

【For Immediate Release】



Qinfa Group Acquires 60% Equity Interest in Ordos Bayin Mengke Nayuan Coal and Increases its Investment on Tiaro Coal

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Strengthens Strategic Position in Sourcing Local and Overseas Quality Coal

(Hong Kong, 30 December 2009) – The leading PRC coal operator **China Qinfa Group Limited** (“**Qinfa Group**”) (stock code: **866.HK**), through its wholly-owned subsidiary, Ordos Jinfa Materials Company Limited (“**Jinfa Materials**”), has agreed to acquire 60% equity interest in Ordos Bayin Mengke Nayuan Coal Company Limited (“**Ordos Bayin Mengke Nayuan Coal**”).

Pursuant to the Acquisition and Debt Restructuring Agreement (the “**Agreement**”), the aggregate consideration was RMB857.3 million (equivalent to approximately HK\$974.2 million) of which RMB105.16 million will be used for settlement of certain debts of Ordos Bayin Mengke Nayuan Coal. Under the Agreement, Ordos Bayin Mengke Nayuan Coal shall sell all the coal extracted from the coal mine to members of Qinfa Group in China for a period of five years commencing on the completion date of the acquisition, which is expected to take place in May 2010.

Currently, Qinfa Group operates its third and fourth coal loading stations at Jiuyuan District and Donghe District, Baotou, the Inner Mongolia Autonomous Region, which are located within 100 kilometres from the coal mine of Ordos Bayin Mengke Nayuan Coal with easy access to railway and highway.

Ms. Wang Jianfei, Chief Executive Officer of Qinfa Group, said, “The acquisition will strengthen Qinfa Group’s strategic position in sourcing quality coal in the Inner Mongolia Autonomous Region, giving secured coal supply at competitive price to Qinfa Group for advancing its business in the future.”

The principal business of Ordos Bayin Mengke Nayuan Coal is providing technical upgrades to coal mine and exploration of the relevant coal resources from the coal mine which it is permitted to extract and mine. Ordos Bayin Mengke Nayuan Coal holds the mining right to the coal mine of a total site area approximately 29.1 square kilometers in Dongsheng District of Ordos, Inner Mongolia Autonomous Region. It has mining right to coal mine with reserve of approximately 158.76 million tonnes of coal and is expected to have an annual coal output capacity of not less than 900,000 tonnes. It is also applying to the relevant government departments to increase its coal output capacity to 3,000,000 tonnes per annum. It plans to begin commercial production by the end of 2010 and produce coal that is suitable for use in thermal power generation, industrial furnace, steam locomotive, ships and for domestic fuels.

Increase in investment on Tiaro Coal

On 29 December 2009, Tiaro Coal Limited (“**Tiario Coal**”) announced that Qinfa Group has exercised options to subscribe for six million new shares of Tiaro Coal at A\$0.25 per share. In doing so, Qinfa Group has increased its equity interest in Tiaro Coal from 13% to 21.35% of the enlarged number of shares in issue of Tiaro Coal immediately after the exercise of option, which has made it a significant shareholder and strategic partner of 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.

Ms. Wang Jianfei said, “Looking ahead, we will seek to capture opportunities by this latest acquisition and the increased equity interest in Tiario Coal. These strategic moves will strengthen our local and overseas sourcing capability, hence enabling us to optimize our vertically-integrated supply chain and in turn consolidate our position as a leading coal operator in China.”

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About China Qinfa Group Limited (Stock code: 866.HK)

Qinfa Group, a leading coal operator in China, is principally engaged in the integrated coal operation business involving purchase and sales, filtering, storage, blending, shipping and transportation of coal. Qinfa Group is strategically located in Hong Kong, Datong, Yangyuan, Qinhuangdao, Inner Mongolia, Zhuhai and Guangzhou. Qinfa Group has been listed on the main board of the Hong Kong Stock Exchange since 3 July 2009.

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