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中國秦發集團有限公司
CHINA QINFA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00866)

**DEBT RESTRUCTURING AND PLEDGE OF SHARES BY
CONTROLLING SHAREHOLDER**

This announcement is made by China Qinfa 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).

Two major lending banks of the Group (the “Original Creditors”) have sold the outstanding debts owed by certain subsidiaries and an associate of the Group of approximately RMB4,881,513,000 in total comprised of debts with principal amounts of approximately RMB3,764,843,000 and related accrued interest of approximately RMB470,119,000 in total as at 30 September 2017 and debt with principal amount of approximately RMB583,000,000 and related accrued interest of approximately RMB63,551,000 in total as at 31 August 2017 (the “Original Debt”) to a domestic state-owned asset management company (the “Current Creditor”) by way of discounting last year. The transactions were commercial decision between the Original Creditors and the Current Creditor.

After the trading hours on 9 August 2018, 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 RMB1,320,790,000 (the “Debt Reduction”). Thus, the principal balance of the outstanding debt shall be RMB3,560,723,000 (the “Current Debt”) which is non-interest bearing. The Current Creditor agreed that the Group shall repay the Current Debt in 15 tranches on a quarterly basis starting from 20 September 2018 (the “Revised Repayment Schedule”). The annual repayment amounts shall be approximately RMB199,267,000 in 2018, RMB283,460,000 in 2019, RMB534,157,000 in 2020, RMB746,087,000 in 2021 and RMB1,797,752,000 in 2022 respectively.

According to the Proposal, the Group shall be entitled to early repayment of the Current Debt in part or in full to further reduce the Current Debt at most by RMB324,785,000 if an early repayment is made. On the contrary, according to the Proposal, if the Group is unable to repay the Current Debt according to the Revised Repayment Schedule, the Current Creditor shall have the right to withdraw the Debt Reduction and the Revised Repayment Schedule granted to the Group.

Mr. XU Jihua (the “Controlling Shareholder”) is the beneficial owner of 14,229,610 shares of the Company and is interested in 100% shareholding of Fortune Pearl International Limited (“Fortune Pearl”), which in turn is interested in 1,036,000,000 shares and 118,000,000 underlying shares of the Company which may be allotted and issued upon full conversion of the perpetual subordinated convertible securities of the Company held directly by Fortune Pearl. In accordance with the Proposal, the Controlling Shareholder and Fortune Pearl have agreed to pledge 949,000,000 issued ordinary shares of the Company (the “Pledged Shares”) for the purpose of securing the Current Debt. As at the date of this announcement, the Pledged Shares represent approximately 38.06% of the issued share capital of the Company. In addition, pursuant to the Proposal, if there is any material change in the shareholding of the Company held by the Controlling Shareholder of the Company, the Current Creditor shall have the right to withdraw the Debt Reduction and the Revised Repayment Schedule granted to the Group.

For the avoidance of doubt, any financial impact on debt restructuring in this announcement will not be reflected in the condensed consolidated financial statements of the Group to be issued by the Group in the “2018 Interim Results Announcement” before end of August 2018. The financial impact of debt restructuring that will arise from the calculation of the actual amortised cost of Current Debt 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 2018. **Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board
China Qinfra Group Limited
Mr. XU Da
Chairman

Guangzhou, 9 August 2018

As at the date of this announcement, the Board comprises Mr. XU Da, Mr. BAI Tao, Ms. WANG Jianfei and Mr. FUNG Wai Shing as the executive Directors and Mr. HUANG Guosheng, Mr. LAU Sik Yuen and Mr. XING Zhiying as the independent non-executive Directors.