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中國秦發集團有限公司
CHINA QINF A GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00866)

DISCLOSEABLE TRANSACTIONS
ADDENDUMS OF THE HEADS OF AGREEMENTS
IN RELATION TO THE PROPOSED TRANSACTIONS

The Board is pleased to announce that on 31 December 2021 (after trading hours), Qinfa Mining and Qinfa Overseas, the wholly-owned subsidiaries of the Company, entered into the Addendums in relation to the Proposed Transactions in respect of the New Mining Companies and the Mining Business Licenses. The total subscription prices payable by the Group for the establishment of the New Mining Companies amount to IDR37,500,000,000 and the Total Deposit Funds is USD4 million.

LISTING RULES IMPLICATIONS

One of the applicable percentage ratios for the Proposed Transactions, when aggregated with the Previous Transaction which was conducted within 12 months of the Proposed Transactions, exceeds 5% but is less than 25% and all the other applicable percentage ratio(s) are less than 5%. As such, the Proposed Transactions, when aggregated with the Previous Transaction, constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting and announcement requirements of the Listing Rules, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, heirs of Kokos Jiang, who hold over 99% shareholding interest in each of the Sellers, own 25% equity interest in SDE, which is a non-wholly owned subsidiary of the Company. As SDE is an insignificant subsidiary of the Company pursuant to Rule 14A.09(1) of the Listing Rules, heirs of Kokos Jiang and the Sellers are not regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

The Board wishes to emphasize that the Proposed Transactions contemplated under the Addendums are subject to the fulfillment of the conditions. Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

SUMMARY

References are made to the announcements of the Company dated 3 January 2020, 7 August 2020, 13 May 2021, 25 May 2021 and 12 November 2021. As disclosed in the above announcements, Qinfa Mining and Qinfa Overseas, wholly-owned subsidiaries of the Company, entered into the Heads of Agreements in relation to acquisition of 70% shareholding of new mining companies in Indonesia, pursuant to which it was contemplated that the new mining companies would be owned by a wholly-owned subsidiary of the Company, the respective Sellers and PT Linta Timur Investama as to 70%, 25% and 5%, respectively, after completion. According to the Heads of Agreements, the Sellers are entitled to 15% of total saleable coal production instead of dividend payment from the new mining companies. Kokos Jiang was the former majority shareholder of the Sellers.

In view of the new government regulation in relation to mining rights promulgated by the Government of the Indonesia on 9 September 2021, details of which have been disclosed in the announcement of the Company dated 12 November 2021, the parties of the Heads of Agreements have agreed to modify the transaction structure to reduce the steps involving government approvals, thereby minimizing the time required for the approval process. Under the original arrangements, the Group would acquire 70% shareholding of the new mining companies to be established by the relevant Sellers after the transfer of the Mining Business Licenses to the relevant new mining companies. Under the modified arrangements, the Group and the Sellers will establish New Mining Companies, which will be owned as to 75% by the Group and 25% by the respective Sellers, and the Mining Business licenses will subsequently be transferred from the Sellers to the New Mining Companies within a specific period. As such, the parties have entered into the Addendums as detailed below.

The Board is pleased to announce that on 31 December 2021 (after trading hour), Qinfa Mining and Qinfa Overseas, the wholly-owned subsidiaries of the Company, entered into the Addendums with details below.

ADDENDUM A

Date: 31 December 2021

Parties: (1) Qinfa Mining
(2) SPE
(3) Heirs of Kokos Jiang
(4) Eric Wiratirana

SPE is owned by heirs of Kokos Jiang and Eric Wiratirana as to approximately 99.818% and 0.182%, respectively. As at the date of this announcement, heirs of Kokos Jiang own 25% equity interest in SDE, which is a non-wholly owned subsidiary of the Company. As SDE is an insignificant subsidiary of the Company pursuant to Rule 14A.09(1) of the Listing Rules, heirs of Kokos Jiang and SPE are not regarded as a connected person of the Company under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed above, SPE and its ultimate beneficial owners (i.e. heirs of Kokos Jiang and Eric Wiratirana) are third parties that are independent of the Company and connected persons of the Company.

Revised conditions

Pursuant to the Addendum A, the parties will enter into the transactions contemplated under the Addendum A and execute any other required documents if the following conditions are fulfilled:

- (a) Kokos Jiang's heirs and Eric Wiratirana remained as the legal owner of SPE and are legally permitted to carry out the transactions contemplated under the Addendum A;
- (b) SPE and Qinfa Mining have established New Mining Company A in accordance with the draft of deed of establishment approved by Qinfa Mining;
- (c) Qinfa Mining, on its own expenses, has conducted the drilling of three boreholes within the mining area with depth of 500 meters each, which Qinfa Mining deems necessary to find out potential coal reserves and its quality;
- (d) SPE has complied with any formal requirements to be made under the prevailing laws and regulations for the purpose of transfer of the Mining Business License A to New Mining Company A;
- (e) SPE has received approval and recommendation from the relevant government authority of the Republic of Indonesia to transfer the Mining Business License A ownership to New Mining Company A pursuant to the prevailing laws and regulations, whereas the Mining Business License A has been legally registered under the name of New Mining Company A;
- (f) SPE has facilitated land acquisition from any landowners located in specific area within the mining area for the purpose of carrying out the drilling performed by Qinfa Mining as per paragraph (c) above; and

- (g) fulfillment of statutory and regulatory compliance required for Qinfra Mining and its affiliate, including but not limited to the Listing Rules, in the event that such requirement is mandatory under the Listing Rules and subject to the approval from the Shareholders of the Company, if applicable.

75% shareholding interest in New Mining Company A

Pursuant to the Addendum A, Qinfra Mining and SPE shall establish New Mining Company A, which shall be owned by Qinfra Mining and SPE as to 75% and 25%, respectively. Qinfra Mining shall pay subscription price of IDR7,500,000,000 in respect of the 75% interest in New Mining Company A.

If the coal production is not commenced within seven years after the transfer of the Mining Business License A to New Mining Company A has been approved by the relevant government authority (or in an extended period as agreed in writing by Qinfra Mining and SPE), Qinfra Mining

As at the date of this announcement, the Sellers are owned by heirs of Kokos Jiang and Eric Wiratirana in the following manner:

	Heirs of Kokos Jiang	Eric Wiratirana
IME	99.818%	0.182%
PBJS	99.999%	0.001%
TME	99.996%	0.004%
VPE	99.982%	0.018%

As at the date of this announcement, heirs of Kokos Jiang own 25% equity interest in SDE, which is a non-wholly owned subsidiary of the Company. As SDE is an insignificant subsidiary of the Company pursuant to Rule 14A.09(1) of the Listing Rules, heirs of Kokos Jiang and the Sellers are not regarded as a connected person of the Company under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed above, the relevant Sellers and their ultimate beneficial owners (i.e. heirs of Kokos Jiang and Eric Wiratirana) and WM and its ultimate beneficial owners are third parties that are independent of the Company and connected persons of the Company.

75% shareholding interest in New Mining Company C, New Mining Company D, New Mining Company F and New Mining Company G

Pursuant to the relevant Addendums, Qinfra Overseas and IME, PBJS, TME or VPE (as the case may be) shall establish New Mining Company C, New Mining Company D, New Mining Company F or New Mining Company G respectively (as the case may be). Each of the New Mining Companies shall be owned as to 75% by Qinfra Overseas and 25% by the relevant Seller. Qinfra Overseas shall pay subscription price of IDR7,500,000,000 in respect of the 75% interest in each of the New Mining Companies.

Supplementar subject matter

In the event that IME, PBJs, TME or VPE (as the case may be) fails to fulfill any of its obligations on conditions, including failure to obtain relevant approval from relevant government authority for transfer of the Mining Business Licenses from IME, PBJs, TME or VPE to New Mining Company C, New Mining Company D, New Mining Company F or New Mining Company G respectively within five months after the establishment of New Mining Company C, New Mining Company D, New Mining Company F or New Mining Company G respectively (or in an extended period as agreed by Qinfa Overseas in writing), then IME, PBJs, TME or VPE (as the case may be) must return the Deposit Fund C, Deposit Fund D, Deposit Fund F or Deposit Fund G (as the case may be) to Qinfa Overseas by way of bank transfer to the bank account designated by Qinfa Overseas in writing, within 14 days from the date of notification from Qinfa Overseas regarding its failure in performing the conditions. If the approval of transfer of Mining Business Licenses are not obtained from the government authority within the period of five months, the parties agree to extend the period to further four months. If the approval of transfer of Mining Business Licenses are rejected by government authority, the parties agree to adopt the original transaction structure set forth in the Heads of Agreements dated 12 May 2021. With respect to New Mining Company F, if the coal production is not commenced within six years after the transfer of the Mining Business License F to New Mining Company F has been approved by the relevant government authority (or in an extended period as agreed in writing by Qinfa Overseas and TME), Qinfa Overseas agrees to transfer all shares owned by Qinfa Overseas in New Mining Company F to TME at par value.

CONSIDERATION AND TOTAL DEPOSIT FUNDS

During 2021, the Group has been conducting extensive drilling and exploration on the mining area. The result of exploration is so far satisfactory. Considering the Coal Mines' area of approximately 528.37 square kilometers in total, the Total Deposit Funds and the subscription prices payable by the Group for the establishment of the New Mining Companies are considered fair and reasonable and in the interests of the Company and its shareholders as a whole.

SUPPLEMENTARY SELLERS WARRANTIES

Any reference to Kokos Jiang in the Heads of Agreements and the Addendums is considered as reference and applies to Kokos Jiang's heirs. Rights and obligations of Kokos Jiang as specified in the Heads of Agreements and the Addendums shall be carried out by and apply to Kokos Jiang's heirs.

Kokos Jiang's heirs are the legal heirs of Kokos Jiang who have gone through the inheritance process based on applicable law. If in the future there are other parties who file a lawsuit, claims, or demands against the parties, shares sold, and the Mining Business Licenses for the right over Kokos Jiang's inheritance, Kokos Jiang's heirs must take reasonable action to release Qinfa Mining and Qinfa Overseas from the lawsuit, claims or demands.

FINANCIAL INFORMATION OF MINING BUSINESS LICENSES

As at the date of the Addendums, the New Mining Companies have not yet been established, and no profit before and after taxation have been generated from the Mining Business Licenses.

INFORMATION ON THE GROUP, SPE, IME, PBJs, TME AND VPE

The Group is principally engaged in coal mining, purchase and sales, filtering, storage and blending of coal. Qinfa Mining is a limited liability company established in Indonesia and an indirect wholly-owned subsidiary of the Company. The scope of business of Qinfa Mining is coal mining. Qinfa Overseas is a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. The scope of business of Qinfa Overseas is investment holding.

SPE is a company duly registered and established in Indonesia with limited liability, which is principally engaged in coal trading. SPE is the holder of the Mining Business License A in respect of the Coal Mine A located in Kelumpang Utara, Kotabaru Regency, South Kalimantan, Indonesia with area of approximately 64 square kilometers.

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.

PBJs is a company duly registered and established in Indonesia with limited liability, which is principally engaged in material mining. PBJs is the holder of the Mining Business License D in respect of the Coal Mine D located in Kelumpang Hulu District, Kotabaru Regency, South Kalimantan Province, Indonesia with area of approximately 170.94 square kilometers.

TME is a company duly registered and established in Indonesia with limited liability, which is principally engaged in material mining. TME is the holder of the Mining Business License F in respect of the Coal Mine F located in Kelumpang Tengah and Hulu, Kotabaru Regency, South Kalimantan Province, Indonesia with area of approximately 169 square kilometers.

VPE is a company duly registered and established in Indonesia with limited liability, which is principally engaged in material mining. VPE is the holder of the Mining Business License G in respect of the Coal Mine G located in Kelumpang Tengah and Kelumpang Hulu, Kotabaru Regency, South Kalimantan Province, Indonesia with area of approximately 91.38 square kilometers.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS UNDER THE ADDENDUMS

The Proposed Transactions will give the Group the opportunity to obtain Mining Business Licenses with relatively low cost due to remote location and undeveloped status of the relevant Coal Mines. Through preliminary exploration of SDE coal mining area, the result is so far satisfactory and positive. After conducting further due diligence work on exploration, the Coal Mines subject to the Mining Business Licenses may have the potential to be developed into an advanced underground coal mine with large scale production output. The Company has been actively expanding into Indonesia since 2020. The Proposed Transactions will enable the Company to export mature exploration technology, and to expand the overseas market. The funding of the Total Deposit Funds, the subscription prices and the project development is mainly from internal resource. Should the Proposed Transactions proved to be successful, the mining expertise of the Company and the natural resources of Indonesia shall create a synergy that sustains future growth of the Group. The new transaction structures under the Addendums as compared to the initial transaction structure as contemplated under the Heads of Agreements allows the Group to minimise the approval requirements from Indonesia.

The Directors are of the view that the Proposed Transactions under the Heads of Agreements (as amended and supplemented by the Addendums) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

One of the applicable percentage ratios for the Proposed Transactions, when aggregated with the Previous Transaction which was conducted within 12 months of the Proposed Transactions, exceeds 5% but is less than 25% and all the other applicable percentage ratio(s) are less than 5%. As such, the Proposed Transactions, when aggregated with the Previous Transaction, constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting and announcement requirements of the Listing Rules, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, heirs of Kokos Jiang, who hold over 99% shareholding interest in each of the Sellers, own 25% equity interest in SDE, which is a non-wholly owned subsidiary of the Company. As SDE is an insignificant subsidiary of the Company pursuant to Rule 14A.09(1) of the Listing Rules, heirs of Kokos Jiang and the Sellers are not regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

The Board wishes to emphasize that the Proposed Transactions contemplated under the Heads of Agreements (as amended and supplemented by the Addendums) are subject to the fulfillment of the conditions under the Heads of Agreements (as amended and supplemented by the Addendums).

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

DEFINITIONS

In this announcement, unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:

- “Addendum A” the addendum of the Heads of Agreement A dated 31 December 2021 entered into amongst Qinfa Mining, SPE, heirs of Kokos Jiang and Eric Wiratirana in relation to the proposed establishment of New Mining Company A and the transfer of the Mining Business License A to New Mining Company A
- “Addendum C” the addendum of the Heads of Agreement C dated 31 December 2021 entered into amongst Qinfa Overseas, IME, heirs of Kokos Jiang, Eric Wiratirana and WM in relation to the proposed establishment of New Mining Company C and transfer of the Mining Business License C to New Mining Company C
- “Addendum D” the addendum of the Heads of Agreement D dated 31 December 2021 entered into amongst Qinfa Overseas, PBJs, heirs of Kokos Jiang, Eric Wiratirana and WM in relation to the proposed establishment of New Mining Company D and the transfer of the Mining Business License D to New Mining Company D
- “Addendum F” the addendum of the Heads of Agreement F dated 31 December 2021 entered into amongst Qinfa Overseas, TME, heirs of Kokos Jiang, Eric Wiratirana and WM in relation to the proposed establishment of New Mining Company F and the transfer of the Mining Business License F to New Mining Company F

“Addendum G”	the addendum of the Heads of Agreement G dated 31 December 2021 entered into amongst Qinfa Overseas, VPE, heirs of Kokos Jiang, Eric Wiratirana and WM in relation to the proposed establishment of New Mining Company G and the transfer of the Mining Business License G to New Mining Company G
“Addendums”	Addendum A, Addendum C, Addendum D, Addendum F and Addendum G
“Board”	the board of Directors of the Company
“Coal Mine A”	SPE is the holder of the Mining Business License A in respect of the coal mine
“Coal Mine C”	IME is the holder of the Mining Business License C in respect of the coal mine
“Coal Mine D”	PBJS is the holder of the Mining Business License D in respect of the coal mine
“Coal Mine F”	TME is the holder of the Mining Business License F in respect of the coal mine
“Coal Mine G”	VPE is the holder of the Mining Business License G in respect of the coal mine
“Coal Mines”	Coal Mine A, Coal Mine C, Coal Mine D, Coal Mine F and Coal Mine G
“Company”	China Qinfa Group Limited (中國秦發集團有限公司) (Stock code: 866), a company incorporated in the Cayman Islands

“Deposit Fund D”	upon the fulfillment of the certain conditions for the deposit fund under the Heads of Agreement D, a sum of US\$1 million which Qinfa Overseas agrees to deposit to PBJs and will be refunded to Qinfa Overseas either from 15% saleable coal entitlement of WM from SDE or 15% saleable coal entitlement of PBJs from New Mining Company D
“Deposit Fund F”	upon the fulfillment of the certain conditions for the deposit fund under the Heads of Agreement F, a sum of US\$1 million which Qinfa Overseas agrees to deposit to TME and will be refunded to Qinfa Overseas either from 15% saleable coal entitlement of WM from SDE or 15% saleable coal entitlement of TME from New Mining Company F
“Deposit Fund G”	upon the fulfillment of the certain conditions for the deposit fund under the Heads of Agreement G, a sum of US\$1 million which Qinfa Overseas agrees to deposit to VPE and will be refunded to Qinfa Overseas either from 15% saleable coal entitlement of WM from SDE or 15% saleable coal entitlement of VPE from New Mining Company G
“Director(s)”	the directors of the Company
“Eric Wiratirana”	Eric Wiratirana, who is the brother of Inneke Wiratirana
“Group”	the Company and its subsidiaries
“Heads of Agreement A”	the heads of agreement dated 31 December 2019 entered into amongst Qinfa Mining, SPE, Kokos Jiang and Inneke Wiratirana in relation to the proposed acquisition of shareholding interest and proposed investment in a new mining company to be established by SPE
“Heads of Agreement C”	the heads of agreement dated 12 May 2021 entered into amongst Qinfa Overseas, IME, Kokos Jiang, Amirah Rukmamaya Hadyanisa Harrydanni and WM in relation to the proposed acquisition of shareholding interest and proposed investment in a new mining company to be established by IME

“Heads of Agreement D”	the heads of agreement dated 12 May 2021 entered into amongst Qinfa Overseas, PBJs, Kokos Jiang, Lindawaty and WM in relation to the proposed acquisition of shareholding interest and proposed investment in a new mining company to be established by PBJs
“Heads of Agreement F”	the heads of agreement dated 12 May 2021 entered into amongst Qinfa Overseas, TME, Kokos Jiang, Angela Ningsih and WM in relation to the proposed acquisition of shareholding interest and proposed investment in a new mining company to be established by TME
“Heads of Agreement G”	the heads of agreement dated 12 May 2021 entered into amongst Qinfa Overseas, VPE, Kokos Jiang, Meina and WM in relation to the proposed acquisition of shareholding interest and proposed investment in a new mining company to be established by VPE
“Heads of Agreements”	Heads of Agreement A, Heads of Agreement C, Heads of Agreement D, Heads of Agreement F and Heads of Agreement G
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“IDR”	Indonesian Rupiah, the lawful currency of the Republic of Indonesia
“IME”	PT Indonesia Multi Energi, a company established under the laws of Republic of Indonesia, which is owned by heirs of Kokos Jiang and Eric Wiratirana as to approximately 99.818% and 0.182%, respectively
“Indonesia”	Republic of Indonesia
“Inneke Wiratirana”	Inneke Wiratirana, who is the widow of Kokos Jiang
“Kokos Jiang”	Kokos Jiang, the former majority shareholder of the Sellers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mining Business License A”	the mining business license of a coal mine located in Kelumpang Utara, Kotabaru Regency, South Kalimantan, Indonesia
“Mining Business License C”	the mining business license of a coal mine located in Kelumpang Hulu and Hampang District, Kotabaru Regency, South Kalimantan, Indonesia
“Mining Business License D”	the mining business license of a coal mine located in Kelumpang Hulu District, Kotabaru Regency, South Kalimantan, Indonesia
“Mining Business License F”	the mining business license of a coal mine located in Kotabaru Regency, South Kalimantan, Indonesia
“Mining Business License G”	the mining business license of a coal mine located in Kelumpang Tengah and Hulu District, Kotabaru Regency, South Kalimantan, Indonesia
“Mining Business Licenses”	Mining Business License A, Mining Business License C, Mining Business License D, Mining Business License F and Mining Business License G
“New Mining Companies”	New Mining Company A, New Mining Company C, New Mining Company D, New Mining Company F and New Mining Company G
“New Mining Company A”	a company to be established under the laws of Republic of Indonesia and to be owned by the Group as to 75% and SPE as to 25% at establishment
“New Mining Company C”	a company to be established under the laws of Republic of Indonesia and to be owned by the Group as to 75% and IME as to 25% at establishment
“New Mining Company D”	a company to be established under the laws of Republic of Indonesia and to be owned by the Group as to 75% and PBJs as to 25% at establishment
“New Mining Company F”	a company to be established under the laws of Republic of Indonesia and to be owned by the Group as to 75% and TME as to 25% at establishment

“New Mining Company G”

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“SPE”	PT Sugico Pendragon Energi, a company established under the laws of Republic of Indonesia, which is owned by heirs of Kokos Jiang and Eric Wiratirana as to approximately 99.818% and 0.182%, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TME”	PT Tansri Madjid Energi, a company established under the laws of Republic of Indonesia, which is owned by heirs of Kokos Jiang and Eric Wiratirana as to approximately 99.996% and 0.004% respectively
“Total Deposit Funds”	Deposit Fund C, Deposit Fund D, Deposit Fund F and Deposit Fund G
“VPE”	PT Vipronity Power Energy, a company established under the laws of Republic of Indonesia, which is owned by heirs of Kokos Jiang and Eric Wiratirana as to approximately 99.982% and 0.018% respectively
“US\$”	United States Dollars, the Lawful currency of the United States of America
“WM”	PT Widyanusa Mandiri, a company established under the laws of Republic of Indonesia, which is owned by heirs of Kokos Jiang and Heri Irawan as to approximately 99% and 1%, respectively
“%”	per cent.

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

Guangzhou, 3 January 2022

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.