



GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2022 ()

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT (2022 REVISION)

AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102

AND IN THE MATTER OF SUCHUANG GAS CORPORATION LIMITED 苏创燃气股份有限公司

PETITION

To: The Grand Court of the Cayman Islands

THE HUMBLE PETITION OF Suchuang Gas Corporation Limited, whose registered office is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands (the "Company") shows the following:

1. The object of this Petition is to seek:
 - a. the sanction of the Court pursuant to section 86 of the Companies Act (2022 Revision) (the "Companies Act") to a proposed Scheme of Arrangement (the "Scheme") between the Company, China Resources Gas (Hong Kong) Investment Limited (the "Offeror") and the Scheme Shareholders as defined in the Scheme contained in a composite scheme document (the "Scheme Document") a draft of which is attached as Exhibit "SY -1" to the First Affirmation of Su Yi made on 29 March 2022, and

- b. the confirmation of the Court, pursuant to section 15 of the Companies Act, of the intended reduction of the issued share capital (the “Reduction of Capital”) of the Company consequent upon the cancellation of the Scheme Shares (as defined in the Scheme) pursuant to the Scheme which is expected to be approved by a special resolution of the shareholders passed at an extraordinary general meeting of the Company immediately after the Court Meeting referred to herein.

The Company

2. The Company is engaged in the business of investment holding and principally carries on business through its subsidiaries, whose principal business activities 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 People’s Republic of China (“PRC”). It is a Cayman Islands exempted company limited by shares incorporated under the name “China Suchuang Energy Corporation Limited” on 4 July 2013 under the Companies Act as an exempted company with registration number ET-279259. The Company changed its name to “Suchuang Gas Corporation Limited 苏创燃气股份有限公司” on 27 September 2013. Its registered office is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company in Hong Kong is at 30th Floor, One Taikoo Place, 979 King’s Road, Hong Kong.
3. The objects for which the Company was established are unrestricted and except as prohibited or limited by the laws of the Cayman Islands, the Company shall have full power and authority to carry out any object. The Company shall have and be capable of from time to time and at all times exercising any and all of the power at any time and from time to time exercisable by a natural person or body corporate in any part of the world whether as principal, agent, contractor or otherwise.

4. The authorised share capital of the Company is HK\$50,000,000.00 consisting of 5,000,000,000 shares of HK\$0.01 each (the “Shares”). 903,084,000 of the Shares have been issued and fully paid-up or credited as fully paid-up and the remainder are unissued. The issued Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).
5. As at the date of this Petition, none of the Shares were legally and/or beneficially owned by the Offeror, whilst 450,892,000 Shares, representing in aggregate approximately 49.93% of the issued Shares of the Company, were legally and/or beneficially owned by parties acting in concert or presumed to be acting in concert with the Offeror (the “Offeror Concert Parties”), under the definition of “acting in concert” under the Code on Takeovers and Mergers of Hong Kong (the “Takeovers Code”). In addition to the Shares that are held by the Offeror and the Offeror Concert Parties, above, there are 452,192,000 publicly held Shares representing approximately 50.07% of the issued Shares of the Company, which, together with the Shares that are held by the Offeror Concert Parties, constitute the Scheme shares (the “Scheme Shares”).

China Resources Gas (Hong Kong) Investment Limited

6. The Offeror is a company incorporated under the laws of Hong Kong with limited liability on 22 January 2008 under the name of Kileen Holdings Limited 祺力控股有限公司. It changed its name to China Resources Gas (China) Investment Limited 華潤燃氣(中國)投資有限公司 on 12 January 2009 and it changed its name to Kileen Holdings Limited 祺力控股有限公司 on 21 January 2009. It subsequently changed its name to China Resources Gas (Hong Kong) Investment Limited 華潤燃氣(香港)投資有限公司 on 12 January 2010. Its registered office is at 37/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The Offeror is indirectly wholly-owned by China Resources

Gas Group Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange with stock code 1193 (“CR Gas”). 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 the business of downstream city gas distribution, including piped natural gas distribution, natural gas filling stations operation and sales of gas appliances in the PRC.

7. The Offeror will provide its undertaking to be bound by the terms of the Scheme.

The Scheme

8. The purpose of the Scheme is to privatise the Company so that the Offeror and Holdco (as defined below) will own 100% of the issued Shares of the Company.
9. This will be achieved by the steps summarised in paragraph 10 below.
10. The principal features of the Scheme are:
 - a. the subscription by the Offeror for, and the allotment and issue to the Offeror of, 1 Share, fully paid;
 - b. the Reduction of Capital by the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme, in consideration of which the holders of the Scheme Shares (the “Scheme Shareholders”) will be entitled to elect to receive either (a) the Cash Alternative, namely HK\$2.50 for every Scheme Share; or (b) the Share Alternative, namely 1 New Share in HoldCo for every Scheme Share. Further details of the Share Alternative are set out below;
 - c. subject to and forthwith upon the Reduction of Capital taking effect, the share capital of the Company being restored to its former amount by the allotment and issue 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 "Restoration of Capital"); and

- d. the credit arising in the books of account of the Company as a result of the Reduction of Capital resulting from the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme being applied in paying up in full at par such number of Shares as is equal to the number of Scheme Shares cancelled and extinguished at the Effective Date, minus one.

Share Alternative

11. Changjiangwei Limited ("Holdco") is a business company incorporated in the British Virgin Islands with limited liability. Its sole purpose is to enable Scheme Shareholders who wish to continue to participate in the business of the Company to do so. 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).

Reasons for and benefits of the Scheme

12. For the Offeror:

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

- a. 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 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 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.

- b. 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 that are part of normal conduct of business.

13. For the Scheme Shareholders:

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

- a. 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 Proposal provides an opportunity for the Scheme Shareholders to realise their holdings of Shares with limited liquidity in return for cash.

- b. 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.
- c. 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%.

Opportunity to continue to invest in the Company

- d. 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".

14. For the Company:

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

- a. 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 is unlikely to see any significant improvement in the near term.
- b. As such, 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.

Shareholder Profile

15. On the assumption that there is no change in shareholding in the Company, the profile of the major legal and/or beneficial shareholders of the Company ("Shareholders") on the date of this Petition is as follows:

Shareholders	Number of Shares	Approximate percentage of the issued share capital
Offeror	-	-
Offeror Concert Parties		
Fung Yu Holdings Limited	214,546,000	23.76%
Total Honest International Investment Limited	123,138,000	13.64%
The Minority IU Shareholders (as defined in the Scheme Document)	90,810,000	10.06%
Hwabao Trust Co., Ltd. as trustee for the Entrustment Minority Shareholders (as defined in the Scheme Document)	22,398,000	2.48%
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	450,892,000	49.93%
Disinterested Shareholders		
Dazhong (Hong Kong) International Corporation Limited	129,344,000	14.32%
Shanghai Dazhong Public Utilities (Group) Co., Limited	45,000,000	4.98%
Action East International Limited	163,040,000	18.05%
Mr. Du Shaozhou	100,000	0.01%
Mr. Li Jianyi	96,000	0.01%
Other Disinterested Shareholders	<u>114,612,000</u>	<u>12.69%</u>
Total number of Shares	<u>903,084,000</u>	<u>100.00%</u>
Total number of Scheme Shares	<u>903,084,000</u>	<u>100.00%</u>

16. As at the date of this Petition, there are 52,250,000 Outstanding Share Options granted under the Share Option Scheme, of which 16,500,000 Share Options have an exercise price of HK\$2.00, 19,250,000 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 defined in the Scheme Document).

As at the date of this Petition, all the Share Options under the Share Option Scheme have been granted. The exercise of all the Outstanding Share Options in full would result in the issue of 50,250,000 new Shares (representing approximately 5.56% of the issued share capital of the Company as at the Announcement Date) and approximately 5.27% 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 50,250,000 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.

17. Other than then 50,250,000 Outstanding Share Options granted under the Share Option Scheme, the Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Shares as at the date of this Petition.

Proposed Sanction Process

18. After careful consideration, the board of directors of the Company (the "Board") has determined that the Scheme is desirable and that the implementation of the Scheme is in the best interests of the Company and its Shareholders. Accordingly, the Board (with the interested directors of the Company abstaining from voting) unanimously approved the Scheme.
19. Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date (as defined in the Scheme Document) will be entitled to attend and vote on the Scheme at the Court Meeting (as defined below) in person or by proxy. At the Court Meeting, Scheme Shareholders present and voting either in person or by proxy will be entitled to vote their Scheme Shares in favour of the Scheme or against it. Under the Takeovers Code, persons deemed to be acting in concert with the Offeror in connection with the implementation of the Scheme who are also Scheme

Shareholders shall not be counted (unless permitted by the Securities and Futures Commission of Hong Kong) for the purposes of satisfying the voting requirements of the Takeovers Code. Therefore, the votes of the Shareholders who are both Scheme Shareholders and Offeror Concert Parties shall only be counted for the purpose of the calculation under the Companies Act, but shall not be counted for the purpose of the calculation under the Takeovers Code.

20. The Company intends to make an application for directions herein for declarations and orders that, among other things:
- a. the relevant class of shareholders affected by the Scheme are the Scheme Shareholders;
 - b. the Company be at liberty to convene a meeting of the Scheme Shareholders (the “Court Meeting”) for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme;
 - c. directions as to the mode of delivery of an explanatory statement and proxy form to the Scheme Shareholders;
 - d. the appointment of a chairman of the Court Meeting and for the conduct of the Court Meeting generally; and,
 - e. directions as to the treatment of Shares held by custodians, clearing houses and other nominees for the purposes of the “majority in number” calculation.
21. The resolution intended to be submitted at the Court Meeting is:
- “THAT a scheme of arrangement dated [●] 2022 (the “Scheme”) between the Company and the holders of the Scheme Shares (as defined in the Scheme) in the form of the print thereof which has been produced to this Court Meeting and, for the purpose of identification signed by the chairman of this Court Meeting, or

in such other form and on such terms and conditions or may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved.”

Reduction of Capital

22. Article 14 of the Articles of Association of the Company provides as follows:

“The Company may by Special Resolution reduce its share capital or undistributable reserve in any manner authorised, and subject to any conditions prescribed, by law.”

23. The Company intends to convene an extraordinary general meeting to take place immediately after the Court Meeting at which it is intended to, among other things, submit the resolutions to confirm the Reduction of Capital pursuant to the Scheme and to approve the Restoration of Capital. The resolutions are set out below.

SPECIAL RESOLUTIONS

1. “THAT:
 - (a) pursuant to a scheme of arrangement dated [•] 2022 (the “Scheme of Arrangement”) between the Company and the Scheme Shareholders (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the issued shares in the share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement);
 - (b) immediately prior to the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) taking effect, the subscription by, and allotment and issue to, the Offeror (as defined in the Scheme of Arrangement) of 1 ordinary share of HK\$0.01 in the share capital of the Company be and is hereby

approved and any one of the directors of the Company be and is hereby authorized to allot and issue the same accordingly;

- (c) subject to and simultaneously with the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) taking effect, the number of issued shares in the share capital of the Company be restored to its former amount by allotting and issuing to the Offeror and HoldCo (as defined in the Scheme of Arrangement) in proportion to the number of Scheme Shares in exchange of the Cash Alternative (as defined in the Scheme of Arrangement) and Share Alternative (as defined in the Scheme of Arrangement), credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled, minus one;
- (d) the credit arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) shall be applied by the Company in paying up in full at par the new ordinary shares allotted and issued to the Offeror and Holdco pursuant to resolution 3(b) above, and any one of the directors of the Company be and is hereby authorized to allot and issue the same accordingly; and
- (e) any one of the directors of the Company be and is hereby authorized to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement, the reduction of the number of issued shares in the share capital of the Company and the restoration of capital pursuant to the Scheme of Arrangement, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of the number of issued shares in the share capital of the Company which the Grand Court of the Cayman Islands may see fit to impose.”

2. “THAT:

- (a) subject to the Scheme of Arrangement having become effective, the withdrawal of the listing of the shares of the Company from The Stock Exchange of Hong Kong Limited be and is hereby approved; and
- (b) any one of the directors of the Company be and is hereby authorized to apply to The Stock Exchange of Hong Kong Limited

for the withdrawal of the listing of the shares of the Company.”

ORDINARY RESOLUTION

(c)

3. “THAT the asset reorganisation agreement (資產重組協議) entered into by the Company, China Suchuang Energy Co., (Hong Kong) Ltd., Suchuang Gas (Shanghai) Co., Ltd, Total Honest International Investment Ltd, Fung Yu Holdings Limited and Taicang Natural Gas Company Limited on 25 August 2021 in relation to the sale of the entire issued share capital of Suchuang Dunhua Environmental Technology Company Limited (蘇創敦華環境科技有限公司) by the Company to Total Honest International Investment Ltd (誠創國際投資有限公司) (“**Total Honest**”), sale of the entire equity interest in Suchuang Gas (Shanghai) Co., Ltd (蘇創燃氣(上海)有限公司) by China Suchuang Energy Co., (Hong Kong) Limited (中國蘇創能源(香港)有限公司) to Total Honest, sale of the entire issued share capital of Argus Holding Corporation by the Company to Total Honest and settlement of certain intra-group loans and the transactions.”

24. The form of Minute proposed to be registered is as follows:

“The issued share capital of Suchuang Gas Corporation Limited was by virtue of a Special Resolution passed on [] 2022 and with the confirmation of an order of the Grand Court of the Cayman Islands dated [] 2022, reduced from HK\$9,030,840.00 divided into 903,084,000 ordinary shares of par value HK\$0.01 each to HK\$0.01 divided into 1 share of par value HK\$0.01 (the “Reduction of Capital”). Immediately upon the Reduction of Capital, the issued share capital of Suchuang Gas Corporation Limited was restored to HK\$9,030,840.00 by allotting and issuing to the Offeror, credited as fully paid at par, 903,083,999 shares of par value HK\$0.01 each.

The authorised share capital of the Company, on the registration of this Minute, is HK\$50,000,000 consisting of 5,000,000,000 ordinary shares of HK\$0.01 each.”

YOUR PETITIONER, THE COMPANY, THEREFORE HUMBLY PRAYS:

- (1) That the Scheme to be approved at the Court Meeting to be convened at the direction of this Honourable Court be sanctioned by the Court so as to be binding on the Company, the Scheme Shareholders and the Offeror.
- (2) That the Reduction of Capital may be confirmed and that the above mentioned minute may be approved by the Court.
- (3) That the preparation of a list of creditors be dispensed with.
- (4) That, to this end, all necessary inquiries may be made and directions may be made and given.
- (5) Such further or other relief as the Court shall see fit.

And your Petitioner will ever pray etc.

Dated this 1st day of April 2022



Conyers Dill & Pearman LLP
Attorneys-at-Law for the Petitioner herein

NOTE: It is intended to serve this Petition on Suchuang Gas Corporation Limited, at its registered office located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

This Petition is presented by Conyers Dill & Pearman LLP, Attorneys-at-Law, for and on behalf of the Petitioner whose address for service is that of its said Attorneys-at-Law, Second Floor, SIX, Cricket Square, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands

Notice of Hearing

This Petition, having been presented to the Court on the day of 2022, will be heard at the Law Courts, George Town, Grand Cayman on the day of 2022 at a.m. or as soon thereafter as the Petition can be heard.