

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 TRANSACTION
DISPOSAL OF 99.999% EQUITY INTEREST OF
SHANGHAI CITGOC PETROLEUM CO. LTD.

THE DISPOSAL

The Board announces that on 30 September 2019 (after trading hours), the Seller and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Purchaser has agreed to acquire and the Seller has agreed to sell the Sale Interest, representing 99.999% of the equity interest of the Target Company, at the total consideration of approximately RMB12.30 million, which comprises a cash element of approximately RMB1.76 million and a gain from offsetting the receivables due from the Group to the Target Company which amounted to approximately RMB10.54 million.

LISTING RULES IMPLICATIONS

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

INTRODUCTION

The Board announces that on 30 September 2019 (after trading hours), the Seller and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Purchaser has agreed to acquire and the Seller has agreed to sell the Sale Interest at the total consideration of approximately RMB12.30 million, which comprises a cash element of approximately RMB1.76 million and a gain from offsetting the receivables due from the Group to the Target Company which amounted to approximately RMB10.54 million. Details of the Equity Transfer Agreement are set out below:-

The Equity Transfer Agreement

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

- Date: 30 September 2019 (after trading hours)
- Parties: (1) Seller: Shanghai Eagle Investment Limited
- (2) Purchaser: Shanghai Eagle Star Automobile Services Limited

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party (save that one of the ultimate beneficial owners of the Purchaser is an employee of the Group).

Assets to be disposed of

The Purchaser has agreed to acquire and the Seller has agreed to sell the Sale Interest, representing 99.999% of the equity interest of the Target Company, free from any encumbrances and together with all rights attaching thereto.

Consideration

The consideration for the Disposal comprises a cash element of approximately RMB1.76 million and the gain from offsetting the receivables due from the Group to the Target Company amounted to approximately RMB10.54 million. Hence the total consideration is approximately RMB12.30 million. The cash element will be payable to the Seller within 30 business days after the date of the Equity Transfer Agreement. The gain from offsetting the receivables due from the Group to the Target Company will be booked upon completion of the Disposal.

Basis of the consideration

The consideration was determined after arm's length negotiations between the Purchaser and the Seller with reference to the asset position and historical performance of the Target Company; and the reasons and benefit for the Disposal as set out in the section headed "Reasons and Benefit for the Disposal" below.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Disposal is not subject to any condition.

Completion

Completion shall take place within 30 business days after the date of the Equity Transfer Agreement.

Upon completion of the Disposal, the Group will cease to hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability enterprise established under the PRC law and is principally engaged in the sales of automotive lubricants.

FINANCIAL INFORMATION ON THE TARGET COMPANY

The unaudited financial information of the Target Company for the two financial years ended 31 December 2017 and 2018 and for the eight months ended 31 August 2019 based on its unaudited management accounts are as follows:

	For the year ended 31 December 2017 RMB'000	For the year ended 31 December 2018 RMB'000	For the period ended 31 August 2019 RMB'000
Loss before/after tax	3,436	927	992

Based on the unaudited management accounts of the Target Company, the unaudited book value of the net assets of the Target Company as at 31 August 2019 was approximately RMB11.31 million.

For illustrative purpose, based on (i) the unaudited book value of the net assets of the Target Company as at 31 August 2019 of approximately RMB11.31 million; and (ii) the total consideration for the Disposal of approximately RMB12.30 million, it is estimated that the Group will record a gain of approximately RMB0.99 million (before taxation) from the Disposal. Shareholders should note that the actual amount of the gain or loss on the Disposal to be recognized in the consolidated financial statements of the Company depends on the net asset value of the Target Company as at the date of completion of the Disposal and therefore may be different from the amount mentioned above.

INFORMATION OF THE PURCHASER

The Purchaser is a company established under the PRC law with limited liability and is principally engaged in the business of automobile maintenance services.

INFORMATION OF THE SELLER

The Seller is an investment holding company established under the law of the PRC and an indirect subsidiary of the Company.

REASONS AND BENEFIT FOR THE DISPOSAL

The Group is principally engaged in the business of trading and manufacturing of automobile parts and components.

During the past few years, the Group intended to enlarge the variety of its products and extend the Group's business to the area of lubricants and petroleum products for new profit growth. However, the financial performance of the Target Company had not been meeting expectation of the management. It recorded losses for the recent couple of years. As the Group is not optimistic about the future prospects of the business of sale of automotive lubricants and as one of the cost-saving measures, it is decided that the Group will reduce its investment in the business of sale of automotive lubricants.

In this connection, the Board intends to realise the investment in the Target Company rather than devoting further resources to the Target Company which is loss-making. It is expected that the net proceeds from the Disposal will be used for general working capital of the Group.

Based on the above, the Directors consider that the terms of the Disposal are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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

DEFINITIONS

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

“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
“Disposal”	the proposed disposal of the Sale Interest pursuant to the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 30 September 2019 entered into between the Seller and the Purchaser in relation to the Disposal
“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
“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
“Purchaser”	Shanghai Eagle Star Automobile Services Limited (上海鷹之星汽車服務有限公司), a company established under the PRC law with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	99.999% of the equity interest of the Target Company
“Seller”	Shanghai Eagle Investment Limited (上海鷹之星投資有限公司), a company established under the PRC law with limited liability, which is an indirect subsidiary of the Company as at the date of this announcement
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanghai Citgoc Petroleum Co. Ltd. (上海希戈石油有限公司), a company established under the PRC law with limited liability, which is an indirect subsidiary of the Company as at the date of this announcement
“%”	per cent.

On behalf of the Board
Shuanghua Holdings Limited
Zheng Ping
Chairman

Hong Kong, 30 September 2019

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.