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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)

**ANNOUNCEMENT
PURSUANT TO RULE 13.09(1) OF THE LISTING RULES AND
THE INSIDE INFORMATION PROVISIONS**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of China Qinfa Group Limited (the “**Company**”, and together with its subsidiaries the “**Group**”), pursuant to Rule 13.09(1) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (the “**Inside Information Provisions**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Having reviewed the preliminary management accounts of the Group for the year ended 31 December 2013 and the other financial information currently available to the Board, the Directors wish to announce that the amount of the net profit of the Group is expected to be substantially less than the net profit of the Group in 2012 or that the Group may incur insignificant amount of loss during the year. The profitability of the Group was adversely affected by the following factors:–

- (1) The one-off and predominately non-cash loss arising from the termination of two shipbuilding agreements during the period in total amount of RMB116.0 million as disclosed in the Company’s interim report 2013.
- (2) There were continuous decreases of more than 10% in the average selling prices for thermal coal in China in 2013, as compared with the average price levels in 2012. The low price levels adversely affected the profitability of the coal trading business of the Group. Hence, the overall gross profit margin of the Group in 2013 was lower than that of 2012.
- (3) Net finance cost of the Group increased in 2013.

The Group's audited accounts for the year ended 31 December 2013 have yet to be finalised. Hence, the information contained in this announcement is primarily based on the information currently available to the Board. Detailed financial information on the Group for the year ended 31 December 2013 is expected to be announced by the Company before the end of March 2014 in accordance with the requirements under the Listing Rules. **Shareholders and potential investors of the Company should exercise caution when dealing or investing in the securities of the Company.**

By order of the Board
CHINA QINFA GROUP LIMITED
XU Jihua
Chairman

Guangzhou, 7 March 2014

As of the date of this announcement, the Board comprises Mr. XU Jihua, Ms. WANG Jianfei, Ms. LIU Xiaomei, and Mr. WENG Li as the executive Directors, and Mr. HUANG Guosheng, Mr. LAU Sik Yuen, and Mr. XING Zhiying as the independent non-executive Directors.