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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)**

### **JUDGMENT OF A LITIGATION INVOLVING A SUBSIDIARY**

This announcement is made by CHINA UNIENERGY GROUP LIMITED (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in relation to the judgment of a litigation involving Guizhou Union (Group) Mining Co., Ltd.\* (貴州優能(集團)礦業股份有限公司), a wholly owned subsidiary of the Company (“**Guizhou Union**”). Unless otherwise defined, terms used in this announcement shall have the same meaning as defined in the prospectus of the Company dated 30 June 2016 (the “**Prospectus**”).

Reference is made to the Prospectus in relation to, among others, the involvement of Guizhou Union as a defendant in a claim with Guangshengyuan, an independent third party, regarding the non-payment of outstanding consideration and related liquidated damages of approximately RMB25.2 million in relation to the Laowangchong Mine (the “**Litigation**”).

In 2015, the Court of First Instance in Guizhou ruled in favour of Guangshengyuan and held that Guizhou Union was liable to pay RMB5.6 million in liquidated damages; and proceed with the mine transfer agreement (and its supplement) and pay RMB19.6 million to Guangshengyuan. Guizhou Union appealed in January 2016 to the Higher People’s Court of Guizhou Province and a second instance hearing was held in May 2016. On 21 April 2017, the Company received the judgment of the Higher People’s Court of Guizhou Province dated 19 April 2017 (the “**Judgment**”).

## **RESULTS OF THE JUDGMENT**

The Higher People's Court of Guizhou Province ruled in favour of Guizhou Union and held that, among others: (1) the facts affirmed by the Court of First Instance in Guizhou and the applications of law were erroneous, and the judgment at the Court of First Instance in Guizhou is therefore dismissed; (2) the mine transfer agreement (and its supplement) are rescinded; (3) Guangshengyuan shall return the coal mine purchase price of RMB8.4 million to Guizhou Union within 10 days of the Judgment, along with the interest accrued on the amount at the then prevailing bank loan interest rates since 25 March 2014.

Litigation fee of the first instance and second instance hearings of about RMB 0.55 million in aggregate shall be borne by Guangshengyuan at RMB 0.44 million and Guizhou Union at RMB 0.11 million, respectively. Since Guizhou Union has already pre-paid about RMB 0.38 million litigation fee in advance for the first instance and second instance hearings, Guizhou Union shall be directly reimbursed by Guangshengyuan for the extra payment of about RMB 0.27 million.

## **IMPACT OF THE LITIGATION**

As advised by the PRC legal advisers of the Company, the Judgment is final and binding on the parties. As the Judgment was in favour of Guizhou Union, the Board is of the view that the Litigation does not have any material adverse impact to the financial position of the Group.

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

Guiyang, People's Republic of China  
21 April 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.*

*\* for identification purposes only*