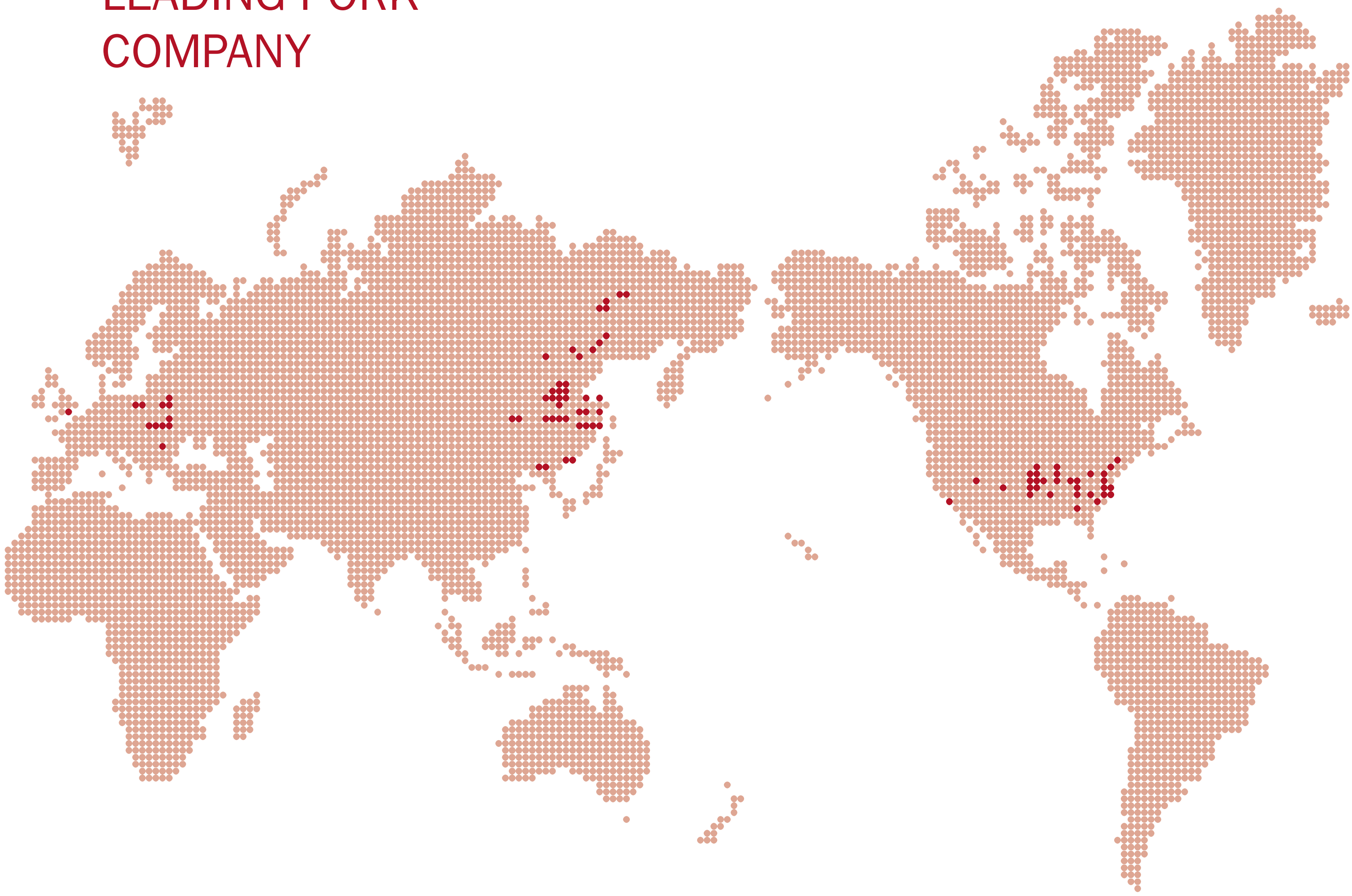
THE WORLD'S LEADING PORK COMPANY



萬洲國際
WH GROUP

萬洲國際有限公司
WH GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code : 288)

2015 INTERIM REPORT

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CORPORATE INFORMATION

Legal Name of the Company
WH Group Limited

Place of Listing and Trading Code
The shares of the Company were listed on
The Stock Exchange of Hong Kong Limited
on August 5, 2014

Stock Code: 288

Company Website
www.wh-group.com

Directors
Executive Directors
Mr. WAN Long (Chairman and Chief Executive Officer)
Mr. GUO Lijun (Vice President and Chief Financial Officer)
Mr. POPE C. Larry
(President and Chief Executive Officer of Smithfield)
Mr. ZHANG Taixi (President of Shuanghui Development)

Non-executive Director
Mr. JIAO Shuge (Deputy Chairman)

Independent Non-executive Directors
Mr. HUANG Ming
Mr. LEE Conway Kong Wai
Mr. LAU, Jin Tin Don

Company Secretary
Mr. CHAU Ho

Audit Committee
Mr. LEE Conway Kong Wai (Chairman)
Mr. HUANG Ming
Mr. LAU, Jin Tin Don

Remuneration Committee
Mr. HUANG Ming (Chairman)
Mr. LEE Conway Kong Wai
Mr. JIAO Shuge

Nomination Committee
Mr. WAN Long (Chairman)
Mr. HUANG Ming
Mr. LAU, Jin Tin Don

Environmental, Social and Governance Committee
Mr. GUO Lijun (Chairman)
Mr. POPE C. Larry
Mr. ZHANG Taixi
Mr. LAU, Jin Tin Don

Food Safety Committee
Mr. WAN Long (Chairman)
Mr. POPE C. Larry
Mr. ZHANG Taixi
Mr. LEE Conway Kong Wai

Auditor
Deloitte Touche Tohmatsu

Legal Advisor
Paul Hastings

Principal Bankers
AgFirst Farm Credit Bank
Bank of America Merrill Lynch
Bank of China
Bank of Communications
Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank Nederland)
DBS Bank
Industrial and Commercial Bank of China
Standard Chartered Bank

Authorised Representatives
Mr. WAN Long
Mr. CHAU Ho

Share Registrar and Transfer Office

Principal

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Hong Kong Branch

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Grand Cayman
KY1-1104
Cayman Islands

Principal Place of Business and Corporate Headquarters in Hong Kong

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1 Austin Road West
Kowloon
Hong Kong

Compliance Advisor

Guotai Junan Capital Limited
27F Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

FINANCIAL 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 Review Period excluded the impact of share-based payments of US$38 million. Underlying profit attributable to owners of the Company for 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) This calculation of the underlying diluted earnings per share is based on underlying profit attributable to owners of the Company.

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 this report.

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 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 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 was 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%

Notes:

(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 suppliers 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 (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% (December 31, 2014: 4.8%). 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 (million metric tons)		Utilisation Rate (%)		Annual Capacity (million heads)		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
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

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. For details, please see the section headed "Notes to the Condensed Consolidated Financial Statements" in this report. 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 (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, Social 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.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF WH GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of WH Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 18 to 44, which comprise the condensed consolidated statement of financial position as of June 30, 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 12, 2015

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)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended June 30, 2015

	Notes	Six-month period ended June 30, 2015 Results before biological fair value adjustments US$'million (unaudited)	Biological fair value adjustments US$'million (unaudited)	Total US$'million (unaudited)	Six-month period ended June 30, 2014 Results before biological fair value adjustments US$'million (unaudited and restated)	Biological fair value adjustments US$'million (unaudited)	Total US$'million (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
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

	Notes	At June 30, 2015 US$'million (unaudited)	At December 31, 2014 US$'million (audited)
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	16	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

The condensed consolidated financial statements on pages 18 to 44 were approved and authorised for issue by the Board of Directors on August 12, 2015 and are signed on its behalf by:

Mr. Wan Long
Chairman and Chief Executive Officer

Mr. Guo Lijun
Vice President and Chief Financial Officer

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2015

	Attributable to owners of the Company									
	Share capital US$'million	Share premium US$'million	Capital reserve US$'million (note (a))	Translation reserve US$'million	Other reserve US$'million (note (b))	China statutory reserves US$'million (note (c))	Retained profits US$'million	Total US$'million	Non-controlling interests US$'million	Total US$'million
At January 1, 2015 (audited)	1	2,902	(55)	51	649	200	1,382	5,130	920	6,050
Profit for the period	–	–	–	–	–	–	303	303	97	400
Exchange difference arising on translation to foreign operations	–	–	–	(71)	–	–	–	(71)	2	(69)
Remeasurement on defined benefit pension plans	–	–	–	–	58	–	–	58	–	58
Reserve released on disposal of interest in an associate	–	–	–	36	–	–	–	36	–	36
Fair value changes in cash flow hedge	–	–	–	–	(9)	–	–	(9)	–	(9)
Total comprehensive (expense) income for the period	–	–	–	(35)	49	–	303	317	99	416
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(162)	(162)
Share-based payments	–	–	–	–	38	–	–	38	4	42
Transfers	–	–	–	–	–	30	(30)	–	–	–
	–	–	–	–	38	30	(30)	38	(158)	(120)
At June 30, 2015 (unaudited)	1	2,902	(55)	16	736	230	1,655	5,485	861	6,346
At January 1, 2014 (audited)	1	581	(55)	258	674	170	646	2,275	863	3,138
Profit for the period	–	–	–	–	–	–	531	531	111	642
Exchange difference arising on translation of foreign operations	–	–	–	(42)	–	–	–	(42)	(19)	(61)
Remeasurement on defined benefit pension plans	–	–	–	–	(46)	–	–	(46)	–	(46)
Fair value changes in cash flow hedge	–	–	–	–	(101)	–	–	(101)	–	(101)
Total comprehensive (expense) income for the period	–	–	–	(42)	(147)	–	531	342	92	434
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(145)	(145)
Capital contribution by non-controlling interests	–	–	–	–	–	–	–	–	–+	–+
Share-based payments	–	–	–	–	16	–	–	16	5	21
Transfers	–	–	–	–	–	34	(34)	–	–	–
	–	–	–	–	16	34	(34)	16	(140)	(124)
At June 30, 2014 (unaudited)	1	581	(55)	216	543	204	1,143	2,633	815	3,448

+ Less than US$1 million.

Notes:

a. Capital reserve

Capital reserve represents the difference between the amounts by which the non-controlling interests are adjusted for the change in the Group's ownership interests in existing subsidiaries and the fair value of the consideration paid or received.

b. Other reserve

As at June 30, 2015, other reserve included the fair value of the share awards, remeasurement on the defined benefit pension plans and fair value in cash flow hedge attributable to the Group of US$763 million, deficit of US$42 million and surplus of US$15 million respectively. (December 31, 2014: US$725 million, deficit of US$100 million and surplus of US$24 million respectively).

c. China statutory reserves

Pursuant to the relevant China regulations and the articles of association of the companies within the Group, each of them is required to transfer 10% of their profit, as determined under the relevant regulations in China, to the statutory surplus reserve until the reserve aggregates to 50% of their registered capital. The transfer to this reserve must be made before distribution of dividends to owners.

The statutory surplus reserve shall only be used to make good previous year's losses or to increase the relevant company's capital. Upon approval by a resolution of owners' general meeting, each of the relevant companies may convert its statutory surplus reserve into capital, provided the balance of the reserve after such issue is not less than 25% of the registered capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2015

	Note	Six-month period ended June 30, 2015 US$'million (unaudited)	2014 US$'million (unaudited)
Net cash from operating activities		**306**	70
Investing activities			
Interest received		**2**	8
Dividends received from associates		**23**	3
Purchase of property, plant and equipment		**(370)**	(249)
Proceeds from disposal of property, plant and equipment		**4**	6
Proceeds from disposal of an associate	7	**354**	–
Prepayment for lease payments		**–**	(2)
Net cash outflow on acquisition of business		**–**	(11)
Purchase of available-for-sale investments		**(853)**	(1,136)
Proceeds from maturity of available-for-sale investments		**843**	1,137
Placement of pledged bank deposits		**(8)**	(24)
Withdrawal of pledged bank deposits		**9**	30
Net cash from (used in) investing activities		**4**	(238)
Financing activities			
Dividends paid to non-controlling interests		**(162)**	(145)
Proceeds from borrowings, net of transaction costs		**1,018**	876
Repayment of borrowings		**(1,304)**	(749)
Capital contribution by non-controlling interests		**–**	–+
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

+ Less than US$1 million.

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.

3. Segment Information (Continued)

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

3. Segment Information (Continued)

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.

3. Segment Information (Continued)

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 US$'million (unaudited)	2014 US$'million (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.

+ 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 US$'million (unaudited)	Six-month period ended June 30, 2014 US$'million (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 'million	Six-month period ended June 30, 2014 '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 options 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.

10. Biological Assets (Continued)

Carrying value of the Group's biological assets (Continued)

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

15. Borrowings (Continued)

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 borrowings 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.

16. Pension Liability and Other Retirement Benefits Schemes

Defined Benefit Plans

The group entities which operate in U.S. operate funded defined benefit scheme for all their qualified employees. Pension benefits provided by the Group are currently organised primarily through defined benefit pension plans which cover virtually all U.S. employees and certain foreign employees of the Group. Salaried employees are provided benefits based on years of service and average salary levels. Hourly employees are provided benefits of stated amounts for each year of service.

The defined benefit plan is administered by a separate fund that is legally separated from the entity. The board of the pension fund is composed of an equal number of representatives from both employers and (former) employees. The board of the pension fund is required by law and by its Articles of Association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund.

Under the plan, the employees are entitled to retirement benefits varying between 40% and 45% of final salary on attainment of a retirement age of 65. No other post-retirement benefits are provided to these employees.

16. Pension Liability and Other Retirement Benefits Schemes (Continued)

Defined Benefit Plans (Continued)

Pension plan assets may be invested in cash and cash equivalents, equities, debt securities, insurance contracts and real estates. The investment policy for the pension plans is to balance risk and return through a diversified portfolio of high-quality equity and fixed income securities. Maturity for fixed income securities is managed such that sufficient liquidity exists to meet near-term benefit payment obligations. The plans retain outside investment advisors to manage plan investments within parameters established by the plan trustees.

The policy for the plan is consistently applied at December 31, 2014 and June 30, 2015.

In June 2015, Smithfield made a US$200 million voluntary contribution to fund its qualified pension plans. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out in June 26, 2015 by Mercer (US), Inc.. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions and key inputs used as at December 31, 2014 for the purposes of the actuarial valuations are validly applied as at June 26, 2015 except the discount rate applied as at June 30, 2015 was 4.8% (2014: 4.3%).

Defined Contribution Plans

The Group has retirement plans covering a substantial portions of its employees. Other than the defined benefit plans explained above, the principal plans are defined contribution plans.

The Group's qualifying employees in Hong Kong participate in Mandatory Provident Fund (the "MPF") in Hong Kong. The assets of the MPF are held separately from those of the Group in fund under the control of trustee. Under the MPF scheme in Hong Kong, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 (up to May 31, 2014) and HK$30,000 (starting from June 1, 2014). Contributions to the scheme vest immediately.

The employees of the Group's China subsidiaries are members of the state-managed retirement benefits scheme operated by the China government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligations of the Group with respect to the retirement benefits scheme are to make the required contributions under the scheme.

The Group has defined contribution plans (401(K) plans) covering substantially all U.S. employees. The Group's contributions to the plan are primarily based on each contribution and cannot exceed the maximum allowable for tax purposes.

The amount charged to profit or loss of approximately US$37 million during the six months ended June 30, 2015 (2014: US$43 million) represents contribution paid or payable to the plans by the Group at rates specified in the rules of the plans.

17. Capital Commitments

	At June 30, 2015 US$'million (unaudited)	At December 31, 2014 US$'million (audited)
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	460	147
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	104	367

18. Contingent Liabilities

Smithfield are subject to various laws and regulations administered by the US federal, state and other government entities, including the United States Environmental Protection Agency and corresponding state agencies, as well as the United States Department of Agriculture, the Grain Inspection, Packers and Stockyard Administration, the United States Food and Drug Administration, the United States Occupational Safety and Health Administration, the Commodities and Futures Trading Commission and similar agencies in foreign countries like other participants in the industry.

Smithfield had notices and inquiries from regulatory authorities and others asserting from time to time that Smithfield is not in compliance with the respective laws and regulations. In some instances, litigation ensues and individuals may initiate litigation against Smithfield.

North Carolina Nuisance Litigation

In August, September and October 2014, 25 complaints were filed in the Eastern District of North Carolina by 515 individual plaintiffs against Smithfield and its wholly-owned subsidiary, Murphy-Brown, alleging causes of action for nuisance and related claims. The complaints stemmed from nuisance cases previously filed in the Superior Court of Wake County. On February 23, 2015, all 25 complaints were amended and one complaint was severed into two separate actions. The 26 currently pending complaints were filed on behalf of 541 plaintiffs and relate to approximately 14 company-owned and 75 contract farms. All 26 complaints include causes of action for temporary nuisance and negligence and seek recovery of an unspecified amount of compensatory, special and punitive damages. On June 29, 2015, the Court granted Murphy-Brown's motion to strike certain allegations in the complaints, and plaintiffs are in the process of amending all 26 complaints pursuant to the Court's order. Smithfield believes that the claims are unfounded and intends to defend the suits vigorously.

18. Contingent Liabilities (Continued)

North Carolina Nuisance Litigation (Continued)

The Group established a reserve for estimating the expenses to defend against these and similar potential claims on the condensed consolidated statement of financial position. Consequently, future expenses associated with these claims will not affect the Group's profits or losses unless the reserve proves to be insufficient or excessive. However, legal expenses incurred in Smithfield and Smithfield's subsidiaries' defense of these claims and any payments made to plaintiffs through unfavourable verdicts or otherwise will negatively impact the Group's cash flows and the liquidity position. Given that the matter is in its very preliminary stages and given the inherent uncertainty of the outcome for these and similar potential claims, the management of the Group cannot estimate the reasonably possible loss or range of loss for these loss contingencies outside the expenses that will incur to defend against these claims. The management of the Group will continue to review whether an additional accrual is necessary and whether Smithfield have the ability to estimate the reasonably possible loss or range of loss for these matters.

19. Fair Value Measurement of Financial Instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. Fair Value Measurement of Financial Instruments (Continued)

Fair value measurements recognised in the condensed consolidated statements of financial position (Continued)

	At June 30, 2015			
	Level 1 US$'million (unaudited)	Level 2 US$'million (unaudited)	Level 3 US$'million (unaudited)	Total US$'million (unaudited)
Derivative financial assets	14	–	–	14
Available-for-sale investments	–	230	–	230
Other non-current assets	16	40	–	56
	30	270	–	300
Derivative financial liabilities	19	21	–	40

	At December 31, 2014			
	Level 1 US$'million (audited)	Level 2 US$'million (audited)	Level 3 US$'million (audited)	Total US$'million (audited)
Derivative financial assets	69	4	–	73
Available-for-sale investments	–	209	–	209
Other non-current assets	16	53	–	69
	85	266	–	351
Derivative financial liabilities	30	22	–	52

The fair values of derivative financial assets/liabilities and available-for-sale investments are determined by quoted prices in active markets (level 1) or using income approach based on discounted cash flow analysis on the expected interest rates (level 2), as appropriate.

Other non-current assets includes bonds securities which are valued at quoted market prices and are classified within Level 1 and insurance contracts which are valued at their cash surrender value using the daily asset unit value which is based on the quoted market price of the underlying securities and classified within Level 2.

20. Related Party Transactions

(a) The Group had the following significant transactions with associates and joint venture:

	Six-month period ended June 30, 2015 US$'million (unaudited)	2014 US$'million (unaudited)
Sales of goods to associates	8	13
Sales of goods to joint venture	17	–
Purchase of goods from associates	23	35
Purchase of goods from joint venture	10	–

(b) Compensation of key management personnel

The remuneration of these key executives is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

The remuneration of key management personnel, representing emoluments of directors of the Company paid/payable during the period under review is set out as follows:

	Six-month period ended June 30, 2015 US$'million (unaudited)	2014 US$'million (unaudited)
Basic salaries and allowances	2	2
Performance bonus	2	5
Retirement benefits scheme contributions	5	1
Share-based payments	20	4
	29	12

21. Comparative Figures

In order to conform with current year's presentation, expenses of US$69 million for the period ended June 30, 2014 included in cost of sales have been reclassified to distribution and selling expenses.

OTHER INFORMATION

Interim Dividend

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

Change in Director's Biographical Details

Pursuant to Rule 13.51B(1) of the Listing Rules, there have been changes in a Director's biographical details since the date of the 2014 annual report of the Company. Mr. Yang Zhijun retired as an executive Director and resigned as vice president of the Company with effect from the conclusion of the annual general meeting of the Company held on May 22, 2015.

Disclosure of Interests

Directors

As at June 30, 2015, the interests and short positions of the Directors and chief executive officer of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interests in shares of the Company

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding
Mr. Wan Long	Interest in a controlled corporation(1)	573,099,645	3.9124%
	Beneficiary of a trust(2)	746,452,069	5.0958%
	Personal interest	1,500,000	0.0102%
Mr. Guo Lijun	Beneficiary of a trust(3)	62,785,688	0.4286%
	Personal interest	100,000	0.0007%
Mr. Zhang Taixi	Beneficiary of a trust(4)	1,013,590	0.0069%

Notes:

(1) Mr. Wan Long owns Sure Pass as to 100%, which in turn owns 573,099,645 Shares. Accordingly, Mr. Wan Long is deemed to be interested in the 573,099,645 Shares held by Sure Pass.

(2) Mr. Wan Long is one of the participants of the Heroic Zone Share Plan, through which he holds approximately 14.98% of the beneficial interest in Rise Grand, which in turn owns 100% of the equity interest of Heroic Zone. Accordingly, Mr. Wan Long is deemed to be interested in the 746,452,069 Shares which Heroic Zone is interested in.

(3) Mr. Guo Lijun is one of the participants of the Heroic Zone Share Plan, through which he holds approximately 1.26% of the beneficial interest in Rise Grand, which in turn owns 100% of the equity interest of Heroic Zone. Accordingly, Mr. Guo Lijun is deemed to be interested in the 62,785,688 Shares which Heroic Zone is interested in.

(4) Mr. Zhang Taixi is one of the participants of the Heroic Zone Share Plan, through which he holds approximately 0.02% of the beneficial interest in Rise Grand, which in turn owns 100% of the equity interest of Heroic Zone. Accordingly, Mr. Zhang Taixi is deemed to be interested in the 1,013,590 Shares which Heroic Zone is interested in.

(ii) Interests in underlying shares of the Company

Name of Director/Chief Executive	Capacity/Nature of Interest	Number of Underlying Shares subject to the Pre-IPO Share Options	Approximate Percentage of Shareholding[(1)]
Mr. Wan Long	Beneficial interest	146,198,889	0.9597%
Mr. Guo Lijun	Beneficial interest	40,000,000	0.2626%
Mr. Pope C. Larry	Beneficial interest	40,000,000	0.2626%
Mr. Zhang Taixi	Beneficial interest	40,000,000	0.2626%

Note:
(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue and assuming that all the Pre-IPO Share Options have been exercised in full.

(iii) Interests in associated corporations

Name of Director/ Chief Executive	Name of Associated Corporation	Capacity/ Nature of Interest	Number of Shares Interested	Approximate Percentage of Shareholding
Mr. Wan Long	Shuanghui Development	Beneficial interest	291,736	0.009%
Mr. Zhang Taixi	Shuanghai Development	Beneficial Interest	15,000	0.000%

Save as disclosed above, as at June 30, 2015, so far as was known to any Director or chief executive officer of the Company, neither the Directors nor the chief executive officer had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which would fall to be disclosed to the Company under the provisions of Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

As at June 30, 2015, so far as was known to any Director or chief executive officer of the Company, shareholders (other than the Directors or chief executive of the Company whose interests were disclosed above) who had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Interest in the shares of the Company

Name	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding[14]
Rise Grand[1]	Interest in controlled corporation	4,982,991,111	34.017%
Heroic Zone[2]	Beneficial interest	3,181,820,000	21.721%
	Interest in controlled corporation	1,801,171,111	12.296%
CDH Shine	Beneficial interest	1,745,452,290	11.916%
CDH Shine II Limited	Beneficial interest	968,530,000	6.612%
CDH Sunshine Limited[3]	Interest in controlled corporation	968,530,000	6.612%
China Shine Group Limited[4]	Interest in controlled corporation	3,547,954,371	24.221%
CDH PE Fund, L.P.[5]	Interest in controlled corporation	3,547,954,371	24.221%
CDH PE Holdings Company Limited[6]	Interest in controlled corporation	3,547,954,371	24.221%
CDH China Growth Capital Holdings Company Limited[7]	Interest in controlled corporation	3,547,954,371	24.221%
China Diamond Holdings III Limited[8]	Interest in controlled corporation	3,547,954,371	24.221%
CDH V Holdings Company Limited[9]	Interest in controlled corporation	903,056,579	6.165%
CDH Diamond Holdings V Limited[10]	Interest in controlled corporation	903,056,579	6.165%
China Diamond Holdings Company Limited[11]	Interest in controlled corporation	4,451,010,950	30.386%
Ms. Wang Meixiang (王梅香)[12]	Interest of spouse	1,321,051,714	9.018%
	Interest of spouse	146,198,889	0.9597%[13]

Notes:

1. Rise Grand, as the sole shareholder of Heroic Zone, is deemed to be interested in the 3,181,820,000 Shares held by Heroic Zone. As of July 18, 2014, the beneficial interest of Rise Grand was owned by 325 participants (the "**HSP Participants**") of the Heroic Zone Share Plan. Pursuant to an entrustment agreement dated December 25, 2009, the employee share committee (the "**ESC**"), on behalf of all HSP Participants under the Heroic Zone Share Plan, entrusted three individual trustees, namely Messrs. Zhao Yinzhang, He Xingbao and Lei Yutian, (each being an employee of the Group), to hold the legal title, and to exercise the voting rights attached to 100% equity interest in Rise Grand in joint tenancy (the "**HSP Trustees**"). Under the Heroic Zone Share Plan, the ESC, on behalf of all HSP Participants, is entitled to instruct the HSP Trustees as to how to exercise their rights as the registered shareholders of Rise Grand, which in turn will instruct Heroic Zone, a wholly owned subsidiary of Rise Grand, as to how to exercise its rights, including the voting rights attached to the Shares it holds in the Company. The members of the ESC are selected by the general meeting of the HSC participants. The ESC has been composed of five members since its establishment. For further details of the Heroic Zone Share Plan, please see the section headed "History, Development and Corporate Structure – Shareholding Changes – Shareholding Structure at Beginning of Track Record Period" of the Prospectus.
2. Chang Yun, High Zenith, Sure Pass and Rich Matrix should exercise the voting rights attached to their Shares respectively held by them in accordance with the direction of Heroic Zone in its absolute discretion. Therefore, Heroic Zone is deemed to be interested in the 1,801,171,111 Shares in aggregate held by Chang Yun, High Zenith, Sure Pass and Rich Matrix. For further details of the voting rights of Chang Yun, High Zenith, Sure Pass and Rich Matrix, please see the sections headed "History, Development and Corporate Structure – Our History – History of Our PRC Business – Share issuance and Transfer to Chang Yun" and "History, Development and Corporate Structure – Shareholding Changes – Shareholding Changes During Track Record Period – High Zenith" of the Prospectus.
3. CDH Shine II Limited is wholly owned by CDH Sunshine Limited. Therefore, CDH Sunshine Limited is deemed to be interested in all the Shares held by CDH Shine II Limited under the provisions of part XV of the SFO.
4. China Shine Group Limited directly owns the entire interests in each of CDH Shine, CDH Shine III Limited and CDH Shine IV Limited and, through CDH Sunshine Limited, owns the entire interest in CDH Shine II Limited. Therefore, China Shine Group Limited is deemed to be interested in all the Shares held by CDH Shine, CDH Shine II Limited, CDH Shine III Limited and CDH Shine IV Limited under the provisions of Part XV of the SFO.
5. China Shine Group Limited is wholly owned by CDH PE Fund, L.P. Therefore, CDH PE Fund, L.P. is deemed to be interested in all the Shares held by CDH Shine, CDH Shine II Limited, CDH Shine III Limited and CDH Shine IV Limited under the provisions of Part XV of the SFO.
6. The general partner of CDH PE Fund, L.P. is CDH PE Holdings Company Limited. Therefore, CDH PE Holdings Company Limited is deemed to be interested in all the Shares held by CDH Shine, CDH Shine II Limited, CDH Shine III Limited and CDH Shine IV Limited under the provisions of Part XV of the SFO.
7. CDH PE Holdings Company Limited is wholly owned by CDH China Growth Capital Holdings Company Limited. Therefore, CDH China Growth Capital Holdings Company Limited is deemed to be interested in all the Shares held by CDH Shine, CDH Shine II Limited, CDH Shine III Limited and CDH Shine IV Limited under the provisions of Part XV of the SFO.
8. China Diamond Holdings III Limited directly owns approximately 69.5% of CDH China Growth Capital Holdings Company Limited. Therefore, China Diamond Holdings III Limited is deemed to be interested in all the Shares held by CDH Shine, CDH Shine II Limited, CDH Shine III Limited and CDH Shine IV Limited under the provisions of Part XV of the SFO.
9. CDH Shine V Limited is owned as to 69.9% and 30.1% by CDH Fund V L.P. and Tianjin Dinghui Jiapeng Equity Investment Partnership (L.P.) (天津鼎暉嘉鵬股權投資合夥企業(有限合夥)), respectively. CDH V Sunshine I Limited and CDH V Sunshine II Limited are directly wholly-owned by CDH V Co-investment Shine I, L.P. and CDH V Co-investment Shine II, L.P., respectively. The general partners of CDH V Co-investment Shine I, L.P. and CDH V Co-investment Shine II, L.P. are CDH V Shine I Holdings Limited and CDH V Shine II Holdings Limited, respectively, CDH V Holdings Company Limited is the general partner of CDH Fund V L.P. and also owns the entire interests in CDH V Shine I Holdings Limited and CDH V Shine II Holdings Limited. Therefore, CDH V Holdings Company Limited is deemed to be interested in all the Shares held by CDH Shine V Limited, CDH V Sunshine I Limited and CDH V Sunshine II Limited.
10. CDH V Holdings Company Limited is owned as to 80% by China Diamond Holdings V Limited. Therefore, China Diamond Holdings V is deemed to be interested in all the Shares held by CDH Shine V Limited, CDH V Sunshine I Limited and CDH V Sunshine II Limited.
11. Each of China Diamond Holdings III Limited and China Diamond Holdings V Limited is wholly owned by China Diamond Holdings Company Limited. Therefore, China Diamond Holdings Company Limited is deemed to be interested in all the Shares held by the CDH Shareholders.
12. Ms. Wang Meixiang is the spouse of Mr. Wan Long. Therefore, Ms. Wang Meixiang is deemed to have interest in the 1,321,051,714 Shares which Mr. Wan Long is interested in. In addition, Ms. Wang Meixiang is also deemed to be interested in the 146,198,889 underlying Shares subject to the Pre-IPO Share Options which Mr. Wan Long is interested in.
13. This percentage is for illustrative purpose only and is calculated based on the number of Shares in issue and assuming that all the Pre-IPO Share Options have been exercised in full.
14. The percentage of shareholding in the table is presented without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Pre-IPO Share Options.

Save as disclosed above, as at June 30, 2015, the Company has not been notified by any person who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme on January 21, 2014 as amended on April 4, 2014.

The following table discloses details of the Company's outstanding share options held by the Directors, the connected persons and certain employees of the Company under the Pre-IPO Share Option Scheme and their movements during the Review Period:

Grantee	Date of Grant	Number of Pre-IPO Share Options: As at January 1, 2015	Exercised	Cancelled	Lapsed	As at June 30, 2015	Exercise Price (HK$)	Exercise Period
Directors								
WAN Long (萬隆)	July 10, 2014	146,198,889	–	–	–	146,198,889	6.20	Note
GUO Lijun (郭麗軍)	July 10, 2014	40,000,000	–	–	–	40,000,000	6.20	Note
POPE C. Larry	July 10, 2014	40,000,000	–	–	–	40,000,000	6.20	Note
ZHANG Taixi (張太喜)	July 10, 2014	40,000,000	–	–	–	40,000,000	6.20	Note
Other connected persons								
WAN Hongwei (萬宏偉)	July 10, 2014	2,500,000	–	–	–	2,500,000	6.20	Note
YOU Zhaosheng (游召勝)	July 10, 2014	4,115,966	–	–	–	4,115,966	6.20	Note
LI Xianmu (李現木)	July 10, 2014	5,144,957	–	–	–	5,144,957	6.20	Note
You Mu (游牧)	July 10, 2014	3,674,969	–	–	–	3,674,969	6.20	Note
Lei Yonghui (雷永輝)	July 10, 2014	3,674,969	–	–	–	3,674,969	6.20	Note
HE Jianmin (賀建民)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note
LIU Hongsheng (劉紅生)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note
YU Songtao (余松濤)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note
PAN Guanghui (潘廣輝)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note

Grantee	Date of Grant	Number of Pre-IPO Share Options As at January 1, 2015	Exercised	Cancelled	Lapsed	As at June 30, 2015	Exercise Price (HK$)	Exercise Period
ZHAO Sufang (趙朔方)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note
CAO Xiaojie (曹曉杰)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note
LI Jun (李駿)	July 10, 2014	3,674,969	–	–	–	3,674,969	6.20	Note
ZHAO Guobao (趙國寶)	July 10, 2014	1,469,988	–	–	–	1,469,988	6.20	Note
LI Yong (李永)	July 10, 2014	2,939,976	–	–	–	2,939,976	6.20	Note
SONG Hongliang (宋紅亮)	July 10, 2014	2,939,976	–	–	–	2,939,976	6.20	Note
YU Guangshan (芋廣山)	July 10, 2014	2,939,976	–	–	–	2,939,976	6.20	Note
YIN Weihua (尹衛華)	July 10, 2014	2,939,976	–	–	–	2,939,976	6.20	Note
ZHU Longhu (朱龍虎)	July 10, 2014	2,939,976	–	–	–	2,939,976	6.20	Note
CHAI Wenlei (柴文磊)	July 10, 2014	1,469,988	–	–	–	1,469,988	6.20	Note
CHAU Ho (周豪)	July 10, 2014	3,500,000	–	–	–	3,500,000	6.20	Note
COLE, Michael H.	July 10, 2014	2,000,000	–	–	–	2,000,000	6.20	Note
SCHELLPEPER, Timothy O.	July 10, 2014	9,000,000	–	–	9,000,000	–	6.20	Note
SEBRING, Joseph B.	July 10, 2014	4,500,000	–	–	–	4,500,000	6.20	Note
SCHMIDT Gregg	July 10, 2014	3,000,000	–	–	–	3,000,000	6.20	Note
MIHAIL Bogdan	July 10, 2014	250,000	–	–	–	250,000	6.20	Note
POPE Christopher L.	July 10, 2014	1,000,000	–	–	–	1,000,000	6.20	Note
SULLIVAN Kenneth M.	July 10, 2014	12,000,000	–	–	–	12,000,000	6.20	Note
HE Shenghua	July 10, 2014	1,500,000	–	–	–	1,500,000	6.20	Note

Grantee	Date of Grant	Number of Pre-IPO Share Options As at January 1, 2015	Exercised	Cancelled	Lapsed	As at June 30, 2015	Exercise Price (HK$)	Exercise Period
Other grantees who have been granted the Pre-IPO Share Options to subscribe for 4,500,000 Shares or more								
Wen Guoshan (溫國山)	July 10, 2014	5,879,951	–	–	–	5,879,951	6.20	Note
Li Hongwei (李紅偉)	July 10, 2014	5,879,951	–	–	–	5,879,951	6.20	Note
Wang Yonglin (王永林)	July 10, 2014	5,879,951	–	–	–	5,879,951	6.20	Note
Fu Zhiyong (付志勇)	July 10, 2014	5,879,951	–	–	–	5,879,951	6.20	Note
Guo Xinwen (郭新聞)	July 10, 2014	5,879,951	–	–	–	5,879,951	6.20	Note
Liu Qingde (劉清德)	July 10, 2014	5,144,957	–	–	–	5,144,957	6.20	Note
Senior management and other employees (in aggregate)	July 10, 2014	179,116,490	–	–	4,429,833	174,686,657	6.20	Note
Total		**583,495,555**	**–**	**–**	**13,429,833**	**570,065,722**		

Note:
Each grantee to whom a Pre-IPO Share Option has been granted shall be entitled to exercise his/her Pre-IPO Share Option in such manner as set out below:

(1) to subscribe up to ten (10)% of the Shares that are subject to the Pre-IPO Share Option so granted to him/her (round down to the nearest whole number), exercisable at any time during the period commencing on the first (1st) anniversary of the Listing Date;
(2) to subscribe up to twenty-five (25)% of the Shares that are subject to the Pre-IPO Share Option so granted to him/her less the number of Shares in respect of which the Pre-IPO Share Option has been exercised (rounded down to the nearest whole number), exercisable at any time during the period commencing on the second (2nd) anniversary of the Listing Date;
(3) to subscribe up to forty-five (45)% of the Shares that are subject to the Pre-IPO Share Option so granted to him/her less the number of Shares in respect of which the Pre-IPO Share Option has been exercised (rounded down to the nearest whole number), exercisable at any time during the period commencing on the third (3rd) anniversary of the Listing Date;
(4) to subscribe up to seventy (70)% of the Shares that are subject to the Pre-IPO Share Option so granted to him/her less the number of Shares in respect of which the Pre-IPO Share Option has been exercised (rounded down to the nearest whole number), exercisable at any time during the period commencing on the fourth (4th) anniversary of the Listing Date; and
(5) to subscribe such number of Shares subject to the Pre-IPO Share Option so granted to him/her less the number of Shares in respect of which the Pre-IPO Share Option has been exercised (rounded to the nearest whole number), exercisable at any time commencing on the fifth (5th) anniversary of the Listing Date.

2010 Share Award Plan

To recognize and reward the contribution of certain employees to the Group, provide incentives to retain them to support the continued growth of the Group, and attract suitable personnel for further development, the Company adopted the 2010 Share Award Plan on November 26, 2010.

Teeroy Limited, a company incorporated under the laws of Hong Kong, was designated as the trustee administering the 2010 Share Award Plan. Pursuant to a shareholders' resolution of the Company passed on November 26, 2010 and relevant procedures, Chang Yun, a wholly owned subsidiary of the trustee incorporated in the BVI, obtained 631,580,000 Shares, representing 6.00% of the Company's then enlarged issued share capital. The pool of Shares held by Chang Yun comprised (i) 10,526 Shares of a par value of US$1.00 per share that were transferred indirectly from Shine B to the trustee, which were then subdivided into 105,260,000 Shares and (ii) 526,320,000 Shares allotted and issued by the Company in consideration of US$52,632 paid by the trustee.

Under the 2010 Share Award Plan, the Chairman is entitled to select, as the recipient of a share award, any employee of the Company (excluding any non-executive Director), its subsidiaries and entities in which any member of the Group holds any equity interest. The Chairman is also entitled to decide the number of Shares awarded, proposed vesting date, performance target for vesting, lock-up period and other terms and conditions, considering the pre-tax and after-tax net profit of the Company from 2012 to 2014. A recipient shall not transfer or otherwise dispose of any interest in the vested Shares to any third party, unless (i) subject to the Chairman's approval, the purpose of transfer or disposal is to finance any tax payable on account of the vested Shares or (ii) a period of five years from the vesting date has elapsed.

On December 26, 2012, we notified certain employees of the Group, including but not limited to two of our Directors, Messrs. Guo Lijun and Zhang Taixi, and Mr. Yang Zhijun (who was then an executive Director until he retired with effect from the conclusion of the annual general meeting of the Company held on May 22, 2015) that we would consider awarding up to specified numbers of Shares to the relevant employees under the 2010 Share Award Plan, subject to the terms and conditions decided by the Chairman and provided that a set of performance targets of the Company from 2012 to 2014 had been achieved. The notifications confirmed that no right or interest had been conferred on the recipients of the notifications. For each of Messrs. Guo Lijun, Zhang Taixi and Yang Zhijun, to whom the maximum amount of Shares that we might award after December 31, 2014 as specified in the relevant notifications were 34,736,901 Shares, 53,684,301 Shares and 34,736,901 Shares, respectively, depending on the actual performances of the Company from 2012 to 2014. The notifications also required each of the recipients to agree to provide, upon being awarded any Shares under the 2010 Share Award Plan, an irrevocable undertaking authorizing Heroic Zone to exercise the voting rights of any awarded Shares. Each of the recipients, including but not limited to Messrs. Guo Lijun, Zhang Taixi and Yang Zhijun, confirmed and agreed to the requirements of the notifications. We currently expect that all awarding conditions under the 2010 Share Award Plan will be achieved and all relevant Shares will be awarded ultimately.

Before the underlying Shares of the 2010 Share Award Plan are awarded, Chang Yun is obligated to exercise the voting rights in respect of the relevant Shares in accordance with the direction given by the Company from time to time. On November 26, 2010, the Company instructed Chang Yun to exercise such voting rights in accordance with the direction of Heroic Zone, a wholly owned subsidiary of Rise Grand, as given in its absolute discretion. Because of the acquisition of control by Rise Grand over the Company and ultimately over Shuanghui Development, Rise Grand was required under PRC laws and regulations to make a tender offer for the shares of all public shareholders of Shuanghui Development. Rise Grand declared in the tender offer, effective from November 21, 2011 to December 20, 2011, that the tender offer was made pursuant to the requirements of PRC laws and regulations and it did not intend to take Shuanghui Development private. As a result, no publicly held shares of Shuanghui Development were tendered.

The 2010 Share Award Plan will terminate on November 26, 2020 or any earlier date determined by our Board. For more details about the share awards made under the 2010 Share Award Plan, please refer to the Company's Prospectus.

2013 Share Award Plan

To incentivize and attract talent for the further development of the Group following the acquisition of Smithfield, the Board adopted the 2013 Share Award Plan on October 23, 2013. Teeroy Limited was designated as the trustee for administering the 2013 Share Award Plan. The pool of 350,877,333 Shares subject to the 2013 Share Award Plan, representing approximately 3% of the Company's then issued share capital on a fully diluted basis, were allotted and issued to High Zenith, the trustee's wholly owned special purpose vehicle incorporated in the BVI, on October 23, 2013 for a consideration of approximately US$35,088.

Under the 2013 Share Award Plan, Mr. Wan Long and Mr. Jiao Shuge, both Directors of the Company, are entitled to jointly select the recipients of share awards, who may include (i) any full-time or part-time employee or officer (including but not limited to any executive or non-executive director) of the Company, its subsidiaries and entities in which any member of the Group holds any equity interest, and (ii) any consultants, agents and advisers of the Company, its subsidiaries and entities in which any member of the Group holds any equity interest. Mr. Wan Long and Mr. Jiao Shuge are also entitled to jointly decide the number of Shares awarded, proposed vesting date, performance target for vesting, lock-up period and other terms and conditions.

High Zenith is contractually obligated to exercise the voting rights in respect of any Shares held under trust for the 2013 Share Award Plan in accordance with the direction given by the Company from time to time. On October 23, 2013, the Company directed High Zenith to exercise such voting rights in accordance with the direction of Heroic Zone as given in its absolute discretion.

The 2013 Share Award Plan will terminate on October 23, 2023 or any earlier date determined by the Board of Directors. As of July 18, 2014, no award has been made under the 2013 Share Award Plan.

The Company also undertook the following share-based payment transactions on October 23, 2013:

- *4.9% Share Issuance to Sure Pass*. The Company allotted and issued 573,099,645 Shares, representing approximately 4.9% of the Company's then issued share capital on a fully diluted basis, to Sure Pass, a company organized and existing under the laws of the BVI and wholly owned by Mr. Wan Long.

- *2.1% Share Issuance to Rich Matrix*. The Company allotted and issued 245,614,133 Shares, representing approximately 2.1% of the Company's then issued share capital on a fully diluted basis, to Rich Matrix, a company organized and existing under the laws of the BVI and wholly owned by Mr. Yang Zhijun.

Each of Sure Pass and Rich Matrix has irrevocably undertaken to exercise the voting rights in respect of its Shares in accordance with the direction given by the Company from time to time. On October 23, 2013, the Company instructed Sure Pass and Rich Matrix to exercise such voting rights in accordance with the direction of Heroic Zone as given in its absolute discretion.

For more details about our 2013 Share Award Plan and other share-based payment transactions in 2013, please refer to the Company's Prospectus.

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.

Directors' Securities Transactions

The Company has adopted a Code of Conduct regarding securities transactions by the Directors on terms no less exacting than the required standards set out in the Model Code. The Company has made specific enquiries with each Director and each of them confirmed that he had complied with the applicable standards under the Code of Conduct during the Review Period.

Corporate Governance Practices

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance practices, which they consider to be essential to safeguard the integrity of the Group's operations and maintaining investors' trust in the Company. The Group's management also actively observes the latest corporate governance developments in the PRC, Hong Kong and abroad. In the opinion of the Board, the Company complied with all applicable code provisions of the CG Code throughout the Review Period, except for the following deviation:

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

The roles of the chairman and the chief executive officer of the Company are served by Mr. WAN Long and have not been segregated as required under code A.2.1 of the CG Code.

The Company 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.

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, 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.

On behalf of the Board

Wan Long
Chairman and Chief Executive Officer

Hong Kong, August 12, 2015

GLOSSARY

"2010 Share Award Plan"	the share award plan adopted by the Company on November 26, 2010, according to which, Teeroy Limited, as the trustee administering this share award plan, instructed Chang Yun to hold a pool of Shares subject to this share award plan; the principal terms of this share award plan are summarized in the section headed "Other Information – 2010 Share Award Plan"
"2013 Share Award Plan"	the share award plan adopted by the Company on October 23, 2013, according to which, Teeroy Limited, as the trustee administering this share award plan, instructed High Zenith to hold a pool of Shares subject to this share award plan; the principal terms of this share award plan are summarized in the section headed "Other Information – 2013 Share Award Plan"
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"Campofrio"	Campofrio Food Group, S.A., a European packaged meats company organized under the laws of Spain. The Company previously held approximately 37% of the common stock of Campofrio during the Review Period and until June 3, 2015, upon which it disposed of all such interest
"CDH Shareholders"	CDH Shine, CDH Shine II Limited, CDH Shine III Limited, CDH Shine IV Limited, CDH Shine V Limited, CDH V Sunshine I Limited and CDH V Sunshine II Limited
"CDH Shine"	CDH Shine Limited, a limited liability company incorporated under the laws of the BVI on February 27, 2006 and wholly owned by China Shine Group Limited (a limited liability company incorporated under the laws of the Cayman Islands)
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Chang Yun"	Chang Yun Holdings Limited (運昌控股有限公司), a limited liability company incorporated under the laws of the BVI on April 12, 2010 and one of the Controlling Shareholders
"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Code of Conduct"	the code of conduct regarding securities transactions by the Directors adopted by 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 the Shares of which are listing on the Main Board of the Stock Exchange
"Comparable Period"	the period from January 1, 2014 to June 30, 2014

"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Rise Grand, Heroic Zone, Chang Yun, High Zenith, Sure Pass, Rich Matrix, China Diamond Holdings Company Limited, CDH Shine, CDH Shine II Limited, CDH Shine III Limited, CDH Shine IV Limited, CDH Shine V Limited, CDH V Sunshine I Limited and CDH V Sunshine II Limited
"Director(s)"	the director(s) of the Company
"Group", "our Group", "our", "we", "us" or "WH Group"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Heroic Zone"	Heroic Zone Investments Limited (雄域投資有限公司), a limited liability company incorporated under the laws of the BVI on July 23, 2007 and one of our Controlling Shareholders
"Heroic Zone Share Plan"	the share plan dated December 25, 2009 and revised on December 17, 2012, under which a group of employees of Shuanghui Development and its associated entities hold 100% of the beneficial interests in Rise Grand, which in turn holds 100% of the equity interest in Heroic Zone
"High Zenith"	High Zenith Limited, a limited liability company incorporated under the laws of BVI on September 6, 2013 and one of our Controlling Shareholders
"HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	August 5, 2014, being the date on which the Shares are listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

"PEDv"	the Porcine Epidemic Diarrhea Virus
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by our Company on January 21, 2014 as amended on April 4, 2014, for the benefit of any director, employee, adviser, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of the Company or any of our subsidiaries; a summary of the principal terms is set forth in the section headed "Other Information – Pre-IPO Share Option Scheme"
"Pre-IPO Share Options"	the options granted under the Pre-IPO Share Option Scheme
"Prospectus"	the prospectus of the Company in relation to the Listing dated July 24, 2014
"Review Period"	the period from January 1, 2015 to June 30, 2015
"Rich Matrix"	Rich Matrix Global Limited (裕基環球有限公司), a limited liability company incorporated under the laws of the BVI on September 9, 2013 and one of the Controlling Shareholders
"Rise Grand"	Rise Grand Group Limited (興泰集團有限公司), a BVI Business Company incorporated under the laws of the BVI on July 3, 2007 and one of the Controlling Shareholders
"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 on February 28, 2006 and an indirect wholly owned subsidiary of the Company
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shine B"	Shine B Holding I Limited, which was a limited liability company incorporated under the laws of BVI on March 20, 2006 until it was officially dissolved on July 8, 2015, and a former Shareholder 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), an indirect non-wholly owned subsidiary of the Company and a joint stock limited company established under the laws of the PRC on October 15, 1998, the shares of which are listed on the Shenzhen Stock Exchange in the PRC, and as the context may require, all or any of its subsidiaries

"Smithfield"	Smithfield Foods, Inc., a corporation incorporated in the Commonwealth of Virginia, the United States on July 25, 1997 and an indirect wholly owned subsidiary of the Company and, as the context may require, all or any of its subsidiaries or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were, or any one of them, as the context may require, were or was engaged in and which were subsequently assumed by it
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"Sure Pass"	Sure Pass Holdings Limited (順通控股有限公司), a limited liability company incorporated under the laws of the BVI on September 25, 2013 and one of the Controlling Shareholders
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States