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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)

CONNECTED TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE TO CONNECTED PERSON
AT THE SUBSIDIARY LEVEL

PROVISION OF FINANCIAL ASSISTANCE

The board (the “**Board**”) of directors of the Company (the “**Directors**”) is pleased to announced that it is contemplated under a request letter received by the Group on 8 January 2024 pursuant to the New Heads of Agreement C that IMJ, a non-wholly owned subsidiary of the Company, may make Further Advance in the amount of IDR1,561,799,500 (equivalent to approximately USD100,000) to IME to facilitate the transactions contemplated under the New Heads of Agreement C.

LISTING RULES IMPLICATIONS

As IME is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules, the provision of the Further Advance to IME constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the provision of the Further Advance, in aggregate with the Existing Advance provided to IME and VPE within 12 months, exceed 1% but all are below 5%, the provision of the Further Advance to IME is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

References are made to the announcements of China Qinfu Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 13 May 2021, 12 November 2021, 3 January 2022, 30 October 2023 and 7 November 2023 in respect of, among others, the acquisition of Mining Business License C and Mining Business License G (the “**Announcements**”). Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

To facilitate the transactions contemplated under the New Heads of Agreements, the Group has already granted advance to IME and VPE which amounted to approximately USD1,802,000 (“**Existing Advance**”) up to the date of this announcement. It is contemplated under a request letter received by the Group on 8 January 2024 pursuant to the New Heads of Agreement C that IMJ, a non-wholly owned subsidiary of the Company, may make further advance (“**Further Advance**”) in the amount of IDR1,561,799,500 (equivalent to approximately USD100,000) to IME to facilitate the transactions contemplated under the New Heads of Agreement C, which shall be repaid within two years from the date of request letter or through deduction of WM’s rights to 15% saleable coal in SDE.

LISTING RULES IMPLICATIONS

As at the date of this announcement, heirs of Kokos Jiang, who hold over 99% shareholding interest in each of IME and VPE, own 25% equity interest in SDE, which is a non-wholly owned subsidiary of the Company. As such, (i) heirs of Kokos Jiang, including Inneke Wiratirana (who are the substantial shareholder of SDE) and (ii) IME and VPE (which are owned as to over 99% by heirs of Kokos Jiang) are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, the provision of the Further Advance to IME constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the provision of the Further Advance, in aggregate with the Existing Advance provided to IME and VPE within 12 months, exceed 1% but all are below 5%, the provision of the Further Advance to IME is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE GROUP AND IME

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

IME is a company duly registered and established in Indonesia with limited liability, which is principally engaged in material mining. IME is the holder of the Mining Business License C in respect of the Coal Mine C located in Kelumpang Hulu and Hampang District, Kotabaru Regency, South Kalimantan Province, Indonesia with area of approximately 33.05 square kilometers. IME is owned as to 99.82% by heirs of Kokos Jiang and 0.18% by Eric Wiratirana.

REASONS FOR AND BENEFITS OF THE FURTHER ADVANCE

The New Heads of Agreements and the transactions contemplated thereunder will give the Group the opportunity to acquire majority interest in IMJ and VSE, which will hold the Mining Business License C and Mining Business License G, with relatively low cost due to remote location and undeveloped status of the Coal Mine C and Coal Mine G. As such, although the Existing Advance and the Further Advance is on an interest free basis, the Directors (including the independent non-executive Directors) consider it to be a reasonable arrangement as both Existing Advance and Further Advance had been/will be used for the purposes of paying or settling the fees and expenses arising from or in relation to the transfer of the Mining Business License C and/or Mining Business License G to New Mining Company C and/or New Mining Company G, respectively. In view of the above, the Directors (including the independent non-executive Directors) has approved the provision of the Further Advance; and the Directors (including the independent non-executive Directors) have confirmed that the terms of the provision of the Further Advance are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As none of the Directors has a material interest in the provision of the Further Advance, no Director is required to abstain from voting on the Board resolution(s) approving the provision of the Further Advance.

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

Guangzhou, 10 January 2024

As at the date of this announcement, the Board comprises Mr. XU Da, Mr. BAI Tao and Mr. ZHAI Yifeng as the executive Directors, and Prof. SHA Zhenquan, Mr. JING Dacheng and Mr. HO Ka Yiu Simon as the independent non-executive Directors.