萬洲國際
WH GROUP

WH Group Limited
萬洲國際有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 288)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2015

HIGHLIGHTS

	Six months ended June 30, 2015	2014
Key Operating data		
Hogs produced (thousand heads)	**9,338**	8,990
Hogs processed (thousand heads)	**23,856**	23,779
Fresh pork external sales volume (thousand metric tons)	**1,914**	1,825
Packaged meat products sales volume (thousand metric tons)	**1,494**	1,522

	Six months ended June 30,			
	2015		2014	
	Results before biological fair value adjustments	**Results after biological fair value adjustments**	Results before biological fair value adjustments	Results after biological fair value adjustments
	US$ million, unless stated otherwise (unaudited)		*US$ million, unless stated otherwise (unaudited)*	
Key financial data				
Turnover	**10,205**	**10,205**	10,540	10,540
EBITDA[(1)]	**968**	**864**	1,064	1,321
Operating profit[(2)]	**729**	**729**	815	815
Profit attributable to owners of the Company	**367**	**303**	366	531
Underlying profit attributable to owners of the Company[(3)]	**405**	**341**	455	620
Diluted earnings per share (US cents)	**2.57**	**2.12**	3.23	4.68
Underlying diluted earnings per share (US cents)[(4)]	**2.83**	**2.38**	4.01	5.46

- Turnover decreased by 3.2%
- Operating profit decreased by 10.6%
- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 0.3%
- Underlying profit attributable to owners of the Company, before biological fair value adjustments, decreased by 11.0%

Notes:

(1) EBITDA refers to profit for the period before taxation, finance costs, depreciation and amortization.

(2) Operating profit refers to total reportable segment profit.

(3) Underlying profit attributable to owners of the Company for the six months ended June 30, 2015 (the "**Review Period**") excluded the impact of share-based payments of US$38 million. Underlying profit attributable to owners of the Company for the six months ended June 30, 2014 (the "**Comparable Period**") excluded the impact of share-based payments of US$16 million, listing expenses of US$20 million and finance costs in respect of the "Repaid Portion of the Syndicated Term Loan" (A Syndicated term loan of US$4,000 million was obtained to finance the acquisition of Smithfield in 2013. US$2,500 million of such was repaid subsequent to the listing of the Company in 2014) of US$53 million.

(4) The calculation of the underlying diluted earning per share is based on underlying profit attributable to owners of the Company.

The board of directors (the "**Board**") of WH Group Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements of the Group, including the related notes, set forth in the financial information section of this announcement.

INDUSTRY OVERVIEW

China

China is the largest pork consumption market in the world and is expected to grow further. The growth of the pork industry in China is largely dependent on the pace of its urbanization and improvement of people's living standard. The pork price is a reflection of the supply and demand of hogs.

During the Review Period, the hog prices in China exhibited month by month decrease in the first quarter and month by month increase in the second quarter. The low hog prices at the beginning of the year was primarily a result of weak demand despite the fact that Chinese New Year is traditionally a peak season for meat consumption. Hog prices then rebounded as the falling prices in early last year had encouraged growers to accelerate the retirement of sows and the impact of reducing stock began to take effect this year progressively. In view of lower stock and potentially stronger prices going forward, growers further tightened the market supplies, which solidified the uplift of hog prices through the second quarter of 2015. The average hog price in China during the Review Period was RMB13.1 per kg, an increase of 9.3% from the Comparable Period.

United States

The United States ("**U.S.**") is the second largest producer of pork worldwide and the largest pork exporter globally. In contrast to the pork industry in China, the U.S. pork industry is relatively mature and concentrated.

During the Review Period, U.S. pork and hog markets were less favorable than the previous year. In 2014, the spread of Porcine Epidemic Diarrhea Virus ("**PEDv**") reduced hog supplies and led to higher hog prices, thus benefiting the U.S. hog production business. The hog herds have recovered from PEDv in 2015, resulting in more hogs in the U.S. This supply increase has yielded substantially lower market prices across the pork complex, lowering profitability in fresh pork and hog production. The average hog price in the U.S. during the Review Period was USD1.14 per kg, a decrease of 34.9% from the Comparable Period.

Relying on the expertise of our seasoned and experienced management team, we continue to effectively manage the changes in the ever-evolving market to maximize profitability.

RESULTS

The Group delivered satisfactory results in the Review Period amid a challenging operating environment.

Sales volume for our packaged meats products decreased slightly by 1.8% from 1,522 thousand metric tons in the Comparable Period to 1,494 thousand metric tons in the Review Period. External sales volume for our fresh pork products increased by 4.9% from 1,825 thousand metric tons in the Comparable Period to 1,914 thousand metric tons in the Review Period.

Turnover decreased by 3.2% from US$10,540 million in the Comparable Period to US$10,205 million in the Review Period. Operating profit decreased by 10.6% from US$815 million in the Comparable Period to US$729 million in the Review Period. Reported profit for the period attributable to owners of the Company, before biological fair value adjustments, increased by 0.3% from US$366 million in the Comparable Period to US$367 million in the Review Period. Underlying profit for the period attributable to owners of the Company, before biological fair value adjustments, declined by 11.0% from US$455 million in the Comparable Period to US$405 million in the Review Period.

Branded packaged meats has always been our core business. It contributed 52.0% of the Group's total turnover in the Review Period. Its contribution to the Group's operating profit is even higher at 100.0% in the Review Period.

	Six months ended June 30,			
	2015		2014	
	Turnover[1]	**Percentage of Total Turnover**	Turnover[1]	Percentage of Total Turnover
	(US$ million, except percentages)			
Packaged meats	**5,307**	**52.0%**	5,586	53.0%
Fresh pork	**4,171**	**40.9%**	4,518	42.9%
Hog production	**544**	**5.3%**	247	2.3%
Others[2]	**183**	**1.8%**	189	1.8%
Total	**10,205**	**100%**	10,540	100.0%

	Six months ended June 30,			
	2015		2014	
	Operating Profit(loss)	**Percentage of Total Operating Profit(loss)**	Operating Profit(loss)	Percentage of Total Operating Profit(loss)
	(US$ million, except percentages)			
Packaged meats	**729**	**100.0%**	575	70.6%
Fresh pork	**58**	**8.0%**	165	20.2%
Hog production	**44**	**6.0%**	170	20.9%
Others[2]	**(102)**	**(14.0%)**	(95)	(11.7%)
Total	**729**	**100%**	815	100.0%

Note:

(1) Turnover refers to net external sales.

(2) Others primarily includes slaughtering and sales of poultry, sales of ancillary products and services such as provision of logistics services, sales of flavoring ingredients and internally-produced packaging materials, as well as some retail and biopharmaceutical businesses. Corporate expenses incurred by the Group are also included.

PACKAGED MEATS

	Six months ended June 30,		
	2015	2014	Change (%)
Sales volume (thousand metric tons)			
China	**753**	826	-8.8
U.S.	**637**	596	+6.9
Others	**104**	100	+4.0
Total	**1,494**	1,522	-1.8
Turnover (US$ million)			
China	**1,771**	1,989	-11.0
U.S.	**3,255**	3,277	-0.7
Others	**281**	320	-12.2
Total	**5,307**	5,586	-5.0
Operating profit (US$ million)			
China	**363**	353	+2.8
U.S.	**342**	211	+62.1
Others	**24**	11	+118.2
Total	**729**	575	+26.8

Sales volume of our packaged meats decreased by 1.8% from 1,522 thousand metric tons in the Comparable Period to 1,494 thousand metric tons in the Review Period. Sales volume in China reduced by 8.8% as consumption remains weak and we have been undergoing optimization of product mix. Sales volume in the U.S. increased by 6.9% as our continuous efforts in consumer branding has strengthened our leading position and gained market share in many key products like bacon, smoked sausage and hot dogs.

Packaged meats turnover decreased by 5.0% from US$5,586 million in the Comparable Period to US$5,307 million in the Review Period. Turnover from our China operations fell 11.0% to US$1,771 million in the Review Period primarily as a result of the reduction in sales volume. Despite the increase in sales volume, turnover from our U.S. operations decreased slightly by 0.7% to US$3,255 million in the Review Period due to the drop in average selling price caused by the lower meat value.

Operating profit for packaged meats grew 26.8% from US$575 million in the Comparable Period to US$729 million in the Review Period. Operating profit from our China operations increased by 2.8% to US$363 million in the Review Period as the decrease in raw materials costs and the contribution from newly launched products, which are of higher profitability, outweighted the shortfall in total sales volume. Benefited from the lower costs of raw materials, stronger sales volume and improving efficiency as a result of our internal alignment program, operating profit from our U.S. operations also grew significantly by 62.1% to US$342 million in the Review Period.

FRESH PORK

	Six months ended June 30,		
	2015	2014	Change (%)
Hog processed (thousand heads)			
China	**6,204**	7,668	-19.1
U.S.	**15,472**	14,069	+10.0
Others	**2,180**	2,042	+6.8
Total	**23,856**	23,779	+0.3
External sales volume (thousand metric tons)			
China	**543**	541	+0.4
U.S.	**1,200**	1,125	+6.7
Others	**171**	159	+7.5
Total	**1,914**	1,825	+4.9
Turnover (US$ million)			
China	**1,407**	1,331	+5.7
U.S.	**2,510**	2,866	-12.4
Others	**254**	321	-20.9
Total	**4,171**	4,518	-7.7
Operating profit (loss) (US$ million)			
China	**52**	83	-37.3
U.S.	**15**	82	-81.7
Others	**(9)**	–+	N/A
Total	**58**	165	-64.8

+ Less than US$1 million

In response to the shifts in demand and supply as well as movements in hog and meat prices, we regulate our levels of slaughtering activity in each respective market from time to time to maximize profit. Hog processed amounted to 23,856 thousand heads in the Review Period, which was 0.3% more than 23,779 thousand heads in the Comparable Period. Hog processing volume in China decreased by 19.1% to 6,204 thousand heads in the Review Period, primarily as a result of demand slow down caused by the macro economic situation and rising pork prices. Besides, as we see greater import opportunity in this year, our reserve requirement has been lowered. Hog processing volume in the U.S. grew 10.0% to 15,472 thousand heads in the Review Period as the overall hog production volume increased across the nation after the spread of PEDv was contained.

Fresh pork turnover decreased by 7.7% from US$4,518 million in the Comparable Period to US$4,171 million in the Review Period. In general, our meat prices adjust in accordance with the fluctuations in the market. Turnover from our China operations increased by 5.7% to US$1,407 million in the Review Period as both sales volume and prices increased. Turnover from our U.S. operations decreased by 12.4% as a net result of a decrease in the meat value and an increase in the sales volume. The significant decrease in meat value in the U.S. was due primarily to the higher supplies of pork after the containment of PEDv.

Operating profit for fresh pork decreased by 64.8% from US$165 million in the Comparable Period to US$58 million in the Review Period. Operating profit of our China operations declined by 37.3% to US$52 million in the Review Period. The decrease was due primarily to the weak demand and higher per unit fixed costs as slaughtering volume was reduced. Operating profit of our U.S. operations declined by 81.7% to US$15 million in the Review Period. The deterioration in profitability was due primarily to the depressed meat value resulted from the significantly increased supplies in the U.S..

HOG PRODUCTION

	Six months ended June 30, 2015	2014	Change (%)
Production volume (thousand heads)			
China	**155**	154	+0.6
U.S.	**7,858**	7,550	+4.1
Others	**1,325**	1,286	+3.0
Total	**9,338**	8,990	+3.9
Turnover (US$ million)			
China	**3**	3	–
U.S.	**518**	215	+140.9
Others	**23**	29	-20.7
Total	**544**	247	+120.2
Operating profit (US$ million)			
China	**3**	–+	N/A
U.S.	**28**	135	-79.3
Others	**13**	35	-62.9
Total	**44**	170	-74.1

+ less than US$1 million

Hogs production volume increased by 3.9% from 8,990 thousand heads in the Comparable Period to 9,338 thousand heads in the Review Period. Hog production volume in China grew 0.6% in the Review Period to 155 thousand heads. Hog production volume in the U.S. also grew 4.1% in the Review Period to 7,858 thousand heads as the negative impact of PEDv was sustainably removed.

Turnover from our hog production operations increased by 120.2% from US$247 million in the Comparable Period to US$544 million in the Review Period. Turnover from our China operations remained stable at US$3 million in the Review Period. Benefited from gains on lean hog futures contracts, turnover from our U.S. operations rose by 140.9% to US$518 million in the Review Period.

Operating profit for hog production declined by 74.1% from US$170 million in the Comparable Period to US$44 million in the Review Period. Operating profit for our operations in China increased from less than US$1 million in the Comparable Period to US$3 million in the Review Period primarily as a result of the higher hog prices during the Review Period. Operating profit for our operations in the U.S. reduced by 79.3% to US$28 million in the Review Period as the post-PEDv supply overhang adversely affected the hog prices. Regardless of our effective hedging programs, which enabled us to outperform the market in general, profitability of hog production became significantly lower in the Review Period.

CAPITAL RESOURCES AND LIQUIDITY

Liquidity

The Group continues to maintain a solid and healthy financial position. We had bank balances and cash of US$843 million as at June 30, 2015, which were held primarily in Renminbi, U.S. dollars, Polish Zloty and Romanian Lei. Our current ratio (ratio of consolidated total current assets to consolidated total current liabilities) was 1.8:1 as at June 30, 2015 (December 31, 2014: 1.7:1). As at June 30, 2015, we also had an aggregate amount of unutilised banking facilities of US$2,350 million (December 31, 2014: US$2,003 million).

EBITDA and cash flows

We fund our operations principally from cash generated from our operations, bank loans and other debt instruments and equity financing from investors. Our cash requirements relate primarily to production and operating activities, business and asset acquisitions, repayment of liabilities as they become due, capital expenditures, interest and dividend payments and any unexpected cash requirements. In the Review Period, our EBITDA (before biological fair value adjustments) amounted to US$968 million (Comparable Period: US$1,064 million). Our net cash from operating activities amounted to US$306 million (Comparable Period: US$70 million).

Debt profile

We had the following outstanding interest-bearing bank and other borrowings as of the dates indicated:

	As at June 30, 2015 *(US$ million)*	As at December 31, 2014 *(US$ million)*
Borrowings by nature		
Senior unsecured notes	**2,149**	2,418
Bank borrowings	**2,200**	2,227
Loans from third parties	**4**	5
Bank overdrafts	**24**	20
Total	**4,377**	4,670
Borrowings by geographical region		
U.S.	**2,232**	2,652
Hong Kong	**1,491**	1,489
China	**619**	479
Others	**35**	50
Total	**4,377**	4,670

The Group's total principal amount of borrowings as at June 30, 2015 was US$4,355 million (December 31, 2014: US$4,639 million). The maturity profile of the Group's total principal amount of borrowings as at June 30, 2015 is analyzed as below:

	Total
In 2015	12%
In 2016	14%
In 2017	17%
In 2018	18%
In 2019	10%
In 2020	1%
In 2021	8%
In 2022	20%
Total	100%

As at June 30, 2015, 98.4% of the our borrowings were unsecured. Certain borrowings were secured by pledged bank deposits and other assets as detailed in the note to accounts of this report. Certain borrowings contain affirmative and negative covenants that are subject to certain qualifications and exceptions. The Group has no material default in repayment of bank borrowings, nor did it breach any relevant finance covenants for the Review Period.

Leverage Ratios

Our debt to equity ratio (ratio of consolidated borrowings and bank overdrafts to consolidated total equity) decreased from 77.2% as at December 31, 2014 to 69.0% as at June 30, 2015. Our net debt to equity ratio (ratio of consolidated borrowings and bank overdrafts less bank balances and cash to consolidated total equity) decreased from 61.0% as at December 31, 2014 to 55.7% as at June 30, 2015. As at June 30, 2015, our net debt to trailing 12-month EBITDA ratio (ratio of consolidated borrowings and bank overdrafts less bank balances and cash to trailing 12-month EBITDA, before biological fair value adjustments) was 1.8:1 (as at December 31, 2014: 1.7:1).

Finance Costs

Our finance costs decreased from US$184 million in the Comparable Period to US$118 million for the Review Period. The average interest rate of our borrowings as at June 30, 2015 was 4.5% (4.8% as at December 31, 2014). Finance costs in the Comparable Period included the amortization costs and interest in respect of the Repaid Portion of the Syndicated Term Loan, amounting to US$53 million. Finance costs for the period ended June 30, 2015 included US$13 million of debt extinguishment costs for the early redemption of senior unsecured notes of US$258 million. Excluding such, our finance costs for the Review Period was US$105 million, US$26 million less than the Comparable Period.

CAPITAL EXPENDITURES

Our capital expenditures are primarily for the construction of production plants as well as renovation and upgrading of existing facilities. We fund these capital expenditures with internally generated cash, bank loans and shareholders' capital.

Capital expenditures amounted to US$236 million in the Review Period. The following table sets out our capital expenditures by geographical region for periods indicated:

	Six months ended June 30,	
	2015	2014
	(US$ million)	
China	**91**	150
U.S.	**124**	86
Others	**21**	13
Total	**236**	249

In China, our capital expenditures for the Review Period were related to the new slaughtering and packaged meats production facilities in Zhengzhou, Shanghai and Liaoning. In the U.S., our capital expenditures for the Review Period were related to plant and hog farm improvement and expansion projects, including the replacement of gestation stalls with group pens.

The following table sets forth our annual production capacity of our packaged meats and fresh pork production facilities as at June 30, 2015 and December 31, 2014:

	Packaged Meat				Fresh Pork			
	Annual Capacity		Utilisation Rate		Annual Capacity		Utilisation Rate	
	As at June 30, 2015	As at December 31, 2014	**As at June 30, 2015**	As at December 31, 2014	**As at June 30, 2015**	As at December 31, 2014	**As at June 30, 2015**	As at December 31, 2014
	(million metric tons)		*(%)*		*(million heads)*		*(%)*	
China	**2.5**	2.3	**59.6**	73.8	**22.5**	20.4	**55.1**	73.5
U.S.	**1.5**	1.5	**91.2**	84.1	**30.2**	30.2	**100.7**	90.7
Others	**0.3**	0.2	**70.0**	87.0	**4.7**	4.7	**92.9**	90.5

BIOLOGICAL ASSETS

As at June 30, 2015, we had a total of 11,645 thousand hogs, consisting of 10,519 thousand live hogs and 1,126 thousand breeding stock, a 1.0% decrease from 11,763 thousand hogs as at December 31, 2014. The fair value of our biological assets was US$1,108 million as at June 30, 2015 as compared to US$1,234 million as at December 31, 2014.

Our results have been, and we expect will continue to be, affected by changes in the fair value of our biological assets. Fair value of our biological assets is with reference to the market-determined prices, species, growing conditions, cost incurred and the professional valuation. Our cost of sales are adjusted for changes in the fair value of biological assets, with fair value gains increasing our costs of sales and fair value losses decreasing our costs of sales, although the timing of these adjustments are not necessarily the same as the related gains or losses. Our cost of sales in each period are adjusted by (i) the change in the fair value of hogs less cost to sell at the point of harvest for hogs slaughtered during that period and (ii) the change in fair value less cost to sell of biological assets recognized in the previous periods.

These adjustments led to a decrease of US$43 million and an increase of US$358 million in our cost of sales for the Review Period and Comparable Period respectively. In addition, changes in the fair value arising from agricultural produce at fair value less cost to sell at the point of harvest and changes in fair values less cost to sell of biological assets also resulted in losses of US$135 million and US$12 million respectively in the Review Period (Comparable Period: gains of US$311 million and US$304 million respectively). For the Review Period, the net impact of biological fair value adjustments on our profit was a loss in the amount of US$64 million, as compared to a gain in the amount of US$165 million in the Comparable Period.

KEY INVESTMENT INTERESTS

Campofrio Food Group, S.A. ("Campofrio")

The Group held approximately 37% of the equity interest of Campofrio, a packaged meats company in Europe. In June 2015, the Group disposed of the entire 37% of its equity interest in Campofrio for an aggregate cash consideration of US$354 million. The net proceeds from such disposal will supplement the Group's working capital and optimize its capital structure. Please see the announcement of the Company dated June 3, 2015 for details.

CONTINGENT LIABILITIES

Our operations are subject to various laws and regulations administered by various of specific local authorities. We receives notices and inquiries from them in relations to compliance from time to time. Our management assesses and monitors these contingent liabilities. We believe that their financial and operational impact would not be material to the Group.

KEY RISKS AND THEIR MANAGEMENT

Commodities Price Risk

Commodities comprise a significant part of the Group's inputs (costs) and outputs (sales). The Group uses various raw materials, primarily live hogs, meat, corn, and soybean meal in our packaged meats, fresh pork, and hog production operations. The Group's turnover is primary driven by sale of packaged meats and fresh pork, and, to a lesser degree, sales of hogs to third parties. Significant price fluctuations in these commodities affect our results.

In China, we try to mitigate the effects of price fluctuations through overseas import, strategic inventory management and effective transfer of raw material prices to end customers. In the U.S., these commodities are actively traded on commodity exchanges. We hedge these commodities in the U.S. when we determine conditions are appropriate to mitigate price risk. The main objectives of our hedging program are to reduce hog production margin volatility and mitigate commodity price risk associated with forward sales in our packaged meats and fresh pork businesses. While this hedging activity may limit our ability to participate in gains from favorable commodity fluctuations, it also reduces the risk of loss from adverse changes in raw material prices. To address the exposures of commodity prices, the Group enters into a variety of transactions and the majority of these transactions are consummated through exchange traded futures contracts held with brokers. The Group has robust monitoring procedures in the approval and management of all its derivative activities under the leadership and execution of a dedicated and professional team.

Currency and Interest Rate Risks

The Group generally matches income and expenses, assets and liabilities with the same currency, in each geographical location which it operates, to reduce currency risks. Only certain entities of the Group have certain sales, purchases, bank balances and cash and borrowings denominated in currencies other than their functional currencies. Our management monitors foreign exchange exposure. We enter into foreign exchange forward, currency swaps and options contracts to hedge significant foreign currency exposure should the need arise.

Our borrowings carry fixed or floating interest rates. At June 30, 2015, approximately 63.7% of our borrowings were at fixed interest rates (As at December 31, 2014: 62.3%). Our management continue to monitor and regulate our fixed and floating rate debt portfolio from time to time in accordance to the market situation so as to manage our interest rate exposure. We non-periodically enter into interest rate swap contracts for hedging purpose when the interest rate exposure is significant.

HUMAN RESOURCES

As at June 30, 2015, we had approximately total 111 thousand employees, with approximately 62 thousand employees in our China operations and approximately 49 thousand employees in our U.S. and European operations.

We aim to provide employees with resources and an environment that encourages them to develop careers with us. We provide management personnel and employees with on-the-job education, training and other opportunities to improve their skills and knowledge.

We regularly review remuneration and benefits of our employees according to the relevant market practice, employee performance and development of the Company. We have also adopted share-based incentive schemes to recognize and reward the contribution of our employees, provide incentives to retain them to support our continued growth and to attract suitable personnel for further development. Total remuneration expenses for the Review Period amounted to US$1,579 million (2014: US$1,481 million).

SUSTAINABILITY

The Group is proud to be an engaged and active member of the communities in which we operate and which we help feed. We believe that it is our responsibility to give back to individuals and communities that have supported us over the years and contributed to our success to date. Our initiatives focus on supporting people in need, rehabilitating disaster-stricken areas, educating children and sponsoring charity and public sports activities over the long run. Meanwhile, we strive to participate in areas that include animal care, community service, employee safety, environmental protection, food safety and product quality.

Environment

As a leading company in the pork industry, we believe that creating a sustainable environment is critical to our business development. Hog production and hog processing operations inevitably affect the environment. Hence, in order to reduce the environmental impact of our operations, we have adopted protective measures in the areas of water conservation, animal waste and greenhouse gas, to augment and improve the environmental management systems in our China, U.S. and international operations. We collect animal waste from our hog production and hog processing operations to be effectively reused as organic fertilizer. In March 2015 several of Smithfield's US facilities received a total of 49 awards from the North American Meat Institute (NAMI) for their environment achievements. In a new report from business sustainability organization, Ceres, issued this May, our subsidiary, Smithfield Food Inc. ranks No. 1 in water management among leading meat companies.

Animal Care

Our animal care management program, which provides care to our animals at every stage of their lives, promotes their safety and overall well-being. In the US, we have been gradually phasing out individual gestation stalls at company-owned sow farms and have been replacing the gestation stalls with group pens.

Food Safety

Both our China and U.S. businesses have established a strict food safety internal control system, formulate and implement a set of internal control standards covering the food safety issues related to our research and development, procurement, production, storage, transportation, and sales and distribution activities.

Helping Communities

We have been an engaged and active member of the communities that we help feed. In China, we made donations over the past decade with the aim of providing underprivileged youth with higher education and enabling them to pursue their dreams. In the U.S., through the long-term "Helping Hungry Homes" campaign, we donates food to families in need in the country each year.

Employees

We work hard to create a fair, ethical, and rewarding work environment. We offer jobs to our farm and processing facility employees with competitive wages and comprehensive benefits packages, and encourage our employees to learn and grow within the Group. We also place high priority on promoting employees internally and supporting employee education opportunities, including internal training, scholarships, and tuition reimbursements that can help our employees advance their careers.

Value Creation

We fully respect and safeguard the legitimate interests of suppliers and customers, and offer consumers safe products and quality services through constant improvements, protecting their legitimate interests.

We have recently established a Food Safety Committee and an Environment, Society and Governance Committee under the Board, in order to strengthen our uniformed management of and control over our food safety and better fulfill our social responsibility.

OUTLOOK

The operating environment and industry landscape, affected by economic growth, consumers' preference and epidemics, will continue to impact our businesses.

To cope with these challenges, we will respond proactively. In China, we will deepen the optimization of our product portfolio, expand our sales network, develop our sales channels and invest in marketing efforts. We will launch more new products to the market, including a full range of Chinese and Western, low and high temperature products. We will promote the development of high growth channels such as hotels, food service companies and schools. In the U.S., we will focus on the realization of potentials in multi-areas of the organization, especially in the packaged meats business. We will increase our marketing input to build strong consumer brands and strengthen our leading position in key products. We expect to see margin enhancement when improvement in efficiency and savings in costs become increasingly significant as the internal realignment program goes further.

To conclude, we are moving ahead in continuous scale expansion and profitability maximization, regardless of some short-term undulations of results in different segments from time to time. Our fully integrated operations, coupled with our stringent quality control and product safety system, ensure consistent and high quality of products as well as standard of social responsibility. We will also strive to capture opportunities brought by industry consolidation. We believe that our relentless pursuit of our strategies will lead to sustainable growth, solidify our global leadership and create long-term value for our shareholders, employees and communities.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2015

	Notes	**Six-month period ended June 30, 2015**			Six-month period ended June 30, 2014		
		Results before biological fair value adjustments US$'million *(unaudited)*	**Biological fair value adjustments US$'million** *(unaudited)*	**Total US$'million** *(unaudited)*	Results before biological fair value adjustments US$'million *(unaudited and restated)*	Biological fair value adjustments US$'million *(unaudited)*	Total US$'million *(unaudited and restated)*
Turnover		**10,205**	**–**	**10,205**	10,540	–	10,540
Cost of sales		**(8,260)**	**43**	**(8,217)**	(8,535)	(358)	(8,893)
Gross profit		**1,945**	**43**	**1,988**	2,005	(358)	1,647
Distribution and selling expenses		**(829)**	**–**	**(829)**	(797)	–	(797)
Administrative expenses		**(353)**	**–**	**(353)**	(372)	–	(372)
(Loss) gain arising from agricultural produce at fair value less costs to sell at the point of harvest		**–**	**(135)**	**(135)**	–	311	311
(Loss) gain arising from changes in fair value less costs to sell of biological assets		**–**	**(12)**	**(12)**	–	304	304
Other income		**34**	**–**	**34**	57	–	57
Other gains and losses		**14**	**–**	**14**	14	–	14
Other expenses		**(42)**	**–**	**(42)**	(50)	–	(50)
Finance costs		**(118)**	**–**	**(118)**	(184)	–	(184)
Share of (losses) profits of associates		**(1)**	**–**	**(1)**	8	–	8
Share of profits of joint ventures		**8**	**–**	**8**	21	–	21
Profit before taxation	*4*	**658**	**(104)**	**554**	702	257	959
Taxation	*5*	**(194)**	**40**	**(154)**	(225)	(92)	(317)
Profit for the period		**464**	**(64)**	**400**	477	165	642
Other comprehensive income (expense) for the period:							
Items that will not be reclassified subsequently to profit or loss							
– remeasurement on defined benefit pension plans				**58**			(46)

	Notes	Six-month period ended June 30, 2015			Six-month period ended June 30, 2014		
		Results before biological fair value adjustments US$'million	**Biological fair value adjustments US$'million**	**Total US$'million**	Results before biological fair value adjustments US$'million	Biological fair value adjustments US$'million	Total US$'million
		(unaudited)	***(unaudited)***	***(unaudited)***	*(unaudited and restated)*	*(unaudited)*	*(unaudited and restated)*
Items that may be reclassified subsequently to profit or loss							
– exchange differences arising on translation of foreign operations				**(69)**			(61)
– fair value change in cash flow hedge				**(9)**			(101)
– Reclassification adjustment on translation reserve released on disposal of interest in an associate				**36**			–
				(42)			(162)
Other comprehensive income (expense) for the period, net of tax				**16**			(208)
Total comprehensive income for the period				**416**			434
Profit for the period attributable to							
– owners of the Company				**303**			531
– non-controlling interests				**97**			111
				400			642
Total comprehensive income for the period attributable to							
– owners of the Company				**317**			342
– non-controlling interests				**99**			92
				416			434
Earnings per share							
– Basic (US$ cents)	*8*			**2.22**			4.96
– Diluted (US$ cents)	*8*			**2.12**			4.68

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At June 30, 2015

	Notes	**At June 30, 2015 US$'million *(unaudited)***	At December 31, 2014 US$'million *(audited)*
Non-current assets			
Property, plant and equipment	*9*	**4,603**	4,582
Prepaid lease payments		**225**	228
Biological assets	*10*	**213**	220
Goodwill		**1,815**	1,815
Intangible assets		**1,739**	1,746
Interests in associates		**63**	392
Interests in joint ventures		**125**	147
Other receivables		**40**	40
Pledged bank deposits		**10**	9
Deferred tax assets		**110**	88
Other non-current assets		**71**	79
		9,014	9,346
Current assets			
Biological assets	*10*	**895**	1,014
Inventories	*11*	**1,831**	1,900
Trade and bills receivables	*12*	**793**	845
Prepayments, deposits and other receivables		**259**	263
Prepaid lease payments		**6**	5
Taxation recoverable		**92**	65
Available-for-sale investments		**230**	209
Derivatives financial assets		**1**	73
Pledged bank deposits		**20**	22
Bank balances and cash		**843**	978
		4,970	5,374

	Notes	**At June 30, 2015 US$'million *(unaudited)***	At December 31, 2014 US$'million *(audited)*
Current liabilities			
Trade and bills payables	*13*	**577**	850
Accrued expenses and other payables	*14*	**1,236**	1,457
Taxation payable		**50**	44
Derivatives financial liabilities		**27**	52
Borrowings	*15*	**878**	699
Bank overdrafts	*15*	**24**	20
		2,792	3,122
Net current assets		**2,178**	2,252
Total assets less current liabilities		**11,192**	11,598
Non-current liabilities			
Borrowings	*15*	**3,475**	3,951
Other payables	*14*	**145**	140
Obligations under finance leases		**24**	24
Deferred tax liabilities		**884**	838
Deferred revenue		**5**	6
Pension liability and other retirement benefits		**313**	589
		4,846	5,548
Net assets		**6,346**	6,050
Capital and reserves			
Share capital		**1**	1
Reserves		**5,484**	5,129
Equity attributable to owners of the Company		**5,485**	5,130
Non-controlling interests		**861**	920
Total equity		**6,346**	6,050

EXTRACTED FROM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2015

	Six-month period ended June 30,	
	2015	2014
	US$'million	US$'million
	(unaudited)	*(unaudited)*
Net cash from operating activities	**306**	70
Net cash from (used in) investing activities	**4**	(238)
Net cash used in financing activities	**(448)**	(18)
Net decrease in cash and cash equivalents	**(138)**	(186)
Cash and cash equivalents at January 1	**958**	799
Effect on foreign exchange rate changes	**(1)**	(14)
Cash and cash equivalents at June 30	**819**	599
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**843**	662
Bank overdrafts	**(24)**	(63)
	819	599

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2015

1. BASIS OF PRESENTATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. Its immediate holding company is Heroic Zone Investments Limited ("Heroic Zone") which is incorporated in the British Virgin Islands while its ultimate holding company is Rise Grand Group Limited, also incorporated in the British Virgin Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on August 5, 2014.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are manufacture and sales of meat and meat products as well as hog production.

The functional currency of the Company is United States Dollar ("US$"), as the majority of the Group's revenue is generated in US$, which is the currency of the primary economic environment in which the Group's major operating subsidiaries operate after the acquisition of Smithfield Foods, Inc. ("Smithfield") on September 26, 2013.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for biological assets which are measured at fair value less costs to sell and certain financial instruments which are measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended June 30, 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRS") that are relevant for the preparation of the Group's consolidated financial statements:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors who are also the chief operating decision makers that are used to make strategic decisions. The Group's reportable segments, which are also the operating segments, are classified as (i) packaged meats, (ii) fresh pork, (iii) hog production and (iv) others, each of which are further analysed based on their location of the operations. The details of the Group's reportable segments are as follows:

(i)	Packaged meats	–	represents production, wholesale and retail sales of low temperature and high temperature meat products.
(ii)	Fresh pork	–	represents slaughtering, wholesale and retail sales of fresh and frozen meat.
(iii)	Hog production	–	represents hog farming.
(iv)	Others	–	represents slaughtering and sales of poultry, sales of ancillary products and services such as provision of logistics services, sales of flavoring ingredients, and internally-produced packaging materials as well as some retail and biopharmaceuticals businesses and expenses incurred by the Group are also included.

Each reportable segment derives its turnover from the sales of products and provision of services based on the location of operations. They are managed separately because each segment requires different production and marketing strategies.

Segments results represent the profit earned by each segment before biological fair value adjustments without allocation of other income not attributed to the respective segment, other gains and losses, finance costs and share of (losses) profits of associates and joint ventures. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

Inter-segment sales were charged at cost plus margin basis.

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended June 30, 2015

	Packaged meats US$'million (unaudited)	Fresh pork US$'million (unaudited)	Hog production US$'million (unaudited)	Others US$'million (unaudited)	Total US$'million (unaudited)
China					
Gross segment revenue	**1,771**	**1,660**	**38**	**157**	**3,626**
Less: Inter-segment and inter-location sales	**–**	**(253)**	**(35)**	**(77)**	**(365)**
Net external sales	**1,771**	**1,407**	**3**	**80**	**3,261**
Reportable segment profit (loss)	**363**	**52**	**3**	**(43)**	**375**
United States of America ("U.S.")					
Gross segment revenue	**3,255**	**3,515**	**1,591**	**–**	**8,361**
Less: Inter-segment and inter-location sales	**–**	**(1,005)**	**(1,073)**	**–**	**(2,078)**
Net external sales	**3,255**	**2,510**	**518**	**–**	**6,283**
Reportable segment profit (loss)	**342**	**15**	**28**	**(58)**	**327**
Others					
Gross segment revenue	**304**	**409**	**214**	**134**	**1,061**
Less: Inter-segment and inter-location sales	**(23)**	**(155)**	**(191)**	**(31)**	**(400)**
Net external sales	**281**	**254**	**23**	**103**	**661**
Reportable segment profit (loss)	**24**	**(9)**	**13**	**(1)**	**27**
Total					
Gross segment revenue	**5,330**	**5,584**	**1,843**	**291**	**13,048**
Less: Inter-location sales	**(23)**	**(159)**	**–**	**–**	**(182)**
Segment revenue	**5,307**	**5,425**	**1,843**	**291**	**12,866**
Less: Inter-segment sales	**–**	**(1,254)**	**(1,299)**	**(108)**	**(2,661)**
Net external sales	**5,307**	**4,171**	**544**	**183**	**10,205**
Reportable segment profit (loss)	**729**	**58**	**44**	**(102)**	**729**
Unallocated income					**40**
Unallocated expenses					**–**
Biological assets fair value adjustments					**(104)**
Finance costs					**(118)**
Share of losses of associates					**(1)**
Share of profits of joint ventures					**8**
Profit before taxation					**554**

For the six months ended June 30, 2014

	Packaged meats US$'million *(unaudited and restated)*	Fresh pork US$'million *(unaudited and restated)*	Hog production US$'million *(unaudited and restated)*	Others US$'million *(unaudited and restated)*	Total US$'million *(unaudited and restated)*
China					
Gross segment revenue	1,989	1,614	34	199	3,836
Less: Inter-segment and inter-location sales	–	(283)	(31)	(120)	(434)
Net external sales	1,989	1,331	3	79	3,402
Reportable segment profit (loss)	353	83	–+	(31)	405
U.S.					
Gross segment revenue	3,277	4,174	1,706	–	9,157
Less: Inter-segment and inter-location sales	–	(1,308)	(1,491)	–	(2,799)
Net external sales	3,277	2,866	215	–	6,358
Reportable segment profit (loss)	211	82	135	(64)	364
Others					
Gross segment revenue	340	499	276	141	1,256
Less: Inter-segment and inter-location sales	(20)	(178)	(247)	(31)	(476)
Net external sales	320	321	29	110	780
Reportable segment profit	11	–+	35	–+	46
Total					
Gross segment revenue	5,606	6,287	2,016	340	14,249
Less: Inter-location sales	(20)	(98)	–	–	(118)
Segment revenue	5,586	6,189	2,016	340	14,131
Less: Inter-segment sales	–	(1,671)	(1,769)	(151)	(3,591)
Net external sales	5,586	4,518	247	189	10,540
Reportable segment profit (loss)	575	165	170	(95)	815
Unallocated income					71
Unallocated expenses					(29)
Biological assets fair value adjustments					257
Finance costs					(184)
Share of profits of associates					8
Share of profits of joint ventures					21
Profit before taxation					959

+ Less than US$1 million

Subsequent to the disclosure of the results for the period ended June 30, 2014, management has changed the presentation of the segment information when provided to the Board of Directors, in order to present a more meaningful representation of its business operations, consistent with the Group's long-term business strategy, and with how performance is assessed by the Board of directors. Certain amounts of segment revenue and inter-segment sales have been restated for the period ended June 30, 2014, resulted in net external sales amounted to US$110 million included in Fresh pork segment been reclassified to Others segment in order to conform with the presentation already adopted in the Group's annual financial statements for the year ended December 31, 2014. Information on inter-location sales has also been added to the periods ended June 30, 2014 in order to conform with the presentation for the period ended June 30, 2015.

No segment assets and liabilities are disclosed as they are not regularly provided to the chief operating decision makers.

Geographical information

Information about the Group's revenue presented above is based on the geographical locations of operation.

4. PROFIT BEFORE TAXATION

	Six-month period ended June 30,	
	2015	2014
	US$'million	*US$'million*
	(unaudited)	*(unaudited)*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**186**	173
Amortisation of intangible assets included in administrative expenses	**4**	3
Amortisation of prepaid lease payments	**2**	2
Write-down of inventories included in cost of sales	**3**	6
Allowances on trade receivables	**1**	2
Operating leases rentals in respect of rented premises	**57**	61
Research and development expenses	**45**	46
Staff costs	**1,550**	1,469
and after crediting:		
Gain on disposal of an associate	**1**	–
Gain on maturity of available-for-sale investments	**16**	15

The cost of sales represented the cost of inventories recognised as expenses during both periods.

5. TAXATION

	Six-month period ended June 30,	
	2015	2014
	US$'million	*US$'million*
	(unaudited)	*(unaudited)*
China enterprise income tax	**(97)**	(100)
U.S. and other overseas income tax	**(101)**	(120)
Withholding tax	**(9)**	(24)
Deferred taxation	**53**	(73)
	(154)	(317)

Income tax is calculated at the applicable tax rates prevailing in the respective jurisdictions.

6. DIVIDENDS

No dividend was proposed or paid by the Company during the six-month periods ended June 30, 2014 and June 30, 2015 respectively.

7. DISPOSAL OF AN ASSOCIATE

On June 3, 2015, SFDS Global Holdings B.V. ("SFDS Global"), Cold Field Investments LLC. ("Cold Field") and Smithfield Insurance Co. Ltd. ("Smithfield Insurance") (each an indirect wholly-owned subsidiary of the Company through which the Company held its interest in Campofrio Food Group, S.A. ("Campofrio")) entered into the Share Purchase Agreement with Alfa, S.A.B. de C.V. ("Alfa"), an independent third party to the Company ("S&P Agreement"). Pursuant to the S&P Agreement, SFDS Global, Cold Field and Smithfield Insurance agreed to sell and Alfa agreed to purchase an aggregate of 37,817,172 shares, representing approximately 37% of the entire issued share capital, of Sigma & WH Food Europe, S.L., ("Sigma & WH Food", the immediate holding Company of Campofrio), for an aggregate cash consideration of US$354,000,000. The disposal was completed on June 3, 2015, the Group does not retain any interest in Campofrio and Campofrio ceased to be an associate of the Group. The gain on the disposal is analysed as follows:

	US$'million
Gain on disposal:	
Consideration received	354
Carrying amount of investment disposed of	(299)
Cumulative exchange differences in respect of the net assets of Sigma & WH Food reclassified from equity to profit or loss	(54)
Gain on disposal	1
Net cash inflow arising on disposal:	
Cash consideration received	354
Less: transaction costs paid	–+
	354

Upon disposal of the associate, the tax effect of US$18 million previously provided on the exchange difference and recognised in equity was released to income tax expense which is offset by the same amount due to reversal of temporary difference previously recognised as deferred tax asset in the condensed consolidated statement of financial position.

+ Less than US$1 million

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six-month period ended June 30,	
	2015	2014
	US$'million	*US$'million*
	(unaudited)	*(unaudited)*
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**303**	531

	Six-month period ended June 30,	
	2015	2014
	'million	*'million*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**13,664.96**	10,713.45
Effect of dilutive potential ordinary shares – incentive shares	**631.58**	631.58
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**14,296.54**	11,345.03

The number of ordinary shares for basic earnings per share excludes shares held by Chang Yun Holdings Limited and High Zenith Limited under the Company's share incentive schemes.

The computation of diluted earnings per share for the period ended June 30, 2015 does not assume the exercise or forfeiture of the Company's share option because the exercise price of those options was higher than the average market price for shares.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred US$236 million (2014: US$249 million) on addition of property, plant and equipment.

10. BIOLOGICAL ASSETS

Nature of the Group's agricultural activities

The biological assets of the Group are live hogs at various stages of development, including suckling hogs, nursery hogs and finishing hogs, which are classified as current assets. Biological assets also include breeding stock, which are used to produce future live hogs and are classified as non-current assets of the Group. The quantity of live hogs and breeding stock owned by the Group at the end of each reporting period are as follows:

	At June 30, 2015 Head ('000) (unaudited)	At December 31, 2014 Head ('000) (audited)
Live hogs		
– suckling	**1,605**	1,484
– nursery	**2,203**	2,132
– finishing	**6,711**	7,086
	10,519	10,702
Breeding stock	**1,126**	1,061
	11,645	11,763

The Group is exposed to a number of risks related to its biological assets. The Group is exposed to the following operating risks:

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in the location in which it operates breeding of hogs. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.

(ii) Climate, disease and other natural risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections and disease controls, surveys and insurance.

Carrying value of the Group's biological assets

Changes in fair value less costs to sell of biological assets include changes in the fair value of the hogs at the end of each of the reporting period.

Analysed for reporting purpose as:

	At June 30, 2015 US$'million (unaudited)	At December 31, 2014 US$'million (audited)
Current	**895**	1,014
Non-current	**213**	220
	1,108	1,234

Fair value measurement

The fair values of breeding stock are determined based on the average of the historical selling price of hog of similar breed and genetic merit less costs to sell (level 3). The estimated fair value will significantly increase when there is a slight increase in the average historical selling price, and vice versa.

The fair values of live hog are mainly determined based on the market price of hogs in the actively traded slaughtering market, subtracting the breeding costs required to raise the live hogs to be slaughtered and the margins that would be required by a raiser and less costs to sell (level 3). The estimated fair value will significantly increase when there is a slight increase in the market price of hog in the slaughtering market or decrease in the breeding cost required to raise the live hogs, and vice versa.

11. INVENTORIES

	At June 30, 2015 US$'million (unaudited)	At December 31, 2014 US$'million (audited)
Raw materials	**641**	695
Work in progress	**74**	76
Finished goods	**1,116**	1,129
	1,831	1,900

12. TRADE AND BILLS RECEIVABLES

	At June 30, 2015 US$'million (unaudited)	At December 31, 2014 US$'million (audited)
Trade receivables	**789**	841
Bills receivables	**4**	4
	793	845

The general credit term allowed by the Group to its customers is within 30 days in China operations while the credit terms vary depending on the sales channel and customer for the U.S. and others operations.

The following is an ageing analysis of the trade and bills receivables net of allowance for bad and doubtful debts presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised:

	At June 30, 2015 *US$'million* *(unaudited)*	At December 31, 2014 *US$'million* *(audited)*
Age		
0 to 30 days	**711**	773
31 to 90 days	**63**	64
91 to 180 days	**19**	8
	793	845

13. TRADE AND BILLS PAYABLES

	At June 30, 2015 *US$'million* *(unaudited)*	At December 31, 2014 *US$'million* *(audited)*
Trade payables	**577**	850
Bills payables	**–+**	–+
	577	850

The average credit period on purchases of goods is about 30 days in China operations and the credit terms vary depending on the vendor for the U.S. and others operations. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The following is an analysis of trade payables based on the invoice date:

	At June 30, 2015 *US$'million* *(unaudited)*	At December 31, 2014 *US$'million* *(audited)*
Age		
0 to 30 days	**538**	646
31 to 90 days	**20**	170
91 to 180 days	**8**	28
181 to 365 days	**11**	6
	577	850

+ Less than US$1 million

14. ACCRUED EXPENSES AND OTHER PAYABLES

	At June 30, 2015 *US$'million* *(unaudited)*	At December 31, 2014 *US$'million* *(audited)*
Accrued staff costs	**294**	378
Sales rebates payables	**182**	140
Deposit receipts and deposits received from customers	**173**	156
Payables in respect of acquisition of property, plant and equipment	**163**	297
Insurance payables	**109**	114
Interest payable	**61**	70
Balance of contingent consideration in respect of acquisition of subsidiaries	**54**	50
Accrued rent and utilities	**37**	31
Growers payables	**35**	41
Deferred compensation	**35**	37
Accrued professional fees	**30**	35
Pension liability	**27**	27
Accrued advertising expenses	**10**	34
Amounts due to associates	**9**	9
Deferred revenue	**1**	2
Obligations under finance leases	**1**	1
Broker payables	**–**[+]	34
Other payables	**160**	141
	1,381	1,597
Analysed for reporting purposes as:		
Current	**1,236**	1,457
Non-current	**145**	140
	1,381	1,597

[+] Less than US$1 million

15. BORROWINGS

	At June 30, 2015 *US$'million* ***(unaudited)***	At December 31, 2014 *US$'million* *(audited)*
Senior unsecured notes:		
6.625% senior unsecured notes due August 2022	**901**	1,014
7.750% senior unsecured notes due July 2017	**454**	520
5.250% senior unsecured notes due August 2018	**445**	492
5.875% senior unsecured notes due August 2021	**349**	392
	2,149	2,418
Bank loans *(Note i)*		
Secured	**68**	83
Unsecured	**2,132**	2,144
Loans from third parties *(Note ii)*		
Secured	**2**	1
Unsecured	**2**	4
	4,353	4,650
Bank overdrafts *(Note iii)*	**24**	20
The borrowings other than bank overdrafts are repayable as follows *(Note iv)*:		
Within one year	**878**	699
Between one to two years	**247**	230
Between two to five years	**1,974**	2,310
After five years	**1,254**	1,411
	4,353	4,650
Less: Amounts due within one year shown under current liabilities	**(878)**	(699)
Amounts due after one year	**3,475**	3,951
Total borrowings:		
At fixed rates	**2,771**	2,899
At floating rates	**1,582**	1,751
	4,353	4,650

Notes:

(i) Bank loans carry interest at fixed rates ranging from 1.23% to 5.5% (December 31, 2014: from 1.6% to 5.5%) and floating rates of LIBOR +0.5% to LIBOR +3.25% per annum at June 30, 2015 (December 31, 2014: LIBOR+2.5% to LIBOR +4%).

(ii) Loans from third parties carry interests at fixed rates 0.9% per annum at June 30, 2015 (December 31, 2014: 0.6% to 0.9%).

(iii) Bank overdrafts at June 30, 2015 carry interest at fixed rate ranging from 4.85% to 5.1% per annum (December 31, 2014: 5.6%).

(iv) The amounts due are based on scheduled repayment dates set out in the loan agreements.

The borrowing as at June 30, 2015 are secured by the Group's pledged bank deposits of US$30 million (December 31, 2014: US$31 million). As at June 30, 2015 and December 31, 2014 the Group's material U.S. subsidiaries are jointly and severally liable for, as primary obligors, the obligations under the inventory revolver, and those obligations are secured by a first priority lien on certain property, including cash and cash equivalents, deposit accounts, inventories, intellectual property, and certain equity interests.

The Group's borrowings contain affirmative and negative covenants that, among other things, limit or restrict the Group's ability to create liens and encumbrances, incur debt, enter into liquidation, enter into change of control transactions or change the scope of the business, make acquisitions and investments, dispose of or transfer assets, pay dividends or make other payments in respect of its inventories, in each case, subject to certain qualifications and exceptions. The Group has no material default in payment of the bank borrowings, nor did it breach any relevant finance covenants during the period.

OTHER INFORMATION

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors, namely Mr. Lee Conway Kong Wai (chairman), Mr. Huang Ming and Mr. Lau Jin Tin, Don. The Audit Committee has reviewed the Group's Condensed Consolidated Financial Statements of the Review Period, including the accounting principles adopted by the Group, with the Company's management.

The Company's external auditor, Deloitte Touche Tohmatsu ("**DTT**") has reviewed the interim financial information for the Review Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The independent review report of DTT will be included in the interim report to be sent to shareholders.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. Throughout the Review Period, the Company complied with all applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**Code**"), except for the following deviation:

Code Provision A.2.1 of the Code – Chairman and Chief Executive Officer

Under code provision A.2.1 of the Code, the roles of chairman of the Board (the "**Chairman**") and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Wan Long ("**Mr. Wan**") currently holds both such positions.

The Board considers that having Mr. Wan acting as both the Chairman and Chief Executive Officer of the Company will provide a strong and consistent leadership to the Company and allow for more effective planning and management of the Company. Further, in view of Mr. Wan's extensive experience in the industry, personal profile and role in the Group and the historical development of the Group, the Board considers it is beneficial to the business prospects of the Group that Mr. Wan continues to act as both the Chairman and Chief Executive Officer of the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the guidelines for the directors' dealings in the securities of the Company. Specific enquiry has been made to all directors of the Company and all directors have confirmed that they have complied with the applicable standards set out in the Model Code throughout the Review Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Review Period.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the Review Period (six months ended June 30, 2014: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wh-group.com) and the 2015 interim report of the Company will be dispatched to the shareholders and published on the Company's and the Stock Exchange's websites in due course.

By Order of the Board
WH Group Limited
Chau Ho
Company Secretary

Hong Kong, August 12, 2015

As at the date of this announcement, the executive directors of the Company are Mr. WAN Long, Mr. GUO Lijun, Mr. POPE C. Larry and Mr. ZHANG Taixi; 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.