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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)

PROFIT WARNING

This announcement is made by Shuanghua Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors (the "**Directors**") of the Company (the "**Board**") wishes to inform the shareholders (the "**Shareholders**") and the potential investors of the Company that, based on the information currently available to the Company and the preliminary review of the unaudited consolidated management accounts of the Group:

(i) the Group is expected to record a decrease in revenue by approximately 48.9% for the six months ended 30 June 2019 as compared with that for the six months ended 30 June 2018;

(ii) the Group is expected to record a gross loss (before write-down of inventories) of approximately RMB0.6 million for the six months ended 30 June 2019; and

(iii) the Group is expected to record a net loss after tax of approximately RMB8.0 million for the six months ended 30 June 2019 as compared to a net profit of RMB2.2 million for the six months ended 30 June 2018.

The above decrease in revenue, the gross loss (before write-down of inventories) and the net loss for the six months ended 30 June 2019, as compared to those for the six months ended 30 June 2018, are mainly attributable to the Group's initiative to adjust its order structure and customer composition of automotive heat exchanger products, by reducing orders with losses or low profits and moving the production base of such products from its factory in Shanghai to a new factory owned by Anhui Shuanghua Heat Exchange System Co. Ltd. ("**Anhui Shuanghua**", a joint venture which is owned as to 45% by the Company as at the date of this announcement) located in Anhui Province where the production costs are lower. As the construction of the new factory is nearing completion, the Group has started relocating the production of orders with losses or low profits from Shanghai to Anhui Shuanghua. The relocation costs also contributed to the net loss of the Group for the six months ended 30 June 2019.

As at the date of this announcement, the Company is still in the course of preparing its interim results of the Group for the six months ended 30 June 2019. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available and the unaudited consolidated management accounts of the Group, which have not been reviewed or audited by the Company's auditors or reviewed by the audit committee of the Company. The interim results announcement of the Company for the six months ended 30 June 2019 is expected to be released on or around 30 August 2019. Shareholders and investors are advised to read the interim results announcement carefully when it is issued.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

On behalf of the Board
Shuanghua Holdings Limited
Zheng Ping
Chairman

Hong Kong, 19 August 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.