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**Q I N F A**

**中國秦發集團有限公司**

**CHINA QINF GROUP LIMITED**

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

**(Stock code: 00866)**

## **CONTINUING CONNECTED TRANSACTIONS COAL SUPPLY AGREEMENT**

### **COAL SUPPLY AGREEMENT**

The Board is pleased to announce that on 24 January 2025, SDE (a non-wholly owned subsidiary of the Company) and Zhejiang Energy Asia Pacific entered into the Coal Supply Agreement in relation to the purchase of coal by Zhejiang Energy Asia Pacific from SDE.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Zhejiang Energy Asia Pacific is a connected person at subsidiary level of the Company by virtue of being a substantial shareholder of Lead Far, an indirectly non-wholly owned subsidiary of the Company. Accordingly, the entering into of the Coal Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) Zhejiang Energy Asia Pacific is a connected person at subsidiary level of the Company; (ii) the Board has approved the transactions contemplated under the Coal Supply Agreement and the proposed Annual Cap; and (iii) the independent non-executive Directors have confirmed that the terms of the Coal Supply Agreement and the proposed Annual Cap are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Coal Supply Agreement and the proposed Annual Cap are subject to the reporting, announcement and annual review requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## **COAL SUPPLY AGREEMENT**

The Board is pleased to announce that on 24 January 2025, SDE entered into the Coal Supply Agreement with Zhejiang Energy Asia Pacific in relation to the purchase of coal by Zhejiang Energy Asia Pacific from SDE. The principal terms of the Coal Supply Agreement are set out below:

### **Date**

24 January 2025

### **Parties**

- (i) SDE, as the seller; and
- (ii) Zhejiang Energy Asia Pacific, as the buyer.

### **Subject Matter**

SDE agreed to sell, and Zhejiang Energy Asia Pacific agreed to purchase, 210,000 MT of Indonesian steam coal (the “**Base Quantity**”). Pursuant to the Coal Supply Agreement, the parties may mutually agree to adjust the Base Quantity upward or downward by 10%.

### **Shipping Schedule**

The parties agree that the delivery of the shipments shall be evenly spread and performed between January and March 2025. The loading quantity of each shipment shall be 70,000 to 150,000 MT (subject to a 10% upward or downward adjustment).

### **Consideration and payment terms**

The base price of the steam coal will be determined based on Indonesia coal price index, subject to price adjustment for coal quality and coal’s net calorific value.

Zhejiang Energy Asia Pacific shall pay by telegraphic transfer within five working days (China and Hong Kong official bank business days) after receiving the original documents prescribed under the Coal Supply Agreement, which include SDE’s signed commercial invoice, clean on-board bills of lading, electronic-certificate of origin issued by Department of Trade of Republic of Indonesia, certificate of sampling and analysis, certificate of weight, certificate of origin and draft survey report issued by independent surveyor.

## **Annual Cap**

The parties agree that the aggregate transaction amount (including subsequent transactions to be entered into by the parties in addition to the transactions contemplated under the Coal Supply Agreement) in respect of the purchases of coal by Zhejiang Energy Asia Pacific from SDE for the year ending 31 December 2025 shall not exceed USD112,000,000 (the “**Annual Cap**”).

## **Basis for annual cap**

The above proposed Annual Cap in respect of the purchases of coal by Zhejiang Energy Asia Pacific from SDE is determined based on the estimated demand of coal from Zhejiang Energy, the production capacity of SDE and the Indonesia Coal Price Index.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

As disclosed in the Company’s announcement dated 25 June 2024, initially, it was contemplated that Zhejiang Energy would enter into a coal supply agreement with SDE for a term of 20 years. However, since the Coal Mine operated by SDE has only been in operation for approximately one year, more time is required to evaluate its annual production capacity before the parties could commit to a long-term agreement. As such, the parties decided to enter into the Coal Supply Agreement with a shorter term, for the time being. By entering into the Coal Supply Agreement, the Group will have a stable source of revenue due to continual demand from the stated-owned power plant of the holding company of Zhejiang Energy.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Coal Supply Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Group, and the terms of the Coal Supply Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE COMPANY, SDE AND ZHEJIANG ENERGY ASIA PACIFIC**

### **The Company**

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. Its subsidiaries are principally engaged in the coal operation business, which involves the mining, purchase and sales, filtering, storage and blending of coal.

## **SDE**

SDE is a company established under the laws of Republic of Indonesia, which is held indirectly as to 75% by Lead Far and 25% by WM. Lead Far is in turn held as to 60% by the Group and 40% by Zhejiang Energy Asia Pacific. Save as being a substantial shareholder of SDE, WM and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company. SDE is the holder of mining business license in respect of the Coal Mine located in Sungai Durian, Kotabaru, South Kalimantan, Indonesia with a total area of approximately 185 square kilometers.

## **Zhejiang Energy Asia Pacific**

Zhejiang Energy Asia Pacific, a company incorporated in Hong Kong with limited liability, is an investment holding company, which is wholly-owned by Zhejiang Energy. Zhejiang Energy is owned as to approximately 64.17% and 35.83% by Zhejiang Provincial Energy Group Co., Ltd. and Zheneng Capital Holdings Limited (浙能資本控股有限公司), respectively.

Zheneng Capital Holdings Limited is owned as to 100% by Zhejiang Provincial Energy Group Co., Ltd.

Zhejiang Provincial Energy Group Co., Ltd., a company established in the PRC, is headquartered in Hangzhou, the PRC, and holds and manages over 500 enterprises, with business covering areas such as electricity, coal, natural gas, petroleum, new energy, energy services, energy finance, energy technology innovation, and high-end energy equipment manufacturing. It is a modern comprehensive energy group with a full range of energy categories. The State-owned Assets Supervision and Administration Commission of Zhejiang Provincial People's Government (浙江省人民政府國有資產監督管理委員會) and Zhejiang Financial Development Co., Ltd. (浙江省財務開發有限責任公司) hold 90% and 10% of the state-owned equity of Zhejiang Provincial Energy Group Co., Ltd., respectively.

Zhejiang Financial Development Co., Ltd. is owned as to 100% by the Department of Finance of Zhejiang Province (浙江省財政廳).

## **LISTING RULES IMPLICATIONS**

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As (i) Zhejiang Energy Asia Pacific is a connected person at subsidiary level of the Company; (ii) the Board has approved the transactions contemplated under the Coal Supply Agreement and the proposed Annual Cap; and (iii) the independent non-executive Directors have confirmed that the terms of the Coal Supply Agreement and the proposed Annual Cap are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Coal Supply Agreement and the proposed Annual Cap are subject to the reporting, announcement and annual review requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## **GENERAL**

The Board confirms that none of the Directors has a material interest in the transactions contemplated under the Coal Supply Agreement and the proposed Annual Cap and hence no Director is required to abstain from voting on the resolutions of the Board approving the transactions contemplated under the Coal Supply Agreement and the proposed Annual Cap.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	board of directors of the Company
“China” or “PRC”	the People’s Republic of China
“Coal Mine”	the coal mine located in Indonesia, the mining rights of which are held by SDE
“Coal Supply Agreement”	the agreement dated 24 January 2025 entered into between SDE and Zhejiang Energy Asia Pacific in relation to the purchase of coal by Zhejiang Energy Asia Pacific from SDE
“Company”	China Qinfu Group Limited, a company incorporated in the Cayman Islands with limited liabilities, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 866)
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries and consolidated affiliated entities from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Lead Far”	Lead Far Development Limited (力遠發展有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company, which is held as to 60% by Qinfa Investment and 40% by Zhejiang Energy Asia Pacific
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MT”	Metric Tonne of 1,000 Kgs as defined in International System of Units
“Qinfa Investment”	Qinfa Investment Limited (秦發投資有限公司), a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company
“SDE”	PT Sumber Daya Energi, a company established under the laws of Republic of Indonesia, which is held indirectly as to 75% by Lead Far
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	US Dollar, the lawful currency of United States of America
“WM”	PT Widyanusa Mandiri, a company established under the laws of the Republic of Indonesia, which holds 25% equity interest of SDE

“Zhejiang Energy”	Zhejiang Energy International Limited (浙江能源國際有限公司), a company incorporated in Hong Kong with limited liability
“Zhejiang Energy Asia Pacific”	Zhejiang Energy Asia Pacific Holding Limited (浙江能源亞太控股有限公司), a company incorporated in Hong Kong with limited liability which is wholly-owned by Zhejiang Energy

By order of the Board  
**China Qinfra Group Limited**  
**XU Da**  
*Chairman*

Guangzhou, 24 January 2025

*As at the date of this announcement, the Board comprises Mr. XU Da, Mr. BAI Tao, Mr. ZHAI Yifeng, and Ms. DENG Bingjing as the executive directors, and Prof. SHA Zhenquan, Mr. JING Dacheng and Mr. Ho Ka Yiu Simon as the independent non-executive directors.*