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, 2014

HIGHLIGHTS

	Six months ended June 30,	
	2014	2013
Key Operating data		
Hogs produced (thousand heads)	**8,990**	158
Hogs processed (thousand heads)	**24,333**	6,296
Packaged meat products sales volume (thousand metric tons)	**1,522**	797

	Six months ended June 30,			
	2014		2013	
	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 (unaudited)		*US$ million (unaudited and unreviewed)*	
Key financial data				
Turnover	**10,540**	10,540	**3,298**	3,298
EBITDA[1]	**1,064**	1,321	**419**	420
Operating profit[2]	**815**	815	**329**	329
Profit attributable to owners of the Company	**366**	531	**178**	179

- Turnover increased by 219.6% from the comparable period of 2013
- Operating profit increased by 147.7% from the comparable period of 2013
- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 105.6% from the comparable period of 2013

1 EBITDA refers to earnings before finance costs, taxation, depreciation and amortization.

2 Operating profit refers to total reportable segment profit.

The board of directors (the "**Board**") of WH Group Limited (the "**Company**") announces the unaudited results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended June 30, 2014 (the "**Review Period**"). The interim financial results are unaudited, but have been reviewed by the Company's external auditor, Deloitte Touche Tohmatsu, 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 ("**HKICPA**"), whose independent review report will be included in the interim report to be sent to shareholders. The interim financial results have also been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2014

		Six months ended June 30,					
		2014			2013		
	Notes	**Results before biological fair value adjustments**	**Biological fair value adjustments**	**Total**	**Results before biological fair value adjustments**	**Biological fair value adjustments**	**Total**
		US$'million (unaudited)			*US$'million (unaudited and unreviewed)*		
Turnover		**10,540**	**—**	**10,540**	3,298	—	3,298
Cost of sales		**(8,604)**	**(358)**	**(8,962)**	(2,732)	(11)	(2,743)
Gross profit		**1,936**	**(358)**	**1,578**	566	(11)	555
Distribution and selling expenses		**(728)**	**—**	**(728)**	(118)	—	(118)
Administrative expenses		**(372)**	**—**	**(372)**	(98)	—	(98)
Gain arising from agricultural produce at fair value less costs to sell at the point of harvest		**—**	**311**	**311**	—	5	5
Gain arising from changes in fair value less costs to sell of biological assets		**—**	**304**	**304**	—	7	7
Other income		**57**	**—**	**57**	35	—	35
Other gains and losses		**14**	**—**	**14**	4	—	4
Other expenses		**(50)**	**—**	**(50)**	(35)	—	(35)
Finance costs		**(184)**	**—**	**(184)**	(6)	—	(6)
Share of profits of associates		**8**	**—**	**8**	4	—	4
Share of profits of joint ventures		**21**	**—**	**21**	—	—	—
Profit before taxation	4	**702**	**257**	**959**	352	1	353
Taxation	5	**(225)**	**(92)**	**(317)**	(84)	—	(84)
Profit for the period		**477**	**165**	**642**	268	1	269

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended June 30, 2014

		Six months ended June 30,					
		2014			2013		
	Notes	**Results before biological fair value adjustments**	**Biological fair value adjustments**	**Total**	**Results before biological fair value adjustments**	**Biological fair value adjustments**	**Total**
		US$'million (unaudited)			*US$'million (unaudited and unreviewed)*		
Other comprehensive (expense) income for the period:							
Items that will not be reclassified subsequently to profit or loss							
- exchange differences arising on translation to presentation currency				**—**			41
- remeasurement on defined benefit pension plans				**(46)**			—
				(46)			41
Items that may be reclassified subsequently to profit or loss							
- exchange differences arising on translation of foreign operations				**(61)**			—
- fair value change in cash flow hedge				**(101)**			—
				(162)			—
Other comprehensive (expense) income for the period, net of tax				**(208)**			41
Total comprehensive income for the period				**434**			310
Profit for the period attributable to							
- owners of the Company				**531**			179
- non-controlling interests				**111**			90
				642			269
Total comprehensive income for the period attributable to							
- owners of the Company				**342**			210
- non-controlling interests				**92**			100
				434			310
Earnings per share							
- Basic (US$ cents)	7			**4.96**			1.81
- Diluted (US$ cents)	7			**4.68**			1.70

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2014

	Notes	**At June 30, 2014** *US$ million* (unaudited)	**At December 31, 2013** *US$ million* *(audited)*
Non-current assets			
Property, plant and equipment	8	**4,160**	4,132
Prepaid lease payments		**200**	208
Biological assets	9	**213**	204
Goodwill		**1,838**	1,835
Intangible assets		**1,767**	1,780
Interests in associates		**418**	415
Interests in joint ventures		**144**	121
Loans and other receivables		**43**	123
Pledged bank deposits		**14**	9
Deferred tax assets		**72**	42
Other non-current assets		**105**	120
		8,974	8,989
Current assets			
Biological assets	9	**1,239**	1,116
Inventories	10	**2,136**	1,808
Trade and bills receivables	11	**862**	870
Prepayments, deposits and other receivables		**463**	242
Prepaid lease payments		**5**	5
Taxation recoverable		**1**	37
Available-for-sale investments		**161**	151
Derivatives financial assets		**39**	6
Pledged bank deposits		**47**	57
Bank balances and cash		**662**	875
		5,615	5,167

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At June 30, 2014

	Notes	**At June 30, 2014** *US$ million* (unaudited)	**At December 31, 2013** *US$ million* *(audited)*
Current liabilities			
Trade payables	12	**636**	851
Accrued expenses and other payables	13	**1,124**	1,146
Taxation payable		**45**	44
Derivatives financial liabilities		**234**	21
Borrowings	14	**771**	684
Bank overdrafts	14	**63**	76
		2,873	2,822
Net current assets		**2,742**	2,345
Total assets less current liabilities		**11,716**	11,334
Non-current liabilities			
Borrowings	14	**6,710**	6,672
Other payables	13	**143**	150
Obligations under finance leases		**24**	25
Deferred tax liabilities		**829**	824
Deferred revenue		**6**	9
Pension liability and other retirement benefits		**556**	516
		8,268	8,196
Net assets		**3,448**	3,138
Capital and reserves			
Share capital		**1**	1
Reserves		**2,632**	2,274
Equity attributable to owners of the Company		**2,633**	2,275
Non-controlling interests		**815**	863
Total equity		**3,448**	3,138

EXTRACTED FROM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2014

	Six months ended June 30,	
	2014	**2013**
	US$'million	*US$'million*
	(unaudited)	*(unaudited and unreviewed)*
Net cash from operating activities	**70**	107
Net cash used in investing activities	**(238)**	(213)
Net cash (used in) from financing activities	**(18)**	195
Net (decrease) increase in cash and cash equivalents	**(186)**	89
Cash and cash equivalents at January 1,	**799**	674
Effect on foreign exchange rate changes	**(14)**	16
Cash and cash equivalents at June 30,	**599**	779
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**662**	826
Bank overdrafts	**(63)**	(47)
	599	779

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended June 30, 2014

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. The Company's shares have been 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 livestock slaughtering as well as manufacture and sales of meat and meat products.

The functional currency of the Company was Renminbi ("RMB"), as the main operation of the Group was located in the Mainland China ("China") before the acquisition of Smithfield Foods, Inc. ("Smithfield") (the "Acquisition") in September 2013 while the presentation currency of the Group is United States Dollar ("US$"), as the directors of the Company consider US$, being an internationally well-recognised currency, can provide more meaningful information to the Company's investors. Given the significance of the acquisition of Smithfield to the Group, the directors of the Company had reassessed the functional currency of the Company and decided to change the functional currency of the Company and certain subsidiaries from RMB to US$ after the Acquisition 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 and the relevant subsidiaries operate after the Acquisition.

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 (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2014 are the same as those followed in the preparation of the Group's financial information for the three years ended December 31, 2013 and the three-month period ended March 31, 2014 incorporated in the prospectus of the Company dated July 24, 2014.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors who are also the chief operation 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 and corporate, which are 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 and corporate	—	represents sales of ancillary products and services such as provision of logistics services, sales of flavoring ingredients, internally-produced packaging materials, imported meat products as well as retail business and biopharmaceuticals, retail of meat related products and expenses incurred by the Company.

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 profits of associates and joint ventures. This is the measure reported to the chief operation 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, 2014

	Packaged meats	**Fresh pork**	**Hog production**	**Others and corporate**	**Total**
			US$ million (unaudited)		
China					
Segment revenue	**1,989**	**1,652**	**34**	**199**	**3,874**
Less: Inter-segment sales	**—**	**(321)**	**(31)**	**(120)**	**(472)**
Net external sales	**1,989**	**1,331**	**3**	**79**	**3,402**
Reportable segment profit (loss)	**353**	**83**	**—+**	**(31)**	**405**
United States of America ("U.S.")					
Segment revenue	**3,277**	**2,993**	**1,706**	**—**	**7,976**
Less: Inter-segment sales	**—**	**(127)**	**(1,491)**	**—**	**(1,618)**
Net external sales	**3,277**	**2,866**	**215**	**—**	**6,358**
Reportable segment profit (loss)	**211**	**82**	**135**	**(64)**	**364**
Others					
Segment revenue	**340**	**434**	**276**	**—**	**1,050**
Less: Inter-segment sales	**(20)**	**(3)**	**(247)**	**—**	**(270)**
Net external sales	**320**	**431**	**29**	**—**	**780**
Reportable segment profit	**11**	**—+**	**35**	**—**	**46**

\+ Less than US$1 million.

For the six months ended June 30, 2014 (continued)

	Packaged meats	Fresh pork	Hog production	Others and corporate	Total
			US$ million (unaudited)		
Total					
Segment revenue	5,606	5,079	2,016	199	12,900
Less: Inter-segment sales	(20)	(451)	(1,769)	(120)	(2,360)
Net external sales	5,586	4,628	247	79	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

For the six months ended June 30, 2013

	Packaged meats	Fresh pork	Hog production	Others and corporate	Total
			US$ million (unaudited and unreviewed)		
China					
Segment revenue	1,895	1,574	40	216	3,725
Less: Inter-segment sales	—	(294)	(33)	(100)	(427)
Net external sales	1,895	1,280	7	116	3,298
Reportable segment profit (loss)	300	54	3	(28)	329
Unallocated income					36
Unallocated expenses					(11)
Biological assets fair value adjustments					1
Finance costs					(6)
Share of profits of associates					4
Profit before taxation					353

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 months ended June 30, 2014	Six months ended June 30, 2013
	US$'million	*US$'million*
	(unaudited)	*(unaudited and unreviewed)*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	173	59
Amortisation of intangible assets included in administrative expenses	3	—+
Amortisation of prepaid lease payments	2	2
Write-down of inventories included in cost of sales	6	8
Impairment loss recognised on trade and other receivables	2	—+
Operating leases rentals in respect of rented premises	61	24
Research and development expenses	46	9
and after crediting:		
Gain on maturity of available-for-sale investments	15	3

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

\+ Less than US$1 million.

5. **TAXATION**

	Six months ended June 30, 2014	Six months ended June 30, 2013
	US$ million	*US$ million*
	(unaudited)	*(unaudited and unreviewed)*
China Enterprise Income Tax		
- current period	**(99)**	(80)
- underprovision in prior year	**(1)**	—
	(100)	(80)
U.S. and other overseas Income Tax		
- current period	**(120)**	—
Withholding tax	**(24)**	(33)
Deferred taxation	**(73)**	29
	(317)	(84)

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 months ended June 30, 2013 and June 30, 2014 respectively.

7. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2014	**2013**
	US$million *(unaudited)*	*US$million* *(unaudited and unreviewed)*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**531**	179

	Six months ended June 30,	
	2014	**2013**
	million *(unaudited)*	*million* *(unaudited and unreviewed)*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**10,713.45**	9,894.74
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	**11,345.03**	10,526.32

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

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred US$249 million (2013: US$74 million) on addition of property, plant and equipment.

9. BIOLOGICAL ASSETS

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 create 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, 2014** *thousand heads* *(unaudited)*	At **December 31, 2013** *thousand heads* *(audited)*
Live hogs		
- suckling	**1,522**	1,336
- nursery	**2,095**	2,010
- finishing	**6,421**	7,057
Breeding stock	**1,045**	1,047
	11,083	11,450

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.

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

Analysed for reporting purposes as:

	At June 30, 2014 *US$million* *(unaudited)*	At December 31, 2013 *US$million* *(audited)*
Current		
- Live hogs	**1,239**	1,116
Non-current		
- Breeding stock	**213**	204
	1,452	1,320

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.

10. INVENTORIES

	At June 30, 2014 *US$million* *(unaudited)*	At December 31, 2013 *US$million* *(audited)*
Raw materials	**670**	595
Work in progress	**101**	89
Finished goods	**1,365**	1,124
	2,136	1,808

11. TRADE AND BILLS RECEIVABLES

	At June 30, 2014 *US$million* *(unaudited)*	At December 31, 2013 *US$million* *(audited)*
Trade receivables	**855**	861
Bills receivables	**7**	9
	862	870

The general credit term allowed by the Group to its customers is within 30 days in China operations and 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, 2014 *US$million* *(unaudited)*	At December 31, 2013 *US$million* *(audited)*
Age		
0 to 30 days	**788**	778
31 to 90 days	**65**	79
91 to 180 days	**9**	13
Over 180 days	**—**+	—+
	862	870

+ Less than US$1 million.

12. TRADE PAYABLES

	At June 30, 2014 US$million (unaudited)	At December 31, 2013 US$million (audited)
Trade payables	**636**	851

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 ageing analysis of trade payables based on the invoice date at the end of the reporting period:

	At June 30, 2014 US$million (unaudited)	At December 31, 2013 US$million (audited)
Age		
0 to 30 days	**597**	756
31 to 90 days	**31**	87
91 to 180 days	**2**	8
Over 180 days	**6**	—
	636	851

13. ACCRUED EXPENSES AND OTHER PAYABLES

	At June 30, 2014 *US$million* *(unaudited)*	At December 31, 2013 *US$million* *(audited)*
Deposit receipts and deposits received from customers	142	196
Accrued staff costs	336	342
Payables in respect of acquisition of property, plant and equipment	86	78
Sales rebates payables	121	105
Insurance payables	116	109
Pension liability	26	26
Obligations under finance leases	1	1
Deferred revenue	4	5
Interest payable	68	65
Dividend payable to non-controlling interests	7	46
Amounts due to associates	9	8
Growers payables	39	35
Other tax payables	47	69
Balance of contingent consideration in respect of acquisition of subsidiaries	48	48
Other payables	217	163
	1,267	1,296
Analysed for reporting purposes as:		
Current	1,124	1,146
Non-current	143	150
	1,267	1,296

14. BORROWINGS

	At June 30, 2014 US$million (unaudited)	At December 31, 2013 US$million (audited)
Senior unsecured notes		
6.625% senior unsecured notes due August 2022	**1,021**	1,021
7.750% senior unsecured notes due July 2017	**526**	539
5.250% senior unsecured notes due August 2018	**491**	490
5.875% senior unsecured notes due August 2021	**392**	391
	2,430	2,441
Bank loans (note i)		
Secured	**4,439**	4,300
Unsecured	**609**	612
Loans from third parties (note ii)		
Secured	**1**	1
Unsecured	**2**	2
	7,481	7,356
Bank overdrafts (note iii)	**63**	76
The borrowings other than bank overdrafts are repayable as follows (note iv):		
Within one year	**771**	684
Between one to two years	**588**	306
Between two to five years	**4,706**	4,950
After five years	**1,416**	1,416
	7,481	7,356
Less: Amount due within one year shown under current liabilities	**(771)**	(684)
Amount due after one year	**6,710**	6,672
Total borrowings:		
At fixed rates	**2,864**	2,887
At floating rates	**4,617**	4,469
	7,481	7,356

Notes:

(i) Fixed rate bank loans carry interest ranging from 2.03% to 6% per annum at June 30, 2014 (December 31, 2013: from 1.48% to 6% per annum). The floating rate bank loans carry interest ranging from London Interbank Offered Rate ("LIBOR") +1.6% to LIBOR + 4.5% per annum at June 30, 2014 (December 31, 2013: from LIBOR+1.38% to Warsaw Interbank Offered Rate +2.5% per annum).

(ii) Loans from third parties carry interests at fixed rates ranging from 0.6% to 0.9% per annum at June 30, 2014 (December 31, 2013: 0.6% to 0.9% per annum).

(iii) Bank overdrafts at June 30, 2014 are denominated in RMB and carry interest at 5.6% per annum (December 31, 2013: 5.6% per annum).

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

The Group had entered into US$4,000 million syndicated loan for the Acquisition during the year ended December 31, 2013. It carries interest at LIBOR+3.5% to 4.5% per annum with US$75 million arrangement fee capitalised to the syndicated loan and amortised over the syndicated loan term.

The borrowings as at June 30, 2014 are secured by the Group's pledged bank deposits of US$61 million (December 31, 2013: US$66 million) and the shares of certain subsidiaries held by the Group. As at June 30, 2014 and December 31, 2013, 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.

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

(i) Listing of the Company's shares and use of proceeds

The Company's shares were listed on the Stock Exchange on August 5, 2014. The Company allotted and issued a total of 2,567,400,000 new ordinary shares of US$0.0001 each to the public at a price of HK$6.20 per share pursuant to a global offering, raised proceeds of approximately HK$15,329 million (equivalent to approximately US$1,975 million), after deducting the underwriting fees and other related expenses payable by the Company in connection with the global offering.

The over-allotment option was exercised on August 6, 2014 for the issue of 385,110,000 shares of the Company at HK$6.20 per share, raised proceeds of approximately HK$2,336 million (equivalent to approximately US$301 million), after deducting the underwriting fees and other related expenses payable by the Company in connection with the global offering.

The net proceeds was used to repay the three-year tranche maturing on August 30, 2016 of the syndicated loan, which has an interest rate of LIBOR plus 3.5% and has an outstanding principal amount of US$2,500 million as at June 30, 2014. The Group applied the net proceeds to this purpose after the completion of the global offering.

(ii) Pre-IPO share option

The pre-IPO share option scheme was adopted pursuant to a written resolution passed by the shareholders of the Company on January 21, 2014 as amended on April 4, 2014, the purpose of which is to incentivise and reward eligible participants of the scheme, including directors, full-time employees of the Company or its subsidiaries by reason of their contribution or potential contribution to the Company and/or any of its subsidiaries.

In July 2014, the number of shares in respect of which options had been granted under the pre-IPO share option scheme was 584,795,555, with the exercise price of HK$6.2 per share, representing no more than 5% of the issued share capital of the Company upon completion of the listing on the Stock Exchange. No consideration was be paid by the grantees for the grant of the pre-IPO share options.

The fair value of the pre-IPO share options granted using the Binominal Option Pricing Model was HK$1,883 million (equivalent to approximately US$243 million) which was measured by an independent qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

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 announcement.

INDUSTRY OVERVIEW

China

China is the largest pork consumption market in the world and is expected to grow further. During the Review Period, the pork market in China continued robust growth. According to the National Bureau of Statistics of the PRC, total pork production volume increased by 3.0% during the Review Period compared to the six months ended June 30, 2013 (the "**Comparable Period**").

The growth of the PRC pork industry is driven largely by economic development, continued urbanization and rising disposable income. During the Review Period, China's GDP expanded by 7.4% year-over-year and per capita real disposable income increased by 8.3% year-over-year, according to the National Bureau of Statistics of the PRC.

Pork price in China exhibited volatility during the Review Period. Pork prices declined starting from December 2013 till the end of April 2014 as a result of the oversupply of the hogs in the market, which was further augmented by the fragmented structure of the hog production industry. Pork prices rebounded sharply in May 2014 as the low pork price discouraged the supply of hogs. In June 2014, pork prices stabilized. Due to the expertise of our seasoned management team, we effectively managed the changes in the evolving market and achieved significant increases in both scale and profitability.

United States

The U.S. is the second largest producer of pork worldwide and the largest pork exporter globally. In contrast to the PRC pork industry, the U.S. pork industry is relatively mature and concentrated.

During the Review Period, the U.S. pork market was significantly impacted by the spreading of Porcine Epidemic Diarrhea Virus ("**PEDv**"), a disease that only infects pigs, not humans or other livestock, which is an industry-wide issue and has a significant presence in U.S. swine. The United States Department of Agriculture identified PEDv in the United States for the first time in 2013. As the market expects a smaller supply of hogs in the market, the hog prices in the U.S. increased substantially and reached record highs in the Review Period, which benefited our hog production business in the U.S. and overall profitability significantly.

Market fundamentals continue to be supportive of our business in a number of areas. Domestic protein demand in the U.S. continues to be stable despite the increase in protein prices. Notwithstanding a bullish hog production outlook, PEDv concerns seem to have thwarted market expansion for now. In addition, corn, which is a major cost component in hog production, is trading at a relatively low level in the U.S.

RESULTS

Our operations delivered solid performances in the Review Period. As a result of our acquisition of Smithfield and the continued expansion of our operations in China, sales volume and turnover continued to grow in the Review Period compared to the Comparable Period. Sales volume for our packaged meats products increased by 91.0% from 797 thousand metric tons in the Comparable Period to 1,522 thousand metric tons in the Review Period. External sales volume for our fresh pork products increased by 320% from 465 thousand metric tons in the Comparable Period to 1,953 thousand metric tons in the Review Period. Total turnover increased by 219.6% from US$3,298 million in the Comparable Period to US$10,540 million in the Review Period.

Operating profit increased by 147.7% from US$329 million in the Comparable Period to US$815 million in the Review Period. Profit for the period attributable to owners of the Company, before biological fair value adjustments, increased by 105.6% from US$178 million in the Comparable Period to US$366 million in the Review Period.

	Six months ended June 30,			
	2014		2013	
	Turnover	**Percentage of Total Turnover**	Turnover	Percentage of Total Turnover
	(US$ million, except percentages)			
Packaged meats	**5,586**	**53.0%**	1,895	57.5%
Fresh pork	**4,628**	**43.9%**	1,280	38.8%
Hog production	**247**	**2.3%**	7	0.2%
Others and corporate(1)	**79**	**0.8%**	116	3.5%
Total	**10,540**	**100.0%**	3,298	100.0%

	Six months ended June 30,			
	2014		2013	
	Operating Profit	**Percentage of Total Operating Profit**	Operating Profit	Percentage of Total Operating Profit
	(US$ million, except percentages)			
Packaged meats	**575**	**70.6%**	300	91.2%
Fresh pork	**165**	**20.2%**	54	16.4%
Hog production	**170**	**20.9%**	3	0.9%
Others and corporate(1)	**(95)**	**(11.7%)**	(28)	(8.5%)
Total	**815**	**100.0%**	329	100.0%

Note:

(1) Others primarily includes sales of ancillary products and services such as provision of logistics services, sales of flavoring ingredients, external sales of internally-produced packaging materials, sales made by our retail grocery stores and sales of biological pharmaceutical materials.

PACKAGED MEATS

	Six months ended June 30, 2014	2013	Change (%)
Sales volume (thousand metric tons)			
China	**826**	797	+3.6
United States	**596**	–	–
Others	**100**	–	–
Total	**1,522**	797	+91.0
Turnover (US$ million)			
China	**1,989**	1,895	+5.0
United States	**3,277**	–	–
Others	**320**	–	–
Total	**5,586**	1,895	+194.8
Operating profit (US$ million)			
China	**353**	300	+17.7
United States	**211**	–	–
Others	**11**	–	–
Total	**575**	300	+91.7

Sales volume of our packaged meats increased by 91.0% from 797 thousand metric tons in the Comparable Period to 1,522 thousand metric tons in the Review Period. Sales volume in our China operations grew by 3.6% in the Review Period from the Comparable Period, primarily as a result of the increase of our sales to hypermarkets and supermarkets as well as to small to medium-sized retail outlets and the increase in sales volume of our premium products. Smithfield contributed 696 thousand metric tons to our packaged meats sales volume in the Review Period.

Packaged meats turnover increased by 194.8% from US$1,895 million in the Comparable Period to US$5,586 million in the Review Period. Turnover in our China operations grew by 5.0% from US$1,895 million in the Comparable Period to US$1,989 million in the Review Period primarily as a result of increases in sales volume. Smithfield contributed US$3,597 million to our packaged meats turnover in the Review Period.

Operating profit for packaged meats increased by 91.7% from US$300 million in the Comparable Period to US$575 million in the Review Period. Operating profit in our China operations grew by 17.7% from US$300 million in the Comparable Period to US$353 million in the Review Period primarily as a result of an increase in sales volume of premium products and a decrease in the per unit price of raw materials. During the Review Period, per unit selling prices in our operations in China increased by 1.3% compared to the Comparable Period due to change of product mix. Smithfield contributed US$222 million to our operating profit for packaged meats in the Review Period.

FRESH PORK

	Six months ended June 30,						
	2014			2013			
	Hogs Processed *(thousand heads)*	Production Volume *(thousand metric tons)*	External Sales Volume *(thousand metric tons)*	Hogs Processed *(thousand heads)*	Production Volume *(thousand metric tons)*	External Sales Volume *(thousand metric tons)*	Change hogs processed %
China	**7,668**	**768**	**541**	6,296	629	465	+21.8
United States	**14,069**	**1,343**	**1,208**	—	—	—	—
Others	**2,596**	**239**	**204**	—	—	—	—
Total	**24,333**	**2,350**	**1,953**	6,296	629	465	+286.5

	Six months ended June 30,		
	2014	2013	Change (%)
Turnover (US$ million)			
China	**1,331**	1,280	+4.0
United States	**2,866**	–	–
Others	**431**	–	–
Total	**4,628**	1,280	+261.6
Operating profit (US$ million)			
China	**83**	54	+53.7
United States	**82**	–	–
Others	**–** +	–	–
Total	**165**	54	+205.6

+ Less than US$1 million

Hog processed increased by 286.5% from 6,296 thousand heads in the Comparable Period to 24,333 thousand heads in the Review Period. Hog processing volume in our China operations increased by 21.8% from 6,296 thousand heads in the Comparable Period to 7,668 thousand heads in the Review Period, primarily as a result of the increase in our production capacity and the expansion of our distribution network. In the Review Period, Smithfield processed 16,665 thousand heads of hog.

Fresh pork turnover increased by 261.6% from US$1,280 million in the Comparable Period to US$4,628 million in the Review Period. Turnover in our China operations increased by 4.0% from US$1,280 million in the Comparable Period to US$1,331 million in the Review Period. The increase was due primarily to an increase in our sales volume. Our selling prices for fresh pork in China, which are adjusted in accordance with fluctuations in the market price, decreased in the Review Period compared to the Comparable Period. Smithfield contributed US$3,297 million to our fresh pork turnover in the Review Period.

Operating profit for fresh pork increased by 205.6% from US$54 million in the Comparable Period to US$165 million in the Review Period. Operating profit of our China operations grew by 53.7% from US$54 million in the Comparable Period to US$83 million in the Review Period. The increase was due primarily to the increase in our sales volume, effective management of our selling prices, costs and increasing contribution from our higher profit margin sales channels. Smithfield contributed US$82 million to our operating profit for fresh pork in the Review Period.

HOG PRODUCTION

	Six months ended June 30,		
	2014	2013	Change (%)
Production volume (thousand heads)			
China	**154**	158	−2.5
United States	**7,550**	–	–
Others	**1,286**	–	–
Total	**8,990**	158	+5,589.9
Turnover (US$ million)			
China	**3**	7	−57.1
United States	**215**	–	–
Others	**29**	–	–
Total	**247**	7	+3,428.6
Operating profit (US$ million)			
China	**–** +	3	-100.0
United States	**135**	–	–
Others	**35**	–	–
Total	**170**	3	+5,566.7

+ less than US$1 million

Hogs production volume increased from 158 thousand heads in the Comparable Period to 8,990 thousand heads in the Review Period. The significant increase in hog production volume was due primarily to our acquisition of Smithfield. Hog production volume in China decreased by 2.5% in the Review Period from the Comparable Period. Smithfield contributed 8,836 thousand heads to our hog production volume in the Review Period.

Turnover from our hog production operations increased from US$7 million in the Comparable Period to US$247 million in the Review Period as a result of our acquisition of Smithfield. Turnover from hog production operations in China decreased by 57.1% from US$7 million in the Comparable Period to US$3 million in the Review Period. Smithfield contributed US$244 million to our hog production turnover in the Review Period.

Operating profit for hog production increased from US$3 million in the Comparable Period to US$170 million in the Review Period due primarily to our acquisition of Smithfield. Operating profit for our operations in China decreased from US$3 million in the Comparable Period to less than US$1 million in the Review Period primarily as a result of the decrease in hog prices during the Review Period. Smithfield contributed US$170 million to our operating profit for hog production in the Review Period.

LIQUIDITY AND CAPITAL RESOURCES

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.

EBITDA in the Review Period amounted to US$1,321 million. After deduction of primarily gain arising from changes in fair value less costs to sell of biological assets in the amount of US$304 million, interest paid in the amount of US$170 million and taxation paid in the amount of US$211 million, net cash from operating activities before working capital adjustments in the Review Period amounted to US$616 million.

Working capital adjustments in the Review Period included a US$170 million decrease in biological assets, a US$334 million increase in inventories due to the purchase of more raw materials in anticipation of such prices increasing in China as well as the increase in cost of pork raw materials arising from the increase in pork price in the United States, a US$259 million decrease in trade and other payables primarily as a result of our payment of such payables as they became due and a US$123 million increase in trade and other receivables primarily as a result of an increase in deposits paid to brokers in relation to Smithfield's hedging activities. In the Review Period, net cash from operating activities amounted to US$70 million.

Net cash used in investing activities in the Review Period amounted to US$238 million, including US$249 million in relation to purchases of property, plant and equipment.

Net cash used in financing activities in the Review Period amounted to US$18 million, reflecting dividends paid in the amount of US$145 million to the minority shareholders of Shuanghui Development and its subsidiaries, partially offset by a net increase in borrowings of US$127 million primarily in relation to Smithfield's drawdown of the inventory revolver and the securitization facility to pay deposits to brokers in relation to its hedging activities and for other working capital purposes.

We had bank balances and cash of US$662 million as of June 30, 2014. Our bank balances and cash are held primarily in Renminbi, U.S. dollars, Polish Zloty and Romanian Lei.

CAPITAL EXPENDITURES

Capital expenditures amounted to US$249 million in the Review Period. The following table sets out our capital expenditures by geographical region for periods indicated:

	Six months ended June 30,	
	2014	2013
	(US$ million)	
China	**150**	100
United States	**86**	—
Others	**13**	—
Total	**249**	100

Our capital expenditures during the Review Period primarily related to the production plants in Wuhu, Zhengzhou, Nanning and Nanchang, China, and to plants and hog farm improvement projects in the U.S., including the replacement of gestation stalls with group pens and new production line.

The following table sets forth our annual production capacity of our packaged meats and fresh pork production facilities as of June 30, 2014 and December 31, 2013:

Packaged meats

	As of June 30, 2014	As of December 31, 2013
	(million metric tons)	
China	**2.3**	2.1
United States	**1.5**	1.5
Others	**0.2**	0.2

Fresh pork

	As of June 30, 2014	As of December 31, 2013
	(million heads)	
China	**20.7**	19.6
United States	**30.2**	30.2
Others	**4.2**	4.2

We expect to continue to incur capital expenditures, primarily in relation to the construction of production plants and factories, the upgrading of existing facilities and the continued conversion of individual gestation stalls to group pens in the U.S. We expect to fund these expenditures primarily from cash generated from operating facilities and our credit facilities.

INDEBTEDNESS AND FINANCE COSTS

Borrowings

Our borrowings amounted to US$7,544 million as of June 30, 2014 and are denominated principally in U.S. dollars, Renminbi and Polish Zloty. We had the following outstanding interest-bearing bank and other borrowings as of the dates indicated:

	As of June 30, 2014 *(US$ million)*	As of December 31, 2013 *(US$ million)*
Composition of Borrowings		
Senior unsecured notes	**2,430**	2,441
Bank borrowings	**5,048**	4,912
Loans from third parties	**3**	3
Total	**7,481**	7,356
Bank overdrafts	**63**	76
Maturity of Borrowings (other than bank overdrafts)		
Within one year	**771**	684
Between one to two years	**588**	306
Between two to five years	**4,706**	4,950
After five years	**1,416**	1,416
	7,481	7,356
Borrowings (other than bank overdrafts) by geographical region		
United States	**3,019**	2,914
Hong Kong	**3,993**	3,932
China	**412**	421
Others	**57**	89
Total	**7,481**	7,356

As of June 30, 2014, approximately 61.7% of our borrowings were at floating rates (December 31, 2013: 60.7%) and approximately 38.3% of our borrowings were at fixed rates (December 31, 2013: 39.3%).

The borrowings as of June 30, 2014 are secured by pledged bank deposits and the shares of certain of our subsidiaries. As of June 30, 2014, the obligations under the inventory revolver are secured by a first priority lien on certain property, including cash and cash equivalents, deposit accounts, inventory, intellectual property and certain equity interests.

As of June 30, 2014, we had aggregate credit facilities in the amount of US$6,311 million.

Finance Costs

Our finance costs increased from US$6 million in the Comparable Period to US$184 million in the Review Period. The increase was primarily due to the acquisition of Smithfield in 2013. The weighted average interest rate of our borrowings as of June 30, 2014 was 4.7% (December 31, 2013: 4.7%).

Leverage Ratios

Our current ratio (current assets/current liabilities) increased from 1:1.8 as of December 31, 2013 to 1:2.0 as of June 30, 2014. Our debt-to-equity ratio (total borrowings and bank overdrafts/total equity) decreased from 236.8% as of December 31, 2013 to 218.8% as of June 30, 2014.

BIOLOGICAL ASSETS

As of June 30, 2014, we had a total of 11.1 million hogs, consisting of 10.0 million live hogs and 1.1 million breeding stock. The fair value of our biological assets increased slightly from US$1,320 million as of December 31, 2013 to US$1,452 million as of June 30, 2014 primarily as a result of revaluation gains in connection with higher hog prices in the U.S. due to the PEDv spreading throughout the U.S.

Our results have been, and we expect will continue to be, affected by changes in the fair value of our biological assets. 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 to add (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 increased our cost of sales by US$358 million and US$11 million in the Review Period and Comparable Period, respectively.

Changes in the fair value arising from agricultural produce at fair value less cost to sell at the point of harvest resulted in gains in the amount of US$311 million and US$5 million in our consolidated statements of profit or loss and other comprehensive income for the Review Period and Comparable Period, respectively. In addition, changes in the fair value less costs to sell of our biological assets at period-end date resulted in our recognition of gains in the amount of US$304 million and US$7 million in our consolidated statements of profit or loss and other comprehensive income for the Review Period and Comparable Period, respectively.

INVESTMENT IN CAMPOFRIO FOOD GROUP, S. A.

On January 1, 2014, we entered into an agreement with Sigma Alimentos S.A. de C.V. ("**Sigma**") and certain of its affiliates to launch a joint tender offer for 100% of the outstanding shares of Campofrio Food Group, S.A. ("**Campofrio**") of which we held approximately 37% of the common stock of Campofrio as of the period end. Pursuant to the agreement with Sigma, we will continue to own an approximately 37% equity interest in Campofrio upon completion of the joint tender offer, while Sigma, which already beneficially owned an approximately 46.8% equity stake in Campofrio immediately before the launch of the joint tender offer, agreed to fund the purchase of any Campofrio shares that are tendered in the joint tender offer. The agreement also provides for the de-listing of Campofrio. The joint tender offer was launched on May 22, 2014 and ended on June 5, 2014. Approximately 13.5 million shares of Campofrio were tendered at a price of 6.90 euros per share. Upon completion of the joint tender offer, Sigma held approximately 61.3% of the equity interest in Campofrio while our stake remained at 37%. Sigma & WH Food Europe, S.L., the joint vehicle of Sigma and our Group, is currently offering to the remaining shareholders of Campofrio the possibility to sell their remaining share capital at 6.9 euros per share. Sigma shall also fund the purchase of such additional shares that may be eventually sold.

The Spanish securities regulator has approved the de-listing of Campofrio. Campofrio is now undergoing the process for delisting from the Spanish Stock Exchanges and the delisting is expected to be completed around mid of September 2014.

CONTINGENT LIABILITIES AND GUARANTEES

We have established a provision estimating the expenses to defend against certain litigation matters pending in the State of North Carolina, United States. In addition, as of June 30, 2014, we guaranteed US$8.9 million of leases that were transferred to JBS S.A. in connection with the sale of Smithfield Beef, Inc. in 2008. These guarantees may remain in place until the leases expire through February 2022.

FOREIGN CURRENCY EXPOSURE

Certain of our group entities with Renminbi as the functional currency have certain foreign currency sales, purchases, bank balances and cash and borrowings denominated in U.S. dollars and the Euro, which exposes us to foreign currency risk. We currently do not have a group foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

HEDGING

Our meat processing and hog production operations in the U.S. use various raw materials, primarily live hogs, corn and soybean meal, which are actively traded on U.S. 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 U.S. hedging program are to reduce hog production margin volatility and mitigate commodity price risk associated with forward sales in our pork segment. While this hedging activity may limit our ability to participate in gains from favorable commodity fluctuations, it also has the potential to reduce the risk of loss from adverse changes in raw material prices. We attempt to closely match the commodity contract terms with the hedged item.

All of our hedging activity in the U.S. is conducted through the Chicago Mercantile Exchange and typically utilizes contracts of less than 90 days. We selectively take longer-term options and swaps positions on corn and soybean meal through bank counterparties. However, our primary market methods for hedging are to purchase short-term corn and soybean futures and/or options to manage our input price risk. In addition, we selectively engage in forward pricing with our vendors and customers in order to mitigate the risks associated with fluctuating pork prices while also selling hog futures to hedge against the potential for falling hog prices which would impact our hog inventory.

We also periodically enter into interest rate swaps to hedge exposure to changes in interest rates on certain financial instruments and foreign exchange forward contracts to hedge certain exposures to fluctuating foreign currency rates.

HUMAN RESOURCES

As of June 30, 2014, we had approximately total 120 thousand employees, with approximately 72 thousand employees in our China operations and approximately 48 thousand employees in our U.S. and international operations. Total remuneration expenses for the six months ended June 30, 2014 amounted to US$1,481 million.

We have 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. We regularly review remuneration and benefits of our employees according to the relevant market practice, employee performance and the financial performance of the Company.

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.

CORPORATE SOCIAL RESPONSIBILITY

Adhering to the highest standards in food safety and product quality is one of our core values. We believe our fully integrated operations, coupled with our stringent quality control standards and production safety systems, ensure consistent and high-quality products. In China, the U.S. and Europe, we operate a platform that seamlessly integrates research and development, production, quality control and distribution. All of our production, processing and distribution facilities have been accredited according to ISO9001, ISO14001, ISO22000, HACCP or other international certification standards.

To ensure product quality in China, we standardize all processes and operate our facilities using the most advanced technologies, following stringent quality control standards in all aspects of our operations. For example, we screen each hog and check each batch of raw materials and finished products of packaged meat products to ensure our products are in compliance with the relevant standards. Our commitment to quality extends beyond production to the transportation and delivery of our products through our ownership of China's largest cold-chain logistics network. Furthermore, our advanced information management systems facilitate the traceability of our products. We also intend to continue to improve our safety and quality monitoring systems across the entire value chain in China by applying industry best practices developed in our U.S. operations and increasing investment in our production facilities.

In the U.S. and Europe, a growing number of our customers prefer suppliers that are vertically integrated and have stringent controls over supply and a commitment to sustainability. All of our major facilities are certified by the Global Food Safety Initiative ("**GFSI**") and utilize industry leading food safety processes. We have adopted biosecurity systems, stringent supply chain controls and strict protocols to ensure product safety and consistency. Our biosecurity systems safeguard the health of our livestock. Our control systems ensure accurate and efficient product traceability across our integrated production chain, enabling effective tracing from finished products back to the hog farms. In addition, all Smithfield employees undergo extensive training in food safety policies and procedures—tailored to each of Smithfield's companies—to keep its foods safe. There are also senior-level food safety managers at each of our independent operating companies in each of our U.S. and international operations, and all managers undergo specialized training in food safety issues. We have dozens of food safety and food science professionals (including a team of leading industry microbiologists, two of whom received a prestigious award from the American Meat Institute in 2012), who are responsible for ensuring food safety management and product quality. To better share knowledge and foster continuous improvement in food safety, we also have a senior-level, cross-functional Food Safety Council that represents the major subsidiaries of our U.S. and international operations.

Our operations in the U.S. are also currently in the process of undergoing a voluntary, ten-year program to phase out individual gestation stalls at our company-owned sow farms and replace individual gestation stalls with group pens. This program represents a significant financial commitment and reflects our desire to be more animal friendly. In January 2014, we announced the recommendation that all of our contract sow growers in our U.S. operations join us in converting their facilities to group housing systems for pregnant sows. We asked contract sow growers to convert by 2022 and offered a sliding scale of incentives to accelerate that timetable through the receipt of contract extensions upon completion of the conversion.

Recently we intend to establish 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.

CORPORATE STRATEGIES

Our principal business objective is to maintain and strengthen our industry leading position as the world's largest pork company, to allocate our global resources to speed up global expansion, and to provide consumers with high-quality, delightful packaged meat products. Key strategies for reaching our goals include:

- Global expansion strategy to become bigger and stronger.
- Global resource consolidation strategy to achieve complementarity and synergies.
- Global brand consolidation strategy to improve brand influence and product competitiveness.
- Strict controls over food safety to secure sustainable development.
- Global talent consolidation strategy to build an elite team.

OUTLOOK

We achieved solid growth in the Review Period. Going forward, we intend to continue solidifying our industry leading position as the largest pork company in the world.

In the second half of 2014, in our China operations, we will continue to optimize our product mix, expand our sales by innovation in products and marketing. We will strive to capture the opportunities brought by China's industry consolidation and consumption upgrade. In the U.S., we will continue to focus on maximizing existing business through increased consumer marketing programs and product innovation to further establish ourselves as a leader in the consumer packaged meats market. We will also further realize our growth potential through internal consolidation to improve productivity as well as enhanced management.

We intend to maximize synergies within our vertically integrated global platform.

- We will continue to adopt a flexible strategy to identify the optimal timing of trade to increase the export of fresh pork from Smithfield to China. We will also endeavour to quickly replicate the success we have achieved in the existing 23 Smithfield kiosks in China that sell Smithfield branded premium chilled fresh pork to expand this program to cover the major first-tier and second-tier cities and further develop sales channels such as hotels and restaurant chains. We will also seize the favorable opportunities to import Smithfield's frozen pork for production of packaged meat products in the PRC to lower cost and boost Smithfield's business growth.
- We will introduce Smithfield's raw material, product, technology, management and brand for production of packaged meat products under Smithfield brand to meet the growing demand for packaged meat products in China. Our first plant dedicated to the manufacturing of Smithfield-branded packaged meat products in China will commence production in the first half of 2015.

- We will continue to exchange and adapt the technical and food safety know-how and other operational best practices in our global operations.

- We are also moving ahead in the area of global procurement of packaging materials and condiments with an aim to achieve cost savings by taking advantage of our significant purchase volumes.

- We will also continue to leverage Smithfield's strong relationships with global quick service restaurant chains and food retailers to further expand our China business.

- We will deepen and promote management consolidation and cultural integration across our entities in the PRC and the United States and further improve our operational efficiency and management.

On August 5, 2014, our shares were successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited. After the full exercise of the over-allotment option on August 6, 2014, we raised approximately US$2,276 million of net proceeds, all of which were used to partially repay the three-year tranche of the US$4.0 billion syndicated term loan we entered into in August 2013 in connection with our acquisition of Smithfield (the "**Syndicated Loan**"). Taking into account of the debt repayment from the net proceeds and our operating cash of US$2,500 million, our debt to equity ratio will decline substantially from 218.8% as of June 30, 2014 to 88.2% as of August 29, 2014. As a result of the early repayment of the three-year tranche of the Syndicated Loan, we expect to save approximately US$90 million of finance costs per annum.

We will grasp the opportunities brought by our successful listing by speeding up the implementation of our global development strategy and continuing to adhere to our business principles of providing high quality and safe animal protein to consumers globally and promoting social responsibility. 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.

AUDIT COMMITTEE

The Audit Committee consisting of three independent non- executive Directors, namely Mr. Lee Conway Kong Wai (chairman), Mr. Huang Ming and Mr. Lau Jin Tin, Don, 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 has reviewed the interim financial information for the six months ended June 30, 2014 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the HKICPA. Without qualifying its review conclusion, the external auditor draws attention to the fact that the comparative condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended June 30, 2013 and the relevant explanatory notes disclosed in the condensed consolidated interim financial information have not been reviewed in accordance with HKSRE 2410.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. The Board has adopted the Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") on July 17, 2014.

As the Company's shares were not yet listed on the Stock Exchange as at June 30, 2014, the Code was not applicable to the Company for the Review Period. Since August 5, 2014 (the "**Listing Date**"), the Company has complied with all the applicable code provisions set out in the Code, save and except for the following deviation:

Code Provision A.2.1 — Chairman and Chief Executive

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wan Long ("Mr. Wan") currently holds both positions.

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

As the Company's shares were not yet listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as at June 30, 2014, the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules (the "**Model Code**") was not applicable to the Company for the Review Period. The Company has adopted a code of conduct regarding securities transactions by the directors of the Company, on terms no less exacting than the required standards set out in the Model Code, on July 17, 2014.

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

As the Company's shares were not yet listed on the Stock Exchange as at June 30, 2014, 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 directors do not recommend the payment of any interim dividend for the six months ended June 30, 2014 (six months ended June 30, 2013: Nil).

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

Hong Kong, August 29, 2014

As at the date of this announcement, the executive Directors are Mr. WAN Long, Mr. GUO Lijun, Mr. YANG Zhijun, Mr. POPE C. Larry and Mr. ZHANG Taixi; the non-executive Director 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.