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)

POSITIVE PROFIT ALERT

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 (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**" or the "**Directors**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review of the latest available unaudited consolidated management accounts of the Group for the six months ended 30 June 2021 (the "**Period**"), the Group is expected to record a profit of not less than RMB440 million during the Period as compared with a loss of RMB84.9 million for the six months ended 30 June 2020.

The expected turnaround in the Group's financial performance for the Period is mainly attributable to (i) the Group had benefited from external economic factors that the market price for coal experienced significant increase during the Period which led to a substantial increase in the gross profit of the Group of not less than approximately RMB400 million as compared with the same period of last year; and (ii) as announced by the Company on 10 May 2021, the Group had reached a loan restructuring arrangement with certain creditors of the Group, pursuant to which a non-operating profit resulting from the gain on debt reduction of not less than approximately RMB220 million is expected to be recorded for the Period.

As at the date of this announcement, the Company is still in the process of finalising the interim results of the Group for the Period. The information contained in this announcement is only based on a preliminary review of the unaudited consolidated management accounts of the Group for the Period, which have not yet been finalized or reviewed by the Company's auditor or the audit committee. The actual financial results of the Group for the Period may differ from what is disclosed in this announcement. Shareholders and potential investors of the Company are advised to carefully read the interim results announcement of the Company for the six months ended 30 June 2021, which will be published by the Company by the end of August 2021.

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

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

Guangzhou, 20 August 2021

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.