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)

COMPLETION OF DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF 70% EQUITY INTEREST OF SDE

Reference is made to the announcements of China Qinfa Group Limited (the "**Company**") dated 31 December 2020 and 31 March 2021 in relation to the Proposed Acquisition (the "**Announcements**"). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board is pleased to announce that all conditions precedent under the CSPA have been fulfilled and the Completion took place on 25 May 2021.

Upon Completion, the Company indirectly owns 70% equity interests in the SDE and the financial results of the SDE shall be consolidated into the consolidated financial statements of the Group.

Up to the date of this announcement, SDE has drilled 64 holes for exploration in accordance with the JORC Code in the permitted area. The exploration area covers approximately 55 square kilometers. The exploration so far shows that the average quality characteristic of the retrieved coal samples has a total moisture of 5.7%, ash 25.5% (adb), volatile matter 37.2% (adb), fixed carbon 31.9% (adb), total sulfur 1.5% (adb), and calorific value or lower heating value on as-received basis 5,185 kcal/kg (net, ar). The coal seams within the exploration area occurring at a depth range from 163 meters to 538 meters with the seam thickness of the target coal seam B ranging from 1.2 meters to 8.1 meters, averaging 4.2 meters. Moreover, the Group has dispatched 26 personnel so far for exploration and engaged a competent person to monitor the exploration progress.

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

Guangzhou, 25 May 2021

As at the date of this announcement, the Board comprises Mr. XU Da, Mr. BAI Tao, Ms. WANG Jianfei 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.