$H_{2}, K_{2}, E_{2}, a_{2}, a_{2}, C_{2}, a_{2}, L_{2}, a_{2}, T_{2}, S_{2}, E_{2}, a_{2}, H_{2}, K_{2}, L_{2}, a_{2}, d_{2}, d_{2},$



TERMINATION OF VERY SUBSTANTIAL DISPOSAL

References are made to (i) the circular of the Company (the "**Circular**") dated 26 October 2016; (NoT1 any obligations and liabilities hereunder save for any antecedent breaches of the terms of the Agreement.

As at 30 April 2017, save that the condition relating to the approval of the Independent Shareholders to the entry of the Agreement and the transaction contemplated thereunder at an EGM had been fulfilled, the following Conditions Precedents have not been fulfilled:

- 1. the release of some of the corporate guarantees ("**Corporate Guarantees**") granted for the loan balances of the Disposal Group as at 31 December 2015 cannot be effected; and
- 2. the discharge of the mortgages ("**Mortgages**") created by (i) Super Grace Enterprises Limited over all rights, title and interest over a vessel known as "Super Grace" and (ii) Oriental Wise Group Limited over all rights, title and interest over a vessel known as "Oriental Wise", respectively, in favour the Export-Import Bank of China, have yet to complete.

The Group has been negotiating with the third party financial institutions in respect of the release of the Corporate Guarantees and discharge of the Mortgages since the Agreement was entered into. However, having considered that the possibility of obtaining the agreement to release the Corporate Guarantees and to discharge the Mortgages from the relevant financial institutions is not high in the near future, the Board believes that it will be in the interests of the Group not to extend the Long Stop Date, such that the Group can focus its resources on business planning and development, as well as formulation of business strategies in view of the recent changes in business environment. As such, the Board announces that as the Condition Precedent contained in the Agreement were not satisfied or otherwise waived on or before the Long Stop Date, the Vendor and the Purchaser have entered into a letter of termination dated 30 April 2017 with the effect of terminating the Agreement with immediate effect whereupon neither party hereto shall have any obligations and liabilities under the Agreement.

The Board considers that the termination of the Agreement will not have any material adverse impact on the business or financials of the Group.

On behalf of the Board of **China Qinfa Group Limited XU Da** *C*- *a a*

Guangzhou, 30 April 2017

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