
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 in China Qinfa Group Limited, 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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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)

CHANGE OF AUDITORS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening an extraordinary general meeting of China Qinfa Group Limited (the “**Company**”) to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 30 June 2014 at 11:30 a.m. (or immediately after the conclusion or the adjournment of the annual general meeting of the Company to be held at the same venue and on the same day) 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 branch share registrar of the Company 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.

13 June 2014

LETTER FROM THE BOARD



中國秦發集團有限公司 CHINA QINF A GROUP LIMITED

(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:–

Mr. HUANG Guosheng
Mr. LAU Sik Yuen
Mr. XING Zhiying

Principal place of business in Hong Kong:–
Room 1303, 13th Floor, MassMutual Tower
No. 38 Gloucester Road
Wanchai
Hong Kong

13 June 2014

To the shareholders of the Company

Dear Sir or Madam,

CHANGE OF AUDITORS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

The board (the “**Board**”) of directors (the “**Directors**”) of China Qinfa Group Limited (the “**Company**”) refers to the announcement of the Company on 13 June 2014. On 13 June 2014, KPMG, the auditors of the Company and its subsidiaries (the “**Group**”) as of the date of this circular, informed the Company that it would not seek re-appointment as the auditors of the Group at the Company’s annual general meeting (the “**AGM**”) to be held on 30 June 2014. KPMG have provided a letter to the Company and indicated that the following matters should be brought to the attention of the shareholders of the Company:

1. KPMG would not seek re-appointment as the auditors of the Company at the forthcoming AGM as the Company could not reach agreement with KPMG on the audit fee for the 2014 audit.

LETTER FROM THE BOARD

2. In their auditor's report dated 31 March 2014 for the year ended 31 December 2013, KPMG expressed a disclaimer opinion arising from limitations of scope, and also made an emphasis of matter relating to going concern, details of which are set out in the Company's 2013 annual report.

The Board also confirms that, save as the matters referred above, there are no other matters or circumstances in respect of KPMG not seeking re-appointment that should be brought to the attention of the shareholders of the Company.

KPMG have not commenced the review of the interim results of the Group for the six months ending 30 June 2014. No audit work has been commenced by KPMG in respect of the audit of the Group's financial statements for the year ending 31 December 2014.

The Board proposes to appoint Moore Stephens as the Group's auditors at the extraordinary general meeting (the "EGM") to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 30 June 2014 at 11:30 a.m. (or immediately after the conclusion or the adjournment of the AGM).

EXTRAORDINARY GENERAL MEETING

The notice of the EGM is set forth in Appendix I to this circular. At the EGM, an ordinary resolution will be proposed to approve, among other things, the appointment of Moore Stephens as the auditors of the Group. A form of proxy for use at the EGM is enclosed.

Whether or not you are able to attend the EGM, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company's branch share registrar in Hong Kong, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion of the form of proxy and its return will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27 June 2014 to Monday, 30 June 2014, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the entitlement to attend and vote at the EGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, 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, 26 June 2014 for such purpose.

LETTER FROM THE BOARD

VOTING BY WAY OF A POLL

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, poll voting for the proposed resolution of the Company will be proceeded with at the EGM.

RECOMMENDATION

The Board is of the opinion that the proposed appointment of Moore Stephens as the auditors of the Group is in the best interest of the Company and the shareholders of the Company and therefore recommend you to vote in favour of the ordinary resolution to be proposed at the EGM for approving the proposed appointment of the auditors of the Group.

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



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of China Qinfa Group Limited (the “**Company**”) will be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 30 June 2014 at 11:30 a.m. (or immediately after the conclusion or the adjournment of the annual general meeting of the Company to be held at the same venue and on the same day) for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** Moore Stephens be and are hereby appointed as auditors of the Company and its subsidiaries and to hold office until the conclusion of the next annual general meeting and the board of directors of the Company be authorised to fix their remuneration.”

By Order of the Board

XU Jihua

Chairman

Guangzhou, 13 June 2014

Notes:

- (1) A form of proxy for the extraordinary general meeting of the Company to be held on 30 June 2014 is enclosed.
- (2) Any member entitled to attend and vote at the extraordinary general meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the extraordinary general meeting of the Company. A proxy need not be a member of the Company.
- (3) In order to be valid, the form of proxy completed in accordance with the instructions set out therein, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of that power or authority) must be deposited at the Company's branch share registrar in Hong Kong, 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 extraordinary general meeting of the Company or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.
- (4) In case of joint holders of any share of the Company (the "Share"), any one of such joint holders may vote at the extraordinary general meeting of the Company, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting in person or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such Share shall alone be entitled to vote in respect thereof.
- (5) The register of members of the Company will be closed from Friday, 27 June 2014 to Monday, 30 June 2014, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the extraordinary general meeting of the Company, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, 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, 26 June 2014 for such purpose.
- (6) A circular on appointment of the new auditors of the Company will be despatched to the shareholders of the Company on 13 June 2014.
- (7) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the extraordinary general meeting, the meeting will be postponed. The Company will post an announcement on the website of Company at <http://www.qinfagroup.com> and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
- (8) As at the date of this notice, the executive Directors are Mr. XU Jihua (Chairman), Ms. WANG Jianfei (Chief Executive Officer), Ms. LIU Xiaomei and Mr. WENG Li, and the independent non-executive Directors are Mr. HUANG Gousheng, Mr. LAU Sik Yuen and Mr. XING Zhiying.