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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)

PROPOSED CHANGE OF AUDITORS

The Board proposes that, subject to the passing of necessary resolutions at the SGM, KPMG will be appointed to replace Ernst & Young as the auditors of the Group.

A circular containing information on the removal of Ernst & Young and the appointment of KPMG as the new auditors of the Group together with a notice convening the SGM will be despatched to the shareholders of the Company as soon as possible.

The board ("**Board**") of directors (the "**Directors**") of Up Energy Development Group Limited (the "**Company**") announces that, subject to the passing of necessary resolutions at the special general meeting of the Company (the "**SGM**"), KPMG will be appointed to replace Ernst & Young as the auditors of the Company and its subsidiaries (collectively, the "**Group**") and to hold office until the conclusion of the next annual general meeting of the Company.

The reason for the proposed change of auditors of the Group is due to a disagreement between the Board and Ernst & Young on the audit fees for the financial year ending 31 March 2013.

Ernst & Young have confirmed that there are no matters in connection with their removal that need to be brought to the attention of the shareholders of the Company ("**Shareholders**") or creditors of the Company. The Board and the audit committee of the Company also confirm that there are no matters in respect of the change of auditors that need to be brought to the attention of the Shareholders or creditors of the Company.

** for identification purpose only*

A circular containing information on the removal of Ernst & Young and the appointment of KPMG as the new auditors of the Group, together with a notice convening the SGM will be despatched to the Shareholders as soon as possible.

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

Hong Kong, 5 March 2013

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