

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Up Energy Development Group Limited (the "Company"), you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**(1) PROPOSALS FOR GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES
(2) RE-ELECTION OF RETIRING DIRECTORS
(3) REFRESHMENT OF THE SCHEME LIMIT UNDER
THE SHARE OPTION SCHEME
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Empire Room I, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on 22 September 2014 at 11:30 a.m. is set out on page 16 to 19 of this circular of the Company.

A form of proxy for the annual general meeting is enclosed with this circular. If you do not intend to attend and vote at the annual general meeting in person, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meaning:

“AGM”	the annual general meeting of the Company to be held at Empire Room I, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on 22 September 2014 at 11:30 a.m.
“AGM Notice”	notice of the AGM
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Director(s)
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon
“BVI”	British Virgin Islands
“Bye-laws”	the Bye-laws of the Company, as amended and restated from time to time
“Company”	Up Energy Development Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company for the time being
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Issue Mandate”	the proposed issue mandate to be granted to the Directors at the AGM to exercise all the powers of the Company to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution

DEFINITIONS

“Latest Practicable Date”	21 July 2014 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, excluding (except where the context requires) Hong Kong, Macau and Taiwan
“Proposed Refreshment”	the proposed refreshment of the Scheme Limit so that the Company may grant options to subscribe for Shares representing an aggregate up to 10% of its issued share capital as at the date of the AGM
“Repurchase Mandate”	the proposed repurchase mandate to be granted to the Directors at the AGM to exercise the powers of the Company to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution
“Repurchase Period”	the period starting from the date of passing of the relevant resolution granting the Repurchase Mandate and ending on the earliest of the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, or the date upon which the Repurchase Mandate is revoked or varied
“Scheme Limit”	the maximum number of options that may be granted by the Company pursuant to the Share Option Scheme
“SFO”	the Securities and Futures Ordinance, chapter 571 of the laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company on 29 August 2011

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as modified from time to time) of the Company
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	Per cent

UP ENERGY
Up Energy Development Group Limited
優派能源發展集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 307)

Executive Directors:

Mr. Qin Jun
Mr. Jiang Hongwen
Mr. Wang Chuan

Independent Non-Executive Directors:

Mr. Chau Shing Yim, David
Mr. Li Bao Guo
Mr. Lien Jown Jing, Vincent
Dr. Shen Shiao-Ming

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal Place of

Business in Hong Kong:
Room 2704, 27/F
Tower 1, Admiralty Centre
18 Harcourt, Hong Kong

28 July 2014

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSALS FOR GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES
(2) RE-ELECTION OF RETIRING DIRECTORS
(3) REFRESHMENT OF THE SCHEME LIMIT UNDER
THE SHARE OPTION SCHEME
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the information regarding the resolutions to be proposed at the AGM for the approval of (i) the granting of the Issue Mandate; (ii) the granting of the Repurchase Mandate; (iii) the extension of the Issue Mandate by addition thereto of the number of Shares repurchased pursuant to the Repurchase Mandate; (iv) the re-election of the retiring Directors; and (v) the refreshment of the Scheme Limit Under the Share Option Scheme. Such proposals will be dealt with at the AGM.

* for identification purpose only

LETTER FROM THE BOARD

2. PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the AGM, separate ordinary resolutions will be proposed to seek approval from the Shareholders to grant to the Directors:-

- (i) the Issue Mandate to allot and issue and deal with further Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution;
- (ii) the Repurchase Mandate to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution; and
- (iii) subject to the passing of the aforesaid ordinary resolutions approving the Issue Mandate and the Repurchase Mandate, the general mandate to extend the Issue Mandate by addition of the Shares purchased pursuant to the Repurchase Mandate.

An explanatory statement containing information relating to the Repurchase Mandate and as required pursuant to the Listing Rules is set out in Appendix I to this circular. This explanatory statement contains the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate at the AGM.

As at the Latest Practicable, the issued share capital of the Company comprised 3,031,509,467 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of passing the resolutions approving the Repurchase Mandate and the Issue Mandate, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate on the date of passing the resolution for approving the Repurchase Mandate will be 303,150,946 Shares and the maximum number of Shares which may be issued pursuant to the Issue Mandate on the date of passing the resolution for approving the Issue Mandate will be 606,301,893 Shares.

3. RE-ELECTION OF RETIRING DIRECTORS

In relation to the ordinary resolution number 2 set out in the AGM Notice regarding the re-election of retiring Directors, Mr. Lien Jown Jing, Vincent and Dr. Shen Shiao-Ming shall retire from office by rotation at the AGM pursuant to Bye-law 84 of the Bye-laws and, being eligible, have offered themselves for re-election. In addition, in accordance with bye-law 83(2) of the Bye-laws, Mr. Wang Chuan who was appointed as an Executive Director on 12 October 2013 shall retire from office at the AGM and, being eligible, has offered himself for re-election.

The biographical details of each of the retiring Directors who offer themselves for re-election are set out in Appendix II to this circular.

LETTER FROM THE BOARD

4. REFRESHMENT OF THE SCHEME LIMIT UNDER THE SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the Shareholders at the annual general meeting of the Company held on 29 August 2011. Apart from the Share Option Scheme, the Company has no other share option scheme currently in force.

It is proposed that subject to the approval by the Shareholders at the AGM and such other requirements prescribed under the Listing Rules, the general limit on the grant of options under the Share Option Scheme will be refreshed to 10% of the Shares in issue as at the date of the approval by the Shareholders at the AGM.

Since the date of adoption of Share Option Scheme and up to the Latest Practicable Date, no share option had been granted by the Company under the Share Option Scheme. The existing Scheme Limit was refreshed on 19 September 2012, entitling the Company to grant up to 158,285,978 options. The Directors consider that as the number of issued Shares has been increased since 19 September 2012 owing to rights issue of Shares, issue of consideration Shares in relation to the acquisition of Baicheng Coal Mine in Xinjiang and issue of Shares upon exercise of the conversion rights attached to convertible notes of the Company, it is in the interests of the Company and the Shareholders as a whole to refresh the Scheme Limit to the 10% limit provided under Chapter 17 of the Listing Rules so as to provide the Company with the flexibility of granting further share options under the Share Option Scheme and to provide incentives to, and recognize the contributions of, the Group's employees and other selected grantees.

Pursuant to the Share Option Scheme and in compliance with Chapter 17 of the Listing Rules, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10% of the total number of issued Shares as at the date of approval and adoption of the Share Option Scheme. The Company may refresh the Scheme Limit by an ordinary resolution of the Shareholders at a general meeting provided that:

- (a) the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10% of the Shares in issue as at the date of approval of the refreshment of the Scheme Limit; and
- (b) options previously granted under the Share Option Scheme and any other share option scheme(s) of the Company (including options outstanding, cancelled or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed.

If the Proposed Refreshment is approved at the AGM, based on the 3,031,509,467 Shares in issue as at the Latest Practicable Date and on the basis that no Shares would be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the AGM, the Company will be allowed under the refreshed Scheme Limit to grant options carrying the rights to subscribe for up to a total of approximately 303,150,946 Shares, representing 10% of the Shares in issue as at the date of the AGM.

LETTER FROM THE BOARD

In addition, the Board holds the view that the grant of options in full under the refreshed Scheme Limit will not cause the Shares to be issued upon exercise of all options available to be granted under the Share Option Scheme to be in excess of 30% of the Shares in issue from time to time.

Conditions of the Proposed Refreshment

The Proposed Refreshment is conditional upon:

- (1) the Shareholders passing an ordinary resolution to approve the Proposed Refreshment at the AGM; and
- (2) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options that may be granted pursuant to the Share Option Scheme under the refreshed Scheme Limit not exceeding 10% of the number of Shares in issue as at the date of approval of the Proposed Refreshment by the Shareholders.

Application for listing

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the options that may be granted under the Proposed Refreshment. Details of the Proposed Refreshment are set out in ordinary resolution number 8 in the notice of the AGM set out on page 19 of this circular.

5. AGM

The AGM Notice is set out on pages 16 to 19 of this circular. At the AGM, resolutions will be proposed to approve, inter alia, (i) the granting of the Issue Mandate; (ii) the granting of the Repurchase Mandate; (iii) the extension of the Issue Mandate by addition thereto of the number of Shares repurchased pursuant to the Repurchase Mandate; (iv) the re-election of the retiring Directors; (v) the re-appointment of auditor; and (vi) the refreshment of the Scheme Limit under the Share Option Scheme.

A form of proxy for the AGM is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange. If you do not intend to attend and vote at the AGM in person, you are requested to complete and return the form of proxy to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the meeting or the adjournment thereof. The completion of a form of proxy will not preclude you from attending and voting at the AGM in person or any adjournment thereof should you wish.

6. POLL VOTING AT AGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll.

LETTER FROM THE BOARD

7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

8. RECOMMENDATION

The Directors are of the opinion that the proposed resolutions as set out in the AGM Notice, including the resolutions for (i) the granting of the Issue Mandate; (ii) the granting of the Repurchase Mandate; (iii) the extension of the Issue Mandate by addition thereto of the number of Shares repurchased pursuant to the Repurchase Mandate; (iv) the re-election of the retiring Directors; and (v) the refreshment of the Scheme Limit Under the Share Option Scheme, are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions as set out in the AGM Notice.

9. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
On behalf of the Board
Qin Jun
Chairman

This Appendix contains the particulars required by the Listing Rules to be included in an explanatory statement to enable Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the Repurchase Mandate.

(1) GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to exercise all the powers of the Company to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing of the resolution to approve the granting to the Directors of the Repurchase Mandate. The Repurchase Mandate will continue to be in force until the earliest date as referred to in paragraph (c) of resolution 6 as set out in the AGM Notice.

(2) EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, the issued ordinary share capital of the Company comprised 3,031,509,467 Shares. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company would be allowed to repurchase a maximum of 303,150,946 Shares (representing approximately 10% of the issued share capital of the Company) during the period ending on the earlier of the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required to be held by law or the Bye-Laws, or the date on which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

(3) SOURCE OF FUNDS

Repurchases must be funded out of funds legally available for the purpose and in accordance with the Company's constitutive documents and the laws of the jurisdiction in which the Company is incorporated or otherwise established.

(4) REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions, and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

The Directors have no present intention to repurchase any Shares and they would only exercise the powers to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that there might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the consolidated financial position of the Company as at 31 March 2014, being the date to which the latest published audited financial statements of the Company have been made up) in the event that the Repurchase Mandate is exercised in full. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(5) SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2013		
August	0.475	0.445
September	0.500	0.390
October	0.530	0.400
November	0.475	0.425
December	0.475	0.405
2014		
January	0.455	0.430
February	0.450	0.430
March	0.570	0.420
April	0.850	0.530
May	0.750	0.550
June	0.660	0.550
July (as at the Latest Practicable Date)	0.720	0.540

(6) TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Up Energy Group Ltd. (“UEGL”) have interests in 1,115,913,268 Shares, representing 36.81% of the Company’s issued share capital. UEGL is 100% wholly owned by Up Energy Holding Ltd. (“UEHL”). UEHL is 100% wholly owned by Perfect Harmony Holdings Limited (“Perfect Harmony”). Perfect Harmony is a company incorporated in Bahamas and owned by Seletar Limited and Serangoon Limited as nominees in trust of Credit Suisse Trust Limited, the trustee of the J&J Trust. Mr. Wang Mingquan (“Mr. Wang”) is the founder of the J&J Trust. Accordingly, Mr. Wang, UEGL, UEHL, Seletar Limited, Serangoon Limited and Perfect Harmony are deemed to be interested in the relevant Shares.

Mr. Qin Jun, a director of the Company and his spouse are also the beneficiaries of the J&J Trust. As such, Mr. Qin and his spouse are deemed to be interested in the same parcel of shares held by the J&J Trust under the definition of the SFO.

Based on such interests, in the event that the Directors exercised in full the power to repurchase Shares which is proposed to be granted at the AGM, the interests of the J&J Trust in the issued share capital of the Company would increase from 36.81% to 40.90% of the share capital of the Company. Such increase will give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in any takeover obligation of any party.

The Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in the number of Shares held by the public falling below 25% of the total number of Shares in issues.

Save as disclosed in above, the Directors are not aware of any other consequences which may arise under Rules 26 and 32 of the Takeovers Code. The Directors do not intend to exercise the Repurchase Mandate to an extent which would, in the circumstances, trigger any potential consequences under the Takeovers Code.

(7) SHARE PURCHASE MADE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

(8) GENERAL

To the best of the knowledge of the Directors, having made all reasonable enquiries, none of the Directors nor any of their respective associates (as defined in the Listing Rules) has any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

No connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved.

The Listing Rules prohibit a company from making repurchases on the Stock Exchange if the result of the repurchases would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

The details of the retiring Directors proposed to be re-elected at the AGM are set out as follows:-

Mr. Lien Jown Jing, Vincent, aged 53, is an Independent Non-Executive Director of the Company. He is currently a director of Wah Hin & Company, a Singapore incorporated private investment holding company, an independent non-executive director of ILFS Wind Power Limited (a Singapore company), the chairman and a non-executive director of Deltec Capital Group Limited, the chairman and an independent non-executive director of Loyz Energy Limited (a company listed in Singapore), an independent non-executive director of Focus Media Network Limited (Stock Code: 8112), Viva China Holdings Limited (Stock Code: 8032) and CT Environmental Group Limited (Stock Code: 1363) (all of which are listed on The Stock Exchange of Hong Kong Limited), a director of The Maritime and Port Authority of Singapore and a non-executive director of Primeline Energy Holdings Inc. (a company listed in Canada). He has over 27 years of experience in the banking industry, specialized in corporate finance and capital management. Mr. Lien graduated from the University of New Brunswick with a Bachelor Degree in business administration. Mr. Lien started his career in the financial industry first in Merrill Lynch & Company. In the past years, Mr. Lien had been working in senior positions in major financial institutions such as Swiss Bank Corporation and Bankers Trust & Company. In year 2000, he became the Director of Wah Hin & Company. He also served as the Managing Director in the Financial Institutions & Public Sector division of ABN AMRO Bank from 2007 to 2008.

Save as disclosed above, Mr. Lien did not hold other directorship in any companies the securities of which are or had been listed on any securities market in Hong Kong or overseas in the last three years and does not hold other positions with other members of the Group.

Mr. Lien does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Lien does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Lien is appointed as an Independent Non-executive Director for a term of two years and shall be subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Byelaws. Mr. Lien is entitled to a fee of HK\$24,200 per month. His emolument is determined having regard to the scope of responsibilities, accountability, his experience and qualification, taking into consideration of the Company's performance, market practice and prevailing business conditions.

Dr. Shen Shiao-Ming, aged 64, is an Independent Non-Executive Director, the Chairman of the Remuneration Committee, and a member of the Audit Committee and the Nomination Committee of the Company. Dr. Shen has over 30 years legal and business experience with particular emphasis on business investment and the energy industry. Dr. Shen is currently an international legal consultant with the law firm of Mackenzie & Albritton in San Francisco, California and has previously worked for several other U.S. law firms, including Graham and James in San Francisco, and Kaye, Scholer, Fierman, Hays & Handle in New York. Dr. Shen's work involved multinational corporations in joint venture projects, energy projects and other international business transactions.

Dr. Shen has taught courses and lectured at Universities in Virginia, California, Texas and New York. Since 1998, Dr. Shen has also been a visiting professor of law at Southern Methodist University. Dr. Shen received a Master of Comparative Law Degree from Southern Methodist University School of Law, a Master of Laws Degree from Harvard Law School, and a Doctor of Juridical Science Degree from Boalt Hall School of Law at the University of California at Berkeley.

Save as disclosed above, Dr. Shen did not hold other directorship in any companies the securities of which are or had been listed on any securities market in Hong Kong or overseas in the last three years and does not hold other positions with other members of the Group.

Dr. Shen does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Dr. Shen does not have any interest in the Shares within the meaning of Part XV of the SFO.

Dr. Shen is appointed as an Independent Non-executive Director for a term of two years and shall be subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Byelaws. Dr. Shen is entitled to a fee of HK\$24,200 per month. Her emolument is determined having regard to the scope of responsibilities, accountability, her experience and qualification, taking into consideration of the Company's performance, market practice and prevailing business conditions.

Mr. Wang Chuan, aged 42, is an Executive Director of the Company. Mr. Wang was appointed as the chief operating officer and a director of Up Energy (Xinjiang) Mining Ltd. (優派能源(新疆)礦業有限公司) in 2005. He participated in setting up Up Energy (Xinjiang) Mining Ltd. in 2005 and is responsible for its overall operations and execution of the board's decisions. Mr. Wang graduated from Anhui University of Technology (School of Mechanical and Electrical Engineering) (安徽工業大學(機電學院)), majoring in Industrial Electric Automation. He is a licensed engineer. Mr. Wang worked as the Deputy General Manager of Beijing Jindafeng Science and Trade Co., Ltd. (北京金達峰科貿有限公司) from 1996 to 1999 and acted as the General Manager of Beijing Zhida Venture Investment Co., Ltd. (北京致達創業投資有限公司) from 1999 to 2005. He has nine years of relevant experience in coal mining business.

Mr. Wang is the brother-in-law of Mr. Qin Jun, the chairman of the Board and an Executive Director of the Company. In addition, Mr. Wang is the son of Mr. Wang Mingquan who is a substantial shareholder of the Company by virtue of being the founder of the J&J Trust which is interested in more than 10% of the issued shares of the Company. Save as disclosed above, Mr. Wang does not have any relationship with any director, member of senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Wang does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Wang does not hold any other position in the Company or its subsidiaries and did not hold any directorship in other publicly listed companies in the last three years.

Mr. Wang has entered into a service agreement with the Company. Mr. Wang is not appointed for a specific term but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company. Mr. Wang is entitled to a monthly salary of HK\$50,000. His emolument is determined by the Remuneration Committee and the Board with reference to his duties and responsibilities within the Group.

Save as disclosed above, the Company is not aware of any other matters in relation to the retiring Directors that need to be brought to the attention of the Shareholders and there is no other information of the retiring Directors which is discloseable pursuant to any of the requirements set out in Rule 13.51(2) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (“AGM”) of Up Energy Development Group Limited (the “Company”) will be held at Empire Room I, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on 22 September 2014 at 11:30 a.m. for the following purposes:

1. to receive and adopt the audited consolidated financial statements of the Company and the reports of the directors and independent auditor for the year ended 31 March 2014;
2. to re-elect retiring directors;
3. to authorize the board of directors to fix the remuneration of the directors;
4. to re-appoint independent auditor and authorize the board of directors to fix the auditor’s remuneration;
5. As special business, to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution:

“THAT

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company or securities convertible into shares of the Company, or options, warrants or similar rights to subscribe for shares of the Company or such convertible securities, and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants, debentures and other securities convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;

* for identification purpose only

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(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under any option scheme or similar arrangement for the time being adopted by the Company and/or any of its subsidiaries for the grant or issue to eligible participants thereunder or rights to acquire shares in the capital of the Company; (iii) an issue of shares pursuant to the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company in force from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meetings.

“**Rights Issue**” means the allotment, issue or grant of shares or securities convertible into shares of the Company pursuant to an offer of shares of the Company open for a period fixed by the directors of the Company to the holders of shares or of such securities or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or of such securities or any class thereof as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange applicable to the Company).”

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6. As special business, to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution:

“THAT

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of shares of the Company to be purchased pursuant to the approval in paragraph (a) above of this Resolution during the Relevant Period shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meetings.”

7. As special business to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution:

“THAT conditional upon Resolutions nos. (5) and (6) above being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with shares of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers pursuant to Resolutions no. (5) be and is hereby extended by the total nominal amount of shares in the capital of the Company repurchased by the Company since the granting of a general mandate to the directors of the Company to exercise the powers of the Company to purchase such shares pursuant to Resolution no. 6 above,

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provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution.”

8. As special business to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the Shares to be issued pursuant to the exercise of options which may be granted under the Refreshed Scheme Limit (as defined below), the refreshment of the existing limit in respect of the grant of options to subscribe for Shares under the share option scheme adopted by the Company on 29 August 2011 (the “Scheme”) be and is hereby approved provided that the aggregate nominal amount of share capital of the Company which may be allotted or issued pursuant to the exercise of options granted under the Scheme and any other schemes of the Company (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Scheme or such other scheme(s) of the Company) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution (the “Refreshed Scheme Limit”) and the directors of the Company be and are hereby authorised to grant options under the Scheme up to the Refreshed Scheme Limit, to exercise all powers of the Company to allot, issue and deal with the shares of the Company pursuant to the exercise of such options and to do such acts and execute such documents for or incidental to such purpose.”

By Order of the Board
Qin Jun
Chairman

Hong Kong, 28 July 2014

Note:

1. A shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxy(ies) (if he/she/it is the holder of two or more shares) to attend and on a poll, vote instead of him/her at the AGM that the appointment shall specify the number and class of shares in respect of which such proxy is so appointed. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of authority, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any shares, any one of such joint holders may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled thereto, but if more one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.