

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

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).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the latest unaudited consolidated management accounts of the Company and its subsidiaries for the financial year ended 31 March 2020 (“**FY2019**”) and the information currently available to the Board, the Company and its subsidiaries are expected to record a net loss of approximately HK\$297 million for FY2019 as compared to the net profit of approximately HK\$27 million for the financial year ended 31 March 2019 (“**FY2018**”).

The estimated loss was mainly attributable to the decrease in investment income from HK\$163 million in FY2018 to a negative HK\$244 million in FY2019. The decrease in investment income was primarily attributed to the following factors:

- (i) the loss of fair value change from the investment (the “**Stonehold Investment**”) in Stonehold Energy Corporation (“**Stonehold**”), being the return on the investment in the upstream oil and gas assets in the form of interest income and fair value gain/loss from the term loan granted to Stonehold. Stonehold is a company holding unconventional shale oil and gas assets in the Eagle Ford core region in the United States. The Company is expected to record a loss of approximately HK\$143 million from the Stonehold Investment for FY2019. The loss of fair value change from the Stonehold Investment mainly resulted from the substantial decline in oil price in the first quarter of 2020, which was largely due to the severely reduced oil demand caused by the COVID-19 pandemic. In addition, Russia’s decision not to join the oil production cut in early March 2020, followed by Saudi Arabia’s announcement to increase production in April 2020, has further exacerbated the imbalance of the oil market, creating a massive glut and driving oil price to a historic low.

* For identification purposes only

- (ii) the loss in the fair value of the investment (the “**LNGL Investment**”) in Liquefied Natural Gas Limited (“**LNGL**”), which is measured by unadjusted quoted price on stock market, resulted from the decreasing stock price of LNGL. LNGL’s operation and financing have been affected by the adverse dynamics in the general global economy and the oil and gas market. The Company expects to record a loss of approximately HK\$117 million from the LNGL Investment in FY2019.

The Company is in the course of preparing its audited annual results for FY2019. The information contained in this announcement is only a preliminary assessment by the Board based on the latest information currently available. Such information has not been audited or reviewed by the Company’s auditor or its audit committee and will be subject to change and finalization. Shareholders and potential investors are advised to refer to the details in the audited annual results announcement of the Company to be published in late June 2020.

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

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

Hong Kong, 20 May 2020

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.