萬洲國際
WH GROUP

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2016

HIGHLIGHTS

	Six months ended June 30, 2016	2015
Key Operating data		
Hogs produced (million heads)	**9.4**	9.3
Hogs processed (million heads)	**24.2**	23.9
Packaged meat products sales volume (million metric tons)	**1.5**	1.5

	Six months ended June 30, 2016		2015	
	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	**10,453**	**10,453**	10,205	10,205
Operating profit	**838**	**838**	729	729
EBITDA	**1,076**	**1,199**	968	864
Profit attributable to owners of the Company	**466**	**551**	367	303
Diluted earnings per share (US cents)	**3.26**	**3.85**	2.57	2.12
Interim dividend per share (HK$)	**0.05**	**0.05**	–	–

- Turnover increased by 2.4%
- Operating profit increased by 15.0%
- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 27.0%

The board (the "**Board**") of directors (the "**Directors**") of WH Group Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended June 30, 2016 (the "**Review Period**").

MANAGEMENT DISCUSSION AND ANALYSIS

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

INDUSTRY OVERVIEW

The Group operates in China, the United States of America (the "**U.S.**") and select markets in Europe. Each geographic region is characterized distinctively. To maintain steady performance and maximize profitability, we rely on our seasoned and experienced management team to manage the market dynamics effectively.

China

China is the largest pork consumption market in the world and the market is expected to expand further. Generally, the growth of the pork industry in China is largely dependent on the pace of its economic growth, urbanisation and improvement of people's living standard. Nevertheless, the short term trend is impacted by the industry cycle. According to the National Bureau of Statistics of China, the total production of pork in the Review Period was 24.73 million tons, a decrease of 3.9% as compared to the six months ended June 30, 2015 (the "**Comparable Period**").

The pork prices in China are reflections of the supply and demand of hogs in the market. During the Review Period, the average hog price in China was RMB19.5 (approximately US$3.0) per kg, a surge of 48.9% from the Comparable Period. The high hog prices were primarily a result of the imbalance in supply. The reason of such imbalance could be traced back to the exit of loss-making hog producers since 2014. The increasingly stringent environment protection requirements being enforced by the government added further pressure to the hog farmers. Following the strong rise of hog prices from the second quarter of 2015 and a prolonged period of high level of prices in the first half of 2016, the incentivised hog farmers rebuilt their inventories. The increase in the upcoming supply is anticipated to lower the hog prices gradually.

The high hog prices suppressed the overall consumption of fresh pork and increased the demand for importation of pork from foreign countries. With reference to the statistics of China Customs, the total volume of imported pork for the Review Period was over 760 thousand metric tons, an increase of 214.6% as compared to the Comparable Period.

The U.S.

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.

Hog prices and pork values in the U.S. are driven by the supply and demand of its domestic and export markets. During the Review Period, overall protein production in the U.S. rose by 2.5%, in which the increase in beef was 5% and pork was 0.5%. The increase in production put pressure on the hog prices. The average hog price during the Review Period was US$1.11 per kg, a decrease of 2.6% over the Comparable Period. On the other hand, pork prices held up better due to strong exports, in particular to China. According to the United States Department of Agriculture ("**USDA**"), the total export volume of the U.S. pork grew 1.8% during the Review Period, while the volume to China (Mainland) and Hong Kong grew at a much higher rate of 139.8%. As a result, the average price of pork cutout was 3.6% higher than that of the Comparable Period.

Broadly speaking, fresh pork players in the U.S. benefited from lower hog prices and higher pork values during the Review Period. Hog farmers and slaughtering plants with ractopamine-free production capacity and access to China market benefited most from such opportunity.

RESULTS OF OPERATIONS

Our business primarily consists of three operating segments, namely packaged meat products, fresh pork and hog production.

	Six months ended June 30,		
	2016	2015	Change
	US$ million	*US$ million*	%
Turnover[1]			
– Packaged meat products	**5,342**	5,307	0.7
– Fresh pork	**4,585**	4,171	9.9
– Hog production	**318**	544	(41.5)
– Others[2]	**208**	183	13.7
Total	**10,453**	10,205	2.4
Operating profit			
– Packaged meat products	**769**	729	5.5
– Fresh pork	**191**	58	229.3
– Hog production	**(42)**	44	(195.5)
– Others[2]	**(80)**	(102)	N/A
Total	**838**	729	15.0
Profit before taxation	**913**	554	64.8
Profit for the period	**652**	400	63.0

Notes:

(1) Turnover refers to net external sales.

(2) Others primarily consist of sales of ancillary products and services, as well as certain corporate expenses.

The packaged meat products segment has always been our core business. It contributed 51.1% (Comparable Period: 52.0%) of the Group's total turnover in the Review Period. Its contribution to the Group's operating profit was even higher at 91.8% in the Review Period (Comparable Period: 100%).

Geographically speaking, our operation in China contributed 37.2% and 49.4% of the total turnover and operating profit of the Group in the Review Period, respectively (Comparable Period: 32.0% and 51.4%). Contribution of our operation in the U.S. to the total turnover and operating profit of the Group were 56.4% and 48.1%, respectively (Comparable Period: 61.6% and 44.9%).

Packaged Meat Products

	Six months ended June 30,		
	2016	2015	Change
	US$ million	*US$ million*	*%*
Turnover			
China	**1,654**	1,771	(6.6)
U.S.	**3,401**	3,255	4.5
Others	**287**	281	2.1
Total	**5,342**	5,307	0.7
Operating profit			
China	**378**	363	4.1
U.S.	**372**	342	8.8
Others	**19**	24	(20.8)
Total	**769**	729	5.5

During the Review Period, our total sales volume, turnover and operating profit of packaged meat products all demonstrated an increase over the Comparable Period.

The sales volume of our packaged meat products increased by 2.1% to 1,525 thousand metric tons in the Review Period. In China, our volume growth was 3.7% as compared to the Comparable Period because our key products performed well and our distribution network was further expanded. In addition, a number of new products were also launched during the Review Period including the Smithfield branded, American style bacon, ham and sausage products being produced in China. In the U.S., our volume was about the level of that in the Comparable Period. Our strategy is to achieve better growth by managing our brand portfolio and the front end of our sales process with a more cohesive approach.

Turnover of our packaged meat products in the Review Period was US$5,342 million, an increase of 0.7% as compared to the Comparable Period. The growth was mainly driven by the increase of turnover in the U.S. as a result of the enhancement of product mix and uplift of price points for select products. In contrast, despite the increase in sales volume, turnover in China was lower than that of the Comparable Period as we provided more support to distributors for marketing the products.

Operating profit of our packaged meat products grew 5.5% to US$769 million in the Review Period. In China, against the backdrop of high hog prices, we carefully managed our raw material costs through regulation of inventory levels and expansion of imports. As we enlarged our import volume substantially in the Review Period, more imported meat was deployed to the production of packaged meat products in order to lower our costs. We also continued to improve our business process so as to enhance our labor efficiency and save costs. In the U.S., relying on our management expertise, we were able to pass on higher raw material costs to the market and achieved a higher operating margin in the Review Period.

Fresh Pork

	Six months ended June 30,		
	2016	2015	Change
	US$ million	*US$ million*	%
Turnover			
China	**2,131**	1,407	51.5
U.S.	**2,204**	2,510	(12.2)
Others	**250**	254	(1.6)
Total	**4,585**	4,171	9.9
Operating profit (loss)			
China	**38**	52	(26.9)
U.S.	**158**	15	953.3
Others	**(5)**	(9)	N/A
Total	**191**	58	229.3

From time to time, in response to the shifts in demand and supply and the resulting movements in hog prices, we regulate our levels of slaughtering activity and adjust our meat prices in each respective market to maximize profit.

Number of hogs processed during the Review Period was 24,197 thousand heads, an increase of 1.4% over the Comparable Period. Hog processing volume in China remained stable as a net result of volume expansion based on our efforts to capture more market share as a medium to long term target and demand slow-down caused by the rapidly rising and sustainedly high pork prices. Hog processing volume in the U.S. was also maintained at a similar level as that in the Comparable Period.

Fresh pork turnover grew 9.9% to US$4,585 million in the Review Period because turnover in China went up significantly as a result of an increase in both prices and sales volume. The substantial increase of pork prices in China were primarily due to the lower supply of hogs in the market. Unlike China, turnover in the U.S. decreased as prices declined.

Our operating profit of fresh pork grew significantly from US$58 million in the Comparable Period to US$191 million in the Review Period. Operating profit in the U.S. increased by about tenfold in the Review Period. The great enhancement in profitability was primarily due to our success in capturing the higher value of meat such as bellies and hams, in conjunction with a relative lower cost of hogs. The ongoing benefits of our "One Smithfield" initiative was also a driver of higher margin during the Review Period. The increase in operating profit in the U.S. was partially offset by the decline in China. The reason for such decline was the pass-through of prices became more challenging during the period of rapidly rising and sustainedly high hog prices, coupled with the suppression of consumption level from end customers.

Hog Production

	Six months ended June 30,		
	2016	2015	Change
	US$ million	*US$ million*	*%*
Turnover			
China	**7**	3	133.3
U.S.	**294**	518	(43.2)
Others	**17**	23	(26.1)
Total	**318**	544	(41.5)
Operating (loss)/profit			
China	**21**	3	600.0
U.S.	**(70)**	28	(350.0)
Others	**7**	13	(46.2)
Total	**(42)**	44	(195.5)

Hog production volume remained stable at 9,360 thousand heads during the Review Period. Turnover of hog production decreased by 41.5% to US$318 million in the Review Period as the hog prices in the U.S. were lower in the Review Period and we recorded a higher gain on lean hog futures contracts in the Comparable Period. Operating loss of US$42 million was contributed by the vast majority of our hog production business in the U.S. as a net result of lower feed costs and lower gain on lean hog futures contracts. Our hog production business in China, on the other hand, benefited from the elevated hog prices, achieved higher profitability in the Review Period.

Others

In addition to packaged meat products, fresh pork and hog production, the Group also engages in certain other businesses, which are mainly slaughtering and sales of poultry, manufacturing and sales of packaging materials, provision of logistics services, operating a chain of retail grocery stores, producing flavoring ingredients and natural casings, and sales of biological pharmaceutical materials. In the Review Period, turnover generated from our other businesses amounted to US$208 million, a 13.7% increase as compared to the Comparable Period.

These other businesses are ancillary to our three primary operating segments. For instance, our logistics business in China currently owns 17 logistics centers across 14 provinces covering the majority part of the nation. We are capable of same day delivery to all areas other than Tibet and Xinjiang so that our packaged meat products and fresh pork can be delivered to our customers timely and safely.

ANALYSIS OF CAPITAL RESOURCES

Liquidity

The Group continues to maintain a strong level of liquidity. We had bank balances and cash of US$515 million as at June 30, 2016, which were held primarily in Renminbi, U.S. dollars, Polish Zloty and Romanian Lei. We also had available-for-sale investments of US$517 million as at June 30, 2016 (as at December 31, 2015: US$397 million), which were fully redeemable within 12 months. Our current ratio (ratio of consolidated total current assets to consolidated total current liabilities) was 1.5:1 as at June 30, 2016 (as at December 31, 2015: 1.8:1).The aggregate amount of unutilised banking facilities as at June 30, 2016 was US$2,408 million (as at December 31, 2015: US$2,505 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$1,076 million (Comparable Period: US$968 million). Our net cash from operating activities amounted to US$354 million (Comparable Period: US$306 million). Our net cash used in investing activities amounted to US$349 million (Comparable Period: net cash from US$4 million). Our net cash used in financing activities amounted to US$650 million (Comparable Period: US$448 million).

Debt Profile

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

	At June 30, 2016 *US$ million*	At December 31, 2015 *US$ million*
Borrowings by nature		
Senior unsecured notes	**2,137**	2,142
Bank borrowings	**1,408**	1,603
Medium term notes	**150**	154
Loans from third parties	**5**	3
Bank overdrafts	**50**	12
Total	**3,750**	3,914
Borrowings by geographical region		
U.S.	**2,218**	2,225
Hong Kong	**1,097**	1,152
China	**353**	499
Others	**82**	38
Total	**3,750**	3,914

The Group's total principal amount of borrowings as at June 30, 2016 was US$3,731 million (as at December 31, 2015: US$3,896 million). The maturity profile of the Group's total principal amount of borrowings as at June 30, 2016 is analyzed as below:

	Total
In 2016	12%
In 2017	25%
In 2018	27%
In 2019	1%
In 2020	1%
In 2021	10%
In 2022	24%
Total	100%

As at June 30, 2016, 97.2% of the our borrowings were unsecured (as at December 31, 2015: 98.5%). Certain borrowings were secured by pledged bank deposits and other assets. 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 financial covenants for the Review Period.

Leverage Ratios

As at June 30, 2016, our debt to equity ratio (ratio of consolidated borrowings and bank overdrafts to consolidated total equity) and net debt to equity ratio (ratio of consolidated borrowings and bank overdrafts less bank balances and cash to consolidated total equity) were 54.4% and 46.9% respectively (as at December 31, 2015: 58.4% and 41.4%). 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 1.5:1 (as at December 31, 2015: 1.4:1).

Finance Costs

Our finance costs decreased from US$118 million in the Comparable Period to US$96 million for the Review Period. As at June 30, 2016, the average interest rate of our borrowings was 4.6% (as at December 31, 2015: 4.9%).

Credit Profile

The Group aims at maintaining a good credit profile that is beneficial to its long-term growth and development. The current corporate rating of the Group is AAA according to China Cheng Xin International Credit Rating Co. Ltd. (中誠信國際信用評級有限公司) ("**CCXI**") and China Lianhe Credit Rating Co., Ltd. The corporate rating of our wholly-owned subsidiary, Henan Luohe Shuanghui Industry Group Co., Ltd* (河南省漯河市雙滙實業集團有限責任公司) is also AAA according to CCXI. The corporate ratings of our wholly-owned subsidiary, Smithfield Foods Inc. by Moody's and Standard & Poor's are Ba3 and BB, respectively.

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$208 million in the Review Period. The following table sets out our capital expenditures by geographical region for periods indicated:

	Six months ended June 30,	
	2016	2015
	US$ million	*US$ million*
China	**38**	91
U.S.	**136**	124
Others	**34**	21
Total	**208**	236

* *For identification purposes only*

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.

HUMAN RESOURCES

We continued with our focus on talent management and employee engagement. As at June 30, 2016, we had approximately 103 thousand employees in total, with approximately 52 thousand employees in China and approximately 51 thousand employees in the U.S. and Europe. Total remuneration expenses in the Review Period amounted to US$1,562 million (Comparable Period: US$1,579 million).

BIOLOGICAL ASSETS

As at June 30, 2016, we had a total of 12,235 thousand hogs, consisting of 11,174 thousand live hogs and 1,061 thousand breeding stock, a 5.1% increase from 11,640 thousand hogs as at December 31, 2015. We also had a total of 5,468 thousand poultry, consisting of 4,939 thousand broilers and 529 thousand breeding stock. The fair value of our biological assets was US$1,207 million as at June 30, 2016, as compared to US$1,065 million as at December 31, 2015.

Our results have been, and we expect they 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 an increase of US$12 million and decrease of US$43 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 profits of US$47 million and US$88 million respectively in the Review Period (Comparable Period: losses of US$135 million and US$12 million respectively). For the Review Period, the net impact of biological fair value adjustments on our profit was a profit in the amount of US$85 million, as compared to a loss in the amount of US$64 million in the Comparable Period.

KEY INVESTMENT INTERESTS

Mexican Joint Ventures

The Group has joint venture interests in two pork companies in Mexico, Granjas Carroll de Mexico ("**GCM**") and Norson Holdings ("**Norson**"). GCM sells live hogs into the Mexico City market, one of the largest markets in the world. Norson primarily produces hogs for use in its fresh pork operations. As at June 30, 2016, GCM and Norson had in aggregate approximately 108 thousand sows on the farms in the states of Veracruz, Puebla and Sonora. During the Review Period, share of profit from the Mexican joint ventures was US$11 million (Comparable Period: US$8 million).

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. As at June 30, 2016, approximately 66.6% of our borrowings were at fixed interest rates (As at December 31, 2015: 62.9%). 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.

CONTINGENT LIABILITIES

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

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 sustainability initiatives focus on animal care, community service, employee safety, environmental protection, food safety and product quality. We support people in need, provide relief to disaster-stricken areas, educate children and sponsor charity and public sports activities.

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 2016, Smithfield's U.S. facilities received a total of 47 awards from the North American Meat Institute (NAMI) for our ISO14001 Certified Environmental Management System as implemented at these U.S. operations. Our plants also received several other awards including, for example, our Cudahy, Wisconsin packaged facility which was recognized by the Milwaukee Metropolitan Sewerage District for diligent compliance and protection of Lake Michigan and other waterways, and our Wichita Kansas facility which was awarded the Gold Pretreatment Compliance award by the Kansas Water Environment Association.

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 U.S., we have been gradually phasing out individual gestation stalls at company-owned sow farms and have been replacing them with group housing systems.

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. For example, 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 donate millions of servings of 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. In the U.S., work-related injuries in connection with our operations continue to remain below the national averages for our industry.

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

OUTLOOK

The operating landscape, affected by economic growth, consumers' preference, industry cycle and epidemics, will continue to impact our businesses. To cope with these challenges and achieve more vigorous growth in competition, we will respond proactively.

In China, we will deepen the optimisation of our product portfolio, expand our sales network, develop our sales channels and invest in marketing efforts. We will launch new products to the market consistently, with an emphasis on low temperature and mid-end to premium products. In the U.S., we will focus on the realization of the full value of "One Smithfield" initiative. We will build stronger consumer brands and increase market share in key products. We expect margins to keep enhancing through improvement in management and uplift in efficiency.

As a consumer goods company, branded packaged meat products will continue to be our core business. Coupled with our stringent quality control and food safety systems, we will assure customers with high quality products. We will also strive to capture opportunities brought by industry consolidation. We believe that our relentless pursuit of our strategies will lead to sustainable growth, solidify our global leadership and create long-term value for our shareholders, employees and communities.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2016

		Six-month period ended June 30, 2016			Six-month period ended June 30, 2015		
	Notes	**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)*	Biological fair value adjustments US$'million *(unaudited)*	Total US$'million *(unaudited)*
Turnover		**10,453**	**–**	**10,453**	10,205	–	10,205
Cost of sales		**(8,405)**	**(12)**	**(8,417)**	(8,260)	43	(8,217)
Gross profit		**2,048**	**(12)**	**2,036**	1,945	43	1,988
Distribution and selling expenses		**(854)**	**–**	**(854)**	(829)	–	(829)
Administrative expenses		**(339)**	**–**	**(339)**	(353)	–	(353)
Gain (loss) arising from agricultural produce at fair value less costs to sell at the point of harvest		**–**	**47**	**47**	–	(135)	(135)
Gain (loss) arising from changes in fair value less costs to sell of biological assets		**–**	**88**	**88**	–	(12)	(12)
Other income		**37**	**–**	**37**	34	–	34
Other gains and losses		**5**	**–**	**5**	14	–	14
Other expenses		**(28)**	**–**	**(28)**	(42)	–	(42)
Finance costs		**(96)**	**–**	**(96)**	(118)	–	(118)
Share of profits (losses) of associates		**5**	**–**	**5**	(1)	–	(1)
Share of profits of joint ventures		**12**	**–**	**12**	8	–	8
Profit before taxation	*4*	**790**	**123**	**913**	658	(104)	554
Taxation	*5*	**(223)**	**(38)**	**(261)**	(194)	40	(154)
Profit for the period		**567**	**85**	**652**	464	(64)	400
Other comprehensive (expense) income for the period:							
Items that will not be reclassified subsequently to profit or loss							
– remeasurement on defined benefit pension plans				**2**			58

	Notes	Six-month period ended June 30, 2016 Results before biological fair value adjustments US$'million *(unaudited)*	Biological fair value adjustments US$'million *(unaudited)*	Total US$'million *(unaudited)*	Six-month period ended June 30, 2015 Results before biological fair value adjustments US$'million *(unaudited)*	Biological fair value adjustments US$'million *(unaudited)*	Total US$'million *(unaudited)*
Items that may be reclassified subsequently to profit or loss							
– exchange differences arising on translation of foreign operations				**(57)**			(69)
– fair value change in cash flow hedge				**25**			(9)
– reclassification adjustment on translation reserve released on disposal of interest in an associate				**–**			36
				(32)			(42)
Other comprehensive (expense) income for the period, net of tax				**(30)**			16
Total comprehensive income for the period				**622**			416
Profit for the period attributable to							
– owners of the Company				**551**			303
– non-controlling interests				**101**			97
				652			400
Total comprehensive income for the period attributable to							
– owners of the Company				**519**			317
– non-controlling interests				**103**			99
				622			416
Earnings per share							
–Basic (US cents)	7			**4.03**			2.22
–Diluted (US cents)	7			**3.85**			2.12

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2016

	Notes	**At June 30, 2016 US$'million *(unaudited)***	At December 31, 2015 US$'million *(audited)*
Non-current assets			
Property, plant and equipment	*8*	**4,644**	4,674
Prepaid lease payments		**207**	215
Biological assets	*9*	**191**	200
Goodwill		**1,797**	1,801
Intangible assets		**1,703**	1,715
Interests in associates		**65**	63
Interests in joint ventures		**117**	122
Other receivables		**47**	45
Pledged bank deposits		**10**	9
Deferred tax assets		**39**	146
Other non-current assets		**84**	98
		8,904	9,088
Current assets			
Biological assets	*9*	**1,016**	865
Inventories	*10*	**1,750**	1,748
Trade and bills receivables	*11*	**791**	725
Prepayments, deposits and other receivables		**238**	231
Prepaid lease payments		**5**	5
Taxation recoverable		**114**	88
Available-for-sale investments		**517**	397
Derivatives financial assets		**15**	–
Pledged bank deposits		**8**	17
Bank balances and cash		**515**	1,137
		4,969	5,213

	Notes	**At June 30, 2016 US$'million *(unaudited)***	At December 31, 2015 US$'million *(audited)*
Current liabilities			
Trade and bills payables	*12*	**491**	812
Accrued expenses and other payables	*13*	**1,290**	1,371
Taxation payable		**91**	44
Derivatives financial liabilities		**7**	26
Borrowings	*14*	**1,362**	594
Bank overdrafts	*14*	**50**	12
		3,291	2,859
Net current assets		**1,678**	2,354
Total assets less current liabilities		**10,582**	11,442
Non-current liabilities			
Borrowings	*14*	**2,338**	3,308
Other payables	*13*	**151**	149
Obligations under finance leases		**23**	23
Deferred tax liabilities		**848**	810
Deferred revenue		**8**	9
Pension liability and other retirement benefits		**321**	440
		3,689	4,739
Net assets		**6,893**	6,703
Capital and reserves			
Share capital		**1**	1
Reserves		**6,085**	5,762
Equity attributable to owners of the Company		**6,086**	5,763
Non-controlling interests		**807**	940
Total equity		**6,893**	6,703

EXTRACTED FROM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended June 30, 2016

	Six-month period ended June 30,	
	2016	2015
	US$'million	US$'million
	(unaudited)	*(unaudited)*
Net cash from operating activities	**354**	306
Net cash (used in) from investing activities	**(349)**	4
Net cash used in financing activities	**(650)**	(448)
Net decrease in cash and cash equivalents	**(645)**	(138)
Cash and cash equivalents at January 1	**1,125**	958
Effect on foreign exchange rate changes	**(15)**	(1)
Cash and cash equivalents at June 30	**465**	819
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**515**	843
Bank overdrafts	**(50)**	(24)
	465	819

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended June 30, 2016

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.

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, 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2015.

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 condensed consolidated financial statements:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 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 which 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, imported meat products as well as some retail business and biopharmaceuticals, retail of meat related products, and expenses incurred by the Group.

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.

Segment 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 profits (losses) of associates and joint ventures. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

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

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

For the six months ended June 30, 2016

	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	**1,654**	**2,394**	**50**	**189**	**4,287**
Less: Inter-segment and inter-location sales	**–**	**(263)**	**(43)**	**(88)**	**(394)**
Net external sales	**1,654**	**2,131**	**7**	**101**	**3,893**
Reportable segment profit (loss)	**378**	**38**	**21**	**(23)**	**414**
United States of America ("the U.S.")					
Gross segment revenue	**3,402**	**3,499**	**1,297**	**–**	**8,198**
Less: Inter-segment and inter-location sales	**(1)**	**(1,295)**	**(1,003)**	**–**	**(2,299)**
Net external sales	**3,401**	**2,204**	**294**	**–**	**5,899**
Reportable segment profit (loss)	**372**	**158**	**(70)**	**(57)**	**403**
Others					
Gross segment revenue	**308**	**402**	**221**	**140**	**1,071**
Less: Inter-segment and inter-location sales	**(21)**	**(152)**	**(204)**	**(33)**	**(410)**
Net external sales	**287**	**250**	**17**	**107**	**661**
Reportable segment profit (loss)	**19**	**(5)**	**7**	**–**	**21**
Total					
Gross segment revenue	**5,364**	**6,295**	**1,568**	**329**	**13,556**
Less: Inter-segment and inter-location sales	**(22)**	**(1,710)**	**(1,250)**	**(121)**	**(3,103)**
Net external sales	**5,342**	**4,585**	**318**	**208**	**10,453**
Reportable segment profit (loss)	**769**	**191**	**(42)**	**(80)**	**838**
Net unallocated income					**31**
Biological assets fair value adjustments					**123**
Finance costs					**(96)**
Share of profits of associates					**5**
Share of profits of joint ventures					**12**
Profit before taxation					**913**

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
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-segment and inter-location sales	(23)	(1,413)	(1,299)	(108)	(2,843)
Net external sales	5,307	4,171	544	183	10,205
Reportable segment profit (loss)	729	58	44	(102)	729
Net unallocated income					40
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

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

No further analysis is presented for certain items included or excluded in the measure of segment result as such information is 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,	
	2016	2015
	US$'million	*US$'million*
	(unaudited)	*(unaudited)*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**184**	186
Amortisation of intangible assets included in administrative expenses	**4**	4
Amortisation of prepaid lease payments	**2**	2
Write-down of inventories included in cost of sales	**9**	3
Allowances on trade receivables	**–+**	1
Operating leases rentals in respect of rented premises	**55**	57
Research and development expenses	**42**	45
Staff costs	**1,542**	1,550
and after crediting:		
Gain on disposal of an associate	**–**	1
Gain on maturity of available-for-sale investments	**10**	16

The cost of sales represented the cost of inventories recognised in profit or loss during both periods.

+ Less than US$1 million

5. TAXATION

	Six-month period ended June 30,	
	2016	2015
	US$'million	*US$'million*
	(unaudited)	*(unaudited)*
China enterprise income tax	**107**	97
U.S. and other overseas income tax	**121**	101
Withholding tax	**5**	9
Deferred tax (credit)	**28**	(53)
	261	154

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

6. DIVIDENDS

The Board resolved to recommend the payment of a dividend of HK$0.125 per share to the shareholders of the Company whose names appear on the register of members of the Company on May 27, 2016. The dividend was paid in cash to the shareholders of the Company on June 13, 2016.

The Board resolved to recommend the payment of an interim dividend of HK$0.05 per share to the shareholders of the Company whose names appear on the register of members of the Company on September 2, 2016. The dividend is to be paid in cash to the shareholders of the Company on or about September 20, 2016.

7. 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,	
	2016	2015
	US$'million	US$'million
	(unaudited)	*(unaudited)*
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**551**	303

	Six-month period ended June 30,	
	2016	2015
	million Shares	*million Shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note)*	**13,665.96**	13,665.96
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	**14,297.54**	14,297.54

Note: 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, 2016 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.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred US$208 million (2015: US$236 million) on addition of property, plant and equipment.

9. BIOLOGICAL ASSETS

Nature of the Group's agricultural activities

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

	At June 30, 2016 Head *('000)* *(unaudited)*	At December 31, 2015 Head *('000)* *(audited)*
Live hogs		
– suckling	**1,721**	1,555
– nursery	**2,416**	2,203
– finishing	**7,037**	6,816
	11,174	10,574
Breeding stock (hogs)	**1,061**	1,066
	12,235	11,640
Broilers	**4,939**	2,862
Breeding stock (poultry)	**529**	455
	5,468	3,317

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 and poultry. 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 and poultry at the end of each of the reporting period.

Analysed for reporting purpose as:

	At June 30, 2016 *US$'million* *(unaudited)*	At December 31, 2015 *US$'million* *(audited)*
Current	**1,016**	865
Non-current	**191**	200
	1,207	1,065

Fair value measurement

The fair values of breeding stock (hogs and poultry) are determined based on the average of the historical selling price of hog and poultry 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 and broiler are mainly determined based on the market price of hogs and broiler in the actively traded slaughtering market, subtracting the breeding costs required to raise the live hogs and broiler 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 and broiler in the slaughtering market or decrease in the breeding cost required to raise the live hogs and broiler, and vice versa.

10. INVENTORIES

	At June 30, 2016 *US$'million* *(unaudited)*	At December 31, 2015 *US$'million* *(audited)*
Raw materials	**513**	696
Work in progress	**88**	76
Finished goods	**1,149**	976
	1,750	1,748

11. TRADE AND BILLS RECEIVABLES

	At June 30, 2016 ***US$'million*** ***(unaudited)***	At December 31, 2015 *US$'million* *(audited)*
Trade receivables	**789**	727
Less: Allowance for bad and doubtful debts	**(7)**	(7)
	782	720
Bills receivables	**9**	5
	791	725

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, 2016 ***US$'million*** ***(unaudited)***	At December 31, 2015 *US$'million* *(audited)*
Age		
0 to 30 days	**722**	647
31 to 90 days	**67**	62
91 to 180 days	**2**	16
	791	725

12. TRADE AND BILLS PAYABLES

	At June 30, 2016 ***US$'million*** ***(unaudited)***	At December 31, 2015 *US$'million* *(audited)*
Trade payables	**491**	812

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, 2016 US$'million (unaudited)	At December 31, 2015 US$'million (audited)
Age		
0 to 30 days	**475**	786
31 to 90 days	**9**	22
91 to 180 days	**1**	2
181 to 365 days	**6**	2
	491	812

13. ACCRUED EXPENSES AND OTHER PAYABLES

	At June 30, 2016 US$'million (unaudited)	At December 31, 2015 US$'million (audited)
Accrued staff costs	**316**	394
Sales rebates payables	**217**	193
Deposit receipts	**209**	206
Payables in respect of acquisition of property, plant and equipment	**160**	189
Insurance payables	**112**	113
Interest payable	**47**	62
Balance of contingent consideration in respect of acquisition of subsidiaries	**59**	54
Growers payables	**36**	35
Deferred compensation	**33**	32
Accrued rent and utilities	**30**	30
Pension liability	**31**	31
Accrued professional fees	**18**	25
Accrued advertising expenses	**17**	26
Amounts due to associates	**9**	4
Deferred revenue	**1**	2
Obligations under finance leases	**1**	1
Other payables	**145**	123
	1,441	1,520
Analysed for reporting purposes as:		
Current	**1,290**	1,371
Non-current	**151**	149
	1,441	1,520

14. BORROWINGS

	At June 30, 2016 *US$'million* *(unaudited)*	At December 31, 2015 *US$'million* *(audited)*
Senior unsecured notes		
6.625% senior unsecured notes due August 2022	**899**	900
5.250% senior unsecured notes due August 2018	**447**	446
7.750% senior unsecured notes due July 2017	**441**	447
5.875% senior unsecured notes due August 2021	**350**	349
	2,137	2,142
Medium-term unsecured notes	**150**	154
Bank loans *(Note i)*		
Secured	**102**	59
Unsecured	**1,306**	1,544
Loans from third parties *(Note ii)*		
Secured	**3**	1
Unsecured	**2**	2
	3,700	3,902
Bank overdrafts *(Note iii)*	**50**	12
The borrowings other than bank overdrafts are repayable as follows *(Note iv)*:		
Within one year	**1,362**	594
Between one to two years	**407**	777
Between two to five years	**674**	1,278
After five years	**1,257**	1,253
	3,700	3,902
Less: Amounts due within one year shown under current liabilities	**(1,362)**	(594)
Amounts due after one year	**2,338**	3,308
Total borrowings		
At fixed rates	**2,465**	2,456
At floating rates	**1,235**	1,446
	3,700	3,902

Notes:

(i) Bank loans carry interest at fixed rates ranging from 2.45% to 5.70% (December 31, 2015: from 2.67% to 5.25%) and floating rates of LIBOR + 0.60% to LIBOR + 3.25% per annum at June 30, 2016 (December 31, 2015: LIBOR + 0.68% to LIBOR + 3.25%).

(ii) Loans from third parties carry interests at fixed rates of 0.90% per annum at June 30, 2016 (December 31, 2015: 0.90%).

(iii) Bank overdrafts at June 30, 2016 carry interest at fixed rate ranging from 3.92% to 4.13% per annum (December 31, 2015: 4.35%).

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

Certain borrowings as at June 30, 2016 are secured by the Group's pledged bank deposits of US$12 million (December 31, 2015: US$21 million). As at June 30, 2016 and December 31, 2015, certain U.S. subsidiaries of the Group 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.

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 default in payment of the bank borrowings, nor did it breach any relevant financial covenants for the period ended June 30, 2016 and year ended December 31, 2015.

OTHER INFORMATION

AUDIT COMMITTEE

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the "**Code of Conduct**") regarding securities transactions by the Directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries with each Director and each of them confirmed that he had complied with all required standards under the Code of Conduct during the Review Period.

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

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

INTERIM DIVIDEND

The Board declares an interim dividend of HK$0.05 per share (2015: Nil) for the six months ended June 30, 2016 (the "**2016 Interim Dividend**"), representing a total payment of approximately HK$732 million (equivalent to approximately US$94 million) (2015: Nil) to the Shareholders. The 2016 Interim Dividend is expected to be paid in cash to the Shareholders on or about Tuesday, September 20, 2016. The register of members of the Company will be closed from Monday, September 5, 2016 to Wednesday, September 7, 2016, both days inclusive, during which period no transfer of shares will be registered. To ensure their entitlement to the 2016 Interim Dividend, Shareholders are reminded to lodge their transfers not later than 4:30 p.m. on Friday, September 2, 2016 with Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the HKExnews website (www.hkexnews.hk) and the Company's website (www.wh-group.com). The 2016 interim report of the Company will be despatched to the Shareholders and published on the same websites in due course.

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

Hong Kong, August 20, 2016

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

* *For identification purpose only*