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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)

**FURTHER DELAY IN DESPATCH OF CIRCULAR
IN RELATION TO ACQUISITION OF 60% EQUITY INTEREST IN
ORDOS BAYIN MENGKE NAYUAN COAL**

The Board refers to the Announcement in which the Company announced a delay in the despatch of the Circular regarding the proposed acquisition of 60% equity interest in Ordos Bayin Mengke Nayuan Coal for an aggregate consideration of RMB857.3 million (equivalent to approximately HK\$974.2 million). As disclosed in the Announcement, the Company applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 14.38A of the Listing Rules to dispatch the circular in relation to the Acquisition (the “**Circular**”) within the prescribed time period on the conditions that (i) the Circular will need to be dispatched to the Shareholders by no later than 31 May 2010 and (ii) the contents of the Circular shall be in full compliance with content requirements of Rules 14.66 and 18.09 of the Listing Rules (as applicable hereto under Rule 18.07(1) of the Listing Rules).

It is expected that the Group cannot dispatch the Circular to the Shareholders by 31 May 2010, so the Company has applied to the Stock Exchange for a further delay in the despatch of the Circular to a date no later than 31 July 2010.

Due to the reasons set forth in this announcement, Jinfa Materials and the Vendors have agreed in principle that the Acquisition will be terminated and that all amounts paid by the Group will be returned to the Group. Currently, Jinfa Materials is negotiating with the Vendors in finalizing the terms of the termination agreement. Upon the signing of the termination agreement, the Company will issue a further announcement containing the detailed terms of the definitive termination agreement. As the Acquisition will be terminated, no Circular will be despatched by the Company regarding the Acquisition.

The Board refers to the announcement (the “**Announcement**”) of China Qinfra Group Limited (the “**Company**”) dated 30 December 2009 in respect of the proposed acquisition (the “**Acquisition**”) of 60% equity interest in 鄂爾多斯市巴音孟克納源煤炭有限責任公司 (Ordos Bayin Mengke Nayuan Coal Company Limited*) (“**Ordos Bayin Mengke Nayuan Coal**”) for an aggregate consideration of RMB857.3 million (equivalent to approximately HK\$974.2 million). Upon the completion of the Acquisition, Ordos Bayin Mengke Nayuan Coal will be owned as to 60% by Jinfa Materials (a subsidiary of the Company) and as to 40% by Bayin Mengke Investment. Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as defined in the Announcement.

As disclosed in the Announcement, the Company applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 14.38A of the Listing Rules to dispatch the circular in relation to the Acquisition (the “**Circular**”) within the prescribed time period on the conditions that (i) the Circular will need to be dispatched to the Shareholders by no later than 31 May 2010 and (ii) the contents of the Circular shall be in full compliance with content requirements of Rules 14.66 and 18.09 of the Listing Rules (as applicable hereto under Rule 18.07(1) of the Listing Rules).

During the last several months, following the signing of the Acquisition and Debt Restructuring Agreement, members of the Board have been in discussions with the existing management and shareholders of Ordos Bayin Mengke Nayuan Coal on the operation, management and future development of Ordos Bayin Mengke Nayuan Coal. There are, however, significant disagreements between the Group and the existing management and shareholders of Ordos Bayin Mengke Nayuan Coal on these issues, and the Board considers that it would be difficult to continue to cooperate with the existing management of Ordos Bayin Mengke Nayuan Coal. On this basis, Jinfa Materials and the Vendors have agreed in principle that the Acquisition will be cancelled and that all amounts paid by the Group will be returned to the Group. Currently, Jinfa Materials is negotiating with the Vendors in finalizing the terms of the termination agreement. Upon the signing of the termination agreement, the Company will issue a further announcement containing the detailed terms of the definitive termination agreement. As the Acquisition will be terminated, no Circular will be despatched by the Company regarding the Acquisition.

For the reasons stated above, the Group cannot dispatch the Circular to the Shareholders by 31 May 2010, so the Company has applied to the Stock Exchange for a further delay in the despatch of the Circular to a date no later than 31 July 2010.

By order of the Board of
China Qinfra Group Limited
XU Ji Hua
Chairman

Hong Kong, 31 May 2010

* *English translation for identification only.*

As at the date of this announcement, the Board comprises Mr. XU Jihua, Ms. WANG Jianfei, Ms. LIU Xiaomei and Mr. WENG Li as the executive Directors, and Dr. CHEN Wenjing, Mr. HUANG Guosheng and Mr. LAU Sik Yuen as the independent non-executive Directors.