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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)

**PLACING OF NEW SHARES
UNDER GENERAL MANDATE**

Placing Agent



財通國際證券有限公司

CAITONG INTERNATIONAL SECURITIES COMPANY LIMITED

Caitong International Securities Company Limited

THE PLACING

On 21 February 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent agreed to procure, on a best effort basis, the Placees to subscribe for the Placing Shares at the Placing Price of HK\$2.20 per Placing Share. The Placing is conditional upon, among other things, the Stock Exchange agreeing to grant a listing of and permission to deal in the Placing Shares.

The 40,000,000 Placing Shares under the Placing represent (i) approximately 4.64% of the existing issued share capital of the Company as at the date of this announcement, and (ii) approximately 4.43% of the issued share capital of the Company as enlarged by the Placing Shares to be issued pursuant to the Placing.

The Placing Shares will be allotted and issued pursuant to the General Mandate.

An application will be made to the Listing Committee of the Stock Exchange for the approval for the listing of and permission to deal in the Placing Shares.

The gross proceeds and net proceeds from the Placing will amount to approximately HK\$88 million and approximately HK\$86.5 million respectively. The Company intends to use all of the net proceeds of the Placing for the purpose of general working capital, future business development and any possible investment(s) as and when the opportunities arise.

Completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date : 21 February 2017 (after trading hours)

Parties : the Company (as issuer); and

Caitong International Securities Company Limited (as Placing Agent)

Placing Agent

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best effort basis, the Placees to subscribe for the Placing Shares and will receive a placing commission of 1% of the aggregate Placing Price of the Placing Shares placed in the Placing under the Placing Agreement. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and/or its connected persons.

Placees

The Placing Shares will be placed to not less than six Placees which are independent professional, institutional and/or other investors, and who and whose ultimate beneficial owners will be third parties independent of and not connected with any of the connected persons of the Company or any of their respective associates. Upon completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company. If any of the Placees will become a substantial shareholder of the Company after completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

The 40,000,000 Placing Shares under the Placing represent (i) approximately 4.64% of the existing issued share capital of the Company as at the date of this announcement, and (ii) approximately 4.43% of the issued share capital of the Company as enlarged by the Placing Shares to be issued pursuant to the Placing.

Ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the time of issue of the Placing Shares.

Placing Price

The Placing Price of HK\$2.20 per Share represents:

- (i) a premium of approximately 0.46% over the closing price per Share of HK\$2.19 as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 0.46% over the average closing price per Share of approximately HK\$2.19 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other things, the prevailing market prices of the Shares. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are on normal commercial terms, fair and reasonable based on the current market conditions and that the Placing is in the interest of the Company and its Shareholders as a whole.

Conditions of the Placing

Completion of the Placing is conditional upon satisfaction of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting a listing of, and permission to deal in, the Placing Shares;
- (b) all necessary consents, approvals, authorisations and/or waivers having been obtained by the Company to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement; and
- (c) the Placing Agent having received from the Company certified board resolutions approving the Placing and the entering into of the Placing Agreement.

As at the date of the Placing Agreement, such conditions to the Placing have not yet been satisfied. If any of the above conditions has not been fulfilled or waived by the Placing Agent (as to condition (c) above only) on or before 20 March 2017 (or such later date as may be agreed between the Company and the Placing Agent in writing), all of the rights, obligations and liabilities of the Company and the Placing Agent shall cease and determine and none of the parties shall have any claim against any other in respect of the Placing, save for any antecedent breaches.

Completion Date

Subject to the above conditions being satisfied, completion of the Placing will take place at 12:00 noon on the Completion Date.

Termination

The Placing Agent is entitled by notice in writing to the Company at any time prior to the Completion Date to terminate the Placing Agreement upon the occurrence of any of the following events which, in the opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions, affairs or prospects of the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (a) there develops, occurs or comes into force:
 - (1) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material change in, or which may result in a material change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong or any other jurisdiction relevant to the Group; or
 - (2) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (3) any material change in conditions of local, national or international securities markets occurs in Hong Kong, the People's Republic of China or the United States of America; or
 - (4) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - (5) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or any other jurisdiction relevant to the Group; or
- (b) any material breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement which, if remediable, is not duly rectified by the Company within 7 Business Days of written notice being given to the Company of such breach by the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement, which in each case, if remediable, is not duly rectified by the Company within 7 Business Days of written notice being given to the Company of such breach by the Placing Agent; or
- (c) there is any adverse change in the financial position of the Group taken as a whole.

Upon the giving of the above mentioned notice by the Placing Agent to the Company, the Placing Agreement shall terminate and be of no further effect and all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement; and any out-of-pocket expenses which have been properly and reasonably incurred under the terms of the Placing Agreement prior to such termination.

GENERAL MANDATE

The Placing Shares will be issued under the General Mandate. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorised to allot and issue is 165,247,200 new Shares. Up to the date of this announcement (and without taking into account the Placing Shares), 4,400,000 Shares of the General Mandate have been utilised as detailed in the Company's announcement dated 2 June 2016. The total number of new Shares that can be allotted and issued under the General Mandate as at the date of this announcement is 160,847,200 new Shares. As the Placing Shares are to be issued under the General Mandate, the allotment and issue of the Placing Shares is not subject to Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Assuming that all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$88 million, and the net proceeds (after deducting the placing commission and other costs and expenses) will be approximately HK\$86.5 million. The net proceeds raised per Share will be approximately HK\$2.16 per Placing Share.

The Company intends to use the net proceeds from the Placing for the purpose of general working capital, future business development and any possible investment(s) as and when the opportunities arise.

The Directors are of the view that the Placing will provide a good opportunity to raise additional funds to facilitate the Company's future development as well as to widen the Company's shareholder base. Accordingly, the Directors, including the non-executive Directors and independent non-executive Directors, consider that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholder as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

For illustrative purpose only and assuming no further issue of new Shares or repurchase of Shares by the Company from the date of this announcement up to the date of completion of the Placing, and no change in shareholding of the Shareholders set out below, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing is as follows:

	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<u>Shareholders</u>				
Fung Yu Holdings Limited (Note 1)	185,880,000	21.54	185,880,000	20.59
Action East International Limited (Note 2)	165,540,000	19.19	165,540,000	18.33
Dazhong (Hong Kong) International Corporation Limited (Note 3)	170,534,000	19.76	170,534,000	18.89
Total Honest International Investment Ltd (Note 4)	123,138,000	14.27	123,138,000	13.64
Dazhong Transportation (Hong Kong) Limited (Note 5)	2,000,000	0.23	2,000,000	0.22
Mr. Du Shaozhou	100,000	0.01	100,000	0.01
Placees	–	–	40,000,000	4.43
Public Shareholders	<u>215,732,000</u>	<u>25.00</u>	<u>215,732,000</u>	<u>23.89</u>
Total	<u>862,924,000</u>	<u>100.00</u>	<u>902,924,000</u>	<u>100.00</u>

Notes:

1. Fung Yu Holdings Limited is held as to 100% by Mr. Su Aping, an executive Director.
2. 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.
3. Dazhong (Hong Kong) International Corporation Limited is a wholly-owned subsidiary of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (上海大眾公用事業(集團)股份有限公司), a company listed on the Shanghai Stock Exchange with stock code 600635.
4. Total Honest International Investment Ltd is wholly-owned by Ridge Glorious Limited, which is in turn wholly-owned by BOS Trustee Limited as trustee for a discretionary trust of which Ms. Zhu Yaying is the settlor, and Ms. Zhu Yaying and Ms. Su Yi are two of the several eligible beneficiaries.
5. Dazhong Transportation (Hong Kong) Limited is a wholly-owned subsidiary of Dazhong Transportation Group Co. Ltd. (大眾交通(集團)股份有限公司), a company listed on the Shanghai Stock Exchange with stock code 600611 and an associated company of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (上海大眾公用事業(集團)股份有限公司), the holding company of Dazhong (Hong Kong) International Corporation Limited.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Set out below is a summary of the fund raising activities in the past 12 months immediately before the date of this announcement:

Date of announcement	Description	Net proceeds raised/to be raised	Completed	Intended use of proceeds	Actual use of proceeds
27 May 2016	Subscription of 32,880,000 new Shares pursuant to the subscription agreement dated 27 May 2016	Approximately HK\$78.3 million	Yes	Expansion of business and potential acquisition of natural gas operations in the PRC	HK\$78.3 million
2 June 2016	Placing of 4,400,000 new Shares pursuant to the placing agreement dated 2 June 2016	HK\$10.7 million	Yes	Expansion of business and potential acquisition of natural gas operations in the PRC	HK\$10.7 million

Save as disclosed above, the Company has not conducted any fund raising activities in the past 12 months immediately before the date of this announcement.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below, unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 20 May 2016
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Business Day”	any day (other than a Saturday or Sunday) on which banks in Hong Kong are generally are open for business
“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)

“Completion Date”	the seventh Business Day (or such other date as may be agreed between the Company and the Placing Agent) following the fulfillment of the conditions specified in the Placing Agreement
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors by a resolution of the Shareholder passed at the AGM to allot, issue and deal with up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM (i.e. a maximum of 165,247,200 Shares) (as may be extended by an addition thereto of an amount representing the aggregate nominal amount of the issued share capital of the Company repurchased by the Company under the Repurchase Mandate)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	21 February 2017, being the last trading day in the Shares prior to the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as may be amended from time to time
“Placee”	any independent individual, institutional and/or other professional investors procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agent”	Caitong International Securities Company Limited
“Placing Agreement”	a placing agreement dated 21 February 2017 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$2.20 per Placing Share
“Placing Shares”	a maximum of 40,000,000 new Shares to be placed under the Placing, with an aggregate nominal value of HK\$400,000.00
“PRC”	the People’s Republic of China and, for the purpose of this Agreement, does not include Hong Kong, Macau Special Administrative Region and Taiwan

“Repurchase Mandate”	the general mandate granted by the Shareholders to the Directors by a resolution of the Shareholder passed at the AGM to repurchase Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for such purpose, of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM (i.e. a maximum of 82,623,600 Shares)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

By Order of the Board
Suchuang Gas Corporation Limited
SU Aping
Chairman

Taicang, Suzhou, Jiangsu Province, PRC, 21 February 2017

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