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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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CHINA QINFA GROUP LIMITED

中國秦發集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 866)

**REPURCHASE MANDATE AND GENERAL MANDATE,
PROPOSED RE-ELECTION OF DIRECTORS
AND NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at Alexandra Room, 2/F, Mandarin Oriental, Hong Kong Limited, 5 Connaught Road, Central, Hong Kong on 26 May 2011 at 3:00 p.m. or any adjournment thereof is set forth in Appendix III to this circular.

Whether or not you are able to attend the annual general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjourned meeting should you so wish.

20 April 2011

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Annual General Meeting”	the annual general meeting of the Company to be held at Alexandra Room, 2/F, Mandarin Oriental, Hong Kong Limited, 5 Connaught Road, Central, Hong Kong on 26 May 2011 at 3:00 p.m. or any adjournment thereof (as the case may be);
“Articles”	the articles of association of the Company;
“Board”	the board of Directors;
“Companies Law”	the Companies Law (2007 Revision) of the Cayman Islands as amended, supplemented or otherwise modified from time to time;
“Company”	China Qinfa Group Limited (中國秦發集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Stock Exchange (stock code: 00866);
“Directors”	the directors of the Company;
“General Mandate”	the general mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares or to grant any offers, agreements or options which would or might require Shares to be issued, allotted or disposed of not exceeding 20% of the issued share capital of the Company as of the date of passing the resolution approving the said mandate;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	18 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Notice”	the notice dated 20 April 2011 convening the Annual General Meeting as set forth on appendix III to this circular;

DEFINITIONS

“Ordinary Resolutions”	the proposed ordinary resolutions in respect of the matters referred to in the Notice;
“PRC”	The People’s Republic of China;
“Prospectus”	the prospectus of the Company dated 19 June 2009;
“Repurchase Mandate”	the general mandate proposed to be granted to the Directors to exercise the powers of the Company to purchase Shares up to a maximum of 10% of the issued share capital of the Company as of the date of passing of the resolution approving the said mandate;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the registered holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Codes on Takeovers and Mergers and Shares Repurchases;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	per cent.

LETTER FROM THE BOARD



CHINA QINFA GROUP LIMITED

中國秦發集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 866)

Executive Directors:–

Mr. XU Jihua (*Chairman*)

Ms. WANG Jianfei (*Chief Executive Officer*)

Ms. LIU Xiaomei

Mr. WENG Li

Registered office:–

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:–

Dr. QIAN Pingfan

Mr. HUANG Guosheng

Mr. LAU Sik Yuen

*Head office and principal place of business
in Hong Kong:–*

Room 1303, 13th Floor, MassMutual Tower

No. 38 Gloucester Road

Wanchai

Hong Kong

20 April 2011

To the Shareholders

Dear Sir or Madam,

REPURCHASE MANDATE AND GENERAL MANDATE, PROPOSED RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to give you information on the following resolutions proposed to be tabled at the Annual General Meeting, so as to enable you to make an informed decision on the resolutions at the Annual General Meeting.

The resolutions include (i) the grant of the Repurchase Mandate, (ii) the grant of the General Mandate, (iii) the extension of the General Mandate, and (iv) the re-election of the Directors.

LETTER FROM THE BOARD

REPURCHASE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase Shares subject to the criteria set forth in this circular. In particular, you should note that the maximum number of Shares that may be repurchased pursuant to the Repurchase Mandate will be such number which represents 10% of the issued share capital of the Company as of the date of passing of the resolution, subject to the requirements of the Listing Rules. The Repurchase Mandate will end on the earliest of the date of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by any applicable laws or the Articles and the date upon which such authority is revoked or varied by ordinary resolution of the Shareholders in general meeting.

In accordance with the Listing Rules, the Company is required to send to the Shareholders an explanatory statement, which is set forth in appendix I to this circular.

GENERAL MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to allot, issue and deal with further Shares or to grant any offers, agreements or options which would or might require Shares to be issued, allotted or disposed of, representing up to 20% of the issued share capital of the Company as of the date of passing of the resolution. As of the Latest Practicable Date, the issued share capital of the Company comprised 1,037,500,000 fully paid up Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date to the date of passing the aforesaid resolution, the maximum number of Shares which may be issued pursuant to the aforesaid general and unconditional mandate on the date of passing the aforesaid resolution will be 207,500,000 Shares.

Subject to the passing of the aforesaid ordinary resolutions of the Repurchase Mandate and the General Mandate, a separate ordinary resolution will also be proposed for the Shareholders to consider and, if thought fit, approve the extension of the General Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by Directors pursuant to the General Mandate the number of Shares purchased under the Repurchase Mandate, if granted.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 83(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed pursuant to Article 83(3) of the Articles shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Pursuant to Article 84 of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years and shall then be eligible for re-election.

Mr. QIAN Pingfan will retire at the Annual General Meeting in accordance with Article 83(3) of the Articles and Mr. HUANG Guosheng and Mr. WENG Li will retire by rotation in accordance with Article 84 of the Articles. All retiring Directors, being eligible, would offer themselves for re-election at the Annual General Meeting. Details of such retiring Directors are set forth in Appendix II to this circular.

ANNUAL GENERAL MEETING

A notice of the Annual General Meeting is set forth in appendix III to this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the Repurchase Mandate, the General Mandate and the re-election of the Directors. The Annual General Meeting will be held at Alexandra Room, 2/F, Mandarin Oriental, Hong Kong Limited, 5 Connaught Road, Central, Hong Kong on 26 May 2011 at 3:00 p.m..

VOTING BY WAY OF A POLL

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, poll voting for all proposed resolutions of the Company will be proceeded with at the Annual General Meeting.

RECOMMENDATION

The Board is of the opinion that the grant of the Repurchase Mandate and the General Mandate, the extension of the General Mandate and the proposed re-election of Directors are in the best interest of the Company and the Shareholders as a whole and accordingly recommend all the Shareholders to vote in favour of the relevant Ordinary Resolutions to be proposed at the Annual General Meeting.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained herein misleading.

Yours faithfully,
For and on behalf of the Board
XU Jihua
Chairman

This appendix contains particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed decision on whether to vote for or against the resolutions to be proposed at the Annual General Meeting in relation to the Repurchase Mandate.

PROPOSED SHARE REPURCHASE MANDATE

It is proposed that the Directors be granted the Repurchase Mandate such that they may exercise the powers of the Company to repurchase up to 10% of the Shares in issue as of the date of passing of the relevant resolution. As of the Latest Practicable Date, the number of Shares in issue was 1,037,500,000 Shares and they were all fully paid up. Accordingly, the exercise of the Repurchase Mandate in full (being the repurchase of 10% of the Shares in issue as of the date of the passing of the resolution to approve the Repurchase Mandate) would enable the Company to repurchase a maximum of 103,750,000 Shares (assuming no Share is issued or repurchased after the Latest Practicable Date and up to the passing of the relevant resolution).

REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might think it appropriate to repurchase Shares, the Directors believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company and the Shareholders as such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value for each Share and/or earnings for each Share. Shareholders can be assured that the Directors would only make such purchases in circumstances where they consider them to be in the best interests of the Company.

FUNDING OF REPURCHASES

In making repurchases, the Company proposes to apply funds legally available for such purpose in accordance with its memorandum of association, the Articles, the Listing Rules and the Companies Law. Under the Companies Law, Shares repurchased by the Company may only be paid out of profits or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by its memorandum of association, the Articles and subject to the Companies Law, out of capital. Any premium payable on share repurchases may only be paid out of profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles and subject to the Companies Law, out of capital. In accordance with the Companies Law, the Shares so repurchased would remain part of the authorised but unissued share capital of the Company.

IMPACT OF REPURCHASE

On the basis of the consolidated financial position of the Company as of 31 December 2010 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares now in issue, the Directors consider that there might be a material adverse impact on the working capital position and the gearing position of the Company in the event that the Repurchase Mandate was to be exercised in full. No repurchase would be made by the Company in circumstances that would have a material adverse impact on the working capital position or gearing position of the Company (as compared with the position disclosed in the latest published audited financial statements).

PRICE OF SHARES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months up to the Latest Practicable Date were as follows:–

	Share price	
	Highest HK\$	Lowest HK\$
2010		
April	3.11	2.28
May	2.89	1.95
June	2.50	2.05
July	2.65	2.06
August	2.51	2.25
September	3.15	2.36
October	4.14	2.91
November	4.83	3.60
December	5.04	4.00
2011		
January	5.77	4.70
February	5.60	4.86
March	5.51	4.24
April (up to the Latest Practicable Date)	4.70	4.23

UNDERTAKING

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates has any present intention to sell any Shares to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders.

As of the Latest Practicable Date, none of the connected persons (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell his/her/its Shares to the Company or its subsidiaries, nor has he/she/it undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the memorandum of association of the Company, the Articles and the Companies Law.

TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Fortune Pearl International Limited, being the substantial Shareholder (as defined in the Listing Rules) of the Company, together with its associates, was beneficially interested in 593,000,000 Shares representing approximately 57.16% of the issued share capital of the Company. In the event that the Directors exercise the Repurchase Mandate in full, the interests of Fortune Pearl International Limited, together with its associates, in the Company would be increased to approximately 63.51% of the issued share capital, which will not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code but will reduce the amount of Shares held by the public to below 25% of the total issued share capital of the Company.

The Directors have no intention to exercise the Repurchase Mandate to the extent that the purchase would result in the amount of Shares being held by the public to fall below 25% of the total issued share capital of the Company nor to the extent that would result in an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Save as the above, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

SHARE REPURCHASES MADE BY THE COMPANY

During the previous six months from the Latest Practicable Date, there was no repurchase of its Shares made by the Company (whether on the Stock Exchange or otherwise).

The following sets out the details of the Directors who will retire and, being eligible, offer themselves for re-election at the Annual General Meeting pursuant to the Articles.

A. Mr. WENG Li

Experience

Mr. WENG Li (翁立), aged 35, is an executive Director. Mr. WENG is principally responsible for investment management of the Group. Mr. WENG graduated with a bachelor degree in economics major in international finance from 武漢大學 (Wuhan University) in June 1998. Mr. WENG subsequently studied a graduate program in finance from 武漢大學研究生學院 (Graduate School of Wuhan University) during the period from May 2004 to December 2005. Mr. WENG further obtained a master degree in economics from 武漢大學 (Wuhan University) in December 2008. Mr. WENG has been granted the PRC Securities Practising Certificate (中國證券業執業證書) since 2004. Mr. WENG has more than 11 years of assets management and investment experience. Mr. WENG joined the Group in November 2005, and worked as deputy general manager and general manager of the investment management department, and president assistant. Before joining the Group, Mr. WENG worked as an investment assistant and later as an investment manager in the assets management department of Changjiang Securities Company Limited (長江證券股份有限公司), a company listed in the PRC with the stock code: 000783, during the period from June 1998 to October 2005.

Save as disclosed above, Mr. WENG did not hold any directorship in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong and overseas.

Length of Service

The term of service of Mr. WENG is 3 years commencing from 12 June 2009. The term of office of Mr. WENG shall continue thereafter unless and until terminated by either the Company or Mr. WENG.

Relationships

Mr. WENG has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Directors' emoluments

Under the service contract entered into between Mr. WENG and the Company on 12 June 2009, Mr. WENG was initially entitled to an annual salary of RMB600,000 (after taxation) (subject to annual review by the Board and remuneration committee established thereunder and any annual increment shall not be more than 20% of the annual salary for the immediately preceding year). In March 2010, the annual salary of Mr. WENG was increased to RMB720,000. In addition, Mr. WENG may also be

entitled to a management bonus of any amount by reference to the audited consolidated net profits of the Group after taxation (the “Net Profits”) in respect of each complete financial year of the Company during which his appointment hereunder subsists, provided that the aggregate amount of the management bonus payable to all executive Directors in respect of any financial year of the Group shall not exceed 1% of the Net Profits for the relevant financial year.

B. Mr. HUANG Guoshen

Experience

Mr. HUANG Guosheng (黃國勝), aged 68, was appointed as an independent non-executive Director on 12 June 2009. Mr. HUANG is also a member of the audit committee and the chairperson of the nomination committee and remuneration committee of the Board. Mr. HUANG graduated from 中南大學 (Zhong Nan University), formerly known as 長沙鐵道學院 (Chang Sha Railway College), majoring in railway transportation in 1965. Mr. HUANG has been appointed as the legal representative of 廣東省交通運輸協會 (Guangdong Traffic Transportation Association) since 2007. Mr. HUANG served as the head of 廣州港務局 (Guangzhou Port Authority) in 1994. Mr. HUANG was appointed as a visiting professor by 上海海事大學 (Shanghai Maritime University), formerly known as 上海海運學院 (Shanghai Maritime Transportation College), in 1996. Mr. HUANG is also a senior engineer in railway transportation and has enjoyed a special government allowance granted by the State Council since 1992 for his outstanding contribution in engineering technology for the nation.

Save as disclosed above, Mr. HUANG did not hold any directorship in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Length of Service

The renewed term of service of Mr. HUANG is 1 year commencing from 12 June 2010 and shall continue for a period of 1 year from and including such date unless previously terminated in accordance with the terms and conditions specified in the relevant renewed letter of appointment dated 12 June 2010 entered into between Mr. HUANG and the Company. Each of the Company and Mr. HUANG shall be entitled to terminate the appointment at any time by giving the other at least 3 months’ notice in writing.

Relationships

Mr. HUANG has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Directors' emoluments

Under the renewed letter of appointment entered into between Mr. HUANG and the Company on 12 June 2010, Mr. HUANG is currently entitled to a monthly salary of RMB20,000 (after taxation) or such higher sum as the remuneration committee of the Board may from time to time decide.

C. Dr. QIAN Pingfan*Experience*

Dr. QIAN (錢平凡), aged 46, currently the officer and researcher of the Industrial Development Research Centre, has worked for the Industrial Economics Research Department of the Development and Research Centre of the State Council of the PRC since 1999, focusing on the research on the coal and automobile industries, with particular insight in coal supply chain management.

Dr. QIAN has also been a guest professor and tutor of doctoral degree students at China University of Geosciences (Beijing Campus) since April 2009.

Dr. QIAN obtained a bachelor's degree in engineering from the South China University of Technology in 1989. From 1993 to 1998, Dr. QIAN studied in Fudan University and formally obtained a master's degree in business administration in January 1996 and a doctoral degree in industrial economics in January 1999.

Save as disclosed above, Dr. QIAN did not hold any directorship in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Length of Service

The term of service of Dr. QIAN is 1 year commencing from 20 September 2010 and shall continue for a period of 1 year from and including such date unless previously terminated in accordance with the terms and conditions specified in the relevant letter of appointment dated 20 September 2010 entered into between Dr. QIAN and the Company. Each of the Company and Dr. QIAN shall be entitled to terminate the appointment at any time by giving the other at least 3 months' notice in writing.

Relationships

Dr. QIAN has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Directors' emoluments

Under the service contract entered into between Dr. QIAN and the Company on 20 September 2010, Dr. QIAN does not receive any remuneration so as to comply with the requirement of his work unit.

D. Further Information On The Retiring Directors*Disclosure of interests*

As of the Latest Practicable Date, the interests and short positions of the retiring Directors in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions), or would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein, or would be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set forth in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:–

Interests in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of the Company's issued share capital
Mr. WENG Li	Beneficial owner	900,000	0.09%
	Beneficial interest (<i>Note</i>)	2,100,000	0.20%

Note:–

Mr. WENG Li is a participant of the Trust Scheme (as defined and disclosed in the Prospectus) entitled to 2,100,000 Shares.

Policy on Directors' emoluments

The Company's policies concerning remuneration of the Directors are as follows:

- (i) the amount of remuneration is determined by the remuneration committee of the Board on the basis of the relevant Director's experience, responsibility, workload and the time devoted to the Group;
- (ii) non-cash benefits may be provided to the Directors under their remuneration arrangement; and

- (iii) the Directors may be granted, at the discretion of the Board with the endorsement of the remuneration committee of the Board, options pursuant to the share option scheme adopted by the Company, as part of their remuneration package.

Other information

Save as disclosed above, there are no other matters concerning the retiring Directors that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

**CHINA QINFA GROUP LIMITED****中國秦發集團有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock code: 866)****NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the annual general meeting of China Qinfa Group Limited (the “**Company**”) will be held at Alexandra Room, 2/F, Mandarin Oriental, Hong Kong Limited, 5 Connaught Road, Central, Hong Kong on 26 May 2011 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors (the “**Director(s)**”) of the Company and the auditors (the “**Auditors**”) of the Company for the year ended 31 December 2010.
2. (A) (i) to re-elect Mr. WENG Li as an executive Director.

(ii) to re-elect Mr. HUANG Guosheng as an independent non-executive Director.

(iii) to re-elect Dr. QIAN Pingfan as an independent non-executive Director.

(B) to authorize the board of Directors (the “**Board**”) to determine the remuneration of the Directors.
3. To re-appoint Auditors and to authorize the Board to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

4. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions of the Company:–
 - 4A. “**THAT**:–
 - (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase issued shares of the Company of HK\$0.10 each (the “**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject

to and in accordance with all applicable laws, the memorandum and articles of association of the Company (the “**Articles**”) and requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time (the “**Listing Rules**”) be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) shall be in addition to any other authorisations given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its Shares at a price determined by the Directors;
- (c) the number of Shares to be repurchased by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10% of the share capital of the Company in issue as of the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:–

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles to be held; or
- (iii) the date upon which the authority set forth in this resolution is revoked or varied by way of an ordinary resolution of the Shareholders in general meeting.”

4B. “THAT:–

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and otherwise deal with additional ordinary Shares and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above, shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of the Shares allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a rights issue (as defined in paragraph (d) below), or (ii) the exercise of any options granted under the share option schemes or similar arrangement for the time being adopted or to be adopted for the grant or issue to officers and/or employees of the Company and/or its subsidiaries, of options to subscribe for, or rights to acquire Shares of the Company approved by the Stock Exchange, or (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with the Articles, shall not exceed 20% of the share capital of the Company in issue as of the date of passing of this resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:–

“Relevant Period” shall have the same meaning as ascribed to it under the resolution set forth in paragraph 4A(d) above; and

“Rights issue” means the allotment, issue or grant of Shares open for a period fixed by the Directors to holders of the Shares or any class of Shares thereof on the register of members on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

4C. "THAT:–

conditional upon the passing of resolutions Nos. 4A and 4B, the general mandate granted to the Directors pursuant to resolution 4B be and is hereby extended by the addition thereto of an amount representing the share capital of the Company as stated in resolution No. 4A above, PROVIDED THAT such amount shall not exceed 10% of the share capital of the Company as of the date of passing this resolution."

By Order of the Board
XU Jihua
Chairman

Hong Kong, 20 April 2011

Notes:

- (1) A form of proxy for the annual general meeting of the Company to be held on 26 May 2011 is enclosed.
- (2) Any member entitled to attend and vote at the annual general meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the annual general meeting of the Company. A proxy need not be a member of the Company.
- (3) In order to be valid, the form of proxy completed in accordance with the instructions set out therein, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of that power or authority) must be deposited at the Company's Hong Kong share registrar, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the annual general meeting of the Company or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.
- (4) In case of joint holders of any Share, any one of such joint holders may vote at the annual general meeting of the Company, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting in person or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such Share shall alone be entitled to vote in respect thereof.
- (5) A circular containing, inter alia, details of the proposed general mandates to issue and repurchase shares of the Company, information of the retiring directors of the Company who are proposed to be re-elected at the annual general meeting, will be despatched to the shareholders of the Company on 20 April 2011.
- (6) As at the date of this notice, the executive Directors are Mr. XU Jihua (Chairman), Ms. WANG Jianfei (Chief Executive Officer), Ms. LIU Xiaomei and Mr. WENG Li, and the independent non-executive Directors are Dr. QIAN Pingfan, Mr. HUANG Guosheng and Mr. LAU Sik Yuen.