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VOLUNTARY ANNOUNCEMENT IN RELATION TO CLARIFICATION AND STATEMENT

Reference is made to the announcements of Hoifu Energy Group Limited (the “**Company**”) dated 2 September 2016, 11 September 2016, 22 September 2016, 12 September 2017 (collectively the “**September 2016 Announcements**”) and 8 November 2017 (the “**November 2017 Announcement**”, together with the September 2016 Announcements, the “**Announcements**”) respectively, in relation to the conditions of the agreed equity interest transaction and contracting arrangement of the Target. Capitalized terms used herein shall have the same meanings as those defined in the Announcements unless otherwise defined.

As disclosed in the September 2016 Announcements, pursuant to the Agreement (as supplemented by the Supplemental Agreement and the second supplemental agreement entered into among the parties to the Agreement) (the “**Amended Agreement**”) entered into among, among others, Zhang Ling, who held 45% equity interests in Hebei Panbao Zeolite Technology Co., Ltd.* (河北攀寶沸石科技有限公司) and the contracting right, Weng Tao (翁濤) and Ji Hailin (嵇海林) and related legal documents, Guangdong Hoifu Energy Limited* (廣東凱富能源有限公司), the wholly-owned subsidiary of the Company which held 55% of equity interests in Hebei Panbao Zeolite Technology Co., Ltd.* (河北攀寶沸石科技有限公司), conditionally agreed Zhang Ling to transfer 45% equity interests in Hebei Panbao Zeolite Technology Co., Ltd.* (河北攀寶沸石科技有限公司) and the contracting rights to Hoifu United Group Limited (凱富聯合集團有限公司) (of which the directors and shareholders are Weng Tao (翁濤) and Ji Hailin (嵇海林)) at a consideration of RMB200 million. Pursuant to the Amended Agreement, Hoifu United Group Limited (凱富聯合集團有限公司) shall pay an introduction fee of RMB60 million to Guangdong Hoifu Energy Limited* (廣東凱富能源有限公司).

As advised by Zhang Ling, the transfer of 45% equity interests in Hebei Panbao Zeolite Technology Co., Ltd.* (河北攀寶沸石科技有限公司) to Kaifu Chuangtong United Holdings Group Limited* (凱富創通聯合控股集團有限公司), which was designated by Hoifu United Group Limited (凱富聯合集團有限公司), has been completed in accordance with the Amended Agreement in March 2017. Following which, Zhang Ling only received RMB69 million of the payment of the equity interest transaction, and has not received the remaining payment of RMB131 million. After several failed attempts to collect the remaining payment, Zhang Ling has filed a claim against (1) Hoifu United Group Limited (凱富聯合集團有限公司) and its guarantors, namely Weng Tao (翁濤) and Ji Hailin (嵇海林) and (2) Kaifu Chuangtong United Holdings Group Limited* (凱富創通聯合控股集團有限公司) and its shareholders and directors, namely Weng Tao (翁濤) and Ji Hailin (嵇海林), at the Zhangjiakou Intermediate People's Court of Hebei Province. According to the litigation procedures and the relevant court order, the arbitration and negotiation in relation to the payment of equity interest transaction and the termination of the equity transfer agreement, as well as the demand for responsibility of both parties such as the restoration of the equity interests, are in progress. In the event that the representatives of both parties fail to reach a consensus within the timeframe designated by the court, the court will make a judgement according to the laws and regulations.

As disclosed in the September 2016 Announcements, pursuant to the Amended Agreement, Hoifu United Group Limited (凱富聯合集團有限公司) and its shareholders and directors, namely Weng Tao (翁濤) and Ji Hailin (嵇海林), shall pay an introduction fee of RMB60 million to Guangdong Hoifu Energy Limited* (廣東凱富能源有限公司) for the acquisition of 45% equity interests in Hebei Panbao Zeolite Technology Co., Ltd.* (河北攀寶沸石科技有限公司) and the contracting rights from Zhang Ling. As at the date of this announcement, Guangdong Hoifu Energy Limited* (廣東凱富能源有限公司) has only received RMB30 million of the introduction fee and the introduction fee amounting to RMB30 million remained outstanding.

As disclosed in the September 2016 Announcements, Hoifu United Group Limited (凱富聯合集團有限公司) and its shareholders and directors, namely Weng Tao (翁濤) and Ji Hailin (嵇海林) (as the contractor of the undertakings of Hebei Panbao Zeolite Technology Co., Ltd.* (河北攀寶沸石科技有限公司) and the guarantors of the Guaranteed Profit), also did not pay any contracting fee as agreed to Guangdong Hoifu Energy Limited (廣東凱富能源有限公司) or Hebei Panbao Zeolite Technology Co., Ltd.* (河北攀寶沸石科技有限公司) pursuant to the Amended Agreement. As disclosed in the November 2017 Announcement, the Group has instituted legal proceedings at the High Court of Hong Kong on 8 November 2017, in relation to the outstanding contracting fee payable by Hoifu United Group Limited (凱富聯合集團有限公司) and its shareholders and directors, namely Weng Tao (翁濤) and Ji Hailin (嵇海林), to Guangdong Hoifu Energy Limited* (廣東凱富能源有限公司) and Hebei Panbao Zeolite Technology Co., Ltd.* (河北攀寶沸石科技有限公司), in order to take legal action and file a claim for breach of the Amended Agreement committed by Hoifu United Group Limited (凱富聯合集團有限公司) and its guarantors, namely Weng Tao (翁濤) and Ji Hailin (嵇海林).

The Group would like to hereby clarify and state that the Group has no affiliate relationship with Hoifu United Group Limited* (凱富聯合集團有限公司), Kaifu Chuangtong United Holdings Group Limited* (凱富創通聯合控股集團有限公司) and their shareholders and directors, namely Weng Tao (翁濤) and Ji Hailin (嵇海林). The Group or any of the Directors has no affiliate relationship and do not assume responsibility for the multi-level marketing and economic issues allegedly involving Hoifu United Group Limited* (凱富聯合集團有限公司) and Kaifu Chuangtong United Holdings Group Limited* (凱富創通聯合控股集團有限公司) and their shareholders and directors, namely Weng Tao (翁濤) and Ji Hailin (嵇海林). Any information released or fabricated by individuals with ulterior motives implying that the Group or any of the Directors being involved in the issues is untrue, fabricated and defamatory. The Group will continue to follow up with the development of the event and take appropriate legal action to safeguard the interests of the Group and the Directors.

The Group will continue to monitor the updates of such matters and announcement(s) will be made as and when appropriate to keep the Shareholders and potential investors informed.

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

Hong Kong, 22 January 2018

As at the date of this announcement, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the Board comprises eight 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. Ren Qian, Mr. Lam Kwok Hing, M.H., J.P., and Mr. Nam Kwok Lun; and four independent non-executive Directors, namely, Mr. Chen Weiming, Eric, Mr. Kwan Wang Wai, Alan, Mr. Ng Chi Kin, David and Mr. Yim Kai Pung.

* *For identification purpose only*