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MAJOR TRANSACTION

IN RELATION TO THE FORMATION OF A JOINT VENTURE SECURITIES COMPANY IN GUANGZHOU PILOT FREE TRADE ZONE, NANSHAN AREA

The Board is pleased to announce that on 19 May 2016 (after trading hours), KTS (a wholly owned subsidiary of the Company) entered into the Promoters' Agreement with the Co-Promoters pursuant to which the parties thereto conditionally agreed to set-up a joint venture securities company in Guangzhou Pilot Free Trade Zone, Nanshan area under the framework of the CEPA. KTS conditionally agreed to invest RMB350 million in the JV Securities Company by way of subscription of 350,000,000 shares of the JV Securities Company, representing 10% equity interest thereof for an aggregate subscription price of RMB350 million.

LISTING RULES IMPLICATIONS

The entering of the Promoters' Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, the Controlling Shareholder owns in aggregate 838,163,143 Shares, representing approximately 51.25% of the issued share capital of the Company. On 19 May 2016, the Company received the Controlling Shareholder's written approval to the entering of the Promoter's Agreement and the transactions contemplated thereunder. As (i) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the JV Investment; and (ii) the Controlling Shareholder holds more than 50% of the voting rights that would be exercisable at any such general meeting, the Controlling Shareholder's written approval is acceptable in lieu of holding a general meeting of the Company for approval of the JV Investment pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, the information required under the Listing Rules in relation to the JV Investment will be dispatched to Shareholders as soon as practicable and in any event, no later than 15 business days after the date of this announcement in accordance with the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 19 May 2016 (after trading hours), KTS entered into the Promoters' Agreement with the Co-Promoters pursuant to which the parties thereto conditionally agreed to set-up a joint venture securities company in Guangzhou Pilot Free Trade Zone, Nanshan area under the framework of CEPA.

KTS conditionally agreed to invest RMB350 million in the JV Securities Company by way of subscription of 350,000,000 shares of the JV Securities Company, representing 10% equity interest thereof for an aggregate subscription price of RMB350 million.

THE PROMOTERS' AGREEMENT AND THE JV INVESTMENT

Date: 19 May 2016

Parties:

1. KTS: A wholly-owned subsidiary of the Company which will hold 10% equity interest in the JV Securities Company
2. GYC: 廣東粵財投資控股有限公司 (Guangdong Yuechai Investment Holdings Limited), one of the Co-Promoters which will hold 40% equity interest in the JV Securities Company
3. SHJ: 深圳市泓景投資有限公司 (Shenzhen Hongjin Investment Limited), one of the Co-Promoters which will hold 20% equity interest in the JV Securities Company
4. Other 3 Co-Promoters: Consisting of 2 corporate investors from Hong Kong and 1 corporate investor from the PRC, each will hold 10% of the equity interest in the JV Securities Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, all Co-Promoters and their respective ultimate beneficial owners are independent third parties and not connected to the Company and its connected persons.

THE JV SECURITIES COMPANY

Under the special regime provided in Supplement X of the CEPA, Hong Kong-funded financial institutions which satisfy the requirements for establishing foreign-invested securities companies in the PRC is allowed to set up a joint venture securities company in accordance with the relevant requirements in certain reform experiment zones for "piloting financial reforms" as approved by the PRC.

The JV Securities Company is proposed to be set up in Guangzhou Pilot Free Trade Zone, Nanshan area by KTS and the Co-Promoters under the aforesaid framework. Its formation is subject to the approval by the CSRC and other relevant regulatory authorities in the PRC.

When materialized, it is contemplated that the JV Securities Company would be principally engaged in full spectrum of securities business, including provision of securities brokerage services, securities underwriting and sponsor services, advising on securities investments, securities financing services, asset management, corporate finance advisory services, subject to the laws and regulations of the PRC.

The proposed registered capital of the JV Securities Company will be RMB3.5 billion, represented by 3,500,000,000 shares in the equity interest of the JV Securities Company. KTS and the Co-Promoters will contribute capital to the JV Securities Company in proportion to their respective equity interests therein in the aggregate amount of RMB3.5 billion in accordance with the Promoters' Agreement.

THE JV INVESTMENT

Pursuant to the Promoters' Agreement, the proposed investment to be made by KTS in respect of the JV Investment will be RMB350 million in cash, and it will be in the form of shares subscription in the JV Securities Company for an aggregate of 350,000,000 shares of the JV Securities Company, representing 10% equity interest thereof, at an aggregate subscription price of RMB350 million.

The subscription price will be paid in full after the approval by CSRC in respect of the formation of the JV Securities Company is obtained.

The Company intends to fund the investment by combination of either internal resources of the Group, fund raising activities and/or bank facilities that may be obtained by the Group.

INFORMATION ON GYC AND OTHER CO-PROMOTERS

GYC is an investment holding company incorporated in the PRC and its group is principally engaged in capital and asset management; investment in science and technology and industrial business; and corporate restructuring and merger and acquisition advisory services.

SHJ is an investment company incorporated in the PRC and is principally engaged in investment in technology related business.

Other Co-Promoters, 2 of which are corporate investors from Hong Kong, are licensed corporation in Hong Kong within the meaning of the SFO and are licensed to carry out Type 1 (dealing in securities) regulated activity. The other corporate investor is from the PRC and has a property management business.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, all Co-Promoters and their respective ultimate beneficial owners are independent third parties and not connected to the Company and its connected persons.

INFORMATION ON KTS & THE GROUP AND REASONS FOR THE JV INVESTMENT

The Company is an investment holding company and the Group is principally engaged in the provision of financial services (including stockbroking, futures and options broking, mutual funds and insurance-linked investment plans and products advising, securities margin financing and provision of corporate finance advisory services), oil and gas exploration and production and trading of natural resources and petrochemicals.

KTS is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. It is a licensed corporation within the meaning of the SFO and is licensed to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities.

The Group has always aimed to enhance its service capacity in the financial services industry and to pursue new opportunities in the financial services industry in order to enhance values to the Shareholders. The Board believes that the JV Investment could offer a golden opportunity for the Company to embark on a new milestone in its business development in financial services industry. The JV Investment, when materialized, would offer a first-starter advantage to the Group to access to the huge and fast-growing financial markets in the PRC.

Further, one of the joint venture partners, GYC, is a well-established and renowned financial institution in Guangzhou. The Board believes that the Group would be significantly benefited from the solid experience and profound resources from GYC when the Group is expanding its financial services in the new market.

Having considered the above, the Board considers that the terms and conditions of the Promoters' Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Controlling Shareholder owns in aggregate 838,163,143 Shares, representing approximately 51.25% of the issued share capital of the Company. On 19 May 2016, the Company received the Controlling Shareholder's written approval to the entering of the Promoter's Agreement and the transactions contemplated thereunder. As (i) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the JV Investment; and (ii) the Controlling Shareholder holds more than 50% of the voting rights that would be exercisable at any such general meeting, the Controlling Shareholder's written approval is acceptable in lieu of holding a general meeting of the Company for approval of the JV Investment pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, the information required under the Listing Rules in relation to the JV Investment will be dispatched to Shareholders as soon as practicable and in any event, no later than 15 business days after the date of this announcement in accordance with the Listing Rules.

As the completion of the Promoters' Agreement and the transactions contemplated thereunder is subject to the approval by the CSRC and other relevant regulatory authorities in the PRC, the transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors;
“CEPA”	the Mainland China and Hong Kong Closer Economic Partnership Arrangement;
“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;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder”	Triumph Energy Group Limited, a company incorporated in the British Virgin Islands and as at the date hereof, holds 838,163,143 Shares, representing approximately 51.25% of the issued share capital of the Company;
“Co-Promoters”	the 5 other co-promoters to the Promoters' Agreement (except KTS);
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“GYC”	廣東粵財投資控股有限公司 (Guangdong Yuechai Investment Holdings Limited), a company incorporated in the PRC and will hold 40% of the equity interest in the JV Securities Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“JV Investment”	the proposed investment to be made by KTS pursuant to the Promoters' Agreement;
“JV Securities Company”	粵港證券股份有限公司 (Yuegang Securities Limited), a company incorporated in the PRC;

“KTS”	Karl-Thomson Securities Company Limited (高信證券有限公司), a wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China;
“Promoters’ Agreement”	the promoters’ agreement entered into between KTS and the Co-Promoters in relation to the setting up of the JV Securities Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) in the Company of HK\$0.10 each;
“Shareholder(s)”	holder(s) of the Shares;
“SHJ”	深圳市泓景投資有限公司 (Shenzhen Hongjin Investment Limited), a company incorporated in the PRC and will hold 20% of the equity interest in the JV Securities Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 19 May 2016

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