

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy and completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**ANNOUNCEMENT PURSUANT TO  
RULE 13.09(1) OF THE LISTING RULES**

**ACQUISITION OF EQUITY INTEREST IN  
TIARO COAL LIMITED**

This announcement is made by the Board pursuant to rule 13.09(1) of the Listing Rules.

The Board is pleased to announce that on 19 October 2009, Bright Rock and Tiaro Coal entered into the Share Subscription Agreement pursuant to which Bright Rock has agreed to subscribe for the Subscription Shares at the aggregate consideration of A\$1,332,000 (equivalent to approximately HK\$9.5 million).

Pursuant to the Option Deed, Bright Rock will be entitled to subscribe for 6,000,000 newly issued shares in the share capital of Tiaro Coal at the exercise price of A\$0.25 for each share on or before 31 December 2009. Pursuant to the Off-take Undertakings, the Group has been granted a right of first refusal on the coal produced by TEC, a wholly-owned subsidiary of Tiaro Coal, subject to further discussions on the terms of supply.

The Directors consider that the above transactions represent a milestone for the Group to expand its international coal operation business, as described in the Prospectus as one of the growth strategies of the Group.

Completion of the Share Subscription Agreement is conditional upon, among other things, Tiaro Coal having obtained the approval of its shareholders for the grant of the options under the Option Deed by no later than 19 December 2009. If the conditions under the Share Subscription Agreement cannot be fulfilled or waived by 19 December 2009, the Share Subscription Agreement will terminate automatically.

As the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) do not exceed 5%, the acquisition contemplated under the Share Subscription Agreement does not constitute a notifiable transaction (as defined in Chapter 14 of the Listing Rules) for the Company.

The Company will issue a separate announcement following completion of the Share Subscription Agreement.

## INTRODUCTION

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of China Qinfa Group Limited (the “**Company**”) pursuant to rule 13.09(1) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

As disclosed in the prospectus (the “**Prospectus**”) of the Company dated 19 June 2009, the Company and its subsidiaries (collectively, the “**Group**”) will expand its international coal operation business as part of its growth strategies.

## ACQUISITION OF EQUITY INTEREST IN TIARO COAL LIMITED

The Board is pleased to announce that on 19 October 2009, Bright Rock Holdings Limited (“**Bright Rock**”), a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands, entered into a share subscription agreement (the “**Share Subscription Agreement**”) and an option deed (the “**Option Deed**”) with Tiaro Coal Limited (“**Tiaro Coal**”), a company incorporated in the State of New South Wales in Australia with its shares listed on the Australian Securities Exchange (“**ASE**”) with stock code TCM.

Pursuant to the Share Subscription Agreement, Bright Rock has agreed to subscribe for 7,400,000 new shares (the “**Subscription Shares**”) in the share capital of Tiaro Coal at the subscription price of A\$1,332,000 (equivalent to approximately HK\$9.5 million). The Subscription Shares represent approximately 15% of the shares in issue of Tiaro Coal and approximately 13% of the enlarged number of shares in issue of Tiaro Coal immediately after completion of the Share Subscription Agreement. The subscription price for each Subscription Share is A\$0.18 representing approximately 12.5% premium to the average trading prices of the shares of Tiaro Coal of A\$0.16 for the last five trading days on the ASE.

Pursuant to the Option Deed, Bright Rock has been granted options by Tiaro Coal to subscribe for a further 6,000,000 shares in Tiaro Coal at the exercise price of A\$0.25 for each share on or before 31 December 2009. If the options are exercised in full and assuming that Tiaro Coal will not issue any additional shares, Bright Rock will hold 13,400,000 shares in Tiaro Coal, representing approximately 19.7% of the shares then in issue.

As part of the equity investment by the Group in Tiaro Coal, a coal off-take undertaking (the “**Off-take Undertaking**”) has been given by Tiaro Coal to the Company. Pursuant to the Off-take Undertaking, Tiaro Coal shall cause its wholly-owned subsidiary, Tiaro Energy Corporation Pty Ltd. (“**TEC**”), to grant a right of first refusal to the Company or any of its subsidiary on the supply of all coal and other mineral

resources produced by it subject to further discussions on the acceptable terms and conditions of supply, including the prices and time for delivery.

TEC entered into a joint venture agreement in June 2008 with three independent third parties with respect to certain exploration tenements measuring approximately 2,169 square kilometres located in south eastern Queensland, Australia. TEC is entitled to receive the resources in kind or to dispose of separately its participating interest in the coal and other mineral resources produced by or on behalf of the participants through the conduct of joint venture activities.

Completion of the Share Subscription Agreement is conditional upon, among other things, Tiaro Coal having obtained the approval of its shareholders for the grant of the options under the Option Deed by no later than 19 December 2009. If the conditions under the Share Subscription Agreement cannot be fulfilled or waived by 19 December 2009, the Share Subscription Agreement will terminate automatically.

## **INFORMATION ON TIARO COAL**

Tiario Coal is a mining company undertaking exploration for coal deposits with the potential to produce metallurgical (coking, PCI) coals from the Tiario Coal Measures. Tiario Coal has been listed on the ASE since March 2008. According to the public information published by Tiario Coal, it has coal seams with high CSN (swell) numbers indicative of high quality coking coal in addition to other multiple seams offering PCI coal resources and thermal coal product. Tiario Coal is also conducting a drilling programme on other areas where additional coal seams are being intersected. The tenements cover most of the known exposures of the Tiario Coal Measures within the Mesozoic Maryborough Basin, located between Gympie and Maryborough in southeast Queensland, Australia. The tenements are well serviced by nearby infrastructure, including manpower, mining support services and road, rail and port facilities.

## **REASONS FOR THE ACQUISITION**

As disclosed in the Prospectus, the Group will expand its international coal operation business as part of its growth strategies. Leveraging the Group's expertise in coal operation in China and the previous experience in investing in Australian coal mine (as disclosed in the Prospectus), the Directors believe that the acquisition of equity interest in Tiario Coal will enable the Group to achieve a strategic position in a quality resource company with growth potential both in terms of its own business and the access to quality coal and mineral resources. Through the off-take arrangement under the Off-take Undertaking, the Group will have a right of first refusal on the supply of coal from TEC. This arrangement is expected to further strengthen the Group's capability in sourcing coal overseas for its customers and to a certain extent, mitigate any coal price fluctuation risk in China.

The consideration for the acquisition of the Subscription Shares and the future exercise of the options under the Option Deed will be funded by internally generated financial resources of the Group. The equity investment will not affect the uses of net proceeds from the initial public offering of the shares of the Company as described in the Prospectus.

## IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) do not exceed 5%, the acquisition contemplated under the Share Subscription Agreement does not constitute a notifiable transaction (as defined in Chapter 14 of the Listing Rules) for the Company.

**Completion of the acquisition under the Share Subscription Agreement is subject to the fulfilment or waiver of the conditions set forth in the Share Subscription Agreement, and it may or not proceed. Investors and shareholders of the Company should exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**China Qinfra Group Limited**  
**XU Jihua**  
*Chairman*

Guangzhou, 19 October 2009

*Unless otherwise specified, translations of Australian dollars (A\$) into HK\$ in this announcement are based on the rates of A\$1.0 = HK\$7.1. No representation is made that any amounts in A\$ and HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.*

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