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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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: 00866)**

**PROPOSED BONUS ISSUE OF SHARES  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening an extraordinary 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 30 September 2011 at 3:00 p.m. or any adjournment thereof is set forth in Appendix I to this circular.

Whether or not you are able to attend the extraordinary 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 and transfer office 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 extraordinary 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 extraordinary general meeting or any adjourned meeting should you so wish.

14 September 2011

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## DEFINITIONS

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

|                           |  |
|---------------------------|--|
| “Board”                   | the board of Directors;  |
| “Bonus Issue”             | the proposed issue of one Bonus Share for every one existing Share to the Shareholders whose names appear on the Register of Members on the Record Date upon and subject to the terms of this circular;  |
| “Bonus Share(s)”          | new Share(s) to be issued by way of Bonus Issue by the Company as described herein;  |
| “BVI”                     | the British Virgin Islands;  |
| “CCASS”                   | Central Clearing and Settlement System established and operated by HKSCC;  |
| “Companies Law”           | the Companies Law (2010 Revision) of the Cayman Islands as amended, supplemented or otherwise modified from time to time;  |
| “Company”                 | China Qinfra 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;  |
| “EGM”                     | the extraordinary 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 30 September 2011 at 3:00 p.m or any adjournment thereof (as the case may be); |
| “Group”                   | the Company and its subsidiaries;  |
| “HK\$”                    | Hong Kong Dollars, the lawful currency of Hong Kong;   |
| “HKSCC”                   | Hong Kong Securities Clearing Company Limited;   |
| “Hong Kong”               | The Hong Kong Special Administrative Region of the PRC;  |
| “Latest Practicable Date” | 9 September 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;  |

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## DEFINITIONS

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|---------------------------|--|
| “Listing Rules”           | The Rules Governing the Listing of Securities on the Stock Exchange;   |
| “Overseas Shareholder(s)” | Shareholder(s) whose address(es) as shown on the Register of Members on the Record Date is/are outside Hong Kong;  |
| “PRC”                     | The People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;                                  |
| “Pre-IPO Share Options”   | pre-IPO share option(s) granted by the Company under the pre-IPO share option scheme of the Company adopted on 12 June 2009;   |
| “Qualifying Shareholders” | the Shareholder(s), other than certain excluded Overseas Shareholders, who are entitled to the Bonus Issue;  |
| “Record Date”             | 10 October 2011, being the date for determining the entitlement to the Bonus Issue;  |
| “Register of Members”     | the principal or branch register of members of the Company maintained in the Cayman Islands or Hong Kong respectively;   |
| “Registrar”               | Union Registrars Limited, Hong Kong branch share registrar and transfer office of the Company at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, 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;   |
| “Vested Options”          | the 4,680,000 outstanding Pre-IPO Share Options which have been vested and exercisable as of the Latest Practicable Date;  |
| “%”                       | per cent.  |

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## EXPECTED TIMETABLE

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The expected timetable for the Bonus Issue is set forth below:

|  |   |
|--|---|
| Circular relating to the Bonus Issue<br>to be dispatched on or before .....  | Wednesday, 14 September 2011  |
| Latest time for lodging forms of<br>proxy for the EGM .....  | 3:00 p.m. Wednesday, 28 September 2011  |
| EGM .....  | 3:00 p.m. Friday, 30 September 2011   |
| Publish poll vote results announcement of the EGM .....  | before 8:30 a.m.<br>Monday, 3 October 2011                                    |
| Last day of trading in Shares cum<br>entitlements to the Bonus Issue .....   | Monday, 3 October 2011  |
| Latest time for holders of Vested Options<br>to lodge the Pre-IPO Share Option exercise form together<br>with a remittance in cash for the amount<br>of the exercise price for the respective Shares<br>in order to be qualified for the Bonus Issue ..... | 4:00 p.m Monday, 3 October 2011   |
| First day of trading in Shares<br>ex-entitlements to the Bonus Issue .....   | Tuesday, 4 October 2011   |
| Latest time for lodging transfer forms of Shares<br>to qualify for entitlements to the Bonus Issue .....   | 4:00 p.m. Thursday, 6 October 2011  |
| Closure of Register of Members .....   | Friday, 7 October 2011<br>to Monday, 10 October 2011<br>(both days inclusive) |
| Record date for determination of<br>entitlements to the Bonus Issue .....  | Monday, 10 October 2011   |
| Register of Members re-opens .....   | Tuesday, 11 October 2011  |
| Dispatch of share certificates for<br>Bonus Shares .....   | Wednesday, 12 October 2011  |
| First day of trading in Bonus Shares<br>on the Stock Exchange .....  | Friday, 14 October 2011   |

*Note:* All times refer to Hong Kong local time in this circular.

Dates or deadlines specified in this circular are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

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LETTER FROM THE BOARD

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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: 00866)**

*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

14 September 2011

*To the Shareholders and, for information only,  
holders of the Share Options*

Dear Sir or Madam,

**PROPOSED BONUS ISSUE OF SHARES  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the proposed ordinary resolution to approve the Bonus Issue and to give you notice of the EGM.

**2. PROPOSED BONUS ISSUE**

**Basis of Bonus Issue**

Reference is made to the Company's announcement dated 26 August 2011.

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## LETTER FROM THE BOARD

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Subject to the conditions as set forth under the heading “Conditions of the Bonus Issue” below, the Bonus Issue is proposed to be made on the basis of one Bonus Share for every one existing Share held on the Record Date by the Qualifying Shareholders. The Bonus Shares will be issued and credited as fully paid at par. The Company will not allot any fractions of Bonus Shares.

On the basis of 1,037,560,000 existing Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or purchased before the Record Date, not less than 1,037,560,000 Bonus Shares will be issued under the Bonus Issue and the amount of HK\$103,756,000, being part of the Company’s share premium account, will be capitalized and accordingly such sum will be applied in paying in full at par for not less than 1,037,560,000 Bonus Shares. After the completion of the Bonus Issue, there will be a total of 2,075,120,000 Shares in issue as enlarged by the Bonus Issue.

### **Record Date and Closure of Register of Members**

The Bonus Shares will be issued to the Qualifying Shareholders. Arrangement for excluding certain Overseas Shareholders are further elaborated below under the heading “Overseas Shareholders”.

The Register of Members will be closed from Friday, 7 October 2011 to Monday, 10 October 2011 (both days inclusive) during which no transfer of Shares will be registered, in order to determine the entitlement of the Shareholders under the Bonus Issue. In order for the holders of the Vested Options to be qualified for the Bonus Issue, they must lodge the Pre-IPO Share Options exercise form together with a remittance in cash for the amount of the exercise price for the respective Shares no later than 4:00 p.m. on Monday, 3 October 2011.

Shareholders are reminded that in order to qualify for the Bonus Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Registrar, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Thursday, 6 October 2011.

On the basis of (i) no further Shares being issued or purchased before the Record Date, a total of 1,037,560,000 Bonus Shares will be issued pursuant to the Bonus Issue; and (ii) assuming all the Vested Options are exercised before the latest lodging time, a total of 1,042,240,000 Bonus Shares will be issued pursuant to the Bonus Issue. Accordingly, the Bonus Shares to be issued pursuant to the Bonus Issue will therefore be not more than 1,042,240,000 Bonus Shares.

### **Reason for the Bonus Issue**

In recognition of the continual support of the Shareholders, the Board decides to propose the Bonus Issue. In addition to that, the Directors believe that the Bonus Issue will enhance the liquidity of the Shares in the market and thereby enlarging the Shareholder and capital base.

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## LETTER FROM THE BOARD

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### **Conditions of the Bonus Issue**

The Bonus Issue is conditional, among other things, upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM approving the Bonus Issue; and
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares.

### **Status of the Bonus Shares**

The Bonus Shares, upon issue and fully paid up, will rank pari passu with the Shares then existing in all respects, including the entitlement of receiving dividends and other distributions, the record date for which is on or after the date of allotment and issue of those Bonus Shares.

### **Commencement of dealings in the Bonus Shares**

Application will be made to the Stock Exchange for the listing of and permission to deal in the Bonus Shares to be issued pursuant to the Bonus Issue. No part of the Company's securities is listed or dealt in on any other stock exchange except the Stock Exchange, and no such listing or permission to deal is being, or is proposed to be sought. Subject to fulfillment of the above conditions, certificates for the Bonus Shares are expected to be dispatched to the Shareholders by ordinary post at their own risk on or before Wednesday, 12 October 2011 and dealings in the Bonus Shares are expected to commence on Friday, 14 October 2011.

Subject to the granting of the listing of and permission to deal in the Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Bonus Shares will be accepted as eligible securities for deposit, clearance and settlement in CCASS established and operated by HKSCC with effect from the commencement date of dealings in the Bonus Shares on the Stock Exchange or such other date as determined by HKSCC. Dealings in the Bonus Shares may be settled through CCASS. Shareholders should seek the advice of their licensed securities dealers or other professional advisers for details of these settlement arrangements and how such arrangements will affect their rights and interests.

No part of the share capital or debt securities of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought. The Bonus Shares will not be listed or traded on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or proposed to be sought. Dealings in the Bonus Shares will be subject to the payment of stamp duty in Hong Kong.

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## LETTER FROM THE BOARD

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### **Overseas Shareholders**

As of the Latest Practicable Date, the Company has Overseas Shareholders situated in the British Virgin Islands and the PRC. The Company has made preliminary verbal enquiries with the legal advisers in the relevant jurisdictions regarding the feasibility of extending the Bonus Issue to such Shareholders with registered addresses outside Hong Kong and related legal and regulatory restrictions and requirements.

Based on the preliminary verbal enquiry result which is subject to the legal opinion provided by the legal advisers in writing, it would be lawful for the Company to extend the Bonus Issue to those Shareholders with registered address in the British Virgin Islands and the PRC, respectively. If the formal enquiry results is/are different from the preliminary verbal enquiry results, the Company will make an announcement before the first book closure date on 6 October 2011. The Company will continue to ascertain whether there is any other Overseas Shareholder on the Record Date and will, if necessary, make further enquiries with its legal advisers in other overseas jurisdiction(s) regarding the feasibility of extending the Bonus Issue to such other Overseas Shareholders on the Record Date.

If after making such enquiries, the Board is of the opinion that the exclusion of those Overseas Shareholders in relevant jurisdictions from the Bonus Issue is necessary or expedient, the Bonus Shares will not be granted to those Overseas Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to those Overseas Shareholders to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to those Overseas Shareholders pro rata to their respective shareholdings and remittances therefore will be posted to them, at their own risks, unless the amount to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

It is the responsibility of the Shareholders (including Overseas Shareholders) to observe the local legal requirements applicable to the Shareholders for taking up and on-sale (if applicable) of the Bonus Shares under the Bonus Issue.

### **3. ADJUSTMENTS TO THE OPTIONS**

Implementation of the Bonus Issue will lead to adjustments to the exercise prices and number of the Shares in respect of which outstanding Pre-IPO Share Options and Share Options are exercisable.

As of the Latest Practicable Date, there were an aggregate of 7,800,000 outstanding Pre-IPO Share Options. The Company will inform each of the holders of outstanding Pre-IPO Share Options regarding the adjustments to be made pursuant to the respective terms and conditions of the Pre-IPO Share Options. The Company will make further announcement if any adjustment is required to be made.

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## LETTER FROM THE BOARD

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Save for the Pre-IPO Share Options, the Company has no other outstanding options, warrants or convertible securities to subscribe for any Share.

#### 4. EXPECTED TIMETABLE

The expected timetable for the Bonus Issue is set out on page 3 of this circular. Dates or deadlines specified in this circular are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

#### 5. EGM

The notice convening the EGM is set out on pages 10 to 11 of the circular. At the EGM, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Bonus Issue.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Registrar, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting in person at the EGM or any adjourned meeting should you so desire and in such event, the proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Further, all resolutions proposed at the EGM shall be voted by poll pursuant to Article 66 of the articles of association of the Company.

#### 6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

#### 7. RECOMMENDATION

The Directors believe that the Bonus Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to approve the above matters to be proposed at the EGM.

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



**CHINA QINFA GROUP LIMITED**

**中國秦發集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00866)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the extraordinary 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 30 September 2011 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution which will be proposed as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT**, subject to and conditional upon The Stock Exchange of Hong Kong Limited granting and agreeing to grant listing of and permission to deal in the Bonus Shares (as hereinafter defined):

- (a) a sum of not less than HK\$103,756,000 or such larger sum as may be necessary to give effect to the bonus issue of shares pursuant to this resolution, being part of the amount standing to the credit of the share premium account of the Company, be capitalised and accordingly the directors of the Company be and are hereby authorised and directed to apply such sum in paying up in full at par such number of unissued shares (the “**Bonus Shares**”) of HK\$0.1 each in the capital of the Company, and that such Bonus Shares shall be issued, allotted and distributed, credited as fully paid up, to and amongst those shareholders whose names appear on the register of members of the Company on 10 October 2011 (the “**Record Date**”) on the basis of one Bonus Share for every one existing ordinary issued share of HK\$0.1 in the capital of the Company held by them respectively on the Record Date;
- (b) no fractional Bonus Shares shall be allotted to members of the Company and fractional entitlements (if any) will be aggregated and sold for the benefit of the Company;
- (c) the Bonus Shares to be issued and allotted pursuant to this resolution shall be subject to the memorandum and articles of association of the Company and shall rank pari passu in all respects with the existing shares of HK\$0.1 each in the capital of the Company in issue as at the date of allotment and issue of the Bonus Shares, including all future dividends and distributions which are declared, made or paid after the date on which the Bonus Shares are allotted and issued, except

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## APPENDIX I NOTICE OF EXTRAORDINARY GENERAL MEETING

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that they will not be entitled for the bonus issue of shares mentioned in this resolution or dividends declared by the Company before the date of allotment and issue of the Bonus Shares; and

- (d) the directors of the Company be authorised to do all acts and things as may be necessary and expedient in connection with the allotment and issue of the Bonus Shares, including, but not limited to, determining the amount to be capitalized out of the share premium account of the Company and the number of Bonus Shares to be issued, allotted and distributed in the manner referred to in paragraph (a) of this resolution.”

By Order of the Board  
**WONG CHI KIN**  
*Company Secretary*

Hong Kong, 14 September 2011

*Notes:*

1. The register of members of the Company will be closed from Friday, 7 October 2011 to Monday, 10 October 2011 (both days inclusive) during which no transfer of shares will be registered, in order to determine the entitlement of the shareholders under the bonus issue of shares. Shareholders are reminded that in order to qualify for the bonus issue of shares, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's branch share registrar and transfer office, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Thursday, 6 October 2011.
2. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his/her proxy to attend and vote instead of him/her. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member who is holder of more than one share may appoint more than one proxy to attend in his/her stead.
3. The enclosed form of proxy and (if required by the Board) the power of attorney or other authority (if any), under which it is signed, or a certified copy of such power or authority shall be delivered at the Company's branch share registrar and transfer office, 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 above meeting or adjourned meeting at which the person named in the enclosed form of proxy proposes to vote, or, in the case of a poll taken subsequently to the date of the above meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll, and in default the enclosed form of proxy shall not be treated as valid provided always that the chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex or cable or facsimile confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most, or as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.
5. The enclosed form of proxy must be signed by the appointor or of his attorney authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.