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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF SOLAR COMPANIES

On 13 June 2022 (after trading hours), the Company and the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Seller, pursuant to which the Purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell the entire equity interest in the Target Companies at a consideration of EUR50 million (equivalent to approximately HK\$412.08 million).

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Proposed Acquisition is more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements, but exempt from Shareholder's approval requirement under Chapter 14 of the Listing Rules.

Completion is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the Sale and Purchase Agreement. Accordingly, the Proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and in case of any doubt, they should consult their professional advisors.

INTRODUCTION

On 13 June 2022 (after trading hours), the Company and the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Seller, pursuant to which the Purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell the entire equity interest in the Target Companies at a consideration of EUR50 million (equivalent to approximately HK\$412.08 million).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 13 June 2022

Parties: (1) the Seller;
(2) the Purchaser; and
(3) the Company (as guarantor for the Purchaser's obligations and liabilities)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Seller and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter: Under the Sale and Purchase Agreement, the Purchaser and the Seller shall enter into an equity transfer agreement in relation to the sale and transfer of the entire equity interest in each of the Target Companies by the Seller to the Purchaser (substantially in the form attached to the Sale and Purchase Agreement), which shall take effect upon Completion.

Upon Completion, the financial results of the Target Companies will be consolidated into that of the Company with effect from the Completion Date.

Consideration: Pursuant to the Sale and Purchase Agreement, the consideration for the Proposed Acquisition of EUR50 million (equivalent to approximately HK\$412.08 million) will be settled by the Purchaser to the Seller in cash via bank transfer at Completion.

The consideration was determined after arm's length negotiation between the parties with reference to, among others, (i) the registered capital and audit report of each of the Target Companies; (ii) the contract value of the solar business in China conducted by the Seller, including the Target Companies, for the year ended 31 December 2021; (iii) other reasons for and benefits of the Proposed Acquisition as elaborated under the section headed "Reasons for and Benefits of the Proposed Acquisition" in this announcement; and (iv) the future development prospect of the solar business in China and the solar industry.

The payment to be made by the Purchaser under the Sale and Purchase Agreement will be fully satisfied by the internal resources of the Company.

Completion: The Completion shall take place within 15 Business Days after the day on which the conditions are satisfied or waived or at any other time or date agreed upon in writing by the Seller and the Purchaser pursuant to the Sale and Purchase Agreement. The Completion Date shall be the date on which the Completion actually occurs and on which the last of the conditions has been satisfied or duly waived.

Subject to the terms of the Sale and Purchase Agreement, in the event that the Completion has not taken place by 30 November 2022, each of the Purchaser and the Seller shall be entitled to terminate the Sale and Purchase Agreement by giving written notice to the other party.

Conditions precedent: The Completion is conditional upon satisfaction or, if applicable, waiver of the following conditions:

- (i) The Proposed Acquisition having fully complied with applicable requirements of the Listing Rules or such other request of the Stock Exchange; and
- (ii) The Seller having terminated certain intra-group agreements with respect to the Target Companies as well as prepared all other legal amendments to execute the transaction according to the Sale and Purchase Agreement.

The condition (i) above may be waived by written agreement between the Purchaser and the Seller, and the condition (ii) can be waived in writing by the Purchaser to the extent legally permissible, in full or in part, at any time. As at the date of this announcement, none of the conditions above has been satisfied or waived by the relevant parties.

Guarantee: Under the Sale and Purchase Agreement, the Company agreed to accede to any obligations and liabilities of the Purchaser under the Sale and Purchase Agreement, as if it were the Guarantor's own principal obligations or liabilities.

Non-competition undertaking: For a period of five years after the Completion Date, the Seller shall not, and shall procure its indirect sole shareholder, RENA Holding I GmbH, and its subsidiaries (excluding the Target Companies) not, directly or indirectly acquire, enter into, establish, conduct or promote any entity, business, business unit or any business activity (whether on its own account in partnership or in joint venture or as shareholder, director, officer, employee, partner, lender, adviser, consultant, agent or otherwise) which directly or indirectly competes with the solar business in China or any part thereof.

*Further arrangements
in connection with
the Proposed
Acquisition:*

- (i) The Seller shall seek the consents from each counterparty of certain operation contracts as specified in the Sale and Purchase Agreement for the transfer of such contracts to the Purchaser as soon as practicable but in any event within ten Business Days after the execution date of the Sale and Purchase Agreement, and use its reasonable effort in obtaining such consents within 60 calendar days after the execution date of the Sale and Purchase Agreement. If such consents are obtained by the Seller, the Purchaser and the Seller will enter into a separate sale and transfer agreement in relation to the sale and transfer of such contracts by the Seller to the Purchaser. The compensation amount payable by the Purchaser to the Seller representing the account receivables and other payables to the Seller as of the date of the Sale and Purchase Agreement is expected to not exceed EUR7.742 million (equivalent to approximately HK\$63.81 million).
- (ii) On the date of the Sale and Purchase Agreement, the following ancillary agreements were entered into by the parties thereto:
 - (a) the Seller entered into the solar IP license agreement with the Purchaser, pursuant to which the Seller agreed to grant to the Purchaser an exclusive, transferable and sublicensable (through multiple tiers) worldwide license to use the licensed solar patents and the licensed solar know-how in the solar business in China during a term of 15 years from the Completion Date;
 - (b) the Seller entered into the transitional services agreement with the Target Companies, PDT Xuzhou and PDT Shanghai (both are wholly-owned subsidiaries of the Company), pursuant to which the Seller and its affiliates shall provide certain services to the Target Companies, PDT Xuzhou and PDT Shanghai in relation to the solar business in China, including engineering support, technology services, operations support and software licenses, for a term of no more than twelve months from the Completion Date; and
 - (c) the Seller entered into the transitional trademark license agreement with the Target Companies, pursuant to which the Seller agreed to grant to the Target Companies a non-exclusive, non-transferable, sublicensable and royalty-free license to use the licensed trademarks until the later of twelve months after the Completion Date or 31 December 2023 or such later date that may be mutually agreed in writing by the Seller and the Purchaser.

Each of the solar IP license agreement, the transitional services agreement and the transitional trademark license agreement shall take effect upon Completion.

INFORMATION ON THE TARGET COMPANIES

The Target Companies were incorporated in the PRC and wholly owned by the Seller as at the date of this announcement. The Target Companies are principally engaged in the development, marketing, sale and installing of products and services for use in the solar industry to customers headquartered in the PRC.

According to the audited consolidated financial statements of the Target Companies prepared in accordance with International Financial Reporting Standards, as at 31 March 2022, the total assets and net assets of the Target Companies amounted to approximately RMB57.1 million and RMB20.0 million, respectively. The table below sets out the net profit/(loss) attributable to the Target Companies (before and after taxes and extraordinary items) for the two financial years ended 31 December 2021:

	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Net profit/(loss) after tax and extraordinary items	4.2	2.0
Net profit/(loss) before tax and extraordinary items	5.6	2.2

REASONS FOR AND BENEFIT OF THE PROPOSED ACQUISITION

The Seller, RENA Technologies GmbH, is a worldwide leading manufacturer of wet processing equipment for semiconductor, green energy, medtech and glass. The Seller, including the Target Companies, has been conducting the solar business in China for many years and has obtained a top tier customer base in the PRC. Through the transaction and arrangements such as exclusivity and non-compete provisions contemplated under the agreements, the Company (as enlarged by the Proposed Acquisition) will operate such business. The Seller will continue its solar business and technology development outside the PRC. The Board is of the view that the Proposed Acquisition will benefit the Company from the areas as below:

- (a) The Proposed Acquisition will significantly expedite the development of the Company's business segment of solar cell equipment. The intellectual property rights under the licensing agreement comprise leading technologies of manufacturing high-throughput cleaning equipment and copper plating equipment which are in great demands in the PRC market. Leveraging the resources of the Shareholders, the existing customer base of the Company will continue to be expanded and provide a solid ground for future growth;

- (b) By using the Company's existing production facilities and workforces in Xuzhou and with the onsite supports from the engineers of the Seller, the profitability of the solar business in China is expected to be improved in the short term. It is expected to be further improved after the localization of the supply chains in the middle term and this will provide great competitive advantages to the Company's business segment of solar cell equipment; and
- (c) The advanced know-hows contained in the solar business in China may also facilitate the Company to establish a productive management system which benefit the business segments of both solar power equipment and semiconductor equipment as a whole.

The Directors consider that the terms of the Sale and Purchase Agreement are entered into on normal commercial terms, which are fair and reasonable; and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company is an investment holding company incorporated in Bermuda with limited liability and principally engaged in the advanced manufacturing business for semiconductor and solar power and holding global energy assets.

The Purchaser is a wholly-owned subsidiary of the Company established for the purpose of investment holding.

The Seller is a limited liability company incorporated and existing under the laws of Germany, which is principally engaged in wet processing equipment for semiconductor, green energy, medtech and glass. It is majority-owned by funds advised by Equistone Partners Europe Limited and its management team. The investors of such funds are global institutional investors from across Europe, North America, the Gulf and Asia. No investor in such funds ultimately holds an interest of 10% or more in the Seller. Equistone Partners Europe Limited is a private alternative investment fund manager authorised and regulated in the United Kingdom by the Financial Conduct Authority. It operates across the Benelux, France, Germany, Switzerland and the United Kingdom.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Proposed Acquisition is more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements, but exempt from Shareholder's approval requirement under Chapter 14 of the Listing Rules.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the words and expressions below shall have the following meanings when used herein:

“Board”	the board of directors of the Company
“Business Day”	any day, other than Saturdays and Sundays, on which banks are open for general business in Frankfurt am Main (Germany), Munich (Germany), the PRC and Hong Kong
“Company”	IDG Energy Investment Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock code: 650)
“Completion”	the completion of the Sale and Purchase Agreement, which shall take place within 15 Business Days after the day on which the conditions are satisfied or waived or at any other time or date agreed upon in writing by the Seller and the Purchaser pursuant to the Sale and Purchase Agreement
“Completion Date”	the date of the Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EUR”	European dollars, the lawful currency of the European Union
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PDT Shanghai”	Productive Technologies (Shanghai) Ltd.* (上海普達特半導體設備有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“PDT Xuzhou”	Productive Technologies (Xuzhou) Ltd.* (普達特半導體設備(徐州)有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region thereof and Taiwan
“Proposed Acquisition”	the proposed acquisition of the entire equity interest in the Target Companies from the Seller pursuant to the Sale and Purchase Agreement

“Purchaser”	Valuevale Investment Limited, a wholly-owned subsidiary of the Company as at the date of this announcement
“Rena Shanghai”	Shanghai Rena Trading Co., Ltd.* (上海瑞耐貿易有限責任公司), a limited liability company incorporated and existing under the laws of the PRC
“Rena Yiwu”	Rena Solar Technologies (Yiwu) Co., Ltd.* (瑞納太陽能科技(義烏)有限公司), a limited liability company incorporated and existing under the laws of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 June 2022 (after trading hours) entered into by the Company and the Purchaser with the Seller in respect of the Proposed Acquisition
“Seller”	RENA Technologies GmbH, a limited liability company incorporated and existing under the laws of Germany
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	The holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Rena Yiwu and Rena Shanghai
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, the exchange rate of EUR1.00 = HK\$8.2416 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 Limited
WANG Jingbo
Chairman

Hong Kong, 13 June 2022

As at the date hereof, the Board comprises seven Directors, of whom two are executive Directors, namely Mr. Wang Jingbo (Chairman) and Mr. Liu Zhihai; 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