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WH Group Limited
萬洲國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 288)

VOLUNTARY ANNOUNCEMENT

INTERNAL RESTRUCTURING

THE RESTRUCTURING

This announcement is made by the Company on a voluntary basis.

The Board is pleased to announce that on January 25, 2019, the Board has approved the Restructuring which involves the Merger of Shuanghui Group (an indirect wholly-owned subsidiary of the Company) by Shuanghui Development (an indirect non-wholly owned subsidiary of the Company) through the issuance of new Shuanghui Development Shares by Shuanghui Development to Rotary Vortex (an indirect wholly-owned subsidiary of the Company) pursuant to the Merger Agreement dated January 25, 2019 entered into among Shuanghui Development, Shuanghui Group and Rotary Vortex.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Restructuring and the transactions contemplated thereunder is below 5%, the Restructuring and the transactions contemplated thereunder do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As Completion is subject to, among other things, the satisfaction of a number of conditions, the Restructuring may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

This announcement is made by the Company on a voluntary basis.

Reference is made to the First Voluntary Announcement in relation to, among other things, the proposed Restructuring.

The Board is pleased to announce that on January 25, 2019, the Board has approved the Restructuring which involves the Merger of Shuanghui Group (an indirect wholly-owned subsidiary of the Company) by Shuanghui Development (an indirect non-wholly owned subsidiary of the Company) through the issuance of new Shuanghui Development Shares by Shuanghui Development to Rotary Vortex (an indirect wholly-owned subsidiary of the Company) pursuant to the Merger Agreement.

THE MERGER AGREEMENT

The principal terms of the Merger Agreement are set out below.

Date

January 25, 2019

Parties

- (1) Shuanghui Development;
- (2) Shuanghui Group; and
- (3) Rotary Vortex.

The Merger

Pursuant to the Merger Agreement, Shuanghui Development will absorb and merge with Shuanghui Group, through the issuance of new Shuanghui Development Shares by Shuanghui Development to Rotary Vortex.

Upon Completion:

- (i) the 1,955,575,624 Shuanghui Development Shares currently held by Shuanghui Group, representing approximately 59.27% of the total issued share capital of Shuanghui Development as at the date of this announcement, will be cancelled;
- (ii) Shuanghui Development will continue as the surviving company;
- (iii) Shuanghui Group will be deregistered and cease to exist as a legal entity, and the assets, liabilities, employees, businesses, contracts and any other rights and obligations of which will be succeeded by Shuanghui Development; and

- (iv) the equity interest held by Shuanghui Group in the Shuanghui Group Operating Companies will be succeeded by Shuanghui Development and each of Shuanghui Development and the Shuanghui Group Operating Companies will remain as a subsidiary of the Company.

Consideration

The consideration for the merger shall be determined based on the appraised value of 100% equity interest in Shuanghui Group as stated in the valuation report to be issued by a qualified asset appraisal firm. As at the date of this announcement, the valuation of Shuanghui Group is in progress and has not been completed.

The abovementioned consideration shall be satisfied by the issuance of new Shuanghui Development Shares by Shuanghui Development to Rotary Vortex at the issue price of RMB20.34 per share, representing not less than 90% of the average trading price of the Shuanghui Development Shares on the Shenzhen Stock Exchange for the 60 trading days immediately preceding January 26, 2019, being the date of the announcement of the relevant board resolutions of Shuanghui Development.

The final issue price and number of Shuanghui Development Shares to be issued under the Merger Agreement shall be subject to the approval of the shareholders at the general meeting of Shuanghui Development and the approval of the CSRC.

Conditions precedent

The Merger Agreement shall be effective upon the satisfaction of the following conditions:

- (i) the Merger Agreement and the transactions contemplated thereunder having been approved at the meeting of the board of directors, the meeting of the supervisory committee and the meeting of the shareholders of Shuanghui Development;
- (ii) the Merger Agreement and the transactions contemplated thereunder having been approved by the board of directors of Shuanghui Group;
- (iii) the Merger Agreement and the transactions contemplated thereunder having been approved by the board of directors of Rotary Vortex;
- (iv) the Merger Agreement and the transactions contemplated thereunder having been approved by the Board;
- (v) the approval of the CSRC in respect of the Merger having been obtained; and
- (vi) all the necessary approvals from and filings with all the relevant regulatory authorities in respect of the Merger having been obtained or made (as the case may be).

Completion

Completion shall take place on the date on which Shuanghui Group having transferred all of its assets, liabilities, employees, businesses, contracts and other rights and obligations to Shuanghui Development. Shuanghui Group shall carry out the relevant procedures for effecting the aforementioned transfer before (i) the expiry of 60 days from the date on which the approval of the CSRC in respect of the Merger is granted; or (ii) such other date as determined after arm's length negotiations between Shuanghui Development and Shuanghui Group.

Shareholding structure of Shuanghui Development upon Completion

Based on the tentative appraised value of 100% equity interest in Shuanghui Group of approximately RMB40,166,701,900 and the issue price of RMB20.34 per share, Shuanghui Development will issue 1,974,764,104 new Shuanghui Development Shares to Rotary Vortex, representing approximately 59.50% of the total issued share capital of Shuanghui Development on a fully diluted basis, and the shareholding structure of Shuanghui Development upon Completion will be as follows:

Shareholders	Number of Shuanghui Development Shares	Approximate shareholding percentage (%)
Rotary Vortex	2,436,191,938	73.41
Other shareholders	<u>882,554,826</u>	<u>26.59</u>
Total	<u>3,318,746,764</u>	<u>100.00</u>

Lock-up period

Rotary Vortex shall not transfer (i) the new Shuanghui Development Shares to be issued pursuant to the Merger Agreement; and (ii) the 461,427,834 Shuanghui Development Shares currently held by it, within 36 months and 12 months from the date of completion of the issuance of the new Shuanghui Development Shares pursuant to the Merger Agreement, respectively.

In the event that (i) within six months from the date of Completion, the closing price of the Shuanghui Development Shares on the Shenzhen Stock Exchange is lower than the issue price of the new Shuanghui Development Shares to be issued pursuant to the Merger Agreement for 20 consecutive trading days; or (ii) the closing price of the Shuanghui Development Shares on the Shenzhen Stock Exchange upon the expiry of six months from the date of Completion is lower than the issue price of the new Shuanghui Development Shares to be issued pursuant to the Merger Agreement, the aforementioned 36-month period during which Rotary Vortex shall not transfer the new Shuanghui Development Shares to be issued pursuant to the Merger Agreement shall be automatically extended by not less than six months.

INFORMATION ON THE PARTIES TO THE MERGER AGREEMENT

Information on Shuanghui Development

Shuanghui Development is a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000895), and is principally engaged in livestock breeding, livestock slaughtering, and the manufacture and sales of packaging materials and meat products.

As at the date of this announcement, Shuanghui Development is an indirect non-wholly owned subsidiary of the Company and its shareholding structure is as follows:

Shareholders	Number of Shuanghui Development Shares	Approximate shareholding percentage (%)
Shuanghui Group	1,955,575,624	59.27
Rotary Vortex	461,427,834	13.98
Other shareholders	<u>882,554,826</u>	<u>26.75</u>
Total	<u><u>3,299,558,284</u></u>	<u><u>100.00</u></u>

Information on Shuanghui Group

Shuanghui Group is a company established under the laws of the PRC with limited liability and is principally engaged in investment holding. As at the date of this announcement, Shuanghui Group is an indirect wholly-owned subsidiary of the Company.

Information on Rotary Vortex

Rotary Vortex is a limited liability company incorporated under the laws of Hong Kong and is principally engaged in investment holding and trading. As at the date of this announcement, Rotary Vortex is an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE SHUANGHUI GROUP OPERATING COMPANIES

Information on Shineway—IBET

Shineway—IBET is a company established under the laws of the PRC with limited liability and is principally engaged in methane energy production. As at the date of this announcement, Shineway—IBET is an indirect wholly-owned subsidiary of the Company and is held by Rotary Vortex and Shuanghui Group as to 49.00% and 51.00%, respectively.

Information on Shuanghui Financial Services

Shuanghui Financial Services is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of financial and financing consultation services. As at the date of this announcement, Shuanghui Financial Services is an indirect wholly-owned subsidiary of the Company and is held by Shuanghui Group and Shuanghui Development as to 40.00% and 60.00%, respectively.

Information on Shineway Haiying

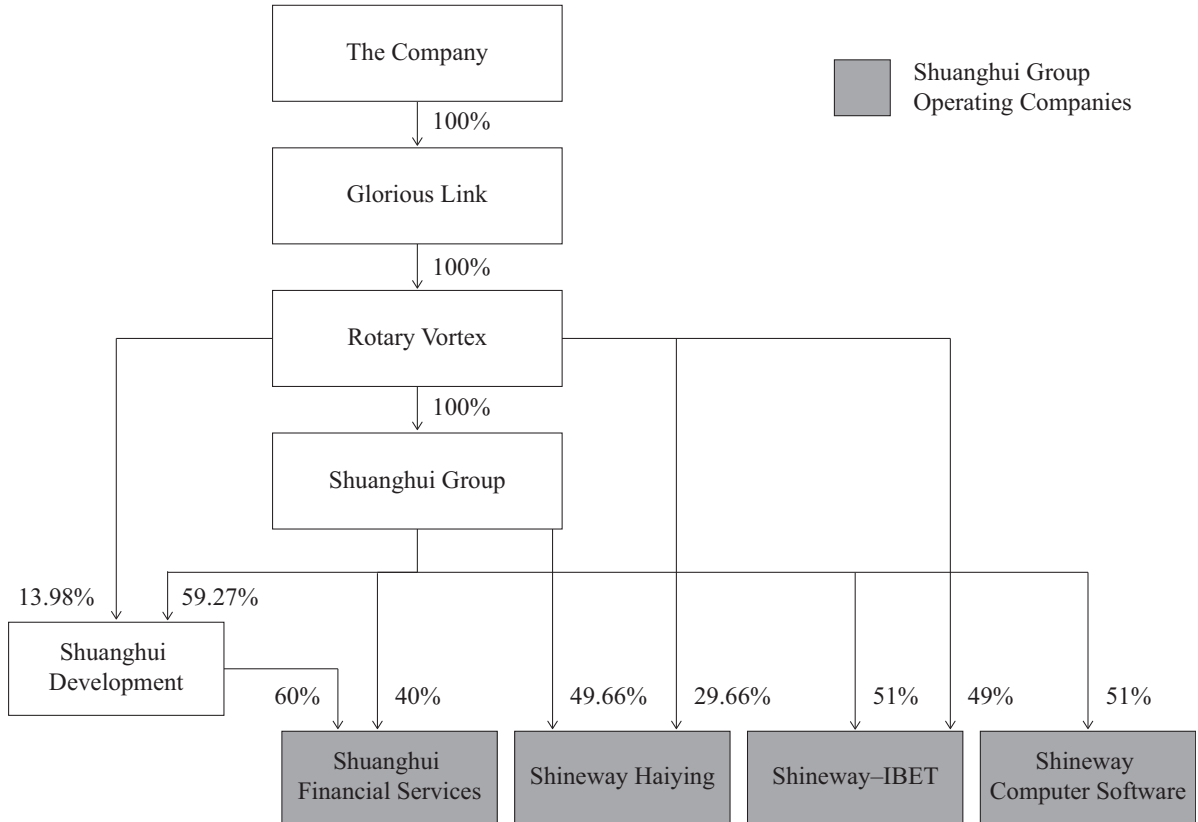
Shineway Haiying is a company established under the laws of the PRC with limited liability and is principally engaged in the production and sales of food seasoning. As at the date of this announcement, Shineway Haiying is an indirect non-wholly owned subsidiary of the Company and is held by Shuanghui Group and Rotary Vortex as to 49.66% and 29.66%, respectively.

Information on Shineway Computer Software

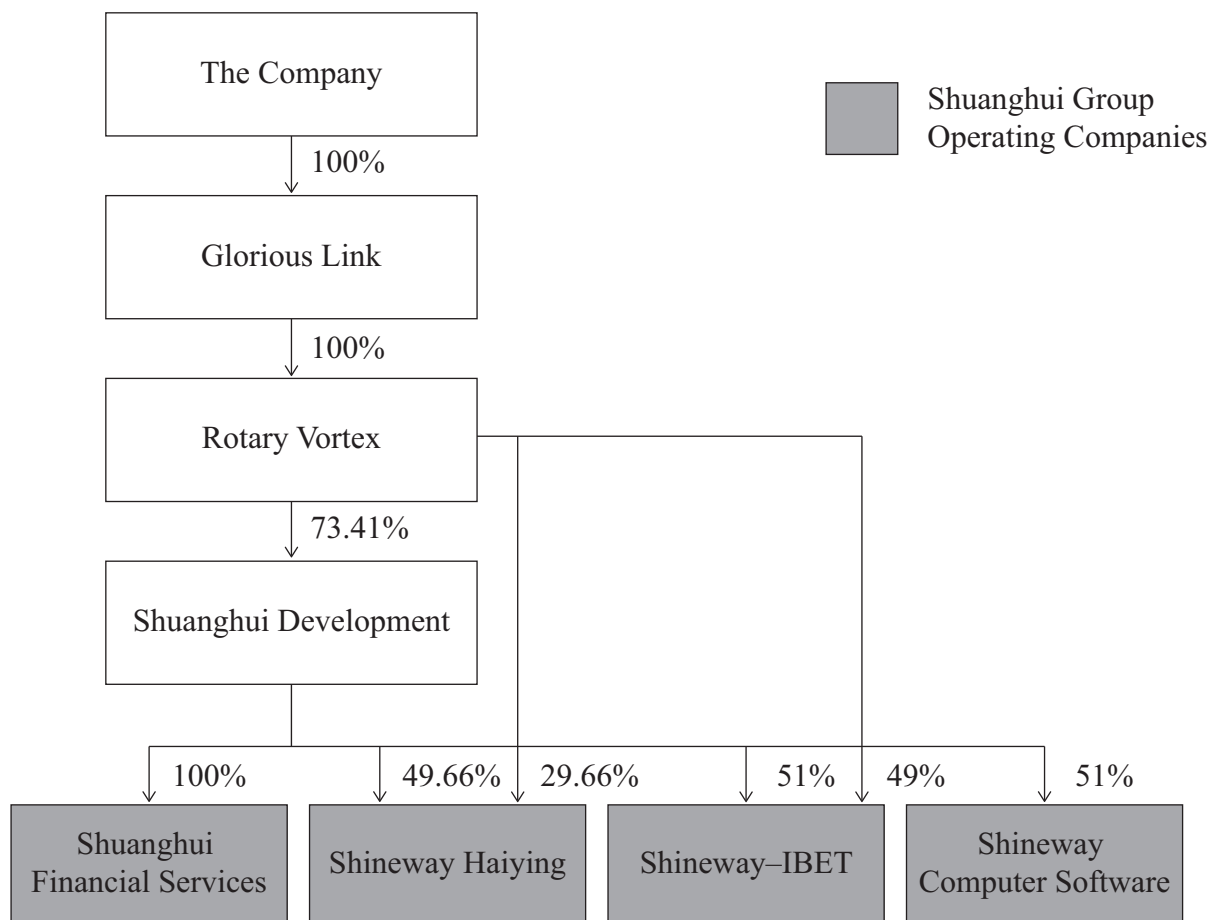
Shineway Computer Software is a company established under the laws of the PRC with limited liability and is principally engaged in the production and sales of computer and software products. As at the date of this announcement, Shineway Computer Software is an indirect non-wholly owned subsidiary of the Company and is held by Shuanghui Group as to 51.00%.

SHAREHOLDING STRUCTURE OF SHUANGHUI DEVELOPMENT AND SHUANGHUI GROUP

The following chart illustrates the simplified shareholding structure of Shuanghui Development and Shuanghui Group as at the date of this announcement:



The following chart illustrates the simplified shareholding structure of Shuanghui Development immediately after Completion:



REASONS FOR AND BENEFITS OF THE RESTRUCTURING

The Restructuring will establish Shuanghui Development as the sole meat production platform of the Group in the PRC, thereby enabling Shuanghui Development to enhance its industry status and to strengthen its competitiveness in terms of product upgrade and integration. The Restructuring will also be conducive to the business development and expansion of Shuanghui Development since the businesses of the Shuanghui Group Operating Companies could complement the meat production business of Shuanghui Development. In particular, it is expected that the food seasoning business of Shineway Haiying will enhance the product development capability of Shuanghui Development and expand its meat products portfolio. In addition, the Restructuring will also streamline the holding structure and enhance the management efficiency of the Group.

The Directors (including the independent non-executive Directors) consider that the Restructuring and the transactions contemplated thereunder are fair and reasonable and the Restructuring is in the interests of the Company and its shareholders as a whole.

RESUMPTION OF TRADING IN SHUANGHUI DEVELOPMENT SHARES

As disclosed in the First Voluntary Announcement, upon the application by Shuanghui Development, the trading in the Shuanghui Development Shares had been suspended with effect from the commencement of the trading session on January 21, 2019.

An application has been made by Shuanghui Development to the Shenzhen Stock Exchange for the resumption of trading in the Shuanghui Development Shares at the commencement of the trading session on January 28, 2019 in accordance with the relevant rules of the Shenzhen Stock Exchange.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Restructuring and the transactions contemplated thereunder is below 5%, the Restructuring and the transactions contemplated thereunder do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As Completion is subject to, among other things, the satisfaction of a number of conditions, the Restructuring may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	WH Group Limited (萬洲國際有限公司), a limited liability company incorporated under the laws of the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Merger in accordance with the terms and conditions of the Merger Agreement
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“First Voluntary Announcement”	the voluntary announcement of the Company dated January 20, 2019 in relation to, among other things, the proposed Restructuring

“Glorious Link”	Glorious Link International Corporation, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Merger”	the merger by absorption of Shuanghui Group by Shuanghui Development through the issuance of new Shuanghui Development Shares by Shuanghui Development to Rotary Vortex pursuant to the Merger Agreement
“Merger Agreement”	the merger agreement dated January 25, 2019 entered into among Shuanghui Development, Shuanghui Group and Rotary Vortex in relation to the Merger
“PRC”	the People’s Republic of China
“Restructuring”	the internal restructuring of the Group which involves the Merger
“RMB”	Renminbi, the lawful currency of the PRC
“Rotary Vortex”	Rotary Vortex Limited (羅特克斯有限公司), a limited liability company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Shineway—IBET”	Shineway—IBET Bio-Environmental (Luohe) CO., Ltd. (漯河雙匯意科生物環保有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shineway Computer Software”	Luohe Shineway Computer Software Co., Ltd.* (漯河雙匯計算機軟件有限責任公司), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Shineway Haiying”	Luohe Shineway Haiying Seasoning Food Co., Ltd. (漯河雙匯海櫻調味料食品有限公司), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company

“Shuanghui Development”	Henan Shuanghui Investment & Development Co., Ltd.* (河南雙匯投資發展股份有限公司), a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000895) and an indirect non-wholly owned subsidiary of the Company
“Shuanghui Development Shares”	the shares in Shuanghui Development
“Shuanghui Financial Services”	Henan Shuanghui Group Financial Services Co., Ltd.* (河南雙匯集團財務有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shuanghui Group”	Henan Luohe Shuanghui Industry Group Co., Ltd.* (河南省漯河市雙匯實業集團有限責任公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shuanghui Group Operating Companies”	collectively, Shineway—IBET, Shuanghui Financial Services, Shineway Haiying and Shineway Computer Software
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board of
WH Group Limited
Wan Long
Chairman and Chief Executive Officer

Hong Kong, January 25, 2019

As at the date of this announcement, the executive directors of the Company are Mr. WAN Long, Mr. WAN Hongjian, Mr. GUO Lijun, Mr. SULLIVAN Kenneth Marc and Mr. MA Xiangjie; the non-executive director of the Company is Mr. JIAO Shuge; and the independent non-executive directors of the Company are Mr. HUANG Ming, Mr. LEE Conway Kong Wai and Mr. LAU, Jin Tin Don.

* For identification purposes only