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DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN THE DISPOSAL COMPANY

The Board wishes to announce that on 30 December 2016 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire, the entire equity interest of the Disposal Company for the Consideration of RMB3,000,000 (equivalent to approximately HK\$3,372,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in relation to the Disposal exceed 5% but below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board wishes to announce that on 30 December 2016 (after trading hours), the Purchaser and the Vendor entered into the Agreement in respect of the Disposal.

THE AGREEMENT

Date: 30 December 2016

Parties

Vendor: 河北攀寶沸石科技有限公司(Hebei Panbao Zeolite Technology Co., Ltd.*)

Purchaser: 夏玉林

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is third parties independent of the Company and its connected persons.

Assets to be disposed of

The Vendor agreed to sell, and the Purchaser agreed to acquire, the entire equity interest of the Disposal Company.

Consideration

The total Consideration of the Disposal is RMB3,000,000 (equivalent to approximately HK\$3,372,000), which will be paid in cash by the Purchaser to the Vendor within 3 days from the date of the Agreement.

The Consideration of the Disposal was determined after arm's length negotiations between the Vendor and the Purchaser, taking into account factors such as the historical financial position and performance of the Disposal Company and the future prospects of the Disposal Company.

The Directors are of the view that the terms of the Agreement were concluded after arm's length negotiations under normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion

Completion took place immediately after signing of the Agreement.

Information on the Disposal Company

The Disposal Company is a limited liability company established under the laws of the PRC on 2 February 2015 and is a wholly-owned subsidiary of the Vendor as at the date of the Agreement. Its principal activities are trading of mining and chemical products. The Disposal Company has not generated any trading revenue during the year 2016.

Set out below is the financial information of the Disposal Company for the period from 2 February 2015 to 31 December 2015, and for the six months ended 30 June 2016, based on the financial information of the Disposal Company prepared in accordance with Hong Kong Financial Reporting Standards:

	Six months ended 30 June 2016	Period from 2 February 2015 to 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Revenue	–	36,763
Profit before taxation and extraordinary items	–	1,160
Profit after taxation and extraordinary items	–	1,161

As of 30 June 2016, the unaudited net asset value of the Disposal Company was approximately HK\$4,591,000.

Potential financial effect of the Disposal

Immediately after completion of the Disposal, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Company will no longer be consolidated into the Group's financial statements.

Subject to the review of the Company's auditor, based on the unaudited net asset value of the Disposal Company of approximately HK\$4,591,000 as at 30 June 2016 and the net proceeds from the Disposal of approximately HK\$3,222,000 (after deducting expenses), the Group expects to record a loss arising from the Disposal of approximately HK\$1,369,000 upon completion of the Disposal.

It is expected that the net proceeds from the Disposal will be used for general working capital and for funding future business development opportunities.

Reasons for and benefits of the Disposal

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.

Although the Disposal Company had recorded profits for the period from 2 February 2015 to 31 December 2015, it contributed limited profits to the Group, in particular, the Disposal Company has not generated any trading revenue during the year 2016. The Disposal will enable the Group to reallocate the financial resources on any suitable investment opportunities which would enhance the Shareholders' value.

The Directors are of the view that the Disposal is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in relation to the Disposal exceed 5% but below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 30 December 2016 entered into between the Vendor and the Purchaser in respect of the Disposal
“Board”	the Board of Directors of the Company

“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 Disposal pursuant to the terms of the Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration for the Disposal pursuant to the Agreement
“Director(s)”	a director of the Board of the Company
“Disposal”	the disposal of the entire equity interest of the Disposal Company to the Purchaser pursuant to the Agreement
“Disposal Company”	天津市攀寶舜天國際貿易有限公司 (Tianjin Panbao International Trading Limited*)
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	夏玉林
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	河北攀寶沸石科技有限公司(Hebei Panbao Zeolite Technology Co., Ltd.*), is a limited liability company established under the laws of the PRC in 2006 and is a non wholly-owned subsidiary of the Company

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

Hong Kong, 30 December 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.

* For identification purpose only