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QINFA

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
IN RELATION TO THE ACQUISITIONS OF 100% EQUITY INTEREST
IN PT WIDYANUSA MANDIRI**

THE ACQUISITIONS

On 28 March 2025 (after trading hours), the Sellers and the Purchasers (wholly-owned subsidiaries of the Company) entered into the Sale and Purchase Agreements, pursuant to which (i) Seller 1 has agreed to sell, and Purchaser 1 has agreed to purchase, 99% equity interest in the Target Company at a total cash consideration of Rp140.21 billion (equivalent to approximately USD8.5 million); and (ii) Seller 2 has agreed to sell, and Purchaser 2 has agreed to purchase, 1% equity interest in the Target Company at a total cash consideration of Rp50 million (equivalent to approximately USD3,000). Upon Completion, the Company, through the Purchasers, will own 100% equity interest in the Target Company.

As at the date of this announcement and before Completion, Seller 1 and Seller 2 are interested in 99% and 1% of the equity interest in the Target Company, respectively. Upon Completion, (i) each of the Sellers will cease to hold any equity interest in the Target Company, and (ii) the Target Company will become a wholly-owned subsidiary of the Company and the results of the Target Company will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS OF THE ACQUISITIONS

The Target Company is the substantial shareholder of SDE, a non-wholly-owned subsidiary controlled by the Company. As at the date of this announcement and before Completion, Seller 2 is interested in 34% equity interest in Seller 1, and Seller 1 and Seller 2 holds 99% and 1% equity interest in the Target Company, respectively. Hence, the Sellers are associates of the Target Company and connected persons of the Company at subsidiary level. Accordingly, the transactions contemplated under the Sale and Purchase Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) the Sellers are connected persons of the Company at subsidiary level; (ii) the Board has approved the Acquisitions; and (iii) the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Acquisitions are fair and reasonable, and the Acquisitions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Acquisitions are only subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 28 March 2025 (after trading hours), the Sellers and the Purchasers (wholly-owned subsidiaries of the Company) entered into the Sale and Purchase Agreements, pursuant to which (i) Seller 1 has agreed to sell, and Purchaser 1 has agreed to purchase, 99% equity interest in the Target Company at a total cash consideration of Rp140.21 billion; and (ii) Seller 2 has agreed to sell, and Purchaser 2 has agreed to purchase, 1% equity interest in the Target Company at a total cash consideration of Rp50 million.

SALE AND PURCHASE AGREEMENTS

Principal terms of the Sale and Purchase Agreements are as follows:

Date

28 March 2025 (after trading hours)

Parties

SPA 1: Seller 1: PT Cakrawala Karya Energi

Purchaser 1: Skyhigh Energy Investment Limited

SPA 2: Seller 2: Mr. Asrullah S

Purchaser 2: Hong Kong Qinfa Trading Limited (香港秦發貿易有限公司)

Subject matter:

Pursuant to SPA 1, Seller 1 agreed to sell, and Purchaser 1 agreed to purchase, 99% equity interest of the Target Company (equivalent to 4,950 shares in the Target Company).

Pursuant to SPA 2, Seller 2 agreed to sell, and Purchaser 1 agreed to purchase, 1% equity interest of the Target Company (equivalent to 50 shares in the Target Company).

Consideration

The consideration for Acquisition 1 payable by Purchaser 1 to Seller 1 is Rp140.21 billion. The consideration for Acquisition 2 payable by Purchaser 2 to Seller 2 is Rp50 million. The consideration for each of the Acquisitions shall be paid in full on the date of Completion.

The consideration for each of the Acquisitions was determined based on normal commercial terms and after arm's length negotiations between the Purchasers and the Sellers, with reference to and after taking into consideration (i) the total asset value of the Target Company attributable to the Sellers of approximately Rp150,811 million as per its management accounts as at 28 February 2025; and (ii) the factors set out in the section headed "Reasons for and Benefits of the Acquisitions" below.

Completion

Completion shall take place on the seventh Business Day after the date of the Sale and Purchase Agreements (or such other date as the parties may agree).

Upon Completion, (i) each of the Sellers will cease to hold any equity interest in the Target Company, and (ii) the Target Company will become a wholly-owned subsidiary of the Company and the results of the Target Company will be consolidated into the consolidated financial statements of the Group. Upon Completion, the Company, through the Purchasers, will own 100% equity interest in the Target Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company registered and incorporated in the Republic of Indonesia. The principal activities of the Target Company include investment in the coal mining industry. As at the date of this announcement, the Target Company directly held 25% equity interest in SDE, a non-wholly-owned subsidiary of the Company principally engaged in coal mining and operations. The remaining 75% equity interest in SDE is held indirectly by Lead Far, a non-wholly-owned subsidiary of the Company. SDE is the holder of mining business license in respect of the coal mine located in Sungai Durian, Kotabaru, South Kalimantan, Indonesia with a total area of approximately 185 square kilometers.

The unaudited revenue of the Target Company for year ended 31 December 2024 was nil (2023: nil). The unaudited net loss before taxation for year ended 31 December 2024 was Rp1,909,768 million (2023: Rp7.3 million). The unaudited net loss after taxation for year ended 31 December 2024 was Rp1,893,390 million (2023: Rp7.3 million). The unaudited net liabilities value of the Target Company as at 28 February 2025 was approximately Rp1,923,732 million.

INFORMATION OF THE PURCHASERS AND SELLERS

The Purchasers

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. Its subsidiaries are principally engaged in the coal operation business, which involves the mining, purchase and sales, filtering, storage and blending of coal. Each of the Purchasers is a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company.

The Sellers

Seller 1 is a company incorporated under the laws of the Republic of Indonesia with limited liability, principally engaged in investment in the energy sector. As at the date of this announcement and before Completion, Seller 1 owns 99% equity interest in the Target Company. As at the date of this announcement, Seller 1 is owned as to 34%, 33% and 33% by Seller 2, Ms. Bety Lauren and Ms. Perwita Purwaningtias, respectively.

As at the date of this announcement and before Completion, Seller 2 owns 1% equity interest in the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save as disclosed in this announcement, the Sellers and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in the coal operation business involving coal mining, purchases and sales, filtering, storage, blending, shipping and transportation of coal. At the date of this announcement, the Target Company owns 25% equity interest in SDE and is entitled to 15% saleable coal of SDE in accordance with the relevant shareholders' agreement. In addition, the remaining 75% equity interest in SDE is held indirectly by Lead Far, a non-wholly-owned subsidiary of the Company.

The Directors have carefully considered the current business environment and the future prospects of the Target Company and SDE. They believe that the Acquisitions present a unique opportunity to strengthen the Group's control over SDE and the right to 15% saleable coal of SDE will be a strategic asset in the Group's portfolio. This will allow the Group more efficient resource allocation and cost management, which will in turn consolidate the Group's position in the coal mining sector and enhance the operational efficiency, overall performance and profitability of the Group. It was probable that the expected future economic benefits attributable to the right to 15% saleable coal of SDE would flow to the Group.

The Directors also believe that the current transaction is financially sound. The consideration of the Acquisitions is considered fair and reasonable. The Directors are confident that the Group's financial position will remain strong upon Completion, and the Group will continue to have sufficient financial resources to support its ongoing operations and future growth initiatives.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisitions are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS OF THE ACQUISITIONS

The Target Company is the substantial shareholder of SDE, a non-wholly-owned subsidiary controlled by the Company. As at the date of this announcement and before Completion, Seller 2 is interested in 34% equity interest in Seller 1, and Seller 1 and Seller 2 holds 99% and 1% equity interest in the Target Company, respectively. Hence, the Sellers are associates of the Target Company and connected persons of the Company at subsidiary level. Accordingly, the transactions contemplated under the Sale and Purchase Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) the Sellers are connected persons of the Company at subsidiary level; (ii) the Board has approved the Acquisitions; and (iii) the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Acquisitions are fair and reasonable, and the Acquisitions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Acquisitions are only subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Board confirms that none of the Directors has a material interest in the transactions contemplated under the Sale and Purchase Agreements and hence no Director is required to abstain from voting on the resolutions of the Board approving the transactions contemplated under the Sale and Purchase Agreements.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisitions”	Acquisition 1 and Acquisition 2
“Acquisition 1”	the acquisition of 99% equity interest in the Target Company from Seller 1 by Purchaser 1 pursuant to SPA 1
“Acquisition 2”	the acquisition of 1% equity interest in the Target Company from Seller 2 by Purchaser 2 pursuant to SPA 2

“Board”	the board of Directors
“Business Day”	a day on which commercial banks are open for general business activities in Hong Kong
“Company”	China Qinfu Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on main board of the Stock Exchange (Stock Code: 866)
“Completion”	completion of each of the Acquisitions pursuant to the terms and conditions under the relevant Sale and Purchase Agreements
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Lead Far”	Lead Far Development Limited, a company incorporated under the laws of Hong Kong with limited liability and a non-wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchasers”	Purchaser 1 and Purchaser 2
“Purchaser 1”	Skyhigh Energy Investment Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Purchaser 2”	Hong Kong Qinfu Trading Limited (香港秦發貿易有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Rp”	Rupiah, the lawful currency of the Republic of Indonesia

“Sale and Purchase Agreements”	SPA 1 and SPA 2
“SDE”	PT Sumber Daya Energi, a company incorporated under the laws of the Republic of Indonesia with limited liability and a non-wholly-owned subsidiary of the Company
“Sellers”	Seller 1 and Seller 2
“Seller 1”	PT Cakrawala Karya Energi, a company incorporated under the laws of the Republic of Indonesia with limited liability
“Seller 2”	Mr. Asrullah S
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“SPA 1”	the sale and purchase agreement dated 28 March 2025 entered into between Seller 1 and Purchaser 1, pursuant to which Seller 1 agreed to sell, and Purchaser 1 agreed to purchase, 99% equity interest in the Target Company
“SPA 2”	the sale and purchase agreement dated 28 March 2025 entered into between Seller 2 and Purchaser 2, pursuant to which Seller 2 agreed to sell, and Purchaser 2 agreed to purchase, 1% equity interest in the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	PT Widyanusa Mandiri, a company incorporated under the laws of the Republic of Indonesia
“US”	the United States of America

“USD”

US dollars, the lawful currency of the US

“%”

per cent.

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

Guangzhou, 28 March 2025

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