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HONG KONG FINANCE INVESTMENT HOLDING GROUP LIMITED
香港金融投資控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

MAJOR AND CONNECTED TRANSACTION

THE ACQUISITION

On 11 September 2018 (after the trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Company entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target, for a consideration of HK\$2,200,000,000, which will be satisfied as to HK\$150,000,000 in cash as a refundable deposit and part payment of the consideration, and HK\$2,050,000,000 by issue of the Convertible Note.

The major assets of the Target include (i) the exclusive operating rights to construct natural gas pipelines and network, and to supply natural gas to residential, commercial and industrial premises, in the administrative regions of the Government of Antananarivo Province (the capital of Madagascar), Tamatave and Tulear, for 25 years (with a possible extension of 10 years upon mutual agreement by the respective contracting parties); and (ii) the operating rights to construct and operate a total of 300 petroleum and natural gas stations with ancillary convenience stores in the administrative regions of the Government of Antananarivo Province, Tamatave and Tulear for an operation period of 35 years.

LISTING RULES IMPLICATIONS

As the Agreement was entered into within 12 months after completion of the Previous Acquisition, and both agreements in respect of the Previous Acquisition and the Acquisition were entered into between a member of the Group and the same connected person and/or his associates, Rules 14.22 and 14A.81 of the Listing Rules regarding aggregation of transactions shall be applied to the Acquisition. Since certain applicable percentage ratios for the Acquisition and the Previous Acquisition in aggregate under the Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of the Agreement, the Vendor is beneficially wholly-owned by Dr. Hui, an executive Director and controlling Shareholder. As such, the Vendor is an associate of Dr. Hui and a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. Therefore, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

The SGM will be held for the Independent Shareholders to consider and, if thought fit, approve, by way of poll, the Agreement and transactions contemplated thereunder. As at the date of this announcement, Dr. Hui and his associates are interested in 2,975,854,542 Shares, representing approximately 74.40% of the total issued share capital of the Company. By virtue of Dr. Hui's interest in the Acquisition, Dr. Hui and his associates are required to abstain from voting for the approval of the Agreement and transactions contemplated thereunder at the SGM.

An Independent Board Committee will be established to advise the Independent Shareholders as to whether the terms of the Agreement and transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolution(s) to be proposed at the SGM to approve the Agreement and transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of the Acquisition and other disclosures required pursuant to the Listing Rules, the advices from the Independent Board Committee and the independent financial adviser together with a notice of the SGM will be despatched to the Shareholders on or before 28 November 2018 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

THE ACQUISITION

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with, among others, the Vendor on 11 September 2018 (after the trading hours of the Stock Exchange) to acquire the Sale Shares. Details of the Acquisition are set out as follows:

THE AGREEMENT

Date

11 September 2018

Parties to the Agreement

Purchaser: Hong Kong Finance Petroleum Natural Gas Group Limited (香港金控石油天然氣集團有限公司), a company incorporated in the BVI with limited liability and wholly-owned by the Company as at the date of this announcement.

Vendor: Madagascar Natural Gas Investment Group Limited, an investment holding company incorporated in the BVI with limited liability and is beneficially wholly-owned by Dr. Hui, an executive Director and controlling Shareholder, as at the date of this announcement. Accordingly, the Vendor is an associate of Dr. Hui and a connected person of the Company under Chapter 14A of the Listing Rules.

Issuer: the Company.

Assets to be acquired

The assets to be acquired under the Agreement are the Sale Shares, being 10,000 ordinary shares of US\$1 each in the issued share capital of the Target, representing the entire issued share capital of the Target.

Consideration

The total consideration for the Acquisition is HK\$2,200,000,000, which shall be satisfied as to (i) HK\$150,000,000 (or an equivalent amount in RMB) in cash as a refundable deposit and part payment of the consideration to be paid within one month after the signing of the Agreement; and (ii) HK\$2,050,000,000 by issue of the Convertible Note. In the event of termination or rescission of the Agreement, the Vendor shall refund the deposit received in full to the Purchaser within one month from the date of termination or rescission of the Agreement. The cash consideration shall be funded by internal resources of the Group.

The consideration of the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, one of the conditions precedent to completion of the Agreement that the value of the Target to be appraised by an independent valuer appointed by the Company and the Purchaser being not less than HK\$2,200,000,000.

Principal terms of the Convertible Note

The terms of the Convertible Note were negotiated on an arm's length basis and the principal terms of which are summarized below:

Issuer:	the Company
Principal amount:	HK\$2,050,000,000
Issue price:	100% of the principal amount of the Convertible Note
Interest:	Nil
Maturity date:	the third anniversary of the date of issue of the Convertible Note
Conversion price:	the initial conversion price is HK\$1 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Convertible Note. Events triggering adjustments on conversion price include share consolidation, share subdivision, capitalization of profits or reserves, capital distribution, rights issue, open offer and equity or equity derivatives issues.

The initial conversion price of HK\$1 represents:

- (i) a premium of approximately 13.6% over the closing price of HK\$0.88 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 11.9% over the average of the closing prices of approximately HK\$0.894 per Share as quoted on the Stock Exchange over the last five trading days up to and including the Last Trading Day;

- (iii) a premium of approximately 10.5% over the average of the closing prices of approximately HK\$0.905 per Share as quoted on the Stock Exchange over the last ten trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 33.91% to the net asset value of approximately HK\$1.513 per Share, calculated based on the unaudited consolidated net asset attributable to owners of the Company of approximately HK\$6,052,864,000 as at 30 June 2018 and 4,000,000,000 Shares in issue as at the date of this announcement.

The initial conversion price of the Convertible Note was arrived at after arm's length negotiations between the Company, the Purchaser and the Vendor with reference to the prevailing market price of the Shares.

Conversion rights:

the Convertible Note carries the rights to convert the whole or part of the outstanding principal amount thereof into Conversion Shares at the initial conversion price of HK\$1 per Conversion Share during the conversion period at the discretion of the holder(s) of the Convertible Note provided that the allotment and issue of the Conversion Shares upon exercise of the conversion right will not cause the Company to be in breach of the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules.

Conversion period: the period commencing on the date immediately after the date of issue of the Convertible Note and expiring on the date falling on the seventh day immediately before the maturity date of the Convertible Note.

Conversion Shares: the Conversion Shares will rank pari passu in all respects with the fully paid Shares in issue on the relevant conversion date and shall entitle the holder(s) to participate in full in all dividend or other distribution paid or made on the Shares after the relevant conversion date other than any dividend or other distribution previously declared, or recommended or resolved to be paid or made if the record date therefor falls on or before the relevant conversion date.

Assuming that the Convertible Note is fully converted into Conversion Shares at the initial conversion price of HK\$1 per Conversion Share, a total of 2,050,000,000 Conversion Shares will be issued, which represent approximately 51.25% of the existing issued share capital of the Company and approximately 33.88% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Note.

The Conversion Shares will be issued under a specific mandate, which will be sought at the SGM. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

Application of listing: no applications will be made by the Company to the Stock Exchange or any other stock exchange for the listing of the Convertible Note.

Early redemption: the Company has the right to redeem the Convertible Note at any time before the maturity date at 100% of the outstanding principal amount of the Convertible Note.

Transferability: the Convertible Note shall be freely transferable to any person, provided that any transfer to a connected person of the Company are subject to compliance with the relevant requirements and provisions under the Listing Rules and applicable laws and regulations.

Voting rights: the holder(s) of the Convertible Note shall not be entitled to attend or vote at any meeting of the Company by reason only of it/him/her/them being the holder(s) of the Convertible Note.

Conditions precedent

Completion of the Acquisition is conditional upon, inter alia,:

- (i) the Board having approved the Agreement and transactions contemplated thereunder;
- (ii) the Shareholders, other than those required to abstain from voting under the Listing Rules, having approved the Agreement and the transactions contemplated thereunder at the SGM;
- (iii) the Purchaser and the Company being satisfied with the results of the financial and legal due diligence on the Target;
- (iv) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Conversion Shares; and
- (v) the valuation of the Target to be appraised by an independent valuer appointed by the Company and the Purchaser being not less than HK\$2,200,000,000.

Completion of the Acquisition shall take place on the date on which all the conditions precedent of the Acquisition having been satisfied. If the conditions shall not have been fulfilled by 15 December 2018 or such later date as the parties to the Agreement may agree in writing, the Agreement shall be terminated and of no effect.

INFORMATION ON THE TARGET

The Target was incorporated in the BVI with limited liability in 2015. Dr. Hui was the sole ultimate beneficial owner of the Target as at the date of the Agreement. The Target owns the Gas Supply Rights and Petrol Station Operating Rights, details of which are set out in the section headed “Gas Supply Rights and Petrol Station Operating Rights” below.

As at the date of this announcement, save for preliminary project design and planning, no significant works for the construction of the natural gas pipelines and network and petroleum and natural gas stations have been carried out. Save as disclosed above, the Target has not commenced any significant business operation and does not have any material asset as at the date of this announcement.

The Target was established by the Vendor with an initial capital contribution of US\$10,000. Up to the date of the Agreement, the original investment cost of the Vendor for its investment in the Target, including the costs for acquisition of the Gas Supply Rights and the Petrol Station Operating Rights, amounted to approximately US\$210 million (equivalent to approximately HK\$1,638 million). No significant investment costs have been incurred by Dr. Hui for his investment in the Target and acquisition of the Gas Supply Rights and the Petrol Station Operating Rights.

Gas Supply Rights and Petrol Station Operating Rights

In 2014, Madagascar Southern Petroleum, entered into the Natural Gas Supply Agreements with the Government of Antananarivo Province, the Municipal Government of Tamatave and the Municipal Government of Tulear respectively. Pursuant to the Natural Gas Supply Agreements, the respective government agreed to grant an exclusive operating right to Madagascar Southern Petroleum in respect of the supply of natural gas to the government departments, industrial area and residential area of the administrative regions of the Government of Antananarivo Province, Tamatave and Tulear for an initial period of 25 years, with a possible extension of 10 years upon mutual agreement by the respective contracting parties. Madagascar Southern Petroleum would be responsible for the investment, construction, development and operation of the facilities required for the supply and distribution of natural gas in the three administrative regions and the selling price of the natural gas products shall be determined by Madagascar Southern Petroleum with reference to the then market conditions.

During May and June 2015, Madagascar Southern Petroleum and the Target entered into the Licensing Agreements with the Government of Antananarivo Province, the Municipal Government of Tamatave and the Municipal Government of Tulear respectively, pursuant to which (i) the parties to the respective Licensing Agreements agreed that the exclusive rights granted to Madagascar Southern Petroleum under the respective Natural Gas Supply Agreements shall be assigned to the Target; and (ii) the respective governments granted to the Target the exclusive operating rights for the development, construction and operation of natural gas pipelines and network for natural gas supply for residential, commercial and industrial premises in the administrative regions of the Government of Antananarivo Province, Tamatave and Tulear for an initial period of 25 years, with a possible extension of 10 years upon mutual agreement by the respective contracting parties, and the operating rights for construction and operation of 100 petroleum and natural gas stations with ancillary convenience stores in each of the three areas, namely the administrative regions of the Government of Antananarivo Province, Tamatave and Tulear (a total of 300 petroleum and natural gas stations with ancillary convenience stores) for a period of 35 years. Pursuant to the terms of the Licensing Agreements entered into with the respective governments, the selling price of the petroleum and natural gas shall be determined by the Target with reference to the then market conditions taking into account the then market prices of petroleum and natural gas. The respective Licensing Agreements have been notarized by the Ministry of Foreign Affairs of the Republic of Madagascar and the Embassy of the People's Republic of China in the Republic of Madagascar.

Financial Information of the Target

Based on the unaudited management accounts of the Target, which have been prepared in accordance with accounting principles generally accepted in Hong Kong, the financial information of the Target is summarized as follows:

	For the year ended	
	31 December	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before taxation	46,867	46,537
Net loss after taxation	<u>46,867</u>	<u>46,537</u>
		As at
		31 December
		2017
		<i>HK\$'000</i>
Net assets		<u>1,495,615</u>

REASONS FOR THE ACQUISITION

The Company is an investment holding company and the principal activities of the Group include property development and investment, trading of electronic products, oil and gas exploration and production, mineral mining, and provision of financial services. Upon completion of the Acquisition, the Target will become an indirect wholly-owned subsidiary of the Company and its results will be consolidated into the Group's accounts.

With reference to the statistics from World Bank Group, the real gross domestic product (“GDP”) growth rate of Madagascar increased from 3.1% in 2015 to 4.1% (estimate) in 2017 and it is forecasted that the real GDP will further grow at a rate of 5.1% in 2018, 5.6% in 2019 and 5.3% in 2020. Given the continuous growth in the economy of Madagascar, the Company considers that the demand for petroleum and natural gas stations and natural gas for residential, commercial and industrial uses in the major cities of Madagascar shall increase in the future. Meanwhile, with the Group’s presence and experiences in the oil and gas business in Madagascar, the Directors (excluding the members of the Independent Board Committee who will opine on the Acquisition after taking into account the advices to be received from the independent financial adviser) expect that the participation in the business of supply of natural gas and operation of petroleum and natural gas stations through the Acquisition will create synergy to the Group’s existing oil and gas business by securing a reliable distribution networks for petroleum and gas which might be possibly produced in oilfield block of the Group in the future.

In view of the above, the Directors (excluding the members of the Independent Board Committee who will opine on the Acquisition after taking into account the advices to be received from the independent financial adviser) are of the opinion that the Agreement is on normal commercial terms and the terms of the Agreement are fair and reasonable, and the entering into of the Agreement is in the interests of the Company and Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding in the Company as at the date of this announcement and, for illustrative purposes only, (i) upon full conversion of the Convertible Note; and (ii) upon conversion of the Convertible Note, subject to the conversion restriction, each prepared on the basis that there would be no changes in the issued share capital of the Company after the date of this announcement other than as stated in each scenario.

	As at the date of this announcement		Upon full conversion of the Convertible Note (Note 2)		Upon conversion of the Convertible Note, subject to the conversion restriction (Note 3)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Hong Kong Finance Equity Management Limited (Note 1)	932,575,143	23.31	932,575,143	15.41	932,575,143	22.76
Hong Kong Finance Equity Investment Limited (Note 1)	964,560,284	24.12	964,560,284	15.95	964,560,284	23.55
Hong Kong Finance Equity Holding Limited (Note 1)	1,078,719,115	26.97	1,078,719,115	17.83	1,078,719,115	26.33
The Vendor	–	–	2,050,000,000	33.88	96,581,832	2.36
	2,975,854,542	74.40	5,025,854,542	83.07	3,072,436,374	75.00
Other public Shareholders	1,024,145,458	25.60	1,024,145,458	16.93	1,024,145,458	25.00
	<u>4,000,000,000</u>	<u>100.00</u>	<u>6,050,000,000</u>	<u>100.00</u>	<u>4,096,581,832</u>	<u>100.00</u>

Notes:

1. These companies are beneficially wholly-owned by Dr. Hui as at the date of this announcement.
2. This scenario is shown for illustrative purpose only and will not exist in reality as the conversion of the Convertible Note is subject to the conversion restriction set out in note 3 below.
3. Pursuant to the terms of the Convertible Note, the conversion of the Convertible Note is subject to the condition that the allotment and issue of the Conversion Shares upon exercise of the conversion right will not cause the Company to be in breach of the minimum public float requirement stipulated under the Listing Rules.

LISTING RULES IMPLICATIONS

As the Agreement was entered into within 12 months after completion of the Previous Acquisition, and both agreements in respect of the Previous Acquisition and the Acquisition were entered into between a member of the Group and the same connected person and/or his associates, Rules 14.22 and 14A.81 of the Listing Rules regarding aggregation of transactions shall be applied to the Acquisition. Since certain applicable percentage ratios for the Acquisition and the Previous Acquisition in aggregate under the Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of the Agreement, the Vendor is beneficially wholly-owned by Dr. Hui, an executive Director and controlling Shareholder. As such, the Vendor is an associate of Dr. Hui and a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. Therefore, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. As Dr. Hui has a material interest in the Acquisition, Dr. Hui and Mr. Xu Jun Jia, being a son and an associate of Dr. Hui, had abstained from voting on the board resolution for approving the Agreement and transactions contemplated thereunder.

GENERAL

The SGM will be held for the Independent Shareholders to consider and, if thought fit, approve, by way of poll, the Agreement and transactions contemplated thereunder. As at the date of this announcement, Dr. Hui and his associates are interested in 2,975,854,542 Shares, representing approximately 74.40% of the total issued share capital of the Company. By virtue of Dr. Hui's interest in the Acquisition, Dr. Hui and his associates are required to abstain from voting for the approval of the Agreement and transactions contemplated thereunder at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, no other Shareholders have any material interest in the Acquisition which is different from other Shareholders and therefore no other Shareholders are required to abstain from voting at the SGM to approve the Agreement and transactions contemplated thereunder.

An Independent Board Committee will be established to advise the Independent Shareholders as to whether the terms of the Agreement and transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolution(s) to be proposed at the SGM to approve the Agreement and transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of the Acquisition and other disclosures required pursuant to the Listing Rules, the advices from the Independent Board Committee and the independent financial adviser together with a notice of the SGM will be despatched to the Shareholders on or before 28 November 2018 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares, representing the entire issued share capital of the Target, by the Purchaser from the Vendor in accordance with the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 11 September 2018 entered into among the Purchaser, the Vendor and the Company in relation to the Acquisition

“Antananarivo Licensing Agreement”	the agreement dated 12 June 2015 entered into among the Government of Antananarivo Province, Madagascar Southern Petroleum and the Target in relation to, inter alia, (i) the assignment of the exclusive rights granted to Madagascar Southern Petroleum under the Antananarivo Natural Gas Supply Agreement to the Target; and (ii) the granting of rights to the Target for the development, construction and operation of natural gas pipelines and network for natural gas supply for residential, commercial and industrial premises in the administrative region of the Government of Antananarivo Province for 25 years, with a possible extension of 10 years upon mutual agreement by the contracting parties, and construction and operation of 100 petroleum and natural gas stations with ancillary convenience stores in Antananarivo Province for an operation period of 35 years
“Antananarivo Natural Gas Supply Agreement”	the natural gas supply agreement dated 24 November 2014 entered into between the Government of Antananarivo Province and Madagascar Southern Petroleum in relation to the granting of exclusive rights to Madagascar Southern Petroleum for the supply of natural gas in the administrative region of the Government of Antananarivo Province
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Hong Kong Finance Investment Holding 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 person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Share(s)”	new Share(s) to be issued by the Company upon conversion of the Convertible Note
“Convertible Note”	the convertible note of a principal amount of HK\$2,050,000,000 with an initial conversion price of HK\$1 per Conversion Share to be issued by the Company, as part of the consideration for the Acquisition, to the Vendor in accordance with the terms and conditions of the Agreement
“Director(s)”	the director(s) of the Company
“Dr. Hui”	Dr. Hui Chi Ming, <i>G.B.S., J.P.</i> , Chairman of the Board, an executive Director and controlling Shareholder
“Gas Supply Rights”	the exclusive operating rights to construct natural gas pipelines and network and supply natural gas to residential, commercial and industrial premises in the administrative regions of the Government of Antananarivo Province, Tamatave and Tulear, for 25 years, with a possible extension of 10 years upon mutual agreement by the respective contracting parties, granted to the Target pursuant to the Natural Gas Supply Agreements and the Licensing Agreements
“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 PRC
“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors established for the purpose of giving recommendations to the Independent Shareholders in respect of the Acquisition

“Independent Shareholder(s)”	Shareholder(s) other than Dr. Hui and his associates who are interested in the Acquisition
“Last Trading Day”	11 September 2018, being the last trading day of the Shares on the Stock Exchange before the publication of this announcement
“Licensing Agreements”	the Antananarivo Licensing Agreement, the Tamatave Licensing Agreement and the Tulear Licensing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madagascar”	the Republic of Madagascar
“Madagascar Southern Petroleum”	Madagascar Southern Petroleum Company Limited (馬達加斯加南方石油有限公司*), a company incorporated in the BVI with limited liability
“Natural Gas Supply Agreements”	the Antananarivo Natural Gas Supply Agreement, the Tamatave Natural Gas Supply Agreement and the Tulear Natural Gas Supply Agreement
“Petrol Station Operating Rights”	the rights to construct and operate 100 petroleum and natural gas stations with ancillary convenience stores in each of the administrative regions of the Government of Antananarivo Province, Tamatave and Tulear for an operation period of 35 years granted to the Target under the Licensing Agreements
“PRC”	the People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Previous Acquisition”	the acquisition of the entire issued share capital of New Guangdong Merchants Investment Holding Group Limited by Hoifu Energy Holdings Limited, a wholly-owned subsidiary of the Company, from Hoifu Group Investment Holdings Limited, a company beneficially wholly-owned by Dr. Hui, which was completed on 28 February 2018 and details of which are set out in the circular of the Company dated 29 January 2018
“Purchaser”	Hong Kong Finance Petroleum Natural Gas Group Limited (香港金控石油天然氣集團有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	10,000 ordinary shares of US\$1 each in the issued share capital of the Target, representing the entire issued share capital of the Target
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if though fit, approving the Agreement and transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tamatave Licensing Agreement”

the Licensing agreement dated 15 May 2015 entered into among the Municipal Government of Tamatave, Madagascar Southern Petroleum and the Target in relation to, inter alia, (i) the assignment of the exclusive rights granted to Madagascar Southern Petroleum under the Tamatave Natural Gas Supply Agreement to the Target; and (ii) the granting of rights to the Target for the development, construction and operation of natural gas pipelines and network for natural gas supply for residential, commercial and industrial premises in the administrative region of the Government of Tamatave for 25 years, with a possible extension of 10 years upon mutual agreement by the contracting parties, and construction and operation of 100 petroleum and natural gas stations with ancillary convenience stores in Tamatave for an operation period of 35 years

“Tamatave Natural Gas Supply Agreement”

the natural gas supply agreement dated 24 November 2014 entered into between the Municipal Government of Tamatave and Madagascar Southern Petroleum in relation to the granting of exclusive rights to Madagascar Southern Petroleum for the supply of natural gas in the administrative region of the Government of Tamatave

“Target”

Madagascar Natural Gas Group Limited (馬達加斯加天然氣集團有限公司), a company incorporated in the BVI with limited liability

“Tulear Licensing Agreement”	the Licensing agreement dated 21 May 2015 entered into among the Municipal Government of Tulear, Madagascar Southern Petroleum and the Target in relation to, inter alia, (i) the assignment of the exclusive rights granted to Madagascar Southern Petroleum under the Tulear Natural Gas Supply Agreement to the Target; and (ii) the granting of rights to the Target for the development, construction and operation of natural gas pipelines and network for natural gas supply for residential, commercial and industrial premises in the administrative region of the Government of Tulear for 25 years, with a possible extension of 10 years upon mutual agreement by the contracting parties, and construction and operation of 100 petroleum and natural gas stations with ancillary convenience stores in the administrative region of the Government of Tulear for an operation period of 35 years
“Tulear Natural Gas Supply Agreement”	the natural gas supply agreement dated 19 November 2014 entered into between the Municipal Government of Tulear and Madagascar Southern Petroleum in relation to the granting of exclusive rights to Madagascar Southern Petroleum for supply of natural gas in the administrative region of the Government of Tulear
“US\$”	United States dollar, the lawful currency of the United States of America
“Vendor”	Madagascar Natural Gas Investment Group Limited (馬達加斯加天然氣投資集團有限公司), a company incorporated in the BVI with limited liability
“%”	per cent

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\$7.8. 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.

By order of the Board
Hong Kong Finance Investment Holding Group Limited
Dr. Hui Chi Ming, G.B.S., J.P.
Chairman

Hong Kong, 11 September 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. Ngan Kam Biu, Stanford, Mr. Ng Chi Kin, David and Mr. Yim Kai Pung.

* *for identification purpose only*