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中國秦發集團有限公司
CHINA QINFA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00866)

DISCLOSEABLE TRANSACTION
CONSTRUCTION CONTRACTS

On 2 March 2022 (after trading hours), Qinfa Mining, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contracts with Jiangsu Mining, under which Jiangsu Mining agreed to provide the Construction Services to Qinfa Mining at a total consideration of RMB68 million.

As one of the applicable percentage ratios in respect of the transactions contemplated under the Construction Contracts is more than 5% but less than 25%, the entering into of the Construction Contracts constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 2 March 2022 (after trading hours), Qinfa Mining, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contracts with Jiangsu Mining, under which Jiangsu Mining agreed to provide the Construction Services to Qinfa Mining at a total consideration of RMB68 million.

CONSTRUCTION CONTRACTS

A summary of the principal terms of the Construction Contracts are set out below:

Construction contract

Date: 2 March 2022 (after trading hours)

Main Contractor: PT Qinfa Mining Industri (秦發礦業有限公司*)

Sub-Contractor: Jiangsu Mining Engineering Group Co., Ltd.* (江蘇省礦業工程集團有限公司)

Project site: Sungai Durian, Kotabaru, South Kalimantan, Indonesia

Project scope: Construction of main shaft(主斜井), auxiliary shaft (副立井) and ventilation shaft (回風立井), including building, installation and maintenance etc.

Schedule: 14 months, 9 months and 9 months from the date of commencement of construction work for main shaft, auxiliary shaft and ventilation shaft, respectively.

Consideration: The contract sum is RMB60,000,000, which was determined pursuant to relevant national and/or municipal standards with reference to the scope and complexity of construction work to be carried out.

Terms of payment: The contract sum shall be paid to Jiangsu Mining in the following manner:

- (i) monthly progress payments representing 85% of the construction fees for the actual work done based on monthly progress;
- (ii) payment up to 95% (cumulative of (i) above) of the total contract sum after the completion acceptance is passed; and
- (iii) the remaining 5% of the total contract sum shall be paid upon expiry of one year after the completion acceptance is passed as assurance of quality.

Technical service contract

Date: 2 March 2022 (after trading hours)

Main Contractor: PT Qinfa Mining Industri (秦發礦業有限公司*)

Service provider: Jiangsu Mining Engineering Group Co., Ltd.* (江蘇省礦業工程集團有限公司)

Project site: Sungai Durian, Kotabaru, South Kalimantan, Indonesia

Scope of services: Project implementation includes (but not limited to) planning, advising on the procurement and use of materials, engineering equipment and construction equipment, monitoring installation, testing of engineering equipment, assisting and cooperating with contractors and subcontractors to implement and complete the project according to the agreed schedule and other reasonable services as may be requested by Qinfa Mining.

Consideration: The contract sum is RMB8,000,000, which was determined pursuant to relevant national and/or municipal standards with reference to the scope of services to be provided.

Terms of payment: The contract sum shall be paid to Jiangsu Mining in the following manner:

- (i) monthly progress payments representing 85% of the service fees for the actual work done based on monthly progress;
- (ii) payment up to 95% (cumulative of (i) above) of the total contract sum after the completion acceptance is passed; and
- (iii) the remaining 5% of the total contract sum shall be paid upon expiry of one year after the completion acceptance is passed as assurance of quality.

INFORMATION ON THE GROUP AND QINFA MINING

The Group is principally engaged in coal mining, purchase and sales, filtering, storage and blending of coal.

Qinfa Mining is a company incorporated in Indonesia with limited liability, which is principally engaged in mining activities. It is an indirect wholly-owned subsidiary of the Company. Qinfa Mining owns 70% equity interests in PT Sumber Daya Energi, a company established under the laws of Republic of Indonesia and holding the mining business license of a coal mine located in Sungai Durian, Kotabaru, South Kalimantan, Indonesia.

INFORMATION ON JIANGSU MINING

The Company understands that Jiangsu Mining is a company incorporated in China with limited liability, which is principally engaged in construction services.

Jiangsu Mining is ultimately owned by the People's Government of Jiangsu Province as to 100%. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Jiangsu Mining and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACTS

The Group is principally engaged in the coal operation business involving coal mining, purchase and sales, filtering, storage and blending of coal in the PRC. The Group has been focusing its resources on the coal operation which accounted for the major portion of the Group's revenue.

As disclosed in the announcements dated 3 January 2020, 7 August 2020 and 25 May 2021, the Group acquired PT Sumber Daya Energi that has the mining business license of a coal mine located in Sungai Durian, Kotabaru, South Kalimantan, Indonesia. Prior to the construction, the Group has conducted extensive exploration and preliminary design on the coal mining area. The construction of the shafts will allow the Group to prepare for production and extract the underground coal reserve. Steady production scale in the Group's mining area in Indonesia will allow the Group to generate revenue and to capture the growing market demand.

The terms of the Construction Contracts were agreed by the parties based on arm's length negotiations. In view of the above, the Directors are of the view that the terms of the Construction Contracts are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The payment of the consideration is funded by internal resources of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the transactions contemplated under the Construction Contracts is more than 5% but less than 25%, the entering into of the Construction Contracts constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Company”	China Qinfra Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 00866)
“Construction Contracts”	the construction contract and technical service contract each dated 2 March 2022, entered into between Qinfra Mining and Jiangsu Mining in respect of the Construction Services
“Construction Services”	the services to be provided under the Construction Contracts, including construction of shafts and provision of project implementation services in the mining area of the coal mine that PT Sumber Daya Energi, an indirect non-wholly owned subsidiary of the Company, holds the mining business license
“Directors”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indonesia”	the Republic of Indonesia
“Jiangsu Mining”	Jiangsu Mining Engineering Group Co., Ltd.* (江蘇省礦業工程集團有限公司), a company incorporated in China with limited liability whose principal business is construction service
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC or “China”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China
“Qinfa Mining”	PT Qinfa Mining Industri (秦發礦業有限公司*), a company incorporated in Indonesia with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of China
“Shareholders”	the holder(s) of the shares of the Company

* *for identification purposes only*

By Order of the Board of
China Qinfa Group Limited
XU Da
Chairman

Guangzhou, 2 March 2022

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.