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DINGYI GROUP INVESTMENT LIMITED

鼎億集團投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 508)

NON-LEGALLY BINDING FRAMEWORK AGREEMENT IN RESPECT OF POSSIBLE FORMATION OF A JOINT VENTURE COMPANY

This announcement is made by Dingyi pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

On 28 May 2019 (after trading hours), Dingyi entered into the Framework Agreement with CHUEH and Stillwater in relation to the Proposed Transaction for the exploration and development of certain oil and gas assets in the Republic of Niger.

Shareholders and potential investors of Dingyi should be aware that the Proposed Transaction is subject to the satisfaction of various conditions precedent, and also to the parties agreeing on the terms of, and entering into, the Definitive Transaction Documents. There is no assurance that the Proposed Transaction will proceed or complete. The Proposed Transaction, if they should proceed and the Definitive Transaction Documents are entered into, may constitute notifiable transaction(s) for Dingyi under Chapter 14 of the Listing Rules. Dingyi will comply with the disclosure and/or shareholders' approval requirements of the Listing Rules as applicable. Further announcement(s) will be made by Dingyi in accordance with the Listing Rules as and when appropriate. **Shareholders and potential investors of Dingyi should therefore exercise caution when dealing in the Shares.**

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FRAMEWORK AGREEMENT

Date: 28 May 2019 (after trading hours)

Parties:

(1) Dingyi

(2) CHUEH

(3) Stillwater

(collectively, the “**JV Parties**”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of CHUEH and Stillwater and their respective ultimate beneficial owners and associates is an independent third party not connected with the Group and the connected persons of Dingyi.

Proposed Joint Venture

Pursuant to the Framework Agreement, the JV Parties will commence strategic cooperation through the establishment of the Joint Venture Entity in relation to the exploration and development of oil and gas assets in the Project Blocks. The Joint Venture Entity will be owned as to 65% by Dingyi, 20% by Stillwater and 15% by CHUEH (or their respective designated affiliate(s)).

Upon completion of satisfactory due diligence by Dingyi within the exclusivity period, the JV Parties will collectively and on behalf of the Joint Venture Entity negotiate with the Ministry of Petroleum of Niger on the Production Sharing Contract (the “**PSC**”) of the Project Blocks. The JV Parties aims at reaching agreement on the PSC with the Nigerien government and obtaining the oil and natural gas exploration rights within forty five (45) calendar days upon entering into the Framework Agreement. Subject to the exploration rights being obtained, the Joint Venture Entity will begin the exploration and development of the Project Blocks by setting up a wholly-owned subsidiary in Niger as the project company for local operating activities.

The board of directors of the Joint Venture Entity will comprise five members, for which Dingyi will be entitled to appoint three directors, Stillwater to appoint one director and CHUEH to appoint one director. The chairman of the board of directors of the Joint Venture Entity shall be nominated by Dingyi and the vice-chairman of the board of directors of the Joint Venture Entity, who shall also be the chief executive officer of the Joint Venture Entity, shall be nominated by CHUEH.

The exploration and development plan of the Joint Venture Entity needs to be approved by its board of directors, while the daily operation and management functions will be outsourced to China Petroleum Technology Service Alliance (“**CPTSA**”).

Advance to the Joint Venture Entity

Pursuant to the Framework Agreement, Dingyi shall advance the start-up capital of the Joint Venture Entity which consists of:

- (i) exploration rights usage fee of the Project Blocks payable to the Nigerien government (the exact amount of which will be subject to the negotiation with the Nigerien government); and
- (ii) by way of shareholder's loan made to the Joint Venture Entity of not more than US\$30 million at an interest rate of 10% per annum for meeting the initial working capital needs.

Upon having profit for distribution, the advance made to the Joint Venture Entity by Dingyi, including but not limited to the exploration rights usage fee and shareholder's loan, together with any accrued interest, shall be repaid to Dingyi before any distribution of profit to the JV Parties on a pro-rata basis with reference to their respective equity interest in the Joint Venture Entity.

Due Diligence

Pursuant to the Framework Agreement, CHUEH shall provide Dingyi with all the relevant information on the Project Blocks within three (3) working days upon entering into the Framework Agreement or otherwise, Dingyi shall have the rights to extend the exclusivity period. CHUEH and Stillwater shall use reasonable best efforts to assist Dingyi and its representatives and advisors during the course of due diligence.

Exclusivity Period

Within thirty five (35) calendar days after the date of execution of the Framework Agreement, unless the prior written consent of Dingyi is obtained, CHUEH and Stillwater may not directly or indirectly discuss, negotiate or agree with any other party on any joint venture or other forms of cooperation with regard to the Project Blocks.

Binding Effect

The Framework Agreement only sets out the preliminary cooperation intentions of Dingyi, CHUEH and Stillwater. Save for the provisions relating to confidentiality, expenses, exclusivity, governing law and jurisdiction, the Framework Agreement is not legally binding on the JV Parties. Moreover, the Proposed Transaction will be subject to certain condition precedents including (among others) the completion of satisfactory due diligence by Dingyi, entering of Definitive Transaction Documents and relevant internal approvals and regulatory and governmental approvals for the JV Parties being duly obtained.

INFORMATION ON PROJECT BLOCKS

The Republic of Niger is a developing country located in West Africa with great development potential and opportunities in a wide range of fields. Both Nigerien oil and gas zone and the Nigerian oil and gas zone belong to the West African Rift Valley and are rich in oil and gas resources. The Nigerien government encourages international investors to participate in oil and gas exploration and development in Niger and the relevant oil and gas policy is relatively favourable.

The Termit Basin is located in the south-eastern part of Niger for which international oil and gas companies have decades of exploration history and have successfully discovered oil and gas resources. Chinese companies have entered the basin for exploration activities since 2008. In the past few years, a large number of exploration wells have been drilled and substantial amount of oil reserves has been discovered in the basin. The Project Blocks are located in the Termit Basin and belongs to the expansion or structural extension of the discovered oilfields.

INFORMATION ON CHUEH

CHUEH is the main platform company for CPTSA. CPTSA is a petroleum and energy service group consisting of private enterprises. It has established a business system throughout the industry chain of oilfield exploration and development and joint operation, petroleum engineering and technical services, surface engineering EPC, petroleum equipment manufacturing and others. It is committed to the transformation of mature oilfields, the building of environmental-friendly service systems including enhanced oil recovery, and the delivery of integrated solutions to global energy exploration and development.

INFORMATION ON STILLWATER

Stillwater is a company focusing on the oil and gas and energy business in Africa, which has participated in the exploration and early development works of various oil and gas and energy projects in a number of Africa countries. It has the intention to jointly develop the Project Blocks with Dingyi and CHUEH.

REASONS FOR, AND BENEFITS OF, THE PROPOSED TRANSACTION

The Group is principally engaged in sale of food and beverages, loan financing, properties development, financial leasing and securities trading.

As stated in the interim report of Dingyi for the six months ended 30 September 2018, apart from the above existing businesses, Dingyi has been exploring other potential investment opportunities with reasonable returns that meet the Dingyi's criteria. This will not only strengthen the Group's core business but also increase the shareholders' values. The Group has been exploring some investment opportunities in new energy projects, high-end manufacturing projects, properties development, finance and ocean industry.

The Directors believe that the formation of the Joint Venture Entity, if successful, will be an important step for the Group's business development in the energy sector. In collaboration with the JV Parties, especially, CHUEH of CPTSA which possesses extensive experience and successful track record in oil and gas industry, the Directors are of the view that the Project Blocks represent an attractive opportunity for oil and gas exploration and development underpinned by potentially significant, highly prospective and underexplored resources which could likely support large scale of oil production operation. The Directors also believe that the formation of the Joint Venture Entity and the development in exploration of oil and gas business will provide additional income to the Group so as to strengthen its revenue base.

LISTING RULES IMPLICATIONS

The Proposed Transaction, if they should proceed and the Definitive Transaction Documents are entered into, may constitute notifiable transaction(s) for Dingyi under Chapter 14 of the Listing Rules. Dingyi will comply with the disclosure and/or shareholders' approval requirements of the Listing Rules as applicable. Further announcement(s) will be made by Dingyi in accordance with the Listing Rules as and when appropriate.

GENERAL

Shareholders and potential investors of Dingyi should be aware that the Proposed Transaction is subject to the satisfaction of various conditions precedent, and also to the parties agreeing on the terms of, and entering into, the Definitive Transaction Documents. There is no assurance that the Proposed Transaction will proceed or complete. Shareholders and potential investors of Dingyi should therefore exercise caution when dealing in the Shares.

DEFINITIONS

“Board”	The board of Directors of Dingyi
“CHUEH”	神州聯合能源控股(北京)有限公司 (China United Energy Holding Co., Ltd.*), a company incorporated in the PRC
“Definitive Transaction Documents”	The definitive agreements and documents relating to the joint venture in form and substance acceptable to the parties therein
“Dingyi”	Dingyi Group Investment Limited, a company incorporated in Bermuda with limited liability with the Shares listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 508)
“Directors”	the director(s) of Dingyi
“Framework Agreement”	The non-legally binding framework agreement entered into between Dingyi, CHUEH and Stillwater on 28 May 2019 in relation to the Proposed Transaction (after trading hours)

“Group”	Dingyi and its subsidiaries
“Joint Venture Entity”	The joint venture company or other entity established by the JV Parties
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Project Blocks”	Blocks R5, R6 and R7 located in the Termit Basin in the Republic of Niger
“Proposed Transaction”	The proposed establishment of the Joint Venture Entity between Dingyi, CHUEH and Stillwater
“US\$”	US dollars, the lawful currency of the United States of America
“Share(s)”	The ordinary share(s) of HK\$0.01 par value each in the share capital of Dingyi
“Shareholder(s)”	The holders of the Share(s)
“Stillwater”	Stillwater Investment Limited, a company incorporated in the Cayman Islands

By order of the Board
Dingyi Group Investment Limited
Li Kwong Yuk
Chairman and Executive Director

Hong Kong, 28 May 2019

As at the date of this announcement, the Board comprises Mr. LI Kwong Yuk (Chairman), Mr. SU Xiaonong (Chief Executive Officer), Mr. ZHENG Xiantao, Dr. WANG Zhi and Mr. LI Zhongxia as Executive Directors; and Mr. CHOW Shiu Ki, Mr. CAO Kuangyu and Mr. IP Chi Wai as Independent Non-executive Directors.