Hoifu Energy Group Limited

凱富能源集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

INSIDE INFORMATION

RULING ON THE PROPOSED ACQUISITION

The Purchaser, a wholly-owned subsidiary of the Company, entered into an agreement (as amended and supplemented by the supplemental agreement dated 15 June 2015) with, among others, the Vendor on 5 June 2015 (after trading hours) to acquire the entire issued share capital of the Target for a total consideration of US$365.2 million (equivalent to approximately HK$2,830.3 million), subject to adjustments.

On 22 July 2015, the Company received a letter from the Listing Division of the Stock Exchange stating that it considered that the Proposed Acquisition would constitute a reverse takeover under Rule 14.06(6) of the Listing Rules and the Company would be treated as if it were a new listing applicant under Rule 14.54 if it proceeds with the Proposed Acquisition.

The Company disagrees with the ruling of the Listing Division of the Stock Exchange and is considering to request that the ruling to be referred to the Listing Committee for review pursuant to Rule 2B.06 of the Listing Rules. The Company may also discuss and negotiate with the Vendor to amend the deal structure of the Proposed Acquisition and/or the terms and conditions of the Agreement, if it considered appropriate.

STRATEGIC COOPERATION AGREEMENTS

In June 2015, the Company entered into strategic cooperation agreements with China-Africa Development Fund Co., Ltd., Guolian Industrial Investment Fund (Beijing) Co., Ltd., China National Chemical Engineering Co., Ltd. and China Energy Guangxi Power Engineering Construction Co., Ltd. in relation to possible investment in the Company and the methods and terms of investment and cooperation in the Group's projects in Africa.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 8 June 2015 and will remain suspended until further notice.

This announcement is made by Hoifu Energy Group Limited (the "Company") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

RULING ON THE PROPOSED ACQUISITION

Reference is made to the announcements of the Company dated 8 June 2015 and 2 July 2015 in relation to a possible very substantial acquisition and connected transaction of the Company. Capitalized terms used herein shall have the same meanings as defined in the announcement of the Company dated 2 July 2015.

The Proposed Acquisition

As disclosed in the announcement of the Company dated 2 July 2015, the Purchaser, a wholly-owned subsidiary of the Company, entered into an agreement (as amended and supplemented by the supplemental agreement dated 15 June 2015) (the "Agreement") with, among others, the Vendor on 5 June 2015 (after trading hours) to acquire the entire issued share capital of the Target and its assets, including (i) the exclusive operating rights to construct natural gas pipelines and network and supply natural gas to residential, commercial and industrial premises in three major cities of the Republic of Madagascar, namely Antananarivo (the capital of the Republic of Madagascar), Tamatave and Tulear, for 25 years, with a possible extension period of 10 years; (ii) the rights to construct and operate 300 petroleum and natural gas stations with ancillary convenience stores in Antananarivo, Tamatave and Tulear for 35 years; (iii) 5% equity interest in Madagascar Southern Petroleum Company Limited; and (iv) the contracting term of providing natural gas to the Target at a discount of not less than 30% of the market price by Madagascar Southern Petroleum Company Limited, for a total consideration of US$365.2 million (equivalent to approximately HK$2,830.3 million), subject to adjustments. The proposed acquisition of the Target (the "Proposed Acquisition") constitutes a very substantial acquisition and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules.

Ruling of the Listing Division

On 22 July 2015, the Company received a letter from the Listing Division of the Stock Exchange stating that it considered that the Proposed Acquisition would constitute a reverse takeover under Rule 14.06(6) of the Listing Rules and the Company would be treated as if it were a new listing applicant under Rule 14.54 if it proceeds with the Proposed Acquisition based on the following reasons:

(a) the Proposed Acquisition is a very substantial acquisition and is significant to the Company;

(b) the Target has not commenced any significant business operation since incorporation and is loss making. It mainly owns the operating rights regarding the natural gas supply and petroleum and natural gas station while the oilfield block owned by Madagascar Southern Petroleum Company Limited ("Oilfield Block 3112") has just started production. The Target is unable to meet the profit requirement for a new applicant under Rule 8.05(1) of the Listing Rules; and

(c) the Target's business is the construction and operation of (i) gas pipelines and network and supply of natural gas; and (ii) petroleum and natural gas stations in Madagascar. It also holds a minority interest in Madagascar Southern Petroleum Company Limited. The Group is principally engaged in the businesses of (i) petrochemical production; (ii) oil and gas exploration and production and mineral mining; and (iii) provision of financial services. The Target's business is different from that of the Company's existing business, in particular the relevant operational model, business risks and expertise required. The Target's business will be a new line of business to the Company. If the Proposed Acquisition was completed, there would be a fundamental change of the Company's business.

View of the Company

The Company considered that (i) the Target's business is in line with the business development of the Company and conforming to the common interests of the Shareholders, and the Proposed Acquisition shall not result in a change in control of the Company; (ii) having an exclusive operating rights to construct urban natural gas pipelines and network and supply natural gas and the rights to construct and operate petroleum and natural gas stations with ancillary convenience stores is a favorable sales condition that is strived for, and relied on, by oil and gas exploration and development companies. This rare condition is advantageous to the Company's oil and gas business development and represents an invaluable business development opportunity for the Company. For that business development project, the Company has already entered into a contract with 中國化學華陸工程科技有限責任公司 (China National Chemical Hualu Engineering & Technology Co., Ltd.*), a large state-owned enterprise, to enable the development project to have the relevant conditions for investment, construction and operation; (iii) the Oilfield Block 3112 owned by Madagascar Southern Petroleum Company Limited, whose 5% equity interest shall be acquired by the Company under the Proposed Acquisition, fulfills all the relevant requirements of Chapter 18 of the Listing Rules. Therefore, the Company disagrees with the ruling of the Stock Exchange and is considering to request that the ruling to be referred to the Listing Committee for review pursuant to Rule 2B.06 of the Listing Rules. The Company may also discuss and negotiate with the Vendor to amend the deal structure of the Proposed Acquisition and/or the terms and conditions of the Agreement, if it considered appropriate.

The Company shall make further announcement(s) as and when appropriate should there be any material change to the Proposed Acquisition.

STRATEGIC COOPERATION AGREEMENTS

In June 2015, the Company entered into strategic cooperation agreements with 中非發展基金有限公司 (China-Africa Development Fund Co., Ltd.*), 國聯產業投資基金管理(北京)有限公司 (Guolian Industrial Investment Fund (Beijing) Co., Ltd.*), China National Chemical Engineering Co., Ltd. and China Energy Guangxi Power Engineering Construction Co., Ltd.. Pursuant to the strategic cooperation agreements, China-Africa Development Fund Co., Ltd. and Guolian Industrial Investment Fund (Beijing) Co., Ltd. have agreed to invest in the Group's projects in Africa, subject to the fulfillment of their internal conditions, through various means, including but not limited to, making equity investments in the Company. Meanwhile, China National Chemical Engineering Co., Ltd. and China Energy Guangxi

Power Engineering Construction Co., Ltd. have agreed to participate in the Group's projects in Africa by providing engineering design and construction services. China National Chemical Engineering Co., Ltd. and China Energy Guangxi Power Engineering Construction Co., Ltd. shall also consider to invest in the Group's projects in Africa by, including but not limited to, equity investment in the Company.

Information on parties to The Strategic Cooperation Agreements

The establishment of China-Africa Development Fund Co., Ltd. is one of the eight measures announced by Mr. Hu Jintao, the then Chinese President, at the Beijing Summit of the Forum on China-Africa Cooperation in November 2006. China-Africa Development Fund Co., Ltd. was established, with the approval of the State Council, in June 2007 and is the first Chinese fund focuses on investing in projects in Africa so as to encourage and support Chinese enterprises to invest in Africa. It has a registered capital of US$5.0 billion.

Guolian Industrial Investment Fund (Beijing) Co., Ltd., an investment fund established in 2012 by 中國石油天然氣集團公司 (China National Petroleum Corporation*), one of the largest oil and gas producers and suppliers in the PRC, and various domestic commercial banks and enterprises such as 雅戈爾集團 (Youngor Group*), is specialised in investments in domestic and international oil and gas exploration and development, unconventional energy and new energy development, refining and chemical transformation, oil and gas pipelines and energy management. The registered capital of Guolian Industrial Investment Fund (Beijing) Co., Ltd. amounted to RMB58 billion.

China National Chemical Engineering Co., Ltd. is a large state-owned industrial engineering investment and construction group company under the direct administration of the State-owned Assets Supervision and Administration Commission of the State Council and is listed on the Shanghai Stock Exchange (stock code: 601117). Its principal activities are contracting of engineering and construction projects in relation to different industries such as construction, infrastructure, overseas engineering projects, chemical, petrochemicals, pharmaceutics, power and coal and the relevant technical research and design.

China Energy Guangxi Power Engineering Construction Co., Ltd., an enterprise established under the laws of the PRC, is a member of 中國能源建設集團有限公司 (China Energy Engineering Group Co., Ltd.*). China Energy Engineering Group Co., Ltd. is a state-owned energy engineering group under the direct administration of the State-owned Assets Supervision and Administration Commission of the State Council with a registered capital of RMB26 billion and is principally engaged in the provision of engineering construction services, including power planning and engineering consultation, engineering, construction, project management, equipment manufacturing, investment and operation. China Energy Guangxi Power Engineering Construction Co., Ltd. is a power construction enterprise with the qualification of Grade A general contractor in power engineering, mine development and management and housing construction accredited by China Ministry of Construction. Its core business is contracting of engineering construction projects mainly in relation to thermal power, hydropower, wind power, electric transmission and transformation, biomass power generation, power plant maintenance, housing construction, mine exploration, exploitation and operation, municipal construction, road and bridge, gas pipeline and gas station. It has extensive experiences in construction of large-scale power plants, power stations, water conservancy and hydropower, gas pipe network, gas stations, highways and civil buildings in the PRC and overseas.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 8 June 2015 and will remain suspended until further notice.

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

Hong Kong, 24 July 2015

For the purposes of this announcement, unless otherwise indicated, conversion of US$ into HK$ is calculated at the exchange rate of US$1 to HK$7.75. 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.

* *for identification purpose only*