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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that after a preliminary review on the Group's unaudited consolidated management accounts for the six months ended 30 June 2014, the Group expects that the unaudited loss attributable to equity holders of the Company for the six months ended 30 June 2014 may be significantly higher than that for the six months ended 30 June 2013.

The Company is still in the process of finalising the unaudited consolidated results of the Group for the six months ended 30 June 2014. This profit warning announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group which is subject to finalisation and other potential adjustments, if any, and have not been confirmed, reviewed or audited by the Company's auditor.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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 (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The board (the "**Board**") of directors of the Company (the "**Directors**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that after a preliminary review on the Group's unaudited consolidated management accounts for the six months ended 30 June 2014, the Group expects that the unaudited loss attributable to equity holders of the Company for the six months ended 30 June 2014 may be significantly higher than that for the six months ended 30 June 2013. Based on the relevant information currently available to the Company, the Board considers that such unaudited loss is primarily attributable to, among other things, (1) the

continuing downturn of coal market, substantial decline in the price of coal and the decrease in the average selling price of coal of the Group caused by various factors such as slowdown in the macroeconomic growth and sluggish demand growth from downstream industries; (2) the increase in net finance cost; and (3) the impairment in the deferred tax assets arising from tax loss carried forward.

The Company is still in the process of finalising the unaudited consolidated results of the Group for the six months ended 30 June 2014. This profit warning announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group which is subject to finalisation and other potential adjustments, if any, and have not been confirmed, reviewed or audited by the Company's auditor. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company, which is expected to be published in August 2014.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China Qinfu Group Limited
XU Jihua
Chairman

Guangzhou, 8 August 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.