

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**SHUANGHUA HOLDINGS LIMITED**  
**雙樺控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1241)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**  
**ACQUISITION OF APPROXIMATELY 13.51% EQUITY**  
**INTEREST IN ANHUI SHUANGHUA**

**THE ACQUISITION**

The Board announces that on 10 February 2021 (after trading hours), Shuanghua Autoparts, an indirect subsidiary of the Company, entered into the Equity Transfer Agreement with Mr. Cheng, pursuant to which Shuanghua Autoparts agreed to acquire and Mr. Cheng agreed to sell approximately 13.51% equity interest in Anhui Shuanghua at a cash consideration of RMB4.60 million, which shall be settled by Shuanghua Autoparts within twelve months after the Equity Transfer Agreement has become effective.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in Rule 14.07 the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements.

As at the date of this announcement, Anhui Shuanghua is an 86.49%-owned subsidiary of Shuanghua Autoparts. As Mr. Cheng is a substantial shareholder of Anhui Shuanghua, he is a connected person of the Company at the subsidiary level. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) the Board has approved the Acquisition; and (ii) the Directors (including all of the independent non-executive Directors) have confirmed that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board announces that on 10 February 2021 (after trading hours), Shuanghua Autoparts, an indirect subsidiary of the Company, entered into the Equity Transfer Agreement with Mr. Cheng, pursuant to which Shuanghua Autoparts agreed to acquire and Mr. Cheng agreed to sell approximately 13.51% equity interest in Anhui Shuanghua at a cash consideration of RMB4.60 million.

## **THE EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are as follows:

Date: 10 February 2021 (after trading hours)

Parties: (1) Seller: Mr. Cheng

(2) Purchaser: Shuanghua Autoparts, an indirect subsidiary of the Company

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save for his interests in Anhui Shuanghua, Mr. Cheng is an Independent Third Party.

### **Subject matter**

Pursuant to the Equity Transfer Agreement, Shuanghua Autoparts agreed to acquire and Mr. Cheng agreed to sell approximately 13.51% equity interest in Anhui Shuanghua, free from any encumbrances and together with all rights attaching thereto, for a cash consideration of RMB4.60 million, which shall be settled within twelve months after the Equity Transfer Agreement has become effective. The Equity Transfer Agreement shall become effective upon completion of the change in relevant business and commercial registration.

### **Basis of the consideration**

The consideration was determined after arm's length negotiations between Shuanghua Autoparts and Mr. Cheng with reference to (i) the unaudited net asset value of Anhui Shuanghua as at 31 December 2020; and (ii) the reasons and benefits of the Acquisition as set out in the section headed "Reasons and Benefits of the Acquisition" below.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and the Acquisition is in the interests of the Company and the Shareholders as a whole. The Group intends to settle the consideration payable to Mr. Cheng by internal resources of the Group.

### **Conditions precedent**

The Acquisition is not subject to any condition.

## Completion

Completion shall take place upon completion of the change in relevant business and commercial registration.

Prior to the completion of the Acquisition, Anhui Shuanghua is held as to approximately 82.43%, 13.51% and 4.06% by Shuanghua Autoparts, Mr. Cheng and Mr. Wang, respectively. As confirmed by the Company, Mr. Wang is an employee of the Group and the approximately 4.06% equity interest in Anhui Shuanghua held by Mr. Wang is beneficially owned by Shuanghua Autoparts under a trust arrangement. As such, Anhui Shuanghua is an 86.49%-owned subsidiary of Shuanghua Autoparts.

Following the completion of the Acquisition, Shuanghua Autoparts will own 100% of the equity interest in Anhui Shuanghua (including the approximately 4.06% equity interest held by Mr. Wang on behalf of Shuanghua Autoparts pursuant to a trust arrangement).

## INFORMATION ON ANHUI SHUANGHUA

Anhui Shuanghua is a company established under the laws of the PRC with limited liability and is principally engaged in the business of research and development, manufacturing and sales of automobile parts and components, automobile information consulting services and machinery and equipment leasing.

Set out below is a summary of the audited financial information of Anhui Shuanghua for the year ended 31 December 2019 and the unaudited financial information of Anhui Shuanghua for the year ended 31 December 2020.

	<b>For the year ended 31 December 2019</b> <i>RMB'000</i> <i>(Audited)</i>	<b>For the year ended 31 December 2020</b> <i>RMB'000</i> <i>(Unaudited)</i>
Net loss before tax	411	1,994
Net loss after tax	864	1,994

Based on the unaudited financial statements of Anhui Shuanghua, the unaudited total asset value of Anhui Shuanghua as at 31 December 2020 was approximately RMB81.03 million.

As Mr. Cheng is one of the joint venture partners who established Anhui Shuanghua and did not acquire the approximately 13.51% equity interest in Anhui Shuanghua from a third party, there is no original acquisition cost of the said equity interest.

## INFORMATION ON MR. CHENG

Mr. Cheng is a merchant and is principally engaged in the business of sales of automobile parts and components.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the business of trading, manufacturing and research and development of automobile parts and components, cold storage and cold chain supply.

## **INFORMATION ON SHUANGHUA AUTOPARTS**

Shuanghua Autoparts is a company established under the laws of the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company. Shuanghua Autoparts is principally engaged in the business of sales of automobile parts and components and supply chain services.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Mr. Cheng wishes to sell the approximately 13.51% equity interest in Anhui Shuanghua due to his personal financial reasons. The Group agreed to acquire the above equity interest in Anhui Shuanghua as the Group is optimistic about its development prospect in Anhui, which has been included in the national strategy for the regional integration development of the Yangtze River Delta, and the local government has been actively introducing relevant policies and providing favourable conditions to promote the development of local enterprises. The Group therefore considers it beneficial to turn Anhui Shuanghua into a 100%-owned entity and to invest and operate it independently.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

As none of the Directors has a material interest in the Acquisition, no Director is required to abstain from voting on the Board resolution(s) approving the Acquisition.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in Rule 14.07 the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements.

As at the date of this announcement, Anhui Shuanghua is an 86.49%-owned subsidiary of Shuanghua Autoparts. As Mr. Cheng is a substantial shareholder of Anhui Shuanghua, he is a connected person of the Company at the subsidiary level. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) the Board has approved the Acquisition; and (ii) the Directors (including all of the independent non-executive Directors) have confirmed that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition of approximately 13.51% equity interest in Anhui Shuanghua by Shuanghua Autoparts pursuant to the Equity Transfer Agreement
“Anhui Shuanghua”	Anhui Shuanghua Heat Exchange System Co., Ltd. (安徽雙樺熱交換系統有限公司), a limited liability company established under the laws of the PRC and an indirect 86.49%-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of Directors
“Company”	Shuanghua Holdings Limited (雙樺控股有限公司), a company incorporated in the Cayman Islands with limited liability
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 10 February 2021 entered into between Shuanghua Autoparts and Mr. Cheng in relation to the Acquisition
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Mr. Cheng”	Mr. Cheng Ruicheng (程瑞成)
“Mr. Wang”	Mr. Wang Deqiang (汪德強)
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Shuanghua Autoparts”	Shanghai Shuanghua Autoparts Co., Ltd. (上海雙樺汽車零部件股份有限公司), a limited liability company established under the laws of the PRC and an indirect non wholly-owned subsidiary of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary/(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

On behalf of the Board  
**Shuanghua Holdings Limited**  
**Zheng Ping**  
*Chairman*

Hong Kong, 10 February 2021

*As at the date of this announcement, the Board consists of three executive Directors, Mr. Zheng Ping, Ms. Zheng Fei and Ms. Tang Lo Nar, one non-executive Director, Ms. Kong Xiaoling, and three independent non-executive Directors, Ms. Guo Ying, Mr. He Binhui and Mr. Chen Lifan.*