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DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

On 27 May 2013, an indirect wholly-owned subsidiary of the Company, Hoifu Petroleum International entered into the JV Agreement with Zhong Gang Cheng and was approved by relevant PRC authority on 31 May 2013 for the establishment of Guangdong Hoifu Petroleum in Mao Ming, Guangdong, the PRC.

As one of applicable percentage ratios for the establishment of Guangdong Hoifu Petroleum exceeds 5% but is less than 25%, the entering into of the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Company's indirect wholly-owned subsidiaries, namely, Hoifu Energy International, Hoifu Energy Investments and Hoifu Petroleum Investments, have established wholly-owned subsidiaries in Shenzhen and Mao Ming, the PRC and in Antananarivo, Madagascar for conducting international petrochemical trading and petrol stations operation.

THE JV AGREEMENT

The principal terms of the JV Agreement are summarised as follows:

Date

27 May 2013

Parties

- (1) Hoifu Petroleum International; and
- (2) Zhong Gang Cheng

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, JV Partner and its ultimate beneficial owner are Independent Third Parties.

Formation of the JV Company and term of joint venture

The JV Company shall be owned by Hoifu Petroleum International as to 85% and Zhong Gang Cheng as to 15%.

The term of the joint venture shall be 20 years from the date on which the business licence is granted to the JV Company on 31 May 2013.

Scope of business

The scope of business of the JV Company shall be trading of petrochemical products and operation of petrol stations in the PRC and the ASEAN region.

Total capital commitment and registered capital

The total registered capital of the JV Company is RMB30,000,000, which shall be contributed as to 85% (RMB25,500,000) by Hoifu Petroleum International and as to 15% (RMB4,500,000) by JV Partner. Capital contributions shall be made in cash by the Parties. The total investment of the JV Company is RMB30,000,000. The registered capital shall be fully contributed upon formation.

The registered capital required to be paid up by Hoifu Petroleum International will be funded by internal resources of the Group.

Any transfer of the capital contribution of each Party, whether in whole or in part, is subject to approval from the other Party.

The board of directors

The board of directors of the JV Company shall consist of three directors of which two (including the chairman) shall be nominated by Hoifu Petroleum International and one shall be nominated by JV Partner.

INFORMATION OF THE PARTIES

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

Hoifu Petroleum International is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment in overseas petrochemical projects.

JV Partner is principally engaged in the research and development of environmental products technology, machinery, materials, and sales of plastic products.

REASONS FOR AND BENEFITS OF FORMING THE JV COMPANY AND WHOLLY OWNED SUBSIDIARIES

The Group has been constantly seeking opportunities to expand and venture into the petrochemical industry with economic growth potential. Upon establishment of the JV Company, the Group will tap into in the business of petrochemical trading and operation of petrol stations in the PRC especially the Guangdong Province and the ASEAN region. Also, JV Partner is active in the petroleum base in the PRC such as Mao Ming city in the Guangdong Province and it has operational experience in environmental protection in petrochemical industry. With the JV Partner's joining, the Directors are of the view that it will greatly enhance the development of petrochemical projects of the JV Company. The Directors believe that the development of petrochemical trading and operation of petrol stations by the JV Company will have attractive prospects and growth potential and represents an important part of the Group's long term development strategy in its petrochemical energy projects in giving rise to synergistic effects.

The Group has established wholly owned subsidiaries in Shenzhen and Mao Ming in the PRC and in Antananarivo in Madagascar for conducting international petrochemical trading and petrol stations operation. It is anticipated that they will contribute to the Group's market share and operating results.

The terms of the JV Agreement were agreed upon after arm's length negotiations between the Parties. The Directors, including the independent non-executive Directors, consider that the JV Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of applicable percentage ratios for the establishment of the JV Company exceeds 5% but is less than 25%, the entering into of the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

OTHER INFORMATION

On 24 May 2013, as approved by relevant PRC authority, Hoifu Energy International established Guangdong Hoifu Energy Limited ("Guangdong Hoifu Energy") in Mao Ming, Guangdong, the PRC. The registered capital of Guangdong Hoifu Energy is RMB30,000,000. Guangdong Hoifu Energy is principally engaged in trading of petrochemical products.

On 10 May 2013, as approved by relevant PRC authority, Hoifu Energy International established Shenzhen Hoifu Energy Limited ("Shenzhen Hoifu Energy") in Shenzhen, the PRC. The registered capital of Shenzhen Hoifu Energy is RMB30,000,000. Shenzhen Hoifu Energy is principally engaged in trading of petrochemical products.

As approved by relevant Madagascar authority, an indirectly wholly owned subsidiary Madagascar Hoifu Petroleum Group Limited ("Madagascar Hoifu Petroleum") has been established in Madagascar by Hoifu Petroleum Investments Holding Limited. Madagascar Hoifu Petroleum will be principally engaged in trading of petrochemical products and operation of petrol stations.

In addition, as approved by relevant Madagascar authority, an indirectly wholly owned subsidiary Madagascar Hoifu Energy Group Limited (“Madagascar Hoifu Energy”) has been established in Madagascar by Hoifu Energy Investments Holding Limited. Madagascar Hoifu Energy will be principally engaged in trading of petrochemical products.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Hoifu Energy Group Limited, a company incorporated in Bermuda with limited liability, the issued 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)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hoifu Energy International”	Hoifu Energy International Investment Co Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Hoifu Energy Investments”	Hoifu Energy Investments Holding Limited, a company incorporated in BVI and an indirect wholly-owned subsidiary of the Company
“Hoifu Petroleum International”	Hoifu Petroleum International Investment Co Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Hoifu Petroleum Investments”	Hoifu Petroleum Investments Holding Limited, a company incorporated in BVI and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third parties who are independent of, and not connected with, the Company and its connected persons
“JV Agreement”	the joint venture agreement entered into between Hoifu Petroleum International and JV Partner in respect of the formation of the JV Company

“JV Company” or “Guangdong Hoifu Petroleum”	廣東凱富石油有限公司 (Guangdong Hoifu Petroleum Limited), a limited liability company to be incorporated in the PRC pursuant to the JV Agreement
“JV Partner” or “Zhong Gang Cheng”	茂名市中港城環保科技有限公司 (Mao Ming City Zhong Gang Cheng Environmental Science and Technology Company Limited) a company incorporated in the PRC and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	collectively, Hoifu Petroleum International and JV Partner. “Party” means any of them, as the case may be
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 3 June 2013

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.