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**蘇創燃氣**  
**SUCHUANG GAS**

**SUCHUANG GAS CORPORATION LIMITED**

**蘇創燃氣股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1430)**

**INSIDE INFORMATION  
NON-BINDING FRAMEWORK AGREEMENT  
AND  
CANCELLATION OF GRANT OF SHARE OPTIONS  
AND  
RESUMPTION OF TRADING**

This announcement is made by Suchuang Gas Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and disclosure of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**NON-BINDING FRAMEWORK AGREEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that, on 1 November 2015, the Company and an investor (the “**Investor**”) entered into a non-binding strategic cooperation and investment framework agreement (the “**Non-Binding Framework Agreement**”) in relation to a potential transaction (the “**Potential Transaction**”) involving an opportunity to acquire a target company (the “**Target Company**”) and an issuance of shares by the Company to the Investor (the “**Potential Subscription**”).

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Investor and the Target Company are independent third parties of the Company and its connected persons (as defined under the Listing Rules).

**Potential Acquisition of the Target Company**

The Target Company is a company established in the People’s Republic of China (the “**PRC**”) principally engaged in the distribution of piped natural gas in the PRC. The Investor has entered into an agreement with existing shareholders of the Target Company to acquire the entire interest in the Target Company. Pursuant to the Non-Binding Framework Agreement, the Company and the Investor are exploring a potential transaction whereby the Company will acquire the Target Company from the Investor (the “**Potential Acquisition**”).

## **Potential Subscription**

Pursuant to the Non-Binding Framework Agreement, the Company intends to acquire the entire equity interest in the Target Company. The Potential Acquisition may constitute a major transaction or very substantial acquisition of the Company which is subject to the result of due diligence and the negotiation between the Company and the Investor. The Investor intends to subscribe for, and the Company intends to issue new shares and/or other securities of the Company (the “**Subscription Securities**”) at an effective subscription price of HK\$2.00 per share (being the closing price of the shares of the Company as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 29 October 2015). The Subscription Securities represent approximately 40.85% of the existing share capital of the Company and approximately 29% of the enlarged share capital of the Company upon completion of the issuance of shares under the Subscription Securities.

The proceeds to be raised from the Potential Subscription will amount to approximately HK\$675 million. The Company intends to use the proceeds from the Potential Subscription, external financing and its internal source of funding to fund the acquisition of the Target Company.

## **Changes in management of the Company and the Target Company**

Pursuant to the Non-Binding Framework Agreement, upon completion of the Potential Subscription, it is proposed that the number of directors on the Board will increase from seven to eleven. The Investor will nominate three new non-executive Directors and Fung Yu Holdings Limited will nominate one executive Director to the Board.

Upon completion of the Potential Acquisition, the Investor will assign a management team to the Target Company under the guidance of the Company. The Company will appoint more than half of the directors to the board of directors of the Target Company and Mr. SU Aping will be appointed as the chairman of the board of directors of the Target Company.

The Investor will appoint Mr. SU Aping as its senior consultant to assist the Investor in assessing other potential investment projects.

## **Formal documentation in relation to the Potential Acquisition**

After the execution of the Non-Binding Framework Agreement, the Company and the Investor will carry out a due diligence review on the Target Company and use their best efforts to negotiate and finalise the necessary documentation.

## **Exclusivity**

The Company and the Investor have agreed an exclusivity period of six months from the date of the Non-Binding Framework Agreement during which the Company shall not contact any potential investors and intermediaries or, negotiate or enter into any framework agreement, term sheet or investment agreement in relation to any transactions involving the Potential Transaction without the prior written consent of the Investor or after the Investor has informed the Company of its decision to not proceed with the Potential Transaction.

## **Non-Binding effect**

The Non-Binding Framework Agreement is intended to record the mutual desires of the Company and the Investor to further explore a strategic cooperation and investment. Except for the provisions on governing law and resolution on disputes, and confidentiality and exclusivity, none of the provisions of the Non-Binding Framework Agreement is legally binding.

## **Reasons for the Non-Binding Framework Agreement**

The Company is principally engaged in the sale and transmission of piped natural gas and the construction and connection of gas pipelines in Taicang City of Jiangsu Province in the PRC. The Investor is a company incorporated in the Cayman Islands and is principally engaged in mid to downstream natural gas sector in the PRC. The Board believes that the Company and the Investor can combine their respective strengths in pursuit of the Potential Transaction to enable the Company to expand its business into new geographic areas and explore additional revenue source, which will be beneficial to the business of the Group in the long term.

**The Board wishes to emphasise that the Potential Transaction is subject to satisfactory due diligence and negotiation and execution of certain legally binding documentation by the relevant parties thereto and therefore, the Potential Subscription and the Potential Acquisition may or may not proceed. Further announcement(s) in respect of the Potential Transaction will be made by the Company as and when appropriate in accordance with the Listing Rules.**

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

## **CANCELLATION OF GRANT OF SHARE OPTIONS**

Reference is made to the announcement of the Company dated 27 October 2015 in relation to the grant of a total of 20,000,000 share options (the “**Relevant Share Options**”) to certain directors and employees of the Group (the “**Grantees**”) pursuant to the Company’s shares option scheme which was adopted on 16 February 2015 (the “**Scheme**”).

As approved by the Board and agreed by the Grantees, the grant of the Relevant Share Options was cancelled with effect from 2 November 2015 in accordance with the terms of the Scheme. This cancellation is in compliance with the terms of the Scheme.

As at the date of this announcement, none of the Relevant Share Options has been exercised. Accordingly, the Company considers that the cancellation of the grant of the Relevant Share Options would not have any material adverse impact to the Company.

## **TRADING HALT AND RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 2 November 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company from 9:00 a.m. on 9 November 2015.

By Order of the Board  
**Suchuang Gas Corporation Limited**  
**SU Aping**  
*Chairman and executive director*

Taicang, Suzhou, Jiangsu Province, PRC, 9 November 2015

*As at the date of this announcement, the executive Directors are Mr. Su Aping, Ms. Zhu Yaying and Mr. Du Shaozhou; the non-executive Director is Mr. Xu Lei; and the independent non-executive Directors are Mr. Zhou Qingzu, Mr. He Junjie and Mr. Luk Wai Keung.*