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萬洲國際
WH GROUP

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

HIGHLIGHTS

	2015	2014
Key operating data		
Hogs produced (thousand heads)	**19,077**	17,685
Hogs processed (thousand heads)	**48,335**	47,170
Fresh pork external sales volume (thousand metric tons)	**3,870**	3,764
Packaged meat products sales volume (thousand metric tons)	**3,183**	3,227

	2015		2014	
	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 otherwise stated)		*US$ million, (unless otherwise stated)*	
Key financial data				
Turnover	**21,209**	**21,209**	22,243	22,243
EBITDA(1)	**2,044**	**1,917**	2,113	2,158
Operating Profit(2)	**1,557**	**N/A**	1,614	N/A
Profit attributable to owners of the Company	**866**	**786**	737	766
Underlying profit attributable to owners of the Company(3)	**866**	**786**	892	921
Diluted earnings per share (US cents)	**6.06**	**5.50**	5.88	6.11
Underlying diluted earnings per share (US cents)(4)	**6.06**	**5.50**	7.12	7.35
Proposed dividend per share (HK$)(5)	**0.125**	**0.125**	–	–

- Turnover decreased by 4.6% year on year

- Operating Profit decreased by 3.5% year on year

- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 17.5% year on year

- Underlying profit attributable to owners of the Company, before biological fair value adjustments, decreased by 2.9% year on year

Notes:

(1) EBITDA refers to profit for the year before taxation, finance costs, depreciation and amortisation.

(2) Operating Profit ("**Operating Profit**") refers to the measure of our segment earnings, and excludes taxation, finance costs, biological fair value adjustments, other income/expenses that are not allocated to our segments as well as share of profits of joint-ventures and associates.

(3) Underlying profit attributable to owners of the Company in 2014 excluded the impact of listing expenses of US$31 million and finance costs (interest expense and amortisation of transaction costs), in respect of the refinancing and partial repayment of a syndicated term loan relating to the acquisition of Smithfield in 2013, amounted to US$124 million in aggregate.

(4) Calculation of the underlying diluted earnings per share is based on underlying profit attributable to owners of the Company.

(5) An annual dividend of HK$0.125 per share for the year ended December 31, 2015 (2014: Nil) was recommended by the Board. The proposed dividend will be paid on or about Monday, June 13, 2016 following approval at the forthcoming annual general meeting of the Company to those shareholders whose names appear on the register of members of the Company at the close of business on Friday, May 27, 2016.

The board of directors (the "**Board**") of WH Group Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2015.

The following discussion should be read in conjunction with the consolidated financial statements of the Group, including the related notes, set forth in this announcement.

KEY ACHIEVEMENTS

- Shuanghui Development delivered yet another year of record profit.
- Consolidated leverage ratio (net debt to equity) improved to 41.4% (down 19.6 percentage points ("**pp**") compared to 2014).

Packaged Meat Products

- Sales volume grew substantially in the United States (the "**U.S.**") and Europe (up 7.1% and 3.8%, respectively, compared to 2014).
- Smithfield branded packaged meat products ranked the second fastest growing in retail channel among top 25 food companies in the U.S.[1]
- Per unit profit in both China (US$494/ton, up 22.7% compared to 2014) and the U.S. (US$483/ton, up 38.6% compared to 2014) reached their respective all-time high.
- 905 SKUs of new products were launched globally.
- Production of Smithfield branded American style products was commenced in Zhengzhou, China on December 18, 2015.

Fresh Pork

- About 5 thousand points of sales were added in China.
- Strong double digit growth of 90.1% in terms of export volume from the U.S. to China.
- Consolidation of the entire fresh pork brand portfolio in the U.S. under one "Smithfield" brand.

Hog Production

- Per unit profit in the U.S. was US$0.8/head, much higher than the industry average.[2]
- 82% of sows on company-owned farms in the U.S. have been transitioned to group housing (up 10% compared to 2014).

Source:

(1) Information Resources, Inc.

(2) Iowa State University

BUSINESS REVIEW

I. INDUSTRY OVERVIEW

China

China is the largest pork consumption market in the world and is expected to grow further. The growth of the pork industry in China is largely dependent on the pace of its economic growth, urbanization, the improvement of people's living standard and upgrade in consumption pattern. According to the National Bureau of Statistics of China, the total production of pork in 2015 was 54.87 million tons, a decrease of 3.3% compared to 2014.

Since 2014, the hog production industry had become loss-making and some hog farmers had exited. Consequently, the numbers of sow and level of hog inventory had continued to decline, market hog supply had started to decrease. In the first quarter of 2015, given the market demand was soft after Chinese New Year, hog prices remained relatively low. Nevertheless, as supply kept shrinking, hog prices bottomed out by the end of March and reached its peak in the third quarter. On the other hand, commodity prices started to fall in the latter half of 2015, profitability level of hog production business was uplifted. Hog prices fluctuated at relatively high level in the fourth quarter and hog farmers were incentived to rebuild the inventory.

Generally speaking, pork prices in China trended upwards in 2015. The average hog price in China for 2015 was RMB15.2 per kilogram ("**kg**") (approximately US$2.42/kg), an increase of 16.5% from 2014. The high hog prices in China suppressed the overall consumption of fresh pork. Demand for import of pork from foreign counties increased.

The U.S.

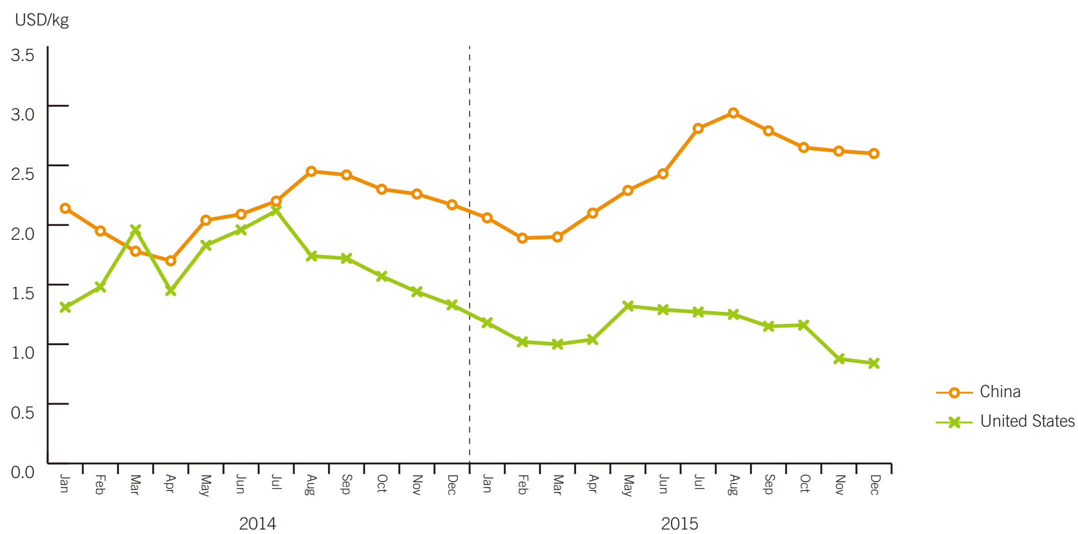
The U.S. is the second largest producer of pork worldwide and the largest pork exporter globally. In contrast to the pork industry in China, the U.S. is relatively mature and concentrated.

In 2014, affected by Porcine Epidemic Diarrhea Virus ("**PEDv**"), hog supply decreased and hog prices escalated. In 2015, the spreading of PEDv was contained, thus resulting in a rebound of hog supply. Further supported by the low and stable feed costs, the supply of hogs in the U.S. exceeded the pre-PEDv outbreak level. According to the statistics of the U.S. Department of Agriculture ("**USDA**"), market hog inventory on December 1, 2015 was 62.3 million heads. This is the highest inventory since estimates began in 1988 by the USDA. The abundant supply drove the value of hogs down. The average hog price in the U.S. for 2015 was US$1.12 per kg, a decrease of 32.5% from 2014.

Notwithstanding that high supply and low prices of hogs are positive factors for export of pork from the U.S., the strong U.S. dollar weakened the competitive advantages of international trade of U.S. pork. On a positive note, considering the wide price gap between the U.S. and China as well as the relatively mild depreciation of the Renminbi ("**RMB**") against the U.S. dollar, export of pork into China increased in 2015. Hog farmers and slaughtering houses with ractopamine-free production capacity and access to the China market benefited.

In general, many hog farmers in the U.S. were around breakeven or suffered losses in 2015 given the low hog prices. Downstream packaged meat producers however enjoyed a better margin as raw material costs were lowered.

Average hog prices in 2014 and 2015



Source: USDA and internal data

To conclude, 2015 was a challenging year in both China and the U.S.. Relying on the expertise of our seasoned and experienced management team, the Group has been able to effectively manage the changes in the ever-evolving market to maximize value for its stakeholders.

II. RESULTS OF OPERATIONS

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

	2015	2014[3]	Change
	US$ million		*%*
Turnover[1]			
– Packaged meats	**11,240**	11,880	(5.4)
– Fresh pork	**8,591**	9,364	(8.3)
– Hog production	**990**	587	68.7
– Others[2]	**388**	412	(5.8)
Total	**21,209**	22,243	(4.6)
Operating Profit			
– Packaged meats	**1,499**	1,178	27.2
– Fresh pork	**226**	223	1.3
– Hog production	**54**	412	(86.9)
– Others[2]	**(222)**	(199)	N/A
Total	**1,557**	1,614	(3.5)
Profit before taxation	**1,302**	1,420	(8.3)
Profit for the year	**995**	972	2.4

Notes:

(1) Turnover refers to net external sales.

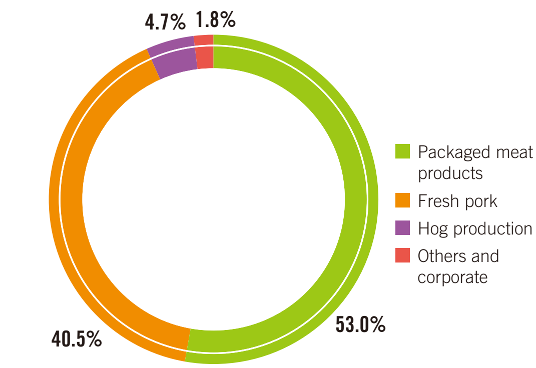
(2) Others primarily includes slaughtering and sales of poultry, sales of ancillary products and services such as provision of logistics services, sales of flavoring ingredients and internally-produced packaging materials, as well as some retail and biopharmaceutical businesses. Corporate expenses incurred by the Group are also included.

(3) Certain amounts of segment turnover and Operating Profit in 2014 were reclassified amongst different segments to conform with the presentation of the Group's internal management reporting. We believe such reclassification will provide a more meaningful review of the performance of each segment.

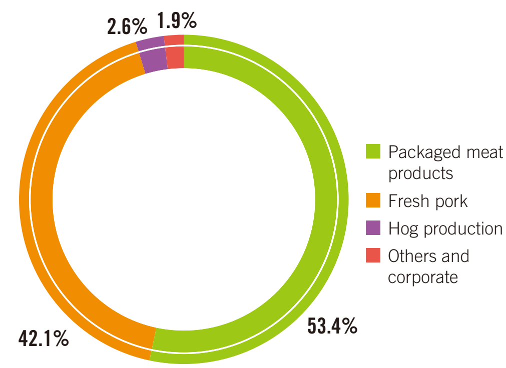
The packaged meat products segment has always been our core business. It accounted for 53.0% of the Group's total turnover in 2015 (2014: 53.4%). Its contribution to the Group's Operating Profit was even higher at 96.3% in 2015 (2014: 73.0%).

Turnover by Operating Segment

2015

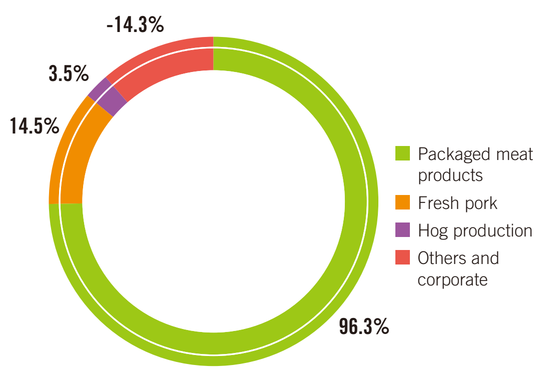


2014

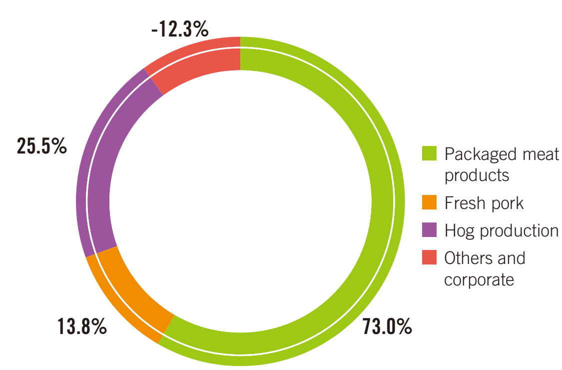


Operating Profit by Operating Segment

2015



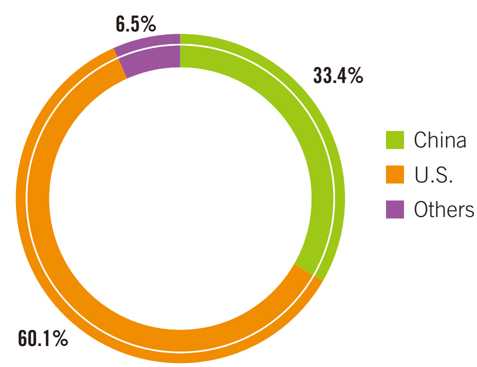
2014



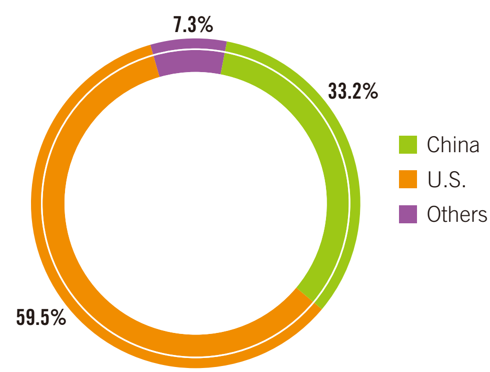
Geographically speaking, our operation in China contributed 33.4% and 52.1% of the total turnover and Operating Profit of the Group in 2015, respectively (2014: 33.2% and 47.9%). Contribution of our operation in the U.S. to the total turnover and Operating Profit of the Group in 2015 were 60.1% and 44.7%, respectively (2014: 59.5% and 46.3%).

Turnover by Location

2015

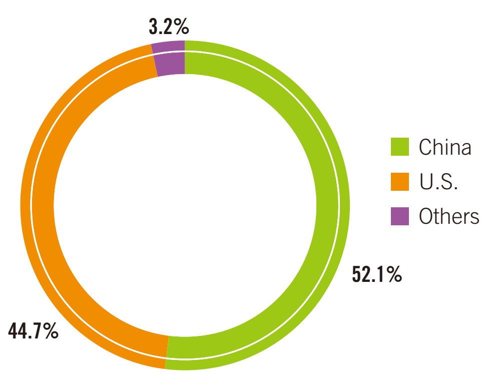


2014

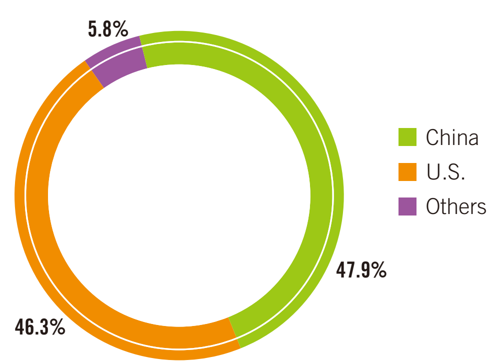


Operating Profit by Location

2015



2014



Packaged Meat Products

	2015	2014	Change %
Sales volume (thousand metric tons)			
China	**1,583**	1,727	(8.3)
U.S.	**1,382**	1,290	7.1
Others	**218**	210	3.8
Total	**3,183**	3,227	(1.4)
Turnover (US$ million)			
China	**3,559**	4,043	(12.0)
U.S.	**7,088**	7,173	(1.2)
Others	**593**	664	(10.7)
Total	**11,240**	11,880	(5.4)
Operating Profit (US$ million)			
China	**782**	695	12.5
U.S.	**668**	450	48.4
Others	**49**	33	48.5
Total	**1,499**	1,178	27.2

In 2015, even though our sales volume of packaged meat products decreased by 1.4% and turnover declined by 5.4% as compared to 2014, our Operating Profit increased significantly by 27.2%.

Decrease in the sales volume of our packaged meat products was due to the drop of 8.3% in our sales volume in China as a result of the slowdown in macro-economic growth and evolvement of consumption pattern. To this end, we have been developing more new products and accelerating the modification of our product portfolio. In the U.S., we are devoted to transforming ourselves from a commodity supplier to a branded packaged meat products company. During the year, we strengthened our marketing efforts to expand market share and solidify our leadership in many key products. Sales volume in the U.S. thus increased by 7.1% from 2014. According to Information Resources, Inc., Smithfield branded packaged meat products ranked the second fastest growing in the retail channel amongst the top 25 food companies in the U.S.

The main reasons for the decrease in turnover were firstly, the reduction of sales volume in China. Secondly, despite the growth of sales volume in the U.S., the lower hog price cut back the average selling price of packaged meat products.

Nevertheless, the level of increase of the Operating Profit of our packaged meat products in 2015 was considerable. This is because, in China, despite the negative impact of relatively high hog price on the costs of raw materials, we were benefited from the lower commodity prices, the expanded import of pork from the U.S., the strategic management of inventory as well as the efficiency improvement resulting from process reengineering. These factors resulted in the per unit profit of our China's packaged meat products reaching its record high. In the U.S., our sales volume went up due to our intense marketing efforts, our raw materials cost reduced as a result of relatively low hog price, and our efficiency was enhanced through the implementation of the "One Smithfield" initiative. Hence, Operating Profit of our packaged meat products in the U.S. increased by 48.4% from 2014.

Fresh Pork

	2015	2014	Change %
Hog processed (thousand heads)			
China	**12,390**	15,010	(17.5)
U.S.	**31,307**	27,890	12.3
Others	**4,638**	4,270	8.6
Total	**48,335**	47,170	2.5
External sales volume (thousand metric tons)			
China	**1,172**	1,201	(2.4)
U.S.	**2,330**	2,239	4.1
Others	**368**	324	13.6
Total	**3,870**	3,764	2.8
Turnover (US$ million)			
China	**3,344**	3,168	5.6
U.S.	**4,717**	5,540	(14.9)
Others	**530**	656	(19.2)
Total	**8,591**	9,364	(8.3)
Operating Profit (US$ million)			
China	**80**	147	(45.6)
U.S.	**168**	90	86.7
Others	**(22)**	(14)	N/A
Total	**226**	223	1.3

In 2015, our slaughtering volume rose by 2.5%. External sales volume of fresh pork also increased by 2.8%. But our turnover was lowered by 8.3% while Operating Profit was about the level of 2014.

The performance of fresh pork is closely correlated to the hog price of its respective market. We will therefore adjust our operating strategy from time to time to align with the changing demand and supply conditions. The volume of slaughtering and external sales of fresh pork in China decreased in 2015. The primary reason was the weakening of demand caused by the macro-economic situation and relatively high hog price. In contrast, the volumes of slaughtering and external sales of fresh pork increased in the U.S. as the nationwide hog supply stepped up after the containment of PEDv.

Our turnover of fresh pork in 2015 was lower than that of 2014. Apart from volume, our turnover is also sensitive to the hog price. The hog prices in China and the U.S. diverged in 2015. Hog price in China was relatively high due to the low supply while hog price in the U.S. was relatively low due to the post-PEDv supply surge.

Under such a complicated operating environment, our Operating Profit remained stable as compared to 2014. Operating Profit in China declined as business was more difficult when market demand was weak. Increase in Operating Profit in the U.S. compensated the decline in China. The improvement of profitability in the U.S. was primarily due to the enhancement of operating efficiency and expansion of export business. As a result, we managed to make the decrease in meat price of a lesser degree than the decrease in hog price.

Hog Production

	2015	2014	Change %
Production volume (thousand heads)			
China	**321**	311	3.2
U.S.	**15,958**	14,724	8.4
Others	**2,798**	2,650	5.6
Total	**19,077**	17,685	7.9
Turnover (US$ million)			
China	**9**	7	28.6
U.S.	**940**	522	80.1
Others	**41**	58	(29.3)
Total	**990**	587	68.7
Operating Profit (US$ million)			
China	**18**	4	350.0
U.S.	**12**	337	(96.4)
Others	**24**	71	(66.2)
Total	**54**	412	(86.9)

We are the largest hog producer in the world. In 2015, the number of hogs produced by us increased by 7.9%, turnover increased by 68.7%. Nevertheless, our Operating Profit fell notably by 86.9%.

The vast majority of our hog production business is in the U.S.. The number of hogs produced in the U.S. increased in 2015 after the removal of the negative impact of PEDv. The hog production volume of our farms as well as across the nation attained single digit growth. Benefited from the gain of the lean hog contracts, turnover of our U.S. business also increased. However, due to the oversupply after the PEDv, the average hog price in the U.S. declined by 32.5% year on year. Regardless of our effective hedging programs, which enabled us to outperform the market in general, profitability of hog production became significantly lower in 2015.

Others

In addition to packaged meat products, fresh pork and hog production, the Group also engages in certain other businesses, which are mainly slaughtering and sales of poultry, manufacturing and sales of packaging materials, provision of logistics services, operating a chain of retail grocery stores, producing flavoring ingredients and natural casings, and sales of biological pharmaceutical materials. In 2015, turnover generated from our other businesses amounted to US$388 million, a 5.8% decrease as compared to 2014.

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

III. CORPORATE SOCIAL RESPONSIBILITY

The Group is proud to be an engaged and active member of the communities in which we operate and which we help feed. We believe that it is our responsibility to give back to individuals and communities that have supported us over the years and contributed to our success to date. We strive to participate in areas that include animal care, community service, employee safety, environmental protection, food safety and quality.

Environment

As a leading company in the pork industry, we believe that protecting the environment is critical to our business development. Hog production and hog processing operations can impact the environment. Hence, in order to reduce these impacts of our operations, we have adopted protective measures in the areas of water protection and conservation, animal waste and greenhouse gas, to augment and improve the environmental management systems in our China, U.S. and international operations. We collect animal waste from our hog production operations to be effectively reused as organic fertilizer. In March 2015, several of Smithfield's U.S. facilities received a total of 49 awards from the North American Meat Institute (NAMI) for their environment achievements. In a new report from business sustainability organization, Ceres, issued this May, our subsidiary, Smithfield Food Inc. ranks No. 1 in water management among leading meat companies.

Animal Care

Our animal care management program, which provides care to our animals at every stage of their lives, promotes their safety and overall well-being. In the U.S., we have been gradually phasing out individual gestation stalls at company-owned sow farms and have been replacing the gestation stalls with group pens.

Food Safety

Both our China and U.S. businesses have established a strict food safety internal control system, formulate and implement a set of internal control standards covering the food safety issues related to our research and development, procurement, production, storage, transportation, and sales and distribution activities.

Helping Communities

We have been an engaged and active member of the communities where we operate. In China, we made donations over the past decade with the aim of providing underprivileged youth with higher education and enabling them to pursue their dreams. In the U.S., through the long-term "Helping Hungry Homes" campaign, we donate food to families in need in the country each year.

Employees

We work hard to create a safe, fair, ethical, and rewarding work environment. We offer jobs to our farm and processing facility employees with competitive wages and comprehensive benefits packages, and encourage our employees to learn and grow within the Group. We also place high priority on promoting employees internally and supporting employee education opportunities, including internal training, scholarships, and tuition reimbursements that can help our employees advance their careers.

Value Creation

We fully respect and safeguard the legitimate interests of suppliers and customers, and offer consumers safe products and quality services through constant improvements, protecting their legitimate interests.

The Food Safety and the Environment, Society and Governance Committees under the Board are in place to strengthen our uniformed management of and control over our food safety and better fulfill our social responsibility.

FINANCIAL REVIEW

I. OVERALL RESULTS

Turnover of the Group was US$21,209 million in 2015, a year-on-year decrease of 4.6%. Operating Profit decreased by 3.5% to US$1,557 million in 2015. The Group's reported profit for the year increased by 2.4% from US$972 million in 2014 to US$995 million. Profit for the year attributable to owners of the Company was US$786 million in 2015, up 2.6% from US$766 million in 2014.

In 2014, we incurred listing expenses of US$31 million and finance costs, in respect of the refinancing and partial repayment of a syndicated term loan relating to the acquisition of Smithfield, of US$124 million. Excluding such listing expenses and finance costs, the Group's underlying profit for the year ("**Underlying Profit**") in 2014 was US$1,127 million. As a comparison to the Underlying Profit in 2014, profit for the year in 2015 of US$995 million went down by 11.7%.

Disregarding the biological fair value adjustments in both years, (1) profit for the year in 2015 was US$1,075 million, a decrease of 2.1% from the Underlying Profit in 2014 of US$1,098 million; (2) profit attributable to owners of the Company in 2015 was US$866 million, a decrease of 2.9% from the Underlying Profit attributable to owners of the Company in 2014.

II. KEY FINANCIAL PERFORMANCE INDICATORS

		2015	2014	Change %
Turnover growth rate	%/pp	**(4.6)**	97.7	(102.3)
Operating Profit margin	%/pp	**7.3**	7.3	–
– Packaged meat products[(1)]	%/pp	**13.3**	9.9	3.4
– Fresh pork[(1)]	%/pp	**2.0**	1.7	0.3
– Hog production[(1)]	%/pp	**1.5**	10.3	(8.8)
Per unit Operating Profit				
– Packaged meat products[(2)]	US$ per metric tons/%	**471.0**	365.0	29.0
– Fresh pork[(3)]	US$ per head/%	**4.7**	4.7	–
– Hog production[(4)]	US$ per head/%	**2.8**	23.3	(88.0)
EBITDA margin[(5)]	%/pp	**9.6**	9.6	–
Underlying net margin[(6)]	%/pp	**5.1**	4.9	0.2
Current ratio	%/pp	**182.3**	172.1	10.2
Cash conversion cycle	days	**34.8**	34.2	0.6
Net debt to equity ratio	%/pp	**41.4**	61.0	(19.6)
Return on total assets[(7)]	%/pp	**6.9**	6.7	0.2
Return on equity[(8)]	%/pp	**14.4**	20.7	(6.3)

Notes:

(1) Operating Profit margin of each operating segment represents the Operating Profit over segment revenue, which is net of inter-location sales but inclusion of inter–segment sales.

(2) Per unit Operating Profit for packaged meat products represents the Operating Profit on each metric ton of packaged meat products sold.

(3) Per unit Operating Profit for fresh pork represents the Operating Profit on each hog processed.

(4) Per unit Operating Profit for hog production represents the Operating Profit on each hog produced.

(5) EBITDA margin represents EBITDA, before biological fair value adjustments, as a percentage of turnover.

(6) Underlying net margin represents Underlying Profit for the year, before biological fair value adjustments, over turnover.

(7) Return on total assets represents net profit divided by the average of the opening and closing balance of total assets.

(8) Return on equity represents net profit attributable to owners of the Company for the year divided by the average of the opening and closing balance of equity attributable to owners of the Company.

III. ANALYSIS OF CAPITAL RESOURCES

Liquidity

The Group continues to maintain a solid and healthy financial position. We had bank balances and cash of US$1,137 million as at December 31, 2015, which were held primarily in Renminbi, U.S. dollars, Polish Zloty and Romanian Lei.

We also had available-for-sale investments of US$397 million as at December 31, 2015 (2014: US$209 million). Our available-for-sale investments consist of financial products that we purchase as part of our treasury management strategy to obtain higher yields than we can otherwise receive on regular bank deposits. We will assess, among other things, the return and risks, purchase amount, type of financial product and counter party in each and every investment decision. The investments that we currently own are primarily principal-guaranteed financial and trust products issued by financial institutions in China of maturity less than 12 months. We invest in financial products primarily through our subsidiary in China, Henan Shuanghui Investment & Development Co., Ltd. (河南雙匯投資發展股份有限公司) ("**Shuanghui Development**").

Our current ratio (ratio of consolidated total current assets to consolidated total current liabilities) was 1.8:1 as at December 31, 2015 (2014: 1.7:1). As at December 31, 2015, we also had an aggregate amount of unutilised banking facilities of US$2,505 million (2014: US$2,003 million).

EBITDA and cash flows

We fund our operations principally from cash generated from our operations, bank loans and other debt instruments and equity financing from investors. Our cash requirements relate primarily to production and operating activities, business and asset acquisitions, repayment of liabilities as they become due, capital expenditures, interest and dividend payments and any unexpected cash requirements.

In 2015, our EBITDA, before biological fair value adjustments, amounted to US$2,044 million (2014: US$2,113 million). Our net cash from operating activities remained strong at US$1,613 million (2014: US$1,560 million). Our net cash used in investment activities in 2015 amounted to US$514 million (2014: US$721 million), including US$735 million in relation to purchases of property, plant and equipment (2014: US$699 million). Our net cash used in financing activities in 2015 amounted to US$901 million (2014: US$652 million), reflecting primarily dividends paid in the amount of US$162 million (2014: US$191 million) to the minority shareholders of Shuanghui Development and its subsidiaries as well as the net repayment in borrowings of US$744 million (2014: US$2,751 million). The repayment of the substantial amount of borrowings demonstrates our commitment to manage the capital structure of the Group. To conclude, our net increase in cash was US$198 million in 2015, as compared to US$187 million in 2014.

Debt profile

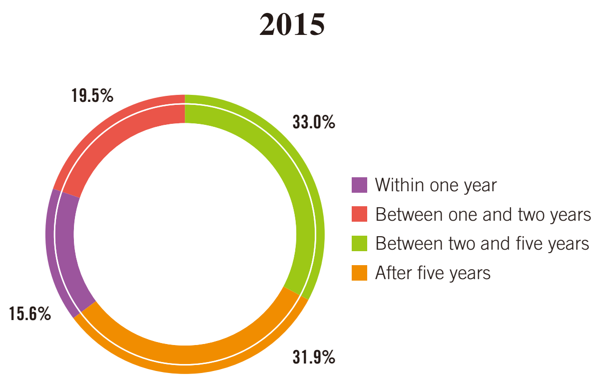
We had the following outstanding interest-bearing bank and other borrowings as of the dates indicated:

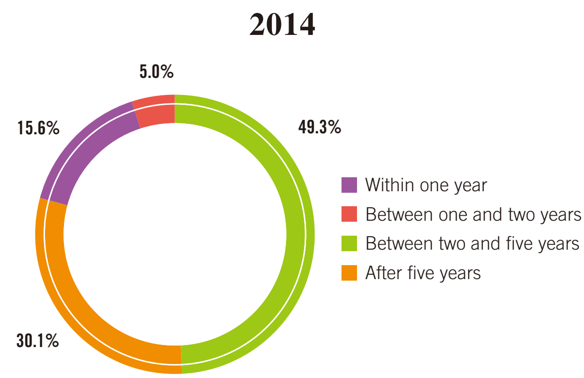
	As at December 31, 2015 *US$ million*	As at December 31, 2014 *US$ million*
Borrowings by nature		
Senior unsecured notes	**2,142**	2,418
Bank borrowings	**1,603**	2,227
Medium term notes	**154**	–
Loans from third parties	**3**	5
Bank overdrafts	**12**	20
Total	**3,914**	4,670
Borrowings by geographical region		
U.S.	**2,225**	2,652
Hong Kong	**1,152**	1,489
China	**499**	479
Others	**38**	50
Total	**3,914**	4,670

The Group's total principal amount of borrowings as at December 31, 2015 was US$3,896 million (December 31, 2014: US$4,639 million). The maturity profile of the Group's total principal amount of borrowings as at December 31, 2015 is analyzed as below:

	Total
In 2016	16%
In 2017	19%
In 2018	23%
In 2019	9%
In 2020	1%
In 2021	9%
In 2022	23%
Total	100%

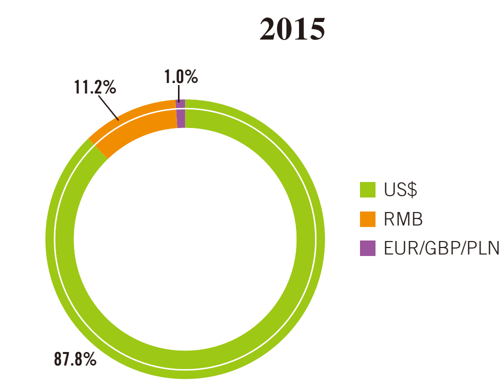
Borrowings by maturity

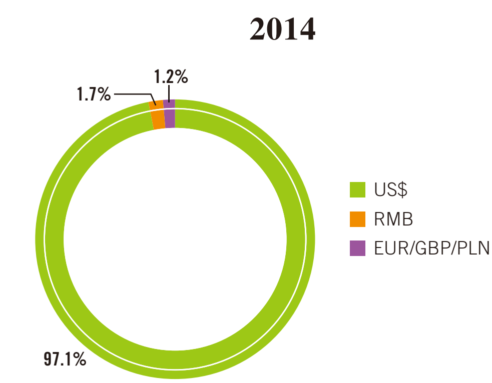




Our borrowings are principally denominated in currencies of the countries of the Group's business, or balanced by assets in the same currency. A majority of our borrowings is denominated in U.S. dollar. Nonetheless, in view of the rising volatility of foreign exchange rates, we increased our borrowings in domestic currency in China in 2015 by issuing RMB medium term notes.

Borrowings by currency



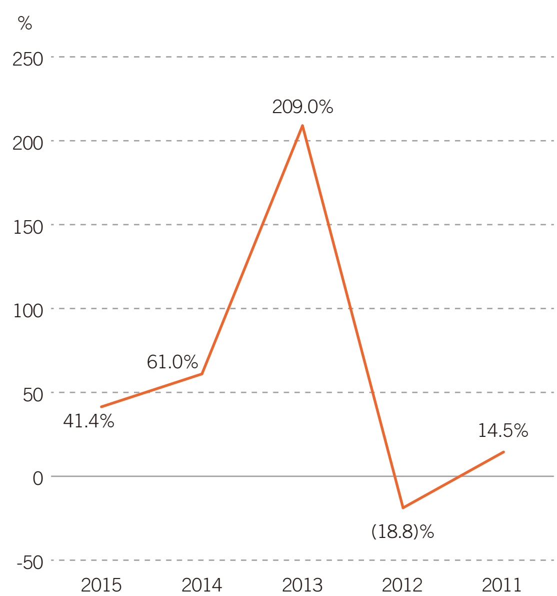


As at December 31, 2015, 98.5% of our borrowings were unsecured. Certain borrowings were secured by pledged bank deposits and other assets. Certain borrowings contained affirmative and negative covenants that are subject to certain qualifications and exceptions. The Group had no material default in repayment of bank borrowings, nor did it breach any relevant finance covenants for the year.

Leverage Ratios

The Group's leverage ratios were high primarily as a result of the acquisition of Smithfield. Since then, the ratios have been improving over time. Our debt to equity ratio (ratio of consolidated borrowings and bank overdrafts to consolidated total equity) decreased from 77.2% as at December 31, 2014 to 58.4% as at December 31, 2015. Our net debt to equity ratio (ratio of consolidated borrowings and bank overdrafts less bank balances and cash to consolidated total equity) decreased from 61.0% as at December 31, 2014 to 41.4% as at December 31, 2015. As at December 31, 2015, our net debt to EBITDA ratio (ratio of consolidated borrowings and bank overdrafts less bank balances and cash to EBITDA, before biological fair value adjustments) was 1.4:1 (2014: 1.7:1).

Net debt to equity (%) from 2011 to 2015



Finance Costs

Finance costs of the Group in 2015 was $219 million. In January 2015, we commenced a cash tender offer for our four senior unsecured notes up to a maximum aggregate purchase price of US$275 million. As a result, we repurchased US$258.1 million of principal and recognised losses on debt extinguishment of US$12.8 million in our finance costs.

Finance costs in 2014 was US$371 million, US$124 million of which were the interest expense and amortisation of transaction costs in respect of the refinancing and partial repayment of a syndicated term loan relating to the acquisition of Smithfield in 2013. Excluding such US$124 million, our underlying finance costs in 2014 was US$247 million. The finance cost in 2015 of US$219 million was US$28 million lower than the underlying finance costs in 2014.

As at December 31, 2015, about 37.1% of our borrowings carried floating interest rates and the average interest rate of our total borrowings was 4.9%, comparable to 4.8% in 2014.

Credit Profile

The Group aims at maintaining a good credit profile that is beneficial to its long-term growth and development. The current corporate rating of the Group is AAA according to China Cheng Xin International Credit Rating Co. Ltd.* (中誠信國際信用評級有限公司) ("**CCXI**"). The corporate rating of our wholly owned subsidiary in China, 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) ("**Shuanghui Group**") is also AAA according to CCXI. The corporate ratings of our wholly owned subsidiary in the U.S., Smithfield Foods, Inc., from Moody's and Standard & Poor's are Ba3 and BB, respectively.

IV. 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.

In 2015, capital expenditures amounted to US$629 million (2014: US$952 million). The following table sets out our capital expenditures by geographical region for the year indicated:

	2015	2014
	US$ million	*US$ million*
China	**224**	651
U.S.	**335**	253
Others	**70**	48
Total	**629**	952

In China, our capital expenditures for the year were related to the new production facilities in Zhengzhou, Shanghai and Liaoning. In the U.S., our capital expenditures for the year were related to plant and hog farm improvement projects, including the replacement of gestation stalls with group pens.

As at the year end of 2015, we owned an annual production capacity of packaged meat products of 2.6 million metric tons in China and 1.6 million metric tons in the U.S.. The utilization rates were 71.2% and 88.0%, respectively in China and the U.S.. Annual production capacity of fresh pork was 22.5 million heads in China and 31.0 million heads in the U.S.. Utilisation rates were 61.5% and 98.6%, respectively, in China and the U.S..

V. HUMAN RESOURCES

We continued with our focus on talent management and employee engagement. As at December 31, 2015, we had approximately 105 thousand employees in total, with approximately 55 thousand employees in our China operation and approximately 50 thousand employees in our U.S. and European operations. Total remuneration expenses in 2015 amounted to US$3,197 million (2014: US$2,987 million).

* *For identification purposes only*

VI. BIOLOGICAL ASSETS

The biological assets of the Group are live hogs and poultry. As at December 31, 2015, we had a total of 11,640 thousand hogs, consisting of 10,574 thousand live hogs and 1,066 thousand breeding stock, a 1.0% decrease from 11,763 thousand hogs as at December 31, 2014. We also had a total of 3,317 thousand poultry, consisting of 2,862 thousand broiler and 455 thousand breeding stock. The fair value of our biological assets was US$1,065 million as at December 31, 2015 as compared to US$1,234 million as at December 31, 2014.

Our results have been, and we expect will continue to be, affected by changes in the fair value of our biological assets. Fair value of our biological assets is with reference to the market-determined prices, species, growing conditions, cost incurred and the professional valuation. 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.

Our cost of sales are adjusted for changes in the fair value of biological assets, with fair value gains increasing our costs of sales and fair value losses decreasing our costs of sales, although the timing of these adjustments are not necessarily the same as the related gains or losses. Our cost of sales in each period are adjusted by (i) the change in the fair value of hogs less cost to sell at the point of harvest for hogs slaughtered during that period and (ii) the change in fair value less cost to sell of biological assets recognized in the previous periods.

These adjustments led to a increase of US$64 million and an increase of US$682 million in our cost of sales in 2015 and 2014, respectively. In addition, changes in the fair value arising from agricultural produce at fair value less cost to sell at the point of harvest and changes in fair values less cost to sell of biological assets also resulted in losses of US$28 million and US$35 million, respectively in 2015 (2014: gains of US$635 million and US$92 million, respectively). Overall speaking, the net impact of biological fair value adjustments on our profit was a loss in the amount of US$80 million in 2015, as compared to a gain in the amount of US$29 million in 2014.

VII. KEY INVESTMENT INTERESTS

Mexican joint ventures

The Group has joint venture interests in two pork companies in Mexico, Granjas Carroll de Mexico ("**GCM**") and Norson Holdings ("**Norson**"). GCM sells live hogs into the Mexico City market, one of the largest markets in the world. Norson primarily produces hogs for use in its fresh pork operations. As at December 31, 2015, GCM and Norson had in aggregate approximately a hundred thousand sows on the farms in the states of Veracruz, Puebla and Sonora. In 2015, share of profit from the Mexican joint ventures was US$14.5 million (2014: US$43.7 million).

Campofrio

The Group held approximately 37% of the equity interest of Campofrio Food Group, S.A. ("**Campofrio**"), a packaged meats company in Europe. In June 2015, the Group disposed of the entire 37% of its equity interest in Campofrio for an aggregate cash consideration of US$354 million. The net proceeds from such disposal was utilized in supplementing the Group's working capital and optimizing its capital structure. Please see the announcement of the Company dated June 3, 2015 for details.

VIII. 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 relation 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.

IX. KEY RISKS AND THEIR MANAGEMENT

Commodities Price Risk

Commodities comprise a significant part of the Group's inputs (costs) and outputs (sales). The Group uses various raw materials, primarily live hogs, meat, corn, and soybean meal in our packaged meats, fresh pork, and hog production operations. The Group's turnover is primary driven by sale of packaged meats and fresh pork and, to a lesser degree, sales of hogs to third parties. Significant price fluctuations in these commodities affect our results.

In China, we try to mitigate the effects of price fluctuations through overseas import, strategic inventory management and effective transfer of raw material prices to end customers. In the U.S., these commodities are actively traded on commodity exchanges. We hedge these commodities in the U.S. when we determine conditions are appropriate to mitigate price risk. The main objectives of our hedging program are to reduce hog production margin volatility and mitigate commodity price risk associated with forward sales in our packaged meats and fresh pork businesses. While this hedging activity may limit our ability to participate in gains from favorable commodity fluctuations, it also reduces the risk of loss from adverse changes in raw material prices. To address the exposures of commodity prices, the Group enters into a variety of transactions and the majority of these transactions are consummated through exchange traded futures contracts held with brokers. The Group has robust monitoring procedures in the approval and management of all its derivative activities under the leadership and execution of a dedicated and professional team.

Currency and interest rate risks

The Group generally matches income and expenses, assets and liabilities with the same currency, in each geographical location which it operates, to reduce currency risks. Only certain entities of the Group have certain sales, purchases, bank balances and cash and borrowings denominated in currencies other than their functional currencies. Our management monitors foreign exchange exposure. We enter into foreign exchange forward, currency swaps and options contracts to hedge significant foreign currency exposure should the need arise.

Our borrowings carry fixed or floating interest rates. At December 31, 2015, approximately 62.9% of our borrowings were at fixed interest rates (2014: 62.3%). Our management continue to monitor and regulate our fixed and floating rate debt portfolio from time to time in accordance to the market situation so as to manage our interest rate exposure. We non-periodically enter into interest rate swap contracts for hedging purpose when the interest rate exposure is significant.

X. ANALYSIS OF RESULTS OF MAJOR SUBSIDIARIES BY QUARTER

Shuanghui Development and Smithfield are two of the major subsidiaries of the Group. Shuanghui Development is a company incorporated and operating in China, whose shares are listed on the Shenzhen Stock Exchange. The Group currently owns approximately 73.26% of the equity interest of Shuanghui Development. Smithfield is a company incorporated and operating mainly in the U.S.. The Group currently owns 100% equity interest of Smithfield.

During the year, Shuanghui Development published its quarterly results, which were prepared in accordance with the China Accounting Standards for Business Enterprises. Smithfield also published its quarterly results, which were prepared in accordance with the accounting principles generally accepted in the U.S.. The financial information contained below was in their respective accounting standards and reporting currencies. Readers are cautioned to consider the differences between such accounting standards and International Financial Reporting Standards, which the Group is adopting in preparation of its consolidated financial statements.

Shuanghui Development

	Three months ended March 31, 2015	**Six months ended June 30, 2015**	**Nine months ended September 30, 2015**	**Twelve months ended December 31, 2015**
	RMB million, (unless otherwise stated)			
Hogs processed (million heads)	**3.37**	**6.20**	**8.98**	**12.39**
Fresh pork external sales volume (million metric tons)	**0.29**	**0.54**	**0.82**	**1.17**
Packaged meat products sales volume (million metric tons)	**0.35**	**0.75**	**1.18**	**1.58**
Total operating income	**9,931**	**20,354**	**32,205**	**44,697**
Operating Profit	**1,181**	**2,545**	**4,001**	**5,410**
Total profit	**1,202**	**2,637**	**4,162**	**5,675**
Net profit	**950**	**2,055**	**3,237**	**4,416**
Total comprehensive income	**950**	**2,055**	**3,237**	**4,416**
Earnings per share:				
(1) Basic earnings per share	**0.4184**	**0.6007**	**0.9450**	**1.2892**
(2) Diluted earnings per share	**0.4184**	**0.6007**	**0.9450**	**1.2892**

	Three months ended March 31, 2014	Six months ended June 30, 2014	Nine months ended September 30, 2014	Twelve months ended December 31, 2014
	RMB million, (unless otherwise stated)			
Hogs processed (million heads)	3.91	7.67	11.22	15.01
Fresh pork external sales volume (million metric tons)	Not disclosed	Not disclosed	Not disclosed	1.20
Packaged meat products sales volume (million metric tons)	0.40	0.82	1.28	1.73
Total operating income	10,242	21,043	33,154	45,696
Operating Profit	1,326	2,712	3,979	5,109
Total profit	1,412	2,901	4,188	5,372
Net profit	1,123	2,291	3,303	4,215
Total comprehensive income	1,123	2,291	3,303	4,215
Earnings per share:				
(1) Basic earnings per share	0.4897	0.6657	0.9581	1.2239
(2) Diluted earnings per share	0.4897	0.6657	0.9581	1.2239

Smithfield

	Three months ended March 31, 2015	Six months ended June 28, 2015	Nine months ended September 27, 2015	Twelve months ended January 3, 2016
	US$ million (unless otherwise stated)			
Hogs produced in the U.S. (million heads)	**4.0**	**7.8**	**11.5**	**15.9**
Hogs processed in the U.S. (million heads)	**7.7**	**15.1**	**22.2**	**30.5**
Packaged meat products sales volume in the U.S. (million metric tons)	**0.33**	**0.64**	**0.94**	**1.36**
Sales	**3,616.5**	**7,103.1**	**10,509.2**	**14,438.4**
Operating Profit	**188.2**	**374.3**	**528.0**	**793.8**
Income before income tax	**140.7**	**296.0**	**417.4**	**647.9**
Net income	**97.0**	**201.2**	**284.5**	**452.3**
Comprehensive income	**37.9**	**199.3**	**240.7**	**293.2**

	Three months ended March 31, 2014	Six months ended June 29, 2014	Nine months ended September 28, 2014	Twelve months ended December 28, 2014
	US$ million, (unless otherwise stated)			
Hogs produced in the U.S. (million heads)	Not disclosed	Not disclosed	10.8	14.7
Hogs processed in the U.S. (million heads)	Not disclosed	Not disclosed	19.6	27.9
Packaged meat products sales volume in the U.S. (million metric tons)	Not disclosed	Not disclosed	0.86	1.27
Sales	3,422.1	7,236.1	10,938.4	15,031.3
Operating Profit	196.4	456.6	706.7	931.6
Income before income tax	156.7	376.5	587.3	773.1
Net income	105.3	248.2	403.5	556.1
Comprehensive income/(loss)	(26.7)	148.9	230.5	298.5

Note:

The quarterly results of Shuanghui Development and Smithfield above were unaudited.

SUBSEQUENT EVENTS

1. In January 2016, Smithfield has made a US$125 million voluntary contribution to fund its qualified pension plans, and the Group is still assessing the financial impact.

2. As set out in the section headed "History, Development and Corporate Structure – History of our PRC Business – Increase of Our Interests in Shuanghui Development" of the prospectus of the Company dated July 24, 2014, shares of Shuanghui Development were issued to Rotary Vortex Limited ("**Rotary Vortex**"), an indirect wholly owned subsidiary of the Company, on July 11, 2012 as part of the compensation for the surplus value received by Shuanghui Development from an asset swap between Shuanghui Development, Shuanghui Group and Rotary Vortex, whereby 22 subsidiaries directly held by Shuanghui Group, five subsidiaries held by Shuanghui Group and Rotary Vortex, and minority interests directly held by Rotary Vortex in two associates, which were primarily engaged in the businesses of slaughtering, meat processing and other related operations, were injected into Shuanghui Development. It was agreed that, in the event that certain construction-in-progress projects of the such injected assets failed to be completed and commence operations by December 31, 2014, Shuanghui Development would repurchase from Shuanghui Group and Rotary Vortex, at the nominal consideration of RMB1.00, the number of shares of Shuanghui Development bearing the same ratio to the number of issued shares of Shuanghui Development as the shortfall against estimates of net profits of those projects that are not completed by December 31, 2014.

   As at December 31, 2014, one of the designated projects (200 metric tons low temperate packaged meat project held by Shanghai Shuanghui Dah Chong Limited) has not yet been completed or commenced operations, hence failing to meet the requirement abovementioned and triggering the repurchase mechanism as agreed. Accordingly, Shuanghui Development shall repurchase an aggregate of 1,309,388 shares of Shuanghui Development from Rotary Vortex at the nominal consideration of RMB1.00. After such repurchase, the shareholding of the Company in Shuanghui Development will reduce from 73.26% to 73.25%

   Such share repurchase was decided by the board of directors of Shuanghui Development on March 28, 2016 and is subject to the approval of shareholders of Shuanghui Development being obtained in the forthcoming shareholders' meeting of Shuanghui Development, and such resolution may only be passed by not less than two-thirds of the shareholders of Shuanghui Development participating in such vote (save for shareholders of Shuanghui Development who have any kind of connected relationship with Rotary Vortex such that they are required to abstain from voting on the relevant resolution).

PROSPECTS

The Group achieved solid performance notwithstanding the unfavorable operating environment in 2015. Looking ahead, although the economic growth globally is expected to slow down and short term volatility of commodity prices is hard to eliminate, we are in a staple food business and will continue to grow. We will adhere to our corporate strategies to achieve operational excellence in existing operations and to integrate our resources to expand our global platform. As one of the world's largest protein companies, we are committed to providing consumers with safe and delightful products of high quality. We will also devote every effort to further strengthen our leading position in the industry.

FINANCIAL INFORMATION

The financial information below is an extract of the consolidated financial statements of the Group for the year ended December 31, 2015, which have been audited by the independent auditor of the Company, Deloitte Touche Tohmatsu, and reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2015

		2015			2014		
	Notes	**Results before biological fair value adjustments** *US$ million*	**Biological fair value adjustments** *US$ million*	**Total** *US$ million*	Results before biological fair value adjustments *US$ million*	Biological fair value adjustments *US$ million*	Total *US$ million*
Turnover	3	**21,209**	**–**	**21,209**	22,243	–	22,243
Cost of sales		**(17,065)**	**(64)**	**(17,129)**	(18,146)	(682)	(18,828)
Gross profit		**4,144**	**(64)**	**4,080**	4,097	(682)	3,415
Distribution and selling expenses		**(1,783)**	**–**	**(1,783)**	(1,662)	–	(1,662)
Administrative expenses		**(740)**	**–**	**(740)**	(758)	–	(758)
(Loss) gain arising from agricultural produce at fair value less costs to sell at the point of harvest		**–**	**(28)**	**(28)**	–	635	635
(Loss) gain arising from changes in fair value less costs to sell of biological assets		**–**	**(35)**	**(35)**	–	92	92
Other income	4	**96**	**–**	**96**	102	–	102
Other gains and losses	5	**1**	**–**	**1**	14	–	14
Other expenses	6	**(84)**	**–**	**(84)**	(110)	–	(110)
Finance costs	7	**(219)**	**–**	**(219)**	(371)	–	(371)
Share of (losses) profits of associates		**(1)**	**–**	**(1)**	18	–	18
Share of profits of joint ventures		**15**	**–**	**15**	45	–	45
Profit before taxation	8	**1,429**	**(127)**	**1,302**	1,375	45	1,420
Taxation	9	**(354)**	**47**	**(307)**	(432)	(16)	(448)
Profit for the year		**1,075**	**(80)**	**995**	943	29	972

	Notes	2015 Results before biological fair value adjustments US$ million	2015 Biological fair value adjustments US$ million	2015 Total US$ million	2014 Results before biological fair value adjustments US$ million	2014 Biological fair value adjustments US$ million	2014 Total US$ million
Other comprehensive expense for the year:							
Items that will not be reclassified subsequently to profit or loss:							
– remeasurement on defined benefit pension plans				**(12)**			(118)
Items that may be reclassified subsequently to profit or loss:							
– exchange differences arising on translation of foreign operations				**(245)**			(231)
– fair value change in cash flow hedge				**(47)**			29
– reclassification adjustment on translation reserve released on disposal of interest in an associate				**36**			–
				(256)			(202)
Other comprehensive expense for the year, net of tax				**(268)**			(320)
Total comprehensive income for the year				**727**			652
Profit for the year attributable to							
– owners of the Company				**786**			766
– non-controlling interests				**209**			206
				995			972
Total comprehensive income for the year attributable to							
– owners of the Company				**558**			470
– non-controlling interests				**169**			182
				727			652
Earnings per share	12						
– Basic (US$ cents)				**5.75**			6.44
– Diluted (US$ cents)				**5.50**			6.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2015

	Notes	2015 US$ million	2014 US$ million
Non-current assets			
Property, plant and equipment	13	**4,674**	4,582
Prepaid lease payments		**215**	228
Biological assets	14	**200**	220
Goodwill		**1,801**	1,815
Intangible assets		**1,715**	1,746
Interests in associates	15	**63**	392
Interests in joint ventures		**122**	147
Other receivables		**45**	40
Pledged bank deposits		**9**	9
Deferred tax assets		**146**	88
Other non-current assets		**98**	79
		9,088	9,346
Current assets			
Biological assets	14	**865**	1,014
Inventories	16	**1,748**	1,900
Trade and bills receivables	17	**725**	845
Prepayments, deposits and other receivables		**231**	263
Prepaid lease payments		**5**	5
Taxation recoverable		**88**	65
Available-for-sale investments		**397**	209
Derivatives financial assets		**–**	73
Pledged bank deposits		**17**	22
Bank balances and cash		**1,137**	978
		5,213	5,374
Current liabilities			
Trade and bills payables	18	**812**	850
Accrued expenses and other payables	19	**1,371**	1,457
Taxation payable		**44**	44
Derivatives financial liabilities		**26**	52
Borrowings	20	**594**	699
Bank overdrafts	20	**12**	20
		2,859	3,122
Net current assets		**2,354**	2,252
Total assets less current liabilities		**11,442**	11,598

	Notes	**2015** US$ million	2014 US$ million
Non-current liabilities			
Borrowings	20	**3,308**	3,951
Other payables	19	**149**	140
Obligations under finance leases		**23**	24
Deferred tax liabilities		**810**	838
Deferred revenue		**9**	6
Pension liability and other retirement benefits		**440**	589
		4,739	5,548
Net assets		**6,703**	6,050
Capital and reserves			
Share capital		**1**	1
Reserves		**5,762**	5,129
Equity attributable to owners of the Company		**5,763**	5,130
Non-controlling interests		**940**	920
Total equity		**6,703**	6,050

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2015

	2015	2014
	US$ million	*US$ million*
Net cash from operating activities	**1,613**	1,560
Net cash used in investing activities	**(514)**	(721)
Net cash used in financing activities	**(901)**	(652)
Net increase in cash and cash equivalents	**198**	187
Effect of foreign exchange rate changes	**(31)**	(28)
Cash and cash equivalents at January 1	**958**	799
Cash and cash equivalents at December 31	**1,125**	958
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**1,137**	978
Bank overdrafts	**(12)**	(20)
	1,125	958

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

1. GENERAL

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's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on August 5, 2014.

The address of the registered office of the Company and the address of its principal place of business are disclosed in the section headed "Corporate Information" in the annual report.

The Company acts as an investment holding company. The consolidated financial statements of the Company for the year ended December 31, 2015 comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in associates and interests in joint ventures. The Group is primarily involved in hog production, production and sales of packaged meats and fresh pork.

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.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARD ("IFRSs")

For the purpose of preparing and presenting the consolidated financial statements of the Group for the year ended December 31, 2015, the Group has consistently adopted the accounting policies which conform with IFRSs that are effective for the financial period beginning on January 1, 2015 throughout the year.

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board for the first time in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments[1]
IFRS 14	Regulatory deferral accounts[2]
IFRS 15	Revenue from contracts with customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Asset for unrealised losses[6]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[4]

[1] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.
[2] Effective for first annual IFRS financial statements beginning on or after January 1, 2016, with earlier application permitted.
[3] Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.
[4] Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
[5] Effective for annual periods beginning on or after a date to be determined.
[6] Effective for annual periods beginning on or after 1 January 2017.

IFRS 9 *Financial Instruments*

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company do not anticipate that the application of IFRS 15 in the future will have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012–2014 Cycle

The *Annual Improvements to IFRSs 2012–2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to IFRS 7 *Disclosure – Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after January 1, 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

The directors of the Company anticipate that the application of other new and revised IFRSs will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold and services provided by the Group to outside customers, net of sales tax during the year, and is as follows:

	2015 ***US$ million***	2014 *US$ million* (restated)
Sales of packaged meats	**11,240**	11,880
Sales of fresh pork	**8,591**	9,364
Hog production	**990**	587
Others	**388**	412
	21,209	22,243

Segment information

The Group determines its operating segments based on the reports reviewed by the executive directors who are also the chief operation decision makers that are used to make strategic decisions. The Group's reportable segments, which are also the operating segments, are classified as (i) packaged meats, (ii) fresh pork, (iii) hog production and (iv) others which further analysed based on their location of the operations. The details of the Group's reportable segments are as follows:

(i)	Packaged meats	–	represents production, wholesale and retail sales of low temperature and high temperature meat products.
(ii)	Fresh pork	–	represents slaughtering, wholesale and retail sales of fresh and frozen meat.
(iii)	Hog production	–	represents hog farming.
(iv)	Others	–	represents slaughtering and sales of poultry, sales of ancillary products and services such as provision of logistics services, sales of flavouring ingredients, internally-produced packaging materials, imported meat products as well as retail business and biopharmaceuticals, retail of meat related products and expenses incurred by the Group.

Each reportable segment derives its turnover from the sales of products and provision of services based on the location of operations. They are managed separately because each segment requires different production and marketing strategies.

Segments results represent the profit earned by each segment before biological fair value adjustments without allocation of other income not attributed to the respective segment, other gains and losses, finance costs and share of (losses) profits of associates and joint ventures. This is the measure reported to the chief operation decision makers for the purposes of resources allocation and assessment of segment performance.

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

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

For the year ended December 31, 2015

	Packaged meats *US$ million*	Fresh pork *US$ million*	Hog production *US$ million*	Others *US$ million*	Total *US$ million*
China					
Gross segment revenue	3,559	3,881	86	366	7,892
Less: Inter-segment and inter-location sales	–	(537)	(77)	(191)	(805)
Net external sales	3,559	3,344	9	175	7,087
Reportable segment profit (loss)	782	80	18	(69)	811
U.S.					
Gross segment revenue	7,089	7,037	3,069	–	17,195
Less: Inter-segment and inter-location sales	(1)	(2,320)	(2,129)	–	(4,450)
Net external sales	7,088	4,717	940	–	12,745
Reportable segment profit (loss)	668	168	12	(152)	696
Others					
Gross segment revenue	637	844	447	278	2,206
Less: Inter-segment and inter-location sales	(44)	(314)	(406)	(65)	(829)
Net external sales	593	530	41	213	1,377
Reportable segment profit (loss)	49	(22)	24	(1)	50
Total					
Gross segment revenue	11,285	11,762	3,602	644	27,293
Less: Inter-location sales	(45)	(315)	–	–	(360)
Segment revenue	11,240	11,447	3,602	644	26,933
Less: Inter-segment sales	–	(2,856)	(2,612)	(256)	(5,724)
Net external sales	11,240	8,591	990	388	21,209
Reportable segment profit (loss)	1,499	226	54	(222)	1,557
Net unallocated income					77
Biological assets fair value adjustments					(127)
Finance costs					(219)
Share of losses of associates					(1)
Share of profits of joint ventures					15
Profit before taxation					1,302

For the year ended December 31, 2014

	Packaged meats *US$ million* *(restated)*	Fresh pork *US$ million* *(restated)*	Hog production *US$ million*	Others *US$ million* *(restated)*	Total *US$ million* *(restated)*
China					
Gross segment revenue	4,043	3,760	72	346	8,221
Less: Inter-segment and inter-location sales	–	(592)	(65)	(169)	(826)
Net external sales	4,043	3,168	7	177	7,395
Reportable segment profit (loss)	695	147	4	(73)	773
U.S.					
Gross segment revenue	7,173	8,202	3,385	–	18,760
Less: Inter-segment and inter-location sales	–	(2,662)	(2,863)	–	(5,525)
Net external sales	7,173	5,540	522	–	13,235
Reportable segment profit (loss)	450	90	337	(129)	748
Others					
Gross segment revenue	705	1,042	561	307	2,615
Less: Inter-segment and inter-location sales	(41)	(386)	(503)	(72)	(1,002)
Net external sales	664	656	58	235	1,613
Reportable segment profit (loss)	33	(14)	71	3	93
Total					
Gross segment revenue	11,921	13,004	4,018	653	29,596
Less: Inter-location sales	(41)	(183)	–	–	(224)
Segment revenue	11,880	12,821	4,018	653	29,372
Less: Inter-segment sales	–	(3,457)	(3,431)	(241)	(7,129)
Net external sales	11,880	9,364	587	412	22,243
Reportable segment profit (loss)	1,178	223	412	(199)	1,614
Net unallocated income					69
Biological assets fair value adjustments					45
Finance costs					(371)
Share of profits of associates					18
Share of profits of joint ventures					45
Profit before taxation					1,420

Subsequent to the disclosure of the results for the year ended December 31, 2014, management has changed the presentation of the segment information when provided to the Board of Directors, in order to present a more meaningful representation of its business operations, consistent with the Group's long-term business strategy, and with how performance is assessed by the Board of directors.

Certain amounts of segment revenue, inter-segment sales and reportable segment profit (loss) have been restated for the year ended December 31, 2014, resulting in the reclassification of 1) part of the total net external sales from Fresh pork to Others segment; 2) China's and subsequently the total reportable segment profit amongst the Packaged meats, Fresh pork, Hog production and Others segments, in order to conform with the presentation already adopted in the Group's annual financial statements for the year ended December 31, 2015. Information on inter-location sales has also been added to the year ended December 31, 2014 in order to conform with the presentation for the year ended December 31, 2015.

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

Geographical information

Information about the Group's revenue presented above is based on the geographical locations of operation.

4. OTHER INCOME

	2015	2014
	US$ million	*US$ million*
Government subsidy directly credited to income	**55**	55
Interest income	**12**	18
Income on sales of raw materials	**10**	15
Rental income	**11**	4
Others	**8**	10
	96	102

5. OTHER GAINS AND LOSSES

	2015	2014
	US$ million	*US$ million*
Gain on maturity of available-for-sale investments	**28**	24
Loss on disposal of property, plant and equipment	**(10)**	(5)
Net exchange loss	**(26)**	(8)
Others	**9**	3
	1	14

6. OTHER EXPENSES

	2015	2014
	US$ million	*US$ million*
Share-based payments	**(83)**	(78)
Listing expenses	**–**	(31)
Donations	**–+**	–+
Others	**(1)**	(1)
	(84)	(110)

7. FINANCE COSTS

	2015	2014
	US$ million	*US$ million*
Amortisation of transaction costs	**(8)**	(72)
Interests on senior unsecured notes	**(136)**	(135)
Interests on medium-term unsecured notes	**(2)**	–
Interest on bank and other borrowings	**(73)**	(165)
Less: Amounts capitalised in the cost of qualifying assets	**–+**	1
	(219)	(371)

8. PROFIT BEFORE TAXATION

	2015	2014
	US$ million	*US$ million*
Profit before taxation has been arrived in after charging:		
Auditor's remuneration		
– audit services	**5**	4
– non-audit services	**1**	2
Depreciation of property, plant and equipment	**384**	353
Amortisation of intangible assets included in administrative expenses	**7**	6
Impairment loss recognised in respect of property, plant and equipment	**4**	2
Release of prepaid lease payments	**5**	8
Write-down of inventories included in cost of sales	**16**	3
Allowances on trade receivables	**–+**	4
Operating leases rentals in respect of rented premises	**82**	76
Research and development expenses	**87**	75
Staff costs	**3,122**	2,939
and after crediting:		
Gain on disposal of an associate	**1**	–
Gain on maturity of available-for-sale investments	**28**	24

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

+ Less than US$1 million.

9. TAXATION

	2015	2014
	US$ million	*US$ million*
China Enterprise Income Tax	**(209)**	(183)
U.S. and other overseas income tax	**(130)**	(154)
Withholding tax	**(21)**	(26)
Deferred taxation	**53**	(85)
	(307)	(448)

10. DIVIDENDS

The Board of Directors recommend the payment of a final dividend of HK$0.125 per share for the year ended December 31, 2015 (2014: Nil).

11. DISPOSAL OF AN ASSOCIATE

On June 3, 2015, SFDS Global Holdings B.V. ("SFDS Global",) Cold Field Investments LLC. ("Cold Field") and Smithfield Insurance Co. Ltd. ("Smithfield Insurance") (each an indirect wholly-owned subsidiary of the Company through which the Company held its interest in Campofrio Food Group, S.A. ("Campofrio")) entered into the Share Purchase Agreement with Alfa, S.A.B. de C.V. ("Alfa"), an independent third party to the Company ("S&P Agreement"). Pursuant to the S&P Agreement, SFDS Global, Cold Field and Smithfield Insurance agreed to sell and Alfa agreed to purchase an aggregate of 37,817,172 shares, representing approximately 37% of the entire issued share capital, of Sigma & WH Food Europe, S.L., ("Sigma & WH Food", the immediate holding company of Campofrio), for an aggregate cash consideration of US$354 million. The disposal was completed on June 3, 2015, the Group does not retain any interest in Campofrio and Campofrio ceased to be an associate of the Group. The gain on the disposal is analysed as follows:

	US$ million
Gain on disposal:	
Consideration received	354
Carrying amount of investment disposed of	(299)
Cumulative exchange differences in respect of the net assets of Sigma & WH Food reclassified from equity to profit or loss	(54)
Gain on disposal	1
Net cash inflow arising on disposal:	
Cash consideration received	354
Less: transaction costs paid	–[+]
	354

Upon disposal of the associate, the tax effect of US$18 million previously provided on the exchange difference and recognised in equity was released.

[+] Less than US$1 million.

12. 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:

	2015	2014
	US$ million	*US$ million*
Earnings		
Profit for the year attributable to owners of the Company		
For the purpose of basic and diluted earnings per share	**786**	766
	million	*million*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note 1)*	**13,665.96**	11,904.31
Effect of dilutive potential ordinary shares:		
Incentive shares	**631.58**	631.58
Over-allotment options	**–**	0.01
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**14,297.54**	12,535.90

Notes:

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

The computation of diluted earnings per share for the year ended December 31, 2015 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares.

13. MOVEMENTS IN PROPERTY PLANT AND EQUIPMENT

During the year, the Group incurred US$627 million (2014: US$918 million) on addition of property, plant and equipment.

14. BIOLOGICAL ASSETS

Nature of the Group's agricultural activities

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

	2015 Head *('000)*	2014 Head *('000)*
Live hogs		
– suckling	**1,555**	1,484
– nursery	**2,203**	2,132
– finishing	**6,816**	7,086
	10,574	10,702
Breeding stock (hogs)	**1,066**	1,061
	11,640	11,763
Broiler	**2,862**	–
Breeding stock (poultry)	**455**	–
	3,317	–

The Group is exposed to a number of risks related to its biological assets. The Group is exposed to the following operating risks:

(i) *Regulatory and environmental risks*

The Group is subject to laws and regulations in the location in which it operates breeding of hogs and poultry. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.

(ii) *Climate, disease and other natural risks*

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections, disease controls, surveys and insurance.

Analysed for reporting purpose as:

	2015 *US$ million*	2014 *US$ million*
Current	**865**	1,014
Non-current	**200**	220
	1,065	1,234

Fair value measurement

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

The fair values of live hog and broiler are mainly determined based on the market price of hogs and broiler in the actively traded slaughtering market, subtracting the breeding costs required to raise the live hogs and broiler to be slaughtered and the margins that would be required by a raiser and less costs to sell (level 3). The estimated fair value will significantly increase when there is a slight increase in the market price of hog and broiler in the slaughtering market or decrease in the breeding cost required to raise the live hogs and commercial chicken, and vice versa.

Set forth below are the key assumptions and inputs adopted in the valuation process of biological assets:

	2015	2014
China		
Breeding stock (hogs)		
Per head market price[1] (RMB)	**2,018**	2,141
Suckling hogs		
Per head cost[2] (RMB)	**57**	67
Finishing hogs		
Per head market price[3] (RMB)	**1,467**	1,328
Per head weekly average breeding costs required to raise to finishing hogs[4] (RMB):	**40**	42
Breeding stock (poultry)		
Per head market price[1] (RMB)	**25**	–
Broiler		
Per head market price[3] (RMB)	**16**	–
Per head average breeding costs required raise to broiler[4] (RMB)	**17**	–
U.S.		
Breeding stock – Sow (hogs)		
Per head market price[1] (US$)	**186**	206
Breeding stock – Boar (hogs)		
Per head market price[1] (US$)	**96**	109
Suckling hogs		
Per head cost[2](US)	**31**	30
Finishing hogs		
Per head market price[3] (US$)	**129**	173
Per head weekly average breeding costs required to raise to finishing hogs[4] (US$):	**5.2**	5.9

Notes:

1.	Market prices of breeding stock	Breeding stock is assumed to be sellable to the market as at the corresponding Stock valuation date. The prices adopted refer to the average historical selling prices transacted to local slaughter house. As the Group never sells its breeding stock before the end of its useful life, no historical actual sales figures are available.
2.	Costs of suckling hogs	As there is insignificant biological transformation that takes place between the birth of these animals until they become finishing hogs, the cost approach was adopted. As the hogs are only 4 weeks' old at most, the recent cost incurred approximates the replacement cost.
3.	Market prices of finishing hogs/ broilers	The adopted selling prices of finishing hogs/broilers (which is old enough to be sold to the market) are determined using their market price at the actively traded local spot and/or future market as reference. The prices used in the valuation are in line with the actual prices recorded.
4.	Costs required to complete	The costs to complete used as an assumption in valuation are based on the historical average feeding cost, medication and vaccination, grower payment, production housing, production overhead, the freight-to-slaughter and selling costs that would be incurred for sales. The estimated profits that would be required by a raiser are also applied in the valuation.

15. INTERESTS IN ASSOCIATES

	2015	2014
	US$ million	*US$ million*
The Group's share of interests in associates		
Listed	**–**	–
Unlisted	**49**	367
	49	367
Share of post-acquisition profits and other comprehensive income, net of dividends received	**14**	25
	63	392

Details of the Group's principal associates as at December 31, 2015 and December 31, 2014 are as follows:

Name of associate	Place of establishment/ incorporation	Attributable proportion of issued/registered capital held by the Company indirectly		Principal activities
		2015	2014	
Associates of WH Group				
杜邦雙匯漯河蛋白有限公司 (Dupont Shineway Luohe Protein Co., Ltd)	China	**40%**	40%	Manufacture and sales of protein products
南通匯羽豐新材料有限公司 (Nantong SKT New Material Co., Ltd)	China	**43%**	43%	Packaging materials supplies
杜邦雙匯漯河食品有限公司 (Dupont Shinenay Luohe Food Co., Ltd.)	China	**48%**	48%	Production of soy albumen
Campofrio Food Group, S.A. ("Campofrio") *(Note)*	Spain	**–**	37%	Manufacture and sales of meat products
Sigma & WH Food Europe, S.L. ("Sigma & WH Europe") *(Note)*	Spain	**–**	37%	Investing holding of Campofrio

Note: Compofrio and Sigma & WH Eurpoe were disposed on June 3, 2015 to an independent third party of the Company.

The above table lists the principal associates of the Group, which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the consolidated net asses. To give details of all the associates would, in the opinion of the directors, result in particulars of excessive length.

All of the above associates are accounted for using equity method in the consolidated financial statements.

16. INVENTORIES

	2015	2014
	US$ million	*US$ million*
Raw materials	**696**	695
Work in progress	**76**	76
Finished goods	**976**	1,129
	1,748	1,900

17. TRADE AND BILLS RECEIVABLES

	2015	2014
	US$ million	*US$ million*
Trade receivables	**727**	848
Less: Allowances for bad and doubtful debts	**(7)**	(7)
	720	841
Bills receivables	**5**	4
	725	845

The general credit term allowed by the Group to its customers is within 30 days in China operations while the credit term vary depending on the sales channel and customer for the U.S. and others operations. The following is an ageing analysis of the trade and bills receivables net of allowances for bad and doubtful debts presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised:

	2015	2014
	US$ million	*US$ million*
Age		
0–30 days	**647**	773
31 to 90 days	**62**	64
91 to 180 days	**16**	8
	725	845

Movement in the allowances for bad and doubtful debts:

	2015	2014
	US$ million	*US$ million*
At January 1	**(7)**	(3)
Recognised during the year	**–+**	(4)
At December 31	**(7)**	(7)

The allowances for doubtful debts represented individually impaired trade receivables which have been placed under liquidation or in severe financial difficulties.

+ Less than US$1 million.

18. TRADE AND BILLS PAYABLES

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

	2015	2014
	US$ million	*US$ million*
Trade payables	**812**	850
Bills payables	**–**	–[+]
	812	850

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

	2015	2014
	US$ million	*US$ million*
Age		
0–30 days	**786**	646
31–90 days	**22**	170
91–180 days	**2**	28
181 days to 365 days	**2**	6
	812	850

[+] Less than US$1 million.

19. ACCRUED EXPENSES AND OTHER PAYABLES

	2015	2014
	US$ million	*US$ million*
Accrued staff costs	**394**	378
Deposits receipts	**206**	156
Sales rebates payables	**193**	140
Payables in respect of acquisition of property, plant and equipment	**189**	297
Insurance payables	**113**	114
Interest payable	**62**	70
Balance of contingent consideration in respect of acquisition of subsidiaries	**54**	50
Growers payables	**35**	41
Deferred compensation	**32**	37
Accrued rent and utilities	**30**	31
Pension liability	**31**	27
Accrued professional fees	**25**	35
Accrued advertising expenses	**26**	34
Amounts due to associates	**4**	9
Deferred revenue	**2**	2
Brokers payables	**–**[+]	34
Obligations under finance leases	**1**	1
Other payables	**123**	141
	1,520	1,597
Analysed for reporting purposes as:		
Current	**1,371**	1,457
Non-current	**149**	140
	1,520	1,597

[+] Less than US$1 million.

20. BORROWINGS

	2015	2014
	US$ million	*US$ million*
Senior unsecured notes:		
6.625% senior unsecured notes due August 2022	**900**	1,014
7.750% senior unsecured notes due July 2017	**447**	520
5.250% senior unsecured notes due August 2018	**446**	492
5.875% senior unsecured notes due August 2021	**349**	392
	2,142	2,418
Medium-term unsecured notes	**154**	–
Bank loans(1):		
Secured	**59**	83
Unsecured	**1,544**	2,144
Loans from third parties(2):		
Secured	**1**	1
Unsecured	**2**	4
	3,902	4,650
Bank overdrafts(3)	**12**	20
The borrowings other than bank overdrafts are repayable as follows(4):		
Within one year	**594**	699
Between one to two years	**777**	230
Between two to five years	**1,278**	2,310
After five years	**1,253**	1,411
	3,902	4,650
Less: Amounts due within one year shown under current liabilities	**(594)**	(699)
Amounts due after one year	**3,308**	3,951
Total borrowings:		
At fixed rates	**2,456**	2,899
At floating rates	**1,446**	1,751
	3,902	4,650
Analysis of borrowings by currency:		
Denominated in US$	**3,436**	4,536
Denominated in RMB	**426**	60
Denominated in EUR	**2**	4
Denominated in GBP (“British Pound”)	**3**	4
Denominated in PLN (“Polish Zloty”)	**29**	46
Denominated in RON (“Romanian Leu”)	**6**	–
	3,902	4,650

Notes:

1. Fixed rate bank loans carry interest at fixed rates ranging from 2.67% to 5.25% (2014: 1.6% to 5.5%) and floating rates ranging from LIBOR + 0.68% to LIBOR + 3.25% per annum at December 31, 2015 (2014: LIBOR + 2.5% to LIBOR + 4.0%).

2. Loans from third parties carry interests at fixed rates of 0.9% per annum at December 31, 2015 (2014: 0.6% to 0.9%).

3. Bank overdrafts at December 31, 2015 carry interest at 4.35% per annum (2014: 5.6% per annum).

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

During the year ended December 31, 2014, the Group had entered into US$1,500 million Syndicated Loan. It carries interest at LIBOR + 2.48% to 3.08% per annum in correlation to the leverage ratio of the Group for both years.

The Group's borrowings contain affirmative and negative covenants that, among other things, limit or restrict the Group's ability to create liens and encumbrances, incur debt, enter into liquidation, enter into change of control transactions or change the scope of the business, make acquisitions and investments, dispose of or transfer assets, pay dividends or make other payments in respect of its inventories, in each case, subject to certain qualifications and exceptions. The Group has no default in payment of the bank borrowings, nor did it breach any relevant finance covenants for the year ended December 31, 2015 and December 31, 2014.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**"), consisting of three independent non-executive Directors, namely Mr. Lee Conway Kong Wai (Chairman), Mr. Huang Ming and Mr. Lau Jin Tin, Don, has discussed with the independent auditor of the Company, Deloitte Touche Tohmatsu, and reviewed the Group's consolidated financial statements for the year ended December 31, 2015, including the accounting principles and practices adopted by the Group.

The Audit Committee is of the opinion that the Group's consolidated financial statements comply with the applicable accounting standards, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and all other applicable legal requirements. The Audit Committee therefore recommended for the Board's approval of the Group's consolidated financial statements for the year ended December 31, 2015.

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 year ended December 31, 2015, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "**Code**") in Appendix 14 of the Listing Rules, except for the following deviation:

Code Provision A.2.1 – Chairman and Chief Executive Officer

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the guidelines for the directors' dealings in the securities of the Company. Specific enquiry has been made to all directors of the Company and all directors have confirmed that they have complied with the applicable standards set out in the Model Code throughout the year ended December 31, 2015.

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 year ended December 31, 2015.

ANNUAL DIVIDEND

The Board recommends the payment of an annual dividend of HK$0.125 per share (2014: Nil) for the year ended December 31, 2015 (the "**2015 Annual Dividend**") to the shareholders (the "**Shareholders**") of the Company subject to the approval of the Shareholders at the forthcoming annual general meeting (the "**Annual General Meeting**") of the Company, the proposed 2015 Annual Dividend is expected to be paid in cash to the Shareholders on or about Monday, June 13, 2016.

CLOSURE OF REGISTER OF MEMBERS

The registers of members of the Company will be closed during the following periods and during these periods, no transfer of shares will be registered:–

(i) To attend and vote at the Annual General Meeting

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the Annual General Meeting, the registers of members of the Company will be closed from Thursday, May 19, 2016 to Monday, May 23, 2016, both days inclusive. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's branch share registrar ("**Branch Share Register**") in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, May 18, 2016.

(ii) To qualify for the proposed 2015 Annual Dividend

For the purpose of ascertaining the Shareholders' entitlement to the proposed 2015 Annual Dividend, the registers of members of the Company will be closed from Monday, May 30, 2016 to Wednesday, June 1, 2016, both days inclusive. In order to qualify for the proposed 2015 Annual Dividend, all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's Branch Share Registrar not later than 4:30 p.m. on Friday, May 27, 2016.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on Monday, May 23, 2016. The notice of the Annual General Meeting will be published and dispatched to the Shareholders in due course, and in any event not later than 20 clear business days before the Annual General Meeting.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the HKExnews website (www.hkexnews.hk) and the Company's website (www.wh-group.com). The 2015 annual report of the Company will be dispatched to the Shareholders and published on the same websites in due course.

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

Hong Kong, March 29, 2016

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