

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**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)

**PLACING OF BONDS**

**Placing Agent**



博大證券有限公司  
Partners Capital Securities Limited

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

On 2 September 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has agreed to act as placing agent for the purposes of procuring the Placees on a best effort basis to subscribe for the Bonds with an aggregate principal amount of up to HK\$200,000,000.

**Completion of the Placing of Bonds is subject to the fulfilment of the terms and conditions under the Placing Agreement and the Placing Agent's rights of termination of the Placing under the Placing Agreement. Accordingly, the Placing of Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

This announcement is made by Up Energy Development Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) pursuant to Rule 13.09 of the Listing Rules and the inside information provisions under Part XIVA of the SFO.

On 2 September 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has agreed to act as placing agent for the purposes of procuring the Placees on a best effort basis to subscribe for the Bonds with an aggregate principal amount of up to HK\$200,000,000.

## **PLACING AGREEMENT**

Set out below is a summary of the principal terms of the Placing Agreement :

**Date:** 2 September 2014

### **Parties**

- (i) The Company; and
- (ii) The Placing Agent.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

### **Placing of Bonds**

Pursuant to the Placing Agreement, the Placing Agent has agreed to act as a placing agent for the purposes of procuring the Placees on a best effort basis to subscribe for the Bonds with an aggregate principal amount of up to HK\$200,000,000 during the Placing Period (as defined below).

The Company has agreed to issue the following two types of Bonds to the Placees :-

- (1) Type I Bonds – an eight-year 7.5% coupon unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000; and
- (2) Type II Bonds – a five-year 7.0% coupon unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000.

According to the Placing Agreement, the Placing Agent shall be entitled to adjust the aggregate principal amounts of each Type I Bonds and Type II Bonds subject to the progress of the subscription of the Bonds, provided that the aggregate principal amount of Type I Bonds and Type II Bonds together shall not be more than HK\$200,000,000 during the Placing Period.

The Company shall be notified by the Placing Agent as soon as practicable in respect of any adjustment regarding the aggregate principal amounts of each Type I Bonds and Type II Bonds and the Company will issue further announcement in relation to such changes.

### **Placees**

The Bonds will be placed to the Placees which will be independent institutional or private investors, and who and whose ultimate beneficial owners are Independent Third Parties.

### **Placing Period**

The period commencing from the date of the Placing Agreement and ending on the earlier of (i) the 6 month from the date of the Placing Agreement or (ii) the date on which the Placing Agent successfully procures the Placees to subscribe for the Bonds in the aggregate principal amount of HK\$200,000,000 (in both cases, both dates inclusive), or such other period as agreed between the Company and the Placing Agent in writing (the “**Placing Period**”).

### **Exclusivity**

For the period of 6 month from the date of the Placing Agreement, the Company shall not appoint any other placing agent for the placing of the Bonds nor enter into any subscription agreements with subscribers not procured by the Placing Agent in respect of the Bonds..

### **Placing Commission**

In consideration of the services of the Placing Agent in connection with the Placing of Bonds, the Company shall pay the Placing Agent a placing commission of 0.5% of the principal amount of each Bonds actually placed by the Placing Agent under the Placing Agreement.

The placing commission was negotiated on an arm’s length basis between the Company and the Placing Agent and determined with reference to, among other things, the market rate.

The Directors consider that the placing commission is fair and reasonable based on the current market conditions.

## **Completion of the Placing of Bonds**

Subject to the termination rights of the Placing Agent under the Placing Agreement (such rights being exercisable upon the occurrence of certain events set out under the Placing Agreement which would, in the opinion of the Placing Agent after reasonable consultation with the Company, materially and adversely affect the Placing of Bonds), the completion of the Placing of Bonds shall be taken place within five (5) business days upon fulfilment of all the conditions precedent set out in the Placing Agreement (or such later time and date as the Placing Agent and the Company may agree in writing).

## **Conditions Precedent to the Placing Agreement**

The obligations of the Company and Placing Agent under the Placing Agreement in respect of the Placing of Bonds are conditional upon the following conditions being fulfilled during the Placing Period (or such later date and time as the Placing Agent and the Company shall agree in writing):

- (i) all necessary consents and approvals for the Placing of Bonds having been obtained by the Company and the Placing Agent;
- (ii) if applicable, the Placing Agent has procured the Placees to obtain all necessary consents and approvals for the Placing of Bonds; and
- (iii) there being no event of default as defined in the Placing Agreement.

If any of the conditions above is not fulfilled on or before the expiration of the Placing Period (or such later time or date as may be agreed between the Placing Agent and the Company in writing), the Placing Agreement shall be terminated and the obligations of the Company and Placing Agent under the Placing Agreement shall be lapsed accordingly.

## PRINCIPAL TERMS OF THE BONDS

### Type I Bonds

The principal terms of Type I Bonds are summarised as below :-

Principal Amount:	up to HK\$100,000,000 (subject to adjustment of the Placing Agent pursuant to the Placing Agreement)
Form and Denomination:	in registered form and in denomination of HK\$1,000,000 each
Maturity Date:	on the date falling on the eighth (8th) anniversary of the date of issue of the Bonds (or, if that is not a Business Day, the first Business Day thereafter) (the “ <b>Maturity Date</b> ”)
Interest rate:	7.5% per annum, calculated on the actual number of days elapsed and on the basis of a 365-day year payable annually in arrears on 31st December in each year. All outstanding interest as at the Maturity Date shall be paid on the Maturity Date.
Status:	The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Transferability:	The Bonds may be transferable in whole multiples of HK\$1,000,000 (or such lesser amount as may represent the entire principal amount thereof) and may be transferred to any person provided that none of the Bonds shall be transferred to a connected person of the Company without the Company’s consent subject to the Listing Rules.
Event of default:	If any of the events of default occurs subject to the terms and conditions of the Bonds, the bondholder may give notice to the Company that the Bonds are immediate due and payable and, upon such notice being given to the Company, the Bonds will immediately become due and payable at their principle amount.
Listing:	No application will be made for the listing of the Bonds.

## **Type II Bonds**

The principal terms of Type II Bonds are summarised as below :-

Principal Amount:	up to HK\$100,000,000 (subject to adjustment of the Placing Agent pursuant to the Placing Agreement)
Form and Denomination:	in registered form and in denomination of HK\$1,000,000 each
Maturity Date:	on the date falling on the fifth (5th) anniversary of the date of issue of the Bonds (or, if that is not a Business Day, the first Business Day thereafter) (the “ <b>Maturity Date</b> ”)
Interest rate:	7.0% per annum, calculated on the actual number of days elapsed and on the basis of a 365-day year payable annually in arrears on 31st December in each year. All outstanding interest as at the Maturity Date shall be paid on the Maturity Date.
Status:	The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Transferability:	The Bonds may be transferable in whole multiples of HK\$1,000,000 (or such lesser amount as may represent the entire principal amount thereof) and may be transferred to any person provided that none of the Bonds shall be transferred to a connected person of the Company without the Company’s consent subject to the Listing Rules.
Event of default:	If any of the events of default occurs subject to the terms and conditions of the Bonds, the bondholder may give notice to the Company that the Bonds are immediate due and payable and, upon such notice being given to the Company, the Bonds will immediately become due and payable at their principle amount.
Listing:	No application will be made for the listing of the Bonds.

The terms of the Bonds were determined after arm’s length negotiations between the Company and the Placing Agent with reference to the prevailing market conditions.

## REASONS FOR THE PLACING OF BONDS AND USE OF PROCEEDS

The Company through its main subsidiaries is engaged in coking coal business in Xinjiang Uygur Autonomous Regions (“**Xinjiang**”) in the PRC. With headquarters in Fukang City in northern Xinjiang close to the regional capital Urumqi, the Company is principally engaged in mining of coking coal, production and sales of raw coking coal, clean coking coal, coking and chemical products.

The Board has considered various ways of raising funds to develop its businesses and consider that the Placing of Bonds represents a suitable opportunity to raise capital for the Group. In addition, the Placing of Bonds will not result in any dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors are of the view that the Placing of Bonds provides a good opportunity to strengthen the Company’s financial position and the terms of the Placing of Bonds are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming the Bonds are placed in full, the maximum aggregate principal amount of the Placing of Bonds will be HK\$200,000,000 and the net proceeds after deducting the placing commission and other related costs and expenses will be approximately HK\$198,850,000. The Company intends to use the net proceeds from the Placing of Bonds for (i) funding potential acquisition activities to be identified by the Group from time to time; and/or (ii) the general working capital of the Group.

## FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The following table depicts the fund raising activities of the Company during the past twelve months immediately before the date of this announcement:

<b>Announcement date</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
25 August 2015	Placing of 575,100,000 new shares under general mandate	Approximately HK\$565.89 million	Repayment of existing bank loans and/or the general working capital of the Group	Not yet utilized

The Company will closely monitor the progress of the Placing of Bonds and perform its information disclosure obligation in a timely manner according to the Listing Rules.

**Completion of the Placing of Bonds is subject to the fulfilment of the terms and conditions under the Placing Agreement and the Placing Agent’s rights of termination of the Placing under the Placing Agreement. Accordingly, the Placing of Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

“Bonds”	the Type I Bonds and/or Type II Bonds together with an aggregate principal amount of up to HK\$200,000,000 to be placed pursuant to the Placing Agreement
“Company”	Up Energy Development Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Director(s)”	Director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	a party which is not a connected person (as defined under the Listing Rules) or a core connected person (as defined under the Listing Rules) of the Company and is independent of the Company and its connected persons and core connected persons
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange
“Placers”	independent institutional or private investors selected and procured by the Placing Agent to subscribe for the Bonds pursuant to the Placing Agreement
“Placing Agent”	Partners Capital Securities Limited, a company incorporated in Hong Kong with limited liability licensed to carry on type 1 (dealing in securities) regulated activity under the SFO



“Placing Agreement”	the placing agreement dated 2 September 2014 and entered into between the Company and the Placing Agent in relation to the Placing of Bonds
“Placing of Bonds”	the placing of the Bonds (in single or multiple rounds) pursuant to the terms of the Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.20 each in the issued share capital of the Company
“Shareholder(s)”	Holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Type I Bonds”	the eight-year 7.5% coupon unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000 to be placed pursuant to the Placing Agreement
“Type II Bonds”	the five-year 7.0% coupon unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000 to be placed pursuant to the Placing Agreement
“%”	Per cent.

By Order of the Board  
**Up Energy Development Group Limited**  
**Qin Jun**  
*Chairman*

Hong Kong, 2 September 2014

*As of the date of this announcement, the executive directors of the Company are Mr. Qin Jun, Mr. Jiang Hongwen and Mr. Wang Chuan whilst the independent non-executive directors of the Company are Mr. Chau Shing Yim, David, Mr. Li Bao Guo, Mr. Lien Jown Jing, Vincent and Dr. Shen Shiao-Ming.*

\* *For identification purposes only*