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WH Group Limited
萬洲國際有限公司

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

**FORM 10-Q QUARTERLY REPORT FOR
THE SECOND QUARTER ENDED JULY 3, 2016
OF SMITHFIELD FOODS, INC.**

On August 16, 2016 after trading hours (Hong Kong time), Smithfield released its Form 10-Q Quarterly Report for the second quarter ended July 3, 2016.

RESULTS OF SMITHFIELD AND FORM 10-Q QUARTERLY REPORT

Smithfield Foods, Inc. (“**Smithfield**”) is a corporation incorporated in the Commonwealth of Virginia, the United States of America (the “**U.S.**”). As at the date of this announcement, Smithfield is an indirect wholly owned subsidiary of WH Group Limited (the “**Company**”) and is not subject to the periodic reporting obligations under section 13 or 15(d) of the United States Securities Exchange Act of 1934. However, the indentures governing certain of Smithfield’s senior debts contain covenants that require Smithfield to file such reports as if it were subject to those reporting requirements. Accordingly, Smithfield currently files with the United States Securities and Exchange Commission (the “**SEC**”) annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as disclosed in the Company’s prospectus dated July 24, 2014. These reports contain financial and other information regarding Smithfield and its subsidiaries.

Smithfield has, on August 16, 2016 after trading hours (Hong Kong time), filed its quarterly report with the SEC under Form 10-Q for the second quarter ended July 3, 2016 (the “**Smithfield Quarterly Report**”). It is important to note that the unaudited consolidated condensed financial results contained in Smithfield Quarterly Report have been prepared in accordance with accounting principles generally accepted in the U.S. The Company prepares its consolidated financial results in accordance with International Financial Reporting Standards (“**IFRS**”). Accordingly, Smithfield’s results reported herein differ from Smithfield’s results contained in the Company’s consolidated financial statements, which include certain adjustments in order to conform to IFRS. These adjustments include the re-measurement of biological assets from cost to fair value through earnings, the reclassification of numerous balance sheet items primarily reflected in biological assets and deferred taxes, and classification changes within the financial results, primarily for distribution expenses, which have a significant impact on gross margin.

SUMMARY OF RESULTS OF SMITHFIELD FOR THE THREE MONTHS ENDED JULY 3, 2016

For the three months ended July 3, 2016, hogs processed in the U.S. relatively unchanged from the comparable period of 2015. Hogs processed outside the U.S. increased by 12% over the comparable period of 2015. In terms of packaged meats sales in the U.S., there was a 3% decline in volume. Sales of Smithfield remained relatively flat as compared to comparable period of 2015, which amounted to US\$3,492.6 million. Net income increased 32% from the comparable period of 2015 to US\$137.8 million.

SUMMARY OF RESULTS OF SMITHFIELD FOR THE SIX MONTHS ENDED JULY 3, 2016

For the six months ended July 3, 2016, hogs processed in the U.S. relatively unchanged from the comparable period of 2015. Hogs processed outside the U.S. increased by 13% over the comparable period of 2015. In terms of packaged meats sales in the U.S., volume remained stable. Sales of Smithfield decreased 4% from the comparable period of 2015 to US\$6,798.9 million. Net income increased 29% from the comparable period of 2015 to US\$258.8 million.

The unaudited consolidated condensed statements of income for the three months and six months ended July 3, 2016 and the unaudited consolidated condensed balance sheet as of July 3, 2016 of Smithfield contained in the Smithfield Quarterly Report are reproduced below:

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

	Three Months Ended		Six Months Ended	
	July 3, 2016	June 28, 2015	July 3, 2016	June 28, 2015
Sales	3,492.6	3,486.6	6,798.9	7,103.1
Cost of sales	3,035.6	3,068.1	5,929.5	6,278.5
Gross profit	457.0	418.5	869.4	824.6
Selling, general and administrative expenses	227.8	232.6	435.9	454.5
Income from equity method investments	(7.9)	(0.2)	(13.7)	(4.2)
Operating profit	237.1	186.1	447.2	374.3
Interest expense	32.8	31.5	64.8	66.2
Non-operating (gain) loss	—	(0.7)	—	12.1
Income before income taxes	204.3	155.3	382.4	296.0
Income tax expense	66.5	51.1	123.6	94.8
Net income	137.8	104.2	258.8	201.2

SMITHFIELD FOODS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(in US\$ millions, except share data)
(unaudited)

	July 3, 2016	January 3, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	119.3	704.9
Accounts receivable, net	828.8	760.0
Inventories	2,212.3	2,099.7
Prepaid expenses and other current assets	116.8	176.4
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Total current assets	3,277.2	3,741.0
Property, plant and equipment, net	2,919.1	2,867.3
Goodwill	1,619.4	1,619.5
Intangible assets, net	1,362.1	1,365.7
Investments	139.7	142.5
Other assets	146.5	158.0
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Total assets	9,464.0	9,894.0
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LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	517.2	30.3
Accounts payable	379.1	686.1
Accrued expenses and other current liabilities	837.0	828.3
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Total current liabilities	1,733.3	1,544.7
Long-term debt and capital lease obligations	1,807.0	2,257.9
Other liabilities	1,099.5	1,216.5
Redeemable non-controlling interests	58.7	53.9

SMITHFIELD FOODS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS (CONTINUED)
(in US\$ millions, except share data)
(unaudited)

	July 3, 2016	January 3, 2016
Commitments and contingencies		
Equity:		
Shareholder's equity:		
Common stock, no par value, 1,000 shares authorized; 1,000 issued and outstanding	–	–
Additional paid-in capital	4,187.3	4,185.1
Retained earnings	935.8	1,013.1
Accumulated other comprehensive loss	(358.3)	(377.7)
Total shareholder's equity	4,764.8	4,820.5
Non-controlling interests	0.7	0.5
Total equity	4,765.5	4,821.0
Total liabilities and equity	9,464.0	9,894.0

If you wish to review the Smithfield Quarterly Report in full, please visit <http://www.smithfieldfoods.com/investor-relations/sec-filings> or <http://www.sec.gov>.

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

Hong Kong, August 16, 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.