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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)

VOLUNTARY ANNOUNCEMENT INVESTMENT IN LIQUEFIED NATURAL GAS LIMITED

This announcement is made by IDG Energy Investment Group Limited (the “**Company**”), on a voluntary basis.

SUBSCRIPTION AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 2 June 2018, the Company has entered into a subscription agreement (the “**Subscription Agreement**”) with Liquefied Natural Gas Limited (“**LNGL**”), pursuant to which the Company has agreed to subscribe for, and LNGL has agreed to issue, 56,444,500 ordinary shares of LNGL at an aggregate subscription price of A\$28.2 million (equivalent to approximately HK\$166.8 million) (the “**Subscription**”). Upon completion of the Subscription, the Company will hold 9.9% of the equity interests in LNGL and will be the second largest shareholder of LNGL. The completion of the Subscription is not conditional on any Australian or foreign government approvals. The Subscription monies will principally be used in support of the ongoing downstream liquefied natural gas (“**LNG**”) offtake marketing efforts focusing on the Magnolia LNG project of LNGL (the “**Magnolia LNG Project**”) and for general corporate purposes.

The terms (including the consideration) of the Subscription Agreement have been arrived after arm’s length negotiations among the parties. The Board considers that the terms of the Subscription Agreement are on normal commercial terms which are fair and reasonable, and the entering into of the Subscription Agreement is in the interests of the Company and its shareholders as a whole.

INFORMATION ON LNGL

LNGL, founded in 2002, is based in Perth, Western Australia and listed on the Australian Securities Exchange (ASX Code: LNG) and the OTC International Platform in the United States (the “**US**”) (OTC ADR: LNGLY). LNGL is principally engaged in developing LNG export terminal projects in the US and in Canada, among which, the Magnolia LNG Project is considered one of the most viable greenfield liquefaction export terminal projects in the world today.

* *For identification purposes only*

INFORMATION ON THE MAGNOLIA LNG PROJECT

Magnolia LNG, LLC (“**Magnolia LNG**”), a US-based subsidiary of LNGL, is developing the Magnolia LNG Project, an 8 mtpa or greater LNG export project on a 115-acre site, adjacent to an established LNG industrial canal (along the Calcasieu River shipping channel) in the Lake Charles District of Louisiana, the US. The Magnolia LNG Project includes development of four LNG production trains of 2 mtpa or greater each. Feed gas supply will originate from the highly liquefied US Gulf Coast gas market via multiple gas suppliers. Magnolia LNG has an executed precedent agreement for a 20-year pipeline capacity agreement with Kinder Morgan Louisiana Pipeline LLC to deliver gas to the Magnolia LNG Project site. The Magnolia LNG Project has obtained all required US Federal Energy Regulatory Commission (FERC) and US Department of Energy (DoE) permits and approvals.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company focuses on the great opportunities arising from China’s increasing demand for imported natural gas and the emerging North America LNG exporting market, which has abundant low-cost shale gas supply. With LNGL now developing the 8 mtpa or greater LNG export terminal in the US, the Company values the Magnolia LNG Project as one of the best positioned US liquefaction projects to deliver needed LNG exports to Asia.

The Company believes that this strategic investment in LNGL will not only bring good financial returns for its shareholders but also provide great competitive advantages for the Company to participate in the satisfaction of the rapidly growing need for natural gas in China. The Board believes that the Subscription is in line with the Company’s investment strategy and will bring the Company synergies in the future.

LISTING RULES IMPLICATIONS

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, LNGL is not a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Subscription is not a connect transaction of the Company under the Listing Rules.

Since all applicable ratios in respect of the Subscription under Rule 14.07 of the Listing Rules are less than 5%, the Subscription does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of A\$1.00 = HK\$5.9153 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, 4 June 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.