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IDG Energy Investment
IDG ENERGY INVESTMENT LIMITED
IDG 能源投資有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 650)

ANNOUNCEMENT
(1) UPDATE ON LNGL INVESTMENT; AND
(2) PROFIT WARNING

This announcement is made by IDG Energy Investment Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

UPDATE ON LNGL INVESTMENT

Reference is made to the announcements of the Company dated 4 June 2018 and 13 June 2018, and the 2019 annual report of the Company published on 18 July 2019, in relation to, amongst others, the Company’s investment (the “**LNGL Investment**”) in Liquefied Natural Gas Limited (“**LNGL**”), a company listed on the Australian Stock Exchange (ASX: LNG) and the OTC International Platform in the United States (the “**U.S.**”) (OTC ADR: LNGLY). Capitalised terms used in this announcement shall have the same meanings as those defined in the aforesaid announcements and annual report of the Company unless the context requires otherwise.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that through continued emphasis and efforts on negotiation of long-term offtake contracts for the Magnolia LNG Project, Magnolia LNG LLC (“**Magnolia**”), a wholly-owned subsidiary of LNGL that is developing the Magnolia LNG Project, had secured a memorandum of understanding with Delta Offshore Energy Pte Ltd (“**DeltaOE**”) which records their agreed upon term sheet (the “**Term Sheet**”) with a validity date until 1 July 2020. Pursuant to the Term Sheet, the parties are obligated to use reasonable efforts to negotiate and agree the binding terms and conditions of a sale and purchase agreement (the “**SPA**”) by 31 May 2020. Under the terms of the proposed SPA detailed in the Term Sheet, Magnolia will supply two (2) million tonnes per annum (“**mtpa**”) of LNG to DeltaOE’s project in Vietnam for a term of at least 20 years. The proposed volume of 2 mtpa represents 25% of Magnolia’s current nameplate capacity of 8 mtpa (to be increased to 8.8 mtpa subject to the approval of the Federal Energy Regulatory Commission of the U.S.). Execution of the SPA will take place once the SPA terms are finalized and agreed and once DeltaOE obtains the necessary government and regulatory approvals for the project contemplated thereunder.

The evolving U.S.-China trade dispute has posed challenge to the LNG industry in the past 12 months and negatively influenced the stock price of most LNG developers. However, it should be emphasized that the structural opportunities for LNG developers remain unchanged, and the demand for LNG is still growing in Asia and other developing regions. The progress in the negotiation of the aforesaid significant contract is considered a major step in the business development of LNGL, and LNGL is working towards the finalization of the SPA and a final investment decision of the Magnolia LNG Project.

PROFIT WARNING

The Board wishes to inform shareholders of the Company and potential investors that, based on a preliminary review of the unaudited consolidated management accounts (the “**Management Accounts**”) of the Company and its subsidiaries for the six months ended 30 September 2019 (the “**Relevant Period**”) and assessment of the information currently available to the Board, the Company and its subsidiaries are expected to record a net profit of approximately HK\$4.3 million for the Relevant Period, representing a substantial decrease as compared to the net profit of approximately HK\$74.8 million for the same period of last year. The estimated decrease was mainly attributable to the decrease in the investment income generated from the LNGL Investment, which is measured using unadjusted quoted price in stock markets. As aforesaid, the performance of most LNG developers, including LNGL, experienced significant decline in the past 12 months due to market overreaction amidst industry challenges. Thus, the drop of the stock price of LNGL led to the decrease of the Company’s investment income generated from the LNGL Investment, which declined from a net gain of HK\$52.5 million for the same period of last year to a net loss of HK\$67.7 million for the Relevant Period.

The performance of the invested portfolio of the Company other than the LNGL Investment remains stable, and the Board considers that the overall financial position of the Company and its subsidiaries remains sound despite the decrease in investment income in the Relevant Period. The Board will continue to closely review the strategies and operations of the Company and its subsidiaries and make timely adjustments to the business strategy.

The Company is in the course of preparing its unaudited interim results for the Relevant Period. The information contained in this announcement is only a preliminary assessment by the Board based on the latest information currently available. It has not been reviewed by its audit committee and will be subject to change and finalization. Shareholders of the Company and potential investors are advised to refer to the details in the unaudited interim results announcement of the Company to be published by the end of November 2019.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 8 November 2019

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. Liu Zhihai (President); two are non-executive Directors, namely Mr. Lin Dongliang and Mr. Shong Hugo; and three are independent non-executive Directors, namely Ms. Ge Aiji, Mr. Shi Cen, and Mr. Chau Shing Yim David.

* *For identification purposes only*