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## **SHUANGHUA HOLDINGS LIMITED**

### **雙樺控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1241)**

## **(1) VERY SUBSTANTIAL ACQUISITIONS, MAJOR TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS IN RELATION TO PURCHASE OF STRUCTURED DEPOSIT PRODUCTS AND WEALTH MANAGEMENT PRODUCTS; AND (2) CLARIFICATION REGARDING THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2020**

### **SUBSCRIPTION OF STRUCTURED DEPOSIT PRODUCTS AND WEALTH MANAGEMENT PRODUCTS**

The Board announces that between 9 January 2020 and 1 April 2021, the Group had subscribed for the BOS Structured Deposit Products, the CCB Structured Deposit Products and the SPDB Wealth Management Products offered by BOS, CCB and SPDB, respectively.

### **LISTING RULES IMPLICATIONS**

#### **Subscription of the BOS Structured Deposit Products**

As the highest applicable percentage ratio for subscriptions of certain of the BOS Structured Deposit Products (when aggregated with the outstanding balance of the BOS Structured Deposit Products, where applicable) exceeds 100%, subscriptions of certain of the BOS Structured Deposit Products constituted very substantial acquisitions of the Company and should have been subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The subscription of other BOS Structured Deposit Products constituted major transaction(s), which should have been subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules or discloseable transaction(s) of the Company, which should have been subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **Subscription of the CCB Structured Deposit Products**

As the highest applicable percentage ratio for each of the subscriptions for the CCB Structured Deposit Products exceeds 25% but is less than 100%, these subscriptions constituted major transactions of the Company and should have been subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Subscription of the SPDB Wealth Management Products**

As the highest applicable percentage ratio for each of the subscriptions for the SPDB Wealth Management Products exceeds 5% but is less than 25%, these subscriptions constituted discloseable transactions of the Company under Chapter 14 of the Listing Rules and should have been subject to the reporting and announcement requirements but are exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

With the mistaken beliefs that the Products were similar in nature to time deposits and in general had low risk exposure which do not constitute transaction(s) as defined under Chapter 14 of the Listing Rules, the Company failed to comply with the applicable reporting, announcement and, where applicable, shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of the relevant subscriptions of the Products.

Considering that (i) the subscriptions of the BOS Structured Deposit Products and the CCB Structured Deposit Products have been made with no early termination right on the part of the Group before maturity; and (ii) all of the BOS Structured Deposit Products and the CCB Structured Deposit Products have been redeemed as of the date of this announcement, even though certain of such transactions were subject to the Shareholders' approval requirement as set out above, the Company considers that it might not be meaningful and therefore does not intend to despatch any circular or convene any general meeting of the Company for the purpose of approving or ratifying the subscription of such BOS Structured Deposit Products and the CCB Structured Deposit Products.

### **CLARIFICATION REGARDING THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2020**

Reference is made to the interim report of the Group for the six months ended 30 June 2020 published on 24 September 2020 (the "**2020 Interim Report**"). In view of the nature of the BOS Structured Deposit Products as detailed in this announcement, BOS Structured Deposit Products in the amount of approximately RMB79.0 million should be reclassified as financial assets at fair value through profit or loss under current assets. Accordingly, as at 30 June 2020, the Group's (i) unaudited financial assets at fair value through profit or loss classified as current assets should be approximately RMB79.0 million instead of nil; and (ii) restricted time deposits should be approximately RMB36.0 million instead of RMB115.0 million. There is no change in the Group's total current assets, net current assets, total assets less current liabilities, net assets and total equity after the aforesaid reclassification.

Save as disclosed in this announcement, all other information in the 2020 Interim Report remains unchanged.

## SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS AND STRUCTURED DEPOSIT PRODUCTS

The Board announces that between 9 January 2020 and 1 April 2021, the Group had subscribed for the BOS Structured Deposit Products, the CCB Structured Deposit Products and the SPDB Wealth Management Products offered by BOS, CCB and SPDB, respectively. The key terms of the Subscriptions are set out as follows.

### (1) BOS Structured Deposit Products

No.	Name of Product	Principal amount of subscription (RMB)	Subscription date	Maturity date	Type of return	Actual annualised rate of return
1.	Wenjing No. 2	24,000,000	3 March 2020	7 April 2020	Principal-guaranteed with floating income, extremely low risk	3.80%
2.	Wenjing No. 2	60,000,000	26 March 2020	30 April 2020	Principal-guaranteed with floating income, extremely low risk	3.80%
3.	Wenjing No. 2	24,000,000	9 April 2020	9 July 2020	Principal-guaranteed with floating income, extremely low risk	3.50%
4.	Wenjing No. 2	55,000,000	7 May 2020	9 July 2020	Principal-guaranteed with floating income, extremely low risk	3.33%
5.	Wenjing No. 2	65,000,000	16 July 2020	20 August 2020	Principal-guaranteed with floating income, extremely low risk	3.10%
6.	Wenjing No. 3	30,000,000	8 September 2020	12 October 2020	Principal-guaranteed with floating income, extremely low risk	2.70%
7.	Wenjing No. 3	10,000,000	15 September 2020	19 October 2020	Principal-guaranteed with floating income, extremely low risk	2.55%
8.	Wenjing No. 3	10,000,000	22 October 2020	25 November 2020	Principal-guaranteed with floating income, extremely low risk	2.70%
9.	Wenjing No. 3	10,000,000	1 December 2020	4 January 2021	Principal-guaranteed with floating income, extremely low risk	2.90%
10.	Wenjing No. 3	40,000,000	29 December 2020	1 February 2021	Principal-guaranteed with floating income, extremely low risk	3.10%
11.	Wenjing No. 3	45,000,000	4 February 2021	10 March 2021	Principal-guaranteed with floating income, extremely low risk	2.90%
12.	Wenjing No. 3	45,000,000	1 April 2021	12 May 2021	Principal-guaranteed with floating income, extremely low risk	3.00%

Each of the BOS Structured Deposit Products as set out in items no. 1 - 5 above are linked structural deposit with US\$ LIBOR as the linked indicator, whereas each of the BOS Structured Deposit Products as set out in items no. 6 - 12 above are linked structural deposit

with gold price as the linked indicator. The actual investment periods of the BOS Structured Deposit Products ranged from 34 days to three months. The principal amount of the BOS Structured Deposit Products and the income generated will be returned within two working days after the maturity date. The Group has no right of early redemption of the BOS Structured Deposit Products. As of the date of this announcement, all of the BOS Structured Deposit Products have been redeemed.

Each of the BOS Structured Deposit Products as set out in items no. 2, 4 and 5 above (when aggregated with the outstanding balance of the BOS Structured Deposit Products, where applicable) constituted very substantial acquisition of the Company.

Each of the BOS Structured Deposit Products as set out in items no. 1, 3, 6 - 7 and 10 - 12 above (when aggregated with the outstanding balance of the BOS Structured Deposit Products, where applicable) constituted major transaction of the Company.

Each of the BOS Structured Deposit Products as set out in items no. 8 and 9 above constituted discloseable transaction of the Company.

## (2) CCB Structured Deposit Products

No.	Name of Product	Principal amount of subscription (RMB)	Subscription date	Maturity date	Type of return	Actual annualised rate of return
1.	Structured Deposit	40,000,000	13 October 2020	17 November 2020	Principal-guaranteed with floating income	3.20%
2.	Structured Deposit	40,000,000	23 November 2020	23 December 2020	Principal-guaranteed with floating income	3.20%

The CCB Structured Deposit Products are linked structural deposit with spot rate of Euro to US\$ as the linked indicator. The actual investment periods of the CCB Structured Deposit Products were approximately one month. The principal amount of the CCB Structured Deposit Products and the income generated will be returned upon maturity. The Group has no right of early redemption of the CCB Structured Deposit Products. As of the date of this announcement, all of the CCB Structured Deposit Products have been redeemed.

Each of the CCB Structured Deposit Products above constituted major transaction of the Company.

## (3) SPDB Wealth Management Products

No.	Name of Product	Principal amount of subscription (RMB)	Subscription date <sup>(Note)</sup>	Maturity date	Type of return and risk rating	Actual annualised rate of return
1.	Li Duo Duo Yue Ying Li 35-day Plan	5,000,000	24 February 2020	30 March 2020	Non-principal guaranteed with floating return,	3.50%

2.	Yue Tian Li	5,000,000	2 April 2020	6 May 2020	relatively low risk Non-principal guaranteed with floating return, relatively low risk	3.60%
3.	Yue Tian Li	5,000,000	8 May 2020	8 June 2020	Non-principal guaranteed with floating return, relatively low risk	3.50%
4.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000	30 September 2020	14 October 2020	Non-principal guaranteed with floating return, relatively low risk	2.94%
5.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		21 October 2020	Non-principal guaranteed with floating return, relatively low risk	2.95%
6.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		28 October 2020	Non-principal guaranteed with floating return, relatively low risk	2.93%
7.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		4 November 2020	Non-principal guaranteed with floating return, relatively low risk	2.93%
8.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		11 November 2020	Non-principal guaranteed with floating return, relatively low risk	2.98%
9.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		18 November 2020	Non-principal guaranteed with floating return, relatively low risk	2.98%
10.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		25 November 2020	Non-principal guaranteed with floating return, relatively low risk	2.93%
11.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		2 December 2020	Non-principal guaranteed with floating return, relatively low risk	3.00%
12.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		9 December 2020	Non-principal guaranteed with floating return, relatively low risk	3.03%
13.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		16 December 2020	Non-principal guaranteed with floating return, relatively low risk	3.01%
14.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		23 December 2020	Non-principal guaranteed with floating return, relatively low risk	3.05%
15.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		30 December 2020	Non-principal guaranteed with floating return, relatively low risk	3.07%
16.	Zhou Zhou Xiang Ying Zeng Li No. 1	5,000,000		6 January 2021	Non-principal guaranteed with floating return, relatively low risk	3.01%

*Note:* Pursuant to the terms of the “Zhou Zhou Xiang Ying Zeng Li No. 1” wealth management products, in the event that the principal amount is not redeemed by the Group upon the maturity date of the relevant product, such principal amount would be automatically applied to renew the purchase of such wealth management product. Each of the SPDB Wealth Management Products as set out in items no. 5 – 16 above was subscribed using the outstanding principal amount of the SPDB Wealth Management Product as set out in item no. 4 above.

The SPDB Wealth Management Products invest in financial assets and financial instruments with high credit rating and good liquidity in the inter-bank and exchange markets, including but not limited to bonds, asset-backed securities, capital borrowing, reverse repurchase, bank deposits, securities dealers’ income certificates, etc., as well as other financial assets, such as trust plans, asset management plans. The actual investment periods of the SPDB Wealth Management Products ranged from seven to 35 days. The principal amount of the SPDB Wealth Management Products and the income generated from the investment will be returned upon maturity date or within one or five working days thereafter (as the case may be). The

Group has no right of early redemption of the SPDB Wealth Management Products. As of the date of this announcement, all of the SPDB Wealth Management Products have been redeemed.

Each of the SPDB Wealth Management Products above constituted discloseable transaction of the Company.

## **BASIS OF DETERMINATION FOR THE CONSIDERATION**

The Directors confirmed that the subscription amount and terms of each of the Products were determined on the commercial terms after arm's length negotiation between the Group and each of BOS, CCB and SPDB (as the case may be) having taken into account (i) the then financial status of the Group; (ii) the expected investment return and terms of the Products; and (iii) the expected annual return rates of time deposits and similar wealth management and structured deposit products offered by other comparable banks then available in the market.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS OF THE STRUCTURED DEPOSIT PRODUCTS AND WEALTH MANAGEMENT PRODUCTS**

The Subscriptions were made for treasury management purpose to maximise return on idle funds the Group received from its business operations as set forth in the annual report of the Group for the year ended 31 December 2020 published on 30 April 2021.

Taking into account (i) the benefits of a better yield through the Subscriptions than current saving or time deposits generally offered by reputable commercial banks in the PRC; (ii) the risk nature and relatively short term of maturity of the Products; and (iii) that the Subscriptions were funded by internal idle funds which would not affect the sufficiency of working capital of the Group nor hinder the operation of the Group's businesses, the Directors are of the view that the terms and conditions of the Products are fair and reasonable and in the interest of the Group and its Shareholders as a whole.

## **INFORMATION ABOUT THE GROUP AND THE PARTIES**

### **The Group**

The Group is principally engaged in the business of trading, manufacturing and research and development of automobile parts, mainly the automotive heating, ventilation and air-conditioning components, and the cold storage and cold chain supply business.

### **BOS**

BOS is a joint stock company incorporated in the PRC with limited liability. BOS and its subsidiaries are principally engaged in the commercial bank business with the provision of wholesale financial business, retail financial business, investment banking, fund management, asset management and other financial services. BOS is listed on the Shanghai Stock Exchange (Stock Code: 601229).

### **CCB**

CCB is a joint stock company incorporated in the PRC with limited liability. CCB is a commercial bank and operates its businesses in domestic and overseas markets through corporate banking businesses, including corporate deposit, corporate credit loan, asset custody, enterprise annuity, trading financing, international settlement, international financing and value-added services, among others, personal banking businesses, including personal deposit, loan, bank card services, private bank services, foreign exchange trading and gold trading services, among others, and capital business. CCB is listed on the Shanghai Stock Exchange (stock code: 601939) and the Stock Exchange (stock code: 939)

## **SPDB**

SPDB is a joint stock company incorporated in the PRC with limited liability. SPDB and its subsidiaries are principally engaged in the commercial banking business which provides services such as accepting deposits, making loans and offering basic investment products. SPDB is listed on the Shanghai Stock Exchange (Stock Code: 600000).

As of the date of this announcement and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of BOS, CCB, SPDB and their respective ultimate beneficial owner(s) are Independent Third Parties.

## **IMPLICATIONS OF THE LISTING RULES**

### **Subscription of the BOS Structured Deposit Products**

As the highest applicable percentage ratio for subscriptions of certain of the BOS Structured Deposit Products (when aggregated with the outstanding balance of the BOS Structured Deposit Products, where applicable) exceeds 100%, subscriptions of certain of the BOS Structured Deposit Products constituted very substantial acquisitions of the Company and should have been subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The subscription of other BOS Structured Deposit Products constituted major transaction(s), which should have been subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules or discloseable transaction(s) of the Company, which should have been subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **Subscription of the CCB Structured Deposit Products**

As the highest applicable percentage ratio for each of the subscriptions for the CCB Structured Deposit Products exceeds 25% but is less than 100%, these subscriptions constituted major transactions of the Company and should have been subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Subscription of the SPDB Wealth Management Products**

As the highest applicable percentage ratio for each of the subscriptions for the SPDB Wealth Management Products exceeds 5% but is less than 25%, these subscriptions constituted discloseable transactions of the Company under Chapter 14 of the Listing Rules and should have been subject to the reporting and announcement requirements but are exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

With the mistaken beliefs that the Products were similar in nature to time deposits and in general had low risk exposure which do not constitute transaction(s) as defined under Chapter 14 of the Listing Rules, the Company failed to comply with the applicable reporting, announcement and, where applicable, shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of the relevant subscriptions of the Products.

Considering that (i) the subscriptions of the BOS Structured Deposit Products and the CCB Structured Deposit Products have been made with no early termination right on the part of the Group before maturity; and (ii) all of the BOS Structured Deposit Products and the CCB Structured Deposit Products have been redeemed as of the date of this announcement, even though certain of such transactions were subject to the Shareholders' approval requirement as set out above, the Company considers that it might not be meaningful and therefore does not intend to despatch any circular or convene any general meeting of the Company for the purpose of approving or ratifying the subscription of such BOS Structured Deposit Products and the CCB Structured Deposit Products.

## **RATIFICATION AND REMEDIAL ACTIONS TO BE TAKEN BY THE COMPANY**

The Company deeply regrets its non-compliance with the Listing Rules (the “**Non-compliance**”) but the Company would like to stress that the Non-Compliance was inadvertent and the Company had no intention to withhold any information relating to the subscriptions of the Products from disclosure.

To prevent the recurrence of similar incidents in the future, the Group has reviewed its internal regulations and procedures and has taken the following remedial actions:

1. adopt procedures which require the business and finance departments of the Group to report to the Group's management in respect of proposed transactions or events involving potential investments;
2. improve the coordination and reporting arrangements between different departments of the Group in respect of requirements under the Listing Rules that may be relevant to the Group and monitor the Group's on-going compliance with the Listing Rules; and
3. consult external legal or other professional parties prior to any proposed transactions or events so as to ensure that the Directors' apprehension and interpretation of the Listing Rules are correct and the Group timely complies with the relevant requirements under the Listing Rules.

Going forward, the Company will continue to comply with the procedures of its subscription for structured deposit products and wealth management products and make appropriate disclosure in a timely manner to ensure compliance with the Listing Rules.

## **CLARIFICATION REGARDING THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

As disclosed on P.26 of the 2020 Interim Report , as at 30 June 2020, the Group's unaudited total financial assets at fair value through profit or loss under non-current assets and restricted

time deposits amounted to approximately RMB7.5 million and RMB115.0 million, respectively. Such restricted time deposits included the BOS Structured Deposit Products as set out in items no. 3 and 4 in the sub-section headed “(1) BOS Structured Deposit Products” in this announcement in the amount of approximately RMB79.0 million as at 30 June 2020.

In view of the nature of the BOS Structured Deposit Products as detailed in this announcement, the aforementioned BOS Structured Deposit Products in the amount of approximately RMB79.0 million should be reclassified as financial assets at fair value through profit or loss under current assets. Accordingly, the unaudited financial assets at fair value through profit or loss under non-current assets, unaudited financial assets at fair value through profit or loss under current assets and restricted time deposits of the Group as at 30 June 2020 should be approximately RMB7.5 million, RMB79.0 million and RMB36.0 million, respectively. There is no change in the Group’s total current assets, net current assets, total assets less current liabilities, net assets and total equity after the aforesaid reclassification.

Save as disclosed in this announcement, all other information in the 2020 Interim Report remains unchanged.

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions shall have the meanings below in this announcement:

“Board”	the board of Directors
“BOS”	Bank of Shanghai Co., Ltd. (上海銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601229)
“BOS Structured Deposit Products”	the structured deposit products offered by the BOS and subscribed by the Group, the details of which are set out in this announcement
“CCB”	China Construction Bank Corporation (中國建設銀行), a joint stock company incorporated in the PRC with limited liability, the A shares and H shares of which are listed on the Shanghai Stock Exchange (stock code: 601939) and the Stock Exchange (stock code: 939), respectively
“CCB Structured Deposit Products”	the structured deposit products offered by the CCB and subscribed by the Group, the details of which are set out in this announcement
“Company”	Shuanghua Holdings Limited, an exempted company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and its consolidated affiliated entities from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“LIBOR”	The London Interbank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Products”	the BOS Structured Deposit Products, the CCB Structured Deposit Products and the SPDB Wealth Management Products
“RMB”	Renminbi, the lawful currency of PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) from time to time
“SPDB”	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600000)
“SPDB Wealth Management Products”	the wealth management products offered by the SPDB and subscribed by the Group, the details of which are set out in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription(s)”	subscription(s) of the Products
“subsidiary/(ies)”	has the meaning ascribed to it under the Listing Rules

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

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

Hong Kong, 21 May 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.*