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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to what you should do, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred a share in China Qinfa Group Limited (the Company), you should nevertheless forward this circular to the purchaser of such shares.

HK Exchanges and Clearing Limited (the Exchange) has arranged for the Company to be listed on the Stock Exchange of Hong Kong (the Exchange) and to be traded on the Exchange. The Company is also listed on the OTC market of the New York Stock Exchange.



**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)**

**MAJOR TRANSACTION**  
**IN RELATION TO THE DISPOSAL OF A VESSEL**

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A copy of this circular is available on the website of the Company at [www.qinfa.com](http://www.qinfa.com).

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# DEFINITIONS

I	T Pa ( )	a ( ) c a ( ) a c a b c a w ( ), b D c w , a a b , a a ( ) C a a c c c (a L R )
La	P ac cab Da	28 A 2021, b a ac cab a c c a a c a c a a c a
L	R	T R G L S c S c E c a
MOA		a a a 10 Ma c 2021 b w V a P c a c D a
M . XU		M . XU J a , a b a a S a a a c S a (a L R )
M . X	Da	C a a a a c c B a a M . XU
M . WANG		M . WANG J a , a c c B a
PRC		P ' R b c C a
P c a		D a Y a I a a S C . , L , a c a c a B V I a w ab a a
RMB		R b , a w c c PRC
S a ( )		a a ( ) HK\$0.1 ac a ca a C a
S a ( )		( ) S a
S c E c a		T S c E c a H K L
US\$		U S a D a ( ), a w c c USA
USA		T U S a A ca





# LETTER FROM THE BOARD

On 10 March 2021 (a [redacted]), V [redacted] MOA [redacted] [redacted],  
a [redacted] [redacted] V [redacted] a [redacted] a [redacted], a [redacted] P [redacted] a [redacted] a [redacted]  
a [redacted] ac [redacted] V [redacted] a [redacted] a [redacted] c [redacted] a [redacted] US\$14.9 (a [redacted]  
a [redacted] RMB96,951,000).

## THE DISPOSAL

### Date

10 March 2021 (a [redacted])

### Parties

V [redacted]: S [redacted] G [redacted] ac [redacted] E [redacted] L [redacted]

P [redacted] c [redacted] a [redacted]: D [redacted] a [redacted] Y [redacted] a [redacted] I [redacted] a [redacted] a [redacted] S [redacted] C [redacted], L [redacted] a [redacted] a [redacted]  
a [redacted] MOA

G [redacted] a [redacted] a [redacted] N [redacted]: Z [redacted] Y [redacted] a [redacted] L [redacted]

T [redacted] P [redacted] c [redacted] a [redacted] ac [redacted] a [redacted] c [redacted] a [redacted] B [redacted] V [redacted] I [redacted] a [redacted] [redacted] ab [redacted], [redacted] c [redacted]  
c [redacted] a [redacted] a [redacted] a [redacted] a [redacted] a [redacted]. A [redacted] a [redacted] La [redacted] P [redacted] ac [redacted] cab [redacted] Da [redacted], a [redacted]  
b [redacted] c [redacted] a [redacted] [redacted] P [redacted] c [redacted] a [redacted] P [redacted] S [redacted], Z [redacted] a [redacted] Z [redacted] a [redacted] X [redacted] Z [redacted] Q [redacted] a [redacted].

On 26 March 2021, a [redacted] MOA, P [redacted] c [redacted] a [redacted] [redacted] V [redacted] a [redacted] a [redacted] a [redacted]  
Z [redacted] Y [redacted] a [redacted] L [redacted], a [redacted] c [redacted] a [redacted] c [redacted] a [redacted] Ma [redacted] a [redacted] I [redacted] a [redacted] [redacted] ab [redacted], a [redacted]  
G [redacted] a [redacted] a [redacted] N [redacted] a [redacted] V [redacted]. A [redacted] a [redacted] La [redacted] P [redacted] ac [redacted] cab [redacted] Da [redacted], a [redacted] b [redacted] c [redacted]  
[redacted] G [redacted] a [redacted] a [redacted] N [redacted] P [redacted] S [redacted].

T [redacted] b [redacted] [redacted] D [redacted] c [redacted], [redacted] [redacted] a [redacted] a [redacted] b [redacted] a [redacted] a [redacted] a [redacted] a [redacted] ab [redacted]  
[redacted], P [redacted] c [redacted] a [redacted], G [redacted] a [redacted] a [redacted] N [redacted] a [redacted] c [redacted] a [redacted] b [redacted] c [redacted] a [redacted] [redacted] a [redacted]  
I [redacted] [redacted] T [redacted] [redacted] Pa [redacted].

T [redacted] V [redacted] a [redacted] c [redacted] a [redacted] c [redacted] a [redacted] B [redacted] V [redacted] I [redacted] a [redacted] [redacted] ab [redacted], [redacted] c [redacted]  
a [redacted] a [redacted] a [redacted] a [redacted] a [redacted] a [redacted] a [redacted] a [redacted] V [redacted]. A [redacted] a [redacted] La [redacted]  
P [redacted] ac [redacted] cab [redacted] Da [redacted], V [redacted] a [redacted] a [redacted] c [redacted] [redacted] - [redacted] [redacted] b [redacted] a [redacted] C [redacted] a [redacted] a [redacted] V [redacted]  
c [redacted] a [redacted] a [redacted] V [redacted].

### Assets to be disposed of:

P [redacted] a [redacted] MOA, P [redacted] c [redacted] a [redacted] a [redacted] c [redacted] a [redacted] a [redacted] ac [redacted] a [redacted] V [redacted] a [redacted]  
c [redacted] a [redacted] a [redacted] V [redacted] a [redacted] SUPER GRACE [redacted] [redacted] [redacted] a [redacted] c [redacted] a [redacted]:

(1) F [redacted] a [redacted] P [redacted] ac [redacted] R [redacted] a [redacted]: H [redacted] K [redacted], PRC

(2) I [redacted] M [redacted] O [redacted] N [redacted] b [redacted]: 9576272

(3) C [redacted] a [redacted] c [redacted] a [redacted] S [redacted] c [redacted]: C [redacted] a [redacted] C [redacted] a [redacted] c [redacted] a [redacted] S [redacted] c [redacted]

# LETTER FROM THE BOARD

(4) C a N a : CSA B Ca

(5) Y a B : 2011

(6) G T a /N T a : 45,263/26,562

## Consideration

T C a D a US\$14.9 ( a a a  
RMB96,951,000), a b a c a b P c a V a :

( ) a US\$1.49 ( a a a RMB9,695,100),  
10% C a , a b a ab b P c a D  
H Acc (3) Ba Da a MOA a  
D H Acc ;

( ) a b a a c C a US\$13.41 ( a  
a a RMB87,255,900), 90% C a , a a  
a b a ab b P c a D H Acc (2) Ba Da  
V ' a ; a

( ) a C a a a a D H Acc a b  
a b a acc V a a b a c a  
V ' a a a (3) Ba Da a a a c  
a a a b acc a c MOA.

T C a a b a a acc c a a c a a ac  
c a ab a a b a , a a a ' a  
b V P c a a V , c a / a a c a  
ac :

( ) a a V a b ab V a a US\$16.61  
a a a acc V a a 28 F b a 2021; a

( ) ac a a a a R a a B D a a U  
P c .

T C a a a c a a 11.48% a a V  
a a US\$16.61 a a 28 F b a 2021. S c c a a ' a  
a V P c a a a acc ( ) c a a  
V a b ab b ; ( ) c a c  
a ac c - a b ca a c a ab a c  
, a b , a a ac a a a V ; a ( )  
a a a a US\$14.9 a b a  
MOA.



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## LETTER FROM THE BOARD

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T C [redacted] a V ' a a a [redacted] a US\$14.9 a a [redacted] b BMI  
A a a L [redacted], a [redacted] [redacted] a . F [redacted] a a , a A [redacted]  
II a ac [redacted] c c a .

A a La P ac cab Da , P c a a a [redacted] [redacted] D H [redacted]  
Acc a MOA.

### Conditions Precedent to the MOA

T D a a b b c S a [redacted] ' a a a a C a ,  
acc [redacted] b S c E c a , b [redacted] a [redacted] ' a a M . XU, F P a , M . X  
Da a [redacted] M . WANG, [redacted] c [redacted] a a 51.83% [redacted] a ca a  
C a , a D a .

O 12 Ma c 2021, C a ' a ca , S c E c a a [redacted]  
C a a a M . XU, F P a , M . X Da a [redacted] M . WANG a a c a [redacted]  
a [redacted] R 14.44 a [redacted] 14.45 L R . T ,  
D a a b a [redacted] b [redacted] [redacted] a [redacted] ' a a .

### Completion and delivery

P a MOA, V a b [redacted] [redacted] a [redacted] a a a a a a [redacted]  
acc b b a c a PRC V [redacted] , b 20 J 2021 [redacted]  
c [redacted] ab b a [redacted] , c [redacted] a a P c a a [redacted] V [redacted] a a  
[redacted] . I a P c a a [redacted] V [redacted] a ab a a  
[redacted] [redacted] , P c a a a ca c MOA a a [redacted]  
c [redacted] .

P [redacted] [redacted] [redacted] a , V [redacted] a P c a [redacted] [redacted]  
V ' a a [redacted] a [redacted] P c a (30), [redacted] (20), (15), (10), (5)  
a [redacted] (3) [redacted] a ' c [redacted] a V [redacted] [redacted] [redacted] c a [redacted] [redacted] a [redacted]  
[redacted] [redacted] ac [redacted] . T P c a a a V [redacted] (3) Ba Da  
a c a [redacted] [redacted] a b .

### INFORMATION ON THE GROUP AND THE VENDOR

T G c a a [redacted] c a , c a a [redacted] a , , a , b [redacted]  
c a a [redacted] a a .

T V [redacted] ac a c a [redacted] B V I a [redacted] [redacted] ab , [redacted] c  
a [redacted] a a a a [redacted] [redacted] a [redacted] a V . T V  
c a a V [redacted] , [redacted] c a [redacted] c [redacted] [redacted] b [redacted] a C a . A a ,  
( ) / (b b a [redacted] a a a [redacted] a [redacted] a [redacted] ) a b ab V  
[redacted] [redacted] b [redacted] ca c ( ) / [redacted] a [redacted] [redacted] a c a a  
V [redacted] a a c a a .

## LETTER FROM THE BOARD

S b w a a a V a c a a 31  
D c b 2019 a 31 D c b 2020:

	<b>For the years ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<i>US\$</i>	<i>US\$</i>
T a A	19,630,574	19,434,032
T a L ab	726,088	220,829
N A Va	18,904,485	19,213,203
N C A	4,703,193	1,798,142
T	4,210,973	4,111,190
(L )/P b a a	(25,934)	1,433,042
N ( )/ a a a	(32,420)	1,433,042

### INFORMATION OF THE PURCHASER AND THE GUARANTEED NOMINEE

T P c a a c a c a B V I a w ab , w c  
c a a a . A a La P ac cab Da , a  
b c a w P c a a P S , Z a Z a X Z Q a w a  
60%, 20% a 20% P c a c . T b D c ' w , a  
a b a a a ab , P c a a a b c a w a  
I T Pa .

T G a a N a C a c a Ma a I a w ab ,  
w c c a a b . A a La P ac cab Da , a  
b c a w G a a N P S . T b D c ' w ,  
a a b a a a ab , G a a N a a  
b c a w a I T Pa . T P c a a G a a N a  
c b P S a a c a a a P c a , a  
c a a G a a N .

### REASONS FOR AND BENEFITS OF THE DISPOSAL

A a La P ac cab Da , G c a a c a a b  
c a , c a a a , , a , b c a PRC a  
a a . T G a b c c c a a w c acc  
a G ' .

A c a b ca a a , D c c a  
D a a V a a a ab c w c w ab  
G a w a a a c G ' a  
a c a . T c c a ab w c c a a  
c a b ca w a c a a a a .

# LETTER FROM THE BOARD

The Board has approved the proposed disposal of the Group's investment in the subsidiary, which is expected to be completed by the end of the year.

In view of the above, the Directors are pleased to announce that the disposal of the subsidiary has been completed. The net proceeds of the disposal are expected to be used for the Group's general working capital requirements.

## USE OF PROCEEDS

The net proceeds of the disposal are expected to be used for the Group's general working capital requirements.

## FINANCIAL EFFECTS OF THE DISPOSAL

Based on the financial statements of the Group as at 31 December 2020, the disposal of the subsidiary is expected to result in a net gain of US\$1.76 million (before tax and expenses) for the Group. The disposal is expected to result in a net cash inflow of US\$14.74 million (before tax and expenses) for the Group. The disposal is expected to result in a net cash inflow of US\$0.16 million (before tax and expenses) for the Group. The disposal is expected to result in a net cash inflow of US\$16.5 million (before tax and expenses) for the Group. The disposal is expected to result in a net cash inflow of US\$16.5 million (before tax and expenses) for the Group.

The disposal is expected to result in a net cash inflow of US\$16.5 million (before tax and expenses) for the Group. The disposal is expected to result in a net cash inflow of US\$16.5 million (before tax and expenses) for the Group.

The disposal is expected to result in a net cash inflow of US\$16.5 million (before tax and expenses) for the Group. The disposal is expected to result in a net cash inflow of US\$16.5 million (before tax and expenses) for the Group.

## LISTING RULES IMPLICATIONS OF THE DISPOSAL

According to the Listing Rules, the disposal of the subsidiary is expected to result in a net cash inflow of US\$16.5 million (before tax and expenses) for the Group. The disposal is expected to result in a net cash inflow of US\$16.5 million (before tax and expenses) for the Group.

## LETTER FROM THE BOARD

At a meeting of the Board of Directors of the Company held on the 12th day of March 2021, the following resolutions were passed:

1. To approve the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.

2. To approve the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.

3. To approve the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.

4. To approve the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.

5. To approve the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.

6. To approve the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.

7. To approve the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.

8. To approve the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.

9. To approve the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.

10. To approve the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.

The following table shows the shareholding of the Company as at the end of the reporting period:

Name of the Shareholders	Number of Shares held	Percentage shareholding in the Company
M . XU	14,229,610	0.57%
F P a <sup>(1)</sup>	1,085,000,000	43.51%
M . X Da <sup>(2)</sup>	93,135,251	3.74%
M . WANG	100,000,000	4.01%
<b>Total:</b>	<b><u>1,292,364,861</u></b>	<b><u>51.83%</u></b>

Notes:

(1) F P a - Mr. XU Fuping.

(2) M . X Da - Mr. XU Da.

### RECOMMENDATIONS

The Board of Directors of the Company recommends the appointment of Mr. XU Fuping, Mr. XUDa and Mr. WANG as Directors of the Company for a period of three years commencing from the date of their appointment.





For the year ended 31 December 2020, the Group's total revenue was RMB57.3 million, compared with RMB78.7 million for the year ended 31 December 2019. Total operating profit was RMB1.2 million, compared with RMB1.5 million for the year ended 31 December 2019.

**Financial and trading prospects**

In 2021, the Group will continue to focus on its core business and expand its market share. The Group will continue to invest in research and development to improve its products and services. The Group will also continue to expand its sales channels and increase its market penetration. The Group will continue to focus on cost control and improve its operating efficiency. The Group will continue to focus on risk management and ensure the stability of its financial position. The Group will continue to focus on talent cultivation and improve its management level. The Group will continue to focus on social responsibility and contribute to society.

As at 31 December 2020, the Group's total assets were US\$1.76 million (US\$1.76 million as at 31 December 2019). Total liabilities were US\$14.74 million (US\$14.74 million as at 31 December 2019). The Group's net assets were US\$0.16 million (US\$0.16 million as at 31 December 2019). The Group's total revenue was RMB57.3 million (RMB78.7 million as at 31 December 2019). The Group's total operating profit was RMB1.2 million (RMB1.5 million as at 31 December 2019).

The Group's financial and trading prospects for 2021 are as follows: (1) Revenue: The Group expects to increase its revenue by 10% in 2021. (2) Profit: The Group expects to increase its profit by 20% in 2021. (3) Assets: The Group expects to increase its assets by 5% in 2021. (4) Liabilities: The Group expects to decrease its liabilities by 5% in 2021. (5) Net Assets: The Group expects to increase its net assets by 10% in 2021.





Interest-bearing bank borrowings

T a -b a ba b w a a RMB901 a  
c .

Other borrowings

T G ' b w a a RMB3,605 a c . b :

( ) c a , a a . G RMB462 ;

( ) c a c a G RMB1,901 ;

( ) c a G RMB103 ;

( ) c a G RMB1.0 ;

( ) . ba . G RMB2.1 ;

( ) c a b . a C a ;

( ) C a F P a I a a L . , a  
. c a G ;

( ) c ab a a . c a w c M . X a . ; a .

( ) a . b M . X .

T a b w a a RMB51 a c .

Contingent liabilities

F c ab a a . a , a A . III  
6 c c a .

A a . a c c a , G a . a a c a ba a .  
b w c . c b w a . b T Q a , a a c a G .  
U . a a , G a a a a a a a ab  
a b w T Q a ba a . a b w c . T  
a ab G a 31 Ma c 2021 . a a . a  
a . a b w T Q a a a a RMB270

T S A . b w G a . a a a a  
c a c a . a . a c a w c G w b . a a .  
ba a c a b w a . a ab G a a w  
b w b a acc . a c w c a c .

Since the end of the reporting period, the Group has not identified any material adverse change in the financial position of the Group as at 31 March 2021.

The Group's financial position as at 31 March 2021, and the results of its operations and cash flows for the period ended 31 March 2021, are set out in the financial statements.

**MATERIAL ADVERSE CHANGE**

As at the end of the reporting period, the Group has not identified any material adverse change in the financial position of the Group as at 31 December 2020, based on the information available to the Group at the end of the reporting period.

**WORKING CAPITAL**

As at 31 March 2021, the Group's working capital is RMB4,343.6 million. In the reporting period, the Group's working capital is RMB4,343.6 million, which is mainly composed of the following items:

( ) For the reporting period ended 31 March 2022, the Group's working capital is RMB4,343.6 million, which is mainly composed of the following items:

( ) In the reporting period, the Group's working capital is RMB4,343.6 million, which is mainly composed of the following items:

( ) The Group's working capital is RMB4,343.6 million, which is mainly composed of the following items:

( ) The Group's working capital is RMB4,343.6 million, which is mainly composed of the following items:

( ) The Group's working capital is RMB4,343.6 million, which is mainly composed of the following items:

In the reporting period, the Group's working capital is RMB4,343.6 million, which is mainly composed of the following items:

E c a ac a c b ab , ab c  
c c a c , ba cc a a c b ab  
ab a a a G ' c a ca ca , c  
C a a c a G w b ab G ' a c a b a  
a a a w a c c a .

*The following is the text of a letter and opinion of value prepared for the purpose of incorporation in this circular, received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 10 March 2021 of a bulk carrier to be disposed of by the Group.*

## **BMI APPRAISALS**

BMI Appraisals Limited 中和邦盟評估有限公司

- 頁 01-0 , 27

DESCRIPTION OF THE VESSEL

General Description of the Vessel: 2011 built CSSC Guangzhou Longxue Shipbuilding Co., Ltd. Bulk Carrier. Capacity: 45,263 tons.

Details of the Vessel:

- Name: SUPER GRACE
- IMO Number: 9576272
- Type: BULK CARRIER
- Date of Construction: 2011/12/22
- Flag: HONG KONG
- Port of Registry: HONG KONG
- Operator: SUPER GRACE ENTERPRISES LIMITED
- Material: STEEL
- Builder: CSSS GUANGZHOU LONGXUE SHIPBUILDING CO., LTD
- Gross Tonnage (T): 45,263
- Net Tonnage (T): 26,562

BASIS OF VALUATION

The Market Value of the vessel is determined based on the current market conditions and the vessel's specifications. The valuation is based on the vessel's age, condition, and market demand for similar vessels.

EXCLUSIONS

The valuation does not include the cost of crew, fuel, and other operating expenses. It also excludes any liens or mortgages on the vessel.

VALUATION METHODOLOGIES

W a c [redacted] a a acc [redacted] a ac a a a [redacted] a a ac a  
b a [redacted] [redacted] a c a Ma Va V .

The Market Approach

T Ma A ac c [redacted] a ac c c a [redacted] a , w  
a [redacted] a [redacted] [redacted] ca [redacted] a c c c [redacted] a [redacted] a a [redacted]  
V a a c a ab . T a V w c a ab [redacted]  
c [redacted] a [redacted] a c a ab a b a a [redacted] b a ac .

T Ma Va [redacted] [redacted] a a b a [redacted]  
c a [redacted] V [redacted] b S G ac E a  
a a V .

I b [redacted] a a a [redacted] [redacted] a a a a [redacted] . W a b  
c [redacted] , c [redacted] c a [redacted] a a ab V a [redacted] . W  
a [redacted] a a a ab a c .

VALUATION CONSIDERATIONS

D b a COVID-19, c V a [redacted] b c [redacted] c [redacted] 22 Ma c 2021 a  
a c c c ca a [redacted] c w c [redacted] b C a . T C a  
a [redacted] [redacted] a a a a c a b ca [redacted] V a [redacted] V ca ab  
a w c w [redacted] [redacted] a [redacted] [redacted] c [redacted].

W a b a [redacted] [redacted] b C a a V [redacted] c [redacted] . O a  
ba [redacted] a V ac [redacted] c a w c a a [redacted] a .  
S [redacted] w c a [redacted] a a a w a a a ac [redacted] a , w  
w [redacted] a [redacted] a acc [redacted] .

W a a [redacted] a [redacted] b a [redacted] acc ac a [redacted] [redacted] b  
C a . T C a a a a [redacted] [redacted] a a a ac a b [redacted]  
a ac a [redacted] w a [redacted] w a a a c a a a a  
a a b w [redacted] .

N a w c a b a [redacted] a a a c a , a a a w  
V a [redacted] a a , w c a b c [redacted] c a a . U w  
a [redacted] , a [redacted] a V c b a c , c a [redacted] a  
a , w c c [redacted] a c a .

W a a [redacted] a a ab a c V a a [redacted] . N  
c [redacted] a w a [redacted] a a [redacted] a w [redacted] [redacted] a c a , a .

U w a [redacted] , a [redacted] a a c a c [redacted] , c , a [redacted]  
a [redacted] c a b b a [redacted] b C a acc [redacted] a c w a a a [redacted]  
a a V w c ca b [redacted] [redacted] a .

REMARKS

W b c a v a a a c C a ,  
S G ac E , V a a a a .

U v c a a a a U S a D a (US\$)  
a a v c a b a a c a a .

OPINION OF VALUE

W a a Ma Va V ba a a ba ,  
a a c a , a a 10 Ma c 2021, v US\$14,900,000 (UNITED STATES  
DOLLARS FOURTEEN MILLION AND NINE HUNDRED THOUSAND ONLY).

Y a ,  
F a b a  
**BMI APPRAISALS LIMITED**  
**Dr. Tony C.H. Cheng**  
*BSc., MUD, MBA(Finance), MSc.(Eng), PhD(Econ),  
FSOE, FIPlantE, CEnv, SIFM, FCIM, FIPA, FAIA, MCI Arb,  
MASCE, MIET, MIEEE, MASME, MIISE, MHKIE  
Managing Director*

Note:

D . T C . H . C a a a ca . H c C a a I M c a ca E , a  
F v b T S c O a E (SOE), I P a E (IP a E) a a b T  
I I a & S E (IISE) a A ca S c M c a ca E (ASME). H a  
c ac a a a H K a PRC.





Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company

Name of Shareholder	Nature of interest	Number of Shares	Percentage of issued capital
M. XU J a (Note 1)	B c a w I a c	14,229,610 1,203,000,000	0.57% 48.25%
F P a	B c a w	1,203,000,000	48.25%
Ya a J T a a C . L .	B c a w	215,000,000	8.62%

Note:

1. M. XU J a a M. X Da. M. X Da c a a a a c D c G .  
 M. XU J a a 100% a F P a , w c  
 1,085,000,000 S a a 118,000,000 S a w c a b a a c  
 a b a c b c ( PSCS ) c b F P a . B SFO,  
 M. XU J a a a S a b F P a .

Sa a c ab , a a La Pac cab Da , C a a b  
 b a ( a D c c c C a ) w a  
 S a a C a w c w a  
 b c C a D 2 a 3 Pa XV SFO,  
 w c w c b b C a S c 336  
 SFO.

N c ac , c a ca c a C a ' b ,  
 w c a D c a a a , b a a La Pac cab Da .

N D c a a , c c , a a w c , c 31  
 D c b 2020, a w c a b a a a G  
 w a , a b ac b b a a b G a a  
 La Pac cab Da .

3. COMPETING INTEREST

A a La Pac cab Da , D c a / c c a c a  
 c a a a b w c c c , c  
 c , w b G , a b w c a D c a /  
 c a c a w a C a a / G .

4. SERVICE CONTRACTS

A a La Pac cab Da , D c a a c a  
 w a b G w c ab b G w a w a  
 a c a , a a c a .

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS

A a La Pac cab Da , D c a a c c a  
 a w c a b , c 31 D c b 2020, b a w c a b a  
 acc C a w a , ac a b a b  
 G , a b ac a b a b G .

A a La Pac cab Da , D c w a a a c ac  
 a a b a a c c a w c ca a b  
 G .

6. LITIGATION

(i) Litigation claims relating to repayment to non-controlling shareholders of Xingtao Coal Mine, Fengxi Coal Mine and Chongsheng Coal Mine

D a 31 D c b 2018, w a c a a b  
 -c a X a C a M , F C a M a C C a  
 M a a G a a a a RMB134,414,000 b ac c a  
 b G . T a a a RMB134,414,000 a a a b c  
 a w a c -c a c a  
 a a c a a a 31 Ma c 2021. T c C a a  
 a G a a a a a c a . U a  
 c c a , a c a a .

O 17 J 2020, a a b a a b G a a -c  
 a , -c a c c a a a G  
 c c a RMB40,723,000 a b -c a  
 F C a M a c a a RMB18,175,000. T c C a  
 a a G a a a a a c a , a  
 a c a a b a c a a a c a  
 a a 31 Ma c 2021. U a c c a , a b a .

On 15 February 2020, the Company entered into a share purchase agreement with the former shareholder of Xinglong Coal Mine, Fong Chai Man, pursuant to which the Company purchased 20% of the equity interest of Xinglong Coal Mine, Fong Chai Man for a total consideration of RMB584,410,000. The Company also entered into a share purchase agreement with the former shareholder of Hongyuan Coal Mine, Fong Chai Man, pursuant to which the Company purchased 20% of the equity interest of Hongyuan Coal Mine, Fong Chai Man for a total consideration of RMB3,000,000. On 31 March 2021, the Company has completed the acquisition of the equity interest of Xinglong Coal Mine, Fong Chai Man and Hongyuan Coal Mine, Fong Chai Man.

**(ii) Litigation claims relating to repayment to a former shareholder of Xinglong Coal Mine and Hongyuan Coal Mine**

In February 2021, the Company received a notice from the former shareholder of Xinglong Coal Mine, Fong Chai Man, claiming that the Company had not repaid the former shareholder of Xinglong Coal Mine, Fong Chai Man the amount of RMB30,469,000. The former shareholder of Xinglong Coal Mine, Fong Chai Man also claimed that the Company had not repaid the former shareholder of Hongyuan Coal Mine, Fong Chai Man the amount of RMB3,000,000. On 31 March 2021, the Company has completed the acquisition of the equity interest of Xinglong Coal Mine, Fong Chai Man and Hongyuan Coal Mine, Fong Chai Man.

**(iii) Litigation claims relating to repayment to default of repayment of bank borrowing**

Subsequent to the completion of the acquisition of the equity interest of Xinglong Coal Mine, Fong Chai Man and Hongyuan Coal Mine, Fong Chai Man, the Company has received a notice from the former shareholder of Xinglong Coal Mine, Fong Chai Man, claiming that the Company had not repaid the former shareholder of Xinglong Coal Mine, Fong Chai Man the amount of RMB247,200,000. The former shareholder of Xinglong Coal Mine, Fong Chai Man also claimed that the Company had not repaid the former shareholder of Hongyuan Coal Mine, Fong Chai Man the amount of RMB2,940,000. On 31 March 2021, the Company has completed the acquisition of the equity interest of Xinglong Coal Mine, Fong Chai Man and Hongyuan Coal Mine, Fong Chai Man.

**(iv) Litigation claims relating to the performance of the contract execution between Yu Lin Zhong Kuang Wan Tong Construction Limited Company (“Yu Lin Zhong Kuang”) and Hongyuan Coal**

On 31 December 2019, Yu Lin Zhong Kuang Wan Tong Construction Limited Company (“Yu Lin Zhong Kuang”) entered into a contract with the Company for the construction of the Hongyuan Coal Mine. The Company has completed the construction of the Hongyuan Coal Mine. The Company has also received a notice from Yu Lin Zhong Kuang Wan Tong Construction Limited Company (“Yu Lin Zhong Kuang”) claiming that the Company had not repaid Yu Lin Zhong Kuang Wan Tong Construction Limited Company (“Yu Lin Zhong Kuang”) the amount of RMB19,899,000. On 31 March 2021, the Company has completed the acquisition of the equity interest of Hongyuan Coal Mine, Fong Chai Man.



8. EXPERT’S QUALIFICATIONS AND INTERESTS

T wa a ca wa a a c wa a c a c c a :

Name	Qualification
BMI A a a L	I a a
A a La Pac cab Da , BMI A a a L a a a a a b G a ( wa cab ) b c b a b c b c a b G , a a a a a c a a wa a b , c 31 D c b 2020 ( b a wa a b a a acc G wa a ) , ac a b , a , wa b ac a b , a , a b G .	

9. CONSENT

BMI A a a L a a wa wa wa c c c a wa c a a a 30 A 2021 a c a a c wa c a a .

10. MISCELLANEOUS

( ) T c Ca C c Sa , H c D , P.O. B 2681, Ga Ca a KY1-1111, Ca a I a a C a ’ c a ac b H K R 5706, 57 F , C a P a a, 18 Ha b R a, Wa c a , H K .

( ) T b a c a a a c C a H K U R a L a S 3301-04, 33/F., T wa C ac E c a S a , 338 K ’ R a, N P , H K .

( ) T S c a C a OR C Wa D , wa a b H K I C P b c Acc a .

( ) T E C c a wa a C c .

11. DOCUMENTS AVAILABLE FOR INSPECTION

C w c a a a ab c a b  
M a F a a c C a a R 5706, 57 F , C a P a a, 18  
H a b R a, W a c a, H K , a c a w c 14 a a  
c c a :

( ) a a a c a c a ;

( ) C a ' a a ac w a c a a 31 D c b 2020  
a 31 D c b 2019;

( ) a a V a b BMIA a a L a A  
II c c a ;

( ) a a c ac a a a a Ma a C ac  
A ;

( ) c a c a E ' Q a ca a  
I A ; a

( ) c c a .