萬洲國際
WH GROUP

萬洲國際有限公司
WH GROUP LIMITED

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

INTERIM REPORT 2017

CONTENTS

CORPORATE INFORMATION

Legal Name of the Company
WH Group Limited

Place of Listing and Stock Code
The shares of the Company were listed
on the Main Board of the Stock Exchange
on August 5, 2014

Stock Code: 288

Company Website
www.wh-group.com

Directors
Executive Directors
Mr. WAN Long (Chairman and Chief Executive Officer)
Mr. GUO Lijun
(Executive Vice President and Chief Financial Officer)
Mr. ZHANG Taixi (General Manager of Shuanghui Group)
Mr. SULLIVAN Kenneth Marc
(President and Chief Executive Officer of Smithfield)
Mr. YOU Mu (President of Shuanghui Development)

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

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

Company Secretary
Mr. CHAU Ho

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

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

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

Environmental, Social and Governance Committee
Mr. GUO Lijun (Chairman)
Mr. SULLIVAN Kenneth Marc
Mr. ZHANG Taixi
Mr. LAU, Jin Tin Don

Food Safety Committee
Mr. WAN Long (Chairman)
Mr. SULLIVAN Kenneth Marc
Mr. ZHANG Taixi
Mr. LEE Conway Kong Wai

Risk Management Committee
Mr. WAN Long (Chairman)
Mr. GUO Lijun
Mr. SULLIVAN Kenneth Marc
Mr. YOU Mu
Mr. LEE Conway Kong Wai

Auditor
Ernst & Young

Legal Advisor
Paul Hastings

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

Authorised Representatives

Mr. WAN Long
Mr. CHAU Ho

Share Registrar and Transfer Office

Principal

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

Hong Kong Branch

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183 Queen's Road East
Wanchai
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Registered Office

Maples Corporate Services Limited
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KY1-1104
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Principal Place of Business and Corporate Headquarters in Hong Kong

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Level 76, International Commerce Centre
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Kowloon
Hong Kong

RESULTS HIGHLIGHTS

	Six months ended June 30, 2017	2016
Key Operating Data		
Hogs produced (thousand heads)	**10,001**	9,360
Hogs processed (thousand heads)	**25,932**	24,197
Packaged meats sold (thousand metric tons)	**1,560**	1,545

	Six months ended June 30,			
	2017		2016	
	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		US$ million, unless stated otherwise	
Key Financial Data				
Turnover	**10,658**	**10,658**	10,453	10,453
Operating profit	**901**	**901**	838	838
EBITDA	**1,143**	**1,242**	1,076	1,199
Profit attributable to owners of the Company	**492**	**557**	466	551
Basic earnings per share (US cents)	**3.60**	**4.07**	3.41	4.03
Interim dividend per share (HK$)	**0.05**	**0.05**	0.05	0.05

- Turnover increased by 2.0%
- Operating profit increased by 7.5%
- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 5.6%

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the interim financial information of the Group, including the related notes, set forth in this report.

Industry Overview

The Group operates in China, U.S. and certain selected 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 producer and 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 statistics of the National Bureau of Statistics of China, the total production of pork in the Review Period was 24.9 million tons, an increase of 0.8% as compared to the Comparable Period.

The pork prices in China are reflections of the supply and demand of hogs in the market. With reference to the statistics published by the Ministry of Agriculture of the People's Republic of China, the average hog price in China was RMB16.2 (approximately US$2.4) per kg during the Review Period, a reduction of 16.1% from that of the Comparable Period. The decline in hog prices was primarily a result of the gradual increase in supply. As the levels of production and inventory increased, hog prices entered into a downward cycle. Comparing the average hog price of RMB13.8 per kg in June 2017 to the recent peak of RMB20.5 per kg in May 2016, hog price was down by 32.7%.

The descending hog prices improved the overall consumption of fresh pork but weakened the importation of pork from foreign countries. According to the statistics of General Administration of Customs of the People's Republic of China, the total volume of imported pork for the Review Period was 13.1% lower than that of the Comparable Period.

U.S.

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 pork industry in U.S. is relatively mature and concentrated.

Hog prices and pork values in U.S. are driven by the supply and demand of its domestic and export markets. During the Review Period, overall animal protein production in U.S. was up. According to USDA, production of pork, chicken and beef rose 2.9%, 1.6% and 4.8% respectively in the Review Period over the Comparable Period. The downward pressure on hog prices as a result of such increases in production was alleviated by the favorable international trade of U.S. pork. The export volume in terms of carcass weight in the Review Period reached 2.9 billion pounds, an increase of 12.2% over that of the Comparable Period. The increase was mainly contributed by the growth in export to Mexico. Export to China, on the other hand, recorded a reduction. After all, the average hog price during the Review Period was US$1.2 per kg as per Chicago Mercantile Exchange, 3.1% higher than that of the Comparable Period.

Results of Operations

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

	Six months ended June 30,		
	2017	2016	Change
	US$ million	US$ million	%
Turnover[1]			
– Packaged meats	**5,522**	5,342	3.4%
– Fresh pork	**4,640**	4,585	1.2%
– Hog production	**275**	318	(13.5%)
– Others[2]	**221**	208	6.3%
	10,658	10,453	2.0%
Operating profit (loss)			
– Packaged meats	**686**	769	(10.8%)
– Fresh pork	**245**	191	28.3%
– Hog production	**49**	(42)	N/A
– Others[2]	**(79)**	(80)	N/A
	901	838	7.5%

Notes:
(1) Turnover refers to net external sales.
(2) Others primarily include sales of ancillary products and services, as well as certain corporate expenses.

The packaged meats segment has always been our core business. It accounted for 51.8% (Comparable Period: 51.1%) of the Group's total turnover in the Review Period. Its contribution to the Group's operating profit was at 76.1% in the Review Period (Comparable Period: 91.8%).

Geographically speaking, our operations in U.S. contributed 60.3% and 52.4% of the total turnover and operating profit of the Group in the Review Period (Comparable Period: 56.4% and 48.1%), respectively. Contribution of our operation in China to the total turnover and operating profit of the Group were 32.7% and 39.8% (Comparable Period: 37.2% and 49.4%), respectively.

Packaged Meats

	Six months ended June 30,		
	2017	2016	Change
	US$ million	US$ million	%
Turnover			
China	**1,571**	1,654	(5.0%)
U.S.	**3,660**	3,401	7.6%
Europe	**291**	287	1.4%
	5,522	5,342	3.4%
Operating profit			
China	**319**	378	(15.6%)
U.S.	**356**	372	(4.3%)
Europe	**11**	19	(42.1%)
	686	769	(10.8%)

During the Review Period, sales volume of our packaged meats slightly increased to 1,560 thousand metric tons. In China, our volume decreased by 2.4% as we were still in the process of transforming the products and developing new channels. On a positive note, our sales performance improved quarter over quarter. In U.S., our volume grew by 3.3%. The increment was brought by the inclusion of Farmer John in our product portfolio as a result of the Acquisition of Clougherty (as defined hereinafter).

Turnover of our packaged meats in the Review Period increased by 3.4% to US$5,522 million. The increase was mainly driven by the turnover in U.S. due to volume expansion. Unlike U.S., turnover in China reported a decline. Disregarding the adverse effect generated from the exchange rate applied in reporting the RMB business in US$, turnover in China was relatively stable as the net result of lower volume and higher average selling price.

Operating profit of our packaged meats was US$686 million, a decline of 10.8% over that of the Comparable Period as the operating profit in both China and U.S. decreased. In China, despite the descending hog prices, the moving average costs of raw materials remained relatively high during the Review Period. In U.S., hog prices and raw material costs rose, especially the pork belly for the production of bacon.

Fresh Pork

	Six months ended June 30,		
	2017	2016	Change
	US$ million	US$ million	%
Turnover			
China	**1,805**	2,131	(15.3%)
U.S.	**2,518**	2,204	14.2%
Europe	**317**	250	26.8%
	4,640	4,585	1.2%
Operating profit (loss)			
China	**45**	38	18.4%
U.S.	**199**	158	25.9%
Europe	**1**	(5)	N/A
	245	191	28.3%

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 in order to maximize the profits.

Total number of hogs processed during the Review Period was 25,932 thousand heads, an increase of 7.2% over that of the Comparable Period. Hog processing volume in China increased as consumer demand improved when pork prices became lower. Additionally, expansion of production to capture more market share is one of our longer-term strategies. Hog processing volume in U.S. also increased as demand was well supported by exports.

External sales volume of fresh pork was 2,199 thousand metric tons, 8.2% more than that of the Comparable Period. The volume increase in China and U.S were 5.2% and 11.1% respectively, broadly in line with the increase in their respective hogs processing volume. For China in particular, the growth in volume also benefited from the sales of imported pork in the Review Period.

Fresh pork turnover grew by 1.2% to US$4,640 million in the Review Period because turnover in U.S. went up as a result of the increase in both sales volume and pork prices. In contrast, turnover in China went down as the effect of the decrease in prices surpassed the increases in sales volume. The decrease of pork prices in China was primarily due to the ample supply of hogs in the market.

Our operating profit of fresh pork increased from US$191 million in the Comparable Period to US$245 million in the Review Period as the operating profit in both China and U.S. demonstrated an upward trend. In China, the increase in operating profit was mainly due to improved consumer demand, better capacity utilization and contribution from the sales of imported pork. In U.S., the increase in operating profit was mainly due to expanded export sales and implementation of our plant improvement plans. During the Review Period, our export sales increased by 16.0% and 18.0% respectively in terms of volume and sales amount.

Hog Production

	Six months ended June 30,		
	2017	2016	Change
	US$ million	US$ million	%
Turnover			
China	**6**	7	(14.3%)
U.S.	**247**	294	(16.0%)
Europe	**22**	17	29.4%
	275	318	(13.5%)
Operating profit (loss)			
China	**14**	21	(33.3%)
U.S.	**(21)**	(70)	N/A
Europe	**56**	7	700%
	49	(42)	N/A

The vast majority of our hog production business are in U.S. and Europe. In the Review Period, hog production volume increased to 10,001 thousand heads. Turnover decreased by 13.5% to US$275 million as less hogs were sold externally in U.S.. An operating profit of US$49 million (Comparable Period: loss of US$42 million) was recorded as our operation in U.S. reduced its operating loss by US$49 million and our operations in Europe increased its operating profit by US$49 million in the Review Period. The improvement of results in both U.S. and Europe was primarily driven by the rise of hog prices in their local markets.

Others

In addition to packaged meats, 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$221 million, a 6.3% 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. These facilities enable us to deliver our packaged meats and fresh pork to 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$551 million as at June 30, 2017, which were held primarily in RMB, US$, PLN and RON (as at December 31, 2016: US$1,139 million). From time to time, we also invest in certain financial products for yield enhancement purpose. Such financial products are classified as our current available-for-sale investments. As at June 30, 2017, the balance of financial products was US$196 million (as at December 31, 2016: Nil).

Cash Flows

We fund our operations principally from cash generated by 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 net cash from operating activities amounted to US$54 million (Comparable Period: US$354 million). Our net cash used in investing activities amounted to US$544 million (Comparable Period: US$345 million). Our net cash used in financing activities amounted to US$142 million (Comparable Period: US$654 million). After all, our net decrease in cash was US$632 million in the Review Period, as compared to the net decrease of US$645 million in the Comparable Period.

Major Financing Activities

On February 1, 2017, the Group completed the issuance of US$1,400 million aggregate principal amount of senior unsecured notes, which is comprised of US$400 million aggregate principal amount of 2.700% senior notes due 2020, US$400 million aggregate principal amount of 3.350% senior notes due 2022 and US$600 million aggregate principal amount of 4.250% senior notes due 2027 (Collectively, the "New Notes"). On February 17, 2017, the Group also entered into a credit agreement, which consists of a US$1,000 million senior unsecured revolving facility and a US$500 million senior unsecured term loan, with a bank group (the "New Credit Facility"). The net proceeds from the New Notes and the term loan portion of the New Credit Facility were used to refinance part of the Group's existing debts to reduce future finance costs and improve debt maturity profile. Hence, on February 1, 2017, we completed the tender offer to repurchase US$360 million of the 7.750% senior notes due 2017 ("2017 Notes"). On February 21, 2017, we redeemed all of the aggregate principal amount of the outstanding 5.250% senior notes due 2018, 5.875% senior notes due 2021 and 6.625% senior notes due 2022. On July 1, 2017, we fully repaid the remaining balance of US$81 million of the 2017 Notes at maturity ("Refinancing").

Debt Profile

As at the dates indicated below, we had the following outstanding interest-bearing bank and other borrowings.

	As at June 30, 2017 US$ million	As at December 31, 2016 US$ million
Borrowings by nature		
Bank borrowings	**1,711**	833
Senior unsecured notes	**1,469**	1,882
Medium term notes	**148**	144
Loans from third parties	**3**	3
Other loan	**41**	–
Bank overdrafts	**22**	16
	3,394	2,878
Borrowings by geographical region		
U.S.	**2,161**	1,912
China	**939**	443
Hong Kong	**172**	453
Europe	**122**	70
	3,394	2,878

The Group's total principal amount of outstanding borrowings as at June 30, 2017 was US$3,410 million (as at December 31, 2016: US$2,864 million). The maturity profile is analyzed as follows:

	Total
In 2017	21%
In 2018	18%
In 2019	9%
In 2020	13%
In 2021	2%
In 2022	19%
In 2027	18%
	100%

Our borrowings are principally denominated in currencies of the Group's business, or balanced by assets in the same currency. 73.1% of our borrowings was denominated in US$ as at June 30, 2017 (as at December 31, 2016: 87.0%). The rest of our borrowings was denominated in RMB, Euro, British Pound, PLN and RON.

As at June 30, 2017, 90.6% of our borrowings were unsecured (as at December 31, 2016: 96.8%). Certain borrowings were secured by pledged bank deposits and other assets. Certain borrowings contained affirmative and negative covenants that are subject to certain qualifications and exceptions. The Group had no default in repayment of bank borrowings, nor did it breach any relevant finance covenants during the Review Period.

Leverage Ratios

As at June 30, 2017, 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 46.5% and 38.9% respectively (as at December 31, 2016: 40.9% and 24.7% respectively). Our debt to EBITDA ratio (ratio of consolidated borrowings and bank overdrafts to trailing 12-month EBITDA before biological fair value adjustments) and net debt to EBITDA ratio (ratio of consolidated borrowings and bank overdrafts less bank balances and cash to trailing 12-month EBITDA, before biological fair value adjustments) were 1.5x and 1.2x respectively (as at December 31, 2016: 1.3x and 0.8x respectively).

Finance Costs

Our finance costs increased from US$96 million in the Comparable Period to US$140 million for the Review Period. The increase was mainly the net results of a loss on debt extinguishment of US$70 million and the subsequent interest savings related to the Refinancing. As at June 30, 2017, the average interest rate of our total borrowings was 3.4% (as at December 31, 2016: 5.2%).

Credit Profile

The Group aims at maintaining a good credit profile that is beneficial to its long-term growth and development. Our long-term foreign-currency issuer default rating and senior unsecured rating are BBB+ according to Fitch. Our long-term corporate credit rating is BBB according to Standard & Poor's. Our issuer rating is Baa2 according to Moody's. The outlook of these ratings is stable.

The rating of our wholly owned subsidiary, Shuanghui Group, according to China Cheng Xin International Credit Rating Co. Ltd*. (中誠信國際信用評級有限公司) is AAA. For our wholly-owned subsidiary, Smithfield, Fitch assigned to it a long-term foreign-currency issuer default rating of BBB with a stable outlook. According to Standard & Poor's, the corporate credit rating of Smithfield is BBB-. The outlook is stable. According to Moody's, Smithfield's corporate family rating is Ba2. The outlook is positive.

* *For identification purpose only*

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$201 million in the Review Period. The following table sets out our capital expenditures by geographical region for periods indicated:

	Six months ended June 30,	
	2017	2016
	US$ million	US$ million
China	**22**	38
U.S.	**150**	136
Europe	**29**	34
	201	208

In China, our capital expenditures for the Review Period were mainly related to the building of new and renovation of old production facilities in Shenyang and Qingyuan. In U.S., our capital expenditures for the Review Period were primarily related to plant and hog farm improvement projects, as well as the upgrade of our ERP system.

Human Resources

We continued with our focus on talent management and employee engagement. As at June 30, 2017, we had approximately 104 thousand employees in total, in which approximately 52 thousand employees were with our China operation and approximately 52 thousand employees were with our U.S. and European operations. The Group provides training programs for the employees with a view to constantly improving their skills and knowledge. It is also our policy to ensure that remuneration for employees, inducing the Chief Executive Officer and other Directors, is appropriate and aligns with the goals, objectives and performances of the Group. Total remuneration expenses in the Review Period amounted to US$1,640 million (Comparable Period: US$1,562 million), which comprised fixed compensation such as basic salaries and allowances; variable incentives such as performance bonus; long term incentives such as share-based payments as well as retirement benefits scheme.

Biological Assets

As at June 30, 2017, we had a total of 12,555 thousand hogs, consisting of 11,447 thousand live hogs and 1,108 thousand breeding stock, a 3.7% increase from 12,103 thousand hogs as at December 31, 2016. We also had a total of 5,171 thousand poultry, consisting of 4,626 thousand broilers and 545 thousand breeding stock. The fair value of our biological assets was US$1,235 million as at June 30, 2017, as compared to US$1,119 million as at December 31, 2016.

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 determined with reference to the market prices, species, growing conditions, cost incurred and the professional valuation. We engaged an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to measure such fair value for the Group on an annual basis.

For the Review Period, the net impact of biological fair value adjustments on our results was a profit in the amount of US$65 million, as compared to a profit in the amount of US$85 million in the Comparable Period.

Key Investment Interests

Acquisition of Subsidiaries

On January 3, 2017, the Group completed the acquisition of an integrated producer and processor of pork products in U.S. which operates various brands including “Farmer John” (“Acquisition of Clougherty”). The Acquisition of Clougherty expands and strengthens the Group’s vertically integrated supply chain with existing profitable fresh pork and packaged meats businesses. As the Farmer John brand is the leading branded bacon and fresh sausage in California, the Acquisition of Clougherty also provides the Group with an immediate entry into the U.S. West Coast market and further solidifies the Group’s image as a premium pork products producer and processor.

On June 1, 2017, the Group completed the acquisitions of three meat companies in Poland which comprised of a meat processing and packaging plant, a case ready meat plant and an investment project in chicken processing which is currently under development. On July 28, 2017, the Group further acquired 33.5% and agreed to acquire the remaining 66.5% interest (conditional upon approval from regulatory authorities) in a hog slaughterhouse in Poland (“Acquisition of Pini”). The Acquisition of Pini aligns with the strategic growth plans of the Group by strengthening its vertically-integrated supply chain in resourceful regions and increasing its production of high-quality packaged meats products. It is also expected to help our business in Poland to become more competitive in Europe and globally.

Mexican Joint Ventures

The Group has joint venture interests in two pork companies in Mexico, GCM and Norson. GCM sells live hogs into the Mexico City market, one of the largest pork consumption markets in the world. Norson primarily produces hogs for use in its fresh pork operations. As at June 30, 2017, GCM and Norson had in aggregate approximately 131 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$6 million (Comparable Period: US$11 million). It is expected that GCM and Norson will continue to be our important investments in Mexico and bring in profit to the Group.

Key Risks and Their Management

Risk Management and Internal Control

The risk management system of the Group is designed to assist the Group in implementing a sound and consistent risk management and reporting process across the Group. Risk Management Committee is mainly responsible to oversee the development and implementation of the Group's risk management system. The Group's risk management department assisted the risk management committee to review the effectiveness of risk management process and risk management report submitted by management, in which key risks and mitigation measures were reported to the risk management committee. During the Review Period, the Group conducted risk assessment to analyze and report key risks, followed by the establishment of respective mitigation controls.

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 mitigate the effects of price fluctuations through overseas import, strategic inventory management and effective transfer of raw material prices to end customers. In U.S., these commodities are actively traded on the exchanges. We hedge when we determine conditions are appropriate to mitigate price risk. The main objectives of our hedges 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 these hedging activities 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. The Group has robust monitoring and approval procedures to manage all its hedging activities.

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. We monitor our foreign exchange exposure at any time and hedge significant exposure should the need arise.

Our borrowings carry fixed or floating interest rates. As at June 30, 2017, approximately 71.6% of our borrowings were at fixed interest rates (As at December 31, 2016: 82.4%). To manage our interest rate exposure, we optimize our debt portfolio and enter into hedging activities from time to time.

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

Sustainability is an important area of the Group governance framework. The Board has established an ESG Committee at Group level, which sets sustainability goals and targets and guides our development strategy. During the Review Period, the Group held an ESG Committee meeting. At the meeting, the ESG Committee conducted review on the key ESG risks and its risk mitigation controls faced by the Group.

The Group is proud to be an engaged and active member of the communities in which we operate and which we help feed. As a leading global operator, we are subject to different laws and legal standards in the markets where we operate, and the expectations of our stakeholders are significantly different between the various markets where we have a presence. Under the guidance of the ESG Committee, each of our business units also has its own sustainability body, which moves local sustainability initiatives forward in accordance with Group principles.

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, develop our sales channels and invest in marketing efforts so as to expand our business scale. 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 vertical integration. 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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the interim financial information set out on pages 18 to 47, which comprises the condensed consolidated statement of financial position of WH Group Limited (the "Company") and its subsidiaries as at 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board (the "IASB"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of this interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
14 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2017

	Notes	**For the six months ended June 30, 2017**			For the six months ended June 30, 2016		
		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	3	**10,658**	**–**	**10,658**	10,453	–	10,453
Cost of sales		**(8,476)**	**(145)**	**(8,621)**	(8,405)	(12)	(8,417)
Gross profit		**2,182**	**(145)**	**2,037**	2,048	(12)	2,036
Distribution and selling expenses		**(919)**	**–**	**(919)**	(854)	–	(854)
Administrative expenses		**(357)**	**–**	**(357)**	(339)	–	(339)
Gain arising from agricultural produce at fair value less costs to sell at the point of harvest		**–**	**155**	**155**	–	47	47
Gain arising from changes in fair value less costs to sell of biological assets		**–**	**89**	**89**	–	88	88
Other income		**58**	**–**	**58**	37	–	37
Other gains and losses		**1**	**–**	**1**	5	–	5
Other expenses		**(23)**	**–**	**(23)**	(28)	–	(28)
Finance costs		**(140)**	**–**	**(140)**	(96)	–	(96)
Share of profits of associates		**4**	**–**	**4**	5	–	5
Share of profits of joint ventures		**6**	**–**	**6**	12	–	12
PROFIT BEFORE TAX	4	**812**	**99**	**911**	790	123	913
Income tax expenses	5	**(240)**	**(34)**	**(274)**	(223)	(38)	(261)
PROFIT FOR THE PERIOD		**572**	**65**	**637**	567	85	652
Other comprehensive income (expense) for the period:							
Items that will not be reclassified subsequently to profit or loss							
– remeasurement on defined benefit pension plans				**–**			2

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

For the six months ended June 30, 2017

	Notes	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
		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)
Items that may be reclassified subsequently to profit or loss							
– exchange differences arising on translation of foreign operations				175			(57)
– fair value change in cash flow hedge				(33)			25
				142			(32)
Other comprehensive income (expense) for the period, net of tax				142			(30)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				779			622
Profit for the period attributable to:							
Owners of the Company				557			551
Non-controlling interests				80			101
				637			652
Total comprehensive income for the period attributable to:							
Owners of the Company				682			519
Non-controlling interests				97			103
				779			622
EARNINGS PER SHARE							
Basic (US$ cents)	7			4.07			4.03
Diluted (US$ cents)	7			3.89			3.85

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2017

	Notes	**June 30, 2017 US$'million (Unaudited)**	December 31, 2016 US$'million (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**4,808**	4,529
Prepaid lease payments		**198**	195
Biological assets	9	**189**	186
Goodwill		**1,823**	1,784
Intangible assets		**1,730**	1,681
Interests in associates		**61**	62
Interests in joint ventures		**142**	119
Other receivables		**41**	47
Available-for-sale investments		**5**	5
Pledged bank deposits		**10**	8
Deferred tax assets		**36**	28
Other non-current assets		**140**	124
Total non-current assets		**9,183**	8,768
CURRENT ASSETS			
Biological assets	9	**1,046**	933
Inventories	10	**1,808**	1,678
Trade and bills receivables	11	**887**	793
Prepayments, deposits and other receivables		**288**	228
Prepaid lease payments		**5**	5
Taxation recoverable		**42**	16
Available-for-sale investments		**196**	–
Pledged/restricted bank deposits		**43**	51
Bank balances and cash		**551**	1,139
Total current assets		**4,866**	4,843
CURRENT LIABILITIES			
Trade and bills payables	12	**615**	854
Accrued expenses and other payables	13	**1,303**	1,422
Taxation payable		**44**	36
Borrowings	14	**1,109**	995
Bank overdrafts	14	**22**	16
Total current liabilities		**3,093**	3,323

Condensed Consolidated Statement of Financial Position (Continued)

As at June 30, 2017

	Notes	June 30, 2017 US$'million (Unaudited)	December 31, 2016 US$'million (Audited)
NET CURRENT ASSETS		**1,773**	1,520
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,956**	10,288
NON-CURRENT LIABILITIES			
Borrowings	14	**2,263**	1,867
Other payables	13	**155**	162
Obligations under finance leases		**24**	23
Deferred tax liabilities		**891**	887
Deferred revenue		**7**	8
Pension liability and other retirement benefits	15	**311**	303
Total non-current liabilities		**3,651**	3,250
NET ASSETS		**7,305**	7,038
CAPITAL AND RESERVES			
Share capital		**1**	1
Reserves		**6,646**	6,315
Equity attributable to owners of the Company		**6,647**	6,316
Non-controlling interests		**658**	722
TOTAL EQUITY		**7,305**	7,038

The interim financial information on pages 18 to 47 were approved and authorised for issue by the Board of Directors on August 14, 2017 and are signed on its behalf by:

Mr. Wan Long
Director

Mr. Guo Lijun
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2017

	Attributable to owners of the Company									
	Share capital US$'million	Share premium US$'million	Capital reserve US$'million (Note (a))	Translation reserve US$'million	Other reserve US$'million (Note (b))	Statutory surplus reserves US$'million (Note (c))	Retained profits US$'million	Total US$'million	Non-controlling interests US$'million	Total equity US$'million
At January 1, 2017 (Audited)	1	2,905	(65)	(314)	715	238	2,836	6,316	722	7,038
Profit for the period	–	–	–	–	–	–	557	557	80	637
Exchange differences arising on translation to foreign operations	–	–	–	158	–	–	–	158	17	175
Fair value changes in cash flow hedge	–	–	–	–	(33)	–	–	(33)	–	(33)
Total comprehensive income (expense) for the period	–	–	–	158	(33)	–	557	682	97	779
Acquisition of additional interests in subsidiaries	–	–	(1)	–	–	–	–	(1)	(3)	(4)
Dividend paid to shareholders and non-controlling interests	–	–	–	–	27	–	(395)	(368)	(161)	(529)
Exercise of share options	–*	2	–	–	(1)	–	–	1	–	1
Share-based payments	–	–	–	–	17	–	–	17	3	20
	–*	2	(1)	–	43	–	(395)	(351)	(161)	(512)
At June 30, 2017 (Unaudited)	1	2,907	(66)	(156)	725	238	2,998	6,647	658	7,305
At January 1, 2016 (Audited)	1	2,902	(55)	(118)	665	229	2,139	5,763	940	6,703
Profit for the period	–	–	–	–	–	–	551	551	101	652
Exchange differences arising on translation to foreign operations	–	–	–	(59)	–	–	–	(59)	2	(57)
Remeasurement on defined benefit pension plans	–	–	–	–	2	–	–	2	–	2
Fair value changes in cash flow hedge	–	–	–	–	25	–	–	25	–	25
Total comprehensive income (expense) for the period	–	–	–	(59)	27	–	551	519	103	622
Acquisition of additional interests in subsidiaries	–	–	(1)	–	–	–	–	(1)	(3)	(4)
Dividend paid to shareholders and non-controlling interests	–	–	–	–	16	–	(236)	(220)	(236)	(456)
Share-based payments	–	–	–	–	25	–	–	25	3	28
Transfers	–	–	–	–	–	9	(9)	–	–	–
	–	–	(1)	–	41	9	(245)	(196)	(236)	(432)
At June 30, 2016 (Unaudited)	1	2,902	(56)	(177)	733	238	2,445	6,086	807	6,893

* Less than US$1 million.

Notes:

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

(b) Other reserve included the fair value of the share awards, remeasurement deficit of the defined benefit pension plans and fair value surplus (deficit) in cash flow hedge attributable to the Group.

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2017

	Six months ended June 30, 2017 US$'million (Unaudited)	2016 US$'million (Unaudited)
Net cash from operating activities	**54**	354
Investing Activities		
Interest received	**2**	2
Dividend from associates	**2**	4
Purchases of items of property, plant and equipment	**(225)**	(237)
Proceeds from disposal of property, plant and equipment	**8**	1
Acquisition of subsidiaries	**(147)**	–
Purchase of available-for-sale investments	**(526)**	(1,100)
Proceeds from maturity of available-for-sale investments	**333**	975
Decrease in pledged/restricted bank deposits	**9**	10
Net cash used in investing activities	**(544)**	(345)
Financing Activities		
Dividends paid to shareholders and non-controlling interests	**(523)**	(456)
Proceeds from borrowings, net of transaction costs	**3,337**	2,013
Repayment of borrowings	**(2,953)**	(2,207)
Net cash outflow on acquisition of additional interests in subsidiaries	**(4)**	(4)
Proceeds from exercise of share options	**1**	–
Net cash used in financing activities	**(142)**	(654)
Net decrease in cash and cash equivalents	**(632)**	(645)
Cash and cash equivalents at beginning of period	**1,123**	1,125
Effect of foreign exchange rate changes, net	**38**	(15)
Cash and Cash Equivalents at End of Period	**529**	465
Analysis of Balances of Cash and Cash Equivalents		
Bank balances and cash	**551**	515
Bank overdrafts	**(22)**	(50)
	529	465

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2017

1. Corporate Information and Basis of Preparation

WH Group Limited (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 acts as an investment holding company. The principal activities of its principal subsidiaries are hog production and production and sales of fresh pork and packaged meats.

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 interim financial information for the six months ended June 30, 2017 has been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The interim financial information has been prepared under the historical cost convention, except for biological assets, which are measured on initial recognition and at the end of each reporting period at their fair value less costs to sell, and certain financial instruments which are measured at fair value. This financial information is presented in US$ and all values are rounded to the nearest million except when otherwise indicated.

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2016.

The accounting policies and methods of computation adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with *International Financial Reporting Standards* ("IFRSs") issued by the IASB, except for adoption of the revised IFRSs as disclosed in note 2 below.

2. Changes in Accounting Policies

The Group has adopted the following revised IFRSs for the first time for the current period's interim financial information.

Amendments to IAS 7	*Statement of Cash Flows: Disclosure Initiative*
Amendments to IAS 12	*Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements 2014-2016 Cycle*	*Disclosure of Interests in Other Entities*

2. Changes in Accounting Policies (Continued)

The adoption of the revised IFRSs has had no significant financial effect on the interim financial information and there have been no significant changes to the accounting policies applied in the interim financial information.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. Operating 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 based on their locations including China, U.S. and Europe and the nature of operations as (i) packaged meats, (ii) fresh pork, (iii) hog production and (iv) others.

The details of the Group's business activities 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 flavouring ingredients and internally-produced packaging materials, as well as retail business and biopharmaceuticals, retail of meat related products, and corporate expenses incurred by the Group.

Each reportable segment derives its revenue 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 of associates and joint ventures. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

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

3. Operating Segment Information (Continued)

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

	For the six months ended June 30, 2017				
	Packaged meats US$'million (Unaudited)	Fresh pork US$'million (Unaudited)	Hog production US$'million (Unaudited)	Others US$'million (Unaudited)	Total US$'million (Unaudited)
People's Republic of China ("China")					
Gross segment revenue	1,571	2,116	41	196	3,924
Less: Inter-segment sales	–	(311)	(35)	(95)	(441)
Net external sales	1,571	1,805	6	101	3,483
Reportable segment profit (loss)	319	45	14	(19)	359
The United States of America ("U.S.")					
Gross segment revenue	3,661	3,994	1,424	–	9,079
Less: Inter-segment sales	(1)	(1,476)	(1,177)	–	(2,654)
Net external sales	3,660	2,518	247	–	6,425
Reportable segment profit (loss)	356	199	(21)	(62)	472
Europe					
Gross segment revenue	311	521	295	157	1,284
Less: Inter-segment sales	(20)	(204)	(273)	(37)	(534)
Net external sales	291	317	22	120	750
Reportable segment profit	11	1	56	2	70
Total					
Gross segment revenue	5,543	6,631	1,760	353	14,287
Less: Inter-segment sales	(21)	(1,991)	(1,485)	(132)	(3,629)
Net external sales	5,522	4,640	275	221	10,658
Reportable segment profit (loss)	686	245	49	(79)	901
Net unallocated income					41
Biological fair value adjustments					99
Finance costs					(140)
Share of profits of associates					4
Share of profits of joint ventures					6
Profit before tax					911

3. Operating Segment Information (Continued)

	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 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
U.S.					
Gross segment revenue	3,402	3,499	1,297	–	8,198
Less: Inter-segment 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
Europe					
Gross segment revenue	308	402	221	140	1,071
Less: Inter-segment 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 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 fair value adjustments					123
Finance costs					(96)
Share of profits of associates					5
Share of profits of joint ventures					12
Profit before tax					913

3. Operating Segment Information (Continued)

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 Tax

The Group's profit before tax is arrived at after charging (crediting):

	Six months ended June 30,	
	2017	2016
	US$'million	US$'million
	(Unaudited)	(Unaudited)
Depreciation	**185**	184
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	**25**	9
Net allowance on trade receivables	**1**	–*
Operating leases rentals in respect of rented premises	**61**	55
Research and development expenses	**50**	42
Staff costs	**1,622**	1,542
(Gain) loss on disposal of property, plant and equipment	**(1)**	2
Gain on maturity of available-for-sale investments	**(5)**	(10)

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

* Less than US$1 million

5. Income Tax

	Six months ended June 30, 2017 US$'million (Unaudited)	2016 US$'million (Unaudited)
China enterprise income tax	**93**	107
U.S. and other overseas income tax	**118**	121
Withholding tax	**37**	5
Deferred tax	**26**	28
	274	261

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

6. Dividends

At the Company's annual general meeting held on May 23, 2017, the shareholders of the Company approved the payment of a final dividend of HK$0.21 per share (year ended December 31, 2015: HK$0.125 per share) of the Company for the year ended December 31, 2016, as recommended by the Board, which was paid in cash to the shareholders of the Company on June 19, 2017, whose names appeared on the register of members of the Company on May 29, 2017.

The Board resolved to recommend the payment of an interim dividend of HK$0.05 per share (six months ended June 30, 2016: HK$0.05 per share) to the shareholders of the Company whose names appear on the register of members of the Company on September 20, 2017. The dividend is to be paid in cash to the shareholders of the Company on or about October 6, 2017.

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 months ended June 30, 2017 US$'million (Unaudited)	2016 US$'million (Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**557**	551

	Six months ended June 30, 2017 million shares (Unaudited)	2016 million shares (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	**13,668.77**	13,665.96
Effect of dilutive potential ordinary shares		
– incentive shares	**631.58**	631.58
– share options	**13.10**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**14,313.45**	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 did not assume the exercise or forfeiture of the Company's share options because the exercise price of those options was higher than the then average market price for the Company's shares.

8. Movements in Property, Plant and Equipment

During the six months ended June 30, 2017, the Group incurred US$201 million (six months ended June 30, 2016: US$208 million) on the acquisition of items 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 growth, including suckling hogs, nursery hogs, finishing hogs and broilers, which are classified as current assets. Biological assets also include breeding stocks (hogs and poultry), which are used to produce future live hogs and broilers, are classified as non-current assets of the Group. The quantity of live hogs, broilers and breeding stocks owned by the Group at the end of each reporting period are as follows:

	June 30, 2017 Head ('000) (Unaudited)	December 31, 2016 Head ('000) (Audited)
Live hogs		
– suckling	**1,745**	1,574
– nursery	**2,373**	2,243
– finishing	**7,329**	7,220
	11,447	11,037
Breeding stocks (hogs)	**1,108**	1,066
	12,555	12,103
Broilers	**4,626**	3,846
Breeding stocks (poultry)	**545**	531
	5,171	4,377

9. Biological Assets (Continued)

Nature of the Group's agricultural activities (Continued)

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:

	June 30, 2017 US$'million (Unaudited)	December 31, 2016 US$'million (Audited)
Current	**1,046**	933
Non-current	**189**	186
	1,235	1,119

Fair value measurement

The fair values of breeding stocks (hogs and poultry) are determined based on the average of the historical selling price of hogs and poultry of similar breed and genetic merit less costs to sell (level 3). The estimated fair value will increase when there is an increase in the average historical selling price, and vice versa.

The fair values of live hogs and broilers are mainly determined based on the market price of hogs and broilers in the actively traded market, subtracting the breeding costs required to raise the live hogs and broilers 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 increase when there is an increase in the market price of hogs and broilers or decrease in the breeding cost required to raise the live hogs and commercial chicken, and vice versa.

10. Inventories

	June 30, 2017 US$'million (Unaudited)	December 31, 2016 US$'million (Audited)
Raw materials	**524**	626
Work in progress	**112**	85
Finished goods	**1,172**	967
	1,808	1,678

11. Trade and Bills Receivables

	June 30, 2017 US$'million (Unaudited)	December 31, 2016 US$'million (Audited)
Trade receivables	**888**	792
Less: Allowance for bad and doubtful debts	**(9)**	(8)
	879	784
Bills receivables	**8**	9
	887	793

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 channels and customers for the U.S. and Europe operations.

11. Trade and Bills Receivables (Continued)

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:

	June 30, 2017 US$'million (Unaudited)	December 31, 2016 US$'million (Audited)
Current to 30 days	811	728
31 to 90 days	59	55
91 to 180 days	17	10
	887	793

12. Trade and Bills Payables

	June 30, 2017 US$'million (Unaudited)	December 31, 2016 US$'million (Audited)
Trade payables	615	854

The average credit period on purchases of goods is about 30 days in China operations and the credit terms vary depending on the vendors for the U.S. and Europe operations. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

12. Trade and Bills Payables (Continued)

The following is an ageing analysis of trade payables based on the invoice date:

	June 30, 2017 US$'million (Unaudited)	December 31, 2016 US$'million (Audited)
Current to 30 days	579	832
31 to 90 days	7	15
91 to 180 days	15	2
181 to 365 days	14	5
	615	854

13. Accrued Expenses and Other Payables

	June 30, 2017 US$'million (Unaudited)	December 31, 2016 US$'million (Audited)
Accrued staff costs	328	447
Deposits received	201	216
Sales rebates payables	211	211
Payables in respect of acquisition of property, plant and equipment	95	119
Insurance payables	147	117
Interest payable	37	56
Balance of contingent consideration in respect of acquisition of subsidiaries	69	63
Growers payables	35	38
Pension liability	33	33
Amounts due to associates	10	7
Other accrued expenses	142	88
Other payables	150	189
	1,458	1,584
Analysed for reporting purposes as:		
Current	1,303	1,422
Non-current	155	162
	1,458	1,584

14. Borrowings

	June 30, 2017 US$'million (Unaudited)	December 31, 2016 US$'million (Audited)
Senior unsecured notes		
5.250% senior unsecured notes due August 2018	**–**	200
5.875% senior unsecured notes due August 2021	**–**	350
6.625% senior unsecured notes due August 2022	**–**	898
7.750% senior unsecured notes due July 2017	**81**	434
2.700% senior unsecured notes due February 2020	**398**	–
3.350% senior unsecured notes due February 2022	**396**	–
4.250% senior unsecured notes due February 2027	**594**	–
	1,469	1,882
Medium-term unsecured notes	**148**	144
Bank loans (Note (i))		
Secured	**318**	89
Unsecured	**1,393**	744
Loans from third parties (Note (ii))		
Secured	**1**	1
Unsecured	**2**	2
Other loan (Note (iii))	**41**	–
Total borrowings	**3,372**	2,862
Bank overdrafts (Note (iv))	**22**	16
The borrowings other than bank overdrafts are payable as follows (Note (v)):		
Within one year	**1,109**	995
In the second year	**273**	575
In the third to fifth years, inclusive	**1,393**	389
After five years	**597**	903
	3,372	2,862
Less: Amounts due within one year shown under current liabilities	**(1,109)**	(995)
Amounts due after one year	**2,263**	1,867
Total borrowings other than bank overdrafts:		
At fixed rates	**2,413**	2,359
At floating rates	**959**	503
	3,372	2,862

14. Borrowings (Continued)

Notes:

(i) Bank loans carry interest at fixed rates ranging from 2.25% to 5.70% per annum (December 31, 2016: from 2.45% to 5.70%) and floating rates ranging from LIBOR + 0.60% to WIBOR + 3.20% per annum at June 30, 2017 (December 31, 2016: LIBOR + 0.75% to LIBOR + 2.50%).

(ii) Loans from third parties carry interest at fixed rate of 0.90% per annum at June 30, 2017 (December 31, 2016: 0.90%).

(iii) On March 17, 2017, the Group entered into a lease agreement with a bank in China to borrow 1,000 kilograms of gold for one year and then concurrently sold the gold in exchange for cash. On the same date, the Group entered into a forward contract with the same bank to purchase the same quantity of gold at a fixed amount to be settled on the maturity date of the gold borrowing arrangement, for the purpose of settlement of the borrowed gold. The risk of gold price fluctuation during the gold borrowing period is borne by the bank and not by the Group. Based on the substance of the arrangement, the Group accounted for these arrangements as financing arrangements to borrow money from the bank. The effective interest rate of the above arrangement is 3.50% per annum.

(iv) Bank overdrafts at June 30, 2017 carry interest at fixed rate of 4.13% per annum (December 31, 2016: 3.50%).

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

Certain borrowings as at June 30, 2017 are secured by the Group's pledged bank deposits of US$12 million (December 31, 2016: US$12 million). As at June 30, 2017 and December 31, 2016, 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 properties, including cash and cash equivalents, deposit accounts, inventories and 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, or dispose of or transfer assets, 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, 2017 and year ended December 31, 2016.

15. Pension Liability and Other Retirement Benefits

Defined Benefit Plans

Pension benefits provided by the Group are currently organised primarily through Company sponsored defined benefit pension plans which cover the majority of U.S. employees and certain foreign employees of the Group. Salaried employees are provided benefits based on years of service and average salary levels. Hourly employees are provided benefits of stated amounts for each year of service.

Under the plans, the employees are entitled to retirement benefits based on final average salary on attainment of a retirement age of 65. No other post-retirement benefits are provided to these employees.

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

15. Pension Liability and Other Retirement Benefits (Continued)

Defined Benefit Plans (Continued)

The policy for the plans are consistently applied at December 31, 2016 and June 30, 2017.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2016 by Mercer (US), Inc.. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Defined Contribution Plans

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

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

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

The amount charged to profit or loss of approximately US$57 million during the six months ended June 30, 2017 (six months ended June 30, 2016: US$44 million) represents contribution paid or payable to the plans by the Group at rates specified in the rules of the plans.

16. Business Combinations

On November 21, 2016, the Group entered into a definitive agreement with an independent third party for the acquisition of the entire equity interest in Clougherty Packing, LLC ("Clougherty"). The acquisition was made as part of the Group's strategy to expand and strengthen its vertically integrated supply chain with existing profitable fresh and packaged meats businesses and provide the Group with an immediate entry into the U.S. West Coast market. The acquisition was completed on January 3, 2017.

On June 1, 2017, the Group acquired the entire equity interest in Pini Polska Sp. z o.o., Hamburger Pini Sp. z o.o. and Royal Chicken Sp. z o.o. (collectively, "Pini") from an independent third party. The acquisition was made as part of the Group's strategy to strengthen its vertically integrated supply chain in Poland and increasing its production of high-quality packaged meats products.

16. Business Combinations (Continued)

On June 22, 2017, the Group also acquired the entire equity interest in Celsus Glycoscience, Inc. ("Celsus") from an independent third party. The acquisition formed part of the Group's new bioscience group, a strategic platform to leverage by-products from the meat production process for development of pharmaceuticals, nutraceuticals and medical device solutions.

As at the date of approval for issuance of the interim financial information, the fair value assessments of identifiable assets and liabilities arisen from the acquisitions above have not been finalised and thus, the assets and liabilities recognised at the dates of acquisitions (see below) have been determined provisionally. Upon finalisation of the valuation, goodwill arising on acquisitions and deferred tax may change accordingly. The directors expect the valuation will be finalised within one year from completion.

The fair values of the identifiable assets and liabilities of the acquisitions as at the dates of acquisitions (determined on a provisional basis) were as follows:

	Fair value recognised on acquisition US$'million
Property, plant and equipment	189
Biological assets	17
Intangible assets	34
Inventories	40
Trade and bill receivables	31
Deferred tax assets	6
Bank balances and cash	18
Trade and bills payables	(74)
Accrued expenses and other payables	(68)
Borrowings	(28)
Other liabilities	(26)
Total identifiable net assets at fair value	139
Goodwill	26
Satisfied by cash	165

The Group incurred transaction costs of US$5 million for these acquisitions. These transaction costs have been expensed and are included in other expenses in the profit or loss of the interim financial information.

16. Business Combinations (Continued)

An analysis of the cash flows in respect of the acquisitions of the above subsidiaries is as follows:

	US$'million
Cash consideration	(165)
Bank balances and cash acquired	18
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(147)
Transaction costs of the acquisition included in cash flows from operating activities	(3)
	(150)

Since the acquisition, Clougherty contributed US$266 million to the Group's revenue and US$15 million to the consolidated profit before tax for the six months ended June 30, 2017.

Had the acquisition of Clougherty taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the six months ended June 30, 2017 would have been US$10,658 million and US$637 million, respectively.

The results of Pini and Celsus acquired during the period had no significant impact on the Group's consolidated revenue or profit for the six months ended June 30, 2017.

17. Capital Commitments

The Group had the following capital commitments at the end of the reporting period:

	June 30, 2017 US$'million (Unaudited)	December 31, 2016 US$'million (Audited)
Capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment	**105**	73

18. Contingent Liabilities

The Group is subject to various laws and regulations administered by jurisdictional government entities. The Group had notices and inquiries from regulatory authorities and others asserting from time to time that the Group is not in compliance with the respective laws and regulations. In some instances, litigation ensues and individuals may initiate litigation against the Group.

North Carolina Nuisance Litigation

In August, September and October 2014, 25 complaints were filed in the Eastern District of North Carolina by 515 individual plaintiffs against our wholly owned subsidiary, Murphy-Brown LLC ("Murphy-Brown"), alleging causes of action for nuisance and related claims. The complaints stemmed from the nuisance cases previously filed in the Superior Court of Wake County. Subsequent to this initial filing, certain plaintiffs joined the complaints and in response Murphy Brown has filed its answers and affirmative defense, all the complaints were amended pursuant to the Court's order and some plaintiffs dismissed their claims during the process of discovery. As of June 30, 2017, there were 26 currently pending complaints which included claims on behalf of 511 plaintiffs and relate to approximately 14 company-owned and 75 contract farms. All 26 complaints include causes of action for temporary nuisance and negligence and seek recovery of an unspecified amount of compensatory, special and punitive damages. The Group believes that the claims are unfounded and intends to defend the suits vigorously.

The Group's policy for establishing accruals and disclosures for contingent liabilities is set out in the Group's annual financial statements for the year ended December 31, 2016. The Group established a provision for estimating the expenses to defend against these and similar potential claims on the consolidated statement of financial position. Expenses and other liabilities associated with these nuisance and related claims for subsequent periods will not affect the Group's profits or losses unless the provision proves to be insufficient or excessive. However, legal expenses incurred in the Group's defence of these claims and any payments made to plaintiffs through unfavourable verdicts or otherwise will negatively impact its cash flows and its liquidity position. Given that these matters are in the preliminary stages and given the inherent uncertainty of the outcome for these and similar potential claims, the Group cannot estimate the reasonably possible loss or range of loss for these loss contingencies outside the expenses the Group will incur to defend against these claims. The directors of the Company will continue to review whether an additional accrual is necessary and estimate the reasonably possible loss or range of loss for these matters.

19. Fair Value Measurement of Financial Instruments

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

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	At June 30, 2017			
	Level 1 US$'million (Unaudited)	**Level 2 US$'million (Unaudited)**	**Level 3 US$'million (Unaudited)**	**Total US$'million (Unaudited)**
Derivative financial assets	**14**	**14**	**–**	**28**
Available-for-sale investments	**–**	**–**	**196**	**196**
Other non-current assets	**28**	**95**	**13**	**136**
	42	**109**	**209**	**360**
Derivative financial liabilities	**41**	**29**	**–**	**70**

	At December 31, 2016			
	Level 1 US$'million (Audited)	Level 2 US$'million (Audited)	Level 3 US$'million (Audited)	Total US$'million (Audited)
Derivative financial assets	6	14	–	20
Other non-current assets	19	78	–	97
	25	92	–	117
Derivative financial liabilities	–	11	–	11

19. Fair Value Measurement of Financial Instruments (Continued)

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

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

The available-for-sale investments were unlisted financial products measured at fair value and has been categorised as level 3 hierarchy in fair value measurement, significant unobservable inputs including expected rate of return of 4.6% to 5.2% have been used.

Other non-current assets includes mutual funds and institutional funds which are valued based on its quoted prices in active market (level 1) or derived from the net asset value per share of the investment (level 3), as appropriate, and insurance contracts which are valued at their cash surrender value using the daily asset unit value that is based on the quoted market price of the underlying securities and classified within Level 2.

Financial assets and financial liabilities subject to offsetting enforceable master netting arrangement and similar agreements

The disclosure set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group’s consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group’s consolidated statement of financial position.

The Group currently has a legally enforceable right to set off the derivative financial instruments (included in prepayments, deposits and other receivables and accrued expenses and other payables) and the Group intends to settle these balances on a net basis.

19. Fair Value Measurement of Financial Instruments (Continued)

Financial assets and financial liabilities subject to offsetting enforceable master netting arrangement and similar agreements (Continued)

June 30, 2017

	Gross amounts of recognised financial assets US$'million (Unaudited)	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position US$'million (Unaudited)	Net amounts of financial assets presented in the consolidated statement of financial position US$'million (Unaudited)	Related amounts not set off in the consolidated statement of financial position		Net amount US$'million (Unaudited)
				Financial collateral US$'million (Unaudited)	Cash collateral received US$'million (Unaudited)	
Derivative	14	(41)	(27)	–	45	18

June 30, 2017

	Gross amounts of recognised financial liabilities US$'million (Unaudited)	Gross amounts of recognised financial assets set off in the consolidated statement of financial position US$'million (Unaudited)	Net amounts of financial liabilities presented in the consolidated statement of financial position US$'million (Unaudited)	Related amounts not set off in the consolidated statement of financial position		Net amount US$'million (Unaudited)
				Financial collateral US$'million (Unaudited)	Cash collateral received US$'million (Unaudited)	
Derivative	41	(41)	–	–	–	–

19. Fair Value Measurement of Financial Instruments (Continued)

Financial assets and financial liabilities subject to offsetting enforceable master netting arrangement and similar agreements (Continued)

December 31, 2016

	Gross amounts of recognised financial assets US$'million (Audited)	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position US$'million (Audited)	Net amounts of financial assets presented in the consolidated statement of financial position US$'million (Audited)	Related amounts not set off in the consolidated statement of financial position		Net amount US$'million (Audited)
				Financial collateral US$'million (Audited)	Cash collateral received US$'million (Audited)	
Derivative	17	(11)	6	–	8	14

December 31, 2016

	Gross amounts of recognised financial liabilities US$'million (Audited)	Gross amounts of recognised financial assets set off in the consolidated statement of financial position US$'million (Audited)	Net amounts of financial liabilities presented in the consolidated statement of financial position US$'million (Audited)	Related amounts not set off in the consolidated statement of financial position		Net amount US$'million (Audited)
				Financial collateral US$'million (Audited)	Cash collateral received US$'million (Audited)	
Derivative	11	(11)	–	–	–	–

20. Related Party Transactions

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

	Six months ended June 30,	
	2017	2016
	US$'million	US$'million
	(Unaudited)	(Unaudited)
Sales of goods to associates	**3**	3
Sales of goods to joint ventures	**5**	3
Purchase of goods from associates	**23**	21
Purchase of goods from joint ventures	**8**	9

(b) Compensation of key management personnel of the Group

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

	Six months ended June 30,	
	2017	2016
	US$'million	US$'million
	(Unaudited)	(Unaudited)
Director fees	**–***	–*
Basic salaries and allowances	**5**	5
Performance bonuses	**12**	10
Retirement benefits scheme contributions	**3**	2
Share-based payments	**12**	16
Total compensation paid to key management personnel	**32**	33

* Less than US$1 million

21. Comparative Amounts

Certain comparative amounts have been restated to conform with the current period's presentation and disclosures.

OTHER INFORMATION

Interim Dividend

The Board declares an interim dividend of HK$0.05 per Share (2016: HK$0.05 per Share) for the six months ended June 30, 2017 (the "2017 Interim Dividend"), representing a total payment of approximately HK$733 million (equivalent to approximately US$94 million) (2016: HK$732 million, equivalent to approximately US$94 million) to the Shareholders. The 2017 Interim Dividend is expected to be paid in cash to the Shareholders on or about Friday, October 6, 2017. The register of members of the Company will be closed from Thursday, September 21, 2017 to Monday, September 25, 2017, both days inclusive, during which period no transfer of shares will be registered. To ensure their entitlement to the 2017 Interim Dividend, Shareholders are reminded to lodge their transfers not later than 4:30 p.m. on Wednesday, September 20, 2017 with Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Disclosure of Interests

Directors

As at June 30, 2017, the interests and short positions of the Directors and chief executive officer of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interests in shares of the Company

Name of Director/ Chief Executive Officer	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding
Mr. Wan Long	Interest in a controlled corporation(1)	1,372,260,798(L)	9.37%
	Beneficiary of a trust(2)	852,513,841(L)	5.82%
	Beneficial owner	1,500,000(L)	0.01%
	Other(3)	350,877,333(1)	2.39%
Mr. Guo Lijun	Beneficiary of a trust(4)	68,771,713(L)	0.47%
	Beneficial owner	100,000(L)	0.00%
Mr. Zhang Taixi	Beneficiary of a trust(5)	1,113,536(L)	0.01%
Mr. You Mu	Beneficiary of a trust(6)	11,378,803(L)	0.08%

Notes:

(1) Mr. Wan Long owned Sure Pass as to 100%, which in turn owned 573,099,645 Shares. Accordingly, Mr. Wan Long was deemed to be interested in the 573,099,645 Shares held by Sure Pass. Mr. Wan Long owned Xing Tong Limited as to 90%. Xing Tong Limited was one of the participants of the Heroic Zone Share Plan, through which it owned approximately 15.15% of the beneficial interest in Rise Grand, which in turn owned 100% of the equity interest of Heroic Zone. Accordingly, Mr. Wan Long was deemed to be interested in the 799,161,153 Shares which Heroic Zone was interested in by virtue of his interest in Xing Tong Limited.

(2) Mr. Wan Long was one of the participants of the Heroic Zone Share Plan, through which he held approximately 16.16% of the beneficial interest in Rise Grand, which in turn owned 100% of the equity interest of Heroic Zone. Accordingly, Mr. Wan Long was deemed to be interested in the 852,513,841 Shares which Heroic Zone was interested in.

(3) Mr. Wan Long was provisionally awarded 350,877,333 Shares under the 2013 Share Award Plan on 28 April 2017, subject to the terms and conditions set out in the relevant award notice and under the rules of the 2013 Share Award Plan.

(4) Mr. Guo Lijun was one of the participants of the Heroic Zone Share Plan, through which he held approximately 1.30% of the beneficial interest in Rise Grand, which in turn owned 100% of the equity interest of Heroic Zone. Accordingly, Mr. Guo Lijun was deemed to be interested in the 68,771,713 Shares which Heroic Zone was interested in.

(5) Mr. Zhang Taixi was one of the participants of the Heroic Zone Share Plan, through which he held approximately 0.02% of the beneficial interest in Rise Grand, which in turn owned 100% of the equity interest of Heroic Zone. Accordingly, Mr. Zhang Taixi was deemed to be interested in the 1,113,536 Shares which Heroic Zone was interested in.

(6) Mr. You Mu was one of the participants in the Heroic Zone Share Plan, through which he held approximately 0.21% of the beneficial interest in Rise Grand, which in turn owned 100% of the equity interest of Heroic Zone. Accordingly, Mr. You Mu was deemed to have interest in the 11,378,803 Shares which Heroic Zone was interested in.

(7) The letter (L) indicates long position.

(ii) Interests in underlying shares of the Company

Name of Director/ Chief Executive Officer	Capacity/Nature of Interest	Number of Underlying Shares subject to the Pre-IPO Share Options	Approximate Percentage of Shareholding[1]
Mr. Wan Long	Beneficial owner	146,198,889[L]	0.96%
Mr. Guo Lijun	Beneficial owner	40,000,000[L]	0.26%
Mr. Zhang Taixi	Beneficial owner	40,000,000[L]	0.26%
Mr. Sullivan Kenneth Marc	Beneficial owner	12,000,000[L]	0.08%
Mr. You Mu	Beneficial owner	3,674,969[L]	0.02%

Notes:

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

(2) The letter (L) indicates long position.

(iii) Interests in associated corporations

Name of Director/ Chief Executive Officer	Name of Associated Corporation	Capacity/ Nature of Interest	Number of Shares Interested	Approximate Percentage of Shareholding
Mr. Wan Long	Shuanghui Development	Beneficial owner	301,736(L)	0.01%
Mr. Zhang Taixi	Shuanghai Development	Beneficial owner	15,000(L)	0.00%
Mr. You Mu	Shuanghai Development	Interest of spouse[1]	15,000(L)	0.00%

Notes:

(1) Ms. Chen Ling Hua is the spouse of Mr. You Mu and is the beneficial owner of 15,000 shares of Shuanghai Development. Mr. You Mu is deemed to be interested in such 15,000 shares within the meaning of Part XV of the SFO.

(2) The letter (L) indicates long position.

Save as disclosed above, as at June 30, 2017, so far as was known to any Director or chief executive officer of the Company, neither the Directors nor the chief executive officer had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which would fall to be disclosed to the Company under the provisions of Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

As at June 30, 2017, so far as was known to any Director or chief executive officer of the Company, shareholders (other than the Director or chief executive of the Company whose interests were disclosed above) who had interests or short positions in the Shares or underlying shares of the Company which shall be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Interest in the Shares of the Company

Name	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding(14)
Rise Grand(1)	Interest in controlled corporation	5,274,991,111(L)	36.00%
He Xingbao(1)	Trustee	5,274,991,111(L)	36.00%
Zhang Liwen(1)	Trustee	5,274,991,111(L)	36.00%
Zhao Yinzhang(1)	Trustee	5,274,991,111(L)	36.00%
Heroic Zone(2)	Beneficial owner	3,473,820,000(L)	23.71%
	Interest in controlled corporation	1,801,171,111(L)	12.29%
Teeroy Limited	Trustee	982,457,333(L)	6.70%
Xing Tong Limited(3)	Beneficiary of a trust	799,161,153(L)	5.45%
Ms. Wang Meixiang(4)	Interest of spouse	2,723,350,861(L)	18.59%

Notes:

1. Rise Grand, as the sole shareholder of Heroic Zone, was deemed to be interested in the 5,274,991,111 Shares held by Heroic Zone. As of June 30, 2017, the beneficial interest of Rise Grand was owned by 289 participants (the "HSP Participants") of the Heroic Zone Share Plan. Pursuant to an entrustment agreement dated June 13, 2016, the employee share committee (the "ESC"), on behalf of all HSP Participants under the Heroic Zone Share Plan, entrusted three individual trustees, namely Messrs. Zhao Yinzhang, He Xingbao and Zhang Liwen, (each being an employee of the Group), to hold the legal title, and to exercise the voting rights attached to 100% equity interest in Rise Grand in joint tenancy (the "HSP Trustees"). Under the Heroic Zone Share Plan, the ESC, on behalf of all HSP Participants, is entitled to instruct the HSP Trustees as to how to exercise their rights as the registered shareholders of Rise Grand, which in turn will instruct Heroic Zone, a wholly owned subsidiary of Rise Grand, as to how to exercise its rights, including the voting rights attached to the Shares it holds in the Company. The members of the ESC are selected by the general meeting of the HSP participants. The ESC has been composed of five members since its establishment. For further details of the Heroic Zone Share Plan, please see the section headed "History, Development and Corporate Structure – Shareholding Changes – Shareholding Structure at Beginning of Track Record Period" of the Prospectus.
2. Chang Yun, High Zenith, Sure Pass and Rich Matrix should exercise the voting rights attached to their Shares respectively held by them in accordance with the direction of Heroic Zone in its absolute discretion. Therefore, Heroic Zone was deemed to be interested in the 1,801,171,111 Shares in aggregate held by Chang Yun, High Zenith, Sure Pass and Rich Matrix. For further details of the voting rights of Chang Yun, High Zenith, Sure Pass and Rich Matrix, please see the sections headed "History, Development and Corporate Structure – Our History – History of Our PRC Business – Share issuance and Transfer to Chang Yun" and "History, Development and Corporate Structure – Shareholding Changes – Shareholding Changes During Track Record Period – High Zenith" of the Prospectus.
3. Xing Tong Limited was one of the participants of the Heroic Zone Share Plan, through which it owned approximately 15.15% of the beneficial interest in Rise Grand, which in turn owned 100% of the equity interest of Heroic Zone. Accordingly, Xing Tong Limited was deemed to be interested in the 799,161,153 Shares which Heroic Zone was interested in.
4. Ms. Wang Meixiang is the spouse of Mr. Wan Long. Therefore, Ms. Wang Meixiang was deemed to have interest in the 2,723,350,861 Shares which Mr. Wan Long was interested in.
5. The letter (L) indicates long position.

Save as disclosed above, as at June 30, 2017, the Company has not been notified by any person who had any interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Pre-IPO Share Option Scheme

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

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

		Number of Pre-IPO Share Options						
Grantee	Date of Grant	As at January 1, 2017	Exercised	Cancelled	Lapsed	As at June 30, 2017	Exercise Price (HK$)	Exercise Period
Directors								
WAN Long (萬隆)	July 10, 2014	146,198,889	–	–	–	146,198,889	6.20	Note
GUO Lijun (郭麗軍)	July 10, 2014	40,000,000	–	–	–	40,000,000	6.20	Note
ZHANG Taixi (張太喜)	July 10, 2014	40,000,000	–	–	–	40,000,000	6.20	Note
SULLIVAN Kenneth Marc	July 10, 2014	12,000,000	–	–	–	12,000,000	6.20	Note
YOU Mu (游牧)	July 10, 2014	3,674,969	–	–	–	3,674,969	6.20	Note
Connected persons								
WAN Hongwei (萬宏偉)	July 10, 2014	2,500,000	–	–	–	2,500,000	6.20	Note
LI Xianmu (李現木)	July 10, 2014	5,144,957	–	–	–	5,144,957	6.20	Note
LEI Yonghui (雷永輝)	July 10, 2014	3,674,969	–	–	–	3,674,969	6.20	Note
HE Jianmin (賀建民)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note
LIU Hongsheng (劉紅生)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note

Grantee	Date of Grant	Number of Pre-IPO Share Options As at January 1, 2017	Exercised	Cancelled	Lapsed	As at June 30, 2017	Exercise Price (HK$)	Exercise Period
YU Songtao (余松濤)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note
PAN Guanghui (潘廣輝)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note
ZHAO Sufang (趙朔方)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note
CAO Xiaojie (曹曉杰)	July 10, 2014	4,409,963	–	–	–	4,409,963	6.20	Note
LI Jun (李駿)	July 10, 2014	2,756,469	–	–	–	2,756,469	6.20	Note
ZHAO Guobao (趙國寶)	July 10, 2014	1,469,988	–	–	–	1,469,988	6.20	Note
LI Yong (李永)	July 10, 2014	2,939,976	–	–	–	2,939,976	6.20	Note
SONG Hongliang (宋紅亮)	July 10, 2014	2,939,976	–	–	–	2,939,976	6.20	Note
YU Guangshan (芋廣山)	July 10, 2014	2,939,976	–	2,204,983	734,993	–	6.20	Note
YIN Weihua (尹衛華)	July 10, 2014	2,939,976	734,500	–	–	2,205,476	6.20	Note
CHAI Wenlei (柴文磊)	July 10, 2014	1,469,988	–	–	–	1,469,988	6.20	Note
MA Xiangjie (馬相杰)	July 10, 2014	9,922,417	–	–	–	9,922,417	6.20	Note
QIAO Haili (喬海莉)	July 10, 2014	9,922,417	–	–	–	9,922,417	6.20	Note
WANG Yufen (王玉芬)	July 10, 2014	9,922,417	–	–	–	9,922,417	6.20	Note

Grantee	Date of Grant	Number of Pre-IPO Share Options As at January 1, 2017	Exercised	Cancelled	Lapsed	As at June 30, 2017	Exercise Price (HK$)	Exercise Period
LIU Songtao (劉松濤)	July 10, 2014	5,879,951	–	–	–	5,879,951	6.20	Note
COLE, Michael H.	July 10, 2014	2,000,000	–	–	–	2,000,000	6.20	Note
SEBRING, Joseph B.	July 10, 2014	4,500,000	–	–	–	4,500,000	6.20	Note
SCHMIDT Gregg	July 10, 2014	3,000,000	–	–	–	3,000,000	6.20	Note
MIHAIL Bogdan	July 10, 2014	250,000	–	–	–	250,000	6.20	Note
HE Shenghua	July 10, 2014	1,500,000	–	–	–	1,500,000	6.20	Note
THAMODARAN Dhamu R.	July 10, 2014	7,000,000	–	–	–	7,000,000	6.20	Note
NOWAKOWSKI Dariusz	July 10, 2014	4,000,000	–	–	–	4,000,000	6.20	Note
CHAU Ho (周豪)	July 10, 2014	3,500,000	–	–	–	3,500,000	6.20	Note
Other grantees who have been granted the Pre-IPO Share Options to subscribe for 4,500,000 Shares or more								
POPE C. Larry	July 10, 2014	39,990,000	–	–	–	39,990,000	6.20	Note
WEN Guoshan (溫國山)	July 10, 2014	5,879,951	–	–	–	5,879,951	6.20	Note
LI Hongwei (李紅偉)	July 10, 2014	4,410,451	–	–	–	4,410,451	6.20	Note
WANG Yonglin (王永林)	July 10, 2014	5,879,951	–	–	–	5,879,951	6.20	Note
FU Zhiyong (付志勇)	July 10, 2014	5,879,951	–	–	–	5,879,951	6.20	Note
GUO Xinwen (郭新聞)	July 10, 2014	5,879,951	–	–	–	5,879,951	6.20	Note
LIU Qingde (劉清德)	July 10, 2014	5,144,957	–	–	–	5,144,957	6.20	Note

Grantee	Date of Grant	As at January 1, 2017	Exercised	Cancelled	Lapsed	As at June 30, 2017	Exercise Price (HK$)	Exercise Period
		Number of Pre-IPO Share Options						
Senior management and other employees (in aggregate)	July 10, 2014	117,060,703	1,011,500	–	–	116,049,203	6.20	Note
Total		**549,633,028**	**1,746,000**	**2,204,983**	**734,993**	**544,947,052**		

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

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

2010 Share Award Plan

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

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

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

On December 26, 2012, we notified certain employees of the Group, including but not limited to three of our Directors, Messrs. Guo Lijun, Zhang Taixi and You Mu, and Mr. Yang Zhijun (who was then an executive Director until he retired with effect from the conclusion of the annual general meeting of the Company held on May 22, 2015) that we would consider awarding up to specified numbers of Shares to the relevant employees under the 2010 Share Award Plan, subject to the terms and conditions decided by the Chairman and provided that a set of performance targets of the Company from 2012 to 2014 had been achieved. The notifications confirmed that no right or interest had been conferred on the recipients of the notifications. For each of Messrs. Guo Lijun, Zhang Taixi, You Mu and Yang Zhijun, to whom the maximum amount of Shares that we might award after December 31, 2014 as specified in the relevant notifications were 34,736,901 Shares, 53,684,301 Shares, 12,631,599 Shares and 34,736,901 Shares, respectively, depending on the actual performances of the Company from 2012 to 2014. The notifications also required each of the recipients to agree to provide, upon being awarded any Shares under the 2010 Share Award Plan, an irrevocable undertaking authorizing Heroic Zone to exercise the voting rights of any awarded Shares. Each of the recipients, including but not limited to Messrs. Guo Lijun, Zhang Taixi, You Mu and Yang Zhijun, confirmed and agreed to the requirements of the notifications. We currently expect that all awarding conditions under the 2010 Share Award Plan will be achieved and all relevant Shares will be awarded ultimately.

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

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

2013 Share Award Plan

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

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

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

The 2013 Share Award Plan will terminate on October 23, 2023 or any earlier date determined by the Board of Directors. Mr. Wan Long was provisionally awarded 350,877,333 Shares under the 2013 Share Award Plan on 28 April 2017, subject to the terms and conditions set out in the relevant award notice and under the rules of the 2013 Share Award Plan. Save as aforementioned, no other award has been made under the 2013 Share Award Plan as at June 30, 2017.

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

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

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

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

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

Purchase, Sale or Redemption of the Company's Listed Securities

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

Directors' Securities Transactions

The Company has adopted 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. 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.

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 has complied with all the applicable code provisions set out in the CG Code, except for the following deviation:

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

Under the code provision A.2.1 of the CG Code, the roles 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 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.

Update on Information of Directors Pursuant to Rule 13.51B(1) of the Listing Rules

Changes in the information of Directors since the date of the 2016 annual report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

(i) Mr. Lau, Jin Tin Don retired as an executive director and ceased to be a responsible officer of Spring Asset Management Limited, a company incorporated in Hong Kong for the sole purpose of managing Spring Real Estate Investment Trust (a Hong Kong collective investment scheme listed on the Stock Exchange with stock code 01426) with effect from May 31, 2017 and thus ceased to be a responsible officer licensed under the SFO to carry on type 9 regulated activities; and

(ii) Mr. Lee Conway Kong Wai has served as an independent non-executive director and independent director of Guotai Junan Securities Co., Ltd., the H shares of which are listed on the Stock Exchange (stock code: 02611) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601211), since April 2017.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Conway Kong Wai (chairman), Mr. Huang Ming and Mr. Lau, Jin Tin Don. The Audit Committee and the Company's management have reviewed the interim results of the Group, together with the internal control and financial reporting matters of the Group, including the interim financial information for the Review Period which has been reviewed by the Company's external auditor, Ernst & Young.

On behalf of the Board

Wan Long
Chairman of the Board and Chief Executive Officer

Hong Kong, August 14, 2017

GLOSSARY

"2010 Share Award Plan"	the share award plan adopted by the Company on November 26, 2010, according to which, Teeroy Limited, as the trustee administering this share award plan, instructed Chang Yun to hold a pool of Shares subject to this share award plan; the principal terms of this share award plan are summarized in the section headed "Other Information – 2010 Share Award Plan"
"2013 Share Award Plan"	the share award plan adopted by the Company on October 23, 2013, according to which, Teeroy Limited, as the trustee administering this share award plan, instructed High Zenith to hold a pool of Shares subject to this share award plan; the principal terms of this share award plan are summarized in the section headed "Other Information – 2013 Share Award Plan"
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Chang Yun"	Chang Yun Holdings Limited (運昌控股有限公司), a limited liability company incorporated under the laws of the BVI on April 12, 2010 and one of the Controlling Shareholders
"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Code of Conduct"	the code of conduct regarding securities transactions by the Directors adopted by the Company
"Company"	WH Group Limited (萬洲國際有限公司), a limited liability company incorporated under the laws of the Cayman Islands the Shares of which are listing on the Main Board of the Stock Exchange
"Comparable Period"	the period from January 1, 2016 to June 30, 2016
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules

Glossary (Continued)

"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Rise Grand, Heroic Zone, Chang Yun, High Zenith, Sure Pass and Rich Matrix
"Director(s)"	the director(s) of the Company
"EBITDA"	Earnings before interest, taxes, depreciation and amortization
"ESG Committee"	the environmental, social and governance committee of the Board
"GCM"	Granjas Carroll de Mexico S. de R.L. de C.V., a Mexican hog farming company incorporated under the laws of Mexico. The Company indirectly held 50% interest in GCM as a joint venture as of June 30, 2017
"Group", "our Group", "our", "we", "us" or "WH Group"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Heroic Zone"	Heroic Zone Investments Limited (雄域投資有限公司), a limited liability company incorporated under the laws of the BVI on July 23, 2007 and one of the Controlling Shareholders
"Heroic Zone Share Plan"	the share plan dated December 25, 2009, revised on December 17, 2012 and July 11, 2016 respectively, under which a group of employees of Shuanghui Development and its associated entities hold 100% of the beneficial interests in Rise Grand, which in turn holds 100% of the equity interest in Heroic Zone
"High Zenith"	High Zenith Limited, a limited liability company incorporated under the laws of BVI on September 6, 2013 and one of the Controlling Shareholders
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"kg"	kilogram
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange

"Listing Date"	August 5, 2014, being the date on which the Shares are listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Norson"	Norson Holding, S. de R.L. de C.V., a Mexican meat products manufacturer and hog farming company incorporated under the laws of Mexico. The Company indirectly held 50% interest in Norson as a joint venture as of June 30, 2017
"PLN"	Polish Zloty, the lawful currency of the Republic of Poland
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by our Company on January 21, 2014 as amended on April 4, 2014, for the benefit of any director, employee, adviser, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of the Company or any of our subsidiaries; a summary of the principal terms is set forth in the section headed "Other Information – Pre-IPO Share Option Scheme"
"Pre-IPO Share Options"	the options granted under the Pre-IPO Share Option Scheme
"Prospectus"	the prospectus of the Company in relation to the Listing dated July 24, 2014
"Review Period"	the period from January 1, 2017 to June 30, 2017
"Rich Matrix"	Rich Matrix Global Limited (裕基環球有限公司), a limited liability company incorporated under the laws of the BVI on September 9, 2013 and one of the Controlling Shareholders
"Rise Grand"	Rise Grand Group Limited (興泰集團有限公司), a BVI Business Company incorporated under the laws of the BVI on July 3, 2007 and one of the Controlling Shareholders
"Risk Management Committee"	the risk management committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"RON"	Romanian Leu, the lawful currency of Romania

Glossary (Continued)

"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shine B"	Shine B Holding I Limited, which was a limited liability company incorporated under the laws of BVI on March 20, 2006 until it was officially dissolved on July 8, 2015, and a former Shareholder of the Company
"Shuanghui Development"	Henan Shuanghui Investment & Development Co., Ltd. (河南雙匯投資發展股份有限公司), an indirect non-wholly owned subsidiary of the Company and a joint stock limited company established under the laws of the PRC on October 15, 1998, the shares of which are listed on the Shenzhen Stock Exchange in the PRC, and as the context may require, all or any of its subsidiaries
"Shuanghui Group"	Henan Luohe Shuanghui Industry Group Co., Ltd. (河南省漯河市雙匯實業集團有限責任公司), a limited liability company established under the laws of the PRC on August 29, 1994 and an indirect wholly owned subsidiary of the Company
"Smithfield"	Smithfield Foods, Inc., a corporation incorporated in the Commonwealth of Virginia, the United States on July 25, 1997 and an indirect wholly owned subsidiary of the Company and, as the context may require, all or any of its subsidiaries or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were, or any one of them, as the context may require, were or was engaged in and which were subsequently assumed by it
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"Sure Pass"	Sure Pass Holdings Limited a limited liability company incorporated under the laws of the BVI on September 25, 2013 and one of the Controlling Shareholders
"U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USDA"	U.S. Department of Agriculture
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States