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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)

ANNOUNCEMENT

(1) DISCLOSEABLE TRANSACTION: SUBSCRIPTION FOR NOTES; AND (2) HEDGING ACTIVITIES

SUBSCRIPTION FOR NOTES

The Board is pleased to announce that on 3 April 2018, the Company entered into the Term Sheet with the Issuer to subscribe for the Notes to be issued by the Issuer in the principal amount of US\$50 million (equivalent to approximately HK\$392.4 million).

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules. In addition, as the principal amount of the Notes under the Term Sheet exceeds 8% under the assets ratio as defined under Rule 14.07 of the Listing Rules, pursuant to Rule 13.13 of the Listing Rules, the Subscription is subject to the general disclosure obligation of the Company under Rule 13.15 of the Listing Rules.

HEDGING ACTIVITIES

The Board is also pleased to announce that the Company has entered into the Hedging Agreement with the Counterparty with respect to Stonehold's oil production for a term of one year for risk management purpose.

* For identification purposes only

I. SUBSCRIPTION FOR NOTES

The Board is pleased to announce that on 3 April 2018, the Company entered into the Term Sheet with the Issuer to subscribe for the Notes to be issued by the Issuer in the principal amount of US\$50 million (equivalent to approximately HK\$392.4 million).

Subscription

The details of the Subscription are set out as follows:

Date:	3 April 2018
Parties:	The Company, as holder of the Notes; and Goldman Sachs Finance Corp International Ltd, as the Issuer.
Issue Size:	US\$50 million (equivalent to approximately HK\$392.4 million).
Issue Date:	10 April 2018
Maturity Date:	Scheduled as 17 October 2018
Denomination:	US\$50 million
Participation:	40.00%
Issue Price:	100% of the principal amount
Interest:	Floating interest rate
Status of the Notes:	Direct, unconditional, unsubordinated, unsecured obligations of the Issuer
Redemption:	Redeemable at 100% of the principal amount on the Maturity Date, with early redemption permitted in occurrence of certain events and in the manner as described in the terms and conditions of the Notes

The amount to be received for each Note on the Maturity Date equals to:

$\text{Denomination} \times (100\% + \text{Participation} \times \max [0; \text{Reference Price (Final)/Reference Price (Initial)} - 1])$

Reference Price, in respect of any relevant date, represents the net asset value per unit or share of the underlying fund of the Notes for such date, adjusted to account for any subscription or redemption costs or dealing charges, as determined by the calculation agent of the Notes acting in good faith and in a commercially reasonable manner. Reference Price (Initial) is the Reference Price on 3 April 2018 and Reference Price (Final) is the Reference Price on 10 October 2018, as scheduled under the Term Sheet

- Transferability: Transferable upon surrender of the relevant Note certificate
- Guarantee: Payment obligations under the Notes irrevocably and unconditionally guaranteed by The Goldman Sachs Group, Inc., Delaware, the United States
- Listing: No application will be made for the listing of the Notes

Information of the Issuer

GSFCI is a public limited liability company incorporated in Jersey, the United States. GSFCI operates under Jersey law. The registered office of GSFCI is 22 Grenville Street, St. Helier, Jersey JE4 8PX. The principal activity of GSFCI is the issuance of structured notes, warrants and certificates.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Issuer and its ultimate beneficial owners are Independent Third Parties.

Information on the Company

The principal activity of the Company is investment holding. The principal activities of the Group consist of upstream crude oil exploration, development and production.

Reasons and Benefits for the Subscription

The Company subscribes for the Notes for investment purpose. Without affecting the Company's operational liquidity and fund security, the Company utilizes certain idle funds to subscribe for the Notes. Appropriate short-term wealth management is conducive to enhancing the utilization of capital, to balancing the Company's investment portfolio and to increasing income from idle funds. As the principal amount of the Notes is redeemable in full and the Notes may yield better returns to the Company as compared to the fixed-term deposit interest rates offered by commercial

banks, the Directors consider that the Subscription is on normal commercial terms and is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules. In addition, as the principal amount of the Notes under the Term Sheet exceeds 8% under the assets ratio as defined under Rule 14.07 of the Listing Rules, pursuant to Rule 13.13 of the Listing Rules, the Subscription is subject to the general disclosure obligation of the Company under Rule 13.15 of the Listing Rules.

II. HEDGING ACTIVITIES

References are made to the announcements of the Company dated 15 August 2017, 27 September 2017 and 28 February 2018 and the circular of the Company dated 29 September 2017 (the "**Circular**") in relation to the Credit Agreement among the Company, Think Excel (a subsidiary of the Company) and Stonehold, pursuant to which the Company and Think Excel agreed to provide the Term Loan to Stonehold. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Circular.

The Company has entered into the Hedging Agreement structured with put options and swaps with respect to Stonehold's oil production with a financial institution (the "**Counterparty**") for a term of one year, pursuant to which, among others, a certain amount of deposit is payable from the Company to the Counterparty for the swaps. Both the swaps and the put options place the Company in a hedged position, protecting it from a decline in the oil price over the stipulated period of time. Under the swaps, the Company will be paid by the Counterparty the price difference should the oil price be lower than the fixed maximum price upon settlements, conversely, the Company will pay the Counterparty the price difference should the oil price exceed the fixed maximum price upon settlements. Under the put options, the Counterparty is obliged to pay the Company the price difference as if it was to buy the oil at the specified price should the Company choose to exercise the put options in circumstances of oil price being lower than the specified price.

Based on the abovementioned hedging arrangements under the Hedging Agreement, should the oil price fall substantially between the hedging date and the settlement dates, the Company will benefit from having secured its pricing at a fixed amount and the negative impact on Stonehold's cash flow and its ability to repay the Term Loan in circumstances of lower oil price will be compensated by the Company's gains from the hedging arrangements. By entering into the Hedging Agreement, the Company will be able to manage the risk associated with Stonehold's ability to repay the Term Loan resulted from the volatility in oil price and therefore realize a more stable and predicable financial performance and cash flows.

The Directors consider that hedging arrangements are common and important tools of risk management for companies with business or investments linked to prices of commodities, and the Hedging Agreement is necessary and beneficial in respect of risk management and protection of the Company's financial budget and hence its shareholders' interest. The Directors are of the view that the Hedging Agreement is on normal commercial terms and is fair and reasonable and is in the interest of the Company and the shareholders as a whole. The Company will stringently monitor oil prices and the hedging arrangements and will make further announcement(s) as and when appropriate to comply with the applicable requirements under the Listing Rules.

III. DEFINITIONS

Unless the context otherwise requires, the following terms used herein have the following meanings:

“Board”	the board of Directors
“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)
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hedging Agreement”	the 2002 ISDA Master Agreement entered into between the Company and the Counterparty, including the schedules and the annexes thereto
“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
“Issuer” or “GSFCI”	Goldman Sachs Finance Corp International Ltd, a public limited liability company incorporated in Jersey, the United States
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Note(s)”	the 6-Month Quanto USD Participation Notes in the principal amount of US\$50 million (equivalent to approximately HK\$392.4 million) to be issued by the Issuer
“PRC”	the People’s Republic of China, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Notes issued by the Issuer in the principal amount of US\$50 million by the Company
“Term Sheet”	the term sheet dated 3 April 2018 entered into between the Company and the Issuer in relation to the Subscription
“US\$”	US dollars, the lawful currency of the United States
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1.00 = HK\$7.8484 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.

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

Hong Kong, 3 April 2018

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.