd. (貴州優能 (集團) 礦業股份有限公司), a company established in the PRC and is a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sellers”	Mr. Zhang and Mr. Peng (each a “ Seller ”)
“Shareholder(s)”	the shareholder(s) of the Company
“Total Consideration”	the total consideration for the purchase of the Exploration Right
“Weishe Coal Mine”	a coal mine located near Weishe Township, Hezhang County, Bijie City, Guizhou Province, the PRC, which is wholly-owned by the Purchaser
“%”	per cent

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

Guiyang, People’s Republic of China
21 December 2017

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.