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**DISCLOSEABLE TRANSACTION  
IN RELATION TO ACQUISITION OF  
THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY  
INVOLVING THE ISSUE OF CONSIDERATION SHARES**

**BUSINESS UPDATE IN RELATION TO  
BEIBUWAN YUCHAI ENERGY CHEMICAL CO., LTD.**

**THE AGREEMENT**

The Board is pleased to announce that on 4 February 2016 (after trading hours), 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 at the consideration of RMB130 million, which will be satisfied by as to (i) RMB45.5 million in cash; and (ii) RMB84.5 million by the issue of 83,416,993 Shares as consideration shares at the issue price of HK\$1.2 per Consideration Share by the Company to the Vendor.

Upon Completion, the Target Company will become an indirectly wholly owned subsidiary of the Company.

**LISTING RULES IMPLICATIONS**

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but below 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **WARNING NOTICE**

**As Completion is conditional upon fulfilment of the conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.**

## **BUSINESS UPDATE**

The Company would also like to take this opportunity to update the shareholders and potential investors the latest business development of Beibuwan Yuchai Energy.

## **INTRODUCTION**

The Board is pleased to announce that on 4 February 2016 (after trading hours), the Purchaser and the Vendor have 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 at the consideration of RMB130 million, which will be satisfied as to (i) RMB45.5 million in cash (representing 35% of the Consideration); and (ii) RMB84.5 million (representing 65% of the Consideration) by the issue of 83,416,993 Shares as consideration shares at the issue price of HK\$1.2 per Consideration Share by the Company to the Vendor. Upon Completion, the Target Company will become an indirectly wholly owned subsidiary of the Company.

## **THE AGREEMENT**

### **Date**

4 February 2016 (after trading hours)

### **Parties to the Agreement**

**Purchaser:** 廣東凱富能源有限公司 (Guangdong Hoifu Energy Limited), a wholly owned subsidiary of the Company

**Vendor:** Mr. Kwong Kin Wah (鄺建華)

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the Vendor is an Independent Third Party.

### **Assets to be acquired**

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company.

## **Consideration**

Pursuant to the terms of the Agreement, the Consideration shall be satisfied by the Purchaser to the Vendor in the following manner:

- (a) RMB2 million in cash as refundable deposit within three days upon signing of the Agreement;
- (b) RMB43.5 million in cash upon satisfaction of the conditions precedent as described below; and
- (c) the remaining RMB84.5 million shall be satisfied by procuring the Company to issue and allot 83,416,993 Shares as consideration shares to the Vendor within 14 days upon satisfaction of the conditions precedent as described below.

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

## **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 and was determined after taking into account: (1) the unaudited net asset value of the Target Company as at 31 December 2015, which is RMB129,000,000; and (2) the factors set out in the paragraph headed “REASONS FOR AND BENEFITS OF THE ACQUISITION” below.

The Board consider that the terms (including the Consideration) of the Acquisition are fair and reasonable and on normal commercial terms and in the interest of the Group and the Shareholders as a whole.

## **Conditions Precedent**

Completion of the Acquisition is conditional upon:

- (i) the board of directors and shareholders (if required) of both the Purchaser and the Vendor having approved the Acquisition;
- (ii) having obtaining relevant approval from the Stock Exchange and complying with relevant disclosure requirements in respect of the Acquisition;
- (iii) the Purchaser being satisfied with the result of the valuation on the Target Company to be made by an independent valuer appointed by the Purchaser which the valuation on the Target Company shall not be less than RMB130 million;
- (iv) the Purchaser being satisfied with the results of the financial and legal due diligence on the Target Company to be carried out by independent auditors and legal advisor appointed by the Purchaser;
- (v) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares; and

(vi) the Vendor having provided to the Purchaser relevant documents in relation to the Target Company such as the business registration licence, constitution documents and documents issued by the government authorities.

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

Completion shall take place on the date on which all the conditions precedent of the Acquisition having been satisfied. If the conditions shall not have been fulfilled (or waived) by 29 February 2016 or such later date as the parties to the Agreement may agree in writing, the Agreement shall terminate and of no effect.

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

### **CONSIDERATION SHARES**

The Consideration Shares will be allotted and issued at the issue price of HK\$1.2 each, which represents:

- (i) a premium of approximately 81.82% to the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on the date of the Last Trading Day;
- (ii) a premium of approximately 82.93% to the average closing price of approximately HK\$0.656 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 421.74% over the net asset value of approximately HK\$0.23 per Share, calculated based on the unaudited consolidated net asset attributable to owners of the Company of approximately HK\$378,889,000 as at 30 June 2015 and 1,650,238,601 Shares in issue as at the date of this announcement.

The Issue Price was determined after arm's length negotiation between the Purchaser 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 Group and the Shareholders as a whole.

The Consideration Shares represent approximately 5.05% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 4.81% of the Company's issued share capital as enlarged by the issue of Consideration Shares.

The Consideration Shares will be issued pursuant to the General Mandate. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate. The General Mandate will be utilized as to approximately 26.16% upon 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 in issue.

The Vendor also undertakes to the Purchaser that he will not dispose the Consideration Shares within 12 months from the Completion.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is the beneficial owner of the Maomin Binhai Xinqu (茂名濱海新區) sea area use right licence and it is in the process of developing an integrated vacation resort in that area (廣東博賀國際旅遊度假村) (the “Project”). The sea area for the Project is 60.27 hectares and the reclamation area is 43.8424 hectares. The relevant Chinese governmental approval and licence for the Project has been obtained.

### **Financial information of the Target Company**

Set below is the unaudited financial information of the Target Company for the financial years ended 31 December 2014 and 2015 respectively:

	<b>Year ended 31 December</b>	
	<b>(Unaudited)</b>	
	<b>2014</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	0	0
Net profit/(loss) before taxation	(100)	(200)
Net profit/(loss) after taxation	(200)	(200)

The unaudited net assets of the Target Company as at 31 December 2015 was approximately RMB129,000,000.

## **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 Company will become an indirect wholly-owned subsidiary of the Company and results of the Target Company will be consolidated into the Group's accounts.

The Directors are of the view that the Acquisition, provides a good investment opportunity for the Group and at the same time, diversify the business of the Group.

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.

## EFFECT ON THE SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately following Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than the issue of the Consideration Shares):

	As at the date of this announcement		Immediately after Completion	
	No. of Shares	approximate %	No. of Shares	approximate %
<i>Substantial Shareholders:</i>				
Triumph Energy Group Limited ( <i>Note 1</i> )	838,163,143	50.79	838,163,143	48.35
Taiming Petroleum Group Limited ( <i>Note 2</i> )	74,018,000	4.49	74,018,000	4.27
Wisdom On Holdings Limited ( <i>Note 3</i> )	8,410,000	0.51	8,410,000	0.49
<i>Public Shareholders:</i>				
Other Public Shareholders	729,647,458	44.21	729,647,458	42.09
Vendor	—	—	83,416,993	4.81
	<u>1,650,238,601</u>	<u>100</u>	<u>1,733,655,594</u>	<u>100</u>

Percentage may not add up to 100 per cent due to rounding.

Notes:

1. Triumph Energy Group Limited is owned as to 51.06% by Taiming Petroleum Group Limited, which is wholly-owned by Dr. Hui Chi Ming, a Director, 29.89% by AMA Energy Group Limited, which is owned as to 79.5% by Dr. Hui Chi Ming, a Director, and 12.2% by Mr. Wang Xinqing and 8.3% by Mr. Zheng Kangbao, and 19.05% by Simply Superb Holdings Ltd, which is owned as to 39% by Mr. Huang Huafeng, 44.2% by Mr. Xu Zhenhui, 9.7% by Mr. Zheng Kangbao 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 Holding Limited, which is wholly-owned by Dr. Hui Chi Ming, a Director, as at the date of this announcement.

## LISTING RULES IMPLICATION

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but below 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **BUSINESS UPDATE IN RELATION TO BEIBUWAN YUCHAI ENERGY**

As reference in the circular of the Company dated 28 February 2014, Beibuwan Yuchai Energy has planned to construct an olefins and aromatics manufacturing project in Qinzhou Petrochemical Industrial Park (the “Beibuwan Yuchai Energy Project”). However, the Board was informed by Beibuwan Yuchai Energy that the environmental assessment of the Beibuwan Yuchai Energy Project which was then designed, planned and approved cannot satisfied the conditions of the current environmental regulations imposed by the relevant authority in the PRC and as a result, the relevant land requisition and land use permit in relation to the Beibuwan Yuchai Energy Project cannot be obtained. After careful discussions, the board of directors of Beibuwan Yuchai Energy has decided not to proceed the Beibuwan Yuchai Energy Project further.

As a result of the above, the relevant deposit for the acquisition of the land for the Beibuwan Yuchai Energy Project shall be refunded by the government of Qinzhou. The government of Qinzhou has returned RMB40,000,000 to Beibuwan Yuchai Energy and the remaining RMB70,000,000 will be returned by 31 August 2016.

The Board does not anticipate a material impact on the financial position of the Group as a whole as a result of the above.

The Company will make further announcement(s) to provide further information as and when appropriate.

## **DEFINITIONS**

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

“Acquisition”	the proposed acquisition of the entire equity interest in the Target Company pursuant to the Agreement;
“Agreement”	the sale and purchase agreement dated 4 February 2016 entered into between the Purchaser and the Vendor in respect of the Acquisition;
“Beibuwan Yuchai Energy”	北部灣玉柴能源化工有限公司 (Beihuwan Yuchai Energy Chemical Co., Ltd.), a subsidiary of the Company;
“Board”	the board of Directors;
“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;
“Completion”	completion of the sale and purchase of the entire equity interest in the Target Company in accordance with the terms and conditions of the Agreement;
“connected persons”	has the meaning ascribed to it under the Listing Rules;

“Consideration”	the consideration of RMB130 million payable by the Purchaser for the acquisition of the entire equity interest in the Target Company under the Agreement;
“Consideration Shares”	83,416,993 Shares to be issued by the Company to the Vendor, for settling part of the Consideration, pursuant to the Agreement;
“Director(s)”	director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 19 June 2015, under which the maximum number of Shares which may be allotted and issued under the general mandate is 318,856,120 Shares;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons;
“Issue Price”	the issue price of HK\$1.2 per Consideration Share;
“Last Trading Day”	4 February 2016, being the last trading day before the publication of this announcement;
“Listing Rule”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China;
“Purchaser”	廣東凱富能源有限公司 (Guangdong Hoifu Energy Limited), a company incorporated in the PRC and a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) in the Company of HK\$0.10 each;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	北京匯興泰投資有限公司 (Beijing Huixintai Investments Limited), a company incorporated in the PRC and wholly owned by the Vendor solely;



“Vendor” Mr. Kwong Kin Wah (鄺建華); and

“%” per cent.

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

Hong Kong, 5 February 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. Hui Ngok Ka 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.*