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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)

**(1) UPDATE ON STRUCTURED CONTRACTS
AND
(2) CONTINUING CONNECTED TRANSACTIONS IN RELATION
TO THE STRUCTURED CONTRACTS — GRANT
OF WAIVER FROM STRICT COMPLIANCE
WITH RULES 14A.52 AND 14A.53 OF THE LISTING RULES**

UPDATE ON STRUCTURED CONTRACTS

The Board hereby announced that after careful consideration, the Company has replaced Guangzhou Hongyun with the New Registered Shareholders 2 as the registered shareholders of the Onshore Holdco 2. The New Registered Shareholders 2 have entered into the Onshore Holdco 2 Structured Contracts.

GRANT OF WAIVER

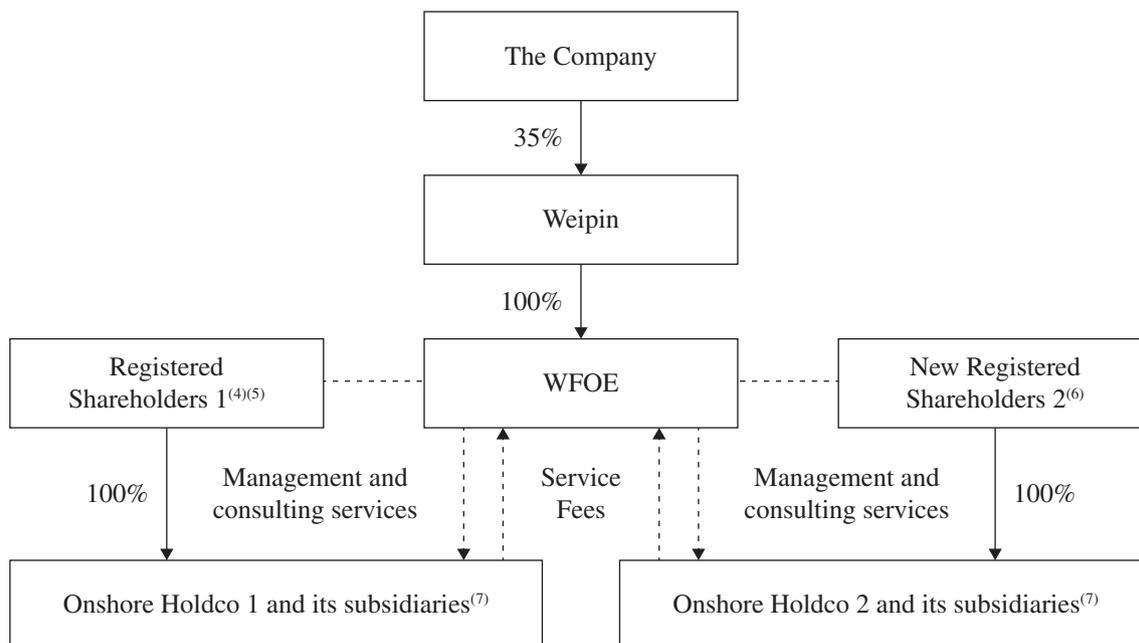
In respect of the continuing connected transactions contemplated under the Onshore Holdco 1 Structured Contracts, the Stock Exchange granted the Company a waiver from strict compliance with: (i) the requirement of limiting the term of the relevant agreements to three years or less under Rule 14A.52 of the Listing Rules and (ii) the requirement of setting an annual cap under Rule 14A.53 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject to certain conditions.

Reference is made to the announcement of the Company dated 26 June 2020 (the “**Announcement**”) in relation to the continuing connected transactions contemplated under the Structured Contracts and the application to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 14A.52 and Rule 14A.53 of the Listing Rules. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the Announcement.

* For identification purposes only

UPDATE ON STRUCTURED CONTRACTS

The Board hereby announced that after careful consideration, the Company has replaced Guangzhou Hongyun (the “**Original Registered Shareholder 2**”) with two PRC nationals as the registered shareholders of the Onshore Holdco 2 (the “**New Registered Shareholders 2**”). The simplified diagram below illustrates the flow of economic benefits from the Consolidated Affiliated Entities to the Company stipulated under the Structured Contracts (as amended):



Notes:

- (1) “**————>**” denotes direct legal and beneficial ownership in equity interests.
- (2) “**- - - - ->**” denotes contractual relationship.
- (3) “**- - - - -**” denotes the control by the WFOE over the Registered Shareholders 1 and the New Registered Shareholders 2 (collectively, the “**Registered Shareholders**”) and the Onshore Holdcos through (i) powers of attorney to exercise all shareholders’ rights in the Onshore Holdcos, (ii) exclusive options to acquire all or part of the equity interests in the Onshore Holdcos, (iii) exclusive options to acquire all or part of the assets used in business operation of the Onshore Holdcos, and (iv) equity pledges over the equity interests in the Onshore Holdcos.
- (4) Registered Shareholders 1 refer to the registered shareholders of the Onshore Holdco 1, namely, (i) Hangzhou Juezi Investment Management Co., Ltd.* (杭州覺資投資管理有限公司) (“**Hangzhou Juezi**”), a PRC company which holds 35% of the equity interests of Onshore Holdco 1; and (ii) Ms. Gao Fang, a PRC national who holds 65% of the equity interests of Onshore Holdco 1.
- (5) Hangzhou Juezi is directly owned as to 70% and 30% respectively by an individual (the “**Beneficial Owner 1**”) and his spouse (the “**Beneficial Owner 2**”). Beneficial Owner 1 is an individual who holds 35% of equity interests in Weipin through investment vehicles controlled by him. Beneficial Owner 1 is a director and a substantial shareholder of Weipin, and Beneficial Owner 2 is his spouse. Thus, each of Beneficial Owner 1 and Beneficial Owner 2 constitutes a connected person of the Company at the subsidiary level.

- (6) New Registered Shareholders 2 refer to the registered shareholders of the Onshore Holdco 2, i.e., two PRC nationals who each holds 60% and 40% of the equity interests of Onshore Holdco 2, respectively. Neither of the New Registered Shareholders 2 is a connected person of the Company.
- (7) In terms of business operation, Onshore Holdco 1 and its subsidiaries, and Onshore Holdco 2 and its subsidiaries, each focus on working with a different major partner which provides passenger demand for the mobility service platform. The Registered Shareholders have also been determined for the convenience of business operations of the Onshore Holdcos and their subsidiaries.

The New Registered Shareholders 2 have entered into the same agreements under the Structured Contracts with the WFOE and the Onshore Holdco 2, as previously entered into by the Original Registered Shareholder 2, with their respective spouse signing a Spousal Consent Letter (collectively, the “**Onshore Holdco 2 Structured Contracts**”), details of which are disclosed in the Announcement. The relevant agreements under the Structured Contracts entered into among the Original Registered Shareholder 2, the WFOE and the Onshore Holdco 2 have been terminated concurrently. Pursuant to the Structured Contracts (as amended), Weipin continues to obtain effective control over, and receive all the economic benefits generated by, the business operated by the Consolidated Affiliated Entities.

IMPLICATIONS UNDER LISTING RULES

As disclosed in the Announcement, the Registered Shareholders 1 are connected persons of the Company at the subsidiary level in the following manners:

- (i) Hangzhou Juezi is an associate of Beneficial Owner 1, who is a director and a substantial shareholder of Weipin holding 35% equity interest of Weipin; and
- (ii) Ms. Gao Fang is a director of the Onshore Holdco 1.

Each of the Registered Shareholders 1 constitutes a connected person of the Company at the subsidiary level, so the transactions contemplated under those agreements entered into by the Registered Shareholders 1 under the Structured Contracts (as amended) (the “**Onshore Holdco 1 Structured Contracts**”) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Although the highest applicable percentage ratio in respect of such transactions is more than 5%, given that such transactions are (1) on normal commercial terms or better, (2) approved by the Board, and (3) confirmed by the independent non-executive Directors to be fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders (the “**Shareholders**”) as a whole, pursuant to Rule 14A.101 of the Listing Rules, such transactions are exempt from the circular, independent financial advice and shareholders’ approval requirements, and subject to the reporting, announcement and annual review requirements.

As disclosed in the section headed “Update on Structured Contracts” in this announcement, neither of the New Registered Shareholders 2 is a connected person of the Company pursuant to Chapter 14A of the Listing Rules, and therefore the transactions contemplated under the Onshore Holdco 2 Structured Contracts do not constitute continuing connected transactions of the Company.

OPINION FROM INDEPENDENT FINANCIAL ADVISER

VBG Capital Limited has been appointed by the Company as an independent financial adviser (the “**Independent Financial Adviser**”) to opine on the duration of the Onshore Holdco 1 Structured Contracts.

In order to comply with the PRC laws and regulations in its operation of the mobility services business, the WFOE, a subsidiary of Weipin, has entered into, amongst others, the Onshore Holdco 1 Structured Contracts, through which Weipin is able to obtain effective control over, and receive all the economic benefits generated by, the business operated by Onshore Holdco 1 and its subsidiaries. The Directors are of the view that the Onshore Holdco 1 Structured Contracts and the transactions contemplated thereunder are fundamental to the legal structure and business of the Company. Taking into account the necessity and circumstances of the Onshore Holdco 1 Structured Contracts and the relevant confirmations from the PRC Legal Advisor and the auditor of the Company, the Directors believe that the Onshore Holdco 1 Structured Contracts are narrowly tailored to achieve the business purpose of Weipin, would be enforceable under applicable PRC laws and would provide a mechanism that enables Weipin to exercise effective control over and enjoy the economic benefits of Onshore Holdco 1 and its subsidiaries. In view of the above, the Directors are of the opinion that the Onshore Holdco 1 Structured Contracts shall be a long term arrangement for the Company and its subsidiaries, and it would be unduly burdensome and impracticable, and the Company and its subsidiaries would incur unnecessary administrative costs for a renewal of the Onshore Holdco 1 Structured Contracts every three years or less.

In assessing the fairness and reasonableness of the duration of the Onshore Holdco 1 Structured Contracts, the Independent Financial Adviser have conducted an independent research on similar contractual arrangements adopted by companies listed on the Stock Exchange (the “**Comparable Companies**”) which enable the relevant listed companies to obtain control over the operating businesses of the PRC companies in which foreign investment is restricted by the applicable PRC laws and regulations (the “**Comparable Transactions**”). The Independent Financial Adviser have searched for Comparable Companies which (i) are listed on the Stock Exchange; and (ii) made the relevant announcements during the period from 16 September 2019 to 15 September 2020. To the best of their knowledge and as far as they are aware of, the Independent Financial Adviser identified 13 such Comparable Transactions. The table below illustrates the relevant information of the Comparable Transactions:

Date of announcement	Company name (stock code)	Business contemplated under the structured contracts	Term of the structured contracts	Reasons for entering into the structured contracts
1 November 2019	Haidilao International Holding Ltd. (6862)	Operation of Haidilao app, which is a social media platform for the Haidilao’s members	Ten years or with no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business

Date of announcement	Company name (stock code)	Business contemplated under the structured contracts	Term of the structured contracts	Reasons for entering into the structured contracts
26 November 2019	Sino-life Group Limited (8296)	(i) Research, production and sales of products of stem cells; and (ii) the provision of technical services on stem cells to customers	With no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business
27 November 2019	Tongdao Liepin Group (6100)	Provision of internet services in the PRC. Its main product is a leading online questionnaire software-as-a-service (SaaS) platform in the PRC	Ten years or with no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business
29 April 2020	WAC Holdings Limited (8619)	Value-added telecommunication services, specifically online data processing and transaction processing (operating e-commerce) in the PRC	Ten years or with no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business
29 May 2020	Huifu Payment Limited (1806)	The payment services and the fintech enabling services	With no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business
15 June 2020	China Renaissance Holdings Limited (1911)	Management of private equity investments funds in the PRC	With no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business
16 June 2020	CA Cultural Technology Group Limited (1566)	Production and sales of toys and gifts, development of VR technology in on-line game and on-line shopping	20 years or with no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business
26 June 2020	Grandshores Technology Group Limited (1647)	Operation of internet data centre	With no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business

Date of announcement	Company name (stock code)	Business contemplated under the structured contracts	Term of the structured contracts	Reasons for entering into the structured contracts
8 July 2020	Hope Education Group Co., Ltd. (1765)	Private education business	With no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business
29 July 2020	Ever Sunshine Lifestyle Services Group Limited (1995)	Value-added telecommunication businesses	With no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business
27 August 2020	Sheng Ye Capital Limited (6069)	Online operation of upgraded clouded-based factoring platform	Ten years or with no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business
28 August 2020	Lajin Entertainment Network Group Limited (8172)	The fifth category under Class II Internet audio-visual program services; the sixth category: collection and broadcasting services of literature and art, entertainment, science and technology, finance, sports, education and other specialised audio-visual programs	Ten years or with no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business
10 September 2020	ZZ Capital International Limited (8295)	Provision of (i) back-office services; (ii) comprehensive marketing services; and (iii) data centre services	Ten years or with no definite duration	To comply with the foreign investment restrictions under the applicable PRC laws and regulations regarding the relevant business

As shown by the above table, the durations of the structured contracts as contemplated under the Comparable Transactions ranged from 10 years to 20 years or are mostly of an indefinite term.

Taking into account all the above, the Independent Financial Adviser consider that it is a normal business practice for contracts of similar nature as the Onshore Holdco 1 Structured Contracts to have a duration of more than three years.

REASONS FOR APPLICATION OF WAIVER

The Directors believe that the structure of the Onshore Holdco 1 Structured Contracts, whereby the financial results of the relevant Consolidated Affiliated Entities are consolidated into the financial statements as if they were the WFOE's subsidiaries, and all the economic benefits of their business flows to the WFOE, places the Company and its subsidiaries in a special position in relation to the connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Onshore Holdco 1 Structured Contracts technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that it would be unduly burdensome and impracticable and would add unnecessary administrative costs to the Company, for all the transactions contemplated under the Onshore Holdco 1 Structured Contracts to be subject to strict compliance with the requirements set out under Rule 14A.52 and Rule 14A.53 of the Listing Rules, including, among other things, limiting the terms of relevant agreements to three years or less, or setting an annual cap for the relevant transactions.

The Company expects to closely engage in the operation and supervision of the mobility service platform to ensure its commercial development and sound financial performance in a long term. As such, it is in the interest of the Company to ensure that Weipin will continue to receive and enjoy the economic benefits derived from the Onshore Holdco 1 without setting any annual cap which may otherwise limit the economic benefits received by the Weipin and/or without expiration of the terms of the Onshore Holdco 1 Structured Contracts which may otherwise lead to the Weipin's losing control over the Onshore Holdco 1.

As disclosed in the Announcement, the Company adopts internal control measures to ensure the effective operation of the businesses of the Company and its subsidiaries with the implementation of the Onshore Holdco 1 Structured Contracts and its compliance with the Onshore Holdco 1 Structured Contracts.

GRANT OF WAIVER

The Board hereby announced that in respect of the continuing connected transactions contemplated under the Onshore Holdco 1 Structured Contracts, the Stock Exchange granted the Company a waiver from strict compliance with: (i) the requirement of limiting the term of the relevant agreements to three years or less under Rule 14A.52 of the Listing Rules and (ii) the requirement of setting an annual cap under Rule 14A.53 of the Listing Rules, for so long as the shares of the Company (the "**Shares**") are listed on the Stock Exchange, subject to the conditions set out below:

I. No change without independent non-executive Directors' approval

No change to the Onshore Holdco 1 Structured Contracts (including with respect to any fees payable to the WFOE thereunder) will be made without the approval of the independent non-executive Directors.

II. No material change without independent shareholders' approval

Save as described in “Renewal and reproduction” below, no material change to the agreements governing the Onshore Holdco 1 Structured Contracts will be made without the approval of the independent Shareholders of the Company. Once independent Shareholders' approval of any material change has been obtained, no further announcement or approval of the independent Shareholders, except for those described above, will be required under Chapter 14A of the Listing Rules unless and until further material changes are proposed. The reporting requirement regarding the Onshore Holdco 1 Structured Contracts in the annual reports of the Company will however continue to be applicable.

III. Economic benefits and flexibility

The Onshore Holdco 1 Structured Contracts shall continue to enable the WFOE to receive the economic benefits derived by the relevant Consolidated Affiliated Entities through (i) the options of the WFOE (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests and/or assets in the relevant Consolidated Affiliated Entities for a nominal consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the relevant Consolidated Affiliated Entities is substantially retained by the WFOE, such that no annual cap shall be set on the amount of service fees payable to the WFOE by the relevant Consolidated Affiliated Entities under the Exclusive Business Cooperation Agreements, and (iii) the WFOE's right to control the management and operation of, as well as, in substance, all of the voting rights of the relevant Consolidated Affiliated Entities.

IV. Renewal and reproduction

On the basis that the Onshore Holdco 1 Structured Contracts provide an acceptable framework for the relationship between the Company and the subsidiaries in which the Company has direct shareholding, on the one hand, and the relevant Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced without obtaining the approval of the Shareholders: (i) upon the expiry of the existing arrangements or (ii) in relation to any existing, newly established or acquired wholly foreign-owned enterprise or operating company (including branch company), engaging in the same business as that of the Company and its subsidiaries. Such renewal and/or reproduction is justified by business expediency. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Company and its subsidiaries which the Company and its subsidiaries may establish will, upon renewal and/or reproduction of the Onshore Holdco 1 Structured Contracts, however be treated as connected persons of the Company and its subsidiaries and transactions between these connected persons and the Company and its subsidiaries other than those under similar Onshore Holdco 1 Structured Contracts shall comply with Chapter 14A of the Listing Rules.

Any renewed or reproduced framework will be on substantially the same terms and conditions as the Onshore Holdco 1 Structured Contracts, which is subject to relevant PRC laws, regulations and approvals.

V. Ongoing reporting and approvals

The Onshore Holdco 1 Structured Contracts in place during each financial year will be disclosed in the Company's annual report in accordance with the relevant provisions of the Listing Rules:

- (i) The independent non-executive Directors will review the Onshore Holdco 1 Structured Contracts annually and confirm in the Company's annual report for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Onshore Holdco 1 Structured Contracts, (ii) no dividends or other distributions have been made by the relevant Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the WFOE, and (iii) any new contracts entered into, renewed or reproduced between Company and its subsidiaries and the relevant Consolidated Affiliated Entities during the relevant financial period above are fair and reasonable, or advantageous to the Shareholders, so far as the Company and its subsidiaries are concerned and in the interests of the Shareholders as a whole.
- (ii) The Company's auditors will carry out review procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants annually on the transactions carried out pursuant to the Onshore Holdco 1 Structured Contracts and will provide a letter to the Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the Onshore Holdco 1 Structured Contracts and that no dividends or other distributions have been made by the relevant Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the WFOE.
- (iii) For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities are treated as the Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their respective associates are treated as connected persons of the Company as applicable under the Listing Rules (excluding for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and the Company and its subsidiaries (including for this purpose, the Consolidated Affiliated Entities), other than those under the Onshore Holdco 1 Structured Contracts, will be subject to requirements under Chapter 14A of the Listing Rules.

- (iv) The relevant Consolidated Affiliated Entities will undertake that, for so long as the Shares are listed on the Stock Exchange, the relevant Consolidated Affiliated Entities will provide the management of the Company and its subsidiaries and the Company's auditors full access to its relevant records for the purpose of the review by the Company's auditors of the connected transactions under the Onshore Holdco 1 Structured Contracts.

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

Hong Kong, 22 September 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.