

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.



LATEST DEVELOPMENT OF THE EXPLORATION AND DEVELOPMENT OF OILFIELD BLOCK 2101

This announcement is made by Hoifu Energy Group Limited (the “Company”) to keep the shareholders and potential investors of the Company informed of the latest development of the Company’s oil and gas business in Madagascar.

On 6 July 2015, Madagascar Northern Petroleum Company Limited (“MNPCL”), a wholly-owned subsidiary of the Company owning 100% of the exploration, exploitation and operation rights as well as the profit sharing rights of the onshore oilfield block of approximately 10,400 square kilometres in the northern part of Madagascar (“Oilfield Block 2101”), and Yunnan Kaiyuan Petroleum and Natural Gas Exploration Engineering Company Limited (“Yunnan Kaiyuan”) entered into a well drilling agreement, pursuant to which, Yunnan Kaiyuan is responsible for the drilling of two exploration wells in Oilfield Block 2101. The exploration works are expected to be completed by 28 February 2016. The depth of the wells is planned to be in the range of 1,800 meters to 2,500 meters. However, the actual depth of the wells shall be determined by the technical experts of both parties at the time when carrying out the works based on the geological data and oil and gas exploration results. The total costs for the well drilling is estimated to be in the range of HK\$45 million and HK\$60 million, which shall be satisfied by the issue of new shares of the Company at an issue price equivalent to the average closing price of the shares of the Company for the last three trading days prior to the project settlement date, subject to full compliance with the relevant requirements in the Listing Rules. The well drilling agreement and budget as well as the settlement method have been approved by Office Des Mines Nationales Et Des Industries Strategiques (English translation being: The National Office for Mining and Strategic Industries) (“OMNIS”), an agency of Madagascar commissioned to manage the national petroleum and mineral resources of Madagascar, and the Operation Management Committee of Oilfield Block 2101.

On 12 July 2015, MNPCL and Bureau of Geophysical Prospecting Inc., China National Petroleum Corporation 中國石油集團東方地球物理勘探有限責任公司 (“BGP”) entered into an exploration contract, pursuant to which, BGP is responsible for completing the 2D seismic data acquisition works for an indicated area of 200 km² within the territory of Oilfield Block 2101 by 28 February 2016. The total costs for the 2D seismic data acquisition

works are estimated to be approximately RMB10 million (equivalent to approximately HK\$12.5 million). The exploration plan of Oilfield Block 2101 and the budget for exploration have been approved by OMNIS and the Operation Management Committee of Oilfield Block 2101. Meanwhile, OMNIS issued a letter to MNPCL on 21 July 2015 approving the extension of the valid period for exploration of Oilfield Block 2101 for 2 years to 11 October 2017. During 2014 and the first half of 2015, several professional organizations performed the comprehensive geological study and old seismic data study in relation to Oilfield Block 2101. The Operation Management Committee of Oilfield Block 2101 has also approved the financial budget and development plan of Oilfield Block 2101 for Year 2015.

Yunnan Kaiyuan is a technical engineering company specialized in well drilling of oil and gas fields, geological logging, logging, directional drilling, cementing, oil and gas testing and workover operations. Yunnan Kaiyuan has extensive practical experience in oil and gas well drilling in Madagascar and has successfully completed the drilling works and obtained positive oil and gas drilling results for several oilfields in Madagascar. Yunnan Kaiyuan is optimistic about the resource potential and development prospects of Oilfield Block 2101.

BGP, a subsidiary of China National Petroleum Corporation, is a large-scale state-owned engineering and technical services company specialized in geophysical exploration. It is principally engaged in comprehensive geophysical and geochemical exploration and seismic data acquisition, processing and interpretation for onshore and offshore oilfields, research and development, product development, technology transfer and sales of geophysical (chemistry) exploration related technologies and equipment. BGP, in general, ranks the third worldwide in the industry while its onshore data acquisition business ranks the first in the world. BGP has attained a high market share in the oil and gas exploration market in Africa and Madagascar and has extensive experience and successful track records for oil and gas exploration in Africa and Madagascar.

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

Hong Kong, 23 July 2015

For the purposes of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1 to HK\$1.25. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

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.