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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hoifu Energy Group Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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(incorporated in Bermuda with limited liability)

(Stock Code: 7)

MAJOR TRANSACTION:

FORMATION OF A JOINT VENTURE SECURITIES COMPANY IN GUANGZHOU PILOT FREE TRADE ZONE, NANSHAN AREA

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DEFINITIONS

In this circular, the following terms and expressions shall have the following meanings unless the context otherwise requires:

"Announcement" the announcement of the Company dated 19 May 2016 in

relation to the Promoters' Agreement;

"Board" the board of Directors;

"CEPA" the Mainland China and Hong Kong Closer Economic

Partnership Arrangement;

"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 persons" has the meaning ascribed to it under the Listing Rules;

"Controlling Shareholder" Triumph Energy Group Limited, a company incorporated in

the British Virgin Islands and as at the date of the Announcement, holds 838,163,143 Shares, representing approximately 51.25% of the issued share capital of the

Company;

"Co-Promoters" the other co-promoters to the Promoters' Agreement (except

KTS);

"CSRC" China Securities Regulatory Commission;

"Director(s)" director(s) of the Company;

"Group" the Company and its subsidiaries;

"GYC" 廣東粵財投資控股有限公司 (Guangdong Yuechai

Investment Holdings Limited), a company incorporated in the PRC and will hold 40% of the equity interest in the JV

Securities Company;

"HK\$" Hong Kong dollars, the lawful currency of Hong Kong;

"Hong Kong" the Hong Kong Special Administrative Region of the PRC;

"JV Investment" the proposed investment to be made by KTS pursuant to the

Promoters' Agreement;

"JV Securities Company" 粤港證券股份有限公司 (Yuegang Securities Limited), a

company incorporated in the PRC;

"KTS" Karl-Thomson Securities Company Limited (高信證券有限

公司), a wholly-owned subsidiary of the Company;

DEFINITIONS

"Latest Practicable Date" 15 July 2016, being the latest practicable date prior to the

printing of this circular for ascertaining certain information

contained in this circular;

"Listing Rules" the Rules Governing the Listing of Securities on the Stock

Exchange of Hong Kong Limited;

"PRC" the People's Republic of China;

"Preparatory Working a committee to be formed for the purpose of handling all

the matters relating to the setting up of the JV Securities

Company;

"Promoters' Agreement" the promoters' agreement entered into between KTS and the

Co-Promoters in relation to the setting up of the JV

Securities Company;

"RMB" Renminbi, the lawful currency of the PRC;

"SFO" the Securities and Futures Ordinance (Chapter 571 of the

Laws of Hong Kong);

"Share(s)" ordinary share(s) in the Company of HK\$0.10 each;

"Shareholder(s)" holder(s) of the Shares;

"SHJ" 深圳市泓景投資有限公司 (Shenzhen Hongjin Investment

Limited), a company incorporated in the PRC and will hold 20% of the equity interest in the JV Securities Company;

"Stock Exchange" The Stock Exchange of Hong Kong Limited; and

"%" per cent.

Committee"

(incorporated in Bermuda with limited liability)

(Stock Code: 7)

Honorary Chairman and Senior Consultant:

Dr. Yukio Hatoyama

Executive Directors:

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. Xu Jun Jia

Mr. Cao Yu

Independent Non-Executive Directors:

Mr. Chen Weiming, Eric

Mr. Kwan Wang Wai, Alan

Mr. Ng Chi Kin, David

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Principal Place of Business

in Hong Kong:

Units 1910–12, 19th Floor

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan, Hong Kong

20 July 2016

To the Shareholders.

Dear Sirs.

MAJOR TRANSACTION IN RELATION TO THE FORMATION OF A JOINT VENTURE SECURITIES COMPANY IN GUANGZHOU PILOT FREE TRADE ZONE, NANSHAN AREA

INTRODUCTION

Reference is made to the Announcement.

On 19 May 2016 (after trading hours), KTS entered into the Promoters' Agreement with the Co-Promoters pursuant to which the parties thereto conditionally agreed to set-up a joint venture securities company in Guangzhou Pilot Free Trade Zone, Nanshan area under the framework of CEPA.

KTS conditionally agreed to invest RMB350 million in the JV Securities Company by way of subscription of 350,000,000 shares of the JV Securities Company, representing 10% equity interest thereof for an aggregate subscription price of RMB350 million.

The entering of the Promoters' Agreement and the transactions constitute a major transaction of the Company under the Listing Rules and are subject to reporting, announcement, and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules. The condition of the Shareholders' approval was fulfilled by the Controlling Shareholder having given their written approval for entering of the Promoters' Agreement and the transaction contemplated thereunder.

The purpose of this circular is to provide you with, among other things, particulars of the Promoters' Agreement and the transaction contemplated under the Promoters' Agreement.

THE PROMOTERS' AGREEMENT AND THE JV INVESTMENT

Summarised below are the principal terms of the Promoters' Agreement:

Date: 19 May 2016 (after trading hours)

Parties:

1. KTS: A wholly-owned subsidiary of the Company which will hold 10% equity interest in the JV Securities Company

equity interest in the 3 v Securities Company

2. GYC: 廣東粵財投資控股有限公司 (Guangdong Yuechai Investment

Holdings Limited), one of the Co-Promoters which will hold 40%

equity interest in the JV Securities Company

3. SHJ: 深圳市泓景投資有限公司 (Shenzhen Hongjin Investment Limited),

one of the Co-Promoters which will hold 20% equity interest in the

JV Securities Company

4. Other 3 Consisting of 2 corporate investors from Hong Kong and 1

Co-Promoters: corporate investor from the PRC, each will hold 10% of the equity

interest in the JV Securities Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, all Co-Promoters and their respective ultimate beneficial owners are independent third parties and not connected to the Company and its connected persons.

THE JV SECURITIES COMPANY

Under the special regime provided in Supplement X of the CEPA, Hong Kong-funded financial institutions which satisfy the requirements for establishing foreign-invested securities companies in the PRC is allowed to set up a joint venture securities company in accordance with the relevant requirements in certain reform experiment zones for "piloting financial reforms" as approved by the PRC.

The JV Securities Company is proposed to be set up in Guangzhou Pilot Free Trade Zone, Nanshan area by KTS and the Co-Promoters under the aforesaid framework. Its formation is subject to the approval by the CSRC and other relevant regulatory authorities in the PRC, which includes, approval from the Ministry of Commerce in the PRC and registration and filings with the Administration for Industry and Commerce of the respective province. The application for the approval by the CSRC has been filed on 16 June 2016. Once the approval from CSRC has been obtained, the JV Securities Company will proceed with (i) the application to the Ministry of Commerce in the PRC; and (ii) registration of all relevant filings with the Administration for Industry and Commerce of the respective province. It is anticipated that CSRC will take around 6 months for reviewing and granting the approval. When materialized, it is contemplated that the JV Securities Company would be principally engaged in full spectrum of securities business, including provision of securities brokerage services, securities underwriting and sponsor services, advising on securities investments, securities financing services, asset management, proprietary trading services. The actual business scope is subject to the approval from the CSRC. The Preparatory Working Committee will recruit suitable candidate/expertise for the JV Securities Company when approval is granted by CSRC. The appointment of the directors, supervisors and senior executives is subject to the prior approval/ confirmation of the CSRC.

The proposed registered capital of the JV Securities Company will be RMB3.5 billion, represented by 3,500,000,000 shares in the equity interest of the JV Securities Company. KTS and the Co-Promoters will contribute capital to the JV Securities Company in proportion to their respective equity interests therein in the aggregate amount of RMB3.5 billion in accordance with the Promoters' Agreement. The proposed registered capital of the JV Securities Company, which amounts to RMB3.5 billion, is determined after discussion amongst the Co-Promoters with reference to the expected business needs and the development plans of the JV Securities Company.

Composition of the management of the JV Securities Company

It is currently anticipated that the composition of the board of directors of the JV Securities Company will consist of 7 directors, 2 of whom will be nominated by GYC, and each of the other 5 Co-Promoters, including KTS, will nominate 1 director. The board of directors of the JV Securities Company will involve in the major decisions of the affairs of the JV Securities Company. KTS, together with the 2 Co-Promoters from Hong Kong, will nominate 1 supervisor to the board of supervisors of the JV Securities Company, which it is currently anticipated that there will be only 3 supervisors in total to the board of supervisor of the JV Securities Company. The board of supervisors of the JV Securities Company is responsible for monitoring the board of directors of the JV Securities Company.

It is currently anticipated that the Co-Promoters and the Company will not be involved in the daily operation of the JV Securities Company.

The Co-Promoters and the Company will take part in the management and decision making of the JV Securities Company through the board of directors and the board of supervisors, which is currently anticipated that the Company, together with other Co-Promoters, will participate in the formulation of development strategy and the business and management of the JV Securities Company.

Within 30 days from the date of approval of the CSRC, a preparatory working committee with 7 members (2 of whom will be nominated by GYC, and each of the other 5 Co-Promoters, including KTS, will nominate 1 member) will be formed for handling all the matters for setting up the JV Securities Company such as hiring talents.

The board composition (subject to the approval/confirmation of the CSRC) of the JV Securities Company will be identical to the Preparatory Working Committee as mentioned above.

The Company proposed to nominate Mr. Nam Kwok Lun ("Mr. Nam"), an executive Director of the Company, as a director of the JV Securities Company.

Mr. Nam is a co-founder of the Group and is in charge of the stockbroking, futures and options broking, securities margin financing business, fund management and financial advisory business. He has more than 10 years of experience in acting as responsible officer for Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

Mr. Nam has extensive experience in the securities, futures and options, securities margin financing, fund management and financial advisory industry. He has been a member of the Hong Kong Securities and Investment Institute.

THE JV INVESTMENT

Pursuant to the Promoters' Agreement, the proposed investment to be made by KTS in respect of the JV Investment will be RMB350 million in cash, and it will be in the form of shares subscription in the JV Securities Company for an aggregate of 350,000,000 shares of the JV Securities Company, representing 10% equity interest thereof, at an aggregate subscription price of RMB350 million.

The subscription price will be paid in full after the approval by CSRC in respect of the formation of the JV Securities Company is obtained. There is no current plan to inject further capital to the JV Securities Company by KTS, except RMB350 million, which is the subscription price of 10% equity interest in the JV Securities Company.

The Company intends to fund the investment by combination of either internal resources of the Group, fund raising activities and/or bank facilities that may be obtained by the Group. The Company has no concrete funding plan and is actively assessing ways to ascertain funding. Pursuant to the Securities Law (證券法) of the PRC, a formal decision in respect of the application for setting up of a securities company should be made and informed the applicant within 6 months from the date of application.

The payment of the JV Investment should be made within 10 days upon the receipt of the written notice from the Preparatory Working Committee. It is currently anticipated that KTS will settle the JV Investment (totalling RMB350 million) in full upon receipt of the said written notice and subject to the approval and/or conditions which may be prescribed by the CSRC.

Given that the application has been made to the CSRC for approval on 16 June 2016, it is anticipated that payment of the JV Investment will be payable by the end of this year or early next year.

Since there is still approximately 6 months for the payment due date, the Company is liaising with the banks to arrange for financing by bank borrowings. The Board is also considering the feasibility of placing new Shares and/or requesting the Controlling Shareholder to provide funding commitment (i) on normal commercial terms or better; and (ii) no security will be involved, which the Controlling Shareholder has preliminary agreed should this be required.

All the Co-Promoters and KTS will be entitled to share profits of the JV Securities Company in proportion to their respective equity interests in the JV Securities Company pursuant to the Promoters' Agreement.

INFORMATION ON GYC AND OTHER CO-PROMOTERS

GYC is an investment holding company incorporated in the PRC and its group is principally engaged in capital and asset management; investment in science and technology and industrial business; and corporate restructuring and merger and acquisition advisory services. As of 31 December 2015, its assets under management was approximately RMB310.7 billion.

SHJ is an investment company incorporated in the PRC and is principally engaged in investment in technology related business.

Other Co-Promoters, 2 of which are corporate investors from Hong Kong, are licensed corporation in Hong Kong within the meaning of the SFO and are licensed to carry out Type 1 (dealing in securities) regulated activity. The other corporate investor is from the PRC and has a property management business.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, all Co-Promoters and their respective ultimate beneficial owners are independent third parties and not connected to the Company and its connected persons.

INFORMATION ON KTS & THE GROUP AND REASONS FOR THE JV INVESTMENT

The Company is an investment holding company and the Group is principally engaged in the provision of financial services (including stockbroking, futures and options broking, mutual funds and insurance-linked investment plans and products advising, securities margin financing and provision of corporate finance advisory services), oil and gas exploration and production and trading of natural resources and petrochemicals.

KTS is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. It is a licensed corporation within the meaning of the SFO and is licensed to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities.

The Group has always aimed to enhance its service capacity in the financial services industry and to pursue new opportunities in the financial services industry in order to enhance values to the Shareholders. The Board believes that the JV Investment could offer a golden opportunity for the Company to embark on a new milestone in its business development in financial services industry. The JV Investment, when materialized, would offer a first-starter advantage to the Group to access to the huge and fast-growing financial markets in the PRC.

The Company has extensive knowledge in the securities markets in Hong Kong but not the PRC. The JV Securities Company can enable the Company to explore the PRC market.

The Co-Promoters are corporate investors from the PRC and Hong Kong and they have experiences in capital and asset management and advisory services in the PRC and securities business in Hong Kong respectively with different clientele and resources. In view of this, the development of securities business of the JV Securities Company would benefit from the synergies to be generated from these experiences and resources of the Co-Promoters. Further, one of the joint venture partners, GYC, is a well-established and renowned financial institution in Guangzhou. As of 31 December 2015, its assets under management was approximately RMB310.7 billion. The Board believes that the Group would be significantly benefited from the solid experience and profound resources from GYC when the Group is expanding its financial services in the new market. All of the above will assist the Company to further explore and develop the cross-border business and where appropriate, share client relationships and realize effective cross-selling such that ultimately, create strategic value and synergies to all parties.

The JV Securities Company will develop its business and clientele with the resources and experiences from the Co-Promoters, that will be based in the PRC and Hong Kong respectively. Each of the Co-Promoters have their own potential customers. As the formation of the JV Securities Company is still in progress, the Co-Promoters have not discussed concretely about identifying the potential customers for the JV Securities Company.

The JV Securities Company plans to first develop its business in Guangzhou province as one of the Co-Promoters, GYC, with its headquarter situated in Guangzhou and is more familiar with the business environment of Guangzhou. Later on, depending on the then market sentiment, the JV Securities Company may consider expanding its business in large cities of the PRC such as Shanghai.

Since the JV Securities Company has not yet set up and the development plan will be substantially dependent on the overall performance of the JV Securities Company and the global economic situation, and in addition, the Co-Promoters are still discussing the detailed development plan of the JV Securities Company, therefore, at this stage, there is no precise timetable for the development plan.

As to the expertise in other provincials, it is the current plan of the JV Securities Company to focus in Guangzhou area as the Co-Promoters which are based in the PRC have extensive experience and connections in the Guangzhou area. If the JV Securities Company is to develop in other cities, the JV Securities Company will hire appropriate senior management or develop strategic relationships with local business partners where appropriate.

It is anticipated that the JV Securities Company will set up branch office instead of a corporation in other large cities in the PRC if it decides to expand its business in the future. Approval from Ministry of Commerce and registration and filings with the Administration for Industry and Commerce are required, but further approval from CSRC is not required.

FINANCIAL EFFECTS OF THE SUBSCRIPTION

The JV Investment once materialized, will accounted for as available for sale finance asset in the Group's financial statements. The JV Investment will not have adverse material effects on the amounts of net assets of the Group immediately after completion of the JV Investment.

RECOMMENDATION

Having considered the above, the Board (including the independent non-executive Directors) considers that the entering the Promoters' Agreement by KTS has been made on normal commercial terms and conditions, and that such terms and conditions are fair and reasonable and are in the interest of the Company and the Shareholders as a whole and would recommend the Shareholders to vote in favour of the resolutions to approve the JV Investment if it had been necessary to hold a general meeting for such purpose.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval for the Promoters' Agreement and the transactions contemplated thereunder may be obtained by written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction; and (b) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction. As far as the Directors are aware after making reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Promoters' Agreement and the transactions contemplated thereunder.

As at the date of the Announcement, the Controlling Shareholder owns in aggregate 838,163,143 Shares, representing approximately 51.25% of the issued share capital of the Company, and has given its irrevocably and unconditional written approval of the Promoters' Agreement and the transactions contemplated thereunder. Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of the approval of the Promoters' Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

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

1. CONSOLIDATED FINANCIAL STATEMENTS

Audited financial information of the Group for each of the years ended 31 December 2015, 31 December 2014 and 31 December 2013 was disclosed in the annual reports of the Company published on 28 April 2016, 29 April 2015 and 29 March 2014, respectively, on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.hoifuenergy.com).

Unaudited interim financial information of the Group for each of the six months ended 30 June 2015, 30 June 2014 and 30 June 2013 was disclosed in the interim reports of the Company published on 29 September 2015, 26 September 2014 and 27 September 2013, respectively, on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.hoifuenergy.com).

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal activities of the Group include petrochemical production, oil and gas exploration and production, mineral mining business and provision of financial services.

As disclosed in 2015 annual report of the Company, revenue of the Group amounted to approximately HK\$172 million for the year ended 31 December 2015. Gross profit and net loss of the Group amounted to approximately HK\$71 million and approximately HK\$34 million respectively for the year ended 31 December 2015. Total assets and total equity amounted to approximately HK\$892 million and approximately HK\$372 million respectively as at 31 December 2015. The Group will persist to focus on the strategy of driving higher profit margin growth with continuing cost improvement. It has been the Company's business strategy to make investments that have earning potentials for the Group to expand its existing operations and to diversify its business. The Group will continue to strive for advancement in both quantity and quality of earnings and expansion of business by all means, including merger, acquisition or establishment of business ventures.

The total investment in the JV Securities Company will be RMB350 million and its formation is subject to the approval from the CSRC and other relevant regulatory authorities in the PRC.

3. INDEBTEDNESS STATEMENT

As at 31 May 2016, the Group had a unsecured and unguaranteed loan from a Director of approximately HK\$89,172,000.

As at 31 May 2016, the Group had no material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities, as at 31 May 2016, the Group did not have outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into account the internal resources and the financial support from the major shareholders to the Group, the Group would have sufficient working capital for at least 12 months from the date of this circular.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director/ chief executive	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company
Dr. Hui Chi Ming (Note 1)	Interested of controlled corporation	929,877,143	56.85%

Note 1: The shares are registered in the name of and beneficially owned as to 847,449,143 shares by Triumph Energy Group Limited ("Triumph"), 74,018,000 shares by Taiming Petroleum Group Limited ("Taiming") and 8,410,000 shares by Wisdom On Holdings Limited ("Wisdom On"). The entire share capital of Triumph is beneficially and indirectly owned as to 83.02% by Dr. Hui Chi Ming through three BVI companies, Taiming, AMA Energy Group Limited and Simply Superb Holdings Limited respectively. The entire share capital of Taiming is wholly-owned by Dr. Hui Chi Ming, AMA Energy Group Limited is directly owned as to 91.70% by Dr. Hui Chi Ming and 8.3% by Taiming and Simply Superb Holdings Limited is owned as to 9.7% by Taiming. Wisdom On is wholly-owned by Hoifu Petroleum Group Investment Limited, which is wholly owned by Dr. Hui Chi Ming.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company

referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital:

		Number of	Approximate percentage of issued share capital of the	
Name	Capacity	Shares held	Company	
Triumph (Note 1)	Beneficial owner	847,449,143	51.81%	
Taiming (Note 2)	Beneficial owner	74,018,000	4.53%	
Wisdom On (Note 3)	Beneficial owner	8,410,000	0.52%	

- Note 1: The entire issued share capital of Triumph is beneficially and indirectly owned as to 83.02% by Dr. Hui Chi Ming through three BVI companies, Taiming, AMA Energy Group Limited and Simply Superb Holdings Limited respectively.
- Note 2: The entire issued share capital of Taiming is beneficially owned by Dr. Hui Chi Ming.
- Note 3: The entire issued share capital of Wisdom On is beneficially owned by Hoifu Petroleum Group Investment Limited, which is wholly owned by Dr. Hui Chi Ming.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there were no existing or proposed service contracts between the Directors and any member of the Company which are not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group after the date two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the sale and purchase agreement dated 8 October 2014 (the "October 2014 SPA") entered into among 廣東凱富能源有限公司 (Guangdong Hoifu Energy Limited*) ("Guangdong Hoifu"), a wholly-owned subsidiary of the Company, the Company, Ms. Yang Ran, 黃河天能投資管理(北京)有限公司 (Huanghe Eternal Momentum Investment Management (Beijing) Co., Ltd.*) in respect of the acquisition of the entire equity interest in 河北攀寶沸石科技有限公司 (Hebei Panbao Zeolite Technology Co., Ltd.*) for a total consideration of RMB30,000,000;
- (b) the supplemental agreement dated 31 October 2014 entered into among the parties to the October 2014 SPA for amending the terms of the October 2014 SPA;
- (c) the subscription agreement dated 6 February 2015 entered into between the Company and Mr. Zhu Yongwen in relation to the subscription of an aggregate of 30,000,000 new Shares at an issue price of HK\$1.23 per subscription share;
- (d) the subscription agreement dated 9 February 2015 entered into between the Company and Ms. Zhou Yang in relation to the subscription of an aggregate of 30,000,000 new Shares at an issue price of HK\$1.2 per subscription share;
- (e) the sale and purchase agreement dated 10 April 2015 (the "April 2015 SPA") entered into among the Company, Hoifu Group Properties Investment Limited, a wholly-owned subsidiary of the Company and Premier Chief Holdings Limited in respect of the proposed acquisition of the entire interest in New Praise International Limited (the "April 2015 Acquisition") at the consideration of HK\$150 million;
- (f) the cooperation framework agreement dated 21 May 2015 (the "Cooperation Framework Agreement") entered into among Hoifu Energy International Investment Co Limited, an indirect wholly-owned subsidiary of the Company 馬達加斯加天然氣集團有限公司 (Madagascar Natural Gas Group Limited*), and 華陸工程科技有限責任公司 (Hua Lu Engineering & Technology Co., Ltd*) for establishing a joint company in the People's Republic of China and in Hong Kong respectively;
- (g) the supplemental agreement dated 29 May 2015 entered into among the parties to the April 2015 SPA regarding the April 2015 Acquisition for extension of the long stop date for fulfillment of the conditions of the April 2015 SPA;
- (h) the second supplemental agreement dated 2 June 2015 entered into among the parties to the April 2015 SPA regarding the April 2015 Acquisition for further extension of the long stop date for fulfillment of the conditions of the April 2015 SPA;

- (i) the contracting agreement dated 5 June 2015 for mining and stripping of copper and gold deposits entered into between Hoifu Mineral Resources Holdings Limited, a wholly-owned subsidiary of the Company and 中國能建廣西電力工程建設有限公司 (China Energy Guangxi Power Engineering Construction Co., Ltd.*);
- (j) the agreement dated 5 June 2015 (as amended and supplemented by the supplemental agreement dated 15 June 2015) (the "June 2015 SPA") entered into among, a wholly-owned subsidiary of the Company, the Company, a company beneficially wholly-owned by Dr. Hui Chi Ming, an executive Director of the Company and a controlling Shareholder and 華陸工程科技有限責任公司 in respect of the acquisition of the entire issued share capital of Madagascar Natural Gas Group Limited for a total consideration of US365.2 million;
- (k) the strategic cooperation agreements entered into among 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. in June 2015 regarding the investment in the Group's projects in Africa;
- (1) the termination agreement dated 4 August 2015 entered into among the parties to the agreement dated 5 June 2015 (as amended and supplemented by the supplemental agreement dated 15 June 2015) for terminating the June 2015 SPA;
- (m) the agreement dated 4 August 2015 (the "August 2015 SPA") entered into between Hoifu Energy Investments Holding Limited, a wholly-owned subsidiary of the Company, and Madagascar Natural Gas Group Limited in respect of the proposed acquisition of 100 ordinary shares in the capital of Oriental Bliss Holdings Limited (the "August 2015 Acquisition") for a total consideration of HK\$750,000,000;
- (n) the supplemental agreement dated 30 October 2015 entered into among the parties to the August 2015 SPA regarding the August 2015 Acquisition for extension of the long stop date for fulfillment of the conditions of the August 2015 SPA;
- (o) the second supplemental agreement dated 30 November 2015 entered into among the parties to the August 2015 SPA regarding the August 2015 Acquisition for further extension of the long stop date for fulfillment of the conditions of the August 2015 SPA;
- (p) the third supplemental agreement dated 31 December 2015 entered into among the parties to the August 2015 SPA regarding the August 2015 Acquisition further extension of the long stop date for fulfillment of the conditions of the August 2015 SPA;
- (q) the fourth supplemental agreement dated 29 January 2016 entered into among the parties to the August 2015 SPA regarding the August 2015 Acquisition for further extension of the long stop date for fulfillment of the conditions of the August 2015 SPA;

- (r) the sale and purchase agreement dated 4 February 2016 entered into between Guangdong Hoifu and 鄭建華 ("Mr. Kwong") in respect of the proposed acquisition of the entire equity interest in 北京匯興泰投資有限公司 (Beijing Huixintai Investments Limited*) at a total consideration of RMB130 million;
- (s) the cancellation agreement dated 11 February 2016 entered into between Guangdong Hoifu and Mr. Kwong for terminating the proposed acquisition of the entire equity interest in 北京匯興泰投資有限公司;
- (t) the fifth supplemental agreement dated 30 April 2016 entered into among the parties to the August 2015 SPA regarding the August 2015 Acquisition for further extension of the long stop date for fulfillment of the conditions of the August 2015 SPA;
- (u) a termination agreement dated 10 June 2016 entered into between the parties to the August 2015 SPA (as supplemented by the supplemental agreements) for terminating the August 2015 Acquisition;
- (v) a sale and purchase agreement dated 13 June 2016 entered into among the Company, Hoifu Energy Holdings Limited (a wholly-owned subsidiary of the Company) and Golden Nova Holdings Limited in respect of the acquisition of Millhaven Holdings Limited at a total consideration of RMB433,350,750 (equivalent to HK\$515,893,750); and
- (w) a subscription agreement dated 14 July 2016 entered into between the Company and Mr. Weng Tao in respect of the subscription of 50,000,000 new Shares at an issue price of HK\$0.70 per subscription share.

Save as disclosed above, no material contracts (not being contract entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding up to and including the Latest Practicable Date.

6. NO MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there were no material adverse changes in the financial or trading positions of the Group since 31 December 2015, the date to which the latest published audited consolidated financial statements of the Group were made up.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claim which would materially and adversely affect the operations of the Company is known to the Directors to be pending or threatened by or against any member of the Group.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any business or interests in business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9. INTERESTS IN ASSETS OF THE GROUP

On 31 May 2013, the Group leased from Gahood Holding Company Limited, a company wholly-owned by Dr. Hui Chi Ming, the office space located at Unit 9 (portion) and Units 10–12, 19th Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong for a term of two years at a monthly rent of HK\$180,000. Such agreement has been renewed for further two years expiring on 31 May 2017 at a monthly rent of HK\$200,000.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which had been since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Units 1910–12, 19th Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong for a period of 14 days from the date of this circular:

- (a) the bye-laws of the Company;
- (b) the annual reports of the Company for the last two financial years ended 31 December 2014 and 2015:
- (c) the material contracts referred to in the section headed "Material Contracts" in this appendix; and
- (d) this circular.

11. MISCELLANEOUS

- (a) The principal activity of the Company is an investment holding company. The principal activities of the Group include petrochemical production, oil and gas exploration and production, mineral mining business and provision of financial services.
- (b) The company secretary of the Company is Mr. Fu Wing Kwok Ewing who is a member of both American Institute of Certified Public Accountants and Hong Kong Institute of Certified Public Accountants.

- (c) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business of the Company in Hong Kong is located at Units 1910–12, 19th Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong respectively.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited which is situated at Level 22, Hopewell Centre 183 Queen's Road East Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.