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蘇創燃氣
SUCHUANG GAS

SUCHUANG GAS CORPORATION LIMITED

蘇創燃氣股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1430)

**INSIDE INFORMATION
AND
CONTINUED SUSPENSION OF TRADING**

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

Reference is made to the announcements of the Company dated 30 September 2021, 9 November 2021 and 22 November 2021 (the “**Announcements**”) with respect to certain pledges over bank deposits that two of the Company’s subsidiaries had entered into (the “**Relevant Transactions**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings given to them in the Announcements.

FURTHER UPDATE ON THE RELEVANT TRANSACTIONS

The Group was informed that the deposit held by Jiangsu Tengxu with a Bank in the amount of RMB20 million had been forfeited pursuant to the terms of the Deposit Pledge Contract dated 9 December 2020 entered by Jiangsu Tengxu. Such Deposit Pledge Contract was entered to secure a Borrower’s obligations under a Bank Acceptance Bill Acceptance Agreement, which were defaulted upon. As at the date of this announcement, (i) of the total bank deposits in the amount of RMB315.1 million pledged by Jiangsu Tengxu and Taicang Natural Gas, approximately (a) RMB90.05 million had been forfeited by the Banks, (b) RMB1.05 million had been released, and (c) RMB224 million remains under pledge, and (ii) the Acceptance Bill of RMB50 million issued by Taicang Natural Gas will be due on 17 December 2021.

The Company has engaged its PRC legal adviser to advise and assist it on the Relevant Transactions and the forfeiture of bank deposits by the relevant Banks, including discussing with the relevant Banks as to the recoverability of the deposits forfeited from the relevant members of the Group and chasing the relevant Borrowers on behalf of the relevant members of the Group for the repayment of the amount which has been forfeited by the relevant Banks.

In addition, as disclosed in the Announcement dated 30 September 2021, to secure the indebtedness of a Borrower, Taicang Natural Gas, among other things, entered into a guarantee with a Bank (the “**Relevant Bank**”) to guarantee the bank acceptance agreements and the working capital loan agreements entered into between the Relevant Bank and such Borrower for a maximum amount of RMB137.5 million (the “**Guarantee**”), and pledged its bank deposits under the Deposit Pledge Contracts with the Banks for an aggregate sum of RMB113.1 million, comprising (i) a Deposit Pledge Contract over a bank deposit of RMB21.1 million, of which (a) approximately RMB20.05 million had been forfeited by one of the Banks as disclosed in the Announcement dated 22 November 2021 and (b) approximately RMB1.05 million has been released back to Taicang Natural Gas, and (ii) Deposit Pledge Contracts over bank deposits in the aggregate sum of RMB92 million which were pledged to the Relevant Bank.

On 13 December 2021, Taicang Natural Gas received a letter from the Relevant Bank confirming that as at 8 December 2021, a Bank Acceptance Agreement (《銀行承兌協議》) and eight respective working capital loan agreements (《流動資金借款合同》) for an aggregate amount of RMB142 million entered into between the said Borrower and the Relevant Bank have been secured by (i) the Guarantee, (ii) the bank deposits in the sum of RMB92 million as aforementioned, and (iii) mortgage(s) over immovable properties provided by third parties. The Bank also confirmed that (i) it will not provide additional financing to such Borrower over and above the existing RMB142 million, and (ii) if additional financing is provided by the Relevant Bank to such Borrower, Taicang Natural Gas will not be held responsible for such additional financing. As such, the Group expects that its exposure under the Guarantee and the relevant Deposit Pledge Contracts for such Borrower with the Relevant Bank will not exceed the aggregate amount owed by the said Borrower under the aforesaid Bank Acceptance Agreement (《銀行承兌協議》) and eight respective working capital loan agreements.

Further, it has come to the attention of the Board that in addition to the Deposit Pledge Contracts disclosed in the Announcement dated 30 September 2021, Taicang Natural Gas had entered into six deposit pledge contracts from March 2020 to March 2021 for bank deposits in the sum of RMB142 million in aggregate. All of these deposit pledge contracts have expired, the relevant third party borrowers had repaid the underlying loans and no deposits were forfeited by the relevant bank under these deposit pledge contracts.

ASSESSMENT OF RELEVANT TRANSACTIONS’ FINANCIAL IMPACT

The Company has been working with its auditor, Ernst & Young, to assess the financial impact on the Group arising from the Deposit Pledge Contracts and the Guarantee provided by Taicang Natural Gas.

As disclosed in the Announcement dated 9 November 2021, a further announcement reflecting the financial impact of the Relevant Transactions on the Group in respect of the interim results for the six months ended 30 June 2021 was expected to be published by the Company in or around mid-December 2021. As additional time is required by the Company and its auditors to assess the impact of the Relevant Transactions on the Group, the Company expects to publish such further announcement in late December 2021. The interim financial results will be reviewed by the independent investigation committee and the audit committee of the Company.

The Company will keep the shareholders of the Company and potential investors informed of any further material developments in connection with the Relevant Transactions by way of further announcement(s) as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on Monday, 27 September 2021 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to pay attention to investment risks and exercise caution when they deal or contemplate dealing in the securities of the Company.

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

Taicang City, Suzhou, Jiangsu Province, PRC, 15 December 2021

As at the date of this announcement, the Company's 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 Yi Jing.