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**UPDATE ON RECENT DEVELOPMENTS REGARDING
(1) VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE ACQUISITION OF APPROXIMATELY
82.74% INTERESTS IN GCC AND GCC LP RESPECTIVELY;
(2) INTERIM FINANCING AND DISCLOSEABLE TRANSACTION;
AND
(3) RESUMPTION OF TRADING**

Reference is made to the announcement of Up Energy Development Group Limited (the “**Company**”) dated 8 December 2014 in relation to the very substantial acquisition of GCC and GCC LP (the “**Announcement**”). Reference is also made to the announcement of the Company dated 9 December 2014 in relation to the extension of the December Longstop Date. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless defined otherwise.

The Board wishes to provide an update to the Shareholders on the latest developments of the Acquisition and the transactions contemplated and related thereto.

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF APPROXIMATELY 82.74% INTERESTS IN GCC AND GCC LP RESPECTIVELY

As disclosed in the Announcement, completion of the Acquisition is conditional upon, among other things, the fulfillment or waiver (as the case may be) of the Marubeni SPA Conditions and Winsway SPA Conditions being satisfied on or before (i) the Longstop Date; and (ii) the December Longstop Date which has been extended to 31 December 2014.

* For identification purposes only

THE MARUBENI SPA

As at the date of this announcement, the following December Longstop Date Marubeni SPA Conditions:

- (i) the Purchaser, Winsway Seller, GCC and the Marubeni Seller shall have agreed and executed the Interim Support Agreement as required under Marubeni SPA Condition (10); and
- (ii) the provision by China Minsheng Banking Corp., Ltd. of a waiver in respect of the funding contributions scheduled for December 2014 as set out in the Fourth Amendment Deed as required under Marubeni SPA Condition (12),

have been satisfied. Save as disclosed above, no other Marubeni SPA Conditions have been satisfied or waived as at the date of this announcement.

THE WINSWAY SPA

As at the date of this announcement, the following December Longstop Date Winsway SPA Conditions:

- (i) the Purchaser, Winsway Seller, GCC and the Marubeni Seller shall have agreed and executed the Interim Support Agreement as required under Winsway SPA Condition (13); and
- (ii) the provision by China Minsheng Banking Corp., Ltd. of a waiver in respect of the funding contributions scheduled for December 2014 as set out in the Fourth Amendment Deed as required under Winsway SPA Condition (17),

have been satisfied. Save as disclosed, no other Winsway SPA Conditions have been satisfied or waived as at the date of this announcement.

INTERIM SUPPORT AGREEMENT

The Marubeni Seller, the Winsway Seller and GCC have acknowledged that continued operation of the business of the GCC Group requires additional funding. The Company and the Purchaser are willing and have agreed to provide additional funding for GCC and GCC LP under the Amended and Restated Bridge Loan Agreement, pending SPA Completion.

Concurrently with the execution of the Amended and Restated Bridge Loan Agreement, the Purchaser, the Company, Winsway Seller, Marubeni Seller, GCC and GCC LP had on 17 December 2014 (after trading hours) entered into the Interim Support Agreement as supplemented by a letter agreement among the same parties on 24 December 2014 which terms were negotiated among the parties on an arm's length basis in satisfaction of Marubeni SPA Condition (10) and Winsway SPA Condition (13). To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Marubeni Seller, Winsway Seller, GCC and GCC LP and their respective ultimate beneficial owners are Independent Third Parties. The principal terms of the Interim Support Agreement are as follows:

Scope

The Interim Support Agreement shall govern and define the respective rights and obligations of the Company and the Purchaser, the Marubeni Seller and the Winsway Seller in connection with the operation of the GCC Group by GCC prior to SPA Completion.

The Marubeni Seller and the Winsway Seller have agreed to direct GCC to operate the GCC Group under an interim operational plan on the understanding that the roles of the Company and the Purchaser during the Interim Period shall be limited to:

- (i) provision of Interim Funding under the Amended Bridge Facility;
- (ii) dispatch of personnel as observers at the premises of the GCC Group ("**Creditor Representative**") to ensure that proceeds of the Amended Bridge Facility are used in the agreed manner; and
- (iii) recommendation of changes from time to time to the GCC Group.

Term and effectiveness

The Interim Support Agreement shall come into force and be effective as of the date of execution and shall continue in existence from the date of execution and terminate automatically upon the expiration of the Interim Period, except that the agreement can be terminated early:

- (i) by the Company and the Purchaser, if the Capital Contribution Waiver is for any reason withdrawn or amended without their prior written consent;
- (ii) by the Company and the Purchaser in the event of default of the Marubeni Seller and the Winsway Seller under the Interim Support Agreement;
- (iii) by the Company and the Purchaser if the parties to the Interim Support Agreement cannot agree on an alternative change to an interim operational plan within four weeks of the receipt of an objection notice to changes recommended by the Creditor Representatives from GCC;
- (iv) by the Company and the Purchaser if the parties to the Interim Support Agreement cannot agree on an amendment to an interim operational plan within four weeks of the receipt of a Plan Change Notice (as defined below); or
- (v) by the Marubeni Seller and Winsway Seller in the event of default of the Company and the Purchaser under the Interim Support Agreement.

In the case of termination of the Interim Support Agreement, any party thereto can provide notice to the other parties to terminate (as applicable) the Marubeni SPA and the Winsway SPA.

Operations of the GCC Group

Throughout the term of the Interim Support Agreement, the parties thereto shall cooperate with one another and use their good faith, commercially reasonable efforts to effect the efficient, timely and seamless provision and carrying out of an interim operational plan.

Interim financing

Nothing in the Interim Support Agreement, the Winsway SPA, the Marubeni SPA or the Bridge Loan Agreement shall be construed as requiring the Company and the Purchaser to advance any funds greater than those contemplated by the Amended Bridge Facility provided that if GCC and GCC LP do not have sufficient funds to survive until SPA Completion the Marubeni Seller, Winsway Seller, GCC and GCC LP may take any action to cause an Insolvency Event to occur and thereafter each of the Marubeni Seller and Winsway Seller shall have the option to terminate the Amended and Restated Bridge Loan Agreement, the Interim Support Agreement and (as applicable) the Marubeni SPA and the Winsway SPA.

The Purchaser's compliance with its obligations under the Amended Bridge Facility, subject to the terms of the Amended Bridge Facility, during the term of the Interim Support Agreement shall be deemed a fulfilment of all of the Company's obligations under each of the Winsway SPA and Marubeni SPA; provided that if GCC and GCC LP do not have sufficient funds to survive until SPA Completion the Marubeni Seller, Winsway Seller, GCC and GCC LP may take any action to cause an Insolvency Event to occur and thereafter each of the Marubeni Seller and Winsway Seller shall have the option to terminate the Amended and Restated Bridge Loan Agreement, the Interim Support Agreement and (as applicable) the Marubeni SPA and the Winsway SPA.

Services

The GCC Group shall use its commercially reasonable efforts to improve, develop, operate and maintain the business (the "**Services**") in accordance with the terms of the Interim Support Agreement. The Services shall be rendered by officers, directors and employees of the GCC Group (the "**Servicing Team**").

The roles of Creditor Representatives shall be limited to those as observers; provided that they shall be entitled to recommend reasonable changes to the scope and nature of the Services to protect the rights of the Company and the Purchaser as creditors of the GCC Group (each a "**Creditor Recommendation**").

In order for the Purchaser to monitor GCC Group, subject to Applicable Laws and full compliance of the confidentiality provisions set out in the Interim Support Agreement and the procurement of such compliance by the Company and the Purchaser of any professional and other advisors, all Creditor Representatives, as well as any professional and other advisors of the Company and the Purchaser, shall have full access to the premises of the GCC Group.

The parties to the Interim Support Agreement agree to share the costs of the Servicing Team and Creditor Representatives based on the following rules: (i) all compensation payable to the Creditor Representatives shall be borne exclusively by the Purchaser; and (ii) all compensation payable to any member of the board of directors and management committee of GCC that is currently paid by Marubeni Seller and Winsway Seller who appointed that member shall continue to be borne by Marubeni Seller and Winsway Seller.

Deviation from interim objectives, plan and budgets

The Company and the Purchaser acknowledge and agree that GCC and GCC LP shall be entitled to deviate from and amend the interim objectives, plan and any applicable budgets in case of the following:

- (i) compliance by GCC and GCC LP with Applicable Laws;
- (ii) compliance by GCC or GCC LP with any changes in third party requirements made under contracts for the supply of coal by GCC or GCC LP that have been executed and not terminated as at the date of the Interim Support Agreement; and
- (iii) any Force Majeure Event,

by GCC delivering a written notice (a “**Plan Change Notice**”) to the Company and the Purchaser promptly upon the occurrence of any of the above events, setting forth the details of the event and its projected impact on the interim objectives, plan and any applicable budgets, and the parties shall consider and discuss in good faith to agree on an amendment thereto, including any changes to the budgets stipulated under the Amended Bridge Facility.

If the parties fail to agree on any amendment thereto within the prescribed period, GCC and GCC LP shall be entitled to deviate from and amend the interim objectives, plan and any applicable budgets as GCC and GCC LP deem necessary to comply with or resolve any matter arising under (i) to (iii) immediately above (without prejudice to the Company and the Purchaser’s right of termination set out above) the Company and the Purchaser shall continue to fund such deviation and amendment to the interim objectives, plan and any applicable budgets.

Covenants of the Company and the Purchaser

Each of the Company and the Purchaser covenants, jointly and severally, with the Marubeni Seller and Winsway Seller and the GCC Group that it will:

- (i) not unduly interfere with GCC in its delivery of the Services and the operation of the business;
- (ii) use commercially reasonable efforts to ensure that the actions taken by Creditor Representatives at the premises of the GCC Group shall be in compliance with Applicable Laws and the internal policies of the GCC Group, copies of which have been provided to the Company and the Purchaser as of the date of execution of the Interim Support Agreement;

- (iii) use commercially reasonable efforts to ensure that the Creditor Recommendations will not be in contravention with Applicable Laws, provided however that it shall be the GCC Group's sole and absolute responsibility to ensure that all Services shall be conducted in compliance with all Applicable Laws; and
- (iv) provide to GCC and GCC LP the Interim Funding in accordance with the provisions of the Interim Support Agreement and the Amended Bridge Facility.

Default

Any party to the Interim Support Agreement shall be a “**Defaulting Party**” in the following circumstances (each circumstance, a “**Default**”):

- (i) any representation or warranty made by such party under the Interim Support Agreement proves to have been incorrect in any material respect when made;
- (ii) except in the case of (iii) below, such party to the Interim Support Agreement commits a material breach of the Interim Support Agreement and that breach:
 - (a) is incapable of remedy; or
 - (b) if capable of remedy, is not remedied within ten (10) Business Days for a financial breach, and fifteen (15) Business Days for other breaches, of being notified in writing by any other party to the Interim Support Agreement of the breach;
- (iii) in the case of the Company and the Purchaser, if the Company and the Purchaser fail to comply funding and such non-compliance is not remedied within five (5) Business Days of being notified in writing by GCC or any of the Marubeni Seller and Winsway Seller of the breach;
- (iv) an Insolvency Event occurs with respect to such party to the Interim Support Agreement; or
- (v) a Default (as defined in the Amended Bridge Facility) of the Amended Bridge Facility occurs;

If a Default has occurred, any party that is not a Defaulting Party may give a written notice to the Defaulting Party (a “**Default Notice**”) specifying the particulars of the Default.

Effect of Default of the GCC Shareholders

Upon the issue of a Default Notice in respect of any Default of the Marubeni Seller and Winsway Seller, in addition to any remedies available at law or in equity, the Company and the Purchaser shall:

- (i) no longer be obligated to make any further advances under the Bridge Loan Agreement or Amended Bridge Facility;
- (ii) be entitled to exercise all of its rights and remedies under the Bridge Loan Agreement or Amended Bridge Facility in respect of all amounts then owing to them; and
- (iii) have the option to terminate the Interim Support Agreement by giving written notice to the Marubeni Seller and Winsway Seller.

Effect of Default of the Company and the Purchaser

Upon the issue of a Default Notice in respect of any Default of either or both of the Company and the Purchaser, in addition to any remedies available at law or in equity, each of the Marubeni Seller and Winsway Seller shall have the option to terminate the Interim Support Agreement and the Marubeni Seller, Winsway Seller, GCC and GCC LP may take action causing an Insolvency Event to occur and thereafter each of the Marubeni Seller and Winsway Seller shall have the option to terminate the (as applicable) Marubeni SPA and Winsway SPA.

Indemnification by GCC and GCC LP

Each of GCC and GCC LP shall, jointly and severally, indemnify and defend the Covered Creditor Person (each an “**Indemnified Creditor Party**”) from and against any and all Losses relating to, arising out of, or resulting from claims made by non-Affiliate third parties in the following matters (each an “**Indemnifiable Creditor Claim**”):

- (a) any act or omission of a Covered Creditor Person in the design of the interim operational plan or the handling of the plan as an observer, including any recommendation made to the Services rendered thereunder; and
- (b) any changes in the business, financial condition and results of operations of the GCC Group during the Interim Period,

provided, however, that such limitation on liability will not extend to or otherwise limit any liabilities that have resulted directly from such Indemnified Creditor Person’s gross negligence, willful misconduct or fraud.

Consequence if SPA Completion does not occur

If SPA Completion does not occur, GCC hereby undertakes to pay a gratuity (the “**Gratuity**”) to the Company in the following fixed amount corresponding to the month of the termination of the Marubeni SPA or Winsway SPA (as applicable) occurs, as follows:

Termination month of the Marubeni SPA or Winsway SPA	Gratuity (US\$)
January 2015	100,000
February 2015	250,000
March 2015	450,000
April 2015	680,000
May 2015	950,000
Additional monthly Gratuity after May 2015	270,000

For the avoidance of doubt, if the Marubeni SPA or Winsway SPA (as applicable) is not terminated before June 2015, (i) the monthly Gratuity will be US\$270,000 per month commencing from June 2015 and this monthly Gratuity will be cumulative in addition to the outstanding May 2015’s Gratuity; and (ii) the Gratuity is based on the interim budget set pursuant to the Amended and Restated Bridge Loan Agreement. GCC shall pay all outstanding Gratuity to the Company no later than the 180th day following the date that the Marubeni SPA or Winsway SPA (as applicable) is terminated.

(2) INTERIM FINANCING AND DISCLOSEABLE TRANSACTION

AMENDED AND RESTATED BRIDGE LOAN AGREEMENT

The Bridge Loan Agreement as amended by the Amendment Agreement entered into by the Company as lender, GCC LP as borrower, the Marubeni Seller and the Winsway Seller, details of which are disclosed in the Announcement, was one of the transaction documents in connection with the Acquisition. As of the date of this announcement, funds in the aggregate principal amount of US\$10,000,000 were made available to GCC LP under the Bridge Loan Agreement as amended by the Amendment Agreement, all of which have been released to GCC LP.

Concurrently with the execution of the Interim Support Agreement, the Company as original lender, the Purchaser as new lender, GCC, GCC LP as borrower, the Marubeni Seller and the Winsway Seller had on 17 December 2014 (after trading hours) entered into the Amended and Restated Bridge Loan Agreement and agreed to amend and restate the Bridge Loan Agreement as amended by the Amendment Agreement. To the best of

the Directors' knowledge, information and belief and having made all reasonable enquiries, GCC and GCC LP, Marubeni Seller and Winsway Seller and their respective ultimate beneficial owners are Independent Third Parties as at the date of this announcement. The principal terms of the Amended and Restated Bridge Loan Agreement are as follows:

Conditions Precedent

It is a condition precedent to the effectiveness of the Amended and Restated Bridge Loan Agreement that CMBC, the Administrative Agent and the Security Agent (as applicable) have each given their consent under the terms of Minsheng Facilities Agreement in respect of GCC LP entering into the Amended and Restated Bridge Loan Agreement, including waiving all rights they may have under the Minsheng Facilities Agreement in respect of the Amended Bridge Loan (the "**Condition Precedent**").

Bridge Facility

Initial Loan; Assignment

Each of the Marubeni Seller, Winsway Seller, GCC and GCC LP acknowledges that, as at the date of Amended and Restated Bridge Loan Agreement, the Company as original lender has advanced the sum of US\$10,000,000 (the "**Initial Loan**") to GCC LP's account in accordance with the Bridge Loan Agreement and consents to the assignment by the Company as original lender to and in favour of the Purchaser as new lender of, and the acceptance and assumption by the Purchaser as new lender of, the rights, benefits and obligations of the Company as original lender under the Bridge Loan Agreement, the Marubeni Securities Pledge Agreement and the Winsway Securities Pledge Agreement.

Additional Loan

Subject to the satisfaction of the Conditions Precedent detailed above, the Purchaser as new lender shall, subject to the terms under the Amended and Restate Bridge Loan Agreement, advance, or procure any person to advance, the sum of up to an additional US\$40,000,000 (the "**Additional Loan**") to GCC LP's account for the purposes of allowing GCC LP to meet its day to day operational expenses incurred in accordance with an interim operational plan during the Interim Period. As at the date of this announcement, an initial Advance as part of the Additional Loan of US\$4,000,000 has been made and a second Advance as part of the Additional Loan of US\$1,500,000 is scheduled for on or before 29 December 2014 (the "**Second Advance**"). As at the date of this announcement, the Second Advance has not been made.

Advances

At any time and from time to time during the Availability Period, GCC LP shall be entitled to submit written requests to the Purchaser as new lender detailing the amount that it requires to be transferred to GCC LP's account.

Security

The Loan Obligations shall be secured by the collateral identified in the Security Documents (as set out below).

Purchaser as New Lender's Obligation to Fund

The Marubeni Seller, Winsway Seller, GCC and GCC LP expressly acknowledge and agree that the election by the Purchaser as new lender not to accept a borrowing request or release request shall not constitute a breach of the Marubeni SPA, the Winsway SPA or the Interim Support Agreement; provided that, notwithstanding the relevant provisions of the Marubeni SPA and Winsway SPA or any other provision of the Amended and Restated Bridge Loan Agreement, if the Purchaser as new lender fails to provide any Advances, fails to approve any fund releases or fails to fund GCC LP in accordance with the Amended and Restated Bridge Loan Agreement for any reasons whatsoever (including in the case of any breach or default of the Marubeni Seller, Winsway Seller, GCC and GCC LP), the Marubeni Seller, Winsway Seller, GCC and GCC LP may take any action to cause an Insolvency Event to occur and thereafter each of the Marubeni Seller and Winsway Seller shall have the option to terminate the Amended and Restated Bridge Loan Agreement, the Interim Support Agreement and (as applicable) the Marubeni SPA and the Winsway SPA.

Conditions Subsequent

Grant of Additional Security

Each of the Marubeni Seller, Winsway Seller, GCC and GCC LP severally agrees to use its reasonable endeavours to deliver the security documents (as set out in the paragraph titled "Security Documents" below) as soon as practicable, and in no event later than their respective deadlines set forth in the Amended and Restated Bridge Loan Agreement.

Support of the Acquisition

Each of the Marubeni Seller, Winsway Seller, GCC and GCC LP severally agrees to use its reasonable endeavours to deliver or complete the required Acquisition related items specified in the Amended and Restated Bridge Loan Agreement as soon as practicable, and in no event later than their respective deadlines set forth therein.

Nature of Financing Support

In the event that the Acquisition is completed, Winsway Seller and the Purchaser as new lender agree that the Advanced monies under the Amended Bridge Facility, together with of the prepayment guarantee made by Winsway (collectively, the “**Financing Support**”), will be deemed as part of the first year US\$69 million committed capital injection from the Purchaser as new lender.

Repayment and Prepayment

Final Repayment Date

Subject to the paragraph titled “Nature of Financing Support” above, GCC LP shall repay the Amended Bridge Facility, all unpaid interest accrued (if any) thereon and any other amounts due but unpaid under the Amended and Restated Bridge Loan Agreement in full on the Final Repayment Date.

Prepayment

No prepayment may be made except with the prior written consent of the Purchaser as new lender. Any prepayment (if permitted) under the Amended and Restated Bridge Loan Agreement shall be made together with accrued interest on the amount prepaid.

Non-Revolver Loan

GCC LP may not re-borrow any part of the Amended Bridge Loan that is repaid or prepaid.

Release of Security

Upon the repayment of the Amended Bridge Loan and any accrued interest up to the date of repayment or the capitalisation of such sums as contemplated by the paragraph titled “Nature of Financing Support” above, the Purchaser as new lender shall forthwith take all necessary steps to release the Amended Bridge Loan Security.

Interest

Interest Rate

GCC LP shall pay to the Company as original lender interest on the outstanding principal amount of the Initial Loan at the interest rate of 18% per annum (the “**Initial Loan Interest**”) on the basis of the actual number of days elapsed from the date of the receipt of the relevant Advance by GCC LP and a year of 360 days.

GCC LP shall pay to the Purchaser as new lender interest on the outstanding principal amount of the Additional Loan at the interest rate of 7% per annum (the “**Additional Loan Interest**”) on the basis of the actual number of days elapsed from the date of the receipt of the relevant Advance by GCC LP and a year of 360 days.

Interest shall continue to accrue until the Amended Bridge Loan is repaid. Accrued and unpaid interest shall be paid on the Final Repayment Date or upon a request made under the heading “Rights of the Purchaser as new lender” below.

Non-accrual of Interest

Notwithstanding the above, no interest on the Amended Bridge Loan shall be payable provided that SPA Completion occurs under both of the Marubeni SPA and the Winsway SPA.

Unless expressly stated otherwise, any payment which would otherwise be due on a day which is not a Business Day shall be due on the next Business Day. During any such extension of the due date for the payment of any sum, interest shall be payable on that sum at the rate applicable before the original due date.

Event of Default

Any of the following events is an “**Event of Default**”:

- (i) the default of any Loan Party in the payment of any amount due under the Transaction Documents as and when the same becomes due and payable;
- (ii) an Insolvency Event;
- (iii) any representation or warranty made by any Loan Party in the Amended and Restated Bridge Loan Agreement or in any other document, agreement or instrument delivered is untrue or inaccurate in any material respect;

- (iv) a writ, execution, attachment or similar process is issued or levied against all or any portion of the property of any Loan Party in connection with any judgment against it and which is material in the context of the business of the Loan Parties as a whole;
- (v) subject to the provisions of the Amended and Restated Bridge Loan Agreement, any Indebtedness (other than the Indebtedness) of any Loan Party is not paid when due and payable (whether on demand, maturity, acceleration or otherwise);
- (vi) a default shall occur in the performance or observance of any obligation or conditions of any Loan Party under any Transaction Documents;
- (vii) the occurrence of any material breach of covenant or material default by any Loan Party under any Material Contract;
- (viii) one or more encumbrancers, lienors or landlords takes possession of any material property, assets or undertaking of any Loan Party or enforces its security or other remedy against any material part of the assets, property and undertaking of any Loan Party;
- (ix) the occurrence of a Change of Control of any Loan Party, save as contemplated by the Marubeni SPA or the Winsway SPA;
- (x) any Loan Party contests in any manner the effectiveness, validity, binding nature or enforceability of any Transaction Document;
- (xi) any Transaction Document is determined by a court of competent jurisdiction not to be a legal, valid and binding obligation of the other parties thereto, enforceable by the Purchaser as new lender against such parties;
- (xii) any Encumbrance securing any Secured Obligation shall, in whole or in part, cease to be a perfected Encumbrance which ranks first in priority except vis-à-vis Encumbrances existing at the date of the Amended and Restated Bridge Loan Agreement;
- (xiii) any Disposition or attempted Disposition to any party other than the Purchaser as new lender of any interests in the Loan Parties, the Marubeni Seller and Winsway Seller or any one or more of them, without prior written consent of the Purchaser as new lender;

- (xiv) failure to obtain a written waiver or “no interest” letter from HSBC with respect to the Encumbrances created under the HSBC Loan Documents, in form and substance satisfactory to the Purchaser as new lender, in its sole discretion, by the Three-Month Deadline; and
- (xv) the termination of the Interim Support Agreement.

Rights of the Purchaser as New Lender

If an Event of Default has occurred which has not been remedied or waived, the Purchaser as new lender may do any one or more of the following by notice in writing to GCC LP:

- (i) cancel the Amended Bridge Facility in part or in whole;
- (ii) declare any part of the Amended Bridge Loan to be immediately due and payable, whereupon the same shall become immediately due and payable together with all accrued interest thereon; and/or
- (iii) enforce all or some of its security interest under any one or more of the security documents (as set out below).

Security Documents

Prior to the Second Advance

1. the securities pledge assignment and amending agreement – the Marubeni Seller;
2. the securities pledge assignment and amending agreement – the Winsway Seller; and
3. a blocked account charge agreement executed by GCC LP in favour of the Purchaser as new lender with respect to GCC LP’s account, form to be agreed.

Prior to the Two-Month Deadline (form of agreement to be mutually agreed by the parties acting reasonably)

1. an unlimited guarantee executed by GCC in favour of the Purchaser as new lender with respect to all indebtedness, liabilities and obligations of GCC LP to the Purchaser as new lender;

2. a general security agreement executed by GCC LP in favour of the Purchaser as new lender creating a security interest in all present and future undertaking, assets and property of GCC LP, both real and personal;
3. a general security agreement executed by GCC in favour of the Purchaser as new lender creating a security interest in all present and future undertaking, assets and property of GCC, both real and personal;
4. a fixed and floating charge demand debenture executed by GCC LP in favour of the Purchaser as new lender creating a security interest in all present and future property of GCC LP including, without limitation, coal leases;
5. a debenture pledge agreement executed by GCC LP in favour of the Purchaser as new lender;
6. a fixed and floating charge demand debenture executed by GCC in favour of the Purchaser as new lender creating a security interest in all present and future property of GCC including, without limitation, coal leases;
7. a debenture pledge agreement executed by GCC in favour of the Purchaser as new lender;
8. a priority agreement between the Purchaser as new lender and CMBC, in form and substance satisfactory to the Purchaser as new lender; and
9. written confirmation by Marubeni that it shall not require any repayment under the advance payment agreement between Marubeni, GCC and GCC LP before the date of SPA Completion.

Guarantee and Indemnity

For the avoidance of doubt, it is agreed that the Company as original lender shall be required to guarantee the obligations of the Purchaser as new lender under the Marubeni SPA and the Winsway SPA, including the obligations of the Purchaser as new lender under clause 4.4 therein.

Reasons for And Benefits of the Bridge Loan And the Charge On Deposit

The terms of the Amended Bridge Loan, including the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Amended Bridge Loan and the associated Charge on Deposit provided ongoing funding to support the operations of the GCC business and facilitated the progress of the Acquisition and the transactions contemplated thereunder during the period of negotiations.

The Directors have considered the above carefully in arriving at the conclusion that the Company should provide the Amended Bridge Loan and create the associated Charge on Deposit. The Directors (including independent non-executive Directors) believe the support given by the Company by virtue of the Amended Bridge Loan is beneficial to the Company and its Shareholders as a whole and the arrangement for the provision of the Charge on Deposit are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

As the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Interim Funding, the Amended Bridge Loan and the Charge on Deposit (on an aggregate basis) is greater than 5% but less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Amended Bridge Loan and the Charge on Deposit constitute discloseable transaction for the Company and are subject to notification and publication requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that SPA Completion is subject to the fulfilment or waiver of the conditions precedent set out in the Winsway SPA and the Marubeni SPA. The Winsway SPA and the Marubeni SPA may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

(3) SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on Thursday, 18 December 2014 at the request of the Company pending and publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Tuesday, 30 December 2014.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

- “Amended and Restated Bridge Loan Agreement” means the amended and restated bridge loan agreement entered into by the Company, the Purchaser, GCC, GCC LP, the Marubeni Seller and the Winsway Seller on 17 December 2014 as supplemented by a letter agreement among the same parties dated 24 December 2014 amending and restating the Bridge Loan Agreement dated 6 September 2014 as amended by the Amendment Agreement dated 2 December 2014
- “Amended Bridge Facility” means the US\$50,000,000 facility under the Amended and Restated Bridge Loan Agreement entered into by the Company, the Purchaser, GCC, GCC LP, the Marubeni Seller and the Winsway Seller concurrently with the Interim Support Agreement and any other amendment, substitution or replacement, in whole or part, of such agreement
- “Amended Bridge Loan” means the Initial Loan and the Additional Loan
- “Amended Bridge Loan Security” means the security granted pursuant to the Marubeni Securities Pledge Agreement and the security granted pursuant to the Winsway Securities Pledge Agreement and (from the time the Additional Security is in place) the Additional Security to be granted to the Purchaser as new lender under the Amended and Restated Bridge Loan Agreement
- “Amendment Agreement” means an amendment agreement dated 2 December 2014 entered into between the parties to the Bridge Loan Agreement

“Assets”	means, with respect to any Person, any property, assets and undertakings of such Person of every kind and wheresoever situate, whether now owned or thereafter acquired (and, for greater certainty, includes any Capital Stock in or of any Person in any other Person and any rights under or in respect of any contract or agreement to which such Person is a party)
“Availability Period”	means the period from and including the date on which the Condition Precedent is satisfied until the Final Repayment Date, unless extended by mutual consent by the parties
“Capital Contribution Waiver”	means a waiver granted by CMBC on 2 December 2014 such that GCC LP is no longer required to procure Winsway Seller and the Company to commit to the December 2014 capital contribution schedule set forth in the Fourth Amendment Deed
“Capital Lease Obligation”	means, with respect to a Person, the obligation of the Person to pay rent or other amounts under a capital lease and for the purposes of this definition, the amount of such obligation at any date shall be the capitalized amount of such obligation at such date as determined in accordance with generally accepted accounting principles or the IFRS, as applicable
“Capital Stock”	means (a) common shares, preferred shares or other equivalent equity interests (howsoever designated) of capital stock of a body corporate, (b) equity preferred or common interests in a limited liability company, (c) member or shareholder interests in an unlimited company or unlimited liability company, (d) limited or general partnership interests in a partnership, (e) any other interest that confers the right to receive a share of the profits and/or losses of, or the distribution of assets of, any Person, and (f) any other interest equivalent to any of the interests referred to in any of clauses (a), (b), (c), (d) and (e) of this definition

“Change of Control”

means the occurrence of any of the following events: (a) any offeror has acquired beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, any voting Capital Stock of any Loan Party, that together with the offeror’s securities in relation to the voting Capital Stock of such Loan Party, would constitute voting Capital Stock of such Loan Party representing more than 50% of the total voting power attached to all voting Capital Stock of such Loan Party then outstanding, (b) there is consummated any amalgamation, consolidation, statutory arrangement (involving a business combination) or merger of any Loan Party (1) in which such Loan Party is not the continuing or surviving corporation/partnership, or (2) pursuant to which any voting Capital Stock of such Loan Party would be reclassified, changed or converted into or exchanged for cash, securities or other property, other than (in each case) an amalgamation, consolidation, statutory arrangement or merger of such Loan Party in which the holders of the voting Capital Stock of such Loan Party immediately prior to the amalgamation, consolidation, statutory arrangement or merger have, directly or indirectly, more than 50% of the voting Capital Stock of the continuing or surviving corporation/partnership immediately after such transaction, (c) any Person or group of Persons, other than the sponsor of any Loan Party, shall succeed in having a sufficient number of its nominees elected as directors of the general partner such that such nominees, when added to any existing directors after such election who was a nominee of or is an Affiliate or related Person of such Person or group of Persons, will constitute a majority of the directors, or (d) any acquisition by any Person or Persons, of the power, whether acting alone or jointly and in concert to, directly or indirectly, direct, or cause the direction of, management, business or policies of any Loan Party, whether through the ability to exercise voting power, by contract or otherwise

“Covered Creditor Person”

means the Company, the Purchaser, Creditor Representatives, their respective Affiliates or any of their respective directors, officers or employees

“Day” or “day”

means a period of 24 consecutive hours, beginning and ending at 12:01 a.m. Calgary Time, provided that the reference date for any day shall be the calendar date upon which the 24-hour period commenced

“Derivative”

means any transaction (including an agreement with respect thereto) now existing or hereafter entered into (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy-sell-back transaction, securities lending transaction, or forward purchase or sale of a security or other financial instrument (including any option with respect to any of these transactions), (ii) which is a transaction similar to any transaction referred to in clause (i) of this definition that is currently, or in the future becomes, regularly entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and that is a forward, swap, future or option on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, or economic indices or measures of economic risk or value, or (iii) any combination of the transactions referred to in clauses (i) and (ii) of this definition

“Derivative Exposures”

means, in relation to any Person (the “**relevant party**”) and any counterparty of the relevant party at any time means the amount which would be payable by the relevant party to that counterparty, or by that counterparty to the relevant party, as the case may be, pursuant to the agreement governing the Derivatives entered into between them and in effect at that time if those Derivatives were to be terminated as the result of the default of the relevant party. If the Derivative Exposure is payable by the relevant party to any counterparty of the relevant party, it is referred to herein as “Out-of-the-Money Derivative Exposure”

“Disposition”

means, with respect to any Asset of any Person, any direct or indirect sale, lease (where such Person is the lessor of such Asset), assignment, cession, transfer (including any transfer of title or possession), exchange, conveyance, release or gift of such Asset, or any reorganization, consolidation, amalgamation or merger of such Person pursuant to which such Asset becomes the property of any other Person; and “Dispose” and “Disposed” have meanings correlative thereto; provided that any related series of transactions involving the Disposition of the same Asset or similar Assets shall be deemed to be a single Disposition

“Encumbrance”

means any deed of trust, mortgage, charge (whether fixed or floating), hypothec, assignment, deposit arrangement, pledge, preference, priority, lien, vendor’s privilege, supplier’s right of repossession or other security interest or encumbrance of whatever kind or nature (including, without limitation, any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing), regardless of form and whether consensual or arising by law (statutory or otherwise), that secures the payment of any indebtedness or liability or the observance or performance of any obligation

“Final Repayment Date”	means the earlier of: (i) one day after SPA Completion under both of the Marubeni SPA and the Winsway SPA; and (ii) the termination of either or both of the Marubeni SPA and the Winsway SPA, unless extended by mutual consent by the parties
“Force Majeure Event”	means any event, circumstance or occurrence that is beyond the reasonable control of GCC and GCC LP and that materially adversely affects the operation of the business in accordance with the interim operational plan, including riot, war, hostilities, acts of god, terrorism, adverse weather, strike or industrial dispute, fire, explosion, decline in commodity prices, changes in exchange rates, change in Applicable Laws and Governmental Authority orders
“GCC Shareholder(s)”	means any Person who is a registered holder of Shares from time to time and its respective successors, assigns and legal representatives and where the context requires shall mean one or more such Persons
“HSBC”	means HSBC Bank Canada
“HSBC Loan Documents”	means all of the loan and security documents which the Loan Parties or any Loan Party has granted in favour of HSBC in connection with any Indebtedness to HSBC
“IFRS”	means international financial reporting standards, approved by the International Accounting Standards Board or each successor thereto (“IASB”), adopted by the Loan Parties, as applicable, as at the date on which any calculation or determination is required to be made, provided that, in accordance with the international financial reporting standards, where the IASB includes a recommendation concerning the treatment of any accounting matter, such recommendation shall be regarded as the only international financial reporting standard

“Indebtedness”

of any Person means and includes, without duplication, (a) indebtedness for borrowed money or indebtedness issued or incurred in substitution or exchange for indebtedness for borrowed money, (b) amounts owing as deferred purchase price for property or services, other than trade payables incurred in the ordinary course of business and payable in accordance with customary practices, (c) indebtedness evidenced by any note, bond, debenture, mortgage or other debt instrument or financial debt security, (d) Capital Lease Obligations, (e) all obligations arising from cash/book overdrafts, (f) reimbursement obligations of such Person under bankers’ acceptances and contingent obligations of such Person in respect of any letter of credit, bank guarantee or surety bond, (g) indebtedness secured by an Encumbrance on assets or property of such Person, (h) Out-of-the-Money Derivative Exposure, (i) any change of control payments or prepayment premiums, penalties, charges or equivalents thereof with respect to any indebtedness, obligation, or liability of the type described in clauses (a) through (h) above, or (j) the contingent obligations of such Person under any guarantee or other agreement assuring payment of any obligations of any Person of the type described in the foregoing clauses (a) to (i) above

“Insolvency Event”

means, in respect of a party, any one or more of the following:

- (a) if a party files a petition in bankruptcy or for reorganization or for an arrangement pursuant to any applicable Insolvency Laws now or thereafter in effect;
- (b) if a party is adjudged bankrupt by a court of competent jurisdiction, or becomes insolvent, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts generally as they become due, is dissolved or suspends payment generally of its obligations;

- (c) if a petition is filed proposing the adjudication of a party as bankrupt or its reorganization pursuant to any applicable Insolvency Laws or any similar Applicable Laws, now or thereafter in effect, and:
 - (i) the party consents to that filing;
 - (ii) the petition is not discharged or denied within 60 days after that filing; or
 - (iii) the petition is not diligently defended against.

- (d) if a receiver, trustee, liquidator or other similar official is appointed to take charge of a party or of all or substantially all of the business or assets of a party, and:
 - (i) that party consents to such appointment; or
 - (ii) the appointment is not discharged or withdrawn or action is not taken by that party to secure the discharge of that official within 60 days after the appointment

“Insolvency Laws”

means the Bankruptcy and Insolvency Act (Canada), the Winding Up and Restructuring Act (Canada) and the Companies’ Creditors Arrangement Act (Canada) or any successor applicable law, and the bankruptcy, insolvency, restructuring arrangement, creditor protection or similar Applicable Laws of any other jurisdiction (regardless of the jurisdiction of such application or competence of such Applicable Laws)

“Interim Funding”

means the additional funds to be provided by the Company and the Purchaser for GCC and GCC LP to continue operations until SPA Completion on the condition that an interim operational plan is implemented

“Interim Period” means the period commencing on the date of the Interim Support Agreement and ending on the earlier of the date of (x) SPA Completion and (y) the termination of the Acquisition under either or both of the Winsway SPA and Marubeni SPA

“Interim Support Agreement” means the agreement entered into between the Purchaser, the Company, Winsway Seller, Marubeni Seller, GCC and GCC LP on 17 December 2014 (after trading hours) as supplemented by a letter agreement among the same parties on 24 December 2014 pursuant to which the Company and the Purchaser agreed to provide additional funds for GCC and GCC LP to continue operations until SPA Completion on the condition that the interim operational plan is implemented

“Loan Obligations” means the Indebtedness and other liabilities and obligations (including all indemnity obligations) of any Loan Party owing to the Financing Party incurred under, pursuant to or otherwise in respect of each Transaction Document, and any item or part thereof. For certainty, “Loan Obligations” shall include interest accruing subsequent to the commencement of, or which would have accrued but for the commencement of, any bankruptcy proceeding in accordance with and at the rate specified therein or in another applicable Transaction Document, whether or not such interest is an allowable claim in such bankruptcy proceeding

“Loan Parties” means GCC LP and GCC, and each one of them is a “Loan Party”

“Losses” means, in respect of a Person and in relation to a matter, any and all damages, settlements, penalties, assessments and fines paid by that Person to a claimant or Government Authority in connection with that matter and also includes Taxes on a settlement payment or damage award in respect of that matter but does not include, consequential or indirect losses or loss of profit

“Marubeni Securities Pledge Agreement”	means the securities pledge agreement made as of 12 September 2014 between Marubeni Seller and the Purchaser as new lender, as may be amended from time to time
“Material Contract”	means any present and future agreements, contracts, declarations of trust, deeds, instruments or other documents entered into by any Loan Party or other Person which are binding upon such Loan Party or its property and are material to the operation of its business
“Out-of-the-Money Derivative Exposure”	means Derivative Exposure which is payable by the relevant party to any counterparty of the relevant party
“Person”	means an individual, a corporation, voluntary association, joint stock company, trust, limited or general partnership, joint venture, trust, trustee, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted or other entity and the heirs, executors, administrators, legal representatives, successors and assigns of such Person as the context may require
“Secured Obligation”	means all present and future debts, liabilities and obligations of any Loan Party to the Company and the Purchaser (including all future Advances, whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed as principal, guarantor, indemnitor or otherwise, including all loan obligations and all Indebtedness and other liabilities and obligations of GCC LP under the Bridge Loan Agreement, as amended by the Amendment Agreement)

“Tax”, “Taxes” or “Taxation” means any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated, including any interest, penalties, fines or other additions that may become payable in respect thereof, imposed by any Taxing Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales and use taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, environmental taxes, capital taxes, production taxes, recapture, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers’ compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which GCC, is required to pay, withhold, remit or collect

“Taxing Authority” means any Governmental Authority responsible for the imposition of any Tax (domestic or foreign)

“Three-Month Deadline” means the date that is the same numeric day of the third calendar month after the date of the Amended and Restated Bridge Loan Agreement

“Transaction Documents” means the Amended and Restated Bridge Loan Agreement, the Interim Support Agreement and the security documents specified in the Amended and Restated Bridge Loan Agreement

“Two-Month Deadline” means the date that is the same numeric day of the second calendar month after the date of the Amended and Restated Bridge Loan Agreement

“Winsway Securities Pledge Agreement” means the securities pledge agreement made as of 12 September 2014 between Winsway Seller and the Purchaser as new lender, as may be amended from time to time

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

Hong Kong, 30 December 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.