

# TARGET

## Intelligence Report

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T U E S D A Y

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### **SUCHUANG GAS CORPORATION LTD: IT NEVER RAINS BUT IT POURS**

There is an 18<sup>th</sup> Century proverb that states that it never rains but it pours.

The meaning behind these six words is that when troubles come, they come together.

Mr John Arbuthnot, a Scottish mathematician, physician, and writer, fondly remembered as being a close friend of such notables as Jonathan Swift, Alexander Pope, and John Gay, has been credited with this proverb which he appears to have coined in one of his works, back in 1726.

With regard to the recent affairs of Suchuang Gas Corporation Ltd (蘇創燃氣股份有限公司) (Code: 1430, Main Board, The Stock Exchange of Hongkong Ltd), this proverb could not have been more apt ... to be sure.

Last Thursday, November 11, 2021, **TARGET** (泰達財經) published a six-page report about Suchuang Gas Corporation Ltd, headlined:

***‘THE RESULTS OF THE 2020 FINANCIAL YEAR WERE CLOSE  
TO A COMPLETE DISASTER.’***

Within a few short hours of the publication of the above-mentioned report, having gone to Press, façon de parler, other seemingly important matters became readily manifest to this medium.

Ms Su Yi (蘇奕), Chairperson of the Board of Directors of Suchuang Gas Corporation Ltd, caused to be published the following announcement, headlined:

***‘INSIDE INFORMATION AND CONTINUED SUSPENSION OF  
TRADING’***

This two-page announcement is hereby reproduced, verbatim:

*‘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 announcement of the Company dated 30 September 2021 (the “**Announcement**”) 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 Announcement.*

*‘This announcement is made by the Company to update the Shareholders and the investing public of the development of the Company’s findings and other matters regarding the Relevant Transactions.*

#### **‘ESTABLISHMENT OF INDEPENDENT INVESTIGATION COMMITTEE**

*‘An independent investigation committee comprising Mr. Zhou Qingzu (周慶祖), Mr. Zhu Tong (朱彤), and Mr. Feng Yijing (馮義晶) has been established by the Board to investigate the Relevant Transactions. All the members of the investigation committee had confirmed to the Board that they are independent of and are not connected with the Relevant Transactions.*

#### **‘UPDATE ON RELEVANT TRANSACTIONS**

*‘The Group was informed by a Bank that on 23 October 2021, a Borrower defaulted on the obligation under a Bank Acceptance Bill Acceptance Agreement secured by the Deposit Pledge Contract dated 27 October 2020 entered into by Jiangsu Tengxu (Jiangsu Tengxu Energy Management Company Ltd [江蘇騰旭能源管理有限公司]). As a result, the relevant Bank enforced such Deposit Pledge Contract and set off the Borrower’s default against Jiangsu Tengxu’s deposit held with the Bank in the amount of RMB50 million.*

*‘The Company has engaged its PRC legal adviser to discuss with the Bank as to the recoverability of the forfeited deposit and to chase the relevant Borrower for the repayment of the amount being forfeited by the Bank.*

#### **‘ASSESSMENT OF RELEVANT TRANSACTION’S FINANCIAL IMPACT**

*‘The Company has been working with its auditors, Ernst & Young (安永會計師事務所), to assess the financial impact of the Deposit Pledge Contracts and the relevant guarantee provided by Taicang Natural Gas (Taicang Natural Gas Company Limited [太倉市天然氣有限公司]) on the Group, including obtaining relevant bank confirmations and assessing the*

*financial positions of the Borrower and the recoverability of the amount pledged under the Deposit Pledge Contracts.*

*‘The Company expects that the financial impact of the Relevant Contracts on the Group will be reflected in a further announcement in respect of the interim results for the six months ended 30 June 2021, which is expected to be published by the Company in or around mid-December 2021.*

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

#### **‘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.*

***‘WARNING: 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.’***

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