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中國秦發集團有限公司
CHINA QINFENG GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00866)

DEBT RESTRUCTURING

This announcement is made by China Qinfeng Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

A major lending bank of the Group (the “**Original Creditor**”) has sold the outstanding debts owed by a subsidiary of the Group of approximately RMB598,968,910 in total comprised of debts with principal amount of approximately RMB492,443,378 and related accrued interest of approximately RMB106,525,532 in total as at 31 May 2018 (the “**Original Debt**”) to a domestic asset management company (the “**Current Creditor**”) by way of discounting. The transactions were commercial decision between the Original Creditor and the Current Creditor. As at 20 June 2021, the Original Debt of approximately RMB754,088,649 in total comprised of debt with principal amount of approximately RMB492,443,378 and related accrued interest of approximately RMB261,645,271.

On 13 December 2021, the Group and the Current Creditor reached a loan restructuring proposal for the repayment of the Original Debt (the “**Proposal**”). According to the Proposal, the Current Creditor agreed to reduce the Original Debt by approximately RMB404,088,649 (the “**Debt Reduction**”). Thus, the principal balance of the outstanding debt shall be in total RMB435,636,667 comprised of principal amount of approximately RMB350,000,000 and capital occupation fee of RMB85,636,667 (the “**Current Debt**”). The Current Creditor agreed that the Group shall repay the Current Debt in 3 years.

According to the Proposal, the Group shall be entitled to early repayment of the Current Debt and the capital occupation fee shall be revised accordingly. On the contrary, according to the Proposal, if the Group is unable to repay the Current Debt on time, the Current Creditor shall have the right to withdraw the Debt Reduction granted to the Group.

The financial impact of debt restructuring is in the process of assessment by the management and will be reviewed by the Group's auditors upon finalization of the consolidated financial statements of the Group for the year ending 31 December 2021. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By the order of the Board
China Qinfu Group Limited
XU DA
Chairman

Guangzhou, 13 December 2021

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.