

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



COOPERATION FRAMEWORK AGREEMENT

The Board is pleased to announce that on 21 May 2015 (after trading hours), Hoifu Energy International, Madagascar Natural Gas and Hua Lu entered into the Cooperation Framework Agreement under which Hoifu Energy International and Hua Lu have agreed to establish the PRC JV and HK JV.

THE COOPERATION FRAMEWORK AGREEMENT

The board of directors (the “**Board**”) of Hoifu Energy Group Limited (the “**Company**”) is pleased to announce that on 21 May 2015 (after trading hours), Hoifu Energy International Investment Co Limited (the “**Hoifu Energy International**”), 馬達加斯加天然氣集團有限公司 (Madagascar Natural Gas Group Limited*) (the “**Madagascar Natural Gas**”), and 華陸工程科技有限責任公司 (Hua Lu Engineering & Technology Co., Ltd*) (the “**Hua Lu**”) which is a large-scale state-owned enterprise incorporated in People’s Republic of China (the “**PRC**”) entered into a strategic cooperation framework agreement (the “**Cooperation Framework Agreement**”) under which Hoifu Energy International and Hua Lu have agreed to establish (i) a PRC joint venture company (the “**PRC JV**”) to facilitate petrochemical projects in the PRC which is invested and operated by the Company and its subsidiaries (the “**Group**”); and (ii) a Hong Kong joint venture company (the “**HK JV**”) which proposed to acquire (the “**Possible Acquisition**”) 100% equity interest in Madagascar Natural Gas and its natural gas pipeline infrastructure in three main cities in Madagascar, 30-year operating rights in natural gas distribution and 35-year operating rights to operate 300 local petroleum and natural gas stations with ancillary convenience stores (the “**Assets**”).

PROPOSED FORMATION OF THE PRC JV AND HK JV

(1) PRC JV

The total registered capital of the PRC JV and the shareholding ratio of Hua Lu and Hoifu Energy International will be determined in the formal agreement to be entered into between their holding companies in the near future. PRC JV shall facilitate the Group's petrochemical projects in the PRC.

(2) HK JV

The total registered capital of the HK JV and the shareholding ratio of Hua Lu and Hoifu Energy International will be determined in the formal agreement to be entered into between their holding companies in the near future. HK JV shall be an investment holding company for the Possible Acquisition.

INFORMATION OF THE PARTIES

(1) Hoifu Energy International

Hoifu Energy International is an indirect wholly-owned subsidiary of the Company. The Company is an investment holding company and the principal activities of the Group include petrochemical production, oil and gas exploration and production, mineral mining business and provision of financial services. The Group owns equity interest of petrochemical projects in the PRC and Madagascar.

(2) Hua Lu

Hua Lu is a wholly owned subsidiary of 中國化學工程股份有限公司 (China National Chemical Engineering Co., Ltd*) (the "CNCEC"). CNCEC is a state-owned company and being managed by 國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council*). CNCEC is a well-established PRC integrated engineering company. Its principal activities include construction, infrastructure, engineering and offshore contracted projects, contracting, engineering and technology research. Hua Lu also provides construction contracting services to various industries including chemical, petrochemical, pharmaceutical, power, coal industrial engineering, survey and design.

Hua Lu has established for 50 years and has comprehensive engineering design qualifications. Hua Lu is committed to the full range construction services business including investment, financing, consulting, design, technical development, procurement, construction management, project management, general contracting, and import and export agents.

Hua Lu has domestic and foreign construction project qualification certificates. In the past 50 years, Hua Lu has completed more than 40 different categories projects which includes more than 1,000 large to medium-sized projects, designed more than 200 kinds of products, new processes and new technology development. Hua Lu also owns in excess of 30 different proprietary technology and patented technology.

Hua Lu made significant contribution to construction and infrastructure for Ministry of Defense in the PRC, aerospace business, chemical engineering plants and fertilizer industry.

(3) Madagascar Natural Gas

Madagascar Natural Gas owns (i) the Assets in three main cities in Madagascar, namely, Antananarivo (capital of Madagascar), Tamatave and Tulear; and (ii) 5% interest in Madagascar Southern Petroleum Company Limited (the “**Madagascar Southern Petroleum**”). Both Madagascar Natural Gas and Madagascar Southern Petroleum are wholly owned by Dr. Hui Chi Ming, G.B.S., J.P., the executive director of the Company (“**Dr. Hui**”).

A sale and purchase agreement (the “**SPA**”) was entered into between Madagascar Natural Gas as purchaser and the holding company of Madagascar Southern Petroleum, namely 環球資源投資控股有限公司 (Global Resources Investments Holding Limited*) (the “**Global Resources Investments**”) as seller, in relation to the acquisition of 5% shareholding of Madagascar Southern Petroleum. As further stated in the SPA, the natural gas provided by Madagascar Southern Petroleum to Madagascar Natural Gas will be at least 30% discount to the market price of natural gas.

On 7 October 2005, Madagascar Southern Petroleum and 馬達加斯加國家礦業與戰略工業署 (Madagascar National Mining and Strategic Industries Department*) signed an agreement regarding the exploration and exploitation of petroleum and natural gas in area 3112 in Madagascar (the “**Area 3112**”). Madagascar Southern Petroleum owns exploration and exploitation rights and profit sharing rights in Area 3112 of a size of 9290 square kilometres for a period of 30 years for petroleum and 35 years for natural gas. At present, Madagascar Southern Petroleum possesses significant capability in the production and supply of natural gas and petroleum given its investment made in the past.

Madagascar Natural Gas is owned by Dr. Hui. Madagascar Natural Gas is a connected person of the Company under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

GENERAL

In the event that the Possible Acquisition materializes, it may constitute a connected and notifiable transaction of the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

Hoifu Energy International, Hua Lu and Madagascar Natural Gas have been actively exploring for cooperating models and they are currently reviewing different cooperating possibilities. Hoifu Energy International, Hua Lu and Madagascar Natural Gas will enter into comprehensive agreements once the cooperating model has been finalised. Further announcement will be made by the Company if and when a formal agreement have been entered into.

The transaction contemplated under the Cooperation Framework Agreement is subject to the entering into a formal agreement between parties and therefore may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in shares of the Company.

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

Hong Kong, 21 May 2015

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.

* *For identification purpose only*