

**UP ENERGY DEVELOPMENT GROUP LTD.
CHAIRMAN QIN JUN: HAS HE OVERPLAYED HIS HAND ?**

A money-lender, domiciled in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), has lodged a Bankruptcy Petition in the HKSAR High Court, naming Mr Qin Jun () as its debtor.

The money-lender is Baosteel Resources International Company Ltd ([]), the HKSAR company, owned as to 99 percent by Baosteel Group Corporation (), which, in turn, is a corporate entity, wholly owned, controlled and managed by the Government of the PRC.

Mr Qin Jun is the Chairman of Up Energy Development Group Ltd (), a company, listed on the Main Board of The Stock Exchange of Hongkong Ltd, being Stock Code, Number 307.

The filing of Bankruptcy Petition, Number 4851 of 2013, followed Baosteel Resources International Company Ltd, filing a Winding-Up Petition (Number 185 of 2013), naming Up Energy Group Ltd as Debtor.

Up Energy Group Ltd is deemed to be owned, beneficially, by Mr Qin Jun.

This privately owned company, as at March 31, 2012, held about 29.19 percent of the Issued and Fully Paid-Up Share Capital of Up Energy Development Group Ltd.

Baosteel Resources International Company Ltd, as at March 31, 2012, was deemed to be interested in 40.47 percent of the Issued and Fully Paid-Up Share Capital of Up Energy Development Group Ltd.

The Rights Issue

A successful Rights Issue was concluded at the end of March, this year, after Up Energy Development Group Ltd pitched a call for more money from its investors on the basis of one Rights Share for every two existing Shares.

The Underwriter of the Rights Issue was Up Energy Capital Ltd, a company, wholly owned by Mr Qin Jun.

The result of the Rights Issue was that Chairman Qin Jun ended up with 39.10 percent of the Issued and Fully Paid-Up Share Capital of Up Energy Development Group Ltd.

But before being able to become the Underwriter of this Right Issue, Chairman Qin Jun had to be somewhat fleet of foot, financially speaking, getting China Minsheng Banking Corporation Ltd, Hongkong Branch, ([]) to agree to lend him/Up Energy Group Ltd, a privately held company that he, also, controls, very material sums of money. On March 28, 2013, Up Energy Development Group Ltd announced:

'The Company has been advised by Up Energy Group Ltd. (the "Controlling Shareholder") that on 17 January 2013, the Controlling Shareholder obtained a term loan facility of HK\$266,793,000 (the "January Facility") from China Minsheng Banking Corp., Ltd. Hong Kong Branch (the "Bank") for the purposes of refinancing a HK\$542,000,000 senior secured exchangeable facility obtained by the Controlling Shareholder in 2011.

‘As security for the January Facility, the Controlling Shareholder has agreed to pledge (among others) the following assets in favour of the Bank:

- (i) 318,566,949 Shares held by the Controlling Shareholder in the Company, representing approximately 12.5% of the issued share capital of the Company as at the date of this announcement (the “January Share Pledge”); and*
- (ii) Convertible Notes in the principal amount of HK\$2,039,250,000, which can be converted into 1,237,108,711 Shares at the current conversion price of HK\$1.6484 (the “January Convertible Notes Pledge”).*

‘The Company has been further advised by the Controlling Shareholder that on 20 March 2013, the Controlling Shareholder obtained a term loan facility of up to HK\$395,000,000 (the “March Facility”) from the Bank for the purposes of funding part of the subscription of (i) 236,783,474 Rights Shares provisionally allotted to the Controlling Shareholder under the Rights Issue (the “Allotment Rights Shares”), and (ii) 284,447,033 Rights Shares underwritten by the Controlling Shareholder pursuant to the Underwriting Agreement (the “Underwritten Rights Shares”), and for funding the loan management fee payable to the Bank under the Facility.

‘As security for the March Facility, the Controlling Shareholder has agreed to pledge (among others) the following assets in favour of the Bank:

- (i) 676,230,507 Shares (being the aggregate of 155,000,000 Share beneficially owned by the Controlling Shareholder through its custodian account, the Allotment Rights Shares and the Underwritten Rights Shares) held by the Controlling Shareholder in the Company, representing 26.6% of the issued share capital of the Company as at the date of this announcement (the “March Share Pledge”); and*
- (ii) Convertible Notes in the principal amount of HK\$587,000,000, which can be converted into 356,102,887 Shares at the current conversion price of HK\$1.6484 (the “March Convertible Notes Pledge”).’*

It seems very apparent ... [CLICK TO ORDER FULL ARTICLE](#)

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