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中國秦發集團有限公司
CHINA QINF A GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00866)

**UPDATES ON THE PROPOSED ACQUISITIONS OF
70% SHAREHOLDING INTEREST IN NEW MINING COMPANIES**

This announcement is made by China Qinfa Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcements of the Company dated 3 January 2020 and 13 May 2021 (the “**Announcements**”). Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

Pursuant to the terms of the Heads of Agreements, in the event that the Sellers fail to fulfill any of their obligations on the conditions under the Heads of Agreements (including failure to transfer the Mining Business Licenses to New Mining Companies within six months from the date of the Heads of Agreements), the Sellers must return the Total Deposit Funds to Qinfa Overseas within 14 days from the date of notification from Qinfa Overseas.

The Board is deeply saddened by the passing away of Kokos Jiang (“**Mr. Jiang**”), a majority shareholder of the Sellers including SPE, IME, PBJS, TME and VPE, on 31 July 2021. After communication with the proposed heir of Mr. Jiang’s estate, additional time is required for the legal arrangement and procedure on the inheritance of estate. Therefore, additional time is required for the satisfaction of certain conditions precedent set forth in the Heads of Agreements. The Company will make further announcements to update Shareholders as to the development of the Proposed Acquisitions as and when appropriate.

Regarding the Heads of Agreement E with the Seller PLKK, which majority shares are owned by Very Wintara who is a relative of Mr. Jiang, the Group has not made the Deposit Fund of USD1 million to PLKK yet. Without the involvement of Mr. Jiang, who acted as a middleman in the past and played a significant role in the Heads of Agreement E, the Group considers it is more appropriate to further liaise, clarify and negotiate with Very Wintara to determine the way forward. Additional time is required for both parties. The Company may make further announcement to update the Shareholders as to the development if and when appropriate.

The Government of the Republic of Indonesia (the “**Indonesia**”) has enacted new government regulation on mining on 9 September 2021 (the “**New Regulation**”). Before the implementation of the New Regulation, the coal mining license (or known as IUP) could only be transferred by acquiring the company or its subsidiary that possesses the mining license. Currently, the coal mining license could be separately transferred from the company that possesses the mining license to a third party according to the New Regulation. As such, the Company is exploring if there is a more efficient structure for the Proposed Acquisitions as compared to the initial transaction structure as contemplated under the Heads of Agreements. The Company will make further announcement as and when appropriate to update Shareholders if there is material change on the terms of Heads of Agreement.

The Board wishes to emphasize that as of the date of this announcement, the Proposed Acquisitions are still subject to the fulfillment of the conditions precedent under the Heads of Agreements, which remain valid and binding to the parties thereto. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board of
China Qinfu Group Limited
Mr. XU Da
Chairman

Guangzhou, 12 November 2021

As at the date of this announcement, the Board comprises Mr. XU Da, Mr. BAI Tao and Mr. TAN Yingzhong as the executive directors, and Mr. LAU Sik Yuen, Prof. SHA Zhenquan and Mr. JING Dacheng as the independent non-executive directors.