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## **COMPLETION OF THE ACQUISITION OF 60% EQUITY INTEREST IN ZHEN HUA COMPANY LIMITED**

References are made to the announcements of Hoifu Energy Group Limited dated 2 August 2013 and 15 August 2013 regarding the acquisition of 60% equity interest in Zhen Hua Company Limited (the “Announcements”). Capitalized terms used herein shall have the same meanings as those defined in the Announcements unless otherwise stated.

The Board is pleased to announce that all the conditions precedent under the Acquisition Agreement have been fulfilled and the completion of the Acquisition took place on 26 August 2013. Following the completion of the Acquisition, the Target becomes a subsidiary of the Company.

The Target is a company incorporated in Kenya with limited liability and is principally engaged in the exploration, exploitation and production of minerals. It owns 100% interest in the rights granted under the Licence 253 in respect of Kenya Mine 253, an area of approximately 1,056 square kilometers situated in Kitui District Eastern Province, Kenya, and the Licence 341 in respect of Kenya Mine 341, an area of approximately 417 square kilometers situated in Nandi County, Kenya.

Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, the Target is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253 for a term of one year from 15 April 2011, subject to approval by the Commissioner for renewal. The Licence 253 has been renewed annually by the Target and the latest expiry date is 14 April 2014. On 3 January 2013, the Commissioner granted the Licence 341 to the Target for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341 for a term of two years from 3 January 2013, subject to approval by the Commissioner for renewal.

Pursuant to the Licence 253 and the Licence 341, the Target is required to carry out an exploration programme in Kenya Mine 253 and Kenya Mine 341 and the annual minimum expenditure obligation on systematic prospecting and exploration under each of the Licence 253 and the Licence 341 is KES1 million (equivalent to approximately HK\$88,898). In the event that the Target having observed all its obligations under the licences, it shall be

entitled to such further or other rights over Kenya Mine 253 and Kenya Mine 341 or any part or parts of Kenya Mine 253 and Kenya Mine 341 or to the grant of a special mining lease or leases for a period not exceeding twenty-one years as provided by the Mining Act of Kenya.

The Target has fulfilled its past responsibilities and obligations stipulated under the Licence 253 but it has not been granted the special mining lease yet. However, according to the Mining Act of Kenya, the holder of a location shall have the right to enter upon the land, the subject of the location, and the exclusive right to prospect and mine thereon, or to mine thereon, and to remove therefrom and dispose of the minerals in respect of which the location has been registered. Certain areas in Kenya Mine 253 have been registered by the Target with the approval of the Commissioner of Mines and Geology of the Kenya Government and thus the Target has the right to mine on those registered areas in accordance with the Mining Act of Kenya. As the Target has not fulfilled all its obligations under the Licence 341, the Target has only obtained the prospecting and exploration rights, but not the mining right, in respect of Kenya Mine 341.

After the implementation of the exploration works organized by the Target, it was discovered that there is a large volume of ore zone in Kenya Mine 253 which has a promising copper content. The Target has obtained certain ore from Kenya Mine 253 and such ore has a copper content of 5.29%. The Target has already sold 60 tons of the ore to a corporation in China.

The Directors consider that the Acquisition shall enable the Group to further expand its scope of business in the natural resources sector and enhance the future natural resources reserves of the Group and thus the Acquisition is beneficial and in the interests of the Company and its Shareholders as a whole.

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

Hong Kong, 26 August 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.*