

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
PROCUREMENT CONTRACT

On 18 November 2022 (after trading hours), SDE, an indirect 70% non-wholly owned subsidiary of the Company, entered into the Procurement Contract with SUMEC Complete, under which SUMEC Complete agreed to sell the Equipment to SDE at a total consideration of approximately RMB39 million.

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Procurement Contract is more than 5% but less than 25%, the entering into of the Procurement Contract and the transaction contemplated thereunder constitute a discloseable transaction of 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 18 November 2022 (after trading hours), SDE, an indirect 70% non-wholly owned subsidiary of the Company, entered into the Procurement Contract with SUMEC Complete, under which SUMEC Complete agreed to sell the Equipment to SDE at a total consideration of approximately RMB39 million.

PRINCIPAL TERMS OF THE PROCUREMENT CONTRACT

A summary of the principal terms of the Procurement Contract is set out below:

Parties:	SDE as the buyer; and SUMEC Complete as the seller
Equipment:	10 sets of diesel generator and power plant ancillary equipment
Consideration:	The contract sum is RMB38,746,349, which was determined after arm's length negotiations with reference to the market price of similar products sold by other independent third parties
Payment Terms:	The consideration shall be paid to SUMEC Complete in the following manner: (i) 30% of the total consideration is payable by SDE as prepayment within five working days after the Procurement Contract is entered into and the Seller issues a proforma invoice; (ii) the remaining 70% of the total consideration shall be paid in 18 instalments in 18 months starting from 30 days after the date of bill of lading. Each instalment per month is RMB1,506,802.46.
Guarantee:	It is contemplated under the Procurement Contract that each of the Company and Shanxi Shuozhou Pinglu District Huameiao Xingtao Coal Company Limited (山西朔州平魯區華美奧興陶煤業有限公司), a non-wholly owned subsidiary of the Company, will enter into a guarantee contract in favour of SUMEC Complete to secure SDE's performance of payment obligations under the Procurement Contract.

INFORMATION OF THE GROUP AND SDE

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

SDE is a company established under the laws of Republic of Indonesia with limited liability, which is the holder of mining business license in respect of a coal mine located in Sungai Durian, Kotabaru, South Kalimantan, Indonesia. SDE is owned as to 70%, 25% and 5% by PT Qinfa Mining, PT Widyanusa Mandiri and PT Linta Timur Investama, respectively.

PT Qinfa Mining is a wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of PT Widyanusa Mandiri and PT Linta Timur Investama and their ultimate beneficial owners is not a connected person of the Company and is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

INFORMATION OF SUMEC COMPLETE

SUMEC Complete is a company incorporated in China with limited liability, which principally provides electrical equipment and installation.

SUMEC Complete is owned as to 65% by Labour Union of Sumec Group Corporation Limited (江蘇蘇美達集團有限公司工會) and 35% by Sumec Group Corporation Limited (江蘇蘇美達集團有限公司), which is wholly owned by Sumec Corporation Limited (蘇美達股份有限公司). SUMEC Complete is a subsidiary of Sumec Corporation Limited. Sumec Corporation Limited is a company listed on the Shanghai Stock Exchange (600710.SH), with approximately 41.6% and 13.9% of its shares owned by China National Machinery Industry Corporation (中國機械工業集團有限公司) and Jiangsu Nongken Group Corporation Limited (江蘇省農墾集團有限公司) respectively. China National Machinery Industry Corporation is wholly owned by the State Council of the People's Republic of China. Jiangsu Nongken Group Corporation Limited is wholly owned by the Jiangsu Provincial People's Government. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, SUMEC Complete and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s) (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROCUREMENT CONTRACT

The Group has been focusing its resources on coal operation, which is its principal business and major source of revenue.

As disclosed in the announcements of the Company dated 7 August 2020, 31 December 2020, 31 March 2021 and 25 May 2021, the Group acquired 70% equity interest in SDE, which is the holder of the mining business license in respect of a coal mine located in Sungai Durian, Kotabaru, South Kalimantan, Indonesia. The procurement of the Equipment under the Procurement Contract is part of the Group's preparation for production and extraction of underground coal reserve at the said coal mine.

The terms of the Procurement Contract 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 Procurement Contract 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 will be funded by internal resources of the Group.

LISTING RULES IMPLICATIONS

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Procurement Contract is more than 5% but less than 25%, the entering into of the Procurement Contract and the transaction contemplated thereunder constitute a discloseable transaction of 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)
“Directors”	director(s) of the Company
“Equipment”	the equipment to be purchased by SDE under the Procurement Contract, namely 10 sets of diesel generator and power plant ancillary equipment
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indonesia”	the Republic of Indonesia
“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 and Taiwan
“Procurement Contract”	the procurement contract entered into between SDE and SUMEC Complete in respect of the procurement of equipment
“RMB”	Renminbi, the lawful currency of China
“SDE”	PT Sumber Daya Energi, a company incorporated in Indonesia with limited liability and an indirect 70% non-wholly owned subsidiary of the Company
“Shareholders”	the holder(s) of the shares of the Company
“SUMEC Complete”	SUMEC Complete Equipment & Engineering Co., Ltd. (江蘇蘇美達成套設備工程有限公司), a company incorporated in China with limited liability whose principal business is electrical equipment and installation

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

Guangzhou, 18 November 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.