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WH Group Limited

萬洲國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 288)

**FORM 10-K ANNUAL REPORT FOR
THE YEAR ENDED JANUARY 3, 2016
OF SMITHFIELD FOODS, INC.**

RESULTS OF SMITHFIELD AND FORM 10-K ANNUAL REPORT

As at the date of this announcement, Smithfield Foods, Inc. (“**Smithfield**”) is a corporation incorporated in the Commonwealth of Virginia, the United States and an indirect wholly owned subsidiary of WH Group Limited (the “**Company**”).

As disclosed in the Company’s prospectus dated July 24, 2014, Smithfield voluntarily files with the United States Securities and Exchange Commission (the “**SEC**”) the periodic reports prescribed by the SEC under Section 13(a) of the United States Securities Exchange Act of 1934 (the “**U.S. Exchange Act**”). As an indirect wholly owned subsidiary of the Company, Smithfield is no longer subject to the periodic reporting obligations under the U.S. Exchange Act. However, the indentures governing certain of Smithfield’s senior debts contain covenants that require Smithfield to file such reports as if it were subject to those reporting requirements. Accordingly, Smithfield currently files with the SEC annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. These reports contain financial and other information regarding Smithfield and its subsidiaries. The periodic reports filed by Smithfield with the SEC are available to the public at the respective internet websites maintained by the SEC and Smithfield.

Smithfield is expected to file, at or about the same time of this Announcement, its annual report with the SEC under Form 10-K for the year ended January 3, 2016 (the “**Smithfield Annual Report**”). Such audited consolidated condensed financial results have been prepared in accordance with accounting principles generally accepted in the United States (“**US GAAP**”). However, it is important to note that the Company prepares its consolidated financial results in accordance with International Financial Reporting Standards (“**IFRS**”). Accordingly, Smithfield’s results reported herein differ from Smithfield’s results contained in the Company’s consolidated financial statements, which include certain adjustments in order to conform to IFRS. These adjustments include the re-measurement of biological assets from cost to fair value through earnings, the reclassification of numerous balance sheet items primarily reflected in biological assets and deferred taxes, and classification changes within the financial results, primarily for distribution expenses, which have a significant impact on gross margin. Readers are cautioned to consider these differences when reviewing Smithfield’s US GAAP consolidated condensed financial results reported herein.

SUMMARY OF RESULTS OF SMITHFIELD FOR THE YEAR ENDED JANUARY 3, 2016

For the year ended January 3, 2016, Smithfield sold 18.7 million hogs, an increase of 8% from the comparable period in 2014. Hogs processed amounted to 35.1 million heads, an increase of 9% from the comparable period of 2014. Packaged meat sales volume increased 5% to 1.6 million metric tons compared to the comparable period for 2014. Sales for the year ended decreased 3.9% from the comparable period of 2014 to US\$14,438.4 million. Net income decreased 18.7% from the comparable period of 2014 to US\$452.3 million.

The audited consolidated condensed statements of income for the twelve months ended January 3, 2016 and the consolidated condensed balance sheets as of January 3, 2016 of Smithfield contained in the Smithfield Annual Report are reproduced below:

SMITHFIELD FOODS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(in US\$ millions)
(audited)

	Twelve Months Ended	
	January 3, 2016	December 28, 2014
Sales	14,438.4	15,031.3
Cost of sales	12,683.0	13,255.7
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Gross profit	1,755.4	1,775.6
Selling, general and administrative expenses	973.3	902.2
(Income) loss from equity method investments	(11.7)	(58.2)
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Operating profit	793.8	931.6
Interest expense	133.8	159.4
Non-operating (gain) loss	12.1	(0.9)
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Income before income taxes	647.9	773.1
Income tax expense	195.6	217.0
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Net income	452.3	556.1
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SMITHFIELD FOODS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(in US\$ millions, except share data)
(audited)

	January 3, 2016	December 28, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	704.9	433.5
Accounts receivable, net	760.0	864.0
Inventories	2,099.7	2,206.8
Prepaid expenses and other current assets	176.4	244.3
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Total current assets	3,741.0	3,748.6
Property, plant and equipment, net	2,867.3	2,753.4
Goodwill	1,619.5	1,626.2
Intangible assets, net	1,365.7	1,380.9
Investments	142.5	498.0
Other assets	158.0	124.4
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Total assets	9,894.0	10,131.5
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LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	30.3	48.1
Accrued expenses and other current liabilities	828.3	745.0
Accounts payable	686.1	675.1
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Total current liabilities	1,544.7	1,468.2
Long-term debt and capital lease obligations	2,257.9	2,678.5
Deferred income taxes, net	668.2	697.5
Net long-term pension liability	431.5	574.9
Other liabilities	116.8	122.2
Redeemable non-controlling interests	53.9	49.8

	January 3, 2016	December 28, 2014
Commitments and contingencies		
Equity:		
Shareholder's equity:		
Common stock, no par value, 1,000 authorized shares; 1,000 issued and outstanding	—	—
Additional paid-in capital	4,185.1	4,167.3
Retained earnings	1,013.1	590.8
Accumulated other comprehensive loss	(377.7)	(218.6)
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Total shareholder's equity	4,820.5	4,539.5
Non-controlling interests	0.5	0.9
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Total equity	4,821.0	4,540.4
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Total liabilities and shareholder's equity	9,894.0	10,131.50
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If you wish to review the Smithfield Annual Report, please visit <http://www.smithfieldfoods.com/investor-relations> or <http://www.sec.gov>. To view a copy of the related earnings release made by Smithfield, please visit <http://www.smithfieldfoods.com/investor-relations/sec-filings>.

By order of the board of directors of
WH Group Limited
Chau Ho
Company Secretary

Hong Kong, March 29, 2016

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