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**MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF THE TARGET COMPANY INVOLVING THE ISSUE OF
CONSIDERATION SHARES UNDER THE SPECIFIC MANDATE**

THE ACQUISITION

The Board is pleased to announce that on 13 June 2016 (after trading hours), the Company, the Purchaser and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interest in the Target Company together with its interest in relating to the Target Group's property of the commercial podium, basement storage rooms and carpark premises, and its relevant rental income at the consideration of RMB433,350,750 (equivalent to approximately HK\$515,893,750)

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. Dr. Hui, the beneficial owner of the Vendor, is a Director and controlling Shareholder and thus a connected person of the Company under the Listing Rules. Therefore, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. A SGM will be held for the Independent Shareholders to consider, and if thought fit, approve, by way of poll, the Agreement and the transactions contemplated thereunder. Dr. Hui and his associates will abstain from voting for the approval of the Agreement and the transactions contemplated thereunder at the SGM. Given the interest of Dr. Hui in the Acquisition, Dr. Hui abstained from voting on the relevant board resolutions of the Company in approving the Agreement and the transactions contemplated thereunder.

An Independent Board Committee will be formed to advise the Independent Shareholders on the Acquisition and an independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders on the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iv) the financial information of the Group; (v) the valuation report of the Property; and (vi) a notice convening the SGM, will be despatched to the Shareholders on or before 5 July 2016 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Shareholders and potential investors should note that the Acquisition, which is subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 13 June 2016 (after trading hours), the Company, the Purchaser and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interest in the Target Company together with its interest in relating to the Target Group's property of the commercial podium, basement storage rooms and carpark premises, and its relevant rental income at the consideration of RMB433,350,750 (equivalent to approximately HK\$515,893,750), which will be satisfied by as to (i) RMB50 million (equivalent to approximately HK\$59,523,810) in cash as refundable deposit; and (ii) RMB383,350,750 (equivalent to approximately HK\$456,369,940) by the issue of 912,739,880 Shares as consideration shares at the issue price of HK\$0.50 per Consideration Share by the Company to the Vendor.

THE ACQUISITION

Date: 13 June 2016 (after trading hours)

Parties

Issuer: the Company

Purchaser: Hoifu Energy Holdings Limited (凱富能源控股有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company

Vendor: Golden Nova Holdings Limited, a company incorporated in the BVI with limited liability

Assets to be acquired:

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company together with its interest in relating to the Target Group's property of the commercial podium, basement storage rooms and carpark premises, and its relevant rental income.

Consideration:

Pursuant to the terms of the Agreement, the Consideration of RMB433,350,750 (equivalent to approximately HK\$515,893,750) shall be satisfied by the Purchaser to the Vendor in the following manner:

- (a) RMB50 million (equivalent to approximately HK\$59,523,810) (the "Deposit") shall be payable to the Vendor's designated bank account in cash as refundable deposit upon signing of the Agreement; and
- (b) RMB383,350,750 (equivalent to approximately HK\$456,369,940) shall be payable to the Vendor and satisfied by procuring the Company to issue and allot 912,739,880 Consideration Shares within 14 days after all the conditions precedent have been fulfilled or satisfied by the Purchaser and the Vendor.

Further details of the Consideration Shares are set out in the section headed "Consideration Shares" below.

Adjustment on the consideration

The Consideration is subject to the following adjustments with reference to the valuation on the Target Group as at 30 May 2016 to be performed by an independent valuer appointed by the Purchaser and the Company (the "Valuation"):

- (a) if the Valuation is not less than RMB433,350,750 (equivalent to approximately HK\$515,893,750), no adjustment will be made to the Consideration and the Consideration will be RMB433,350,750 (equivalent to approximately HK\$515,893,750); and
- (b) if the Valuation is less than RMB433,350,750 (equivalent to approximately HK\$515,893,750), there shall be deducted from the Consideration an amount equal to such shortfall amount, and the Vendor shall receive, instead of 912,739,880 Consideration Shares, such adjusted number of new Shares (the "Adjusted Consideration Shares") which shall be calculated as follows:

Adjusted Consideration Shares = 912,739,880 Consideration Shares – Reduced Shares
where:

Reduced Shares = (RMB433,350,750 – Valuation)/Issue Price

For the avoidance of doubt, the number of Reduced Shares shall be rounded to the nearest integer.

Basis of the Consideration

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, the valuation of the Property carried out by the independent valuer which conducted that the recent market value of the Property is approximately RMB433,350,750.

The Board considers that the Consideration is based on normal commercial terms, maximises Shareholders' benefit and is fair and reasonable for the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Acquisition is conditional upon, inter alia:

- (i) the Board of the Directors and the Shareholders (if required) of the Purchaser and the Vendor having approved the Acquisition;
- (ii) the passing of the relevant resolution(s) at the SGM by the Independent Shareholders for approving the Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares);
- (iii) having obtained relevant approval from the Stock Exchange and complying with relevant disclosure requirements in respect of the Acquisition;
- (iv) the Purchaser being satisfied with the result of the valuation on the Target Group and the Property to be made by an independent valuer appointed by the Company and the Purchaser which the valuation on the Target Group and the Property shall be RMB433,350,750 or an amount equivalent to HK\$515,893,750, and shall ensure the valuation to be completed on or before 10 July 2016;
- (v) the Purchaser being satisfied with the results of the financial and legal due diligence on the Target Group to be carried out by an independent auditor and legal advisor appointed by the Purchaser, and all parties shall ensure the due diligence works to be completed on or before 10 July 2016;
- (vi) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares;
- (vii) the Vendor having provided relevant documents to the Company and the Purchaser in relation to the Target Group such as the business registration licences, constitution documents, recent annual audited financial statements, valuation reports, property building certificates and land use rights (if required), and documents issued and approved by the government authorities; and
- (viii) the Vendor shall ensure that the Purchaser owns the equity interest in the Target Company which has been transferred to the Purchaser or its nominees on or before the Long Stop Date.

If the Company and/or the Purchaser fail due to the non-satisfaction of the conditions precedent on the Long Stop Date (otherwise than due to the default of the Vendor or due to the non-satisfaction of the conditions precedent on the Long Stop Date), then the Vendor shall be entitled to (a) take any action against the Company and/or the Purchaser for damages and/or for specific performance of the Agreement; or (b) rescind the Agreement, the Vendor shall forfeit the Deposit as liquidated damages, and the Vendor shall claim against the Company and/or the Purchaser for any commercial loss.

If the Vendor fails due to the non-satisfaction of the conditions precedent on the Long Stop Date (otherwise than due to the default of the Company and/or the Purchaser or due to the non-satisfaction of the conditions precedent on the Long Stop Date), then the Company and/or the Purchaser shall be entitled to (a) take any action against the Vendor for damages and/or for specific performance of the Agreement; or (b) proceed to Completion so far as practicable (without prejudice to their rights under the Agreement).

As at the date of this announcement, no condition precedent has been fulfilled or waived. The Company and the Purchaser have no intention to waive any of the above conditions precedent.

Completion

Completion shall take place on or before the Long Stop Date on which all the conditions precedent of the Acquisition having been satisfied. If the conditions shall not have been fulfilled (or waived) on the Long Stop Date or such later date as the parties to the Agreement may agree in writing.

Upon Completion, the Target Group will become wholly-owned subsidiaries of the Group and financial results of the Target Group will be consolidated into the accounts of the Group.

Consideration Shares

The Consideration Shares are to be issued by the Company under specific mandate to be sought for approval from the Shareholders at the SGM. The Consideration Shares will be allotted and issued at the issue price of HK\$0.50 each, which represents:

- (i) a discount of approximately 1.96% to the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on the date of the Last Trading Day;
- (ii) a discount of approximately 11.66% to the average closing price of approximately HK\$0.566 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares up to and including the Last Trading Day;
- (iii) a premium of approximately 115.52% over the net asset value of approximately HK\$0.232 per Share, calculated based on the audited consolidated net asset attributable to owners of the Company of approximately HK\$380,104,000 as at 31 December 2015 and 1,635,566,601 Shares in issue as at the date of this announcement.

The Issue Price was determined after arm's length negotiation between the Company and the Vendor with reference to the prevailing market price of the Shares and current market conditions. The Directors consider that the Issue Price is fair and reasonable and the issue of the Consideration Shares at the Issue Price is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares represent approximately 55.81% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 35.82% of the Company's issued share capital as enlarged by the issue of the Consideration Shares.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued upon Completion, will rank pari passu in all respects with the existing Shares then in issue.

Shareholding Structure of the Target Group

Set out below is the shareholding structure of the Target Group (i) as at the date of this announcement; and (ii) immediately after Completion:

Shareholding structure of the Target Group as at the date of this announcement



Shareholding structure of the Target Group immediately after Completion



Information on the Target Group and the Property

The Target Company

The Target Company is an investment holding company incorporated in the BVI with limited liability. The Target Company is wholly owned by the Vendor. The Target Company is the holding company of GSHL.

Gold Shiner Holdings Limited (“GSHL”)

GSHL is an investment holding company incorporated in Hong Kong with limited liability. GSHL is wholly owned by the Target Company. GSHL is the holding company of 廣東德凱.

廣東德凱偉業有限公司 (“廣東德凱”)

廣東德凱 is an investment holding company established in the PRC with limited liability and registered as a wholly-foreign-owned enterprise under the PRC Law. 廣東德凱 is the holding company of 北京盈和.

北京盈和房地產綜合開發有限公司 (“北京盈和”)

北京盈和 is an investment holding company established in the PRC with limited liability. The principal asset of 北京盈和 is the 100% interest in the Property.

The Property

The Property covers an area of 16,360.03 sq.m. at the Rong Ning Yuan Community of 60 Guang An Men Nan Jie, Xicheng District, Beijing, PRC, which includes (i) the 1st and 2nd floor of the commercial podium of Tower 2 with an area of 1,323.61 sq.m. ; and (ii) the car park and storage rooms at the basement of Tower 1 to Tower 6 with an area of 15,036.42 sq.m.. The car park comprises of two storey with a total of 384 parking spaces. Primely located between the Second Ring and Third Ring in Beijing, the Property enjoys comprehensive ancillaries in the neighborhood. 北京盈和 has obtained the Building Ownership Right Certificate for the Property.

The design and construction of the Property are of excellent quality and it is named as “the most beautiful community (最美麗社區)” by the Beijing Municipal Government, of which Tower 2 and Tower 4 are awarded the “Luban Award (魯班獎)” by the judging panel of Ministry of Construction, which is the highest honour in terms of construction quality.

Prior to the signing of this Agreement, 北京盈和 has entered into a tenancy agreement with an independent third parties for a period of two years commencing from 15 June 2016 and ending on 15 June 2018. The rental for the initial year is RMB13,000,000 or the same value converted into HK\$/US\$, the rental for the second year will be RMB15,000,000 or the same value converted into HK\$/US\$. Pursuant to the tenancy agreement, tenancy renewal and the revision of pricing terms are subject to mutual negotiations.

Financial information of the Target Group

Set out below is the unaudited financial information of the Target Group for the financial years ended 31 December 2014 and 2015 respectively.

	Year ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net loss before taxation	736	396
Net loss after taxation	736	396

As of 31 December 2015, the unaudited consolidated net assets of the Target Group before the fair value change of the Property was approximately HK\$31,501,000. The unaudited consolidated net assets of the Target Group, after taking into account of the fair value change of the Property, would be approximately HK\$547,139,000 as at 31 December 2015.

Reasons for and benefits of the Acquisition

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. Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company and results of the Target Group will be consolidated into the Group's accounts.

It has been the Company's business strategy to make investments that have earning potentials for the Group to expand its existing operations. The Board believes that the Acquisition will enhance the shareholders' value in the long run and to diversify its business.

The Directors consider that the terms and conditions of the Agreement are fair and reasonable, and the Acquisition is in the interests of the Company and its shareholders as a whole

The Consideration Shares shall be issued as fully paid and shall rank pari passu in all respects with the ordinary Shares then in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Effects on shareholding structure

Set out below is a summary of the shareholding in the Company as at the date of this announcement and, for illustrative purposes only, upon completion of the Acquisition, assuming there being no other changes in the issued share capital and the shareholding structure of the Company after the date of this announcement.

Shareholders	As at the date of this announcement		Immediately after Completion	
	No. of Shares	approximate %	No. of Shares	approximate %
Triumph Energy Group Limited (Note 1)	838,163,143	51.25%	838,163,143	32.89%
Taiming Petroleum Group Limited (Note 2)	74,018,000	4.53%	74,018,000	2.90%
Wisdom On Holdings Limited (Note 3)	8,410,000	0.51%	8,410,000	0.33%
Vendor (Note 4)	—	—	912,739,880	35.82%
Public Shareholders:				
Other Public Shareholders	<u>714,975,458</u>	<u>43.71%</u>	<u>714,975,458</u>	<u>28.06%</u>
	<u>1,635,566,601</u>	<u>100.00%</u>	<u>2,548,306,481</u>	<u>100.00%</u>

Notes:

1. Triumph Energy Group Limited is owned as to 51.71% by Taiming Petroleum Group Limited, which is wholly-owned by Dr. Hui Chi Ming, a Director, 29.49% by AMA Energy Group Limited, which is owned as to 91.7% by Dr. Hui Chi Ming, a Director, and 8.3% by Taiming Petroleum Group Limited, and 18.8% by Simply Superb Holdings Limited, which is owned as to 39% by Mr. Huang Huafeng, 44.2% by Mr. Xu Zhenhui, 9.7% by Taiming Petroleum Group Limited and 7.1% by Mr. Liu Hao as at the date of this announcement.
2. Taiming Petroleum Group Limited is wholly-owned by Dr. Hui Chi Ming, a Director, as at the date of this announcement.
3. Wisdom On Holdings Limited is wholly-owned by Hoifu Petroleum Group Investment Limited, which is wholly-owned by Dr. Hui Chi Ming, a Director, as at the date of this announcement.
4. As the Vendor is 100% owned by Dr. Hui, Dr. Hui is deemed to be interested in the Shares held by the Vendor under the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong).

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. Dr. Hui, the beneficial owner of the Vendor, is a Director and controlling Shareholder and thus a connected person of the Company under the Listing Rules. Therefore, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. A SGM will be held for the Independent Shareholders to consider, and if thought fit, approve, by way of poll, the Agreement and the transactions contemplated thereunder. Dr. Hui and his associates will abstain from voting for the approval of the Agreement and the transactions contemplated thereunder at the SGM. Given the interest of Dr. Hui in the Acquisition, Dr. Hui abstained from voting on the relevant board resolutions of the Company in approving the Agreement and the transactions contemplated thereunder.

An Independent Board Committee will be formed to advise the Independent Shareholders on the Acquisition and an independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders on the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iv) the financial information of the Group; (v) the valuation report of the Property; and (vi) a notice convening the SGM, will be despatched to the Shareholders on or before 5 July 2016 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

SGM

The SGM will be convened for the Shareholders to consider and, if thought fit, approve, among other matters, the Acquisition and the grant of the specific mandate for the allotment and issue of the Consideration Shares.

Shareholders and potential investors should note that the Acquisition, which is subject to a number of Conditions, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by the Purchaser in accordance with the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 13 June 2016 entered into between the Company, the Purchaser and the Vendor in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“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 person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	912,739,880 Shares to be issued by the Company, as the consideration for the Acquisition, to the Vendors in accordance with the terms and conditions of the Agreement
“Director(s)”	the director(s) of the Company
“Dr. Hui”	Dr. Hui Chi Ming, chairman of the Board, an executive Director and a controlling Shareholder 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 PRC

“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors established for the purpose of giving recommendations to the Independent Shareholders in respect of the Acquisition
“Independent Shareholder(s)”	Shareholders other than Dr. Hui and his associates who are interested in the Acquisition
“Last Trading Day”	13 June 2016, being the last trading day of the Shares on the Stock Exchange before the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 July 2016, or such other date as may be agreed by the Company, the Purchaser and the Vendor in writing
“PRC”	the People’s Republic of China
“Purchaser”	Hoifu Energy Holdings Limited (凱富能源控股有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if though fit, approving the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Millhaven Holdings Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company, GSHL, 廣東德凱 and 北京盈和
“Vendor”	Golden Nova Holdings Limited, a company incorporated in the BVI with limited liability
“%”	per cent

In this announcement, save as otherwise stated, figures in HK\$ are translated to RMB at the exchange rate of HK\$1 = RMB0.84 for illustration purposes only. No representation is made that any amount in RMB or HK\$ would have been or can be converted at the above rate.

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

Hong Kong, 13 June 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. Xu Jun Jia, Mr. Cao Yu, 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.