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SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 14 July 2016 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 50,000,000 Subscription Shares at a subscription price of HK\$0.70 per Subscription Share.

The subscription price of HK\$0.70 per Subscription Share represents (i) a premium of approximately 1.45% over the closing price of HK\$0.69 per Share as quoted on the Stock Exchange on 14 July 2016, being the date of the Subscription Agreement; (ii) a premium of approximately 4.48% over the average closing price of HK\$0.67 per Share for the last five trading days immediately prior to and including the date of the Subscription Agreement; (iii) a premium of approximately 7.86% over the average closing price of HK\$0.649 per Share for the last ten trading days immediately prior to and including the date of the Subscription Agreement; and (iv) a premium of approximately 201.72% over the net asset value of approximately HK\$0.232 per Share.

50,000,000 Subscription Shares represent (i) approximately 3.06% of the existing issued share capital of the Company; and (ii) approximately 2.97% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares.

The gross proceeds from the Subscription will be HK\$35,000,000 and the net proceeds from the Subscription, after deduction of related expenses of approximately HK\$200,000, is estimated to be approximately HK\$34,800,000. The net proceeds raised are intended to be used for general working capital and future business development and investments of the Group.

The Subscription Shares will be issued under the General Mandate and the Subscription is not subject to approval by the Shareholders.

INTRODUCTION

On 14 July 2016 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber in relation to the subscription of 50,000,000 Subscription Shares at a subscription price of HK\$0.70 per Subscription Share. Details of the Subscription Agreement are set out below:

THE SUBSCRIPTION AGREEMENT

Date

14 July 2016

Parties to the Subscription Agreement

Issuer: the Company

Subscriber: Mr. Weng Tao. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber is a third party independent of the Company and connected persons of the Company.

Subscription price of the Subscription Shares

The subscription price of HK\$0.70 per Subscription Share represents (i) a premium of approximately 1.45% over the closing price of HK\$0.69 per Share as quoted on the Stock Exchange on 14 July 2016, being the date of the Subscription Agreement; (ii) a premium of approximately 4.48% over the average closing price of HK\$0.67 per Share for the last five trading days immediately prior to and including the date of the Subscription Agreement; (iii) a premium of approximately 7.86% over the average closing price of HK\$0.649 per Share for the last ten trading days immediately prior to and including the date of the Subscription Agreement; and (iv) a premium of approximately 201.72% 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 the total number of issued Shares of 1,635,566,601 as at the date of the Subscription Agreement.

The subscription price of the Subscription Shares was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares and the current market conditions. The Directors are of the view that the subscription price of the Subscription Shares is fair and reasonable and in the interest of the Company and the Shareholders.

The aggregate subscription price of 50,000,000 Subscription Shares in the amount of HK\$35,000,000 (or an equivalent amount in RMB) shall be payable by the Subscriber to the Group's designated bank account(s) upon the publication of this announcement.

Subscription Shares

50,000,000 Subscription Shares represent (i) approximately 3.06% of the existing issued share capital of the Company; and (ii) approximately 2.97% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Shares will rank pari passu in all respects with all other Shares in issue and will entitle the holders to all dividends, and other distributions, rights or entitlements the record date for which falls after the date of issue and allotment of the Subscription Shares. The Subscription Shares will be issued under the General Mandate and is not subject to the Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 327,113,320 Shares. As at the date of this announcement, the Company has not allotted or issued any Share under the General Mandate. The 50,000,000 Subscription Shares to be issued and allotted under the Subscription represent approximately 15.29% of the maximum number of Shares issuable under the General Mandate. Application will be made by the Company for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Conditions precedent

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares, and shall take place within five business days after the date on which the condition precedent of the Subscription Agreement having been satisfied.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company and the principal activities of the Group are (i) trading of natural resources and petrochemical; (ii) mineral mining, oil and gas exploration and production; and (iii) provision of financial services.

The gross proceeds from the Subscription will be HK\$35,000,000 and the net proceeds from the Subscription, after deduction of related expenses of approximately HK\$200,000, is estimated to be approximately HK\$34,800,000, which is intended to be used for general working capital and future business development and investments of the Group. The net subscription price per Subscription Share will be approximately HK\$0.696.

The Directors consider that the entering into of the Subscription Agreement represents a good opportunity for the Group to broaden the Shareholder's base of the Company and to raise additional funds to strengthen the financial position of the Group for its future business development and investment.

The Directors consider that the terms of the Subscription Agreement, which were negotiated on an arm's length basis and agreed on normal commercial terms between the Company and the Subscriber, are fair and reasonable, and the Subscription is in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any fund raising activity in the twelve months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

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 Subscription, assuming there being no other changes in the issued share capital and the shareholding structure of the Company after the date of this announcement.

	As at the date of this announcement		Upon completion of the Subscription	
	<i>Number of Shares</i>	<i>approximate %</i>	<i>Number of Shares</i>	<i>approximate %</i>
Triumph Energy Group Limited (Note 1)	847,449,143	51.81	847,449,143	50.28
Taiming Petroleum Group Limited (Note 1)	74,018,000	4.53	74,018,000	4.39
Wisdom On Holdings Limited (Note 2)	<u>8,410,000</u>	<u>0.51</u>	<u>8,410,000</u>	<u>0.50</u>
	929,877,143	56.85	929,877,143	55.17
The Subscriber	—	—	50,000,000	2.97
Other public Shareholders	<u>705,689,458</u>	<u>43.15</u>	<u>705,689,458</u>	<u>41.86</u>
	<u><u>1,635,566,601</u></u>	<u><u>100.00</u></u>	<u><u>1,685,566,601</u></u>	<u><u>100.00</u></u>

Notes:

1. Triumph Energy Group Limited is owned as to (i) 51.71% by Taiming Petroleum Group Limited, which is wholly-owned by Dr. Hui Chi Ming, a Director; (ii) 29.49% by AMA Energy Group Limited, which is owned as to 91.70% by Dr. Hui Chi Ming and 8.30% by Taiming Petroleum Group Limited; and (iii) 18.80% by Simply Superb Holdings Limited, which is owned as to 39.00% by Mr. Huang Huafeng, 44.20% by Mr. Xu Zhenhui, 9.70% by Taiming Petroleum Group Limited and 7.10% by Mr. Liu Hao as at the date of this announcement.
2. Wisdom On Holdings Limited is wholly-owned by Hoifu Petroleum Group Investment Limited, a company wholly-owned by Dr. Hui Chi Ming, as at the date of this announcement.

DEFINITIONS

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

“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with the Shares granted to the Directors pursuant to the resolution passed at the annual general meeting of the Company held on 28 June 2016
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Weng Tao
“Subscription”	the subscription of 50,000,000 Subscription Shares by the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 July 2016 entered into between the Company and the Subscriber in relation to the Subscription

“Subscription Share(s)” new Share(s) to be issued by the Company to the Subscriber
upon completion of the Subscription Agreement

“%” per cent

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

Hong Kong, 14 July 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.