Hoifu Energy Group Limited
凱富能源集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 7)

VOLUNTARY ANNOUNCEMENT IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF MADAGASCAR NORTHERN PETROLEUM COMPANY LIMITED

On 28 June 2013, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, a company beneficially wholly-owned by Dr. Hui Chi Ming, an executive Director, in respect of the acquisition of the entire issued share capital of the Target and its shareholder's loan for a total consideration of HK$1, which shall be paid in cash upon completion of the Acquisition. The Target owns 100% of the exploration, exploitation and operation rights as well as the Profit Sharing Right of Madagascar Oilfield Block 2101.

As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are less than 5% and the total consideration is less than HK$1 million, the Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

This announcement is disclosed by the Company voluntarily for the purpose of keeping the potential investors and Shareholders informed of the latest business development of the Group.

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor on 28 June 2013 to acquire the entire issued share capital of the Target and its shareholder's loan. Details of the Acquisition are set out as follows:

THE AGREEMENT

Date

28 June 2013

Parties to the Agreement

Purchaser:	Hoifu Group Investment Limited, a wholly-owned subsidiary of the Company
Vendor:	Gloryview Holdings Limited, an investment holding company beneficially wholly-owned by Dr. Hui Chi Ming, an executive Director
Target:	Madagascar Northern Petroleum Company Limited

Assets to be acquired

Assets to be acquired include 100 shares of US$1 each in the issued share capital of the Target, being the entire issued share capital of the Target, which is a company incorporated in the British Virgin Islands with limited liability and the shareholder's loan owed by the Target to the Vendor. As at 31 May 2013, the shareholder's loan amounted to approximately HK$8,062,000.

Consideration

The total consideration for the Acquisition is HK$1, which shall be paid in cash upon completion of the Acquisition. The consideration was determined after arm's length negotiations between the Purchaser and the Vendor, taking into account the technical and financial factors as well as the development potential of the Madagascar Oilfield Block 2101.

Conditions precedent

Completion of the Acquisition is conditional upon, *inter alia*:

(i) the passing of the relevant resolutions at the board of directors meeting of the Company, the Purchaser and the Vendor for approving the transactions contemplated under the Agreement;

(ii) the Purchaser being satisfied with the results of the financial and legal due diligence conducted on the Target; and

(iii) all necessary confirmations, waivers, consents and approvals from any third party (including, but not limited to, any government organization, stock exchange and other relevant authority in Hong Kong, Madagascar or the British Virgin Islands) for the Agreement and the transactions contemplated thereunder (if any) having been granted and not having been withdrawn or revoked. In the event that the consents being granted are subject to any condition and such condition affects any party to the Agreement, such condition shall be accepted by the relevant parties.

If the conditions shall not have been fulfilled by 31 July 2013 or such later date as the parties to the Agreement may agree in writing, the Agreement shall terminate and of no effect. Completion of the Acquisition shall take place on the day on which all the conditions precedent of the Acquisition having been satisfied.

INFORMATION ON THE TARGET

The Target is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. On 12 October 2006, the Target entered into the Exploration, Exploitation and Oil and Gas Production Sharing Contract with OMNIS in respect of Madagascar Oilfield Block 2101, an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. The Target owns 100% of the exploration, exploitation and operations rights as well as the Profit Sharing Right (as defined hereinafter) of Madagascar Oilfield Block 2101. Save for the entering into of the Exploration, Exploitation and Oil and Gas Production Sharing Contract, the Target has not carried out any material business since its incorporation.

Five exploration wells have been drilled by other parties at surrounding areas of Madagascar Oilfield Block 2101, of which one was completed in 1964 with depth of 3,000 meters, two were completed in 1971 with depth of 5,211 meters and 3,000 meters respectively, one was completed in 1972 with depth of 3,025 meters and one was completed in 1992 with depth of 4,075 meters. Since those wells were drilled in early years with legacy technology and equipment, signs of oil and gas were found on drilling testings but without any commercial oil and gas stream. In recent years, several international reputable oil and gas companies own the equity interests and oil and gas sharing rights in oilfield blocks in Madagascar through acquisition. A few of these oilfield blocks in Madagascar discovered and obtained substantial volume of commercial oil and gas. The Madagascar oilfield block 3102, which is controlled by Total S.A., and the Madagascar oilfield block 3104, which is controlled by Madagascar Oil Limited, have already drilled more than 200 wells and entered into cooperative well drilling and exploitation phase. The Madagascar oilfield block 3112, which is controlled by Madagascar Southern Petroleum Company Limited, a company owned by Dr. Hui Chi Ming, the Chairman of the Group and an executive Director, has also discovered and obtained significant oil and gas reserves and entered into the trial production stage. Therefore, the Group is optimistic about the prospects of the exploration, exploitation and operation of Madagascar Oilfield Block 2101.

Pursuant to the Exploration, Exploitation and Oil and Gas Production Sharing Contract, the Target is vested with the relevant rights to engage in oil and gas exploration for 8 years (with possible extensions of 2 years and 5 years for oil and gas respectively) and exploitation and operation of oil for 25 years (with possible extension of 5 years) and gas for 35 years (with possible extension of 10 years) at Madagascar Oilfield Block 2101.

The minimum exploration work obligations that should be carried out by the Target under the Exploration, Exploitation and Oil and Gas Production Sharing Contract include (i) geological and geophysical surveys (including data reprocessing) and acquisitions of 200 square kilometers of 2-D seismic and 100 square kilometers of 3-D seismic during the first phase of exploration; (ii) drilling of one exploration well during the second phase of exploration; (iii) acquisition of 100 square kilometers of 3-D seismic during the third phase of exploration; and (iv) drilling of one exploration well during the fourth phase of exploration. Under the Exploration, Exploitation and Oil and Gas Production Sharing Contract, each of the first and second phases of exploration is expected to last for two years while the third and fourth phase of exploration is expected to last for one year and three years respectively. The Group expected that the first and second phases of exploration will last for about one year while the third and fourth phases of exploration will last for one to two years.

According to the Exploration, Exploitation and Oil and Gas Production Sharing Contract, the Target is required to provide an unconditional and irrevocable bank guarantee to OMNIS to assure the performance by the Target of the minimum exploration work obligations by phases. The respective amounts of the bank guarantee for the four phases of exploration are US$3.25 million, US$3.50 million, US$1.50 million and US$3.00 million respectively. The bank guarantee will be released to the Target at the end of each exploration phase, subject to total fulfillment of the minimum exploration work obligations stipulated in the Exploration, Exploitation and Oil and Gas Production Sharing Contract for the phase in question. As at the date of this announcement, no exploration works have been carried out at Madagascar Oilfield Block 2101 by the Target and no bank guarantees were provided by the Target to OMNIS.

Depending on the rate of liquid petroleum production of Madagascar Oilfield Block 2101, the Target will share the remaining petroleum profit after government royalty and recovery of petroleum costs according to the sharing ratios in the range of 40% to 72.5% as set out in the Exploration, Exploitation and Oil and Gas Production Sharing Contract (the "Profit Sharing Right").

Based on the unaudited management accounts of the Target, the financial information of the Target is summarized as follows:

	For the year ended 31 December	
	2012	**2011**
	HK$	*HK$*
Net loss before taxation	6,000	6,000
Net loss after taxation	6,000	6,000

	As at 31 December 2012
	HK$
Net liabilities	8,062,000

REASONS FOR THE ACQUISITION

The Company is an investment holding company and the Group is principally engaged in the provision of financial services (including stock broking, futures and options broking, mutual funds and insurance-linked investment plans and products advising, securities margin financing and corporate finance advisory services) and oil and gas exploration, exploitation, production and international trading business. Upon completion of the Acquisition, the Target will become a wholly-owned subsidiary of the Company and its results will be consolidated into the Group's accounts.

In view of the continuous growing global demand on oil and gas, the Board is optimistic about the development of the Madagascar Oilfield Block 2101 and considers that the Acquisition shall create synergy to the existing business of the Group and enhance the Group's future oil and gas reserves. It will also further improve the Group's financial growth potential. Dr. Hui Chi Ming, the Chairman of the Group, is the National Economic Adviser of the Government of Madagascar and the Honorary Consulate of Madagascar in Hong Kong. It is believed that Dr. Hui's extensive network and connections in Madagascar and excellent leadership will play an active role, and create positive effect, on the Group's development of energy business in Madagascar. The Board considers that the terms of the Agreement are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

GENERAL

As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are less than 5% and the total consideration is less than HK$1 million, the Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. This announcement is disclosed by the Company voluntarily for the purpose of keeping the potential investors and Shareholders informed of the latest business development of the Group.

DEFINITIONS

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

"Acquisition"	the acquisition of the entire issued share capital of the Target and its shareholder's loan by the Purchaser in accordance with the terms and conditions of the Agreement
"Agreement"	the sale and purchase agreement dated 28 June 2013 entered into between the Purchaser and the Vendor in relation to the Acquisition
"Board"	the board of Directors
"Company"	Hoifu Energy Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange

"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Madagascar"	the Republic of Madagascar
"Madagascar Oilfield Block 2101"	an onshore block of land of approximately 10,400 square kilometers in the northern part of Madagascar
"OMNIS"	Office Des mines Nationales Et Des Industries Strategiques (English translation being: The National Office for Mining and Strategic Industries), a state-owned agency of Madagascar commissioned to manage and oversee the national petroleum and mineral resources of Madagascar
"Exploration, Exploitation and Oil and Gas Production Sharing Contract"	the contract dated 12 October 2006 entered into between the Target and OMNIS, pursuant to which the Target was granted certain oil and gas exploration, exploitation and operation rights and profit sharing right in respect of Madagascar Oilfield Block 2101
"Purchaser"	Hoifu Group Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company
"Share(s)"	ordinary share(s) of HK$0.1 each in the issued share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	Madagascar Northern Petroleum Company Limited, a company incorporated in the British Virgin Island with limited liability
"US$"	United States dollar, the lawful currency of the United States of America

"Vendor"	Gloryview Holdings Limited, a company incorporated in the British Virgin Island with limited liability and is beneficially wholly-owned by Dr. Hui Chi Ming, an executive Director
"%"	per cent

By order of the Board
Hoifu Energy Group Limited
Dr. Hui Chi Ming, G.B.S., J.P.
Chairman

Hong Kong, 28 June 2013

As at the date of this announcement, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the Board comprises five executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Dr. Chui Say Hoe, Mr. Lam Kwok Hing and Mr. Nam Kwok Lun; and three independent non-executive Directors, namely, Mr. Chen Weiming, Eric, Mr. Kwan Wang Wai, Alan and Mr. Ng Chi Kin, David.