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If you have sold or transferred all your shares in IDG Energy Investment Group Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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; PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND NOTICE OF SGM

A letter from the Board is set out on pages 4 to 14 of this circular. A notice convening the SGM of the Shareholders to be held at United Conference Centre Limited — Room 4, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on 11 January 2018 at 10:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to be present at the SGM, you are requested to complete the form of proxy and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the SGM or any adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the SGM in person.

* *For identification purposes only*

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
NOTICE OF SGM	SGM-1

DEFINITIONS

In this circular, 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 issue 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 the letter from the Board of this circular
“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
“Latest Practicable Date”	21 December 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“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 circular, 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 at United Conference Centre Limited — Room 4, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on 11 January 2018 at 10:00 a.m.
“Shareholders”	the shareholders 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

DEFINITIONS

“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 number of issued Ordinary Shares of the Company as at the Latest Practicable Date
“%”	per cent

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)

Executive Directors:

Wang Jingbo (*Chairman and Chief Executive Officer*)
Lee Khay Kok

Non-executive Directors:

Lin Dongliang
Shong Hugo

Independent Non-executive Directors:

Chen Zhiwu
Shi Cen
Chau Shing Yim David

*Principal Place of Business
in Hong Kong:*

Suite 2302
Wing On Centre
111 Connaught Road
Central
Hong Kong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

23 December 2017

To the Shareholders

Dear Sir or Madam,

**PROPOSED ISSUE OF NEW ORDINARY
SHARES UNDER SPECIFIC MANDATE; AND
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 13 December 2017 in relation to, among others, (i) the entering into of the Subscription Agreement by the Company and the Subscribers, 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; and (ii) the proposed increase in the authorised share capital of the Company.

Both of (i) the Subscription Agreement and the Subscription contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares); and (ii) the proposed increase in the authorised share capital of the Company are subject to the Shareholder's approval at the SGM by ordinary resolutions.

* *For identification purposes only*

LETTER FROM THE BOARD

II. PROPOSED ISSUE OF NEW ORDINARY SHARES UNDER SPECIFIC MANDATE

1. The Subscription Agreement

The principal 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 the Subscription Agreement.

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 Latest Practicable Date 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 Latest Practicable Date; 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\$1.370 per Ordinary Share as quoted on the Stock Exchange on the date of the Subscription Agreement;

LETTER FROM THE BOARD

- (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;
- (iii) a discount of approximately 31.55% to the average closing price of HK\$1.461 per Ordinary Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 28.57% to the closing price of HK\$1.400 per Ordinary Share as quoted on the Stock Exchange on the Latest Practicable Date.

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. When negotiating for the Subscription Price, the Directors took into account the following factors: (a) the historical share prices of the Ordinary Shares, in particular the average closing prices illustrated in items (i) to (iii), which reflect trading prices before the signing of the Subscription Agreement; (b) the aggregate number of the Subscription Shares to be subscribed by the Subscribers is much larger than the average daily trading volume of the Ordinary Shares in the Stock Exchange, which the Company considered reasonable to agree to the grant of a special bulk purchase discount to the Subscribers to subscribe for such a large number of new Ordinary Shares in one time; and (c) the potential benefits of the Subscription by introducing the Subscribers as strategic shareholders as described under the section headed "Reasons for and Benefit of the Subscription and Use of Proceeds".

Based on the above consideration, 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

LETTER FROM THE BOARD

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 number of 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 nomination right of the Subscribers under the Subscription Agreement as stated above is not in breach of the current bye-laws of the Company.

As at the Latest Practicable Date, the Company has not yet received any nomination from the Subscribers. 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;

LETTER FROM THE BOARD

- (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.

As at the Latest Practicable Date, none of the conditions precedent has been fulfilled or waived.

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.

LETTER FROM THE BOARD

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, although the primary businesses of the Company and Foxconn Technology are different, the Directors are of the view that Foxconn Technology, 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. By leveraging the great reputation of Foxconn Technology, the Company can further improve its brand recognition in the world, which in turn may help attract more global investors for the Company. The Company also expects that its business development and operation will benefit from (i) the global network, customer resources and public relationship of Foxconn Technology, which may facilitate the business expansion and future possible investments of the Group through introducing potential investment targets and/or potential off-taking energy end users by Foxconn Technology to the Company, as well as (ii) the leading experience of operational excellence of Foxconn Technology, which the Group's business operation, management and corporate governance may learn from.

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.

LETTER FROM THE BOARD

The Company intends to use the net proceeds from the Subscription as follows:

- (i) as to approximately HK\$1,100 million for potential investment in or acquisition of targets in the natural gas industry along the value chain, both in the PRC and in North America (including but not limited to LNG export terminal projects in the US, LNG receiving terminal projects in the PRC, companies engaged in importing, processing and sale of LNG, and city gas companies or natural gas distribution companies in the PRC);
- (ii) as to approximately HK\$300 million to expand the business of the Group through investments in upstream shale gas and/or shale oil assets or projects overseas, especially within high quality basins in North America; and
- (iii) as to approximately HK\$83 million to other investments for the future development of the Group that is in line with the Group's business strategies.

With respect to items (i) and (ii) above, as at the Latest Practicable Date, the Company has not yet commenced any discussion or negotiation of the potential acquisition of or investment in any potential targets. The Company expects that such discussion and negotiation will commence after receipt of the proceeds from the Subscription.

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 Latest Practicable Date.

LETTER FROM THE BOARD

6. Effects on Shareholding Structure

The shareholding structure of the Company (i) as at the Latest Practicable Date; 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 Latest Practicable Date to the date of Completion save for the allotment and issue of the Subscription Shares) are summarised as follows:

	As at the Latest Practicable Date		Immediately following the Completion	
	<i>Number of Ordinary Shares</i>	<i>%</i> <i>(Approx.)</i>	<i>Number of Ordinary Shares</i>	<i>%</i> <i>(Approx.)</i>
Titan Gas	2,241,147,200	48.62	2,241,147,200	36.77
Lin Dongliang ^(Note 1)	12,910,000	0.28	12,910,000	0.21
Subscriber A ^(Note 2)	—	—	297,000,000	4.87
Subscriber B ^(Note 2)	—	—	297,000,000	4.87
Subscriber C ^(Note 2)	—	—	297,000,000	4.87
Subscriber D ^(Note 2)	—	—	297,000,000	4.87
Subscriber E ^(Note 2)	—	—	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>
Total	<u>4,609,403,851</u>	<u>100</u>	<u>6,094,403,851</u>	<u>100</u>

Notes:

1. As at the Latest Practicable Date, Mr. Lin Dongliang, a non-executive Director, beneficially held 12,910,000 Ordinary Shares, which shall not be counted for public Ordinary Shares.
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.

LETTER FROM THE BOARD

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.

Mr. Terry Gou is the founder of Foxconn Technology. Mr. Wang Jingbo, the Chairman and CEO of the Company, is a business acquaintance of Mr. Terry Gou.

III. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, 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 the 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 the authorised share capital is subject to the approval of the Shareholders at the SGM by an ordinary resolution.

IV. SGM AND PROXY ARRANGEMENT

The notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular. Ordinary resolutions will be proposed at the SGM for the 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.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish. Pursuant to Bye-law 66 of the bye-laws of the Company, a resolution put to the vote of a meeting shall be decided by way of a poll. Accordingly, the resolutions put forward to the SGM will be voted by way of poll.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders had a material interest in (i) the Subscription Agreement and the Subscription contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares); and (ii) the proposed increase in the authorised share capital of the Company and as such, none of the Shareholders will be required to abstain from voting in respect of the relevant resolutions to be proposed at the SGM.

V. RECOMMENDATION

The Board considers that (i) the terms of the Subscription Agreement and the Subscription contemplated thereunder and (ii) the proposed increase in authorised share capital are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolutions approving (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.

VI. 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.

LETTER FROM THE BOARD

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.

Yours faithfully,
By Order of the Board
WANG Jingbo
Chairman and Chief Executive Officer

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of the Company will be held at United Conference Centre Limited — Room 4, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on 11 January 2018 at 10:00 a.m. to consider and, if thought fit, pass the following resolutions. Unless otherwise indicated, capitalised terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 23 December 2017 (the “**Circular**”).

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. “**THAT:**

- (a) the Subscription Agreement entered into between the Company (as issuer) and the Subscribers on 13 December 2017, 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 transactions contemplated thereunder are hereby approved, confirmed and ratified;
- (b) subject to fulfilment (or waiver, if applicable) of the conditions precedent set out in the Subscription Agreement, the allotment and issue of the Subscription Shares in accordance with the terms and conditions of the Subscription Agreement be and is hereby approved;
- (c) the Directors be and are hereby granted the Specific Mandate to exercise the powers of the Company to allot and issue the Subscription Shares pursuant to the terms and conditions of the Subscription Agreement, where such Subscription Shares shall 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. The Specific Mandate is in addition to, and shall not prejudice nor revoke any general or special mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and

* For identification purposes only

NOTICE OF SGM

(d) any one or more of the Directors be and is/are hereby authorised for and on behalf of the Company to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by one Director and one company secretary or by two Directors or by such other person (including a Director) or persons as the Board may appoint) and to take such steps as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

2. “**THAT:**

- (a) the increase in the authorised share capital of the Company 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, be and is hereby approved; and
- (b) any one or more of the Directors be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements (in case of execution of documents under seal, to do so by one Director and one company secretary or by two Directors or by such other person (including a Director) or persons as the Board may appoint) and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and for completion of the increase in authorised share capital.”

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

Hong Kong, 23 December 2017

NOTICE OF SGM

Notes:

- a. A member entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
- b. A form of proxy for use for the aforesaid purpose will be delivered forthwith together with a copy of this original notice to the registered address of the members entitled to vote at the Meeting. In order to be valid, the said form of proxy, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the Meeting or any adjourned Meeting at which the person named in such instrument proposes to vote.
- c. Whether or not you propose to attend the Meeting in person, you are strongly urged to complete and return the said form of proxy in accordance with the instructions printed thereon. Completion and return of such form of proxy will not preclude you from attending the Meeting and voting in person if you so wish (in which case any appointment of proxy for the purpose of the Meeting will be deemed to be revoked).
- d. For joint registered holders of any share attending the Meeting on the same occasion, the vote of the holder whose name stands first on the register who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- e. As at the date hereof, the Board of the Company 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.