

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)

ANNOUNCEMENT
(1) UPDATE ON THE INVESTMENT IN
JIANGXI JOVO ENERGY COMPANY LIMITED; 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 THE INVESTMENT IN JIANGXI JOVO ENERGY COMPANY LIMITED

References are made to the announcement of the Company dated 17 July 2017 and the 2020 annual report of the Company in relation to the Company’s investment in Jiangxi Jovo Energy Company Limited* (江西九豐能源有限公司) (“**JOVO**”).

JOVO has subsequently completed the initial public offering application and review process (the “**IPO**”), and trading of its shares on the Shanghai Stock Exchange commenced on 25 May 2021 (stock code: 605090).

JOVO is a comprehensive clean energy service provider focusing on the mid-stream and terminal aspect of the gas industry. It offers a wide range of clean energy and related products, such as liquefied natural gas (LNG), liquefied petroleum gas (LPG) and methanol, and comprehensive solutions of international energy provision and integrated application. The Company holds a minority interest in JOVO and recognizes this investment as a financial asset at fair value through profit or loss in the Company’s financial statements.

JOVO has raised approximately RMB2.68 billion from the IPO and plans to utilise the proceeds for purchasing two state-of-the-art mid-size LNG vessels and supplementing its working capital in order to further expand its production capacity and improve its profitability.

The Company firmly believes that JOVO's business strategy is in line with the trend of a low-carbon economy, and the continuing high demand for natural gas supply in China will keep JOVO growing at a high speed. The investment in JOVO provides a valuable opportunity for the Company to participate in the rapidly growing natural gas market in China with a good prospect of investment return. The completion of the IPO shall drive JOVO to establish a more advanced corporate governance structure, and provide a platform to access more financial resources for its future development. The IPO also provides liquidity to the Company's investment in JOVO which may help better reflect the market value of the Company's investment in JOVO. The Company will evaluate its investment portfolio from time to time and determine the appropriate investment and divestment strategy with a view to realising optimum financial return.

PROFIT WARNING

The Board wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review of the latest unaudited consolidated management accounts (the "**Management Accounts**") of the Company and its subsidiaries for the financial year ended 31 March 2021 ("**FY2020**") and the assessment of the information currently available to the Board, the Company and its subsidiaries are expected to record a net loss of approximately HK\$440 million for FY2020 (audited net loss for the financial year ended 31 March 2020: HK\$297 million).

The estimated net loss was mainly attributable to the loss of fair value change from the investment (the "**Stonehold Investment**") in Stonehold Energy Corporation ("**Stonehold**"), which holds certain upstream unconventional shale oil and gas assets in the Eagle Ford core region in the United States, amounting to approximately HK\$300 million. The loss of fair value change from the Stonehold Investment mainly resulted from the slow recovery and uncertainties in the demand for crude oil, which was affected by concerns over the prolonged COVID-19 pandemic in many parts of the world, holding back market recovery. In addition, the global promotion of carbon neutralization is accelerating, which promotes the use of natural gas and other alternative renewable energy and consequently reduces the long-term demand for fossil fuels like crude oil.

The estimated net loss was also due to the decrease in revenue of Xilin Gol League Hongbo Mining Development Company Limited ("**Hongbo Mining**"), one of the upstream crude oil portfolio companies of the Company, which declined by about 41% for FY2020 as compared to the previous financial year. The decrease in revenue was mainly attributable to Hongbo Mining's active control in its oil production output having considered the low oil price during FY2020.

The Board considers that the overall financial position of the Company and its subsidiaries remains sound despite the decrease in investment income in FY2020. 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 audited annual results for FY2020. The information contained in this announcement is only a preliminary assessment by management of the Company 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. Therefore, the results of the Company and its subsidiaries for FY2020 may be different from the information set out in this announcement. The Company plans to publish its final results for FY2020 on 25 June 2021.

The 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, 27 May 2021

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*