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# **IDG Energy**

## **IDG ENERGY INVESTMENT GROUP LIMITED**

### **IDG 能源投資集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 650)**

### **PROPOSED ISSUE OF NEW ORDINARY SHARES UNDER SPECIFIC MANDATE**

#### **AND**

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

#### **THE SUBSCRIPTION**

The Board is pleased to announce that on 13 December 2017 (after trading hours of the Stock Exchange), the Company and the Subscribers entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue a total of 1,485,000,000 Subscription Shares at an aggregate Subscription Price of HK\$1,485 million to the Subscribers, and each of the Subscribers shall subscribe for 297,000,000 Subscription Shares at an aggregate Subscription Price of HK\$297 million. The Subscribers are all subsidiaries of Foxconn Technology, a world-famous electronics manufacturer.

Assuming that there will be no other change in the total number of the issued Ordinary Shares between the date of this announcement and Completion save for the allotment and issue of the Subscription Shares, the Subscription Shares, in aggregate, represent: (i) approximately 32.22% of the existing issued Ordinary Shares of the Company as at the date of this announcement; and (ii) approximately 24.37% of the issued Ordinary Shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

The gross proceeds from the Subscription will be HK\$1,485 million. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$1,483 million. The net proceeds from the Subscription are intended to be applied for (i) investments in the natural gas industry along the value chain, including, among others, LNG Terminal projects and related business; (ii) expanding the business of the Group through investments in other oil and gas companies or projects; and (iii) other investments for the future development of the Group that is in line with the Group's business strategies.

\* For identification purposes only

The Subscription Shares will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the SGM by an ordinary resolution.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board also proposes to increase its authorised share capital from HK\$130,000,000 to HK\$160,000,000 by the creation of an additional 3,000,000,000 unissued Ordinary Shares of HK\$0.01 each in order to have greater flexibility to accommodate future expansion and growth of the Group.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment (or waiver, if applicable) of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **I. INTRODUCTION**

The Board is pleased to announce that on 13 December 2017 (after trading hours of the Stock Exchange), the Company and the Subscribers entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue a total of 1,485,000,000 Subscription Shares at an aggregate Subscription Price of HK\$1,485 million to the Subscribers, and each of the Subscribers shall subscribe for 297,000,000 Subscription Shares at an aggregate Subscription Price of HK\$297 million.

The Board also proposes to increase its authorised share capital in order to have greater flexibility to accommodate future expansion and growth of the Group.

## **II. PROPOSED ISSUE OF NEW ORDINARY SHARES UNDER SPECIFIC MANDATE**

### **1. The Subscription Agreement**

The principle terms of the Subscription Agreement are summarized as follows:

#### *Date*

13 December 2017 (after trading hours of the Stock Exchange)

#### *Parties to the Subscription Agreement*

- (i) the Company, as the issuer of the Subscription Shares; and
- (ii) Subscriber A, Subscriber B, Subscriber C, Subscriber D and Subscriber E, as the Subscribers for the Subscription Shares.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscribers and their ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

### *Subscription Shares*

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue a total of 1,485,000,000 Subscription Shares at an aggregate Subscription Price of HK\$1,485 million to the Subscribers, and each of the Subscribers shall subscribe for 297,000,000 Subscription Shares at an aggregate Subscription Price of HK\$297 million.

Assuming that there will be no other change in the total number of the issued Ordinary Shares between the date of this announcement and Completion save for the allotment and issue of the Subscription Shares, the Subscription Shares, in aggregate, represent:

- (i) approximately 32.22% of the existing issued Ordinary Shares of the Company as at the date of this announcement; and
- (ii) approximately 24.37% of the issued Ordinary Shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is HK\$14,850,000.

### *Subscription Price*

The Subscription Price of HK\$1.00 per Subscription Share represents:

- (i) a discount of approximately 27.01% to the closing price of HK\$1.37 per Ordinary Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 29.68% to the average closing price of HK\$1.422 per Ordinary Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day.

The net Subscription Price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$0.999.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscribers with reference to the recent market prices and performance of the Ordinary Shares and the current market conditions, after taking into account the reasons for and benefits of the Subscription as elaborated below. The Directors are of the view that the Subscription Price is on normal commercial terms, and is fair and reasonable, and the Subscription is in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price will be paid by the Subscribers to the Company in cash at Completion.

### *Ranking of the Subscription Shares*

The Subscription Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Ordinary Shares in issue as at the date of the allotment and issue of the Subscription Shares.

### *Lock-up Undertakings*

Pursuant to the Subscription Agreement, each of the Subscribers has undertaken to the Company that it shall not sell, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the Subscription Shares without the prior written consent of the Company, during twelve (12) months (for Subscriber A, Subscriber B, Subscriber C and Subscriber D)/six (6) months (for Subscriber E) from the respective dates of issue of the Subscription Shares, except that each Subscriber may transfer its Subscription Shares to its affiliates.

### *Nomination of Non-executive Directors*

The Subscribers have the right to jointly nominate a certain number of non-executive Director(s) (the “**Subscriber Nominee(s)**”) as long as the Subscribers maintain, in aggregate, a shareholding of 5% or more in the total number of the issued Ordinary Shares of Company on a fully-diluted and as-converted basis based on the following formula below:

*the number of the Subscriber Nominee(s) = the total number of the Directors X the aggregate shareholding percentage of the Subscribers in the total issued Ordinary Shares on a fully-diluted and as-converted basis (rounding down to the nearest whole number), provided that the number of the Subscriber Nominee(s) shall not be less than one*

The appointment of the Subscriber Nominee(s) will be subject to common and usual standards and policies generally applicable to the appointment and nomination of a Director. The Company will make the requisite announcement for Director’s appointment in accordance with the Listing Rules as and when appropriate.

### *Conditions Precedent of the Subscription*

Completion is subject to the following conditions:

- (i) the Specific Mandate being approved by the requisite majority of Shareholders at the SGM;
- (ii) the Listing Committee granting approval for the listing of, and permission to deal in, the Subscription Shares and such approval having not been withdrawn by the Listing Committee;
- (iii) there having been no material adverse change;
- (iv) the listing of the Ordinary Shares on the Stock Exchange not having been cancelled or withdrawn and not having been required to be cancelled by the Stock Exchange or the Securities and Futures Commission; and the Ordinary Shares continuing to be traded on the Stock Exchange at all times (save for any temporary suspension pending the announcement of the Company or such other period as the Subscribers may agree);
- (v) all necessary consents from third parties having been obtained by the Group;
- (vi) there being no approval authority or any other person that has: (i) instituted or threatened any action or investigation to restrain, prohibit or otherwise challenge the issue of the Subscription Shares or any of the transactions contemplated under the Subscription Agreement; (ii) threatened to take any action as a result of or in anticipation of the implementation of the transactions contemplated under the Subscription Agreement; and (iii) instituted or threatened any action for the delisting of or suspension of trading of the Ordinary Shares on the Stock Exchange;
- (vii) there having been no statute, regulation or decision which would prohibit or restrict the execution, delivery or performance of the Subscription Agreement or the consummation of the transactions contemplated under the Subscription Agreement enacted or taken by any approval authority;
- (viii) the warranties under the Subscription Agreement being true, accurate and correct in all respects and each party having performed in all respects all its obligations under the Subscription Agreement to be performed before Completion;
- (ix) there having been delivered to the Subscribers a Completion certificate from the Company confirming that all the above conditions precedent (except for the conditions precedent on the part of the Subscribers) have been met; and
- (x) completion of the due diligence investigation relating to the Group and the results being reasonably satisfactory to the Subscribers.

The conditions precedent set out in paragraphs (i), (ii), (vi) and (vii) above are not waivable by any party to the Subscription Agreement, and the conditions precedent set out in paragraph (iii) to (v), (ix) and (x) above can be waived by the Subscribers jointly in writing. Completion condition (viii) above can be waived by the Company on the warranties and obligations of the Subscribers and by the Subscribers jointly on the warranties and obligations of the Company in writing, respectively.

### *Completion*

Completion of the Subscription shall take place within three (3) Business Days after fulfilment (or waiver, if applicable) of the conditions precedent as described above, or such other date as agreed in writing by the Company and the Subscribers.

If any of the conditions precedent is not fulfilled or waived prior to the Long-stop Date, the Subscription Agreement will cease to be of any effect, save for claims arising out of any antecedent breaches thereof.

## **2. Specific Mandate to Issue the Subscription Shares**

The Subscription Shares will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the SGM by an ordinary resolution.

## **3. Application for Listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **4. Reasons for and Benefit of the Subscription and Use of Proceeds**

The principal activity of the Company is investment holding. The principal activities of the Group consist of upstream crude oil exploration, development and production. As disclosed in the interim results announcement of the Company for the six months ended 30 September 2017, the Group has successfully developed a more diversified and balanced portfolio through selective investments regarding oil and gas assets in the PRC and abroad. The Company believes that natural gas will be an attractive sector of energy with potential opportunities. In the first half of financial year 2017, the Group has stepped into natural gas industry with a focus on Chinese domestic market and it will continue to look for opportunities to invest in natural gas and liquified natural gas (LNG) projects both in the PRC and North America with a view to capturing the energy industry opportunities and enhancing the Group's asset portfolio and overall investment return.

The Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate means of raising additional capital for the business development of the Group since it will provide the Company with immediate funding and the shareholders' base of the Company will be broadened. The Directors consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable.

In addition, the Directors are of the view that the new shareholder, as a world-class multinational group and one of the world's largest electronics manufacturers, can bring strategic value-adding and unique resources to the Company. The Company expects that its business development and operation will benefit from Foxconn Technology's global network, customer resources, public relationship as well as its leading experience of operational excellence.

The gross proceeds from the Subscription will be HK\$1,485 million. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$1,483 million. The net proceeds from the Subscription are intended to be applied for (i) investments in the natural gas industry along the value chain, including, among others, LNG terminal projects and related business; (ii) expanding the business of the Group through investments in other oil and gas companies or projects; and (iii) other investments for the future development of the Group that is in line with the Group's business strategies.

## 5. Equity Fund Raising Activities in the Past Twelve-month Period

The Company has not carried out any equity fund raising activity in the twelve months immediately prior to the date of this announcement.

## 6. Effects on Shareholding Structure

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Completion (assuming that there will be no other change in the total number of the issued Ordinary Shares from the date of this announcement to the date of Completion save for the allotment and issue of the Subscription Shares) are summarised as follows:

	As at the date of this announcement		Immediately following the Completion	
	<i>Number of Ordinary Shares</i>	<i>% Approximate</i>	<i>Number of Ordinary Shares</i>	<i>% Approximate</i>
Titan Gas	2,241,147,200	48.62	2,241,147,200	36.77
Lin Dongliang <sup>(Note 1)</sup>	12,910,000	0.28	12,910,000	0.21
Subscriber A <sup>(Note 2)</sup>	—	—	297,000,000	4.87
Subscriber B <sup>(Note 2)</sup>	—	—	297,000,000	4.87
Subscriber C <sup>(Note 2)</sup>	—	—	297,000,000	4.87
Subscriber D <sup>(Note 2)</sup>	—	—	297,000,000	4.87
Subscriber E <sup>(Note 2)</sup>	—	—	297,000,000	4.87
Public Shareholders	<u>2,355,346,851</u>	<u>51.10</u>	<u>2,355,346,851</u>	<u>38.65</u>
<b>Total</b>	<u><u>4,609,403,851</u></u>	<u><u>100</u></u>	<u><u>6,094,403,851</u></u>	<u><u>100</u></u>

*Note 1:* As at the date of this announcement, Mr. Lin Dongliang, a non-executive Director, beneficially held 12,910,000 Ordinary Shares, which shall not be counted for public Ordinary Shares.

*Note 2:* Subscriber A, Subscriber B, Subscriber C, Subscriber D and Subscriber E are all subsidiaries of Foxconn Technology. It is expected that Foxconn Technology will hold over 10% of the total number of the issued Ordinary Shares through the Subscribers upon Completion, and accordingly Foxconn Technology and the Subscribers will become connected persons of the Company. The Ordinary Shares held by Foxconn Technology through the Subscribers will not be counted for the public float shares of the Company.

Based on the above shareholding structure of the Company, the Board expects that the Company will continue to maintain sufficient public float to comply with the minimum public float requirement set out in the Listing Rules.

## **7. Undertaking of the Controlling Shareholder**

On 13 December 2017, Titan Gas, Mr. Wang Jingbo and IDG-Accel China Capital GP II Associates Ltd. issued a deed of undertaking to the Subscribers to jointly and severally undertake that, among others, Titan Gas will not and Mr. Wang Jingbo and IDG-Accel China Capital GP II Associates Ltd. will procure that Titan Gas will not, dispose of the Ordinary Shares held by it if immediately following such disposal Titan Gas will cease to be the controlling shareholder of the Company, as long as the Subscribers aggregately hold 5% or more in the total number of the issued Ordinary Shares on a fully-diluted and as-converted basis.

## **8. Information on the Subscribers**

The Subscribers are all subsidiaries of Foxconn Technology, a company whose shares are listed on the Taiwan Stock Exchange Corporation (stock code: 2354). Foxconn Technology and its group of companies are principally involved in the manufacture and sale of computer, communication and consumer (3C) products and their relevant components, metal parts and relevant components of automobiles and electric vehicles, electronic radiators, metal-injection-modelling(MIM) products and others.

### III. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the Company has an authorised share capital of HK\$130,000,000 divided into 8,000,000,000 Ordinary Shares of HK\$0.01 each and 5,000,000,000 Preferred Shares of HK\$0.01 each, of which 4,609,403,851 Ordinary Shares have been issued and are fully paid up.

In order to provide the Company with greater flexibility to accommodate future expansion and growth of the Group, the Company proposes to increase its authorised share capital from HK\$130,000,000 to HK\$160,000,000 by the creation of an additional 3,000,000,000 unissued Ordinary Shares of HK\$0.01 each, which upon issue shall rank *pari passu* in all respects with the existing Ordinary Shares. The Board is of the view that the proposed increase in authorised share capital is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. The proposed increase in authorised share capital is subject to the approval of the Shareholders at the SGM by an ordinary resolution.

### IV. SGM

Ordinary resolutions will be proposed at the SGM for Shareholders to consider and, if thought fit, approve separately (i) the Specific Mandate, the Subscription Agreement and the Subscription contemplated thereunder, and (ii) the proposed increase in the authorised share capital of the Company.

A circular containing, among other things, further details of (i) the Specific Mandate, the Subscription Agreement and the Subscription contemplated thereunder, and (ii) the proposed increase in the authorised share capital of the Company, together with the notice of the SGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Listing Rules.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment (or waiver, if applicable) of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

### V. DEFINITIONS

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

“Board”	means the board of directors of the Company
“Business Day”	a day (other than Saturday or Sunday or public holiday, or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licenced banks in Hong Kong are open for general banking business

“Company”	IDG Energy Investment Group Limited, a company incorporated in Bermuda with limited liability, the Ordinary Shares of which are listed on the main board of the Stock Exchange (stock code: 650)
“Completion”	completion of the issuance and subscription of the Subscription Shares in accordance with the Subscription Agreement
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Foxconn Technology”	Foxconn Technology Co., Ltd., a company incorporated in Taiwan with limited liability, detailed information of which is set out in the section headed “Information on the Subscribers” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, independent of the Company and the connected persons of the Company
“Last Trading Day”	12 December 2017, being the last trading day immediately prior to the entering into of the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-stop Date”	31 January 2018 (or such other date as may be agreed by the Subscribers and the Company in writing)
“Ordinary Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company

“PRC”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Taiwan and the Macau Special Administrative Region
“Preferred Share(s)”	the restricted voting non-redeemable convertible preferred share(s) of HK\$0.01 each in the share capital of the Company
“SGM”	the special general meeting of the Company to be held to approve, among other things, (i) the Specific Mandate, the Subscription Agreement and the Subscription contemplated thereunder; and (ii) the proposed increase in the authorised share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Specific Mandate”	the specific mandate in relation to the allotment and issue of the Subscription Shares to be approved and granted by the Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Foxconn Technology Pte. Ltd., a company incorporated in Singapore with limited liability and a subsidiary of Foxconn Technology
“Subscriber B”	High Tempo International Limited, a company incorporated in British Virgin Islands with limited liability and a subsidiary of Foxconn Technology
“Subscriber C”	World Trade Trading Limited, a company incorporated in British Virgin Islands with limited liability and a subsidiary of Foxconn Technology
“Subscriber D”	Q-Run Holdings Limited, a company incorporated in Cayman Islands with limited liability and a subsidiary of Foxconn Technology
“Subscriber E”	Q-Run Far East Corporation, a company incorporated in British Virgin Islands with limited liability and a subsidiary of Foxconn Technology
“Subscriber(s)”	Subscriber A, Subscriber B, Subscriber C, Subscriber D and/or Subscriber E
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated 13 December 2017 entered into between the Company and the Subscribers in relation to the Subscription
“Subscription Price”	HK\$1.00 per Subscription Share
“Subscription Shares”	1,485,000,000 new Ordinary Shares to be subscribed for by the Subscribers and issued by the Company upon Completion and subject to the terms and conditions of the Subscription Agreement; and each a Subscription Share
“Titan Gas”	Titan Gas Technology Investment Limited, the controlling Shareholder of the Company which holds 2,241,147,200 Ordinary Shares, accounting for 48.62% of the total issued Ordinary Shares of the Company as at the date of this announcement
“%”	per cent

By Order of the Board  
**IDG Energy Investment Group Limited**  
**WANG Jingbo**  
*Chairman and Chief Executive Officer*

Hong Kong, 13 December 2017

*As at the date hereof, the Board comprises seven Directors, of whom two are executive Directors, namely Mr. Wang Jingbo (Chairman and Chief Executive Officer) and Mr. Lee Khay Kok; two are non-executive Directors, namely Mr. Lin Dongliang and Mr. Shong Hugo; and three are independent non-executive Directors, namely Prof. Chen Zhiwu, Mr. Shi Cen, and Mr. Chau Shing Yim David.*