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**CHINA RESOURCES GAS (HONG KONG)
INVESTMENT LIMITED**

華潤燃氣(香港)投資有限公司

(incorporated in Hong Kong with limited liability)



**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)

JOINT ANNOUNCEMENT

**(1) PROPOSAL FOR THE TAKE-PRIVATE OF SUCHUANG GAS
CORPORATION LIMITED BY
THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER
SECTION 86 OF THE COMPANIES ACT**

(2) PROPOSED WITHDRAWAL OF LISTING

**(3) IRREVOCABLE UNDERTAKINGS BY THE IU SHAREHOLDERS TO
APPROVE THE PROPOSAL**

**(4) SPECIAL DEALS, CONNECTED TRANSACTIONS AND
MAJOR TRANSACTION IN RELATION TO
THE PROPOSED ASSETS DISPOSAL**

AND

(5) RESUMPTION OF TRADING IN SHARES

Financial Adviser to the Offeror



**CICC
中金公司**

INTRODUCTION

The Offeror and the Company jointly announce that on 16 August 2021, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the take-private of the Company by way of a scheme of arrangement under Section 86 of the Companies Act. Upon completion of the Proposal, the Company will be owned by the Offeror and HoldCo (to the extent that there are Scheme Shareholders electing the Share Alternative) and the listing of the Shares will be withdrawn from the Stock Exchange.

TERMS OF THE PROPOSAL

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

- (a) the **Cash Alternative**: HK\$2.50 for every Scheme Share; or
- (b) the **Share Alternative**: 1 New Share in HoldCo for every Scheme Share.

The Scheme Shareholders may elect either the Cash Alternative or the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares held as at the Effective Date (but not, for the avoidance of doubt, a combination of the two). Scheme Shareholders who do not make any election or whose elections are invalid (by choosing both the Cash Alternative and the Share Alternative or choosing the Share Alternative but failing to provide the KYC Documents (if required)) will receive the Cash Alternative. Scheme Shareholders who choose the Share Alternative will not be required to sign any other agreement. Scheme Shareholders holding 10% or less of the Shares who wish to elect the Share Alternative are not required to lodge any KYC Documents.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Consideration by all or any part of the amount or value of such net dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this Announcement, the Scheme Document or any other announcement or document to the Cancellation Consideration will be deemed to be a reference to the Cancellation Consideration as so reduced (and the price of the Option Offer shall be reduced accordingly). The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date. As at the Announcement Date, the Company has no declared but unpaid dividends.

The HoldCo will be established for the purpose of the Proposal. It is proposed that HoldCo will have 1 share in issue. The actual number of New Shares to be issued under the Share Alternative will be determined after the latest time for the election of the Cash Alternative or the Share Alternative. Assuming (i) the Controlling Shareholders elect the Cash Alternative pursuant to the Controlling Shareholders Irrevocable Undertaking; and (ii) no Outstanding Share Options are exercised before the Record Date, if all the other Scheme Shareholders elect the Share Alternative, 565,400,000 New Shares will be issued, representing approximately 99.99% of the enlarged issued share capital of HoldCo after issuance of the New Shares upon completion of the Proposal. The Company will be owned by the Offeror and HoldCo as to 37.40% and 62.60%, respectively. One HoldCo share held by the Offeror will then be repurchased and cancelled by HoldCo upon the Scheme becoming effective.

Upon the Scheme becoming effective, (i) one new Share will be allotted and issued to the Offeror, (ii) the Scheme Shares comprising all of the issued share capital of the Company will be cancelled, and (iii) the same number of new Shares as cancelled (minus one) will be issued, credited as fully paid, to the Offeror and HoldCo in proportion to the number of Scheme Shares in exchange of the Cash Alternative and Share Alternative, respectively.

The cash consideration of HK\$2.50 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 2.88% over the closing price of HK\$2.43 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 23.15% over the average closing price of approximately HK\$2.03 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 25.63% over the average closing price of approximately HK\$1.99 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 26.26% over the average closing price of approximately HK\$1.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 26.26% over the average closing price of approximately HK\$1.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 23.76% over the average closing price of approximately HK\$2.02 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a premium of approximately 28.25% over the audited net asset value per Share attributable to the Shareholders in the Company of approximately RMB1.62 as at 31 December 2020, based on the total number of issued Shares as at 31 December 2020 and the exchange rate of HK\$1.00 to RMB0.83104 on the Announcement Date.

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of all the Conditions as described in the section headed “2. Terms of the Proposal – Conditions to the Proposal and the Scheme”. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

IRREVOCABLE UNDERTAKINGS

On 25 August 2021, the Offeror received an Irrevocable Undertaking from each of the IU Shareholders (comprising the Controlling Shareholders, Dazhong (Hong Kong), Shanghai Dazhong and Action East), pursuant to which (i) each of the IU Shareholders has undertaken to, amongst other things, exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the General Meeting in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable), insofar as is permitted under the applicable laws and regulations, and (ii) for the Controlling Shareholders, elect the Cash Alternative only as the form of Cancellation Consideration for the cancellation of Shares held or owned by it. The 675,068,000 Shares held by the IU Shareholders which are the subject of the Irrevocable Undertakings represents approximately 74.75% of the total issued share capital of the Company as at the Announcement Date.

Apart from the above undertakings, the Controlling Shareholders and Action East have provided additional undertakings to the Offeror. Further details of the undertakings were disclosed in section headed “3. Irrevocable Undertakings”.

The Irrevocable Undertakings, being binding irrevocable undertakings, will terminate and the above obligations of the IU Shareholders under the Irrevocable Undertakings will cease to be binding if the Scheme does not become effective, lapses, is terminated or is withdrawn in accordance with its terms.

SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES

As at the Announcement Date, the Company has 903,084,000 Shares in issue, all of which are Scheme Shares.

As at the Announcement Date, the Offeror does not hold any Shares and the Offeror Concert Parties hold 337,684,000 Shares, representing 37.40% of the issued share capital of the Company. As the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the Court Meeting. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will be subject to the terms and conditions of the Scheme.

As at the Announcement Date, Fung Yu and Total Honest hold in aggregate 337,684,000 Shares (representing approximately 37.40% of the issued share capital of the Company). Such Shares (including all the Share Options held by Su Aping, Zhu Yaying and Su Yi (if any) assuming they are exercised) will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. As members of the Offeror Concert Parties, the votes of the Controlling Shareholders at the Court Meeting will not be counted as votes of Disinterested Shareholders in determining whether the requirements under condition (4)(a) and (b) under the section headed “2. Terms of the Proposal – Conditions to the Proposal and the Scheme” (as required under Rule 2.10 of the Takeovers Code) are satisfied, but will be counted as votes of Scheme Shareholders in determining whether the requirement under condition (3) in the section headed “2. Terms of the Proposal – Conditions to the Proposal and the Scheme” (as required under the Companies Act) is satisfied. Besides Fung Yu and Total Honest, there are no Offeror Concert Parties who hold Shares as at the Announcement Date.

OPTION OFFER

As at the Announcement Date, there are 52,400,000 Outstanding Share Options granted under the Share Option Scheme, of which 18,500,000 Share Options have an exercise price of HK\$2.00, 19,400,000 Share Options have an exercise price of HK\$2.28 and 14,500,000 Share Options have an exercise price of HK\$3.06. The Company will not grant any further Share Options under the Share Option Scheme before the Long Stop Date. As at the Announcement Date, the exercise of all the Outstanding Share Options in full would result in the issue of 52,400,000 new Shares (representing approximately 5.80% of the issued share capital of the Company as at the Announcement Date) and approximately 5.48% of the issued share capital of the Company as enlarged by the issue of such new Shares.

The Offeror will make (or procure to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options, whether vested or unvested, in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror will offer holders of the Outstanding Share Options the “see-through” price (being the Cash Alternative minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every Share Option in accordance with Rule 13 of the Takeovers Code. Where the exercise price of the relevant Share Option under the Option Offer exceeds HK\$2.50, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.0001 per Share Option will be made.

FINANCIAL RESOURCES

On the assumption that (a) all Scheme Shareholders elect the Cash Alternative, (b)(i) all outstanding Share Options as at the Record Date are exercised and all the Optionholders of such Share Options become Scheme Shareholders on or before the Record Date and elect the Cash Alternatives, and (ii) no further Shares are issued before the Record Date, the amount of cash required for the Proposal would be approximately HK\$2,388,710,000.

The Offeror intends to finance the entire cash amount required for the Proposal and the Option Offer by intra-group financing from its controlling shareholder, China Resources (Holdings) Company Limited.

CICC, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with its terms.

SPECIAL DEAL AGREEMENT AND TAKEOVERS CODE IMPLICATIONS

In connection with the Proposal, the Company, Suchuang Hong Kong, Suchuang Shanghai, Total Honest, Fung Yu and Taicang Natural Gas entered into the Special Deal Agreement on 25 August 2021 pursuant to which the parties agreed to purchase and sell certain subsidiaries of the Company and to settle certain intra-group loans.

Upon the Scheme becoming effective, it is expected that the Special Deal Completion will take place within seven days thereafter. Under the Controlling Shareholders Irrevocable Undertaking, the Controlling Shareholders have given written instructions to the Offeror to transfer part of the Total Honest Cash Cancellation Consideration and the Fung Yu Cash Cancellation Consideration in accordance with the section headed “4. Arrangement Material to the Proposal” to the Company and its respective subsidiaries accordingly which will be held in escrow by the Company pending the Special Deal Completion, the remainder will be paid to Total Honest and Fung Yu.

Pursuant to the terms and conditions of the Special Deal Agreement, the parties agreed that upon the Scheme becoming effective:–

- (i) the Company and Total Honest has agreed to the Hong Kong Transfer;
- (ii) the Company and Total Honest has agreed to the US Transfer;
- (iii) Suchuang Hong Kong and Total Honest has agreed to the Shanghai Transfer; and
- (iv) Suchuang Shanghai and Taicang Natural Gas has agreed to the Kunshan Transfer.

Further details of the Special Deal Agreement are disclosed in the section headed “4. Arrangement Material to the Proposal”.

Hong Kong Transfer, US Transfer and Shanghai Transfer constitute disposals of the Group’s assets to the Controlling Shareholders, and they are therefore special deals under Note 4 of Rule 25 of the Takeovers Code. As Kunshan Transfer is an intra-group transfer of the Group, it does not constitute a special deal (as defined under Rule 25 of the Takeovers Code). As the Hong Kong Transfer, US Transfer and Shanghai Transfer are not offered to all Shareholders, they require the consent of the Executive under Note 4 to Rule 25 of the Takeovers Code. The Offeror will make an application to seek consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deals are fair and reasonable; and (ii) the approval of the Special Deals by the Independent Shareholders by way of poll at the General Meeting.

The Independent Financial Adviser will be appointed by the Company and approved by the Takeovers Code IBC to advise the Takeovers Code IBC and the Disinterested Shareholders in respect of the Special Deal Agreement and transactions contemplated thereunder (other than Kunshan Transfer) (as a special deal under Note 4 to Rule 25 of the Takeovers Code).

The Takeovers Code IBC, will advise the Disinterested Shareholders as to whether the terms of the Special Deal Agreement (other than Kunshan Transfer) are, or are not, fair and reasonable, and whether to vote in favour of the Special Deal Agreement (other than Kunshan Transfer) at the General Meeting.

LISTING RULES IMPLICATIONS

As at the date of the Special Deal Agreement, the Company was owned as to approximately 23.76% by Fung Yu and approximately 13.64% by Total Honest. Fung Yu and Total Honest, as substantial shareholders of the Company, are connected persons of the Company. As such, the transactions contemplated under the Special Deal Agreement (other than Kunshan Transfer) constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the Special Deal Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Listing Rules IBC, comprising all the independent non-executive Directors, namely Mr. Zhou Qingzu, Mr. Zhu Tong and Mr. Feng Yijing, will be formed to advise the Independent Shareholders on the Special Deal Agreement and the transactions contemplated thereunder (other than Kunshan Transfer).

As one or more of the applicable percentage ratios in respect of the Special Deal Agreement (excluding Kunshan Transfer) exceed 25% but all are less than 75%, the Special Deal Agreement (excluding Kunshan Transfer) constitutes a major transaction for the Company, and is subject to the reporting, announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

TAKEOVERS CODE IBC

The Takeovers Code IBC, which comprises the following non-executive Directors, Mr. Xu Lei, Mr. Jin Bo, Mr. Zhou Qingzu, Mr. Zhu Tong and Mr. Feng Yijing who are not interested in the Proposal, has been established by the Board to make a recommendation: (a) to the Disinterested Shareholders as to whether the terms of the Proposal, the Scheme and the Special Deal Agreement (other than Kunshan Transfer) are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the General Meeting and in favour of the Special Deal Agreement (other than Kunshan Transfer) at the General Meeting; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code IBC comprises all non-executive Directors who have no direct or indirect interest in the Proposal and the Option Offer.

FINANCIAL ADVISER TO THE OFFEROR AND THE INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed CICC as its financial adviser in connection with the Proposal.

The Company, with the approval of the Takeovers Code IBC and Listing Rules IBC will appoint an Independent Financial Adviser to advise the Takeovers Code IBC in connection with, amongst other things, the Proposal, the Special Deal Agreement (other than Kunshan Transfer), the Scheme and the Option Offer and to advise the Listing Rules IBC on the Special Deal Agreement (other than Kunshan Transfer) and the transactions contemplated thereunder.

A further announcement will be made by the Company upon the appointment of the Independent Financial Adviser as soon as possible.

DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, amongst others, further details of the Proposal, the Scheme, the Option Offer, the Special Deal Agreement (other than Kunshan Transfer), the expected timetable, an explanatory statement as required under the Companies Act and the rules of the Grand Court, information regarding the Company, recommendations from the Takeovers Code IBC with respect to the Proposal, the Special Deal Agreement (other than Kunshan Transfer), the Scheme and the Option Offer, recommendations from the Listing Rules IBC with respect to the Special Deal Agreement (other than Kunshan Transfer) and the transactions contemplated thereunder, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting, a notice of the General Meeting and other particulars required by the Takeovers Code, the Listing Rules together with forms of proxy in relation thereto is expected to be despatched to the Shareholders on or before 29 September 2021, which is more than 15 business days after the publication of this Announcement as required under the Listing Rules as more time is required to prepare and finalize the relevant information to be included in the Scheme Document, but within 35 days of the Announcement Date as required under Rule 8.2 of the Takeovers Code.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, the Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from one clear Business Day following the Effective Date.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1(a) of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

WARNING

Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This Announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law or regulation. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any acceptance, rejection or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.

NOTICE TO US INVESTORS

This Announcement does not constitute an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in the United States. This Announcement does not constitute a prospectus or a prospectus equivalent document. US holders of Scheme Shares and Share Options are advised to read carefully the formal documentation in relation to the Proposal once it has been despatched.

In particular, this Announcement is not an offer of securities for sale nor a solicitation of an offer to buy securities in the United States. The New Shares which will be issued in connection with the Proposal have not been, and will not be, registered under the Securities Act or under the securities law of any state, district or other jurisdiction of the United States, or any other jurisdiction, and no regulatory approval or clearance in respect of the New Shares has been, or will be, applied for in any jurisdiction other than Hong Kong. The New Shares may not be offered or sold in the United States absent registration under the Securities Act or an exemption from registration. It is expected that the New Shares will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. Neither the Company nor the Offeror intends to make any public offering of securities in the United States.

The Proposal relates to the shares of the Offeror and the Company, which are incorporated in the Cayman Islands with limited liability. The Proposal will be effected under a scheme of arrangement provided for under the Companies Act. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable to Cayman schemes of arrangement, which differ from the disclosure and other requirements of the US securities laws. Financial information included in the relevant documentation will have been prepared in accordance with accounting standards applicable in Hong Kong that may not be comparable to the financial statements of US companies.

Shareholders and beneficial owners of the Shares should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Shares or the New Shares, as the case may be. It is emphasised that none of the Company, the Offeror, any of their respective directors or officers, employees, agents, affiliates or advisers and any other person involved in the Scheme accept any responsibility in relation to the above.

1. INTRODUCTION

On 16 August 2021, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the delisting of the Company by way of a scheme of arrangement under Section 86 of the Companies Act. Upon completion of the Proposal, the Company will be owned by the Offeror and HoldCo (to the extent that there are Scheme Shareholders electing the Share Alternative) and the listing of the Shares will be withdrawn from the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, one new Share will be allotted and issued to the Offeror and the issued share capital of the Company will, on the Effective Date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror and HoldCo in proportion to the number of Scheme Shares in exchange of the Cash Alternative and Share Alternative, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled, minus one. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror and HoldCo (as applicable).

2. TERMS OF THE PROPOSAL

Cancellation Consideration

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

- (a) the **Cash Alternative**: HK\$2.50 for every Scheme Share; or
- (b) the **Share Alternative**: 1 New Share in HoldCo for every Scheme Share.

The Scheme Shareholders may elect either the Cash Alternative or the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares held as at the Effective Date (but not, for the avoidance of doubt, a combination of the two¹). Scheme Shareholders who do not make any election or whose elections are (by choosing both the Cash Alternative and the Share Alternative or choosing the Share Alternative but failing to provide the KYC Documents (if required)) will receive the Cash Alternative. Scheme Shareholders who choose the Share Alternative will not be required to sign any other agreement. Scheme Shareholders holding 10% or less of the Shares who wish to elect the Share Alternative are not required to lodge any KYC Documents.

¹ The Offeror will take reasonable steps to put in place measures so that a Scheme Shareholder is only able to elect for one form of Cancellation Consideration, which will be further detailed in the Scheme Document.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Consideration by all or any part of the amount or value of such net dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this Announcement, the Scheme Document or any other announcement or document to the Cancellation Consideration will be deemed to be a reference to the Cancellation Consideration as so reduced (and the price of the Option Offer shall be reduced accordingly). The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date. As at the Announcement Date, the Company has no declared but unpaid dividends.

The HoldCo will be established for the purpose of the Proposal. It is proposed that HoldCo will have 1 share in issue. The actual number of New Shares to be issued under the Share Alternative will be determined after the latest time for the election of the Cash Alternative or the Share Alternative. Assuming (i) the Controlling Shareholders elect the Cash Alternative pursuant to the Controlling Shareholders Irrevocable Undertaking; and (ii) no Outstanding Share Options are exercised before the Record Date, if all the other Scheme Shareholders elect the Share Alternative, 565,400,000 New Shares will be issued, representing approximately 99.99% of the enlarged issued share capital of the HoldCo after issuance of the New Shares upon completion of the Proposal. The Company will be owned by the Offeror and HoldCo as to 37.40% and 62.60%, respectively. One HoldCo share held by the Offeror will then be repurchased and cancelled by HoldCo upon the Scheme becoming effective.

No fractions of a cent will be payable and the amount of cash consideration payable to the Scheme Shareholders who have elected the Cash Alternative or the Optionholders who have accepted the Option Offer will be rounded up to the nearest cent. Fractions of New Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded down to the nearest whole number.

Save as disclosed in the section headed “5. Shareholding Structure of the Company”, none of the Offeror and the Offeror Concert Parties holds any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the Announcement Date.

None of the Offeror and the Offeror Concert Parties has dealt in the Shares in the six months immediately preceding the Announcement Date.

The Cash Alternative

The cash consideration of HK\$2.50 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 2.88% over the closing price of HK\$2.43 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 23.15% over the average closing price of approximately HK\$2.03 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;

- a premium of approximately 25.63% over the average closing price of approximately HK\$1.99 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 26.26% over the average closing price of approximately HK\$1.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 26.26% over the average closing price of approximately HK\$1.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 23.76% over the average closing price of approximately HK\$2.02 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a premium of approximately 28.25% over the audited net asset value per Share attributable to the Shareholders in the Company of approximately RMB1.62 as at 31 December 2020, based on the total number of issued Shares as at 31 December 2020 and the exchange rate of HK\$1.00 to RMB0.83104 on the Announcement Date.

Highest and lowest prices

During the six-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.43 on 13 August 2021, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.92 on 14 May 2021.

During the twelve-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$3.02 on 14 August 2020, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.77 on 2 February 2021.

In the paragraphs above titled “The Cash Alternative” and “Highest and lowest prices”, the historical closing prices per Share mentioned as quoted on the Stock Exchange were obtained from the website of the Stock Exchange (<https://www.hkex.com.hk>) on the Last Trading Day, and thus have been adjusted for corporate actions and entitlement events including special dividends based on adjustment methods adopted by the Stock Exchange. Please refer to the website of the Stock Exchange for the adjustment method of historical securities prices.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the challenging operating environment facing the Company, the recent and historic traded prices of the Shares, publicly available financial information of the Company, and other take-private transactions in Hong Kong in recent years.

The Share Alternative

It is proposed by the Offeror that the HoldCo Shares will be shares of a business company in the British Virgin Islands which is an unlisted, investment holding company. The HoldCo will be a business company incorporated in the British Virgin Islands with limited liability. It is proposed that before the Scheme becomes effective, the Offeror would be the sole shareholder of HoldCo, legally and beneficially owning one HoldCo Share.

The actual number of New Shares to be issued under the Share Alternative will be determined after the latest time for the election of the Cash Alternative or the Share Alternative. Fractions of New Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded down to the nearest whole number.

Following the Effective Date, the Company will be owned by the Offeror and HoldCo (to the extent that there are Scheme Shareholders electing the Share Alternative), and the value of the HoldCo Shares will primarily be determined by the value of the Company. The Company had a net asset value of approximately RMB1,465,881,000 (being approximately RMB1.623 per Share based on the total number of issued Shares as at 31 December 2020) attributable to Shareholders as at 31 December 2020 as disclosed in the audited consolidated financial results of the Group for the year ended 31 December 2020. Details of the estimates of value of the HoldCo Shares will be set out in the Scheme Document.

The New Shares to be issued pursuant to the Proposal will be issued free from all Encumbrances, credited as fully paid up and will rank *pari passu* with the existing HoldCo Shares at the date of issue.

Together with the lodging of a duly completed and executed election form, if a Scheme Shareholder holding more than 10% of the Shares wishes to elect the Share Alternative, the Scheme Shareholder must also lodge the KYC Documents (if required) to comply with the relevant anti-money laundering requirements of the British Virgin Islands (which shall be in English or accompanied by an English translation which is certified as a true translation). The Offeror and the Company reserve the discretion to request for additional evidence or documents as may be required for the purpose of complying with the relevant anti-money laundering requirements of the British Virgin Islands. Scheme Shareholders holding 10% or less of the Shares who wish to elect the Share Alternative are not required to lodge any KYC Documents.

The Holdco

After completion of the Proposal, the board of HoldCo will consist of three directors. A director of HoldCo may be removed by ordinary resolution, provided that any such ordinary resolution of a duly constituted general meeting of HoldCo must be passed by a simple majority of the votes cast by, or on behalf of, the shareholders of HoldCo entitled to vote in favour of the resolution.

It is proposed that before the Scheme becomes effective, the board of HoldCo will consist of three directors, namely Mr. Ge Bin, Mr. Li Xiaoshuang and Mr. Fan Zhe. Mr. Ge Bin is also a director of CR Gas and Mr. Li Xiaoshuang is also a director of the Offeror. After the completion of the Proposal and there being any Scheme Shareholder accepting the Proposal and validly electing the Share Alternative, Mr. Ge Bin, Mr. Li Xiaoshuang and Mr. Fan Zhe will resign from the directorship of the HoldCo, HoldCo will hold an extraordinary general meeting at which Scheme Shareholders choosing the Share Alternative will elect new directors, and the one HoldCo Share held by the Offeror will be repurchased and cancelled by HoldCo.

After completion of the Proposal, as the Company will only have two shareholders i.e. the Offeror and HoldCo and the Company will cease to be listed on the Stock Exchange. The rights of the Offeror and HoldCo as shareholders of the Company would then be governed by the Companies Act and other applicable laws of the Cayman Islands and the memorandum and articles of association of the Company.

Section 4.1 of the Introduction to the Takeovers Code provides that the Takeovers Code applies to takeovers, mergers and share buy-backs affecting, among others, public companies in Hong Kong and section 4.2 of the Introduction to Takeovers Code provides that in order to determine whether a company is a public company in Hong Kong, the Executive will take into account the number of Hong Kong shareholders and the extent of share trading in Hong Kong and other factors. If HoldCo is determined by the Executive to be a “public company in Hong Kong”, HoldCo will be subject to the Takeovers Code.

Further details of the rights of the shareholders of HoldCo will be set out in the Scheme Document if required. A copy of the memorandum and articles of association of HoldCo will be available for inspection as a document on display at the time of despatch of the Scheme Document.

The Company (following the Effective Date)

Following the Effective Date, the Company will be owned by the Offeror and HoldCo (to the extent that there are Scheme Shareholders electing the Share Alternative).

Shareholders of the Company are entitled to receive notice of general meetings of the Company and shall have the right to one vote per Share at such meetings. There is no dividend policy and no guarantee that any dividends will be paid nor is there any dividend payment schedule in respect of the Shares. Payment of dividends (if any) is dependent solely on whether such payment is recommended or declared by the board of the Company.

Shareholders of the Company would have their rights and obligations in relation to the Company governed by the provisions of the memorandum and articles of association of the Company, the provisions of the Companies Act (as amended, supplemented or otherwise modified from time to time) and other applicable laws in the Cayman Islands. The Company shall, on receipt of an instrument of transfer, enter the name of the transferee of the Shares in the register of shareholders in accordance with and subject to the provisions of its articles of association.

After completion of the Proposal, the board of the Company will consist of no less than 2 and no more than 10 directors. A director of the Company may be removed by ordinary resolution, provided that any such ordinary resolution of a duly constituted general meeting of the Company must be passed by a simple majority of the votes cast by, or on behalf of, the shareholders of the Company entitled to vote in favour of the resolution.

After completion of the Proposal, the Directors may call a general meeting of the shareholders of the Company at any time. The Directors must also call a general meeting if a requisition in writing is given by one or more shareholders of the Company who together hold at least 10% of the rights to vote at such general meeting. Should the Directors fail to call a general meeting within 21 clear days from the date of receipt of a requisition, the requisitioners or any of them may call a general meeting within three months after the end of that period.

After completion of the Proposal, pursuant to the articles of association of the Company, a special resolution may be passed by at least 75% of its shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy, or, in the case of corporations, by their duly authorised representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given or in writing by all of the shareholders entitled to vote at a general meeting. Matters requiring the authority of a special resolution include:

- (1) changing the name of the Company;
- (2) amending the memorandum or articles of association of the Company;
- (3) reducing the share capital of the Company;
- (4) varying the redemption rights attached to a class of Shares;
- (5) to the extent allowed by the Companies Act, validating any prior or future act of the Directors which would otherwise be in breach of their duties;
- (6) to the extent permitted by law, releasing any existing or former director (including alternate director), secretary or other officer of the Company from liability for any loss, damage or right to compensation relating to their offices;
- (7) resolving to be registered by way of continuation in a jurisdiction outside the Cayman Islands; and
- (8) if the Company is wound up, allowing the liquidator to either divide the whole or any part of the assets of the Company in specie, value any assets and determine how the division shall be carried out; or to vest the whole or any part of the assets of the Company in trustees.

Further details of the rights of the shareholders of the Company will be set out in the Scheme Document if required. A copy of the memorandum and articles of association of the Company will be available for inspection as a document on display at the time of despatch of the Scheme Document.

Risk factors of electing the share alternative

Investors should be aware of, among other things but not limited to, the following risk factors of holding HoldCo Shares and indirect ownership of the Company (after the Company is delisted) through HoldCo:

- HoldCo Shares and the Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules;
- HoldCo Shares and the Shares are illiquid, hence the shareholders of HoldCo and the Company may find it more difficult to find a purchaser for the HoldCo Shares and the Shares respectively if they intend to sell their shares, as there is less likely a ready market for HoldCo Shares and the Shares;
- there is no guarantee that any dividend payments will be paid in respect of HoldCo Shares or the Shares;
- it is proposed that HoldCo will not have any assets or liabilities other than the Shares of the Company. HoldCo does not intend to engage in any business other than acting as the holding company of the new Shares of the Company issued to it under the Share Alternative after completion of the Proposal;
- changes in the business and economic environment could adversely affect the operating profits of HoldCo or the Company or the value of HoldCo's assets or the Company's assets. For example, financial factors such as currency controls, devaluation or regulatory changes, or stability factors such as mass riots, civil war and other potential events could contribute to HoldCo's or the Company's operational risks; and
- general business risks associated with the natural gas industry including but not limited to:
 - (1) the concession for the operation of the natural gas business will expire or may be terminated before expiration;
 - (2) PetroChina and Sinopec are currently the principal natural gas suppliers to the Company and any instability in, shortages of or disruption to the supply of natural gas to the Company from PetroChina and Sinopec could significantly and adversely affect the Company's business. The Company may also face shortage of natural gas in the PRC as a whole;
 - (3) the Company cannot assure that the take-or-pay obligation will not be enforced, and the obligations of the Company's customers under existing customer contracts may not correspond to the obligations under the agreement with PetroChina and Sinopec;

- (4) the Company's business is affected by risk arising from the PRC government's price control regime for natural gas and pipeline construction;
- (5) the Company's business and operation results depend heavily on the economic and social conditions and prosperity of Taicang and its neighboring regions;
- (6) the Company requires various licences and permits to commence, operate and expand its piped natural gas supply operation. Any failure to obtain or review any or all of these licences and permits and any enforcement action taken against the Company for non-compliance incident may materially and adversely affect the Company's business and expansion plans;
- (7) the Company may not have adequate insurance to cover all hazards common to the natural gas industry which the Company's operations are subject;
- (8) increase in costs of raw materials for the Company's pipeline construction and connection business may affect the Company's business, financial condition and operating results;
- (9) there may be unauthorized alteration of the Company's gas meters which affect our measuring and fee collection for its sale of piped natural gas; and
- (10) the Company places reliance on pipelines in its operation and engage third party to undertake pipeline construction work.

The Option Offer

As at the Announcement Date, there are 52,400,000 Outstanding Share Options granted under the Share Option Scheme, of which 18,500,000 Share Options have an exercise price of HK\$2.00, 19,400,000 Share Options have an exercise price of HK\$2.28 and 14,500,000 Share Options have an exercise price of HK\$3.06. The Company will not grant any further Share Options under the Share Option Scheme before the Long Stop Date.

The Offeror will make (or procure to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options, whether vested or unvested, in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror will offer holders of the Outstanding Share Options the "see-through" price (being the Cash Alternative minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every Share Option in accordance with Rule 13 of the Takeovers Code. Where the exercise price of the relevant Share Option under the Option Offer exceeds HK\$2.50, the "see-through" price is zero and a cash offer of a nominal amount of HK\$0.0001 per Share Option will be made.

Exercise price per Share Option	“See-through” price (HK\$)	Number of Outstanding Share Options
HK\$2.00	0.50	18,500,000
HK\$2.28	0.22	19,400,000
HK\$3.06	0.0001	14,500,000

As at the Announcement Date, save as disclosed in the section headed “5. Shareholding Structure of the Company”, the Offeror and the Offeror Concert Parties do not hold any Share Options.

Further information on the Option Offer will be set out in a letter to the holders of the Outstanding Share Options, which will be despatched at or around the same time as the despatch of the Scheme Document.

If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

According to clause 15.2 of the Share Option Scheme, if during the exercise period of the Share Options an application is made to the court (otherwise than where the Company is being voluntarily wound up), pursuant to the Companies Act and/or Companies (Winding Up and Miscellaneous Provisions) Ordinance, in connection with a proposed compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), the grantees may by notice in writing to the Company, within the period of 21 days after the date of such application, exercise their Share Options to their full extent or the extent specified in such notice.

According to clause 15.4 of the Share Option Scheme, upon the occurrence of any of the events referred to in clause 15.2 of the Share Option Scheme, notice of that event and the effect thereof shall be given by the Company to all the grantees as soon as reasonably practicable.

According to clause 11.1(f) of the Share Option Scheme, the Share Options shall lapse (to the extent not already exercised), in the case of clause 15.2 of the Share Option Scheme, on the expiry of the 21-day period stated therein, provided that the Scheme becomes effective.

The Option Offer will be extended to all Share Options in issue on the date on which the Option Offer is made.

As at the Announcement Date, the exercise of all the Outstanding Share Options in full would result in the issue of 52,400,000 new Shares (representing approximately 5.80% of the issued share capital of the Company as at the Announcement Date) and approximately 5.48% of the issued share capital of the Company as enlarged by the issue of such new Shares.

Conditions to the Proposal and the Scheme

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following:

- (1) the reporting, filing, registration or approval, as applicable and to the extent required, with or by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the PRC or its delegate on the Offeror's acquisition of shares of the Company under the Proposal;
- (2) in the PRC, with respect to the Proposal and the Scheme or its implementation, the Offeror having received antitrust approval from the State Administration for Market Regulation on terms satisfactory to the Offeror, or the statutory review period pursuant to the Anti-Monopoly Law, including any extension of such period, has lapsed;
- (3) the approval of the Scheme (by way of a poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (4) in relation to the Scheme:
 - (a) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Disinterested Shares that are voted either in person or by proxy at the Court Meeting; and
 - (b) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Shares;
- (5) the passing of a special resolution by a majority of not less than 75% of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror and HoldCo (to the extent that there are Scheme Shareholders electing the Share Alternative) of such number of new Shares as is equal to the number of Scheme Shares cancelled, and to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares, credited as fully paid, for issuance to the Offeror and HoldCo (to the extent that there are Scheme Shareholders electing the Share Alternative);
- (6) the Grand Court's sanction of the Scheme (with or without modification) and, to the extent necessary, its confirmation of the reduction of the issued share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;

- (7) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under sections 15 and 16 of the Companies Act in relation to the reduction of the issued share capital of the Company;
- (8) the conditions precedent to the Special Deal Agreement having been satisfied (or waived, where applicable);
- (9) all authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required or desirable under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation and the withdrawal of listing of the Shares from the Stock Exchange in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification. As at the Announcement Date, save for conditions (1), (2), (3), (4), (5), (6) and (7), the Company is not aware of any authorisations, approvals, permissions, waivers, consents, registrations or filings that is required for the implementation of the Proposal or the Scheme taking effect;
- (10) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (11) since the Announcement Date, there not having been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal;
- (12) the Shares remaining listed and traded on the Stock Exchange up to the Effective Date save for any temporary suspension(s) of trading of the Shares as a result of the Proposal and the Scheme or for any temporary suspension(s) of trading of the Shares of not more than 7 days and no indication being received on or before the Effective Date from the Executive and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn;

- (13) since the date of the last audited consolidated financial statements of the Company, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business, prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of the Company or any member of the Group, whether or not arising in the ordinary course of business; and
- (14) no material breach of any covenants, representations and warranties given by IU Shareholders in favour of the Offeror under the Irrevocable Undertakings.

The Offeror reserves the right to waive conditions (9), (10), (11), (12), (13) and (14) either in whole or in part, either generally or in respect of any particular matter to the extent that such waiver would not make the Proposal or its implementation in accordance with its terms illegal. Conditions (1), (2), (3), (4), (5) (6), (7) and (8) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree) or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive, failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

WARNING:

Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

3. IRREVOCABLE UNDERTAKINGS

On 25 August 2021, the Offeror received an Irrevocable Undertaking from each of the IU Shareholders (comprising the Controlling Shareholders, Dazhong (Hong Kong), Shanghai Dazhong and Action East), pursuant to which (i) each of the IU Shareholders has undertaken to, amongst other things, exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the General Meeting in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable), insofar as is permitted under the applicable laws and regulations and (ii) for the Controlling Shareholders, elect the Cash Alternative only as the form of Cancellation Consideration for the cancellation of Shares held or owned by it. The 675,068,000 Shares held by the IU Shareholders which are the subject of the Irrevocable Undertakings represents approximately 74.75% of the total issued share capital of the Company as at the Announcement Date.

Apart from the above undertakings, the Controlling Shareholders and Action East have provided the following additional undertakings to the Offeror:

Controlling Shareholders Irrevocable Undertaking

Special Deal Agreement

The Controlling Shareholders undertake to procure the parties to the Special Deal Agreement to execute the contemplated transactions pursuant to the terms and conditions thereof and strictly comply with the terms and conditions thereof. Details of the Special Deal Agreement are disclosed in the section headed “4. Arrangement Material to the Proposal – Special Deal Agreement and Connected Transaction”.

In connection with the Special Deal Agreement, the Controlling Shareholders irrevocably undertake to the Offeror that they shall, and shall cause their associates (as defined under the Listing Rules):

- (a) not to, and not to agree to, make any amendments to the Special Deal Agreement except with the prior written consent of the Offeror;
- (b) to use reasonable endeavors to perform all transactions contemplated under the Special Deal Agreement and to strictly comply with the terms and conditions of the Special Deal Agreement;
- (c) to use reasonable endeavors to procure the Company, Suchuang Hong Kong, Taicang Natural Gas, Suchuang Shanghai and Argus Holding to perform all transactions contemplated under the Special Deal Agreement and to strictly comply with the terms and conditions contained therein;
- (d) to use reasonable endeavors to procure Ernst & Young to issue the audited consolidated (if applicable) financial statements for Suchuang Dunhua, Suchuang Shanghai and Argus Holding in accordance with the International Financial Reporting Standards as soon as practicable;

- (e) under the Special Deal Agreement, on the premises that the Special Deal Completion has taken place, Total Honest will not make any claims against the Company and Suchuang Hong Kong, however any party to the Special Deal Agreement is entitled to make a claim against the other party in breach of the terms therein for the transactions under the Special Deal Agreement; under the Special Deal Agreement, on the premises that the Special Deal Completion has taken place, Suchuang Shanghai will not make any claims against Taicang Natural Gas, however any party to the Special Deal Agreement is entitled to make a claim against the other party in breach of the terms therein for the transactions under the Special Deal Agreement;
- (f) before the Scheme becomes effective, is terminated, lapses or is withdrawn, to ensure and procure Xinjiang Dunhua to strictly comply with the Loan Agreement and all relevant contractual agreements with the Kuqa Branch of Agricultural Development Bank of China and not to commit any breach of contracts, and to strictly comply with the equity pledge(s) provided to Taicang Natural Gas in respect of Xinjiang Dunhua's subsidiaries and associated companies;
- (g) to procure the Board to approve resolutions on all documents relating to the Special Deals, to the extent permitted by relevant laws and the memorandum and articles of association of the Company;
- (h) to procure the Company to effectively convene general meetings of Shareholders in accordance with the Takeovers Code, the Listing Rules and the memorandum and articles of association of the Company so that resolutions relating to the Special Deals can be considered by way of poll, to the extent permitted by relevant laws and the memorandum and articles of association of the Company;
- (i) to procure the Company's compliance with all relevant laws or regulations (including the Listing Rules and the Takeovers Code) with respect to the Special Deals, to the extent permitted by relevant laws and the memorandum and articles of association of the Company;
- (j) for the purposes of the equity/share transfers contemplated under the Special Deal Agreement:
 - (i) to procure Suchuang Hong Kong's agreement that the consideration of RMB305.4 million for the shares in Suchuang Shanghai shall be received by the Company on its behalf through offsetting the Total Honest Cash Cancellation Consideration;
 - (ii) Total Honest agrees that the consideration payable by Total Honest for the equity/share transfers under the Special Deal Agreement shall be set off against the Total Honest Cash Cancellation Consideration; and
 - (iii) Total Honest gives written instruction to the Offeror to deduct from the Total Honest Cash Cancellation Consideration in accordance with the terms of the Irrevocable Undertaking and Special Deal Agreement and arrange payment to the Company on behalf of Total Honest as instructed,

- (k) Fung Yu (if applicable) and Total Honest thereby issue a written instruction requiring the Offeror to first deduct the payable from the Total Honest Cash Cancellation Consideration and Fung Yu Cash Cancellation Consideration (if applicable) and pay and retain the amounts on behalf of Total Honest and Fung Yu (if applicable) as instructed pursuant to the Special Deal Agreement and the Controlling Shareholders Irrevocable Undertaking. The remaining balance (if any), will be paid by the Offeror to Total Honest and Fung Yu (if applicable) in accordance with the terms and conditions of the Scheme, the Controlling Shareholders Irrevocable Undertaking and the Special Deal Agreement.

Representations and Warranties

Customary representations and warranties in relation to the operations and financial conditions of the Group (excluding the Disposal Group) have been given by the Controlling Shareholders in favour of the Offeror under the Controlling Shareholders Irrevocable Undertaking.

Pre-completion Undertaking

The Controlling Shareholders irrevocably undertake that, during the period between the date of the Controlling Shareholders Irrevocable Undertaking and the Effective Date or the date when the Scheme lapses or is withdrawn (whichever is earlier), the Company and each member of the Group shall continue to operate in the same manner as before, and no member of the Group, without the written consent of the Offeror, shall commit to or do or permit certain matters as stipulated in the Controlling Shareholders Irrevocable Undertaking to occur, except where arrangements were agreed prior to the signing of the Controlling Shareholders Irrevocable Undertaking and have been notified in writing to the Offeror.

The Controlling Shareholders irrevocably undertake to use reasonable endeavors, through exercising the voting rights attached to the Shares of the Company held by them and through those who are the executive Directors (subject to complying with their duties as directors of the Company) exercising their Board rights:

- (a) to assist any candidate nominated by the Offeror to be validly nominated and appointed as a Director of the Company on the Effective Date (on the premises that the effectiveness of such appointment is subject to the completion of the Proposal), subject to compliance with (i) relevant laws or regulations (including the Listing Rules and the Takeovers Code) and the endorsement of such candidate by the Stock Exchange and other relevant regulatory authorities, and (ii) the maximum number of Directors as permitted by the articles of association of the Company;
- (b) that at the written request of the Offeror, to assist the incumbent executive Directors in resigning from office within the earliest time frame required or permitted by the Executive (or under any exemption) (and to use reasonable endeavours in obtaining the approval of the requisite Board resolutions), on the premises that the resignation of such Directors is subject to completion of the Proposal, or if the Controlling Shareholders agree that the foregoing shall not take effect prior to completion of the Proposal; and to take any reasonable actions to provide assistance to the person resigning as a Director such that he/she submits to the Offeror a letter of resignation in the form of a deed addressed to the Company or the relevant members of the Group in which he/she confirms that he/she has no outstanding claims against the members of the Group for compensation or other matters;

- (c) to facilitate the appointment of any candidate nominated by the Offeror as a director of Taicang Natural Gas and/or any of its subsidiaries on the Effective Date, on the premises that the effectiveness of such appointment is subject to completion of the Proposal and subject to compliance with (i) relevant laws or regulations (including the Listing Rules and the Takeovers Code) and (ii) the circumstances permitted by the articles of association of the companies concerned;
- (d) upon the written request of the Offeror, to assist the incumbent directors and supervisors of Taicang Natural Gas and each of (i) Sichuan Guangyuan Licheng Gas Co., Ltd. (四川廣元里程燃氣有限責任公司); (ii) Changshu City Suyu Natural Gas Transmission Co., Ltd. (常熟市蘇虞天然氣輸配有限公司); (iii) Jiangsu Tengxu Energy Management Co., Ltd. (江蘇騰旭能源管理有限公司); (iv) Suzhou Zhongyu Energy Development Co., Ltd. (蘇州中宇能源發展有限公司); (v) Taicang Zhongcheng Port Construction Co., Ltd. (太倉市眾城港口建設有限公司); (vi) Suzhou Chuanghua Energy Technology Co., Ltd. (蘇州市創華能源科技公司) and; (vii) Nantong Suyou Gas Co., Ltd. (南通蘇油燃氣有限公司) and (viii) Taicang Sucheng Natural Gas Transmission and Distribution Co., Ltd. (太倉市蘇城天然氣輸配有限公司) who were appointed by Taicang Natural Gas in resigning from office within the earliest time frame required or permitted by the Executive (or under any exemption) (and to obtain the approval of the requisite board resolutions), on the premises that the resignation of such directors and supervisors is subject to completion of the Proposal, or if the Controlling Shareholders agree that the foregoing shall not take effect prior to completion of the Proposal; and to take any reasonable actions to assist that the person resigning as a director or supervisor in submitting to the companies concerned a letter of resignation in the form of a deed addressed to the Company or the relevant members of the Company in which he/she confirms that he/she has no outstanding claims against the members of the Group for compensation or other matters; and
- (e) to assist Taicang Natural Gas and/or its subsidiaries:
- (i) on the premises that the daily operation of Taicang Natural Gas and/or its subsidiaries would not be affected and that any cost incurred would be borne by the Offeror, to grant the representatives of the Offeror the relevant rights to enter into and to observe the operation at the business premises of Taicang Natural Gas from the date of the Controlling Shareholders Irrevocable Undertaking until the Effective Date or the date when the Scheme is lapsed or withdrawn, or the date when the Scheme or Proposal fails to be approved at the Court Meeting and General Meeting or was not sanctioned by the Grand Court; and
- (ii) from the Announcement Date up to the Effective Date, to obtain the consent of the representatives of the Offeror prior to making major decisions, such as the appointment and removal of executive-level personnel, any change of the organizational structure of the Group, investment and financing activities, borrowing or providing guarantees.

Change of Group Management

The Controlling Shareholders irrevocably undertake to the Offeror that on the Effective Date:

- (a) to provide with the Offeror with information and items pursuant to the terms of the Controlling Shareholder Irrevocable Undertaking;
- (b) to procure the executive Directors to resign from office (and to procure the approval of the requisite board resolutions); and to take any reasonable actions to ensure that the person resigning as a director submits to the Company a letter of resignation in the form of a deed addressed to the Company in which he/she confirms that he/she has no outstanding claims against the members of the Group for compensation or other matters; and
- (c) to procure the general manager(s) (in each case appointed by the Controlling Shareholders) of (i) Taicang Natural Gas; (ii) Jiangsu Tengxu Energy Management Co., Ltd. (江蘇騰旭能源管理有限公司); (iii) Suzhou Zhongyu Energy Development Co., Ltd. (蘇州中宇能源發展有限公司); (iv) Taicang Zhongcheng Port Construction Co., Ltd. (太倉市眾城港口建設有限公司); (v) Nantong Suyou Gas Co., Ltd. (南通蘇油燃氣有限公司); and (vi) Taicang Sucheng Natural Gas Transmission and Distribution Co., Ltd. (太倉市蘇城天然氣輸配有限公司)) to resign from office; and to take any reasonable actions to ensure that the person resigning as a general manager submits to the companies concerned a letter of resignation in the form of a deed addressed to the respective company in which he/she confirms that he has no outstanding claims against the members of the Group for compensation or other matters; and the Offeror to appoint new general manager of the abovementioned companies.

Subject to the above, the Offeror plans to maintain the relative stability in the existing management of Taicang Natural Gas, Kunshan Anda and their respective subsidiaries and to maintain their respective positions (for the avoidance of doubt, not meaning duties) and their salary level within one year after the completion of the Proposal.

Restrictions on business activities of the Controlling Shareholders

The Controlling Shareholders irrevocably undertake to the Offeror that they shall not, and shall cause their associates not to, for themselves, as agents or on behalf of any others:

- (a) disclose to any person or make use of any confidential information (other than any information which has been properly disclosed publicly under a court order or by a stock exchange or other regulatory authorities) concerning information, merchandise, finances, contractual arrangements, business or operation modes of any members of the Group (excluding the Disposal Group), its customers and suppliers; or
- (b) solicit or induce, or attempt to solicit or induce executives, managers, consultants or employees of any members of the Group (excluding the Disposal Group) (whether or not their departure would be in breach of an employee or service contract or its equivalent) within one year from the Effective Date.

Exclusivity

The Controlling Shareholders irrevocably undertake:

- (i) not to accept any other equity/share transfers, offers and take-private proposals of other companies other than the Scheme;
- (ii) not to breach the relevant terms in the Controlling Shareholders Irrevocable Undertaking in relation to voting of the resolutions of the Proposal at the Court Meeting and General Meeting; and
- (iii) not to cause the Special Deals not to be completed in accordance with the Special Deal Agreement due to reasons of Total Honest, Fung Yu or Suchuang Shanghai,

within 6 months from the date of the Controlling Shareholders Irrevocable Undertaking, whether or not the Scheme becomes effective.

In the event of any breach by the Controlling Shareholders of these undertakings, the Controlling Shareholders shall be liable for 5% of each of the Fung Yu Cash Cancellation Consideration and Total Honest Cash Cancellation Consideration as liquidated damages to the Offeror.

Action East Deed of Consent and Waiver

Under a deed of consent and waiver dated 25 August 2021, Action East has unconditionally and irrevocably agreed and confirmed that it will (without any charge, fee or consideration):

- (i) waive and release the right of first refusal and co-sale right as the only remaining surviving rights under the shareholders' agreement in respect of the Company dated 26 February 2014 and entered into, by Mr. Su Aping, Ms. Zhu Yaying, the Company, Action East and Fung Yu, due to the irrevocable undertaking given by, Mr. Su Aping, Ms. Zhu Yaying, Fung Yu and Total Honest in favour of the Offeror in support of the Proposal, the acceptance of the offer proposed by the Offeror under the Proposal by Fung Yu and Total Honest and/or the implementation of the Proposal; and
- (i) conditional upon the completion of the Proposal, exercise the option to terminate the said right of first refusal and co-sale right.

The Irrevocable Undertakings, being binding irrevocable undertakings, will terminate and the above obligations of the IU Shareholders under the Irrevocable Undertakings will cease to be binding if the Scheme does not become effective, lapses, is terminated or is withdrawn in accordance with its terms and no new, revised or replacement Scheme is announced by the Offeror and/or the Company at the same time. The long stop date of the Irrevocable Undertakings would be the same as the Long Stop Date of the Proposal.

As at the Announcement Date, the information about the IU Shareholders are as follows:

Fung Yu

Fung Yu is wholly owned by Yong Sheng Pte Ltd. and is indirectly wholly owned by First Advisory Trust (Singapore) Limited as trustee of a discretionary trust of which Mr. Su Aping is the settlor, and Mr. Su Aping, Ms. Su Wen and Ms. Su Yi are three of the several eligible beneficiaries. The principal activity of Fung Yu is investment holding.

Total Honest

Total Honest is wholly owned by Ridge Glorious Limited, which is in turn wholly owned by First Advisory Trust (Singapore) Limited as trustee of a discretionary trust of which Ms. Zhu Yaying is the settlor, and Ms. Zhu Yaying, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. The principal activity of Total Honest is investment holding.

Dazhong Group

Dazhong (Hong Kong) International Corporation Limited is a wholly-owned subsidiary of Shanghai Dazhong Public Utilities (Group) Co., Limited, the A shares of which are listed on the Shanghai Stock Exchange with Stock Code 600635 and the H shares of which are listed on the Stock Exchange with Stock Code 1635.

Action East

Action East International Limited is wholly owned by Prax Capital China Growth Fund III, L.P.. Prax Capital China Growth Fund III, L.P. is a limited partnership established in the Cayman Islands whose sole general partner is Prax Capital China Growth Fund III GP, Ltd., a limited liability company incorporated in the Cayman Islands.

Save for the Irrevocable Undertakings, no irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties, as at the Announcement Date.

4. ARRANGEMENT MATERIAL TO THE PROPOSAL

Special Deal Agreement and Connected Transactions

In connection with the Proposal, the Company, Suchuang Hong Kong, Suchuang Shanghai, Total Honest, Fung Yu and Taicang Natural Gas entered into the Special Deal Agreement on 25 August 2021 pursuant to which the parties agreed to purchase and sell certain subsidiaries of the Company and to settle certain intra-group loans.

Upon the Scheme becoming effective, it is expected that the Special Deal Completion will take place within 7 days thereafter. Under the Controlling Shareholders Irrevocable Undertaking, the Controlling Shareholders have given written instructions to the Offeror to transfer part of the Total Honest Cash Cancellation Consideration and the Fung Yu Cash Cancellation Consideration in accordance with the arrangements set out below to the Company and its respective subsidiaries accordingly which will be held in escrow by the Company pending the Special Deal Completion, the remainder will be paid to Total Honest and Fung Yu.

Pursuant to the terms and conditions of the Special Deal Agreement:–

- (a) the Company and Total Honest has agreed to the Hong Kong Transfer;
- (b) the Company and Total Honest has agreed to the US Transfer;
- (c) Suchuang Hong Kong and Total Honest has agreed to the Shanghai Transfer; and
- (d) Suchuang Shanghai and Taicang Natural Gas has agreed to the Kunshan Transfer.

Hong Kong Transfer, US Transfer and Shanghai Transfer constitute disposals of the Group's assets to the Controlling Shareholders, and they are therefore special deals under Note 4 of Rule 25 of the Takeovers Code. As Kunshan Transfer is an intra-group transfer of the Group, it does not constitute a special deal (as defined under Rule 25 of the Takeovers Code). As the Hong Kong Transfer, US Transfer and Shanghai Transfer are not offered to all Shareholders, they require the consent of the Executive under Note 4 to Rule 25 of the Takeovers Code. The Offeror will make an application to seek consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deals are fair and reasonable; and (ii) the approval of the Special Deals by the Independent Shareholders by way of poll at the General Meeting.

Upon the Special Deal Completion, the Disposal Group will be wholly-owned by Total Honest, and accordingly will cease to be the subsidiaries of the Company and the financial results of the Disposal Group will no longer be consolidated with the Group's financial statements.

Disposal Group Transfer Consideration

Transfer	Expected consideration <i>(Note 1)</i>
Hong Kong Transfer	HK\$100
US Transfer	US\$1,176,456
Shanghai Transfer	Nil
	<hr/>
Total	RMB7,615,048 <i>(Note 2)</i>
	<hr/> <hr/>

Note 1: In addition to the expected consideration payable for the transfer of the Disposal Group, it is also agreed under the Special Deal Agreement that the Suchuang Shanghai Loan and the US Loan would be settled by Total Honest, therefore:

- in addition to the consideration payable for the US Transfer, Total Honest will also repay the remaining balance of the US Loan, being approximately US\$13.88 million as at the Announcement Date; and*
- in addition to the consideration payable for the Shanghai Transfer, Total Honest will also repay the the remaining balance of the Suchuang Shanghai Loan, being approximately RMB305.4 million as at the Announcement Date.*

Please refer to the section headed "4. Arrangement Material to the Proposal – Special Deal Agreement and Connected Transactions – Intra-group loans arrangement" for further details.

Note 2: The total amount is calculated using the exchange rates of HK\$1.00 = RMB0.83104 and US\$1.00 = RMB6.4728.

The above considerations have been determined by reference to the consolidated (if applicable) net asset value attributable to the shareholders as reflected in the consolidated (if applicable) management accounts of the Disposal Group as of 30 June 2021. The consideration for the transfers will be further adjusted in accordance with paragraph below.

The Company, Suchuang Hong Kong and Total Honest agree that the considerations for the Hong Kong Transfer, the US Transfer and the Shanghai Transfer set out in the Special Deal Agreement shall be adjusted based on the consolidated (if applicable) net asset values attributable to the shareholders in each of the audited consolidated (if applicable) reports as at 30 June 2021 prepared by the auditors in accordance with the International Financial Reporting Standards. Further, the Company, Suchuang Hong Kong and Total Honest agree that the adjusted consideration payable by Total Honest to the Company and Suchuang Hong Kong for the Hong Kong Transfer, US Transfer and Shanghai Transfer shall be directly offset by the Total Honest Cash Cancellation Consideration. In calculating the consideration of Shanghai Transfer, it is assumed that the Kunshan Transfer has been completed and the impact of Kunshan Anda on Suchuang Shanghai will not be considered. If the consolidated net asset values attributable to the shareholders in the respective audited consolidated reports of Argus Holding, Suchuang Shanghai or Suchuang Dunhua are negative as at 30 June 2021 (as set out in their respective audited consolidated (if applicable) reports prepared in accordance with the International Financial Reporting Standards), the consideration for the relevant transfer is zero.

Kunshan Transfer Consideration

As agreed between Suchuang Shanghai and Taicang Natural Gas, the consideration for the Kunshan Transfer is RMB104,400,000. Suchuang Shanghai and Taicang Natural Gas agree that the consideration for the Kunshan Transfer is offset by the Suchuang Shanghai Loan. After the aforementioned offset arrangement, Suchuang Shanghai shall be deemed to have repaid a portion of the Suchuang Shanghai Loan equivalent to the consideration of the Kunshan Transfer. Taicang Natural Gas shall not be required to pay the consideration for the Kunshan Transfer by way of cash.

Intra-group loans arrangement

In relation to the intra-group loans between the Company and the Disposal Group, Taicang Natural Gas, Suchuang Shanghai and Total Honest agree that:–

- (a) the Kunshan Loan of RMB1.03 million (on the amount as reflected in the audited accounts of Suchuang Shanghai as of 30 June 2021) shall be assigned by Suchuang Shanghai to Taicang Natural Gas to offset part of the Suchuang Shanghai Loan. After offsetting the Suchuang Shanghai Loan with the assignment of the Kunshan Loan and the Kunshan Transfer Consideration, the balance of the Suchuang Shanghai Loan is RMB199.97 million.
- (b) the remaining balance of the Suchuang Shanghai Loan shall be repaid by way of the following:–
 - (i) part of the loan in the amount of RMB138 million will be directly deducted by the Offeror from the Total Honest Cash Cancellation Consideration upon the Scheme becoming effective, and transmitted by the Offeror to the Company and retained by the Company until Suchuang Shanghai repays the remaining amount to Taicang Natural Gas. Accordingly, under the Controlling Shareholders Irrevocable Undertaking, Total Honest has given written instructions to the Offeror to deduct the amount directly from Total Honest Cash Cancellation Consideration and pay the amount for the Company to retain, and the Offeror will procure the Company to repay the equivalent amount based on the agreed exchange rate to Total Honest within seven days of the repayment by Suchuang Shanghai to Taicang Natural Gas;

- (ii) the remaining portion of the Suchuang Shanghai Loan (approximately RMB61.97 million) shall be repaid by Suchuang Shanghai within two years from the date of Special Deal Completion and the Offeror agrees to extend the repayment deadline to three years from the date of Special Deal Completion if such portion cannot be repaid within two years, while Suchuang Shanghai shall pledge its equity interest in all existing or future subsidiaries and associated companies of Suchuang Shanghai in favour of Taicang Natural Gas as security for the repayment of the remaining loan;
 - (iii) prior to full repayment of the Suchuang Shanghai Loan, if Suchuang Shanghai disposes of equity interest in any subsidiaries or associated companies or if Suchuang Shanghai dispose of any assets, Suchuang Shanghai shall first obtain the written consent of Taicang Natural Gas and shall pay the corresponding consideration to Taicang Natural Gas to which Suchuang Shanghai is entitled (excluding the relevant taxes, if any) for the repayment of the loan;
- (c) the guarantee provided by Taicang Natural Gas to Kuqa Branch of Agricultural Development Bank of China for the remaining portion of RMB50 million loan under the Loan Agreement (the “**Xinjiang Dunhua Loan**”) will be offset by the Total Honest Cash Cancellation Consideration directly by the Offeror upon the Scheme becoming effective. The offset amount will be paid by the Offeror to Total Honest in the event that (i) Total Honest and/or Fung Yu provides counter-guarantees to the satisfaction of the Offeror; or (ii) the guarantee for the Xinjiang Dunhua Loan is released. In the event that the Xinjiang Dunhua Loan is repaid and Total Honest provides relevant valid proof of payment to the Offeror, then the Offeror shall within seven days thereafter reduce the counter-guarantees provided by Total Honest and/or Fung Yu by the amount repaid.
- (d) the US Loan will be directly deducted by the Offeror from the Total Honest Cash Cancellation Consideration upon the Scheme becoming effective, and transmitted by the Offeror to the Company. Accordingly, under the Controlling Shareholders Irrevocable Undertaking, Total Honest has given written instructions to the Offeror to deduct the amount of the US Loan directly from Total Honest Cash Cancellation Consideration and pay such amount to the Company.

After the above settlement, Total Honest, Suchuang Shanghai, Suchuang Dunhua and Argus Holding and their respective subsidiaries would no longer have any loans, debts, guarantees, or other financial assistance and arrangements with the Group, except:

- (i) the pledge agreement for the remaining loan in (b)(ii); and
- (ii) any counter-guarantee provided by Total Honest and/or Fung Yu for the Xinjiang Dunhua Loan.

Total Honest and Fung Yu agree and undertake that if the Total Honest Cash Cancellation Consideration is less than or inadequate to offset the total amount of the following at the date of Special Deal Completion:–

- (a) the adjusted payable of the consideration payable under the Special Deal Agreement;
- (b) the payable amount of the payable under the US Loan as of the date of the Special Deal Completion;

- (c) the payable amount of RMB138 million from the balance of the Suchuang Shanghai Loan; and
- (d) if Total Honest and/or Fung Yu do not provide counter-guarantees satisfactory to the Offeror, the remaining amount of the Xinjiang Dunhua Loan secured by the guarantee by Taicang Natural Gas as of the date of the Special Deal Completion (together with (a), (b) and (c), the “**Relevant Total**”),

the balance (the “**Balance**”) of the Relevant Total less the amount of Total Honest Cash Cancellation Consideration shall be paid by Fung Yu.

Under the Controlling Shareholders Irrevocable Undertaking, Fung Yu has given written instructions to the Offeror to deduct the Balance from the Fung Yu Cash Cancellation Consideration payable. The amount shall be directly paid by the Offeror to the Company and Suchuang Hong Kong (for (a), (b) and (c) above) or retained by the Offeror (for (d) above).

Conditions Precedent to the Special Deal Agreement

Conditions precedent to the Special Deal Agreement are as follow:–

- (a) the consent of the Executive has been obtained pursuant to Note 4 to Rule 25 of the Takeovers Code for the transactions contemplated under the Special Deal Agreement (other than Kunshan Transfer), the Independent Financial Adviser has issued a letter recommending the passing of a resolution by the Shareholders to approve the transactions contemplated under the Special Deal Agreement (other than Kunshan Transfer); and the Company has approved the transactions and the arrangements under the Special Deal Agreement (other than Kunshan Transfer) by a resolution of the Independent Shareholders in accordance with the applicable requirements of the Listing Rules and the Takeovers Code;
- (b) all consents, permissions, licences and authorisations of any relevant governmental authority or agency necessary and desirable for the execution and completion of the transactions under the Special Deal Agreement having been obtained and remaining in full force and effect in accordance with the provisions of any law or regulation of any relevant jurisdiction. As at the Announcement Date, save for condition (a), the Company is not aware of any consents, permissions, licences and authorisations of any relevant governmental authority or agency that is necessary and desirable for the execution and completion of the transactions under the Special Deal Agreement;
- (c) for the Kunshan Transfer: (i) the consent of other shareholders of Kunshan Anda to the Kunshan Transfer and their written confirmation of the waiver of their respective rights of first refusal having been obtained; and (ii) Taicang Natural Gas obtaining a written consent for the Kunshan Transfer from the Suzhou Branch of China Merchants Bank Co., Ltd; and
- (d) there is no regulatory action, court order or legal proceeding which would render the transactions contemplated by this Agreement unlawful or prohibit or restrict their completion.

None of the above conditions precedent above shall be waived, except that (b), (c) and (d) above may be waived by the written consent of the parties to the Special Deal Agreement.

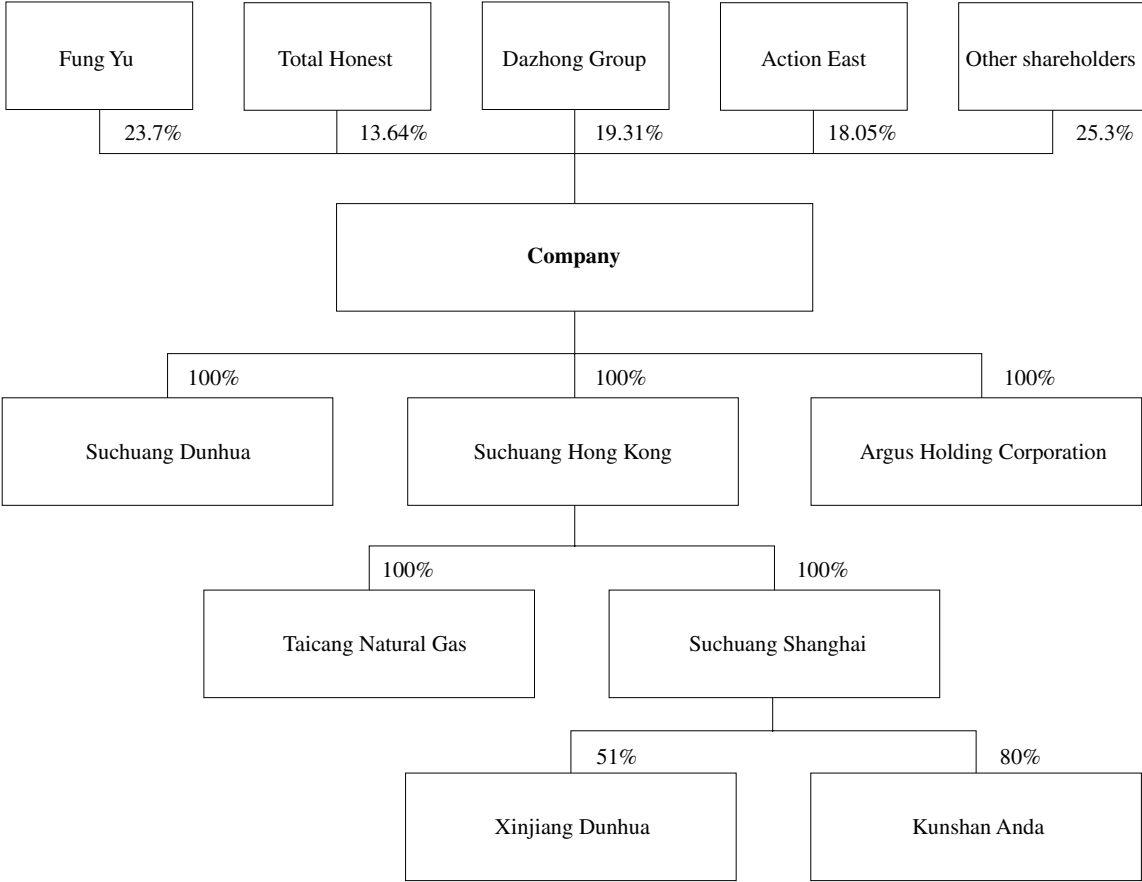
If the conditions precedent set out above are not fulfilled or waived (as the case may be) on or before the Long Stop Date, the Special Deals shall be terminated and neither party shall have any claim against the other except for any rights accrued by the parties prior to termination.

Special Deal Completion

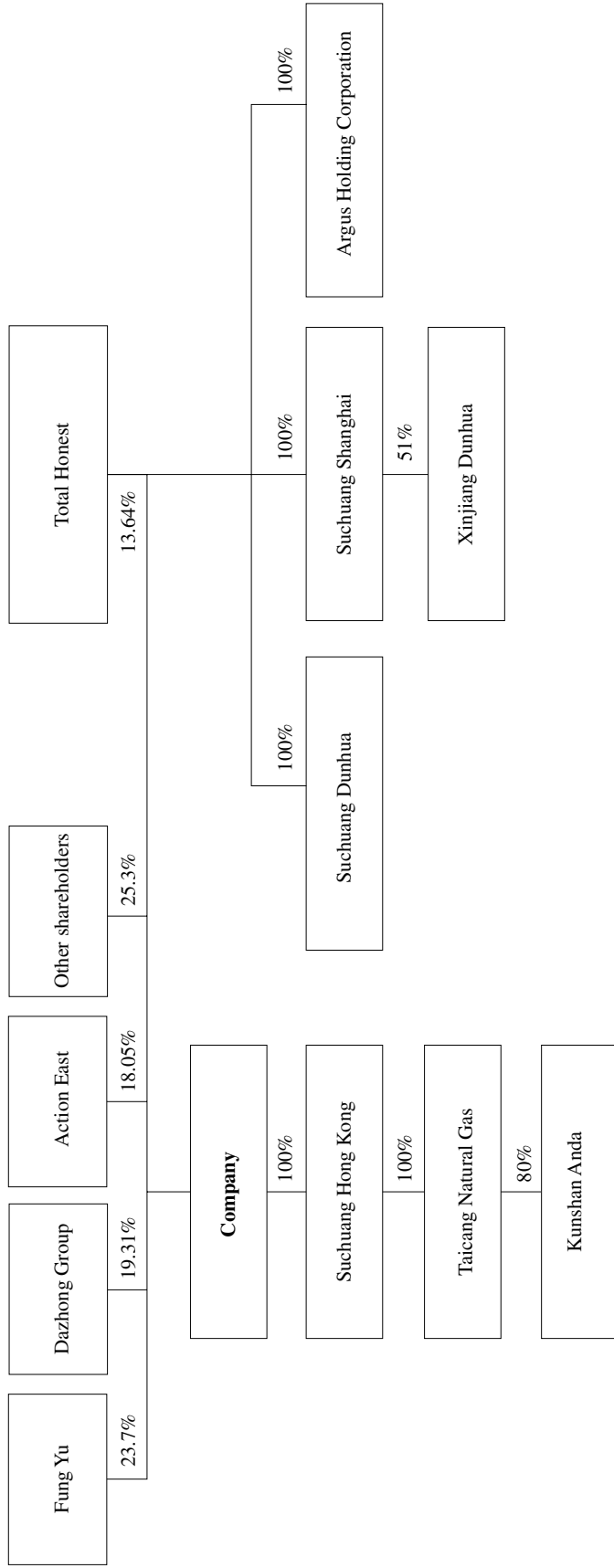
In the event that all the conditions precedent to the Special Deal Agreement are satisfied (or waived), the Special Deal Completion will take place within seven days following the Scheme becoming effective (or other relevant time agreed by the parties in writing) but in any event, no later than one business day before the despatch of cheques to Scheme Shareholders (pursuant to the terms of the Proposal).

The long stop date of the Special Deal Agreement would be the same as the Long Stop Date of the Proposal.

The chart below sets out the simplified corporate structure of the Company as at the Announcement Date:



The chart below sets out the simplified corporate structure of the Company immediately upon the Special Deal Completion (assuming the Scheme has not become effective):



Financial information of the Disposal Group

The following table is a summary of certain unaudited consolidated financial information of the Disposal Group for the financial years ended 31 December 2019 and 31 December 2020, which is based on the audited financial information from the annual reports of the Company for the years ended 31 December 2019 and 31 December 2020, respectively:

RMB('000)	Year ended 31 December	
	2019 (unaudited)	2020 (unaudited)
Revenue	2,595	3,334
Gross Profit	2,510	3,334
Profit/(loss) before income tax	(16,696)	(11,779)
Profit/(loss) for the year attributable to Shareholders	(12,707)	(8,907)
Consolidated net asset value attributable to Shareholders	(1,649)	(9,563)

As at 31 December 2020, the unaudited consolidated net book value of the Disposal Group was approximately negative RMB9,563,000, while the consideration under the Special Deal Agreement (including the settlement of intra-group loans) is approximately RMB401,908,721, therefore it is estimated that the Group will recognize a gain of approximately RMB11,941,000 (before tax) as of 31 December 2020 upon Special Deal Completion. The net sale proceeds under the Special Deal Agreement will be applied by the Group for general working capital.

The disclosure of the above financial information of the Disposal Group for the financial years ended 31 December 2019 and 31 December 2020 constitute a profit forecast under Rule 10 of the Takeovers Code and should have been reported on by the Company's financial adviser and auditors in accordance with note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code and in this Announcement there should have contained a statement that the profit forecast has been reported on in accordance with the Takeovers Code and the reports have been lodged with the Executive pursuant to Rule 10.4 of the Takeovers Code. These reports must be included in the next document to be sent to the Shareholders under Rule 10.4 of the Takeovers Code.

Given the time constraints on the publication of this Announcement, the Company has encountered practical difficulties in meeting the requirements set out in Rule 10.4 of the Takeovers Code. Accordingly, this Announcement does not meet the standard required by Rule 10 of the Takeovers Code. Pursuant to Practice Note 2 of the Takeovers Code, the reports from the Company's financial adviser and auditors on the said profit forecast are required to be included in the next document to be sent to the Shareholders which will be the Scheme Document.

Shareholders and potential investors should exercise caution in placing reliance on the said profit forecast in assessing the merits and demerits of the Proposal and the Special Deals.

Reasons and benefits of entering into the Special Deal Agreement

Taking into account the Proposal, the Company has agreed to restructure its shareholdings in some investments so as to dispose its non-core businesses. The Disposal Group comprises the Company's investment holdings in natural gas businesses outside the PRC and subsidiaries focusing on promoting technologies for nitrogen and carbon dioxide. Through the Special Deal Agreement, the Group will be able to divest its investment in non-core business at a fair consideration while at the same time focus on its principal business in natural gas sales and distribution in the PRC.

Takeovers Code implications

Hong Kong Transfer, US Transfer and Shanghai Transfer constitute disposals of the Group's assets to the Controlling Shareholders, and they are therefore special deals under Note 4 of Rule 25 of the Takeovers Code. As Kunshan Transfer is an intra-group transfer of the Group, it does not constitute a special deal (as defined under Rule 25 of the Takeovers Code). The Offeror will make an application to seek consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deals are fair and reasonable; and (ii) the approval of the Special Deals by the Independent Shareholders by way of poll at the General Meeting. The Takeovers Code IBC will advise the Disinterested Shareholders as to whether the terms of the Special Deal Agreement (other than Kunshan Transfer) are, or are not, fair and reasonable, and whether to vote in favour of the Special Deal Agreement (other than Kunshan Transfer) at the General Meeting.

The Independent Financial Adviser will be appointed by the Company and approved by the Takeovers Code IBC to advise the Takeovers Code IBC and the Disinterested Shareholders in respect of the Special Deal Agreement and transactions contemplated thereunder (other than Kunshan Transfer) (as a special deal under Note 4 to Rule 25 of the Takeovers Code).

Listing Rules implications

As at the date of the Special Deal Agreement, the Company was owned as to approximately 23.76% by Fung Yu and approximately 13.64% by Total Honest. Fung Yu and Total Honest, as substantial shareholders of the Company, are connected persons of the Company. As such, the transactions contemplated under the Special Deal Agreement constituted (other than Kunshan Transfer) constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the Special Deal Agreement (other than Kunshan Transfer) is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Special Deal Agreement (excluding Kunshan Transfer) exceed 25% but all are less than 75%, the Special Deal Agreement (other than Kunshan Transfer) constitutes a major transaction for the Company, and is subject to the reporting, announcement, circular and shareholder's approval requirements pursuant to Chapter 14 of the Listing Rules.

The Company will at the EGM seek approval from the Independent Shareholders for entering into the Special Deal Agreement and the transactions contemplated thereunder (other than Kunshan Transfer).

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, save for Fung Yu and Total Honest, no Shareholder has a material interest in the Special Deal Agreement. As such, no Shareholder other than Fung Yu and Total Honest and their respective associates will abstain from voting on the resolution(s) for approving the Special Deal Agreement to be proposed at the EGM.

The Listing Rules IBC, comprising all the independent non-executive Directors, namely Mr. Zhou Qingzu, Mr. Zhu Tong and Mr. Feng Yijing, will be formed to advise the Independent Shareholders on the Special Deal Agreement and the transactions contemplated thereunder (other than Kunshan Transfer).

5. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Announcement Date, the Company has 903,084,000 Shares in issue, all of which are Scheme Shares.

As at the Announcement Date, the Offeror does not hold any Shares and the Offeror Concert Parties hold 337,684,000 Shares, representing 37.40% of the issued share capital of the Company. On the assumption that (i) no Outstanding Share Options are exercised before the Record Date, (ii) all Scheme Shareholders (including the Controlling Shareholders who have undertaken to elect the Cash Alternative) elect the Cash Alternative, (iii) no Scheme Shareholder elects the Share Alternative and (iv) there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate percentage of the issued share capital (Note 1)	Number of Shares (Note 2)	Approximate percentage of the issued share capital
Offeror	–	–	903,084,000	100.00%
Offeror Concert Parties				
Fung Yu (Note 3)	214,546,000	23.76%	–	–
Total Honest (Note 4)	123,138,000	13.64%	–	–
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	337,684,000	37.40%	903,084,000	100.00%
Disinterested Shareholders				
Dazhong (Hong Kong) (Note 5)	129,344,000	14.32%	–	–
Shanghai Dazhong (Note 5)	45,000,000	4.98%	–	–
Action East (Note 6)	163,040,000	18.05%	–	–
Other Disinterested Shareholders	228,016,000	25.25%	–	–
Total number of Shares	903,084,000	100.00%	903,084,000	100.00%
Total number of Scheme Shares	903,084,000	100.00%	–	–

Notes:

- All percentages in the above table are approximations.
- Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that no Share Options are exercised before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal, upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.
- 214,546,000 Shares are beneficially owned by Fung Yu which is wholly owned by Yong Sheng Pte Ltd. and is indirectly wholly-owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Mr. Su Aping is the settlor, and Mr. Su Aping, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Besides, 123,138,000 Shares are beneficially owned by Total Honest which is wholly owned by Ridge Glorious Limited, which is in turn wholly owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Ms. Zhu Yaying is the settlor, and Ms. Zhu Yaying, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Mr. Su Aping is the beneficial owner of 2,200,000 Share Options. Ms. Zhu Yaying is the beneficial owner of 2,150,000 Share Options. Mr. Su Aping is the spouse of Ms. Zhu Yaying. Under the SFO, Mr. Su Aping is deemed to be interested in the same number of Shares and share options in which Ms. Zhu Yaying is interested.

4. 123,138,000 Shares are beneficially owned by Total Honest which is wholly owned by Ridge Glorious Limited, which is in turn wholly owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Ms. Zhu Yaying is the settlor, and Ms. Zhu Yaying, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Besides, 214,546,000 Shares are beneficially owned by Fung Yu which is wholly owned by Yong Sheng Pte Ltd. and is indirectly wholly-owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Mr. Su Aping is the settlor, and Mr. Su Aping, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Ms. Zhu Yaying is the beneficial owner of 2,150,000 Share Options. Mr. Su Aping is the beneficial owner of 2,200,000 Share Options. Ms. Zhu Yaying is the spouse of Mr. Su Aping. Under the SFO, Ms. Zhu Yaying is deemed to be interested in the same number of Shares and share options in which Mr. Su Aping is interested.
5. Dazhong (Hong Kong) is a wholly-owned subsidiary of Shanghai Dazhong, the A shares of which are listed on the Shanghai Stock Exchange with Stock Code 600635 and the H shares of which are listed on the Stock Exchange with Stock Code 1635. Shanghai Dazhong is deemed to be interested in the same number of shares in which Dazhong (Hong Kong) is interested. Shanghai Dazhong was the beneficial owner of 45,000,000 Shares.
6. 163,040,000 Shares are beneficially owned by Action East which is wholly-owned by Prax Capital. Under the SFO, Prax Capital is deemed to be interested in the same number of shares in which Action East is interested.

On the assumption that (i) no Outstanding Share Options are exercised before the Record Date, (ii) the Controlling Shareholders who have undertaken to elect the Cash Alternative elect the Cash Alternative, (iii) all the other Scheme Shareholders elect the Share Alternative and (iv) there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate percentage of the issued share capital (Note 1)	Number of Shares (Note 2)	Approximate percentage of the issued share capital
Offeror	–	–	337,684,000	37.40%
Offeror Concert Parties				
HoldCo	–	–	565,400,000	62.60%
Fung Yu (Note 3)	214,546,000	23.76%	–	–
Total Honest (Note 4)	123,138,000	13.64%	–	–
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	337,684,000	37.40%	903,084,000	100.00%
Disinterested Shareholders				
Dazhong (Hong Kong) (Note 5)	129,344,000	14.32%	–	–
Shanghai Dazhong (Note 5)	45,000,000	4.98%	–	–
Action East (Note 6)	163,040,000	18.05%	–	–
Other Disinterested Shareholders	228,016,000	25.25%	–	–
Total number of Shares	903,084,000	100.00%	903,084,000	100.00%
Total number of Scheme Shares	903,084,000	100.00%	–	–

Notes:

- All percentages in the above table are approximations.
- Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that no Share Options are exercised before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal, upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.
- 214,546,000 Shares are beneficially owned by Fung Yu which is wholly owned by Yong Sheng Pte Ltd. and is indirectly wholly-owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Mr. Su Aping is the settlor, and Mr. Su Aping, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Besides, 123,138,000 Shares are beneficially owned by Total Honest which is wholly owned by Ridge Glorious Limited, which is in turn wholly owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Ms. Zhu Yaying is the settlor, and Ms. Zhu Yaying, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Mr. Su Aping is the beneficial owner of 2,200,000 Share Options. Ms. Zhu Yaying is the beneficial owner of 2,150,000 Share Options. Mr. Su Aping is the spouse of Ms. Zhu Yaying. Under the SFO, Mr. Su Aping is deemed to be interested in the same number of Shares and share options in which Ms. Zhu Yaying is interested.

4. 123,138,000 Shares are beneficially owned by Total Honest which is wholly owned by Ridge Glorious Limited, which is in turn wholly owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Ms. Zhu Yaying is the settlor, and Ms. Zhu Yaying, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Besides, 214,546,000 Shares are beneficially owned by Fung Yu which is wholly owned by Yong Sheng Pte Ltd. and is indirectly wholly-owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Mr. Su Aping is the settlor, and Mr. Su Aping, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Ms. Zhu Yaying is the beneficial owner of 2,150,000 Share Options. Mr. Su Aping is the beneficial owner of 2,200,000 Share Options. Ms. Zhu Yaying is the spouse of Mr. Su Aping. Under the SFO, Ms. Zhu Yaying is deemed to be interested in the same number of Shares and share options in which Mr. Su Aping is interested.
5. Dazhong (Hong Kong) is a wholly-owned subsidiary of Shanghai Dazhong, the A shares of which are listed on the Shanghai Stock Exchange with Stock Code 600635 and the H shares of which are listed on the Stock Exchange with Stock Code 1635. Shanghai Dazhong is deemed to be interested in the same number of shares in which Dazhong (Hong Kong) is interested. Shanghai Dazhong was the beneficial owner of 45,000,000 Shares.
6. 163,040,000 Shares are beneficially owned by Action East which is wholly-owned by Prax Capital. Under the SFO, Prax Capital is deemed to be interested in the same number of shares in which Action East is interested.

Share Options

As at the Announcement Date, there are 52,400,000 Outstanding Share Options granted under the Share Option Scheme, of which 18,500,000 Share Options have an exercise price of HK\$2.00, 19,400,000 Share Options have an exercise price of HK\$2.28 and 14,500,000 Share Options have an exercise price of HK\$3.06. The Company will not grant any further Share Options under the Share Option Scheme. As at the Announcement Date, all the Share Options under the Share Option Scheme have been granted. The Company will not grant any further Share Options under the Share Option Scheme before the Long Stop Date.

The exercise of all the Outstanding Share Options in full would result in the issue of 52,400,000 new Shares (representing approximately 5.80% of the issued share capital of the Company as at the Announcement Date) and approximately 5.48% of the issued share capital of the Company as enlarged by the issue of such new Shares.

Accordingly, the Offeror will make (or procure to be made on their behalf) the Option Offer for the 52,400,000 Outstanding Share Options assuming no exercise or lapse of such Share Options by them before the Record Date. Such Option Offer will be conditional upon the Scheme becoming effective.

Further information on the Option Offer will be set out in a letter to the holders of the Outstanding Share Options which will be despatched at or around the same time as the despatch of the Scheme Document.

On the assumption that (i) all Share Options are exercised before the Announcement Date, (ii) all Scheme Shareholders (including the Controlling Shareholders who have undertaken to elect the Cash Alternative) elect the Cash Alternative, (iii) no Scheme Shareholders elect the Share Alternative and (iv) there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate percentage of the issued share capital (Note 1)	Number of Shares (Note 2)	Approximate percentage of the issued share capital
Offeror	–	–	955,484,000	100.00%
Offeror Concert Parties				
Fung Yu (Note 3)	214,546,000	22.45%	–	–
Total Honest (Note 4)	123,138,000	12.89%	–	–
Su Aping (Notes 3,4)	2,200,000	0.23%	–	–
Zhu Yaying (Notes 3,4)	2,150,000	0.23%	–	–
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	342,034,000	35.80%	955,484,000	100.00%
Disinterested Shareholders				
Dazhong (Hong Kong) (Note 5)	129,344,000	13.54%	–	–
Shanghai Dazhong (Note 5)	45,000,000	4.71%	–	–
Action East (Note 6)	163,040,000	17.06%	–	–
Other Disinterested Shareholders	276,066,000	28.89%	–	–
Total number of Shares	955,484,000	100.00%	955,484,000	100.00%
Total number of Scheme Shares	955,484,000	100.00%	–	–

Notes:

1. All percentages in the above table are approximations.
2. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that all the Share Options are exercised before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal, upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.
3. 214,546,000 Shares are beneficially owned by Fung Yu which is wholly owned by Yong Sheng Pte Ltd. and is indirectly wholly-owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Mr. Su Aping is the settlor, and Mr. Su Aping, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Besides, 123,138,000 Shares are beneficially owned by Total Honest which is wholly owned by Ridge Glorious Limited, which is in turn wholly owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Ms. Zhu Yaying is the settlor, and Ms. Zhu Yaying, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Mr. Su Aping is the beneficial owner of 2,200,000 Share Options. Ms. Zhu Yaying is the beneficial owner of 2,150,000 Share Options. Mr. Su Aping is the spouse of Ms. Zhu Yaying. Under the SFO, Mr. Su Aping is deemed to be interested in the same number of Shares and share options in which Ms. Zhu Yaying is interested.
4. 123,138,000 Shares are beneficially owned by Total Honest which is wholly owned by Ridge Glorious Limited, which is in turn wholly owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Ms. Zhu Yaying is the settlor, and Ms. Zhu Yaying, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Besides, 214,546,000 Shares are beneficially owned by Fung Yu which is wholly owned by Yong Sheng Pte Ltd. and is indirectly wholly-owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Mr. Su Aping is the settlor, and Mr. Su Aping, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Ms. Zhu Yaying is the beneficial owner of 2,150,000 Share Options. Mr. Su Aping is the beneficial owner of 2,200,000 Share Options. Ms. Zhu Yaying is the spouse of Mr. Su Aping. Under the SFO, Ms. Zhu Yaying is deemed to be interested in the same number of Shares and share options in which Mr. Su Aping is interested.
5. Dazhong (Hong Kong) is a wholly-owned subsidiary of Shanghai Dazhong, the A shares of which are listed on the Shanghai Stock Exchange with Stock Code 600635 and the H shares of which are listed on the Stock Exchange with Stock Code 1635. Shanghai Dazhong is deemed to be interested in the same number of shares in which Dazhong (Hong Kong) is interested. Shanghai Dazhong was the beneficial owner of 45,000,000 Shares.
6. 163,040,000 Shares are beneficially owned by Action East which is wholly-owned by Prax Capital. Under the SFO, Prax Capital is deemed to be interested in the same number of shares in which Action East is interested.

On the assumption that (i) all Share Options are exercised before the Announcement Date, (ii) the Controlling Shareholders who have undertaken to elect the Cash Alternative, (iii) all the other Scheme Shareholders elect the Share Alternative and (iv) there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate percentage of the issued share capital (Note 1)	Number of Shares (Note 2)	Approximate percentage of the issued share capital
Offeror	–	–	344,184,000	36.02%
Offeror Concert Parties				
HoldCo (Note 3)	–	–	611,300,000	63.98%
Fung Yu (Note 3)	214,546,000	22.45%	–	–
Total Honest (Note 4)	123,138,000	12.89%	–	–
Su Aping (Notes 3,4)	2,200,000	0.23%	–	–
Zhu Yaying (Notes 3,4)	2,150,000	0.23%	–	–
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	342,034,000	35.80%	955,484,000	100.00%
Disinterested Shareholders				
Dazhong (Hong Kong) (Note 5)	129,344,000	13.54%	–	–
Shanghai Dazhong (Note 5)	45,000,000	4.71%	–	–
Action East (Note 6)	163,040,000	17.06%	–	–
Other Disinterested Shareholders	276,066,000	28.89%	–	–
Total number of Shares	955,484,000	100.00%	955,484,000	100.00%
Total number of Scheme Shares	955,484,000	100.00%	–	–

Notes:

- All percentages in the above table are approximations.
- Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that all the Share Options are exercised before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal, upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.

3. 214,546,000 Shares are beneficially owned by Fung Yu which is wholly owned by Yong Sheng Pte Ltd. and is indirectly wholly-owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Mr. Su Aping is the settlor, and Mr. Su Aping, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Besides, 123,138,000 Shares are beneficially owned by Total Honest which is wholly owned by Ridge Glorious Limited, which is in turn wholly owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Ms. Zhu Yaying is the settlor, and Ms. Zhu Yaying, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Mr. Su Aping is the beneficial owner of 2,200,000 Share Options. Ms. Zhu Yaying is the beneficial owner of 2,150,000 Share Options. Mr. Su Aping is the spouse of Ms. Zhu Yaying. Under the SFO, Mr. Su Aping is deemed to be interested in the same number of Shares and share options in which Ms. Zhu Yaying is interested.
4. 123,138,000 Shares are beneficially owned by Total Honest which is wholly owned by Ridge Glorious Limited, which is in turn wholly owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Ms. Zhu Yaying is the settlor, and Ms. Zhu Yaying, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Besides, 214,546,000 Shares are beneficially owned by Fung Yu which is wholly owned by Yong Sheng Pte Ltd. and is indirectly wholly-owned by First Advisory Trust (Singapore) Limited as trustee for a discretionary trust of which Mr. Su Aping is the settlor, and Mr. Su Aping, Ms. Su Yi and Ms. Su Wen are three of the several eligible beneficiaries. Ms. Zhu Yaying is the beneficial owner of 2,150,000 Share Options. Mr. Su Aping is the beneficial owner of 2,200,000 Share Options. Ms. Zhu Yaying is the spouse of Mr. Su Aping. Under the SFO, Ms. Zhu Yaying is deemed to be interested in the same number of Shares and share options in which Mr. Su Aping is interested.
5. Dazhong (Hong Kong) is a wholly-owned subsidiary of Shanghai Dazhong, the A shares of which are listed on the Shanghai Stock Exchange with Stock Code 600635 and the H shares of which are listed on the Stock Exchange with Stock Code 1635. Shanghai Dazhong is deemed to be interested in the same number of shares in which Dazhong (Hong Kong) is interested. Shanghai Dazhong was the beneficial owner of 45,000,000 Shares.
6. 163,040,000 Shares are beneficially owned by Action East which is wholly-owned by Prax Capital. Under the SFO, Prax Capital is deemed to be interested in the same number of shares in which Action East is interested.

As at the Announcement Date:

- (a) the issued share capital of the Company comprises 903,084,000 Shares and 52,400,000 Outstanding Share Options;
- (b) save as the Irrevocable Undertakings and disclosed in the section headed “5. Shareholding Structure of the Company”, the Offeror and the Offeror Concert Parties do not legally and beneficially own, control or have direction over any Shares or Share Options;
- (c) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties;
- (d) none of the Offeror and the Offeror Concert Parties has entered into any outstanding derivative in respect of the securities in the Company;
- (e) none of the Offeror and the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (f) none of the Offeror nor the Offeror Concert Parties has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the Announcement Date.

As at the Announcement Date, the Scheme Shares, comprising 903,084,000 Shares, represent 100% of the issued Shares.

As at the Announcement Date, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital of 903,084,000 Shares and the 52,400,000 outstanding Share Options.

CICC is the financial adviser to the Offeror in connection with the Proposal. Accordingly, CICC and relevant members of the CICC group which hold Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code).

Details of holdings, borrowings or lendings of, and dealings in, the Shares, convertible securities, warrants, options or derivatives of the Company held by or entered into by other members of the CICC group (except in respect of Shares held by exempt principal traders or exempt fund managers or Shares held on behalf of non-discretionary investment clients of other parts of the CICC group) will be obtained as soon as possible after the Announcement Date in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Company if the holdings, borrowings, lendings, or dealings of the other members of the CICC group are significant and in any event, such information will be disclosed in the Scheme Document. The statements in this Announcement as to holdings, borrowings or lendings of, or dealings in, the Shares, convertible securities, warrants, options or derivatives of the Company by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of members of the CICC group. Exempt principal traders which are connected for the sole reason that they are under the same control as CICC are not presumed to be acting in concert with the Offeror. However, (i) Shares held by members of the CICC group acting in the capacity of exempt principal traders on behalf of other members of the CICC group (regardless of whether they are also exempt principal traders) will not be voted at the Court Meeting and the General Meeting, and (ii) Shares held by members of the CICC group acting in the capacity of exempt principal traders on behalf of non-discretionary clients (other than members of the CICC group) will not be voted at the Court Meeting and the General Meeting unless the Executive allows such Shares to be so voted. Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the Court Meeting and the General Meeting if (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions originate from the client only (if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader).

Any dealings by the CICC group in the Shares during the six months prior to 25 August 2021 (being the Announcement Date and the commencement of the offer period (as defined under the Takeovers Code)) and since the commencement of the offer period to the latest practicable date prior to the despatch of the Scheme Document (excluding dealings in Shares by CICC group members who are exempt principal traders or exempt fund managers or dealings in the Shares by CICC group members for the account of non-discretionary investment clients of the CICC group) will be disclosed in the Scheme Document. Any dealings by the CICC group in the Shares during the offer period will be disclosed in accordance with the requirements under Rule 22 of the Takeovers Code.

6. FINANCIAL RESOURCES

On the assumption that (a) all Scheme Shareholders elect the Cash Alternative, (b)(i) all outstanding Share Options as at the Record Date are exercised and all the Optionholders of such Share Options become Scheme Shareholders on or before the Record Date and elect the Cash Alternatives, and (ii) no further Shares are issued before the Record Date, the amount of cash required for the Proposal would be approximately HK\$2,388,710,000.

The Offeror intends to finance the entire cash amount required for the Proposal and the Option Offer by intra-group financing from its controlling shareholder, China Resources (Holdings) Company Limited.

CICC, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with its terms.

7. REASONS FOR, AND BENEFITS OF, THE PROPOSAL

For the Offeror:

(a) Facilitate the strategic goals in expansion of the natural gas business within Yangtze River Delta Region

The Offeror considers that the Company is well positioned in the market for the natural gas business in Taicang, the PRC, a core location in the Yangtze River Delta Region with strategic importance in the natural gas distribution pipeline. After completion of the Proposal, the Offeror will have acquired the natural gas business of the Company and the Offeror considers that the Offeror will then be able to leverage its nationwide procurement resources, improve the interconnectivity of its natural gas pipelines, and improve the overall operation efficiency of its urban gas distribution in the Yangtze River Delta Region. Hence, the Offeror believes that the acquisition could create synergy and strengthen its urban gas distribution business and will be beneficial to and is in the interest of the Offeror and its shareholders as a whole.

It is the intention of the Offeror that the Group will continue to carry on its current business and expansion goal in natural gas business within Yangtze River Delta Region, and the Offeror does not have specific plans to make any major changes to the business of the Group (including any redeployment of fixed assets of the Group) upon the successful delisting of the Company, while the Offeror will leverage its own industry expertise to facilitate the Group's development plan in conjunction with the Offeror's development plan. The transaction will allow the Company to be well-positioned to benefit from the long-term growth trends in the PRC. The Offeror does not intend to re-list the Company in the PRC or on any other overseas stock exchanges or make any significant changes to the continued employment of the employees of the Group, except for staff movements which are part of normal conduct of business.

For the Scheme Shareholders:

(b) Exit investments with limited liquidity and at a compelling premium to the prevailing trading price

The Offeror notes that the trading liquidity of the Shares has been at a relatively low level over an extended period of time. The average daily trading volume of the Shares for the 6 months up to and including the Last Trading Day was approximately 21,447 Shares per day, representing only approximately 0.0024% of the issued Shares as at the Last Trading Day. The low trading liquidity of the Shares could make it difficult for the Scheme Shareholders to execute on-market trades of Shares without adversely affecting the market price of the Shares or at a notable discount to last trading price. In this regard, the Offeror is of the view that the Proposal provides an opportunity for the Scheme Shareholders to realise their holdings of Shares with limited liquidity in return for cash.

The Offeror considers that the Proposal provides the Scheme Shareholders with an opportunity to realise their investment in the Company at a compelling premium over the prevailing market price of the Shares. The cash consideration of HK\$2.50 per Scheme Share under the Cash Alternative represents a premium of approximately 23.76% on the average closing prices of HK\$2.02 for the 180 trading days up to and including the Last Trading Day, respectively.

The Proposal provides the Scheme Shareholders with an opportunity to realise their investments in the Company under the current market uncertainties and volatilities. A number of recent political and economic events (including but not limited to the COVID-19 pandemic) raises uncertainties and volatilities in the global capital market. Since 2021, the Hang Seng Index has shown an overall downward trend. As of the Last Trading Day, it has decreased by approximately 3.08%.

(c) Opportunity to continue to invest in the Company

The Offeror considers that the Proposal provides the Scheme Shareholders, through the election of Share Alternative, with an opportunity to remain invested and participated in the Company's natural gas business in Taicang, the PRC, subject to the risk factors of holding Offeror Shares as disclosed in the section headed "2. Terms of the Proposal – Cancellation Consideration – The Share Alternative".

For the Company:

(d) Reduce the costs and resources to maintain a listing platform that lacks financing capabilities

The Offeror considers that due to the low liquidity and the relative underperformance in the trading of the Shares, there will be difficulties to a certain extent for the Company to raise funds from public equity markets, which the Offeror believes is unlikely to see any significant improvement in the near term.

As such, the Offeror believes that the administrative costs and management resources associated with maintaining the Company's listing status are no longer justified. The Proposal will reduce such administrative costs and management resources invested by the Company to maintain a listing platform that lacks financing capabilities, in which the management can focus on the business operations of the Group.

8. INFORMATION ON THE GROUP, THE OFFEROR AND HOLDCO

The Group

Company

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 1430. The principal business activities of the Group include distribution and sale of piped natural gas, provision of natural gas transmission and acting as the main contractor of construction and installation of gas pipelines in the PRC.

Suchuang Hong Kong

Suchuang Hong Kong is a company incorporated in Hong Kong with limited liability. The principal business activity of Suchuang Hong Kong is investment holding. Suchuang Hong Kong is a direct wholly-owned subsidiary of the Company.

Suchuang Shanghai

Suchuang Shanghai is a company incorporated in the PRC with limited liability. The principal business activity of Suchuang Shanghai is investment holding. Suchuang Shanghai is a direct wholly-owned subsidiary of Suchuang Hong Kong, which is in turn wholly-owned by the Company.

Taicang Natural Gas

Taicang Natural Gas is a company incorporated in the PRC with limited liability. The principal business activities of Taicang Natural Gas are distribution and sale of natural gas, provision of natural gas transmission, main contractor of construction and installation of gas pipelines. Taicang Natural Gas is a direct wholly-owned subsidiary of Suchuang Hong Kong, which is in turn wholly-owned by the Company.

The following table is a summary of certain audited consolidated financial information of the Group for the years ended 31 December 2019 and 31 December 2020, based on the financial information from 2019 annual report and the 2020 annual report of the Company:

	Year ended 31 December 2020 (RMB'000)	Year ended 31 December 2019 (RMB'000)
Revenue	1,181,120	1,329,875
Gross Profit	209,680	248,516
Profit before income tax	98,380	124,915
Profit for the year attributable to shareholders	54,421	70,150
Consolidated net asset value attributable to shareholders	1,465,881	1,430,293

Offeror

The Offeror is a company incorporated in Hong Kong with limited liability, who is indirectly wholly owned by CR Gas, whose shares are listed on the Main Board of the Stock Exchange with stock code 1193. The Offeror is the intermediate holding company of various PRC subsidiaries of CR Gas. CR Gas is an investment holding company and principally engaged in downstream city gas distribution business including piped natural gas distribution, natural gas filling stations operation and sales of gas appliances in the PRC.

The following table is a summary of certain audited consolidated financial information of CR Gas for the years ended 31 December 2019 and 31 December 2020, based on the financial information from the 2019 annual report and 2020 annual report of CR Gas:

	Year ended 31 December 2020 (HK\$'000)	Year ended 31 December 2019 (HK\$'000)
Revenue	55,864,169	56,976,290
Gross Profit	15,027,477	14,213,581
Profit/(loss) before income tax	8,990,263	8,421,548
Profit/(loss) for the year attributable to shareholders	6,711,888	6,499,743
Consolidated net asset value attributable to shareholders	46,868,359	35,822,215

HoldCo

It is proposed by the Offeror that HoldCo will be a business company incorporated in the British Virgin Islands with limited liability. It is proposed that before the Scheme becomes effective, (i) all the issued shares of HoldCo, comprising one HoldCo Share, would be beneficially and wholly held by the Offeror; and (ii) the directors of the HoldCo are Mr. Gen Bin, Mr. Li Xiaoshuang and Mr. Fan Zhe. Mr. Ge Bin is also a director of CR Gas and Mr. Li Xiaoshuang is also a director of the Offeror.

HoldCo will not carry on any business other than matters in connection with the Proposal and the Scheme. HoldCo will not engage in any business other than acting as the holding company of the new Shares of the Company issued to it under the Share Alternative after completion of the Proposal.

9. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from one clear Business Day following the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

10. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1(a) of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Takeovers Code IBC or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

11. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Proposal to the Scheme Shareholders and the Option Offer to Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located.

Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and overseas Optionholders, wishing to take an action in relation to the Proposal and Option Offer, respectively, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such Scheme Shareholders and Optionholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including CICC), that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the despatch of the Scheme Document to overseas Scheme Shareholders or overseas Optionholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Directors regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or its Shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders or overseas Optionholders. For that purpose, the Company will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders or overseas Optionholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such overseas Scheme Shareholders and overseas Optionholders, as the case may be.

Scheme Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal or the Option Offer. It is emphasised that none of the Offeror, the Company and CICC or any of their respective directors, officers or associates or any other person involved in the Proposal or the Option Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or the Option Offer.

12. SCHEME SHARES, MEETING OF SCHEME SHAREHOLDERS AND EXTRAORDINARY GENERAL MEETING OF THE COMPANY

As at the Announcement Date, the Offeror does not hold any Shares. As the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the Court Meeting. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will be subject to the terms and conditions of the Scheme.

As at the Announcement Date, Fung Yu and Total Honest hold in an aggregate of 337,684,000 Shares (representing approximately 37.40% of the issued share capital of the Company). Such Shares (including all the Share Options held by Su Aping, Zhu Yaying and Su Yi (if any) assuming they are exercised) will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. As members of the Offeror Concert Parties, the votes of the Controlling Shareholders at the Court Meeting will not be counted as votes of Disinterested Shareholders in determining whether the requirements under condition (4) (a) and (b) under the section headed “2. Terms of the Proposal – Conditions to the Proposal and the Scheme” (as required under Rule 2.10 of the Takeovers Code) are satisfied, but will be counted as votes of Scheme Shareholders in determining whether the requirement under condition (3) in the section headed “2. Terms of the Proposal – Conditions to the Proposal and the Scheme” (as required under Companies Act) is satisfied. Besides Fung Yu and Total Honest, there are no Offeror Concert Parties who hold Shares as at the Announcement Date.

All Shareholders will be entitled to attend the General Meeting and vote on (1) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled; and (2) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares, credited as fully paid, for issuance to the Offeror.

13. TAKEOVERS CODE IBC

The Takeovers Code IBC, which comprises the following non-executive Directors, Mr. Xu Lei, Mr. Jin Bo, Mr. Zhou Qingzu, Mr. Zhu Tong and Mr. Feng Yijing who are not interested in the Proposal, has been established by the Board to make a recommendation: (a) to the Disinterested Shareholders as to whether the terms of the Proposal, the Scheme and the Special Deal Agreement (other than Kunshan Transfer) are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the General Meeting and in favour of the Special Deal Agreement (other than Kunshan Transfer) at the General Meeting; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code IBC comprises all non-executive Directors who have no direct or indirect interest in the Proposal and the Option Offer.

The Directors (excluding members of the Takeovers Code IBC whose views will be given after considering the advice of the Independent Financial Adviser) believe that the Proposal, the Scheme and the Special Deal Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

14. INDEPENDENT FINANCIAL ADVISER

The Company, with the approval of the Takeovers Code IBC and Listing Rules IBC will appoint an Board as the Independent Financial Adviser to advise the Takeovers Code IBC in connection with, amongst other things, the Proposal, the Special Deal Agreement (other than Kunshan Transfer), the Scheme and the Option Offer and to advise the Listing Rules IBC on the Special Deal Agreement and the transactions contemplated thereunder (other than Kunshan Transfer).

A further announcement will be made by the Company upon the appointment of the Independent Financial Adviser as soon as possible.

15. TAXATION ADVICE

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal. It is emphasised that none of the Offeror, persons acting in concert with the Offeror, the Company, CICC or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of their acceptance or rejection of the Proposal.

16. DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, amongst others, further details of the Proposal, the Scheme, the Option Offer, the Special Deal Agreement, the expected timetable, an explanatory statement as required under the Companies Act and the rules of the Grand Court, information regarding the Company, recommendations from the Takeovers Code IBC with respect to the Proposal, the Special Deal Agreement, the Scheme and the Option Offer, recommendations from the Listing Rules IBC with respect to the Special Deal Agreement and the transactions contemplated thereunder (other than Kunshan Transfer), the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting, a notice of the General Meeting and other particulars required by the Takeovers Code, the Listing Rules together with forms of proxy in relation thereto is expected to be despatched to the Shareholders on or before 29 September 2021 which is more than 15 business days after the publication of this Announcement as required under the Listing Rules as more time is required to prepare and finalize the relevant information to be included in the Scheme Document, but within 35 days of the Announcement Date as required under Rule 8.2 of the Takeovers Code.

The Scheme Document will contain important information and the Scheme Shareholders and Optionholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the General Meeting or accepting the Option Offer (as the case may be). Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

17. DISCLOSURE OF DEALINGS

Associates (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror or HoldCo or the Company) are hereby reminded to disclose their dealings in any securities of the Company, the Offeror and HoldCo under Rule 22 of the Takeovers Code during the offer period.

None of the Offeror and the Offeror Concert Parties had any dealings for value in the Shares during the period commencing six months prior to the Announcement Date.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

18. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This Announcement includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Announcement include statements about the expected effects on the Company of the Proposal and the Option Offer, the expected timing and scope of the Proposal and the Option Offer, and all other statements in this Announcement other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal and Option Offer, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations and disruptions or reductions in operations due to natural or man-made disasters, pandemics, epidemics, or outbreaks of infectious or contagious diseases such as the novel coronavirus. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Announcement Date.

Any forward-looking statement contained in this Announcement based on past or current trends and/or activities of the relevant company should not be taken as a representation that such trends or activities will continue in the future. No statement in this Announcement is intended to be a profit forecast or to imply that the earnings of the relevant company for the current year or future years will necessarily match or exceed its historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

19. GENERAL

The Offeror has appointed CICC as its financial adviser in connection with the Proposal.

The Directors (excluding members of the Takeovers Code IBC) believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

As at the Announcement Date,

- (a) other than the Cancellation Consideration payable under the Scheme, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares;
- (b) the Company has no intention to propose, declare or pay any dividends before the Long Stop Date;
- (c) save for the Irrevocable Undertakings, no irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties;
- (d) save for the Proposal and the Special Deal Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the Offeror Shares between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal; and
- (e) save as disclosed in this Announcement, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

Save as disclosed in the section headed “4. Arrangements Material to the Proposal”, the Offeror confirms that there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder of the Company; and (ii)(a) the Offeror and any Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

20. RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 16 August 2021 pending issuance of this Announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 26 August 2021.

21. DEFINITIONS

In this Announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Action East”	Action East International Limited (明崙實業有限公司), a company incorporated in Hong Kong with limited liability and wholly owned by Prax Capital
“Announcement”	this announcement issued by the Offeror and the Company
“Announcement Date”	25 August 2021, being the date of this Announcement
“Argus Holding”	Argus Holding Corporation, a company incorporated under the law of Delaware with limited liability, which is a direct wholly-owned subsidiary of the Company
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of directors of the Company
“Business Day”	a day on which the Stock Exchange is open for transaction of business
“Cancellation Consideration”	the Cash Alternative or the Share Alternative
“Cancellation Price”	the cancellation price of HK\$2.50 per Scheme Share
“Cash Alternative”	HK\$2.50 for every Scheme Share
“CICC”	China International Capital Corporation Hong Kong Securities Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Proposal

“Companies Act”	the Companies Act (2021 Revision), as consolidated and revised, of the Cayman Islands
“Company”	Suchuang Gas Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange (stock code: 1430)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong)
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “2. Terms of the Proposal – Conditions to the Proposal and the Scheme” of this Announcement
“Controlling Shareholder(s)”	Fung Yu, Total Honest, Su Aping and Zhu Yaying
“Controlling Shareholders Irrevocable Undertaking”	the irrevocable undertakings given by the Controlling Shareholders on 25 August 2021 in respect of an aggregate of 337,684,000 Shares in favour of the Offeror
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“CR Gas”	China Resources Gas Group Limited (華潤燃氣控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 1193)
“Dazhong Group”	Dazhong (Hong Kong) and Shanghai Dazhong
“Dazhong (Hong Kong)”	Dazhong (Hong Kong) International Corporation Limited (大眾(香港)國際有限公司), a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of Shanghai Dazhong
“Director(s)”	the director(s) of the Company
“Disinterested Share(s)”	Shares in issue at the Record Date, other than those beneficially owned by the Offeror and the Offeror Concert Parties. For the avoidance of doubt, Disinterested Shares include Shares in issue at the Record Date which are held by any member of the CICC group on a non-discretionary and non-proprietary basis for and on behalf of its clients

“Disinterested Shareholder(s)”	the registered holder(s) of the Disinterested Shares. For the avoidance of doubt, the Disinterested Shareholders include any member of the CICC group acting in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code
“Disposal Group”	Suchuang Dunhua, Argus Holding, Suchuang Shanghai and their respective subsidiaries (excluding Kunshan Anda). For the avoidance of doubt, Kunshan Anda is not a subsidiary of the Disposal Group
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act
“Encumbrances”	(a) any mortgage, security, pledge, charge, lien, trust, assignment by way of security, security interest, any third party interests or rights or any other categories of encumbrances or priority right granted to the third party, including but not limited to, granting any rights in a transaction, and even if it is not a security right under the relevant laws, it is similar to security rights in terms of financial or actual economic benefits; (b) any authorization, representative voting power, voting trust arrangement, share option, right of first offer, right of first negotiation, right of first refusal and other right to restrict assignment; and (c) rights to claim against encumbrance, ownership or right of use without legal title
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“exempt fund managers”	has the meaning ascribed to it in the Takeovers Code
“exempt principal traders”	has the meaning ascribed to it in the Takeovers Code
“Fung Yu”	Fung Yu Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Fung Yu Cash Cancellation Consideration”	the cash cancellation consideration receivable by Fung Yu under the Scheme in respect of the 214,546,000 Shares held by Fung Yu under the Cash Alternative
“General Meeting”	an extraordinary general meeting of the Company to be convened promptly after the conclusion or adjournment of the Court Meeting for the purposes of passing all necessary resolutions for, among other things, the implementation of the Scheme and the Special Deal Agreement or any adjournment thereof
“Grand Court”	the Grand Court of the Cayman Islands

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HoldCo”	Changjiangwei Limited, a business company to be incorporated in the British Virgin Islands with limited liability, which will be wholly owned by the Offeror before the Scheme becomes effective
“HoldCo Shares”	share(s) of Holdco with a par value of US\$1 each
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Transfer”	the Company selling, and Total Honest purchasing, the entire issued share capital of Suchuang Dunhua
“Independent Financial Adviser”	the independent financial adviser to the Listing Rules IBC and the Takeovers Code IBC to be appointed in connection with the Proposal, the Special Deal Agreement and the transactions contemplated thereunder (other than Kunshan Transfer), the Scheme and the Option Offer
“Independent Shareholder(s)”	Shareholder(s) other than those who are required under the Listing Rules and the Takeovers Code to abstain from voting at the General Meeting for the resolution approving the Special Deal Agreement and the transactions contemplated thereunder (other than Kunshan Transfer)
“Irrevocable Undertaking(s)”	the irrevocable undertaking(s) given by the IU Shareholders, each received by the Offeror on 25 August 2021 in respect of an aggregate of 675,068,000 Shares in favour of the Offeror
“IU Shareholders”	the Controlling Shareholders, Dazhong (Hong Kong), Shanghai Dazhong and Action East
“Kunshan Anda”	Kunshan Anda Natural Gas Development Co., Ltd. (昆山安達天然氣發展有限公司), a company incorporated in the PRC which is directly owned as to 80% by Suchuang Shanghai (which is in turn wholly-owned by the Company), 10% by Shanghai Qintaiyuan Investment Co., Ltd.* (上海沁泰園投資有限公司), 5% by Mr. Gao Hai and 5% by Mr. Jia Zhiguo
“Kunshan Loan”	the loan owed by Kunshan Anda to Suchuang Shanghai, being a unsecured interest-free loan with the principal amount of approximately RMB 1.03 million as of the Announcement Date
“Kunshan Transfer”	Suchuang Shanghai selling, and Taicang Natural Gas purchasing, 80% of the equity interest of Kunshan Anda

“KYC Documents”	(a) if the Scheme Shareholder is an individual, such Scheme Shareholder must provide a certified true copy of each of (i) the Scheme Shareholder’s valid identity card or passport and (ii) proof of Scheme Shareholder’s residential address (which shall be issued within the last three months of the Effective Date); and (b) if the Scheme Shareholder is a corporation, it must provide a copy of each of (i) its certificate of incorporation, (ii) its constitutional document, (iii) its register of member and (iv) its register of directors
“Last Trading Day”	13 August 2021, being the last trading day of Shares immediately prior to the issuance of this Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Listing Rules IBC”	the independent board committee of the Company to be formed to advise the Independent Shareholders on the Special Deal Agreement and the transactions contemplated thereunder (other than Kunshan Transfer)
“Loan Agreement”	the loan agreement entered into between Xinjiang Dunhua as borrower and Kuqa Branch of Agricultural Development Bank of China as lender dated 9 July 2019 in relation to a loan of RMB60,000,000, out of which RMB5,000,000 was repaid on 19 November 2019 and 21 May 2021 respectively, with the outstanding amount of the loan being RMB50,000,000 as at the Announcement Date
“Long Stop Date”	15 March 2022 or such later date the Offeror may determine, subject to the consent of CICC (whose consent shall not be unreasonably withheld) and the permissions of the Grand Court and/or the Executive (as applicable)
“New Share(s)”	new share(s) of HoldCo, to be issued pursuant to the Proposal as fully paid and will rank <i>pari passu</i> with all the shares of HoldCo
“Offeror”	China Resources Gas (Hong Kong) Investment Limited, a company incorporated in Hong Kong with limited liability, who is indirectly wholly owned by CR Gas
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code), including but not limited to CR Gas, HoldCo, China Resources (Holdings) Company Limited and the Controlling Shareholders

“Option Offer”	the offer to be made by or on behalf of the Offeror to the holders of the Outstanding Share Options
“Optionholder(s)”	holder(s) of the Share Options
“Outstanding Share Option(s)”	the outstanding share option(s), whether vested or unvested, granted under the Share Option Scheme from time to time
“PetroChina”	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company incorporated in China with limited liability whose H shares are listed on the Stock Exchange (Stock code: 857), and/or its subsidiaries
“Prax Capital”	Prax Capital China Growth Fund III, L.P., a limited partnership established in the Cayman Islands and focuses on private equity investments in the PRC
“PRC”	the People’s Republic of China (for the purpose of this Announcement, excluding Hong Kong, the Macao Special Administrative Region and the Taiwan province)
“Proposal”	the proposal for the take-private of the Company by the Offeror by way of the Scheme and the Option Offer, the cancellation of all Scheme Shares and the increase of the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Announcement
“Record Date”	the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	a scheme of arrangement to be proposed under Section 86 of the Companies Act involving the cancellation of all the Scheme Shares and the increase of the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares
“Scheme Document”	the composite scheme document to be issued by the Company and the Offeror containing, among other things, further details of the Proposal together with the additional information specified in the section headed “16. Despatch of Scheme Document” of this Announcement
“Scheme Share(s)”	Share(s) in issue on the Record Date held by the Shareholders

“Scheme Shareholder(s)”	the registered holder(s) of Scheme Shares as at the Record Date
“Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Securities and Futures Commission”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Dazhong”	Shanghai Dazhong Public Utilities (Group) Co., Limited (上海大眾公用事業(集團)股份有限公司), a company listed on both the Shanghai Stock Exchange (stock code: 600635) and the Stock Exchange (stock code: 1635)
“Shanghai Transfer”	Suchuang Hong Kong selling, and Total Honest purchasing, the entire registered share capital of Suchuang Shanghai
“Share Alternative”	1 New Share of HoldCo for every Scheme Share
“Share Option(s)”	the share option(s) granted under the Share Option Scheme from time to time
“Share Option Scheme”	the share option scheme of the Company conditionally adopted on 16 February 2015 and became effective on 11 March 2015, which was established for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations, which the scheme mandate limit was refreshed on 12 September 2017
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Sinopec”	China Petroleum & Chemical Corporation (中國石油化工股份有限公司), a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the Stock Exchange (Stock code: 386), and/or its subsidiaries

“Special Deal Agreement”	the asset reorganisation agreement (資產重組協議) entered into by the Company, Suchuang Hong Kong, Suchuang Shanghai, Total Honest, Fung Yu and Taicang Natural Gas on 25 August 2021 pursuant to which the parties agreed to purchase and sell certain subsidiaries of the Company and to settle certain intra-group loans
“Special Deal Completion”	completion of the Special Deals pursuant to the terms and conditions of the Special Deal Agreement
“Special Deals”	the transaction(s) contemplated under the Special Deal Agreement (other than Kunshan Transfer)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suchuang Dunhua”	Suchuang Dunhua Environmental Technology Company Limited (蘇創敦華環境科技有限公司), a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of the Company
“Suchuang Hong Kong”	China Suchuang Energy Co., (Hong Kong) Ltd. (中國蘇創能源(香港)有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Suchuang Shanghai”	Suchuang Gas (Shanghai) Co., Ltd (蘇創燃氣(上海)有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of Suchuang Hong Kong, which is in turn wholly-owned by the Company
“Suchuang Shanghai Loan”	the interest-free loan between Suchuang Shanghai (as borrower) and Taicang Natural Gas (as lender) with a principal amount of approximately RMB305.4 million and as of the Announcement Date
“Taicang Natural Gas”	Taicang Natural Gas Company Limited (太倉市天然氣有限公司), a company incorporated in PRC with limited liability and a direct wholly-owned subsidiary of Suchuang Hong Kong, which is in turn wholly-owned by the Company
“Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong
“Takeovers Code IBC”	the independent board committee of the Company established by the Board to make a recommendation to the Disinterested Shareholders and the Optionholders in respect of the Proposal, the Scheme, Option Offer and the Special Deal Agreement and the transactions contemplated thereunder (other than Kunshan Transfer)
“Total Honest”	Total Honest International Investment Ltd (誠創國際投資有限公司), a company incorporated in the British Virgin Islands with limited liability

“Total Honest Cash Cancellation Consideration”	the cash cancellation consideration receivable by Total Honest under the Scheme in respect of the 123,138,000 Shares held by Total Honest under the Cash Alternative
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“US”	United States of America
“US Loan”	the interest-free loan between Argus Holding (as borrower) and the Company (as lender) with an outstanding amount of approximately US\$13.73 million based on its unaudited consolidated account as of 30 June 2021, and as of the Announcement Date, the outstanding amount is approximately US\$13.88 million
“US Transfer”	the Company selling, and Total Honest purchasing, the entire issued share capital of Argus Holding
“Xinjiang Dunhua”	Xinjiang Dunhua Gas Engineering Technology Co., Ltd. (新疆敦華氣體工程技術有限公司), a company incorporated in the PRC with limited liability and a subsidiary directly owned as to 51% by Suchuang Shanghai, which is in turn indirectly wholly-owned by the Company, and 49% by Xinjiang Dunhua Green Oil Technology Co., Ltd.* (新疆敦華綠色石油科技有限公司), a company incorporated in the PRC with limited liability

By Order of the board of
Wang Chuandong
China Resources Gas (Hong Kong)
Investment Limited
Director

By Order of the board of
Su Yi
Suchuang Gas Corporation Limited
Chairman and Executive Director

* *English or Chinese translation, as the case may be, is for identification only*

Hong Kong, 25 August 2021

As at the Announcement Date, the directors of the Offeror are Mr. Wang Chuandong, Mr. Li Xiaoshuang and Mr. Huang Weizhong, and the directors of CR Gas are Mr. SHI Baofeng and Mr. GE Bin, being executive directors; Mr. WANG Chuandong, Mr. CHEN Ying, Mr. WANG Yan and Madam WAN Suet Fei, being non-executive directors; and Mr. WONG Tak Shing, Mr. YU Hon To, David, Mr. YANG Yuchuan and Mr. HU Xiaoyong, being independent non-executive directors.

The directors of the Offeror and CR Gas jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

As at the Announcement Date, the executive Directors are Ms. Su Yi, Mr. Du Shaozhou, Mr. Li Jianyi, and Ms. Su Wen; the non-executive Directors are Mr. Xu Lei and Mr. Jin Bo; and the independent non-executive Directors are Mr. Zhou Qingzu, Mr. Zhu Tong, and Mr. Feng Yijing.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than those expressed by directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

For the purpose of this announcement, the exchange rate of HK\$1.00 = RMB0.83104 and US\$1.00 = RMB6.4728 have been used for currency translation, where applicable. Such exchange rates are for illustrative purposes only and do not constitute representations that any amount in HK\$, US\$ or Renminbi has been, could have been or may be converted at the respective rates.