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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**

**SUPPLEMENTAL AGREEMENT TO THE CONTROLLING
SHAREHOLDERS IRREVOCABLE UNDERTAKING,**

**FURTHER IRREVOCABLE UNDERTAKINGS WITH CERTAIN
SHAREHOLDERS**

AND

**EXTENSION OF THE LONG STOP DATE FOR THE IMPLEMENTATION
OF THE PROPOSAL AND THE SCHEME BECOMING EFFECTIVE**

Financial Adviser to the Offeror



CICC
中金公司

INTRODUCTION

Reference is made to (i) the joint announcement dated 25 August 2021 (the “**Rule 3.5 Announcement**”) issued jointly by Suchuang Gas Corporation Limited (the “**Company**”) and China Resources Gas (Hong Kong) Investment Limited (the “**Offeror**”) in relation to, among other things, the proposed take-private of the Company by the Offeror by way of a scheme of arrangement, (ii) the inside information announcements of the Company dated 30 September 2021, 9 November 2021, 22 November 2021, 15 December 2021, 21 December 2021, 28 December 2021, 11 January 2022 and 8 February 2022 in relation to, among other things, certain pledges over bank deposits that two of the Company’s subsidiaries had entered into (the “**Inside Information Announcements**”), and (iii) the joint announcement dated 29 December 2021 issued jointly by the Company and the Offeror with respect to, among other things, the discussion between the Offeror and the Controlling Shareholders as a result of the financial impact of such pledges to the Company and its subsidiaries (the “**Group**”). Unless otherwise specified, capitalised terms used in this joint announcement shall have the same meanings as those defined in the Rule 3.5 Announcement and the Inside Information Announcements.

SUPPLEMENTAL AGREEMENT TO THE CONTROLLING SHAREHOLDERS IRREVOCABLE UNDERTAKING

On 22 February 2022, the Offeror and the Controlling Shareholders have entered into a supplemental agreement to the Controlling Shareholders Irrevocable Undertaking (the “**Supplemental Agreement**”), pursuant to which the Controlling Shareholders and the Offeror have agreed to amend certain terms of the Controlling Shareholders Irrevocable Undertaking.

Amendment to the Controlling Shareholders Irrevocable Undertaking and further irrevocable undertakings

Pursuant to the terms and conditions of the Supplemental Agreement, each of the Controlling Shareholders has irrevocably undertaken to the Offeror that, among other things:–

- (a) the Controlling Shareholders will fully indemnify the Group and the Offeror (the “**Controlling Shareholders’ Liabilities**”) for their losses as a result of (i) the Relevant Transactions; and (ii) any receivables of the Group due but unpaid as at the date of the Supplemental Agreement (together, the “**Relevant Liabilities**”);
- (b) the Offeror may, upon the Scheme becoming effective, retain the entire amount of the Fung Yu Cash Cancellation Consideration and the Total Honest Cash Consideration (including the deductions to be made in accordance with the Controlling Shareholders Irrevocable Undertaking) to account for losses arising from the Relevant Liabilities in accordance with the Supplemental Agreement, subject to the Offeror’s release of an amount equal to Fung Yu’s existing debt (as disclosed to the Offeror), where such debt is secured by Fung Yu’s shareholding in the Company;
- (c) the Offeror may apply (i) the sums retained as referred to in paragraph (b) above, and (ii) the amounts to be retained by the Offeror under the Minority IU Shareholders Irrevocable Undertakings (please see below the section headed “*Minority IU Shareholders Irrevocable Undertakings and Entrustment Minority Shareholders Irrevocable Undertakings*”), to set-off the Controlling Shareholders’ Liabilities;

- (d) the arrangement set out above does not affect the repayment obligation by Suchuang Shanghai for the Suchuang Shanghai Loan. Prior to the full discharge of the Controlling Shareholders' Liabilities, the Company would not need to (and the Offeror would not need to procure the Company to) repay any amount retained by the Company to Total Honest upon Suchuang Shanghai's repayment of any amount to Taicang Naturals Gas under the Suchuang Shanghai Loan (for details of the Suchuang Shanghai Loan, please refer to paragraph (b) of the sub-section headed "*Intra-group loans arrangement*" under the section headed "*4. Arrangement Material to the Proposal*" of the Rule 3.5 Announcement); and
- (e) in respect of the Xinjiang Dunhua Loan (for details of the Xinjiang Dunhua Loan, please refer to paragraph (c) of the sub-section headed "*Intra-group loans arrangement*" under the section headed "*4. Arrangement Material to the Proposal*" of the Rule 3.5 Announcement), notwithstanding the Offeror's obligation under the Controlling Shareholders Irrevocable Undertaking to release a relevant amount retained from the Total Honest Cash Cancellation Consideration upon (i) Total Honest and/or Fung Yu providing counter-guarantees to the satisfaction of the Offeror; or (ii) the guarantee for the Xinjiang Dunhua Loan being released (the amount to be released being the amount of counter-guarantees provided under (i) and/or the amount of the guarantee released under (ii), as the case may be), the Controlling Shareholders agree that the Offeror would not need to release any such amounts retained before the Controlling Shareholders' Liabilities had been discharged in full.

Further, the Controlling Shareholders and the Offeror agree that (i) the long stop date for the Scheme becoming effective under the Controlling Shareholders Irrevocable Undertaking (being 15 March 2022) shall be extended to 31 August 2022; and (ii) the exclusivity period of the Proposal shall be extended from 6 months to 12 months from the date of the Controlling Shareholders Irrevocable Undertaking.

In view of the undertakings given by the Controlling Shareholders under the Supplemental Agreement, the Offeror agrees to return any remaining balance of the Total Honest Cash Cancellation Consideration, Fung Yu Cash Cancellation Consideration and Minority IU Shareholders Cancellation Consideration (as defined in the section headed "*Minority IU Shareholders Irrevocable Undertakings and Entrustment Minority Shareholders Irrevocable Undertakings*" below) within a month of the satisfaction of each of the following: (i) the Controlling Shareholders having fully discharged the Controlling Shareholders' Liabilities; (ii) the full repayment of the Suchuang Shanghai Loan; (iii) the guarantee provided by Taicang Natural Gas for the Xinjiang Dunhua Loan is released in full; (iv) the obligations of the Controlling Shareholders, the Minority IU Shareholders and the Entrustment Minority Shareholders, under the Controlling Shareholders Irrevocable Undertaking (as amended by the Supplemental Agreement), the Minority IU Shareholders Irrevocable Undertakings, and the Entrustment Minority Shareholders Irrevocable Undertakings (please see below the section headed "*Minority IU Shareholders Irrevocable Undertakings and Entrustment Minority Shareholders Irrevocable Undertakings*"), and the obligations of the parties to the Transfer Agreements and the Assignment and Set-off Agreement, respectively, have been satisfied in full, there is no breach on the part of the Controlling Shareholders, the Minority IU Shareholders, and/or the Entrustment Minority Shareholders thereunder, and no investigations, claims or penalties against the Offeror, its associates or the Group have arisen therefrom; and (v) the Scheme having become effective for three years.

Waivers

Subject to (i) the Controlling Shareholders having fully satisfied the obligations and undertakings under the Controlling Shareholders Irrevocable Undertaking (apart from breaches arising from the Relevant Liabilities in such nature or type and quantum disclosed in the Supplemental Agreement as at the date thereof (“**Relevant Breaches**”)) and the Supplemental Agreement, (ii) the Minority IU Shareholders and the Entrustment Minority Shareholders having fully satisfied the obligations and undertakings under the Minority IU Shareholders Irrevocable Undertakings and the Entrustment Minority Shareholders Irrevocable Undertakings, respectively, (iii) parties to the Transfer Agreements and the Assignment and Set-off Agreement having fully satisfied their obligations and performed the Transfer Agreements and the Assignment and Set-off Agreement; (iv) there have not been any claims, complaints or demands filed by any person against the Offeror or its associates in respect of the Controlling Shareholders Irrevocable Undertaking (as amended by the Supplemental Agreement), the Minority IU Shareholders Irrevocable Undertakings, and the Entrustment Minority Shareholders Irrevocable Undertakings, the Transfer Agreements and the Assignment and Set-off Agreement initiated by any persons and there have not been any disputes, challenges, claims or other actions in connection with the transactions contemplated thereunder; and (v) the Scheme becoming effective and the successful delisting of the Company, the Offeror agrees to waive and release the Controlling Shareholders over and to the extent of the Relevant Breaches relating to the Relevant Liabilities under the Controlling Shareholders Irrevocable Undertaking, unless the quantum, nature or type of the subsequent payables or liabilities exceeds the amount of Relevant Liabilities agreed under the Supplemental Agreement, in which case the Offeror reserves its rights to claim against the Controlling Shareholders.

Conditions Precedent

The Supplemental Agreement is subject to the following conditions precedent:–

- (a) each of Fung Yu and Total Honest (together with the relevant parties) duly executes a deed of mortgage and assignment (collectively, the “**Deeds of Mortgage and Assignments**”) and a custodian agreement (collectively, the “**Custodian Agreements**”) relating to all the issued shares of the Company beneficially owned by them and the delivery to the Offeror of the duly signed Deeds of Mortgage and Assignments (together with the ancillary documents thereunder, except for the document(s) to be signed by the Offeror) and Custodian Agreements;
- (b) the conditions precedent under the Minority IU Shareholders Irrevocable Undertakings and the Entrustment Minority Shareholders Irrevocable Undertakings entered into by the Minority IU Shareholders and the Entrustment Minority Shareholders are fully satisfied (or waived in accordance with the relevant terms by the Offeror), and the Minority IU Shareholders Irrevocable Undertakings and the Entrustment Minority Shareholders Irrevocable Undertakings becoming effective; and
- (c) the Entrustment Minority Shareholders duly execute the Pledge Documents and the Pledge Documents becoming effective.

If the conditions precedent set out above are not fulfilled on or before 31 March 2022 (or any later date as agreed by the Offeror), or waived by the Offeror in its discretion (with any additional condition(s) that it may impose), the Supplemental Agreement shall be automatically terminated.

Unless otherwise stated, all the other terms in the Irrevocable Undertakings and the Controlling Shareholders Irrevocable Undertaking remain unchanged.

MINORITY IU SHAREHOLDERS IRREVOCABLE UNDERTAKINGS AND ENTRUSTMENT MINORITY SHAREHOLDERS IRREVOCABLE UNDERTAKINGS

On 22 February 2022, the Offeror entered into the following:

- (a) the irrevocable undertakings (collectively, the “**Minority IU Shareholders Irrevocable Undertakings**”) with certain shareholders of the Company, namely Jade Deluxe Holdings Limited, Fairy Wealth Investments Limited, Kiska International Inc., Xiang Liwen (項麗雯), Zhou Jinming (周錦明), Gao Beifei (高蓓飛), Gu Chongquan (顧重泉), Gao Siyuan (高思源), Gong Yuju (龔玉菊), Huang Jianfen (黃建芬), Hu Yong (胡湧), Zhao Yibi (趙一璧), Zhang Hong (張紅), Jia Meifeng (賈美豐), Ding Bingyuan (丁炳元), Wang Juan (王娟), He Xueping (何學萍) and Zhao Weiliang (趙偉良) (each the “**Minority IU Shareholder**”, collectively, the “**Minority IU Shareholders**”), respectively, pursuant to which each of the Minority IU Shareholders has agreed to provide certain irrevocable undertakings to the Offeror subject to the terms and conditions in the Minority IU Shareholders Irrevocable Undertakings; and
- (b) the irrevocable undertakings (collectively, the “**Entrustment Minority Shareholders Irrevocable Undertakings**”) with Shanghai Honglida Industrial Co., Ltd (上海弘力達實業有限公司) (“**Shanghai Honglida**”) and Ji Xian (吉嫻) (each the “**Entrustment Minority Shareholder**”, collectively, the “**Entrustment Minority Shareholders**”), respectively, pursuant to which each of the Entrustment Minority Shareholders has agreed to provide certain irrevocable undertakings to the Offeror subject to the terms and conditions in the Entrustment Minority Shareholders Irrevocable Undertakings.

Based on public information available to the Company on the date of this Announcement, Shanghai Honglida controls an entity which holds 12.5% of the shares in one of the Borrowers referred to in the Inside Information Announcements, being Taicang Suchuang Liquid Petroleum Gas Co., Ltd. (太倉蘇創液化氣有限公司), and such Borrower holds 90% interest in Shanghai Pudong Gas Development Co., Ltd (上海浦東燃氣發展有限公司). Further, as at the date of this announcement, the Entrustment Minority Shareholders together are interested in 22,398,000 Shares (representing approximately 2.48% of all issued Shares) under two separate trusts established pursuant to two separate trust agreements with Hwabao Trust Co., Ltd. (華寶信託有限責任公司) (“**Hwabao**”), a Qualified Domestic Institutional Investor (QDII) (collectively, the “**Trust Arrangements**”).

The table below sets out the Shares interested in or held by the Minority IU Shareholders and the Entrustment Minority Shareholders as of the date of this joint announcement:

Minority IU Shareholders	Number of Shares held	Approximate percentage of the issued Shares
Jade Deluxe Holdings Limited (<i>Note 1</i>)	32,542,000	3.60%
Fairy Wealth Investments Limited (<i>Note 2</i>)	21,978,000	2.43%
Kiska International Inc.	17,086,000	1.89%
Zhang Hong (張紅)	8,220,000	0.91%
Zhou Jinming (周錦明)	4,122,000	0.46%
Xiang Liwen (項麗雯)	3,786,000	0.42%
Gu Chongquan (顧重泉)	422,000	0.05%
He Xueping (何學萍)	410,000	0.05%
Hu Yong (胡湧)	382,000	0.04%
Ding Bingyuan (丁炳元)	324,000	0.04%
Wang Juan (王娟)	300,000	0.03%
Zhao Weiliang (趙偉良) (<i>Note 2</i>)	228,000	0.03%
Gong Yuju (龔玉菊)	184,000	0.02%
Gao Beifei (高蓓飛)	174,000	0.02%
Gao Siyuan (高思源)	174,000	0.02%
Zhao Yibi (趙一璧) (<i>Note 1</i>)	170,000	0.02%
Jia Meifeng (賈美豐)	158,000	0.02%
Huang Jianfen (黃建芬)	150,000	0.02%
Entrustment Minority Shareholders		
Shanghai Honglida Industrial Co., Ltd (上海弘力達實業有限公司)	16,198,000	1.79%
Ji Xian (吉嫻)	6,200,000	0.69%
Total	113,208,000	12.54%

- Zhao Yibi is the sole director of Jade Deluxe Holdings Limited.
- Fairy Wealth Investments Limited is wholly owned by Merry Talent International Limited, which is in turn wholly owned by Zhao Weiliang, who is also the sole director of Fairy Wealth Investments Limited.

Save as disclosed above, the Minority IU Shareholders and the Entrustment Minority Shareholders are not connected persons of Company.

Irrevocable Undertakings

Pursuant to the terms and conditions of the Minority IU Shareholders Irrevocable Undertakings and the Entrustment Minority Shareholders Irrevocable Undertakings, each of the Minority IU Shareholders and the Entrustment Minority Shareholders has irrevocably undertaken to the Offeror to, amongst other things:–

- exercise (or procure the exercise of) all voting rights attached to the Shares (or an interest in the Shares) respectively held or owned by them at the Court Meeting and the General Meeting in favour of all the resolutions to approve the Proposal and/or the withdrawal of listing and any matters in connection with the Proposal and/or the withdrawal of listing (where applicable), insofar as is permitted under the applicable laws and regulations; and

- (b) elect (or procure the election of) the Cash Alternative only as the form of Cancellation Consideration for the cancellation of the Shares (or an interest in the Shares) respectively held or owned by the Minority IU Shareholder and the Entrustment Minority Shareholder.

As at the date of this joint announcement, 90,810,000 Shares in aggregate are held or owned by the Minority IU Shareholder, and the Entrustment Minority Shareholder are interested in 22,398,000 Shares.

Further, each of the Minority IU Shareholders has irrevocably undertaken to the Offeror that, the Offeror shall be entitled to retain the cash consideration receivable by each of the Minority IU Shareholders, respectively, payable under the Scheme in connection with the Shares owned or held by the Minority IU Shareholders under the Cash Alternative.

In respect of the Minority IU Shareholders, the deduction of the cash consideration by the Offeror, being approximately HK\$227 million at the Cancellation Price of HK\$2.50 per Share (the “**Minority IU Shareholders Cancellation Consideration**”) is subject to the Offeror’s release of amounts equal to the relevant Minority IU Shareholders’ existing debt(s) that is secured by the Shares owned or held by the Minority IU Shareholders (as applicable) (the “**Minority IU Shareholders’ Existing Debt**”) as disclosed to the Offeror, the Offeror shall be entitled to retain the Minority IU Shareholders Cancellation Consideration, net of the Minority IU Shareholders’ Existing Debt, to set off against the Controlling Shareholders’ Liabilities.

In respect of the Entrustment Minority Shareholders, pending the execution of the Transfer Agreements and the Assignment and Set-off Agreement by the parties thereto, the Offeror is entitled to retain the cash consideration to be paid by the Offeror under the Scheme, being approximately HK\$56 million at the Cancellation Price of HK\$2.50 per Share.

Termination

The Minority IU Shareholders Irrevocable Undertakings and the Entrustment Minority Shareholders Irrevocable Undertakings, will terminate (save for the surviving provisions as specified under the Minority IU Shareholders Irrevocable Undertakings and the Entrustment Minority Shareholders Irrevocable Undertakings, respectively) and the above obligations of the Minority IU Shareholders under the Minority IU Shareholders Irrevocable Undertakings, and of the Entrustment Minority Shareholders under the Entrustment Minority Shareholders Irrevocable Undertakings, will cease to be binding if the conditions precedent of the Supplemental Agreement are not fulfilled (or waived by the Offeror in its discretion) on or before 31 March 2022, or 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, or the Scheme does not become effective in accordance with its terms on or before 31 August 2022 (or any other date as agreed by parties in writing), or any resolutions for the Scheme and/or the withdrawal of listing and any matters in connection with the Scheme and/or the withdrawal of listing is not approved in the General Meeting, the Court Meeting or by the Grand Court. The long stop date for the Scheme becoming effective under the Minority IU Shareholders Irrevocable Undertakings and the Entrustment Minority Shareholders Irrevocable Undertakings is 31 August 2022 (being the same as the amended long stop date as mentioned in the section headed “*Supplemental Agreement to the Controlling Shareholders Irrevocable Undertaking – Amendment to the Controlling Shareholders Irrevocable Undertaking and further irrevocable undertakings*” above).

Conditions Precedent

The Minority IU Shareholders Irrevocable Undertakings are subject to, as a condition precedent, each of the Minority IU Shareholders having duly executed a deed of mortgage and assignment (collectively, the “**Minority IU Shareholders Deeds of Mortgage and Assignment**”) and a custodian agreement (collectively, the “**Minority IU Shareholders Custodian Agreements**”) relating to all the issued shares of the Company beneficially owned by each of the Minority IU Shareholder and having delivered to the Offeror the duly signed Minority IU Shareholders Deeds of Mortgage and Assignment (together with the ancillary documents thereunder) and the Minority IU Shareholders Custodian Agreements (except for the document(s) to be signed by the Offeror).

The Entrustment Minority Shareholders Irrevocable Undertakings are subject to, as a condition precedent, each of the Entrustment Minority Shareholders having duly executed a pledge agreement relating to the beneficial interests of each Entrustment Minority Shareholder, respectively, in favour of Taicang Natural Gas under the Trust Arrangements (collectively, the “**Pledge Documents**”) and having delivered the Pledge Documents to the Offeror.

If the condition precedent set out above is not fulfilled on or before 31 March 2022 (or any later date as agreed by the Offeror), or waived by the Offeror in its discretion, the Minority IU Shareholders Irrevocable Undertakings and the Entrustment Minority Shareholders Irrevocable Undertakings shall be automatically terminated.

Loan between Minority IU Shareholders and Controlling Shareholders

In connection with, and to account for, the Minority IU Shareholders’ financial position under the Minority IU Shareholders Irrevocable Undertakings and Minority IU Shareholders Deeds of Mortgage and Assignment, each of the Minority IU Shareholders have entered into a loan agreement with the Controlling Shareholders (collectively, the “**Minority IU Shareholders Loan Agreements**”) pursuant to which the Controlling Shareholders agree to repay each of the Minority IU Shareholders a sum that is equivalent to the Cancellation Consideration of HK\$2.5 per Share under the Cash Alternative that the Minority IU Shareholders would, but for the terms of the Minority IU Shareholders Irrevocable Undertakings, have received upon the Scheme becoming effective less any amount of Minority IU Shareholders’ Existing Debt that was released by the Offeror (the “**Minority IU Shareholders Loans**”). The Minority IU Shareholders Loans is unsecured, interest-free and repayable upon demand by the Minority IU Shareholders, save that (i) a demand may not be made until the Controlling Shareholders have paid the Offeror the amounts prescribed under the Controlling Shareholders Irrevocable Undertaking and Supplemental Agreement, and (ii) no repayment may be made to the Minority IU Shareholders before the Cancellation Consideration under the Scheme is paid to the other Shareholders.

TRANSFER AGREEMENTS AND ASSIGNMENT AND SET-OFF AGREEMENT

As of the date of this joint announcement, refunds for paid but undelivered supplies (the “**Refunds**”) are due from Zhejiang Free-trade Zone Xinrun Tong Chuang Neng Yuan Co. Ltd (浙江自貿區鑫潤同創能源有限公司) (“**Zhejiang Xinrun**”), a supplier of the Group, to Nantong Suyou Gas Co., Limited (南通蘇油燃氣有限公司) (“**Nantong Suyou Gas**”), a company wholly-owned by Taicang Natural Gas, which is in turn an indirectly wholly-owned subsidiary of the Company. As of the date of this announcement, the Refunds amount to approximately RMB55.48 million.

Under the Entrustment Minority Shareholders Irrevocable Undertakings, the Entrustment Minority Shareholders agree that immediately after the Scheme becomes effective, the Entrustment Minority Shareholders will each enter into a trust beneficial interests transfer agreement with Taicang Natural Gas and Zhejiang Xinrun (collectively, the “**Transfer Agreements**”), and the Entrustment Minority Shareholders will enter into an assignment and set-off agreement with Nantong Suyou Gas, Taicang Natural Gas and Zhejiang Xinrun (the “**Assignment and Set-off Agreement**”).

Terms of the Transfer Agreements and Assignment and Set-off Agreement

Under the terms of the Transfer Agreements, each of the Entrustment Minority Shareholders agreed to transfer and assign all of its/her interests in the units in the trust product (信託產品) constituted under their respective Trust Arrangements to Taicang Natural Gas in consideration of RMB25.65 million and RMB9.81 million respectively (collectively, the “**Consideration**”), payments of which cannot be made by Zhejiang Xinrun until the Cancellation Consideration under the Scheme is paid to the other Shareholders. The transfer prices per Share under the Transfer Agreement entered into by Shanghai Honglida and Ji Xian are approximately RMB1.58 (equivalent to approximately HK\$1.95) and RMB1.58 (equivalent to approximately HK\$1.95) respectively.

Under the terms of the Assignment and Set-off Agreement, Taicang Natural Gas shall procure Nantong Suyou Gas to assign to it a part of the Refunds in an amount equivalent to such Cancellation Price for the 22,398,000 Shares after deduction of all necessary expenses and taxes, Taicang Natural Gas will offset and release Zhejiang Xinrun from the part of the Refund assigned to Taicang Natural Gas from Nantong Suyou Gas, and Zhejiang Xinrun will pay the Entrustment Minority Shareholders an amount equal to the difference between such Cancellation Price and the Consideration.

Any amount payable by Zhejiang Xinrun to the Entrustment Minority Shareholders under the Transfer Agreements and Assignment and Set-off Agreement (including the Consideration) is treated as a loan due to the Entrustment Minority Shareholders (the “**Entrustment Minority Shareholders Loans**”). It is intended that the Entrustment Minority Shareholders Loans are interest-free and are repayable on demand, save that no repayment, including settlement of the Consideration, may be made to the Entrustment Minority Shareholders before the Cancellation Consideration under the Scheme is paid to the other Shareholders.

Upon completion of the Scheme, Taicang Natural Gas is expected to receive the Cancellation Consideration of approximately RMB43.60 million (net of the necessary expenses and taxes) (or in the amount of HK\$55,995,000 (before deduction of the necessary taxes and expenses)).

The Offeror has confirmed that the arrangement under the Assignment and Set-off Agreement is an acceptable method to reduce the amounts due but unpaid to the Group as referred to in paragraph (c) under the section headed “*Supplemental Agreement to the Controlling Shareholders Irrevocable Undertaking – Amendment to the Controlling Shareholders Irrevocable Undertaking and further irrevocable undertakings*” above.

If the Scheme becomes effective, the Entrustment Minority Shareholders would receive from Zhejiang Xinrun the Entrustment Minority Shareholders Loans in the amount of HK\$55,995,000 (before deduction of the necessary taxes and expenses) (or approximately RMB43.60 million (net of the necessary expenses and taxes)) under the Transfer Agreements and Assignment and Set-off Agreement, which is a sum that is equivalent to the Cancellation Consideration of HK\$2.5 per Share for the cancellation of 22,398,000 Shares held through the Trust Arrangements that the Entrustment Minority Shareholders would have received in the absence of the Transfer Agreements and Assignment and Set-off Agreement.

TAKEOVERS CODE IMPLICATION

The terms of the Supplemental Agreement, the Minority IU Shareholders Irrevocable Undertakings, the Entrustment Minority Shareholders Irrevocable Undertakings, the Deeds of Mortgage and Assignment, the Minority IU Shareholder Deeds of Mortgage and Assignment, the Minority IU Shareholders Loan Agreements, the Pledge Documents, the Transfer Agreements and the Assignment and Set-off Agreement (collectively, the “**Supplemental Arrangements**”) do not offer the Minority IU Shareholders and the Entrustment Minority Shareholders a more favourable treatment against other Shareholders. The Supplemental Arrangements do not provide any more favourable terms or conditions to the Minority IU Shareholders and the Entrustment Minority Shareholders as compared to those offered to other Shareholders under the Scheme, and the Minority IU Shareholders and the Entrustment Minority Shareholders will not receive any amount pursuant to the Supplemental Arrangements ahead of any other Shareholder pursuant to the Scheme.

Save for the amount that is equivalent to the Cancellation Consideration that is payable to the Minority IU Shareholders (and the relevant creditors to the Minority IU Shareholders’ Existing Debt) and the Entrustment Minority Shareholders (being the (i) Minority IU Shareholders’ Existing Debt and Minority IU Shareholders Loans and (ii) the Entrustment Minority Shareholders Loans (including the Consideration), respectively), none of the Minority IU Shareholders nor the Entrustment Minority Shareholders will receive any other consideration, compensation or benefit in any form under the Scheme and the Supplemental Arrangements.

As a result of (i) the Minority IU Shareholders entering into the Minority IU Shareholders Irrevocable Undertakings; and (ii) the Entrustment Minority Shareholders entering into the Entrustment Minority Shareholders Irrevocable Undertakings, the Transfer Agreements and the Assignment and Set-off Agreement (and in each case, the transactions described thereunder), each of the Minority IU Shareholders, the Entrustment Minority Shareholders and Hwabao (in its capacity as a trustee for the Entrustment Minority Shareholders) are presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code. In total, the Minority IU Shareholders and (prior to completion of the Transfer Agreements) the Entrustment Minority Shareholders (through Hwabao as a trustee) own or are interested in 113,208,000 Shares, representing approximately 12.54% of the total issued Shares as at the date of this joint announcement.

As members of the Offeror Concert Parties, the votes of the Minority IU Shareholders and Hwabao (in its capacity as a trustee for the Entrustment Minority Shareholders) (alongside those 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) described under the section headed “*2. Terms of the Proposal – Conditions to the Proposal and the Scheme*” of the Rule 3.5 Announcement (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*” of the Rule 3.5 Announcement (as required under the Companies Act) is satisfied. Besides Fung Yu, Total Honest, the Minority IU Shareholders and Hwabao (as trustee), there are no Offeror Concert Parties who hold Shares as at the date of this joint announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this joint announcement, the Company has 903,084,000 Shares in issue, all of which are Scheme Shares.

As at the date of this joint announcement, the Offeror does not hold any Shares and the Offeror Concert Parties hold 450,892,000 Shares, representing 49.93% of the issued share capital of the Company. On the assumption that (i) no Outstanding Share Options are exercised before the Record Date, (ii) the Controlling Shareholders, the Minority IU Shareholders and the Entrustment Minority Shareholders (through Hwabao) who have undertaken to elect (or give instruction to elect) the Cash Alternative elect the Cash Alternative, (iii) in addition to (ii), all the Scheme Shareholders elect the Cash Alternative, (iv) no Scheme Shareholder elects the Share Alternative and (v) 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 date of this joint announcement and immediately upon completion of the Proposal:

Shareholders	As at the date of this joint announcement		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%	–	–
Minority IU Shareholders (Note 5)	90,810,000	10.06%		
Hwabao (as trustee for the Entrustment Minority Shareholders) (Note 6)	22,398,000	2.48%		
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	450,892,000	49.93%	903,084,000	100.00%
Disinterested Shareholders				
Dazhong (Hong Kong) (Note 7)	129,344,000	14.32%	–	–
Shanghai Dazhong (Note 7)	45,000,000	4.98%	–	–
Action East (Note 8)	163,040,000	18.05%	–	–
Other Disinterested Shareholders	114,808,000	12.71%	–	–
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:

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 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.
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. The Minority IU Shareholders comprise Jade Deluxe Holdings Limited, Fairy Wealth Investments Limited, Kiska International Inc., Xiang Liwen (項麗雯), Zhou Jinming (周錦明), Gao Beifei (高蓓飛), Gu Chongquan (顧重泉), Gao Siyuan (高思源), Gong Yuju (龔玉菊), Huang Jianfen (黃建芬), Hu Yong (胡湧), Zhao Yibi (趙一璧), Zhang Hong (張紅), Jia Meifeng (賈美豐), Ding Bingyuan (丁炳元), Wang Juan (王娟), He Xueping (何學萍) and Zhao Weiliang (趙偉良). For further details on the shareholding of each of the Minority IU Shareholders as of the date of this joint announcement, please refer to the section headed "*Minority IU Shareholders Irrevocable Undertakings and Entrustment Minority Shareholders Irrevocable Undertakings*" above in this joint announcement.
6. Prior to completion of the Transfer Agreements (which is expected to take place after the Scheme becomes effective), the Entrustment Minority Shareholders hold an interest in the Shares through the Trust Arrangements with Hwabao, a Qualified Domestic Institutional Investor (QDII). For further details on the assignment of this interest in Shares from the Entrustment Minority Shareholders to Taicang Natural Gas, please refer to the section headed "*Transfer Agreements and Assignment and Set-Off Agreement*" above in this joint announcement.
7. 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.
8. 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, the Minority IU Shareholders and, the Entrustment Minority Shareholders (through Hwabao) who have undertaken to elect (or give instruction 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 date of this joint announcement and immediately upon completion of the Proposal:

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Offeror	–	–	450,892,000	49.93%
Offeror Concert Parties				
HoldCo	–	–	452,192,000	50.07%
Fung Yu (Note 3)	214,546,000	23.76%	–	–
Total Honest (Note 4)	123,138,000	13.64%	–	–
Minority IU Shareholders (Note 5)	90,810,000	10.06%		
Hwabao (as trustee for the Entrustment Minority Shareholders) (Note 6)	22,398,000	2.48%		
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	450,892,000	49.93%	903,084,000	100.00%
Disinterested Shareholders				
Dazhong (Hong Kong) (Note 7)	129,344,000	14.32%	–	–
Shanghai Dazhong (Note 7)	45,000,000	4.98%	–	–
Action East (Note 8)	163,040,000	18.05%	–	–
Other Disinterested Shareholders	114,808,000	12.71%	–	–
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.

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5. The Minority IU Shareholders comprise Jade Deluxe Holdings Limited, Fairy Wealth Investments Limited, Kiska International Inc., Xiang Liwen (項麗雯), Zhou Jinming (周錦明), Gao Beifei (高蓓飛), Gu Chongquan (顧重泉), Gao Siyuan (高思源), Gong Yuju (龔玉菊), Huang Jianfen (黃建芬), Hu Yong (胡湧), Zhao Yibi (趙一璧), Zhang Hong (張紅), Jia Meifeng (賈美豐), Ding Bingyuan (丁炳元), Wang Juan (王娟), He Xueping (何學萍) and Zhao Weiliang (趙偉良). For further details on the shareholding of each of the Minority IU Shareholders as of the date of this joint announcement, please refer to the section headed “*Minority IU Shareholders Irrevocable Undertakings and Entrustment Minority Shareholders Irrevocable Undertakings*” above in this joint announcement.
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Information of the Supplemental Agreement, the Minority IU Shareholders Irrevocable Undertakings, and the Entrustment Minority Shareholders Irrevocable Undertakings will be included in the Scheme Document.

WARNING: Shareholders and/or potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. This joint announcement is made in compliance with the Takeovers Code. Shareholders and/or 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, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.

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

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

Hong Kong, 22 February 2022

As at the date of this joint announcement, the directors of the Offeror are Mr. Wang Chuandong, Mr. Li Xiaoshuang and Mr. Huang Weizhong, and the directors of CR Gas are Mr. GE Bin, being the executive director; Mr. WANG Chuandong, Mr. WANG Gaoqiang, Mr. LIU Xiaoyong and Mr. LIU Jian, 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 joint 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 joint 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 joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, 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 joint 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 joint 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 joint announcement, the omission of which would make any statement in this joint announcement misleading.

For the purpose of this announcement, unless otherwise specified, conversion of Renminbi, the lawful currency of the PRC, into Hong Kong dollars, the lawful currency of Hong Kong, is based on the approximate exchange rate of RMB1 to HK\$1.23. No representation is made that any amount in HK\$ and RMB could be converted at such rate.