萬洲國際
WH GROUP

萬洲國際有限公司
WH GROUP LIMITED

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

2024 ANNUAL REPORT

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SIN
FOSFATOS AÑADIDOS · GLUTEN · LACTOSA · COLORANTES
BAJO EN AZÚCAR
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CORTE FINO
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PECHUGA DE
PAVO
ASADA AL HORNO

CORPORATE INFORMATION

Legal Name of the Company
WH Group Limited

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

Stock Code: 288

Company Website
www.wh-group.com

Directors
Executive Directors
Mr. WAN Long (Chairman)
Mr. GUO Lijun (Chief Executive Officer)
Mr. WAN Hongwei (Deputy Chairman)
Mr. MA Xiangjie (President of Shuanghui Development)
Mr. Charles Shane SMITH (President and Chief Executive Officer of Smithfield, who has resigned as a Director with effect from 28 January 2025)

Non-executive Director
Mr. JIAO Shuge

Independent Non-executive Directors
Mr. HUANG Ming
Mr. LAU, Jin Tin Don
Ms. ZHOU Hui

Company Secretary
Mr. CHAU Ho

Audit Committee
Ms. ZHOU Hui (Chairman)
Mr. HUANG Ming
Mr. LAU, Jin Tin Don

Remuneration Committee
Mr. HUANG Ming (Chairman)
Mr. JIAO Shuge
Ms. ZHOU Hui

Nomination Committee
Mr. WAN Long (Chairman)
Mr. HUANG Ming
Mr. LAU, Jin Tin Don (ceased to be a member of the Nomination Committee with effect from 25 March 2025)
Ms. ZHOU Hui (appointed as a member of the Nomination Committee with effect from 25 March 2025)

ESG Committee
Mr. GUO Lijun (Chairman)
Mr. WAN Hongwei
Mr. MA Xiangjie
Mr. Charles Shane SMITH (resigned with effect from 28 January 2025)
Mr. LAU, Jin Tin Don

Food Safety Committee
Mr. WAN Long (Chairman)
Mr. WAN Hongwei
Mr. MA Xiangjie
Mr. Charles Shane SMITH (resigned with effect from 28 January 2025)
Ms. ZHOU Hui (ceased to be a member of the Food Safety Committee with effect from 25 March 2025)
Mr. LAU, Jin Tin Don (appointed as a member of the Food Safety Committee with effect from 25 March 2025)

Risk Management Committee
Mr. WAN Long (Chairman)
Mr. GUO Lijun
Mr. MA Xiangjie
Mr. Charles Shane SMITH (resigned with effect from 28 January 2025)
Ms. ZHOU Hui

Auditor
Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisor
Paul Hastings

Principal Bankers
Bank of America N.A.
Bank of China
Coöperatieve Rabobank U.A.
Industrial and Commercial Bank of China
The Hongkong and Shanghai Banking Corporation

Authorised Representatives
Mr. WAN Long
Mr. CHAU Ho

Share Registrar and Transfer Office Principal
Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Hong Kong Branch
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Registered Office
Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal Place of Business and Corporate Headquarters in Hong Kong
Unit 7602B-7604A
Level 76, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

RESULTS HIGHLIGHTS

	2024	2023
Key operating data		
Packaged meats sold (thousand metric tons)	**3,100**	3,196
Pork sold (thousand metric tons)	**3,765**	3,959

	2024		2023	
	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				
Revenue	**25,941**	**25,941**	26,236	26,236
EBITDA	**3,078**	**3,280**	1,972	2,005
Operating profit	**2,404**	**2,404**	1,471	1,471
Profit attributable to owners of the Company	**1,471**	**1,612**	606	629
Basic earnings per Share (US cents)	**11.47**	**12.56**	4.72	4.90
Dividend per Share (HK$)				
Interim (paid)	**0.10**	**0.10**	0.05	0.05
Final	**0.40**	**0.40**	0.25	0.25
	0.50	**0.50**	0.30	0.30

- Sales volume of packaged meats and pork decreased by 3.0% and 4.9% respectively.
- Revenue decreased by 1.1%.
- Operating profit increased by 63.4%.
- Profit attributable to owners of the Company and basic earnings per Share, before biological fair value adjustments, increased by 142.7%.
- In addition to the interim and final dividends as mentioned above, the Company has also declared a Special Dividend of HK$0.18 per Share and the Distribution in Specie.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of the Company, I present the annual report of WH Group Limited for the year ended 31 December 2024.

Over the past year, the international environment has been complex and volatile, with intensified geopolitical tensions and deep adjustments in global industrial and supply chains. Inflation continued to ease, commodity prices trended downward, and major countries proactively implemented monetary easing. The performance of different pork markets polarized due to the impact of animal epidemics and supply-demand relationships. WH Group adapted to changes in market environment, seized market opportunities and optimised industrial structure, with its scale of production and sales in general declining slightly, while profit improving significantly and hitting a record high. In particular, performance of packaged meats segment continued to be strong and pork segment significantly improved.

The structure and organizational system of the Company were further improved, with a new session of board of directors and senior management at Shuanghui in China, marking the beginning of a new era for the "four-pronged" development strategy. The European business was spun off for independent operation which will unleash its development potential; and the North American business completed its separate listing, further enhancing its corporate value.

In China, hog prices increased year-on-year due to the decrease in hog supply, while chicken prices dropped. Against this backdrop, Shuanghui Development, a subsidiary of WH Group, utilised the advantage of its industrial chain to actively expand its market by doubling its outlets, and to increase profitability by implementing the "two adjustments and one control" strategy. This was effective in coping with external pressures and the overall operation indicators remained stable.

In the U.S., hog raising costs dropped, and hog prices elevated year-on-year. Capitalised on such favorable market conditions, WH Group's subsidiary, Smithfield, optimized its industrial structure, reduced the scale of hog farming, and improved management to lower costs. The pork business turned around substantially, and packaged meats business sustained high profitability, attaining a new record in earnings.

In Europe, the hog supply recovered and hog prices fell. Morliny, a subsidiary of WH Group, effectively controlled the epidemic, strengthened price management, and expanded market size. As such, there were profit growth across all segments, resulting in a significant improvement of the overall performance.

We are confident in the future development of the Company. In 2025, it is expected that commodity prices will further decline, interest rates will decrease, and consumption will grow, which will benefit companies in reducing costs and increasing profitability. Nevertheless, global tariff war, trade war and the uncertainties relating to the geopolitical situation will also pose challenges to our business operations. Management will adapt to changing circumstances, leverage on advantages, and mitigate adverse impacts. Adhering to "two adjustments and one control" and "four-pronged" strategies, we will vigorously develop the packaged meats business, expand and strengthen the pork business, moderately configurate hog farming scale, actively promote protein diversification, and further improve the global industrial footprint. We also optimize processes and reduce costs with the use of digitalization and intelligence, thereby continuously improving global competitiveness, enhancing quality and efficiency, and creating greater value for Shareholders.

Considering all circumstances and the interim dividend paid, the Board proposed to distribute a final dividend of HK$0.4 per Share, bringing the total dividends of the year to HK$0.5 per Share.

Wan Long
Chairman of the Board of WH Group

25 March 2025

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

During the Review Period, the Board consisted of nine Directors, of whom five are executive Directors, one is a non-executive Director and the remaining three are independent non-executive Directors.

As at the date of this report, the Board consisted of eight Directors, of whom four are executive Directors, one is a non-executive Director and the remaining three are independent non-executive Directors. The biographies of the existing Directors and the senior management are set out as follows:

WAN Long (萬隆)

Executive Director and Chairman

WAN Long (萬隆) age 84, was appointed as a Director on October 16, 2007 and has been the Chairman of our Board since November 26, 2010. He also holds directorships in various subsidiaries of the Group. He was designated as our executive Director on December 31, 2013. He has also served as a director and the chairman of the board of directors of Smithfield (a company listed on the Nasdaq Global Select Market (ticker symbol: SFD) and our subsidiary) since September 2013. Mr. Wan has been a director of the board of Shuanghui Development (a company listed on the Shenzhen Stock Exchange with stock code 000895 and our subsidiary) since August 20, 2012. He served as the Company's chief executive officer from October 2013 to August 11, 2021. Mr. Wan served as the chairman of the board of Shuanghui Development from August 20, 2012 to August 28, 2024. Mr. Wan joined Henan Luohe Meat Products Processing United Factory (河南省漯河市肉類聯合加工廠) in May 1968 and became the general manager of the factory in 1984. Under Mr. Wan's direction, our business has grown from a local state-owned enterprise in Henan Province into an international company with operations spanning various continents. Mr. Wan has over 50 years of experience in the meat processing industry. He was a representative of the Ninth to Twelfth China's National People's Congress (中華人民共和國全國人民代表大會) in 1998, 2003, 2008 and 2013 and was appointed as an executive director of the China Meat Association (中國肉類協會) from December 2006 to December 2011 and a senior consultant of the China Meat Association (中國肉類協會) in 2001. Mr. Wan received his professional certificate in business management from the Henan University of Animal Husbandry and Economy (河南牧業經濟學院, previously The Henan Business College (河南商業專科學校)) in May 1991 and was awarded the senior economist professional qualification issued by the Henan Province Advanced Professional Titles Adjudication Committee (Economic Disciplines) (河南省經濟系列高級評審委員會) in July 1999. Mr. Wan is the father of Mr. Wan Hongwei.

GUO Lijun (郭麗軍)

Executive Director and Chief Executive Officer

GUO Lijun (郭麗軍), age 54, was appointed as an executive Director on 31 December 2013 and has been appointed as the chief executive officer of the Company on 12 August 2021. He has also served as a director of Smithfield (a company listed on Nasdaq Global Select Market (ticker symbol: SFD) and our subsidiary) since May 2015. He has also served as a director of Shuanghui Development (a company listed on the Shenzhen Stock Exchange with stock code 000895 and our subsidiary) since 31 August 2021. He also holds directorships in various subsidiaries of the Group. He served as an executive vice president of the Company from April 2016 to 11 August 2021. Mr. Guo was the chief financial officer of the Company from April 2016 to 11 August 2021, the deputy chief executive officer of the Company from October 2013 to January 2014, and a vice president and the chief financial officer of the Company from January 2014 to March 2016. Mr. Guo has over 20 years of experience overseeing the financial operations of various companies. Mr. Guo worked as an accountant in the finance department of the Henan Luohe Meat Products Processing United Factory* (河南省漯河市肉類聯合加工廠) from June 1993 to March 1996. Mr. Guo was also the financial controller of Luohe Chinachem Shuanghui Packaging Industry Co., Ltd.* (漯河華懋雙匯化工包裝有限公司) and Luohe Chinachem Shuanghui Plastic Processing Co., Ltd.* (漯河華懋雙匯塑料工程有限公司) from April 1996 to February 2001. Mr. Guo held various positions in Shuanghui Group (a former subsidiary of the Company) from March 2001 to August 2012, including serving as its deputy director, its director of the finance department and its chief financial officer. In addition, Mr. Guo was also the executive vice president of Shuanghui Development (a company listed on the Shenzhen Stock Exchange with stock code 000895 and a subsidiary of the Company) from August 2012 to October 2013.

Mr. Guo obtained his adult higher education diploma in financial accounting from Henan Radio and Television University (河南廣播電視大學) in July 1994 and obtained the completion certificate for the master of business administration program of the Graduate School of Renmin University of China (中國人民大學研究生院) in December 2004. Mr. Guo received his assistant accountant certificate awarded by the Ministry of Personnel of the People's Republic of China (中華人民共和國人事部) in October 1994.

WAN Hongwei (萬宏偉)

Executive Director and Deputy Chairman

WAN Hongwei, age 51, was appointed as an executive Director and the deputy chairman of the Board on 12 August 2021. He has also served as a director of Smithfield (a company listed on the Nasdaq Global Select Market (ticker symbol: SFD) and our subsidiary) since January 2025. He has also served as the chairman of the board of directors of Shuanghui Development (a company listed on the Shenzhen Stock Exchange with stock code 000895 and our subsidiary) since 29 August 2024 and has also served as a director of Shuanghui Development since 22 August 2018. He also holds directorships in various subsidiaries of the Group. He served as vice chairman of the board of directors of Shuanghui Development from 22 August 2018 to 28 August 2024. He served as an assistant to the chief executive officer of the Company from 1 January 2014 to 11 August 2021 in charge of public relation of the Company. Mr. Wan Hongwei was secretary to the chairman of Shuanghui Group from 2004 to 2013.

Mr. Wan Hongwei obtained his degree of Bachelor of Arts from York University in Toronto, Canada in June 2002. He is the son of Mr. Wan Long.

MA Xiangjie (馬相傑)

Executive Director and President of Shuanghui Development

MA Xiangjie (馬相傑), age 53, was appointed as an executive Director on 26 March 2018 with effect from 4 June 2018. He has also served as a director and the president of Shuanghui Development (a company listed on the Shenzhen Stock Exchange with stock code 000895 and our subsidiary) since 22 August 2018 and 26 December 2017, respectively. Previously, he served as the general manager of fresh food division of Shuanghui Development from 15 April 2012 to 24 August 2012 and the vice president of Shuanghui Development and the general manager of its fresh food division from 25 August 2012 to 25 December 2017. He also holds directorships in various subsidiaries of the Group. Mr. Ma has over 28 years of work experience with the Group. Mr. Ma was the deputy director of Shuanghui Development in charge of the production of fresh meat products department from September 2008 to September 2010. He also served as the general manager of the integrated business department of Shuanghui Group from September 2010 to April 2012. In addition, he has worked as the director of Shuanghui Development Ingredients Factory (雙匯發展香輔料分廠) since May 2001; as a general manager of Luohe Shineway Haiying Seasoning Food Co., Ltd. (漯河雙匯海櫻調味料食品有限公司) since August 2003; as a general manager of Luohe Tianrui Biochemicals Co., Ltd. (漯河天瑞生化有限公司) since April 2004; as a managing director of Luohe Shuanghui Food Sales Co., Ltd. (漯河雙匯食品銷售有限公司) since 26 October 2012; as a director of Fuxin Shuanghui Meat Processing Co., Ltd. (阜新雙匯肉類加工有限公司) since 22 February 2013; as a director of Heilongjiang Baoquanling Shuanghui Beidahuang Food Co., Ltd. (黑龍江寶泉嶺雙匯北大荒食品有限公司) since 22 February 2013 and as a director of Shaanxi Shuanghui Food Co., Ltd. (陝西雙匯食品有限公司) since 19 November 2013.

Mr. Ma graduated from the faculty of storage and processing of agricultural products from the Henan Agricultural University (河南農業大學) in July 1996, obtained the completion certificate for the master of business administration program of the Graduate School of Renmin University (中國人民大學研究生院) in March 2005 and received his master's degree in food engineering from the Northwest A&F University (西北農林科技大學) in June 2010. In addition, Mr. Ma obtained his qualification as an engineer of light industries issued by the People's Government of Luohe City in June 2003, his qualification as a senior economist issued by the People's Government of Henan Province in March 2019 and his professional light industry senior engineer qualification (vice senior grade) issued by the Human Resources and Social Security Department of Henan Province in April 2020.

JIAO Shuge (焦樹閣)

Non-executive Director

JIAO Shuge (焦樹閣), age 59, was appointed as our Director on 28 April 2006. He was designated as a non-executive Director on 31 December 2013. He also holds directorships in various subsidiaries of the Group. He served as the deputy chairman of our Board from 26 November 2010 to 14 August 2018. Mr. Jiao served as a director of Shuanghui Development (a company listed on the Shenzhen Stock Exchange with stock code 000895 and our subsidiary) from 20 August 2012 to 31 August 2021. Mr. Jiao is also currently a director and managing partner of CDH China Management Company Limited.

Mr. Jiao has served as a director of Hainan Poly Pharm Co. Ltd (a company listed on the Shenzhen Stock Exchange with stock code: 300630) since July 2015. Mr. Jiao served as the chairman of Ningbo Akin Electronic Technology Co., Ltd. (its shares listed on the National Equities Exchange and Quotations with stock code: 830806, hereinafter referred to as "**Ningbo Akin**") from March 2016 to May 2021 and served as Ningbo Akin's general manager from February 2016 to March 2022 and its legal representative from February 2016 to February 2022. Mr. Jiao has also served as the chairman and a non-executive director of Mabpharm Limited (a company listed on the Stock Exchange with stock code: 2181) since July 2018 and the Chairman and non-executive director of OCI International Holdings Limited (a company listed on the Stock Exchange with stock code: 329) since 8 March 2021.

Mr. Jiao was a researcher in the No. 710 Research Institute of China Aerospace Service and Technology Corporation (中國航天科技集團公司第710研究所) from August 1989 to January 1995. He served as the vice general manager of the direct investment department of China International Capital Corporation Ltd. (中國國際金融有限公司) from December 1995 to August 2002. Mr. Jiao has a broad range of experience serving as directors of various listed companies, including as a non-executive director of China Yurun Food Group Limited (a company listed on the Stock Exchange with stock code 01068) from 13 April 2005 to 22 September 2012, a non-executive director of China Shanshui Cement Group Co., Ltd. (a company listed on the Stock Exchange with stock code 00691) from 30 November 2005 to 16 May 2014, a director of Joyoung Company Limited (a company listed on the Shenzhen Stock Exchange with stock code 002242) from 12 September 2007 to 27 April 2020, an independent non-executive director of China Southern Airlines Company Limited (a company listed on the Stock Exchange with stock code 1055) from 30 June 2015 to 30 April 2021 and an independent non-executive director from 12 April 2012 to 30 November 2021 (a non-executive director from 18 February 2004 to 12 April 2012) of China Mengniu Dairy Co., Ltd. (a company listed on the Stock Exchange with stock code 02319).

Mr. Jiao graduated from Shandong University (山東大學) with a bachelor of mathematics in July 1986, and obtained his master's degree in engineering from the No. 2 Research Institute of Ministry of Aeronautics and Astronautics of China in October 1989.

HUANG Ming (黃明)

Independent Non-executive Director

HUANG Ming (黃明), age 61, was appointed as one of our independent non-executive Directors on July 16, 2014 with effect from the Listing Date. Mr. Huang served as an assistant professor of finance at the Graduate School of Business, University of Chicago from April 1996 to June 1998; as an assistant professor of finance from July 1998 to August 2002 and as an associate professor from September 2002 to June 2005 at the Graduate School of Business, Stanford University; and as an associate dean and professor of finance from July 2004 to June 2005, a professor of finance from July 2008 to June 2010 at the Cheung Kong Graduate School of Business (長江商學院) and a professor of finance at China Europe International Business School (中歐國際工商學院) from July 2010 to June 2019. Mr. Huang was also appointed as the Dean of School of Finance of Shanghai University of Finance and Economics (上海財經大學) from April 2006 to April 2009. He has been a professor of finance with tenure at Cornell University since July 2005. Mr. Huang's academic research primarily focuses on behavioral finance, credit risk and derivatives. In recent years, his research has focused on Chinese capital market and public companies.

Mr. Huang has served as an independent director of JD.com, Inc. (a company listed on the US NASDAQ Stock Exchange with stock code NASDAQ: JD) since March 2014. Mr. Huang served as a non-executive director of Tebon Securities Co., Ltd. (德邦證券股份有限公司) from June 2011 to July 2014 and Qihoo 360 Technology Co. Ltd. (a company listed on New York Stock Exchange with stock code QIHU and delisted with effect from July 18, 2016) from March 2011 to July 2016 and of Guosen Securities Co. Ltd. (國信證券股份有限公司) from June 2011 to December 2017. He served as an independent non-executive director of China Medical System Holdings Limited (a company listed on the Stock Exchange with stock code 00867) from October 2013 to December 2017, of Fantasia Holdings Group Co., Ltd. (a company listed on the Stock Exchange with stock code 01777) from October 2009 to May 2019, of China Shenhua Energy Company Limited (a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 1088) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601088) from April 2018 to August 2019, and of Yingli Green Energy Holding Company Limited (a company listed on the New York Stock Exchange with stock code YGE and delisted with effect from July 17, 2018) from August 2008 to February 2020. He served as an independent director of 360 Security Technology Inc. (a company listed on the Shanghai Stock Exchange with stock code 601360) ((formerly known as SJEC Corporation) (a company listed on the Shanghai Stock Exchange with stock code 601313)) from February 2018 to February 2024.

Mr. Huang obtained his bachelor's degree in physics from Peking University in July 1985, his doctor's degree in physics from Cornell University in July 1991 and his doctor's degree in finance from Stanford University in August 1996.

LAU, Jin Tin Don (劉展天)

Independent Non-executive Director

LAU, Jin Tin Don (劉展天), age 68, was appointed as one of our independent non-executive Directors on 16 July 2014 with effect from the Listing Date. Mr. Lau served as an executive director and one of the responsible officers of Spring Asset Management Limited, a company incorporated in Hong Kong for the sole purpose of managing Spring Real Estate Investment Trust (a Hong Kong collective investment scheme listed on the Stock Exchange with stock code 01426) from April 2013 to May 2017. Prior to joining Spring Asset Management Limited in 2013, he was the deputy group financial controller of Yuexiu Property Company Limited (a company listed on the Stock Exchange with stock code 00123). From 2005 to 2010, he was also the deputy chief executive officer, compliance manager and one of the responsible officers of Yuexiu REIT Asset Management Limited which is responsible for managing the assets of Yuexiu Real Estate Investment Trust (a Hong Kong collective investment scheme listed on the Stock Exchange with stock code of 00405).

Mr. Lau obtained a master's degree in applied finance from Macquarie University.

ZHOU Hui (周暉)

Independent Non-executive Director

ZHOU Hui, age 62, was appointed as one of our independent non-executive Directors on 28 March 2022 with effect from 1 June 2022. Ms. Zhou had served at various managerial and finance related positions at Huaneng Power International, Inc. (華能國際電力股份有限公司) (a company whose shares are listed on the Stock Exchange (stock code: 902) and the Shanghai Stock Exchange (stock code: 600011) and whose American depositary receipts are traded on the New York Stock Exchange (ticker symbol: HNP)), including chief accountant from March 2006 to January 2016, and vice general manager from October 2012 to March 2018. In addition, Ms. Zhou served as the vice chairperson of Huaneng Sichuan Hydropower Co., Ltd. (華能四川水電有限公司) and China Huaneng Finance Corporation (中國華能財務有限責任公司) from June 2005 to December 2016 and from March 2006 to October 2016, respectively. She was also a supervisor of China Yangtze Power Co., Ltd. (中國長江電力股份有限公司) (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600900)) from June 2010 to August 2016, a supervisor of Hainan Nuclear Power Co., Ltd. (海南核電有限公司) from August 2011 to September 2017 (including serving as the chairperson of the supervisory committee from December 2011 to September 2017), a director of Singapore Huaneng Tuas Power Ltd. (新加坡華能大士能源有限公司) from March 2008 to May 2018, an independent director of Ruimaotong Supply Chain Management Co., Ltd. (瑞茂通供應鏈管理股份有限公司) (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600180) from 29 November 2021 to 29 February 2024 and an independent non-executive director of China Vered Financial Holding Corporation Limited (中薇金融控股有限公司) (a company whose shares are listed on the Stock Exchange (stock code: 245)) from 21 March 2019 to 21 March 2024.

Ms. Zhou graduated from Renmin University of China (中國人民大學) with a master's degree in economics and holds the qualification of a senior professional accountant (高級會計師) in the People's Republic of China.

Senior Management

Our senior management is responsible for the day-to-day management of our business.

CHAU Ho (周豪)

CHAU Ho (周豪), age 59, has served as our chief legal officer and as the Company Secretary since February 2014. He also holds directorships in various subsidiaries of the Group. Mr. Chau was an assistant to the chairman in China Rongsheng Heavy Industries Group Holdings Limited (now renamed China Huarong Energy Company Limited, listed on the Stock Exchange with stock code 01101) from April 2011 to January 2014 and as assistant to the chairman in Glorious Property Holdings Limited (listed on the Stock Exchange with stock code 00845) from March 2010 to March 2011. Mr. Chau has over 30 years of legal experience. He was an associate and subsequently a partner at the law firm Koo and Partners, which merged with the law firm Paul Hastings Janofsky & Walker (now renamed Paul Hastings), from October 1994 to February 2010. Mr. Chau received his bachelor of laws degree in November 1991 and the postgraduate certificate in laws in November 1992 from the City University of Hong Kong (formerly known as City Polytechnic of Hong Kong). In January 2003, he obtained his bachelor of laws degree from Tsinghua University. Mr. Chau has been qualified to practice as a solicitor in Hong Kong since August 1994 and has been a China-Appointed Attesting Officer since April 2006. He was qualified to practice as a solicitor in England and Wales in September 2008.

YAN Kam Yin (甄錦燕)

YAN Kam Yin (甄錦燕), age 45, was appointed as the Chief Financial Officer and the vice president of the Company in August 2021. She is responsible for finance management of the Group. Ms. Yan has over 20 years of finance experience. She joined the Company in January 2012 and served as finance director of the Company from March 2013 to August 2021. Prior to joining the Company, she worked at public accounting firm and large publicly listed companies in Hong Kong.

Ms. Yan obtained her degree of Bachelor of Business Administration from the Chinese University of Hong Kong in December 2002 and degree of Master of Business Administration from the Hong Kong University of Science and Technology in November 2012. She became the certified public accountant in Hong Kong in February 2007. She is also a fellow member of the Association of Chartered Certified Accountants.

ZHOU Xiaoming (周曉明)

ZHOU Xiaoming (周曉明), age 39, has been appointed as vice president of the Company on 8 May 2023. He is responsible for investment management of the Group. He has also served as a director of Smithfield (a company listed on the Nasdaq Global Select Market (ticker symbol: SFD) and our subsidiary) since January 2025. Mr. Zhou has more than 15 years of experience in investment banking and corporate finance. Prior to joining the Company, Mr. Zhou worked in BofA Securities from May 2015 to May 2023 and most recently served as managing director of global investment banking, advising corporate clients on capital raising and merger and acquisition transactions. Prior to that he served as vice president of Morgan Stanley' investment banking division.

Mr. Zhou obtained his degree of bachelor in economics (major in finance) and double degree of bachelor in science (major in statistics), from Peking University (北京大學) in 2008.

JIA, Sebastien Yutian

JIA, Sebastien Yutian, age 46, was appointed as the vice president of the Company on 1 October 2024. He is responsible for the international trading business of the Group. Mr. Jia first served as the office manager and subsequently the president of DFE Investment Management Company in Switzerland from June 2017 to September 2024. Mr. Jia served as an Asian market consultant at Cigognia Consulting SAS in France from 2016 to 2021. From 2008 to 2016, he worked as a project manager at H&W Communications Company in Switzerland.

Mr. Jia obtained a diploma in architecture decoration materials and construction from Tianjin Chengjian University (formerly known as Tianjin Urban Construction Institute) in July 2001.

Business
Review

I. INDUSTRY OVERVIEW

The Group is a leading global pork company with operations in multiple geographical regions. In 2024, our business in China contributed 32.5% of the revenue and 39.2% of the operating profit of the Group (2023: 33.3% and 64.4% respectively). Meanwhile, our businesses in North America accounted for 53.0% of the revenue and 49.4% of the operating profit of the Group (2023: 54.0% and 22.4% respectively). The rest of the 14.5% revenue and 11.4% operating profit of the Group (2023: 12.7% and 13.2% respectively) was derived from our business in Europe. The pork market in each of the regions has its own unique dynamics while also being interrelated. The market environment in China, the U.S., and Europe are important to the results of the Group.

China

China is the largest pork producer and consumption market in the world, which accounted for 49% of 2024/2025 global production of pork. In China, supplies of pork are largely dependent on the availability of agricultural resources, government policies, regulatory environment, animal disease and production technology. Given the importance of pork in the Chinese diet, demand has always been stable and strong. As China continues to experience economic development and improvement of people's living standards, market demand for high-quality pork products is expected to increase further. In the meantime, seasonal and cyclical factors are also driving the short-term trend of the industry.

According to the National Bureau of Statistics of China, the total production of hogs in 2024 was 703 million heads, 3.3% lower than 727 million heads in 2023. The total production volume of pork was 57.1 million tons, a decrease of 1.5% as compared to 57.9 million tons in the previous year. As hog supply decreased, hog prices were higher in 2024. With reference to the statistics published by MOA, the average hog price of 2024 was RMB17.04 (approximately US$2.36) per kg, representing an increase of 10.6% as compared to that of 2023. Nevertheless, domestic hog supply remained sufficient. Impacted by both domestic and foreign prices, the total volume of imported pork and by-products in 2024 was 2.28 million tons according to the statistics from the General Administration of Customs of China, representing a decrease of 15.7% from that of 2023. The key importing regions during the year were the EU, the U.S. and Brazil in descending order of volume.

U.S.

The U.S. is the third largest pork producing country ranked after China and the EU. It accounted for 11% of 2024/2025 global production. The pork industry in the U.S. is relatively mature and concentrated. As the U.S. is also an important pork exporting country, hog prices and pork values in the U.S. are driven by the supply and demand of its domestic and export markets.

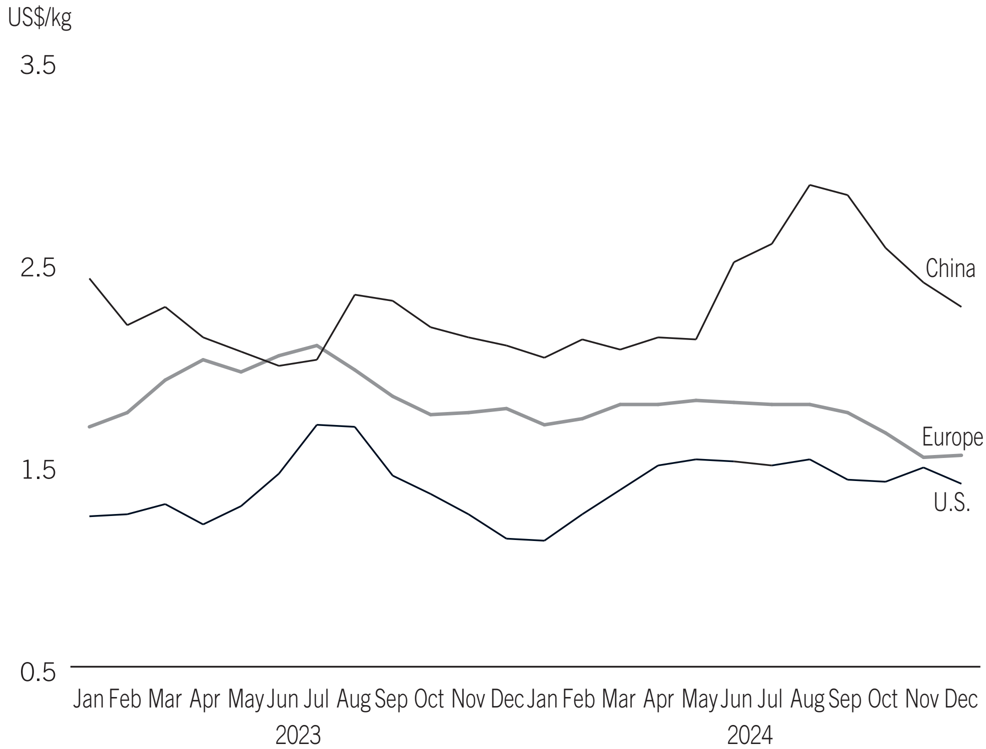
With reference to the statistics of USDA, overall animal protein production in the U.S. slightly increased by 0.7% in 2024, in which pork, beef and chicken increased by 1.8%, 0.1% and 1.3% respectively. The increase in pork production was mainly driven by improved sows' productivity and hogs' health. On the demand side, both domestic and export demand were relatively strong. According to the USDA, export volume of the U.S. pork and offals in 2024 increased by 4.0% year-on-year. Despite of the continuing decrease of export to China, other major export destinations such as Mexico and South Korea recorded an increase in export volume. As a result of robust demand, the average hog price, as published by CME, was US$1.42 per kg in 2024, representing an increase of 4.5% over that of 2023. The average pork cut-out value, as reported by USDA, also increased by 6.5% year-on-year to US$2.11 per kg in 2024.

Europe

The EU, considering all its members collectively, is the world's second largest producer of pork. It accounted for 18% of 2024/2025 global production. The main producers are Germany, Spain, Poland, France, Denmark and Netherlands. The EU as a whole is also the largest exporter of pork and pork products globally. Therefore, its pork price is sensitive to export conditions.

According to the statistics disclosed by EC, the aggregated pork production volume of the member states of the EU increased by 0.8% in 2024 over that of 2023. The slight increase demonstrated the rebalance of hog supply from the contraction since 2022. Steady supply with uncertain trade outlook weighed on hog prices. The average carcass price in EU decreased by 7.9% to EUR2.11 (approximately US$2.28) per kg in 2024, which represented an average hog price of approximately EUR1.59 or US$1.72 per kg. Although the decrease in prices supported export competitiveness, the total export volume of EU in 2024 slightly decreased by 0.3% over that of 2023, out of which, shipments to China decreased by 3.9%.

Hog prices in China, the U.S. and Europe during 2023 and 2024



Sources: MOA, CME and EC

II. RESULTS OF OPERATIONS

	2024 US$ million	2023 US$ million	Change %
Revenue[1]			
— Packaged meats[2]	**13,655**	13,523	1.0
— Pork[3]	**10,343**	10,810	(4.3)
— Others	**1,943**	1,903	2.1
	25,941	26,236	(1.1)
Operating profit (loss)			
— Packaged meats[2]	**2,234**	2,050	9.0
— Pork[3]	**356**	(480)	N/A
— Others[4]	**(186)**	(99)	N/A
	2,404	1,471	63.4

Notes:

(1) Revenue refers to net external sales.

(2) Packaged meats represents production, wholesale and retail sales of packaged meat products.

(3) Pork represents hog farming, slaughtering, wholesale and retail sales of fresh and frozen pork.

(4) Others' operating loss includes corporate expenses.

In 2024, revenue of the Group decreased by 1.1% to US$25,941 million as sales volume of packaged meats and pork decreased. However, part of the decrease was offset by the increase in selling prices. Operating profit increased significantly by 63.4% to US$2,404 million as our pork business turned around and our packaged meats business continued to grow.

Out of all operating segments, packaged meats has always been our core business. In 2024, packaged meats accounted for 92.9% of the Group's operating profit and 52.6% of the Group's revenue (2023: 139.4% of the operating profit and 51.5% of the revenue). Our pork segment accounted for 14.8% of the Group's operating profit and 39.9% of the Group's revenue (2023: negative contribution of the operating profit and 41.2% of the revenue).

Packaged Meats

	2024 US$ million	2023 US$ million	Change %
Revenue			
China	**3,409**	3,697	(7.8)
North America	**8,317**	8,279	0.5
Europe	**1,929**	1,547	24.7
	13,655	13,523	1.0
Operating profit			
China	**924**	879	5.1
North America	**1,174**	1,072	9.5
Europe	**136**	99	37.4
	2,234	2,050	9.0

In 2024, our packaged meats sales volume decreased by 3.0% to 3,100 thousand metric tons. In China, sales volume decreased by 6.1%. The decrease was mainly due to lack of effective demand from the market. Sales volume in North America decreased by 2.6% in 2024 as consumers were stretched by high level of prices. In Europe, our sales volume increased by 8.0% due to the Acquisition of Argal (as defined herebelow).

Revenue of packaged meats in 2024 increased by 1.0% to US$13,655 million. The decrease in revenue in China by 7.8% was mainly caused by the decline in sales volume and unfavourable translation of currency. In North America, revenue increased by 0.5% as the increase in average selling price countervailed the decrease in sales volume. In Europe, revenue during the year increased by 24.7% as we benefited from both higher sales volume and average selling price.

Operating profit of packaged meats was US$2,234 million in 2024, an increase of 9.0% from that of 2023. In China, operating profit increased by 5.1% as the benefit of lower raw material costs outweighed the negative impact of sales volume decrease and local currency depreciation. In North America, our operating profit grew by 9.5% as we recognised certain Employee Retention Tax Credit ("**ERC**") in relation to COVID-19 pandemic, and in the meantime, we continued to improve operational efficiency and promote cost savings. In Europe, our operating profit increased by 37.4% primarily as we priced our products with strong discipline, optimised our portfolio mix and completed the Acquisition of Argal.

Pork

	2024 US$ million	2023 US$ million	Change %
Revenue			
China	3,804	3,812	(0.2)
North America	5,404	5,860	(7.8)
Europe	1,135	1,138	(0.3)
	10,343	10,810	(4.3)
Operating profit (loss)			
China	55	54	1.9
North America	170	(624)	N/A
Europe	131	90	45.6
	356	(480)	N/A

Total number of hogs processed in 2024 was 45,353 thousand heads, a decrease of 7.8% over that of 2023. In China, the number of hogs processed decreased by 19.4% due to keen market competition and weak consumption demand. Our processing volume in North America decreased by 4.0% as we closed our processing facility in California in 2023 and optimised our harvest schedule in 2024. In Europe, the number of hogs processed in 2024 remained stable. We timely adjust our harvest level based on market conditions.

External sales volume of pork was 3,765 thousand metric tons in 2024, 4.9% lower than that of 2023. The decrease was primarily caused by the decrease in harvest level in the U.S. and China. Pork revenue in 2024 decreased by 4.3% year-on-year to US$10,343 million. In China, revenue remained stable as the increase in average selling price offset the decrease in sales volume. In North America, revenue decreased by 7.8% as lower level of pork and grain sales in the U.S.. In Europe, as the increase in sales volume offset the decrease in average selling price, revenue stayed flat.

In 2024, we recorded an operating profit of US$356 million (2023: operating loss of US$480 million). The turnaround was primarily attributable to the improvement in North America as we benefited from higher product value of pork, lower feed costs of hog, enhanced operational efficiency in farming and processing, effective costs controls over sales and distribution, as well as the recognition of certain ERC. The operating profit of pork in North America was US$170 million in 2024 (2023: operating loss of US$624 million). In China, operating profit increased by 1.9% to US$55 million as market dynamics and operational efficiency improved for hog production in 2024. However, our processing business was still challenged by severe competition within the industry, higher hog costs and sluggish demand. Operating profit in Europe in 2024 was US$131 million, an increase of 45.6% from that of 2023. The increase was a result of lower feed costs and hog costs, as well as operation improvement.

Others

In addition to packaged meats and pork, the Group also engages in certain ancillary businesses which include production and sale of poultry products, pharmaceutical materials, packaging materials and condiments; provision of logistics and supply chain management services as well as operation of a finance company and a chain of food retail stores.

In particular, our poultry business in Europe and China processed approximately 348 million heads of broiler, goose and turkey in total during 2024, representing an increase of 10.9% from that of 2023. The growth of our poultry business is integral to our strategy of protein diversification. For our logistics and supply chain management business, we currently own 20 logistics parks across 15 provinces in China covering the majority of the nation. Apart from delivering our packaged meats and pork to customers timely and safely, these facilities also provide services to third party customers.

In 2024, revenue generated by our other businesses amounted to US$1,943 million, representing an increase of 2.1% over that of 2023 due to the increase in sales volume of poultry meat. The increase in operating loss of our other businesses was mainly due to increase in performance-related remunerations.

III. PRODUCTION CAPACITY

The Group has production facilities with state-of-the-art equipment in various parts of the world. As at the year-end of 2024, we owned an annual production capacity of packaged meats of approximately 2.08 million metric tons, 1.60 million metric tons and 0.37 million metric tons with utilization rates of 67.6%, 87.0% and 117.1% in China, North America and Europe, respectively. Annual hog processing capacity in China, North America, and Europe were approximately 25.21 million heads, 30.68 million heads and 4.9 million heads, and their utilization rates were 40.8%, 94.4% and 115.3%, respectively, in 2024.

OUTLOOK

The Company achieved a significant increase in profits in 2024. One of the key drivers was the substantial improvement of our U.S. pork results as market dynamics has become more favourable than 2023 and we implemented a series of reformation measures to strengthen our hog production operation. In the future, we will continue to improve the operation of our pork business, expand the volume of meat sales and enhance its competitiveness in the market, so as to contribute to the sustainable growth of our results.

Packaged meats is our core business and it achieved the best operating results in history in 2024. Looking forward, we will continue to adhere to the “two adjustments and one control” strategy of “adjusting product mix, adjusting prices and controlling costs”, expand our market network, adapt to market changes, strengthen our competitive edges, and maintain stable improvement of our packaged meats business.

In the meantime, geopolitical risks and changes in the macro environment will have a significant impact on the global economy, finance, consumption, market, and supply chains. We will adapt to the external changes, continue to optimize our business portfolio, steadily promote diversification, further strengthen our global footprint, mitigate risks, improve quality and increase efficiency, and drive the sustainable development in order to maximize the value of the Company.

With the joint effort of the employees, we strive to continue the positive business momentum in 2025 and lay a solid foundation of steady development of the Group in the future.

Financial Review

I. KEY FINANCIAL PERFORMANCE INDICATORS

	2024	2023	Change
Revenue growth rate (%)	(1.1)	(6.8)	+5.7 pp
EBITDA margin (%)[2]	11.9	7.5	+4.4 pp
Operating profit margin (%)	9.3	5.6	+3.7 pp
— Packaged meats	16.4	15.2	+1.2 pp
— Pork	2.5	(3.3)	+5.8 pp
Per unit operating profit (loss) (US$/metric ton)			
— Packaged meats	720.6	641.4	+79.2
— Pork	94.6	(121.2)	+215.8
Net profit margin (%)[2]	6.6	3.2	+3.4 pp
Current ratio (times)	1.9	1.6	+0.3
Cash conversion cycle (days)	41.2	39.7	+1.5
Debt to equity ratio (%)	29.1	30.5	−1.4 pp
Debt to EBITDA ratio (times)[2]	1.1	1.6	−0.5
Return on total assets (%)	9.5	4.4	+5.1 pp
Return on equity (%)	15.7	6.5	+9.2 pp

Notes:

(1) pp represents percentage point.

(2) The calculation is based on EBITDA or net profit before biological fair value adjustments.

II. ANALYSIS OF CAPITAL RESOURCES

Treasury Management

Our treasury function undertakes the responsibility of cash management, liquidity planning and control, procurement of financing which is cost-efficient to the Group, management of credit profile as well as financial risks such as interest rate and foreign exchange fluctuations. The design of our treasury function aims at aligning with the long-term and short-term needs of the Group and conforming with good governance standard.

Liquidity

The Group continues to maintain an adequate level of liquidity. As at 31 December 2024, we had cash and bank balances of US$2,055 million (2023: US$1,156 million), which were held primarily in RMB and US$. The aggregate amount of unutilised banking facilities of the Group as at 31 December 2024 was US$5,358 million (2023: US$5,569 million). Out of which, committed banking facilities available to the Group as at 31 December 2024 was US$2,733 million (2023: US$2,763 million).

For yield enhancement purpose, we also hold certain financial products and debt instruments from time to time. Such financial products and debt instruments are classified under current assets as financial assets at fair value through profit or loss and debt investments at amortised cost. As at 31 December 2024, the aggregated balance was US$487 million (2023: US$546 million). During the year, there was no impairment charges on any of these financial products and debt instruments.

Our current ratio (ratio of consolidated current assets to consolidated current liabilities) was 1.9 times as at 31 December 2024 (2023: 1.6 times).

Cash Flows

We fund the operations of the Group principally by cash generated from our operations, bank borrowings and other debt instruments, as well as 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, payments of capital expenditures, settlements of interest, distributions of dividend, and any unexpected cash requirements.

In 2024, our net cash from operating activities amounted to US$2,519 million (2023: US$1,617 million). The increase in operating cash inflow was mainly driven by significant increase in earnings. Our net cash used in investing activities in 2024 amounted to US$612 million (2023: US$663 million). The decrease in investing cash outflow was primarily due to reduction in capital expenditure. Our net cash used in financing activities in 2024 amounted to US$984 million (2023: US$1,175 million). The decrease in financing cash outflow was due to net repayment of certain debts in 2023. As such, our net increase in cash and cash equivalents was US$923 million in 2024 (2023: net decrease of US$221 million).

Credit Profile

The Group aims at maintaining a good credit profile for both the Company and its subsidiaries that is beneficial to their long-term growth and development. Our Long-Term Foreign-Currency IDR and senior unsecured rating are BBB+ according to Fitch. Our long-term corporate credit rating is BBB according to S&P Global. Our issuer rating is Baa2 according to Moody's. The outlook of these ratings is stable.

For our subsidiary, Smithfield, Fitch affirms its Long-Term IDR of BBB with a stable outlook. According to S&P Global, the corporate credit rating of Smithfield is BBB-. The outlook is stable. The corporate family rating of Smithfield assigned by Moody's was Ba1. The outlook is also stable.

Debt Profile

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

	As at 31 December 2024 US$ million	As at 31 December 2023 US$ million
Borrowings by nature		
Senior unsecured notes	1,982	1,979
Bank borrowings	1,318	1,246
Loans from third parties	5	3
Bank overdrafts	5	—
	3,310	3,228
Borrowings by geographical region		
North America	1,983	1,991
China	1,099	1,173
Europe	228	64
	3,310	3,228
Borrowings by currency		
US$	1,983	1,980
RMB	1,098	1,093
Other currencies	229	155
	3,310	3,228

The Group's total principal amount of outstanding borrowings as at 31 December 2024 was US$3,330 million (2023: US$3,252 million). The maturity profile is analysed as follows:

	Total
In 2025	31%
In 2026	8%
In 2027	18%
In 2029	13%
In 2030	15%
In 2031 or after	15%
	100%

As at 31 December 2024, 99.8% of our borrowings were unsecured (2023: 99.8%), the remaining borrowings were secured by pledged bank deposits and other assets. Certain borrowings of the Group contained affirmative and negative covenants that are subject to certain qualifications and exceptions. We had no default in repayment of bank borrowings, nor did it breach any relevant financial covenants during the year.

Major Financing Activities

There were no major financing activities in 2024 and 2023.

Leverage Ratios

As at 31 December 2024, our debt to equity ratio (ratio of consolidated borrowings to consolidated total equity) and net debt to equity ratio (ratio of consolidated borrowings less cash and bank balances to consolidated total equity) were 29.1% and 11.0%, respectively (2023: 30.5% and 19.6%, respectively). Our debt to EBITDA ratio (ratio of consolidated borrowings to EBITDA before biological fair value adjustments) and net debt to EBITDA ratio (ratio of consolidated borrowings less cash and bank balances to EBITDA before biological fair value adjustments) as at 31 December 2024 were 1.1 times and 0.4 times, respectively (2023: 1.6 times and 1.1 times, respectively).

Finance Costs

Our finance costs decreased by 13.0% to US$147 million in 2024 as we benefited from lower average interest rates on our borrowings.

As at 31 December 2024, the average interest rate of our outstanding borrowings was 2.95% (2023: 3.21%).

III. CAPITAL EXPENDITURES

Our capital expenditures are primarily for the construction, renovation and transformation of production plants and ancillary facilities. We fund these capital expenditures with internally generated cash, bank loans and Shareholders' capital.

In 2024, capital expenditures amounted to US$707 million (2023: US$812 million). The following table sets out our capital expenditures by geographical region for the years indicated:

	2024 US$ million	2023 US$ million
China	**201**	345
North America	**350**	354
Europe	**156**	113
	707	812

Our capital expenditures in China were mainly for the establishment of certain production facilities related to poultry and convenience food. Our capital expenditures in North America were primarily deployed on the modernization of our processing plants and expansion of our packaged meats production facilities. Our capital expenditures in Europe were mainly for the construction and purchase of new plants.

IV. HUMAN RESOURCES

We believe that success of the Group largely depends on our capacity to attract and retain a dynamic workforce. As at 31 December 2024, the Group had approximately 102 thousand employees in total, in which approximately 47 thousand employees were with our China operation, approximately 36 thousand were with our North America operations and approximately 19 thousand employees were with our European operations.

We value respectful relationships and encourage enterprising work ethics. We nurture an inclusive culture and provide safe work place. To ensure our employees have constantly improving knowledge and skills to drive the growth of the Group, we provide adequate training and development programs.

Our compensation principle is to align rewards of employees with the goals, objectives and financial performance of the Group. Therefore, our compensation includes appropriate fixed pays such as basic salaries and allowances; variable incentives such as performance bonus; and fringe benefits such as retirement plans and medical coverage. The Company also adopted a Pre-IPO Share Option Scheme in 2014. All outstanding Pre-IPO Share Options granted under the scheme were lapsed on 4 August 2024. In 2024, total remuneration expenses of the Group amounted to US$4,149 million, representing an increase of 0.9% from that of 2023.

V. BIOLOGICAL ASSETS

As at 31 December 2024, we had a total of 12.6 million hogs, consisting of 11.7 million market hogs and 0.9 million breeding stock, a decrease of 4.1% from 12.1 million hogs as at 31 December 2023. We also had a total of 21.7 million poultry, consisting of 19.0 million broilers and 2.7 million breeding stock, a decrease of 19.9% from 27.1 million poultry as at 31 December 2023. The fair value of our biological assets was US$1,441 million as at 31 December 2024, as compared to US$1,363 million as at 31 December 2023.

Our results have been, and we expect they will continue to be, affected by changes in the fair value of our biological assets. Fair value of our biological assets is determined with reference to the market prices, species, growing conditions, cost incurred and the professional valuation. We engaged an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to measure such fair value for the Group on an annual basis.

In 2024, the net impact of biological fair value adjustments on our profit was a gain in the amount of US$148 million, as compared to a gain in the amount of US$25 million in 2023.

VI. KEY INVESTMENT INTERESTS

Formation of Murphy Farms

In December 2024, Smithfield entered into agreements with an independent third-party contract grower, Murphy Family Ventures (the "**Murphy Family**") for the purpose of forming a limited liability company, Murphy Family Farms LLC (the "**Murphy Farms**"), to produce approximately 3.2 million hogs annually for Smithfield's pork operations in the U.S.. Murphy Farms is majority owned by the Murphy Family. It assumed ownership of 150,000 sows (and the market hogs they produce) which were previously owned by Smithfield. Meanwhile, Smithfield is contracted to provide production services, including the supply of feed and transportation services to Murphy Farms. We regard this arrangement to be beneficial for the Group to achieve a more sustainable pork business in the U.S..

Reform of the U.S. Hog Production

As the U.S. hog production operation of our pork business experienced significant difficulty in 2023, the Group took severe reformation measures such as reduction of sows, reshuffle of operation geographically, closure of underperforming farms, termination of unqualified contract growers, etc. to sustainably mitigate the operational risks and improve the financial performance of the Group. During the year, further exit cost of US$27 million was incurred as a result (2023: US$176 million).

In December 2024, we also disposed of certain vacant farms and idle land in Missouri and Utah to certain independent third-parties for net cash proceeds of US$84 million. The amount of net pre-tax gain on disposal was US$29 million.

Internal Restructuring of European Operation

In August 2024, the Group completed the carve-out of our European operations from Smithfield and able to directly manage three parallel operations in different geographical locations. We expect this internal restructuring will further enhance our management efficiency and promote synergy across locations within the Group.

Purchase of Packaged Meats Facility in Tennessee, the U.S.

In July 2024, the Group completed the purchase of a premier dry sausage production facility in Tennessee from Cargill Meat Solutions Corporation. We expect this investment would fuel our strategy of continued growth in the value-added packaged meats business, enhancing our ability to serve the growing demand for high-quality pepperoni, deli, charcuterie and other dry sausage products in the U.S..

Acquisition of Argal

In March 2024, the Group completed the acquisition of 50.1% equity interest in Argal Alimentación, S.A. ("**Argal**"), a Spanish producer of charcuterie and other packaged meats products. The acquisition of Argal was based on an agreed framework of joint management with the original shareholders of Argal, who are currently holding the remaining 49.9% equity interest in Argal. We expect Argal would be a solid platform for our packaged meats growth in Spain and in Europe.

Restructuring of Operations in Western U.S.

The Group closed our processing facility in California, exited certain hog farm operations in Arizona and California, and reduced our sow herd in Utah during 2023, as operating in these areas had been increasingly costly. During 2024, we continued to incur exit and restructuring costs amounted to US$26 million (2023: US$54 million). We sold the aforesaid processing facility to an independent third party in June 2023, a pre-tax disposal gain of US$86 million was also recognized in 2023.

Acquisition of Goodies

In February 2023, the Group completed the acquisition of 100% of the equity interests of a Romanian producer of packaged meats, Goodies Meat Production S.R.L. ("**Goodies**"). Its product portfolio includes salami, ham, bacon, bologna and other meat specialties. The acquisition of Goodies complements and strengthens our existing business in Europe.

Material Acquisitions and Disposals, and Future Plans for Material Investments or Capital Assets

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Review Period.

As at 31 December 2024, there were also no material investments or additions of capital assets authorised by the Board.

VII. KEY RISKS AND THEIR MANAGEMENT

Risk Management

The risk management system of the Group is designed to assist the Group in implementing a sound and consistent risk management and reporting process across the Group. The Risk Management Committee is mainly responsible to oversee the development and implementation of the Group's risk management system. The Group's risk management department assisted the Risk Management Committee to review the effectiveness of risk management process and risk management report submitted by management, in which key risks and mitigation measures were reported to the Risk Management Committee. In 2024, the Group conducted enterprise risk assessments to analyze and report key risks, followed by the establishment of respective mitigation controls. An opinion on the effectiveness of the ERM System of the Company was submitted to the Risk Management Committee, which considers that the ERM System of the Group is effectively in place.

Commodities Price Risks

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 and pork operations. The Group's revenue is primarily driven by the sale of packaged meats and pork. Significant price fluctuations in these commodities affect our results.

In China, we mitigate the effects of price fluctuations through strategic inventory management, overseas imports and effective transfer of raw material prices to end customers. In the U.S., our vertically integrated supply chain helps the natural hedge of commodities price changes. These commodities are also actively traded on the exchanges. We hedge when we determine conditions are suitable to mitigate price risk. The main objective of hedges is to mitigate commodity price risk associated with the raw material costs and forward sales of our packaged meats and pork businesses. While these hedging activities may limit our ability to participate in gains from favorable commodity fluctuations, it also reduces the risk of loss from adverse changes in raw material prices. The Group has robust monitoring procedures in the 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, cash and bank balances and borrowings denominated in currencies other than their functional currencies. We monitor our foreign exchange exposure at any time and hedge significant exposure should the need arise.

Our borrowings carry fixed or floating interest rates. As at 31 December 2024, approximately 90.5% of our borrowings (other than bank overdrafts) were at fixed interest rates (2023: 88.9%). To manage our interest rate exposure, we optimise our debt portfolio and enter into hedges (if appropriate).

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. In some instances, litigation ensues or individuals may initiate litigation against the Group.

Antitrust Litigation

Smithfield has been named as one of the defendants by three groups of plaintiffs (namely the direct purchasers, commercial and institutional indirect purchasers and consumer indirect purchasers) and certain individuals in the U.S. alleging antitrust violations in the pork industry starting in 2009 and continuing through at least June 2018 (the "**Antitrust Litigation**").

Payments in an aggregated amount of approximately US$194 million were made in 2021 and 2022 to settle all class claims by the direct purchasers, commercial and institutional indirect purchasers and consumer indirect purchasers ("**Class Settlements**"). Smithfield also has entered into negotiations to settle certain outstanding non-class cases and related claims. Currently, 22 individual cases (including customers who opted out of the Class Settlements) remain pending against the Group.

The Attorneys General for the states of New Mexico and Alaska and the Commonwealth of Puerto Rico have filed similar complaints on behalf of their respective states, territories, agencies and citizens. The Group has settled with Puerto Rico and Alaska. The Group intends to vigorously defend against the remaining claims.

The Board assesses and monitors the financial and operational impacts of material lawsuits, including the Antitrust Litigation, on a continuous basis and takes actions which are considered to be in the best interest of the Group. More details of the Antitrust Litigation and other lawsuits are set out in Note 41 to the consolidated financial statements.

IX. SUSTAINABILITY

The Group is committed to providing sustainable protein choices for consumers globally. As we grow our businesses, we also track our impact to natural environment and communities where we operate, monitor the evolution of consumer needs, at the same time, build mutual respect with employees and enable their development. We are engaged in delivering positive contributions to building a healthy and vibrant industry chain, along with our suppliers and distributors. As a leading global operator, we are subject to different laws and legal standards in the markets where we operate, and the expectations of our stakeholders are different in various markets we have a presence. Under the guidance of the environmental, social and governance committee, each of our business units also has its own sustainability system, which moves local sustainability initiatives and actions forward in accordance with Group's Corporate Principles. During the Review Period, the Group made reference to the Appendix C2-Environmental, Social and Governance Reporting Code under the Rules Governing the Listing of Securities on the Stock Exchange, to analyze the initiatives taken in response to and adaptation to climate risks and opportunities, as well as anticipated financial impacts. Our subsidiaries, Shuanghui Development, Smithfield and Morliny Foods Holding Limited (an indirect wholly owned subsidiary of the Company) continuously monitor and collect GHG emissions from material sourcing, farming, harvesting and processing, distribution, storage, and transportation on carbon inventory basis, while promoting energy efficiency and expanding the use of renewable energy.

More details regarding the Group's performance on the policies and key performance indicators related to environmental and social topics, as well as compliance with relevant laws and regulations which have a significant impact on the Group will be provided in our Environmental, Social and Governance Report to be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wh-group.com) at the same time as the publication of this report.

In 2024, the Company remained a constituent stock of the Hang Seng Corporate Sustainability Index ("**HSSUS**") with A+ grade and has retained an ESG rating of BBB by MSCI, the world's largest index company, demonstrating the market's recognition of the Group's performance in sustainable development.

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2024.

Commitment to Corporate Governance

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider to be essential to safeguard the integrity of the Group's operations and maintaining investors' trust in the Company. The Group's management also actively observes the latest corporate governance developments in the PRC, Hong Kong and abroad. This Corporate Governance Report explains the Company's corporate governance principles and practices, including how the Board manages the business to deliver long-term shareholder value and to promote the development of the Group.

Corporate Governance Practices

The corporate governance practices are based on the principles and code provisions set out in the CG Code. In the opinion of the Board, the Company has complied with the provisions of the CG Code as set out in Appendix C1 to the Listing Rules throughout the Review Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a Code of Conduct regarding securities transactions by the Directors on terms no less exacting than the required standards set out in the Model Code as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiries with each Director and each of them confirmed that he/she had complied with all required standards set out in the Model Code and the Code of Conduct throughout the Review Period.

THE BOARD

Roles and Responsibilities

The Board, led by the chairman, Mr. WAN Long, determines and monitors Group-wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Company.

The Board, which is accountable to the Shareholders for the long-term performance of the Company, is responsible for directing the strategic objectives of the Company and overseeing the management of the business. The Directors are charged with the task of promoting the success of the Company and making decisions in the best interests of the Company. It meets these obligations by ensuring the maintenance of high standards of governance in all aspects of the Company's business, setting the strategic direction for the Group and maintaining appropriate levels of review, challenge and guidance in its relationship with the Group's management. It is also the ultimate decision-making body for all matters considered material to the Group and is responsible for ensuring that, as a collective body, it has the appropriate skills, knowledge and experience to perform its role effectively. Matters relating to the daily operations of the Group are delegated to the management. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate.

The Board should also establish the Company's purpose, values and strategy, and satisfy itself that these and the Company's culture are aligned. All Directors must act with integrity, lead by example, and promote the desired culture. Such culture should instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.

The Company has established sound mechanisms to ensure that the Board has a strong independent element and that independent views and input are available to the Board, and the mechanisms will be reviewed from time to time to ensure that they are effective. Details of the mechanisms for enhancing the independence of the Board are set out below in this corporate governance report.

Board Composition

The Board members during the Review Period and as at date of this report are as follows:

Executive Directors:

Mr. WAN Long	*(Chairman, and Chairman of the Nomination Committee, the Food Safety Committee and the Risk Management Committee)*
Mr. GUO Lijun	*(Chief Executive Officer, Chairman of the ESG Committee and member of the Risk Management Committee)*
Mr. WAN Hongwei	*(Deputy Chairman, member of the ESG Committee and the Food Safety Committee)*
Mr. MA Xiangjie	*(President of Shuanghui Development and member of the ESG Committee, the Food Safety Committee and the Risk Management Committee)*
Mr. Charles Shane SMITH	*(President and Chief Executive Officer of Smithfield, and member of the ESG Committee, the Food Safety Committee and the Risk Management Committee) (Note)*

Note: Mr. Charles Shane Smith had resigned as an executive director of the Company, and a member of the ESG Committee, the Food Safety Committee and the Risk Management Committee each with effect from 28 January 2025.

Non-executive Director:

Mr. JIAO Shuge	*(Member of the Remuneration Committee)*

Independent non-executive Directors:

Mr. HUANG Ming	*(Chairman of the Remuneration Committee, and member of the Audit Committee and the Nomination Committee)*
Mr. LAU, Jin Tin Don	*(Member of the Audit Committee, the Nomination Committee and the ESG Committee during the Review Period)* *As at the date of this report, Mr. LAU, Jin Tin Don has been appointed as a member of the Food Safety Committee and has ceased to be a member of the Nomination Committee.*
Ms. ZHOU Hui	*(Chairman of the Audit Committee, and member of the Remuneration Committee, the Food Safety Committee and the Risk Management Committee during the Review Period)* *As at the date of this report, Ms. ZHOU Hui has been appointed as a member of the Nomination Committee and has ceased to be a member of the Food Safety Committee.*

The members of the Board represent a wide background and rich industry experience with appropriate professional qualifications. Please refer to the section headed "Biographies of Directors and Senior Management" for the profiles of the Directors.

Save as disclosed in the section headed "Biographies of Directors and Senior Management", the Directors have no other financial, business, family or other material/relevant relationships with one another.

(i) Chairman and Chief Executive Officer

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. During the Review Period, Mr. WAN Long is the chairman of the Company and Mr. GUO Lijun is the chief executive officer of the Company.

(ii) Non-executive Director and independent non-executive Directors

During the Review Period, the Board had three independent non-executive Directors, being one-third of the Board and at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

Notwithstanding that Mr. Huang Ming and Mr. Lau, Jin Tin Don have served as an independent non-executive Director for more than nine years, the Board considers that their independence is not affected by their tenures with the Company and their professional knowledge and business experience have continued to offer valuable contributions to the Board, the Company and the Shareholders as a whole, and enhanced the diversity of the Board. Therefore, the Company considers that all the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

Appointment, re-election and removal of Directors

The Company uses a formal and transparent procedure for the appointment of new Directors. Recommendations for the appointment of new Directors are received by the Board from the Nomination Committee. The Board then deliberates over such recommendations prior to approval.

The non-executive Director and independent non-executive Directors have been appointed for a specific term of three years, subject to re-nomination and re-election as required by the Articles of Association or pursuant to the Listing Rules at the general meetings of the Company.

Meetings

The Board meets on a regular basis, and on an ad hoc basis, as required by business needs. During the Review Period, the Board convened five (5) meetings to approve interim and annual results announcements and financial reports, to recommend or declare dividends and to discuss the overall strategy and monitor financial and operation performance of the Company.

Apart from regular Board meetings, the Chairman of the Board also held a meeting with all independent non-executive Directors, without presence of other Directors.

The attendance of each individual Director at the Board meetings, Board Committees meetings, annual general meeting and extraordinary general meeting during the Review Period is set out in the following table:

	Number of meetings attend/held								
Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Environmental, Social and Governance Committee Meeting	Food Safety Committee Meeting	Risk Management Committee Meeting	Annual General Meeting	Extraordinary General Meeting
WAN Long	5/5	N/A	N/A	1/1	N/A	2/2	1/1	1/1	1/1
GUO Lijun	5/5	N/A	N/A	N/A	2/2	N/A	1/1	1/1	1/1
WAN Hongwei	5/5	N/A	N/A	N/A	2/2	2/2	N/A	0/1	0/1
MA Xiangjie	5/5	N/A	N/A	N/A	2/2	2/2	1/1	0/1	0/1
Charles Shane SMITH *(resigned with effect from 28 January 2025)*	5/5	N/A	N/A	N/A	1/2	2/2	1/1	0/1	0/1
JIAO Shuge	5/5	N/A	1/1	N/A	N/A	N/A	N/A	0/1	0/1
HUANG Ming	5/5	3/3	1/1	1/1	N/A	N/A	N/A	0/1	0/1
LAU, Jin Tin Don	5/5	3/3	N/A	1/1	2/2	N/A	N/A	1/1	1/1
ZHOU Hui	5/5	3/3	1/1	N/A	N/A	2/2	1/1	0/1	0/1

Training for Directors

Upon appointment to the Board, Directors receive a package of orientation materials on the Group and are provided with a comprehensive induction to the Group's businesses by senior executives.

All newly appointed Directors have received the induction programme and briefing on director's duties and obligations on corporate governance and regulating requirements prepared and delivered by our external legal advisor immediately prior to or on their respective date of appointment.

The Company arranges and provides CPD training and relevant reading materials to Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on the relevant topics also counts toward CPD training.

During the Review Period, the Directors participated in the following trainings:

Name of Director	CPD Training Reading or attending briefings and/or seminars and/or conferences relevant to regulatory and governance updates
Executive Directors	
Mr. WAN Long	✓
Mr. GUO Lijun	✓
Mr. WAN Hongwei	✓
Mr. MA Xiangjie	✓
Mr. Charles Shane SMITH *(resigned with effect from 28 January 2025)*	✓
Non-executive Director	
Mr. JIAO Shuge	✓
Independent non-executive Directors	
Mr. HUANG Ming	✓
Mr. LAU, Jin Tin Don	✓
Ms. ZHOU Hui	✓

Board Committees

The Company's corporate governance is implemented through a structured hierarchy, which includes the Board of Directors and six committees of the Board, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the ESG Committee, the Food Safety Committee and the Risk Management Committee. The terms of reference of the Board Committees are available on the websites of the Stock Exchange and the Company. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

The Board is collectively responsible for performing corporate governance duties including:

(a) to develop, review and implement the Company's policy and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the Code of Conduct applicable to employees and directors; and

(e) to review the Company's compliance with the CG Code which is amended from time to time, and its disclosure in the corporate governance report.

Further details of the roles and functions of the Board Committees are set out below.

Audit Committee

Throughout the Review Period, the Audit Committee comprised three independent non-executive Directors, namely Ms. ZHOU Hui, Mr. HUANG Ming and Mr. LAU, Jin Tin Don. Ms. ZHOU Hui, who has professional qualifications in accountancy, is the chairman of the Audit Committee. The Audit Committee held three (3) meetings during the Review Period. Executive Directors, senior management and the external auditor of the Company were invited to join the discussions at the meetings.

The primary duties performed by the Audit Committee during the Review Period were the oversight of the Group's financial reporting system and internal control procedures, monitoring the integrity of the preparation of the Company's financial information including quarterly, interim and annual results of the Group, reviewing the Group's financial and accounting policies and practices and monitoring the effectiveness of the internal audit function. The Audit Committee also provided oversight for and management of the relationship with the Group's external auditor, including reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

Remuneration Committee

Throughout the Review Period, the Remuneration Committee comprised three members, being two independent non-executive Directors, namely Mr. HUANG Ming (the chairman of the Remuneration Committee) and Ms. ZHOU Hui, and one non-executive Director, namely Mr. JIAO Shuge. The Remuneration Committee held one (1) meeting(s) during the Review Period to review the remuneration packages and overall benefits for the Directors and senior management of the Company.

The primary duties of the Remuneration Committee are to make recommendations and proposals to the Board in respect of remuneration policies and to review and approve the remunerations which are determined based on the results and performance of the Company by making reference to the Company's objectives as approved from time to time by the Board. During the Review Period, the Remuneration Committee consulted the Chairman and/or chief executive about their remuneration proposals for the executive Directors and assessed the performance of the executive Directors, and was provided with sufficient resources enabling it to discharge its duties. The Remuneration Committee would access to independent professional advice if necessary.

The remuneration of Directors is also determined with reference to their experience, qualifications, responsibilities involved in the Company and prevailing market conditions. Details of emoluments of Directors for the Review Period are set out in Note 10 to the consolidated financial statements. The emoluments paid or payable to senior management during the Review Period were within the following bands:

	Number of Senior Management
HK$1,000,001 to HK$1,500,000	1
HK$4,500,001 to HK$5,000,000	1
HK$7,000,001 to HK$7,500,000	2
Total	4

Nomination Committee

Throughout the Review Period, the Nomination Committee comprised three members, being an executive Director, namely Mr. WAN Long, and two independent non-executive Directors, namely Mr. HUANG Ming and Mr. LAU, Jin Tin Don (who has ceased to be a member of the Nomination Committee with effect from 25 March 2025). Mr. WAN Long was the chairman of the committee. As at the date of this report, Ms. ZHOU Hui has been appointed as a member of the Nomination Committee to replace Mr. LAU, Jin Tin Don with effect from 25 March 2025.

The Nomination Committee held one (1) meeting(s) during the Review Period to review the Board's composition and the independence of the three independent non-executive Directors.

The primary duties of the Nomination Committee are to review and make recommendations to the Board on the structure, size, composition and diversity of the Board, to oversee the identification and assessment of potential board candidates, to provide oversight and direction in respect of the succession planning for directors and to determine the composition of Board Committees. The Nomination Committee also makes recommendation to the Board on the re-election of the retiring Directors. The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. With a view to achieving a sustainable and balanced development, the Company has followed the board diversity policy adopted by the Board on 17 July 2014 throughout the Review Period. An updated version of "board diversity policy adopted by the Board on 25 March 2025" is available on the Company's website. Under the board diversity policy, selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee's procedures and criteria for selecting and making recommendations for appointment of Board members are designed to satisfy high standards of corporate governance. In identifying suitable candidates, the Nomination Committee shall consider candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board. The factors considered by the Nomination Committee in assessing the suitability of a proposed candidate include: (i) reputation for integrity; (ii) accomplishment and professional knowledge and industry experience which may be relevant to the Group; (iii) commitment in respect of available time, interest and attention to the businesses of the Group; (iv) perspectives, skills and experience that the individual can bring to the Board; (v) diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; (vi) Board succession planning considerations and long term objectives of the Group; and (vii) in case of a candidate for independent non-executive Director, the independence of such candidate with reference to, among other things, the requirements as set out in Rule 3.13 of the Listing Rules. These processes meet or exceed the Stock Exchange's requirements to ensure that every Director has the requisite character, experience and integrity and is able to demonstrate a standard of competence, commensurate with his position as a director of a listed issuer, and that where nomination of independent non-executive Directors is under consideration, the requirements of Rule 3.13 of the Listing Rules are satisfied.

The Board currently has one female Director out of nine Directors, and is committed to maintaining gender diversity as and when suitable candidates are identified. In striving to maintain gender diversity, similar considerations are used when recruiting and selecting key management and other personnel across our operations. As at 31 December 2024, we maintained a 59%:41% ratio of men to women in the workplace. As such, the Company's workforce has achieved gender diversity between males and females. The Company would continue to take into account of diversity perspectives, including gender diversity, in its hiring process.

ESG Committee

Throughout the Review Period, the ESG Committee comprised five members, being four executive Directors, namely Mr. GUO Lijun (the chairman of the committee), Mr. WAN Hongwei, Mr. MA Xiangjie and Mr. Charles Shane SMITH and one independent non-executive Director, namely Mr. LAU, Jin Tin Don. The ESG Committee held two (2) meetings during the Review Period to review the environmental, social and governance matters which are relevant and material to the operations of the Group. The primary duties of the ESG Committee include, but are not limited to, the following:

(i) identifying the environmental, social and governance matters that are relevant and material to the operations of our Group and/or that affect shareholders and other key stakeholders (the "**Key ESG Matters**"), which shall include workplace quality, environmental protection, operating practices, community involvement and animal welfare;

(ii) reviewing and making recommendations to the Board on the effectiveness of the Key ESG Matters;

(iii) monitoring the standards set and performance achieved on the Key ESG Matters by our Group; and

(iv) identifying and engaging stakeholders to understand and responding to their views by appropriate means.

The Group has a heritage of commitment to the local communities in which it conducts business and is committed to the long-term sustainability of the business. The ESG Committee will continue to formulate guidelines and initiatives that can be implemented on a Group-wide level.

Food Safety Committee

Throughout the Review Period, the Food Safety Committee comprised five members, being four executive Directors, namely Mr. WAN Long (the chairman of the committee), Mr. WAN Hongwei, Mr. MA Xiangjie and Mr. Charles Shane SMITH and one independent non-executive Director, namely Ms. ZHOU Hui (who has ceased to be a member of the Food Safety Committee with effect from 25 March 2025). As at the date of this report, Mr. LAU, Jin Tin Don has been appointed as a member of the Food Safety Committee to replace Ms. ZHOU Hui with effect from 25 March 2025.

The Food Safety Committee held two (2) meetings to consider the effective control over food quality and safety matters during the Review Period.

The primary duties of the Food Safety Committee include, but are not limited to, the following:

(i) making recommendations to the Board on our policies, practices and performance in relation to food quality and safety to comply with the relevant laws and regulations; and

(ii) assessing, reviewing, monitoring and making recommendations to the Board on the food safety internal control standards and our Group's products traceability capabilities.

Risk Management Committee

Throughout the Review Period, the Risk Management Committee comprised five members, being four executive Directors, namely Mr. WAN Long (the chairman of the committee), Mr. GUO Lijun, Mr. MA Xiangjie and Mr. Charles Shane SMITH, and one independent non-executive Director, namely Ms. ZHOU Hui. The Risk Management Committee held one (1) meeting during the Review Period.

The primary duties of the Risk Management Committee include, but are not limited to, the following:

(i) establishing and overseeing the risk management system, through which the Risk Management Committee considers and formulates risk management framework and to provide guidelines to the management on risk management by setting up procedures to identify, assess and manage material risks faced by our Group, including but not limited to strategic, financial, operational, legal and regulatory risks;

(ii) reviewing and assessing regularly the adequacy and effectiveness of our Group's risk management framework, internal control systems relating to risk management and risk management policies and procedures in order to identify, assess and manage risks, as well as to oversee and ensure their effective operation, implementation and maintenance;

(iii) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings; and

(iv) reporting any significant risk management issues to the Board and make recommendations and solutions on improvement of the Company's compliance and risk management.

During the Review Period, the Risk Management Committee performed, considered and/or resolved the following matters:

(i) conducting the annual review of the adequacy and effectiveness of the Group's risk management and internal control systems, including consideration of the adequacy of resources, staff qualifications and experience of the Group's internal audit function;

(ii) approving the annual audit plan provided by the internal audit department;

(iii) reviewing the reports from the internal audit department and assessing the findings of substantial non-compliance or irregularity matters and rectification measures taken; and

(iv) reviewing the effectiveness of the Group's internal audit function.

The annual review of the effectiveness of the risk management and internal control systems for the Review Period has been conducted, details of which are set out in the section entitled "Risk Management and Internal Control" below.

Company Secretary

The Company Secretary of the Company is accountable to the Board for ensuring that board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters. The Company Secretary is responsible for keeping all Directors updated on the Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company.

The Company Secretary is also directly responsible for the Groups' compliance with all obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Buy-backs, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, and the timely dissemination to Shareholders and the market of information relating to the Group.

During the Review Period, the Company Secretary has taken not less than 15 hours of relevant professional training.

Accountability and Audit

The Directors acknowledged their responsibility to prepare the accounts and to present a balanced, clear and understandable assessment in the consolidated financial statements of the annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules, and to report to regulators as well as to disclose information required pursuant to statutory requirements. When the Directors were aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently set out and discussed in detail in this Corporate Governance Report.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the financial statements of the Company for the year ended 31 December 2024 is set out in the independent auditor's report on pages 56 to 60 of this report.

Risk Management and Internal Control

The Board has the ultimate responsibility for oversight of the risk management and internal control systems of the Group. The Board has delegated oversight to the Risk Management Committee and Audit Committee to oversee the Group's risk management and internal control systems respectively on an ongoing basis, and conduct reviews of the effectiveness of the Group's risk management and internal control systems, as well as to resolve material internal control defects. The aforementioned systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management system of the Group is designed to assist the Group in implementing a sound and consistent risk management and reporting process across the Group. The Group's risk management department reviewed the effectiveness of risk management process and risk management report submitted by management. Key risks and mitigation measures were reported to the Risk Management Committee, in which it oversaw the development and implementation of the Group's risk management system.

The internal controls of the Group are designed to assist the Group in protecting its assets and information. The presence of internal controls empowers the Group to implement best business practices in challenging business environments. The Group's internal controls cover a number of in-house procedures and policies comprising, among others, the relevant financial, operational and compliance controls and risk management functions. The Group's risk management department carried out risk-based audits and reported key findings and management action plans to the Audit Committee, in which it would review the Group's risk management and internal control system and reported twice a year to the Board. Such review had been conducted during the Review Period. The scope of review covered, amongst others:

(i) the adequacy of the resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting and environmental, social and governance ("**ESG**") functions;

(ii) the changes in the nature and extent of significant risks (including ESG risks) since the previous review and the Group's ability to respond to changes in its business and the external environment;

(iii) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the risk management and internal control systems, the work and effectiveness of internal audit function and the assurances provided by the management;

(iv) the extent and frequency with which the results of monitoring are communicated to the Board, enabling the Risk Management Committee and Audit Committee to build up a cumulative assessment of the state of control in the Group and the effectiveness of risk management;

(v) the incidence of any significant control failings or weaknesses that have been identified at any time during the Review Period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and

(vi) the effectiveness of the Company's processes in relation to financial reporting and statutory and regulatory compliance.

In addition, the Group conducted enterprise risk assessments to analyze and report key risks, followed by the establishment of respective mitigation controls during 2024. An opinion on the effectiveness of the ERM System of the Company was submitted to the Risk Management Committee, which considers that the ERM System of the Group is effectively in place.

The Board considered the Group's risk management and internal control systems are effective and adequate. No significant areas of concern that might affect the financial, operational and compliance issues and risk management functions of the Company were identified.

Inside Information

The Group attaches utmost importance to the proper handling and dissemination of inside information. Internal policies and information disclosure management system, which lay down the scope of inside information, roles and responsibilities, reporting and disclosure requirements, registration of insiders and confidentiality management, and punishment in case of violation, have been established in compliance with the Listing Rules, the SFO and the Guidelines on Disclosure of Inside Information promulgated by the Securities and Futures Commission of Hong Kong.

Internal Audit

The Group has established an internal audit function, which reports to the Audit Committee. The primary duties of the internal audit function include reviewing the financial conditions and internal control of the Group, and conducting comprehensive audits of the Group on a regular basis.

Independent Auditor

The Group's independent auditor for the Review Period is Ernst & Young. It was responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements.

The Audit Committee reviews and monitors the external auditor's independence and objectivity and effectiveness of the audit process. It receives each year a report from the external auditor confirming its independence and objectivity and holds meetings with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditor.

Auditors' Remuneration

During the Review Period, the total fees paid/payable in respect of services provided by the Group's external auditors are set out below:

Services rendered	Fees paid/payable (US$ million)
Audit services	8
Non-audit services (Note)	2

Note: Non-audit services mainly represent taxation and other advisory services.

Shareholders' Communication Policy

(i) Shareholders' Rights and Communication

As one of the measures to safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on every substantial matter, including the election of individual Directors, for Shareholders' consideration and voting. Furthermore, the Company regards the annual general meeting and extraordinary general meetings as important events and Directors, chairman of each Board Committee, senior management and external auditors make an effort to attend the annual general meeting and extraordinary general meetings of the Company to address Shareholders' queries. All resolutions proposed at Shareholders' meetings will be voted on by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wh-group.com) on the same day of the relevant general meetings.

Extraordinary general meeting may be convened by the Board on requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company pursuant to Article 12.3 of the Articles of Association. Such requisition must specify the objects of the meeting and signed by requisitionists and deposited at the principal office of the Company or the Company's registered office in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting.

There are no provisions in the Articles of Association or the Cayman Companies Act for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as a Director. Shareholders may request the Company to convene an extraordinary general meeting in accordance with the procedures set out in the preceding paragraph for any business specified in such written requisition.

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal office of the Company in Hong Kong for the attention of the Company Secretary.

The Company adheres to high standards with respect to the disclosure of its financial statements. The Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public.

Stakeholder Engagement

WH Group attaches great importance to the concerns of stakeholders and the expectations of the general public. It has established diversified regular communication channels to identify and respond to the concerns of stakeholders, including investors, employees, suppliers, regulators, industry associations and experts, non-governmental organizations, sustainability think tanks, media, distributors and consumers. We aim to establish a relationship built on trust with all stakeholders and protect their interests while growing our business sustainably.

WH Group has also established multi-level communications with stakeholders, including those channels and network within the Group's two subsidiaries of Smithfield and Shuanghui Development respectively.

Shuanghui Development	Smithfield
Shuanghui Development has formulated the *Stakeholder Expectations and Concerns Management Procedures*, which encourages all parties related to business operations to participate in the establishment of Environmental, Social and Governance policies and systems, as well as play a role in the supervision on the implementation and quality of the company's related work.	Smithfield regularly engages stakeholders, including employees, customers, communities, governments and regulators, suppliers, industry associations and academia, to ensure the effective implementation of the company's sustainability philosophy.

(ii) Investors Relations

The Company has maintained a continuing dialogue with the Company's Shareholders and investors through various channels, including, among others, the Company's interim and annual reports, notices, announcements, corporate governance practice and the Company's website at www.wh-group.com. The Company also holds press conferences from time to time at which the executive Directors and senior management of the Group are available to answer questions regarding the Group's business and performance.

The Board conducted a review of the implementation and effectiveness of the communication policy for shareholders and external parties. Having considered the multiple channels of communication in place (see this paragraph and pages 43 to 44 of this Corporate Governance Report), the Board is satisfied that the shareholders' communication policy has been properly implemented during 2024 and is effective.

Constitutional Documents

The Company has amended its memorandum and Articles of Association during the Review Period. Details of the amendments are set out in the circular of the Company dated 15 April 2024. A copy of the Company's amended and restated memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

DIRECTORS' REPORT

The Board is pleased to present its report and the audited financial statements of the Group for the year ended 31 December 2024.

Principal Activities and Analysis of Operations

The principal activity of the Company is investment holding. The Group is the world's largest pork company, with global leadership across key segments of the industry value chain, including packaged meats, fresh pork and hog production.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company are set out in the sections headed "Business Review" and "Financial Review" of this report.

Business Review

A business review of the Group is set out on pages 14 to 20 of this report.

Results

Results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 61 to 62 of this report.

Separate Listing of Smithfield on the Nasdaq Global Select Market

In January 2025, the Group spun-off Smithfield with operations in North America for separate listing on the Nasdaq Global Select Market. Smithfield completed its initial public offering (the "**IPO**") of 26,086,958 shares of common stock, which represents 7% of the total outstanding shares (the "**Smithfield Share(s)**"), at a price of US$20.00 per share under the ticker "SFD". Out of which, Smithfield issued 13,043,479 shares of common stock and the Group sold the remaining 13,043,479 shares of common stock. The Group also granted the underwriters a 30-day option to purchase up to 3,913,042 additional shares of the common stock pursuant to the over-allotment option (the "**Over-allotment Option**"). In February 2025, the underwriters partially exercised such option and purchased 2,506,936 additional shares of common stock from the Group (the "**Separate Listing of Smithfield**").

The Group received net cash proceeds of approximately US$534 million after deducting underwriting discounts, commissions and fees from the Separate Listing of Smithfield. Having considered all the relevant factors, the Board resolved to declare (1) a special cash dividend (the "**Special Dividend**") of HK$0.18 per Share, which represents an amount of approximately HK$2,309 million (an equivalent of approximately US$297 million) in total to the Shareholders paid on 28 March 2025; and (2) a special dividend of approximately HK$215 million (an equivalent of approximately US$28 million) in total to the Shareholders by way of distribution in specie of certain Smithfield shares or cash alternative distributed on 8 April 2025 (the "**Distribution in Specie**"). For details, please refer to the relevant announcements of the Company dated 6 February 2025, 28 February 2025, 5 March 2025 and 9 April 2025, respectively.

Smithfield remains as a subsidiary of the Company. The Separate Listing of Smithfield constituted a disposal and a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio in respect of the Separate Listing of Smithfield exceed 5% but is less than 25%, the Separate Listing of Smithfield constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Subscription

Following the end of the Review Period, on 28 January 2025 (New York time), Mr. Wan, the Chairman of the Board and an executive Director, subscribed for, and was allocated by the underwriters, 3,200,000 Smithfield Shares, in the IPO at the offer price and on the same terms as the other Smithfield Shares being offered, representing approximately 12.3% of the Smithfield Shares being offered in the IPO, assuming the Over-allotment Option is not exercised. The consideration paid by Mr. Wan for the Subscription was approximately US$64 million (equivalent to approximately HK$497.92 million).

As the highest applicable percentage ratio in respect of the Subscription exceeds 0.1% but less than 5%, the Subscription was subject to the reporting and announcement requirements, but exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Smithfield Incentive Plan

Following the end of the Review Period, Smithfield, an indirect non-wholly owned subsidiary of the Company, has adopted the Smithfield Incentive Plan with effect from 16 January 2025 (New York time) which will expire on the 10th anniversary of the date of adoption.

On 27 January 2025 (New York time), Smithfield has granted stock options, and on 28 January 2025 (New York time), Smithfield has granted restricted stock units, to certain eligible persons under the plan including 392,897 options and 60,000 restricted share units to Mr. Wan, the Chairman of the Board and an executive Director.

As Mr. Wan is a connected person of the Company, the aforesaid grant made to him under the Smithfield Incentive Plan constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, since the aforesaid grant to Mr. Wan and his aforesaid subscription of Smithfield Shares are both in relation to the Smithfield Shares within a 12-month period, such transactions shall be aggregated. As the highest applicable percentage ratio on an aggregated basis is more than 0.1% but less than 5%, the aforesaid grant is subject to reporting and announcement requirements but exempt from the requirements of annual review, circular and independent shareholders' approval under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 14 July 2024, 6 January 2025, 21 January 2025 and 28 January 2025 and the circular of the Company dated 18 November 2024.

Final Dividend

The Board has proposed to recommend the payment of a final dividend of HK$0.40 per Share (the "**2024 Final Dividend**") (2023: HK$0.25 per Share) in cash to the Shareholders for the year ended 31 December 2024. Taking into account of the interim dividend of HK$0.10 per Share paid on 25 September 2024, total dividend for the year ended 31 December 2024 will be HK$0.50 per Share (2023: HK$0.30 per Share), representing a total payment of approximately HK$6,415 million, or an equivalent to US$825 million (2023: approximately HK$3,849 million, or an equivalent to US$492 million). The 2024 Final Dividend is subject to approval of the Shareholders at the forthcoming AGM to be held on Friday, 9 May 2025 (the "**2025 AGM**").

Upon the Shareholders' approval being obtained at the 2025 AGM, the 2024 Final Dividend will be payable on or around Thursday, 29 May 2025 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 20 May 2025.

Book Closure of Register of Members

The register 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 2025 AGM

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 Tuesday, 6 May 2025 to Friday, 9 May 2025, both days inclusive. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's branch share registrar (the "**Branch Share Registrar**") 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 Friday, 2 May 2025.

(ii) To qualify for the proposed 2024 Final Dividend

For the purpose of ascertaining the Shareholders' entitlement to the proposed 2024 Final Dividend, the registers of members of the Company will be closed from Friday, 16 May 2025 to Tuesday, 20 May 2025 both days inclusive. In order to qualify for the proposed 2024 Final Dividend, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Branch Share Registrar not later than 4:30 p.m. on Thursday, 15 May 2025.

Dividend Policy

The declaration, payment and amount of dividends we pay are subject to the discretion of our Directors and depend on our financial condition, earnings and capital requirements as well as contractual and legal restrictions and our ability to receive dividend payments from our subsidiaries in addition to other factors. Subject to the factors described above, our Directors expect that, in the future, interim and final dividends will be paid from time to time in an aggregate amount of no less than 50% of profits attributable to the equity holders of the parent (i.e., net profit). Cash dividends on the Shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to the Shareholders by any means our Directors deem legal, fair and practical.

Share Premium and Reserves

Movements in the share premium and reserves of the Group during the Review Period are set out on pages 65 to 66 to the consolidated statement of changes in equity.

Distributable Reserves

The Company's total distributable reserves as at 31 December 2024 amounted to US$2,146 million.

Donations

The Group attaches great importance to the establishment of a friendly and harmonious relationship between the Group and the community and actively communicates with the community and gives back to it through donations and volunteer service. During the Review Period, charitable donations made by the Group amounted to US$23 million.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

Share Capital

Movements in the share capital of the Company during the Review Period and as at 31 December 2024 are set out in Note 36 to the consolidated financial statements.

Borrowings and Capitalisation of Interests

Details of borrowings are set out in Note 30 to the consolidated financial statements. Details of the Group's capitalised interest expenses and other borrowing costs during the Review Period are set out in Note 8 to the consolidated financial statements.

Compliance with Relevant Laws and Regulations

The Group's operations are carried out primarily in the PRC, the U.S. and Europe, while the Shares are listed on the Stock Exchange. The Group's business and operation are therefore subject to the laws of the relevant jurisdictions in the PRC, the U.S., Europe and Hong Kong.

As far as the Board and the management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Review Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationship with Employees, Customers and Suppliers

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the Review Period, there was no material and significant dispute between the Group and its employees, customers and suppliers.

Remuneration Policy and Retirement Benefits of the Group

For remuneration policy of the Group, please see the section headed "Human Resources" of the section headed "Financial Review".

The Group entities which operate in U.S. provide pension benefits for all their qualified employees, through defined benefit pension plans. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out as at 31 December 2024 by credentialed actuaries, Mercer (US), Inc., who meet the Qualification Standards of the American Academy of Actuaries. As at 31 December 2024, the fair value of plan assets was approximately 89.3% of our pension benefits obligations under such defined benefits plans. Given the foregoing, we have met or exceeded our funding requirements for our obligations under such defined benefits plans as required by the relevant U.S. regulations for the year ended 31 December 2024.

Please see Note 33 to the consolidated financial statements contained herein for further details relating to such defined benefits plans and the Group's other retirement benefits plans.

Basis of Determining Remuneration to Directors

Apart from benchmarking against the market, the Company looks at individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the executive Directors, including the share option scheme, same as those offered to other employees of the Group.

Financial Review

The results highlights of the Group is set out on page 4 of this report, while a financial review of the Group is set out on pages 21 to 30 of this report.

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 (including sale of treasury shares) during the year ended 31 December 2024. As of the end of the Review Period, no treasury shares were held by the Company.

Directors

Certain information on the members of the Board as at the date of this report is set out on page 32 of this report.

In accordance with Article 16.18 of the Articles of Association, Mr. Guo Lijun, Mr. Wan Hongwei and Mr. Ma Xiangjie shall retire by rotation of Directors at the 2025 AGM. Mr. Guo Lijun, Mr. Wan Hongwei and Mr. Ma Xiangjie being eligible, will offer themselves for re-election at the 2025 AGM.

Brief biographical details of the Directors and senior management are set out on pages 8 to 13 of this report.

Directors' Service Contracts

None of the Directors who is proposed for re-election at the 2025 AGM has a service contract with any member of the Group which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

Directors' Interests in Transaction, Arrangement or Contract of Significance

No transaction, arrangement or contract of significance in which any Director or any entity connected with the Director is or was materially interested, either directly or indirectly, subsisted during the Review Period or at the end of the financial year.

Controlling Shareholders' Interests in Contract of Significance

No contract of significance between any members of the Group and any of the controlling shareholders of the Company, or any of their subsidiaries, subsisted during the Review Period.

Directors' and officers' liability insurance and indemnity

The Company has arranged appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. During the Review Period, no claim had been made against the Directors and the officers of the Company.

Permitted Indemnity Provision

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

Directors' Rights to Purchase Shares or Debentures

Save for the Pre-IPO Share Options granted pursuant to the Pre-IPO Share Option Scheme as set out below, at no time during the Review Period, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18, were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Disclosure of Interests

Directors

As at 31 December 2024, the interests and short positions of the Directors and chief executive officer of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interests in the Shares of the Company

Name of Director/ Chief Executive Officer	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding
Mr. Wan Long	Settlor of a family trust(1)	4,065,216,090(L)	31.68%
	Beneficial owner	1,500,000(L)	0.01%
Mr. Guo Lijun	Settlor of a family trust(2)	321,038,108(L)	2.50%
	Beneficial owner	100,000(L)	0.00%
Mr. Wan Hongwei	Beneficial owner	2,500,000(L)	0.02%
Mr. Ma Xiangjie	Trustee(3)	5,029,376,978(L)	39.20%
	Beneficiary of a trust(3)	129,832,260(L)	1.01%
	Interest of spouse(4)	3,000(L)	0.00%

Notes:

(1) Prior to the establishment of Wan Long Trust (as discussed hereinbelow), Mr. Wan Long directly owned the entire issued share capital of Sure Pass, Wan Tong International Holdings Limited and Xing Tong. On 6 May 2022, Mr. Wan Long set up a discretionary family trust, Wan Long Trust, and Cantrust (Far East) Limited is the trustee. On 13 June 2023, Mr. Wan Long transferred the entire issued share capital of Sure Pass, Wan Tong International Holdings Limited and Xing Tong to WLT Management Limited, a company wholly owned by the trustee.

Sure Pass owned 573,099,645 Shares. Wan Tong International Holdings Limited owned High Zenith as to 100%, which in turn owned 350,877,333 Shares. Xing Tong was one of the participants of the Heroic Zone Share Plan, in which it held approximately 49.9% of the participant units. Hence, Xing Tong was deemed to be interested in approximately 49.9% of the equity interest of Rise Grand, which in turn owned 100% of the equity interest of Heroic Zone. By virtue of voting undertakings and arrangement, Heroic Zone had control over the voting rights in an aggregate of 5,029,376,978 Shares held by Chang Yun, High Zenith, Sure Pass and Heroic Zone (representing approximately 39.20% of the total issued share capital of the Company). Therefore, Xing Tong was deemed to be interested in 2,509,659,112 Shares through multiplying the percentage of participant units that Xing Tong held in Heroic Zone Share Plan and the Shares which Heroic Zone was interested in. On 18 November 2024, Xing Tong was the sole participant of Chang Yun Share Plan, in which it held 100% of the participant units. On 9 December 2024, the Chang Yun Share Plan has been terminated, and upon such termination, Xing Tong directly owned the entire beneficial interests of Auspicious Joy, which in turn owned 100% of the equity interests of Chang Yun. Chang Yun was directly interested in 631,580,000 Shares (representing approximately 4.92% of the total issued share capital of the Company).

(2) On 19 December 2023, Mr. Guo Lijun transferred the entire issued share capital of Joint Thriving Limited to Vistra Trust (Singapore) Pte. Limited (the trustee of the trust), to set up a discretionary family trust, Guo Family Trust.

Ever Goal Global Limited ("**Ever Goal**") is wholly owned by Joint Thriving Limited. Ever Goal was one of the participants of the Heroic Zone Share Plan, in which it held approximately 6.38% of the participant units. Hence, Ever Goal was deemed to be interested in approximately 6.38% of the equity interest of Rise Grand, which in turn owned 100% of the equity interest of Heroic Zone. Heroic Zone had control over the voting rights in an aggregate of 5,029,376,978 Shares held by Chang Yun, High Zenith, Sure Pass and Heroic Zone (representing approximately 39.20% of the total issued share capital of the Company). Accordingly, Ever Goal was deemed to be interested in the 321,038,108 Shares which Heroic Zone was interested in through multiplying the percentage of participant units that Ever Goal held in Heroic Zone Share Plan and the Shares which Heroic Zone was interested in.

(3) Pursuant to an entrustment agreement dated 5 November 2019, the employee share committee, on behalf of all participants of the Heroic Zone Share Plan, entrusted three individual trustees, namely Messrs. Zhang Liwen, Ma Xiangjie and Liu Songtao, to hold the legal title of, and to exercise the voting rights attached to, 100% equity interest in Rise Grand in joint tenancy. Mr. Ma Xiangjie was also one of the participants of the Heroic Zone Share Plan, in which he held approximately 2.58% of the participant units. Hence, Mr. Ma Xiangjie was deemed to be interested in approximately 2.58% of the equity interest of Rise Grand, which in turn owned 100% of the equity interest of Heroic Zone. Heroic Zone had control over the voting rights in an aggregate of 5,029,376,978 Shares held by Chang Yun, High Zenith, Sure Pass and Heroic Zone (representing approximately 39.20% of the total issued share capital of the Company). Accordingly, Mr. Ma Xiangjie was deemed to be interested in 129,832,260 Shares which Heroic Zone was interested in through multiplying the percentage of participant units that Mr. Ma Xiangjie held in Heroic Zone Share Plan and the Shares which Heroic Zone was interested in.

(4) Ms. Shi Huiying is the spouse of Mr. Ma Xiangjie and was the beneficial owner of 3,000 Shares. Mr. Ma Xiangjie was deemed to be interested in such 3,000 Shares within the meaning of Part XV of the SFO

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

(ii) Interests in associated corporations

Name of Director/ Chief Executive Officer	Name of Associated Corporation	Capacity/Nature of Interest	Number of Shares Interested	Approximate Percentage of Shareholding
Mr. Wan Long	Shuanghui Development	Beneficial owner	301,736[L]	0.01%
Mr. Ma Xiangjie	Shuanghui Development	Interest of spouse[1]	16,350[L]	0.00%

Notes:

(1) Ms. Shi Huiying is the spouse of Mr. Ma Xiangjie and was the beneficial owner of 16,350 shares of Shuanghui Development. Mr. Ma Xiangjie was deemed to be interested in such 16,350 shares of Shuanghui Development within the meaning of Part XV of the SFO.

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

Save as disclosed above, as at 31 December 2024, so far as was known to any Director or chief executive officer of the Company, neither the Directors nor the chief executive officer of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which would fall to be disclosed to the Company under the provisions of Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

As at 31 December 2024, so far as was known to any Director or chief executive officer of the Company, Shareholders (other than the Directors or chief executive of the Company whose interests were disclosed above) who had interests or short positions in the Shares or underlying shares of the Company which shall be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Interest in the Shares of the Company

Name	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding
Cantrust (Far East) Limited(1)	Trustee	4,065,216,090(L)	31.68%
WLT Management Limited(1)	Interest in controlled corporation	4,065,216,090(L)	31.68%
Rise Grand(2)	Interest in controlled corporation	5,029,376,978(L)	39.20%
Mr. Zhang Liwen(2)	Trustee	5,029,376,978(L)	39.20%
Mr. Liu Songtao(2)	Trustee	5,029,376,978(L)	39.20%
Heroic Zone(3)	Beneficial owner	3,473,820,000(L)	27.08%
	Interest in controlled corporation	1,555,556,978(L)	12.12%
Xing Tong(4)	Beneficiary of a trust	2,509,659,112(L)	19.56%
	Interest in controlled corporation	631,580,000(L)	4.92%
Ms. Wang Meixiang(5)	Interest of spouse	4,066,716,090(L)	31.70%
The Bank of New York Mellon Corporation	Interest in controlled corporation	642,735,720(L)	5.01%
		297,065,360(S)	2.32%
		336,688,239(P)	2.62%
BlackRock, Inc.	Interest in controlled corporation	658,023,565(L)	5.13%
		15,831,000(S)	0.12%

Notes:

(1) Cantrust (Far East) Limited (the "**Trustee**") is the trustee of Wan Long Trust established by Mr. Wan Long. The Trustee through indirect interest in each of Sure Pass, High Zenith and Xing Tong holds 573,099,645 Shares, 350,877,333 Shares and 3,141,239,112 Shares, respectively. WLT Management Limited, which is wholly-owned by the Trustee, through direct interest in each of Sure Pass, Wan Tong International Holdings Limited (which owns High Zenith as to 100%) and Xing Tong holds 573,099,645 Shares, 350,877,333 Shares and 3,141,239,112 Shares respectively.

(2) Rise Grand, as the sole shareholder of Heroic Zone, was deemed to be interested in the 5,029,376,978 Shares which Heroic Zone was interested in. As of 31 December 2024, the beneficial interest of Rise Grand was owned by 85 participants (the "**HSP Participants**") of the Heroic Zone Share Plan. Pursuant to an entrustment agreement dated 5 November 2019, the employee share committee (the "**ESC**"), on behalf of all HSP Participants, entrusted three individual trustees, namely Messrs. Zhang Liwen, Ma Xiangjie and Liu Songtao, to hold the legal title of, and to exercise the voting rights attached to, 100% equity interest in Rise Grand in joint tenancy (the "**HSP Trustees**"). Under the Heroic Zone Share Plan, the ESC, on behalf of all HSP Participants, is entitled to instruct the HSP Trustees as to how to exercise their rights as the registered shareholders of Rise Grand, which in turn will instruct Heroic Zone, a wholly owned subsidiary of Rise Grand, as to how to exercise its rights, including the voting rights attached to the Shares it holds in the Company. The members of the ESC are selected by the general meeting of the HSP participants. The ESC has been composed of five members since its establishment.

(3) Chang Yun, High Zenith and Sure Pass should exercise the voting rights attached to their Shares respectively held by them in accordance with the direction of Heroic Zone in its absolute discretion. Therefore, Heroic Zone was deemed to be interested in the 1,555,556,978 Shares in aggregate held by Chang Yun, High Zenith and Sure Pass.

(4) Xing Tong was one of the participants of the Heroic Zone Share Plan, in which it held approximately 49.9% of the participant units. Hence, Xing Tong was deemed to be interested in approximately 49.9% of the equity interest of Rise Grand, which in turn owned 100% of the equity interest of Heroic Zone. Accordingly, Xing Tong was deemed to be interested in the 2,509,659,112 Shares which Heroic Zone was interested in through multiplying the percentage of participant units that Xing Tong held in Heroic Zone Share Plan and the Shares which Heroic Zone was interested in. On 18 November 2024, Xing Tong was the sole participant of Chang Yun Share Plan, in which it held 100% of the participant units. On 9 December 2024, the Chang Yun Share Plan has been terminated, and upon such termination, Xing Tong directly owned the entire beneficial interests of Auspicious Joy, which in turn owned 100% of the equity interests of Chang Yun. Chang Yun was directly interested in 631,580,000 Shares (representing approximately 4.92% of the total issued share capital of the Company).

(5) Ms. Wang Meixiang is the spouse of Mr. Wan Long. Therefore, Ms. Wang Meixiang was deemed to have interest in the 4,066,716,090 Shares which Mr. Wan Long was interested in.

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

(S) The letter (S) indicates short position.

(P) The letter (P) indicates shares in a lending pool.

Save as disclosed above, as at 31 December 2024, the Company has not been notified by any person who had any interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Pre-IPO Share Option Scheme

The Company had previously adopted the Pre-IPO Share Option Scheme on 21 January 2014, which was subsequently amended on 4 April 2014 and had expired as at the end of the Review Period. During the period commencing from 1 January 2024 up to 4 August 2024, no grants were made under the Pre-IPO Share Option Scheme and, save and except for the lapse of 4,000 Pre-IPO Share Options and 3,000,000 Pre-IPO Share Options for LI Hongwei (李紅偉) and ZHOU Feng (周峰) respectively, there were no other options (which were outstanding during the aforesaid period) being exercised, vested, lapsed or cancelled under the Pre-IPO Share Option Scheme. All outstanding Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme had automatically lapsed on 4 August 2024 pursuant to the rules of the Pre-IPO Share Option Scheme.

The total number of Shares that may be issued in respect of options granted under the Pre-IPO Share Option Scheme as at 4 August 2024 was nil (as at 1 January 2024: 424,569,390) and there were no outstanding share options under the Pre-IPO Share Option Scheme as at 31 December 2024.

There is no maximum entitlement for each participant under the Pre-IPO Share Option Scheme.

There are no share schemes of principal subsidiary(ies) of the Company that are required to be disclosed under Chapter 17 of the Hong Kong Listing Rules. Specifically, as Smithfield does not constitute a "principal subsidiary" (within the meaning of Chapter 17 of the Listing Rules) of the Company during the Review Period and as at the date of this report, the Smithfield Incentive Plan and the Smithfield Employee Stock Purchase Plan are not subject to Chapter 17 of the Listing Rules.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of Cayman Islands, the jurisdiction in which the Company was incorporated, and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Tax Relief

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings in the Shares.

Competing Interests

During the Review Period, none of the Directors is considered to have an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Corporate Governance Measures in Relation to Non-Competition Undertakings

Rise Grand, Heroic Zone, Chang Yun, High Zenith, Sure Pass and Rich Matrix (collectively, the "**Covenantors**") have entered into a deed of non-competition in favour of the Company on 18 July 2014 (the "**Deed of Non-competition**"). Details of the Deed of Non-competition have been set out in the Prospectus. There has been no change to the terms of the Deed of Non-competition during the Review Period.

The Company has received confirmations on compliance with the undertakings under the Deed of Non-Competition from the Covenantors for the Review Period (the "**Confirmations**"). Upon receiving the Confirmations, the independent non-executive Directors have reviewed the same as part of the annual review process. In view of the above, the independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the Covenantors of the non-competition undertakings in the Deed of Non-competition.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Review Period.

Major Suppliers and Customers

The purchases and revenue attributable to the Group's five largest suppliers and five largest customers combined, respectively, was each less than 30% for the year ended 31 December 2024.

None of the Directors, their close associates, nor any Shareholders (which to the knowledge of the Directors own more than 5% of the number of issued Shares) had any interest in the five largest customers or suppliers of the Group.

Corporate Governance Practices

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. The Board has adopted the CG Code as set out in Appendix C1 to the Listing Rules and the Model Code as the guidelines for the Directors' dealings in the securities of the Company since the Listing Date.

Sufficient Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Connected Transaction

During the Review Period, there was no connected transaction of the Group that need to be disclosed pursuant to Chapter 14A of the Listing Rules. The related party transactions disclosed under Note 42 to the consolidated financial statements do not constitute connected transactions of the Company.

Future Development

Please refer to page 20 and the section headed "Chairman's Statement" of this report for the prospects of the Company's business.

Save and except for information disclosed under section headed "Separate Listing of Smithfield on the Nasdaq Global Select Market" in this report, there were no other material subsequent events during the period from 1 January 2025 to the date of this report.

Auditors

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Ernst & Young who will retire and, being eligible, offer themselves for re-appointment, at the 2025 AGM.

On behalf of the Board
Wan Long
Chairman of the Board

Hong Kong, 25 March 2025

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌
英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of WH Group Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of WH Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 61 to 185, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

To the shareholders of WH Group Limited
(Incorporated in the Cayman Islands with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of live hogs included in biological assets	
The carrying value of the Group's live hogs included in biological assets amounted to US$1,202 million, representing 6.1% of the Group's total assets as at 31 December 2024. The carrying value of live hogs was measured at fair value less costs to sell, which was determined based on the price of hogs in the actively traded market, reduced by the estimated breeding costs required to raise the hogs to be slaughtered, the estimated margins that would be required by a raiser, and estimated costs to sell. The Group engaged an independent qualified valuer to perform the live hog valuations. We identified the fair value measurement of live hogs as a key audit matter because of the significant degree of judgement involved in the valuations to determine the fair value less costs to sell of live hogs. Disclosures regarding the determination of the fair value less costs to sell and the key assumptions involved are included in notes 4 and 17 to the consolidated financial statements.	Our procedures in relation to assessing the fair value measurement of live hogs included in biological assets included: • obtaining an understanding of how management determined the fair value measurement of live hogs included in biological assets, including the involvement of the independent valuer; • evaluating the competence, capabilities, independence and objectivity of the independent valuer; • reviewing the valuation model prepared by the independent valuer in determining the fair value less costs to sell of live hogs; • comparing the market price of live hogs used as inputs for the valuations with available market data; and • evaluating the estimates of breeding costs required to raise the live hogs, the estimated margins that would be required by a raiser and estimated costs to sell against the historical performance.

To the shareholders of WH Group Limited
(Incorporated in the Cayman Islands with limited liability)

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

To the shareholders of WH Group Limited
(Incorporated in the Cayman Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

To the shareholders of WH Group Limited
(Incorporated in the Cayman Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wong Ka Wing.

Ernst & Young
Certified Public Accountants
Hong Kong
25 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024			2023		
	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
REVENUE	5	25,941	—	25,941	26,236	—	26,236
Cost of sales		(20,749)	8	(20,741)	(21,980)	869	(21,111)
Gross profit		5,192	8	5,200	4,256	869	5,125
Distribution and selling expenses		(1,845)	—	(1,845)	(1,977)	—	(1,977)
Administrative expenses		(1,001)	—	(1,001)	(889)	—	(889)
Gain (loss) arising from agricultural produce at fair value less costs to sell at the point of harvest		—	182	182	—	(646)	(646)
Gain (loss) arising from changes in fair value less costs to sell of biological assets		—	12	12	—	(190)	(190)
Other income	6	98	—	98	138	—	138
Other gains and (losses)	7	41	—	41	(8)	—	(8)
Other expenses		(141)	—	(141)	(289)	—	(289)
Finance costs	8	(147)	—	(147)	(169)	—	(169)
Share of profits (losses) of associates		6	—	6	(4)	—	(4)
Share of profits (losses) of joint ventures		5	—	5	(34)	—	(34)
PROFIT BEFORE TAX	9	2,208	202	2,410	1,024	33	1,057
Taxation	11	(503)	(54)	(557)	(189)	(8)	(197)
PROFIT FOR THE YEAR		1,705	148	1,853	835	25	860
Other comprehensive income for the year:	45						
Items that will not be reclassified subsequently to profit or loss:							
— remeasurement on defined benefit pension plans				33			(13)
				33			(13)

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

For the year ended 31 December 2024

		2024			2023		
	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
Items that may be reclassified subsequently to profit or loss:							
— exchange differences arising on translation of foreign operations				(256)			105
— fair value change in cash flow hedge, net of tax				(24)			2
				(280)			107
Other comprehensive income for the year, net of tax				(247)			94
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				1,606			954
Profit for the year attributable to							
— owners of the Company				1,612			629
— non-controlling interests				241			231
				1,853			860
Total comprehensive income for the year attributable to							
— owners of the Company				1,386			753
— non-controlling interests				220			201
				1,606			954
EARNINGS PER SHARE	13						
— Basic (US cents)				12.56			4.90
— Diluted (US cents)				12.56			4.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 US$'million	2023 US$'million
NON-CURRENT ASSETS			
Property, plant and equipment	14	**6,393**	6,602
Right-of-use assets	16(a)	**607**	687
Biological assets	17	**206**	214
Goodwill	18	**2,100**	2,043
Intangible assets	19	**1,699**	1,707
Interests in associates	20	**145**	134
Interests in joint ventures	21	**95**	90
Other receivables	24	**84**	68
Financial assets at fair value through profit or loss	25	**2**	2
Pledged bank deposits	27	**6**	4
Deferred tax assets	31	**54**	86
Other non-current assets		**222**	228
Total non-current assets		**11,613**	11,865
CURRENT ASSETS			
Properties under development	15	**43**	77
Biological assets	17	**1,235**	1,149
Inventories	22	**2,805**	2,919
Trade and bills receivables	23	**888**	873
Prepayments, other receivables and other assets	24	**568**	503
Debt investments at amortised cost	25	**179**	469
Financial assets at fair value through profit or loss	25	**310**	86
Tax recoverable		**98**	7
Pledged/restricted bank deposits	27	**47**	75
Cash and bank balances	27	**2,055**	1,156
Total current assets		**8,228**	7,314
CURRENT LIABILITIES			
Trade payables	28	**1,212**	1,240
Accrued expenses and other payables	29	**1,945**	2,150
Lease liabilities	16(b)	**71**	99
Taxation payable		**109**	63
Borrowings	30	**1,049**	1,106
Bank overdrafts	30	**5**	—
Total current liabilities		**4,391**	4,658
NET CURRENT ASSETS		**3,837**	2,656
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,450**	14,521

Consolidated Statement of Financial Position (Continued)

31 December 2024

	Notes	2024 US$'million	2023 US$'million
NON-CURRENT LIABILITIES			
Other payables	29	498	459
Lease liabilities	16(b)	343	391
Borrowings	30	2,256	2,122
Deferred tax liabilities	31	659	570
Deferred revenue	32	11	10
Pension liability and other retirement benefits	33	322	394
Total non-current liabilities		4,089	3,946
NET ASSETS		11,361	10,575
CAPITAL AND RESERVES			
Share capital	36	1	1
Reserves		10,660	9,830
Equity attributable to owners of the Company		10,661	9,831
Non-controlling interests		700	744
TOTAL EQUITY		11,361	10,575

The consolidated financial statements on pages 61 to 185 were approved and authorised for issue by the Board of Directors on 25 March 2025 and are signed on its behalf by:

Mr. Wan Long
Director

Mr. Guo Lijun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Share capital US$'million	Share premium US$'million	Capital reserve US$'million (Note (a))	Translation reserve US$'million (Note (c))	Other reserve US$'million (Note (d))	Statutory surplus reserve US$'million (Note (b))	Retained profits US$'million	Total US$'million	Non-controlling interests US$'million	Total equity US$'million
At 1 January 2023	1	1,083	786	(289)	(202)	274	7,947	9,600	812	10,412
Profit for the year	—	—	—	—	—	—	629	629	231	860
Exchange differences arising on translation of foreign operations	—	—	—	135	—	—	—	135	(30)	105
Remeasurement on defined benefit pension plans	—	—	—	—	(13)	—	—	(13)	—	(13)
Fair value change in cash flow hedge	—	—	—	—	2	—	—	2	—	2
Total comprehensive income for the year	—	—	—	135	(11)	—	629	753	201	954
Capital contribution for share purchase in a subsidiary	—	—	2	—	—	—	—	2	—	2
Dividend (Note 12)	—	—	—	—	—	—	(490)	(490)	—	(490)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	(266)	(266)
Lapse of share options	—	—	—	—	(5)	—	5	—	—	—
Fair value adjustment of contractual put option in relation to non-controlling interests (Note (e))	—	—	(35)	—	—	—	—	(35)	—	(35)
Transfer of contractual put option in relation to non-controlling interests (Note (e))	—	—	—	—	—	—	—	—	(2)	(2)
Transfer	—	—	—	—	3	2	(4)	1	(1)	—
	—	—	(33)	—	(2)	2	(489)	(522)	(269)	(791)
At 31 December 2023	1	1,083	753	(154)	(215)	276	8,087	9,831	744	10,575
At 1 January 2024	**1**	**1,083**	**753**	**(154)**	**(215)**	**276**	**8,087**	**9,831**	**744**	**10,575**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**1,612**	**1,612**	**241**	**1,853**
Exchange differences arising on translation of foreign operations	**—**	**—**	**—**	**(235)**	**—**	**—**	**—**	**(235)**	**(21)**	**(256)**
Remeasurement on defined benefit pension plans	**—**	**—**	**—**	**—**	**33**	**—**	**—**	**33**	**—**	**33**
Fair value change in cash flow hedge	**—**	**—**	**—**	**—**	**(24)**	**—**	**—**	**(24)**	**—**	**(24)**
Total comprehensive income for the year	**—**	**—**	**—**	**(235)**	**9**	**—**	**1,612**	**1,386**	**220**	**1,606**
Payment for purchase of shares in a subsidiary	**—**	**—**	**(2)**	**—**	**—**	**—**	**—**	**(2)**	**—**	**(2)**
Deemed acquisition of subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(12)**	**(12)**
Disposal of a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2)**	**(2)**
Dividend (Note 12)	**—**	**—**	**—**	**—**	**—**	**—**	**(574)**	**(574)**	**—**	**(574)**
Dividend paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(205)**	**(205)**
Lapse of share options	**—**	**—**	**—**	**—**	**(161)**	**—**	**182**	**21**	**(21)**	**—**
Fair value adjustment of contractual put option in relation to non-controlling interests (Note (e))	**—**	**—**	**(1)**	**—**	**—**	**—**	**—**	**(1)**	**—**	**(1)**
Transfer of contractual put option in relation to non-controlling interests (Note (e))	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(24)**	**(24)**
Transfer	**—**	**—**	**—**	**—**	**1**	**(5)**	**4**	**(—*)**	**—***	**—**
	—	**—**	**(3)**	**—**	**(160)**	**(5)**	**(388)**	**(556)**	**(264)**	**(820)**
At 31 December 2024	**1**	**1,083**	**750**	**(389)**	**(366)**	**271**	**9,311**	**10,661**	**700**	**11,361**

* Less than US$1 million

Notes:

a. **Capital reserve**

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

b. **Statutory surplus reserve**

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

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

c. **Translation reserve**

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

d. **Other reserve**

Other reserve mainly includes the fair value of the share options, remeasurement deficit of the defined benefit pension plans and cumulative net change in fair value in the cash flow hedge attributable to the Group.

e. **Transfer of contractual put option in relation to non-controlling interests**

As at 31 December 2024 and 31 December 2023, the Group held contractual put options in relation to non-controlling interest ("**NCI**") shares in subsidiaries. The NCI shareholders can require the Group to acquire the shares of that subsidiary at a future date. The Group applied the partial recognition of NCI method for its put option, of which the profit for the year shared by the NCI shareholders in relation to the portion of the put option is recorded as a liability in "accrued expenses and other payables" in the consolidated statement of financial position as at 31 December 2024 and 31 December 2023.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 US$'million	2023 US$'million
OPERATING ACTIVITIES		
Profit before tax	**2,410**	1,057
Adjustments for:		
Interest income	**(36)**	(49)
Finance costs	**147**	169
Share of (profits) losses of associates	**(6)**	4
Share of (profits) losses of joint ventures	**(5)**	34
Depreciation of property, plant and equipment	**622**	652
Depreciation of right-of-use assets	**91**	116
Gain on disposal of property, plant and equipment	**(33)**	(82)
Gain on termination of lease contracts	**(11)**	—
Amortisation of intangible assets	**10**	11
Impairment loss on other assets	**1**	—
Impairment loss on right-of-use assets	**—***	—
Fair value gain on financial assets at fair value through profit or loss	**(9)**	(11)
Inventories provisions, net	**40**	101
(Gain) loss arising from changes in fair value less costs to sell of biological assets	**(12)**	190
Impairment loss on property, plant and equipment	**4**	8
Recognition of impairment loss on trade receivables and other receivables, net	**2**	4
Gain on non-qualified retirement plan assets	**(17)**	(15)
Net (gain) loss on disposal of other assets	**15**	(1)
	3,213	2,188
(Increase) decrease in biological assets	**(108)**	47
(Increase) decrease in inventories	**197**	(158)
(Increase) decrease in trade, bills and other receivables	**(125)**	295
Decrease in properties under development	**32**	38
Decrease in trade and other payables	**(261)**	(379)
CASH GENERATED FROM OPERATIONS	**2,948**	2,031
Taxes paid	**(429)**	(414)
Net cash flows from operating activities	**2,519**	1,617

* Less than US$1 million.

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024

	2024 US$'million	2023 US$'million
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(707)**	(800)
Additions of right-of-use assets	**—**	(12)
Proceeds from disposal of financial assets at fair value through profit or loss and debt investments at amortised cost	**1,859**	2,845
Purchase of financial assets at fair value through profit or loss and debt investments at amortised cost	**(1,836)**	(2,952)
Placement of pledged/restricted bank deposits	**(70)**	(119)
Withdrawal of pledged/restricted bank deposits	**95**	119
Proceeds from disposal of property, plant and equipment	**107**	224
Interest received	**36**	45
Dividends received from associates	**3**	4
Dividends received from joint ventures	**5**	10
Net cash outflow on acquisition of subsidiaries	**(91)**	(32)
Disposal of a subsidiary	**(2)**	—
Receipt of repayment of loans	**10**	2
Insurance claims on property, plant and equipment	**2**	18
Purchase of other non-current assets	**(5)**	(5)
Capital injection to associates	**(13)**	(15)
Net proceeds from disposal of and capital injection to joint ventures	**(5)**	(8)
Proceeds from sales of other assets	**—**	13
Net cash flows used in investing activities	**(612)**	(663)
FINANCING ACTIVITIES		
New borrowings, net of transaction costs	**3,913**	11,552
Repayment of borrowings	**(3,883)**	(11,692)
Dividend paid to non-controlling interests	**(210)**	(269)
Dividend paid to shareholders of the Company	**(574)**	(490)
Net cash outflow on deferred payment and acquisition of additional interests in subsidiaries	**(14)**	(17)
Proceeds paid to debt issuance	**—**	(2)
Lease payments	**(80)**	(94)
Interest paid	**(136)**	(163)
Net cash flows used in financing activities	**(984)**	(1,175)

	2024 US$'million	2023 US$'million
Net increase (decrease) in cash and cash equivalents	923	(221)
Cash and cash equivalents at beginning of year	1,156	1,394
Effect of foreign exchange rate changes	(29)	(17)
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,050	1,156
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,055	1,156
Bank overdrafts	(5)	—
Cash and cash equivalents as stated in the statement of cash flows	2,050	1,156

1. CORPORATE AND GROUP INFORMATION

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. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 August 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 Group is primarily involved in the production and sale of packaged meats and pork. The principal activities of its principal subsidiaries are set out in note 46 to the consolidated financial statements.

The functional currency of the Company is the United States Dollar ("**US$**").

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for biological assets, financial assets at fair value through profit or loss, certain non-current assets and derivative financial assets and liabilities which have been measured at fair value. These financial statements are presented in US$, and all values are rounded to the nearest million ("**US$'million**") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

Basis of consolidation (Continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and translation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES (Continued)

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*
Amendments to IAS 1 *Non-current Liabilities with Covenants*

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements*

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but Not Yet Effective IFRS Accounting Standards

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Groups' financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but Not Yet Effective IFRS Accounting Standards (Continued)

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but Not Yet Effective IFRS Accounting Standards (Continued)

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity*

Amendments to IFRS 9 and IFRS 7 clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 *Lack of Exchangeability*

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

***Annual Improvements to IFRS Accounting Standards — Volume 11* Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7**

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but Not Yet Effective IFRS Accounting Standards (Continued)

Annual Improvements to IFRS Accounting Standards — Volume 11 **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7** (Continued)

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interest in the acquiree over the identifiable assets acquired and the liabilities assumed. If the sum of the consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments, biological assets, certain non-current receivables, and financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Depending on the terms of the contract and the laws that apply to the contract, the control of the goods or services may be transferred over time or at a point in time.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenue from the sale of meat and related products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the meat and related products.

Revenue from the sale of properties is recognised at the point in time when the purchasers obtained the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

Payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts for the sale of meat and related products provide customers with a right of return and rebates which give rise to variable consideration subject to constraint.

Service income is recognised over time when services are rendered because the customer simultaneously receives and consumes the benefit provided by the Group.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, properties under development, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right of use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful lives of the assets as follows:

Leasehold land	more than 1 year to 50 years
Buildings	more than 1 year to 50 years
Motor vehicles	more than 1 year to 8 years
Plant, machinery and equipment	more than 1 year to 13 years
Contract farms	more than 1 year to 12 years

3. MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) *Right-of-use assets (Continued)*

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relates to interests in leasehold land held as properties under development, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group‘s policy for “Properties under development”.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group‘s lease liabilities are separately disclosed in the consolidated statement of financial position.

(c) *Short-term leases and leases of low-value assets*

The Group applies short-term lease recognition exemption to its short-term leases of buildings, plant, machinery and equipment, motor vehicles and contract farms (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful lives. The estimated useful life used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	15 to 40 years
Motor vehicles	2 to 10 years
Plant, machinery and equipment	3 to 20 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost, less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Biological assets

Biological assets represent live hogs and poultry, which fall into five categories: suckling hogs, nursery hogs, finisher hogs, broilers and breeding stock (hogs and poultry). They are measured on initial recognition and at the end of each reporting period at their fair value less costs to sell. A gain or loss arising on initial recognition of biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset is included in profit or loss for the period in which it arises.

The agricultural produce (i.e., carcass) harvested from the biological assets is measured at its fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying IAS 2 *Inventories* upon initial recognition. A gain or loss arising from agricultural produce at the point of harvest at fair value less costs to sell is included in profit or loss for the period in which it arises.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less accumulated impairment losses.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets — Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete and its ability and intention to use or sell the asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost or the deemed cost for agriculture produce harvested from biological assets and net realisable value. Cost is calculated using the weighted-average method.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVPL are recognised immediately in profit or loss.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("**FVOCI**"), and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" above.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group's financial assets at amortised cost includes trade, bills and other receivables, pledged/restricted bank deposits and cash and bank balances are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVPL

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense during the year. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments for fair value hedges and cash flow hedges.

At the inception of a hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedge risk.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is recognised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in other reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the ''Other gains and (losses)" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity (other reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line of the consolidated statement of profit or loss and other comprehensive income as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged or cancelled, or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Share-based payments

Awarded shares/share options granted to employees

For grants of shares/share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of shares/share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (other reserve). For grants of shares/share options that vest immediately at the date of grant, the fair value of the awarded shares is recognised immediately in profit or loss.

At the end of the reporting period, the Group revises its estimates of the number of shares/share options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserve.

When share options are exercised, the amount previously recognised in other reserve will be transferred to shares/share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in other reserve will be transferred to retained profits.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting these consolidated financial statements, the foreign currencies denominated assets and liabilities of the Group are translated into the presentation currency of the Group (US$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the exchange rates that approximate to those prevailing at the dates of the transactions. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity in the translation reserve (attributed to non-controlling interest as appropriate).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to profit or loss over the loan period by annual instalments.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value, and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Retirement benefit costs and termination benefits

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of the reporting period.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss as employee benefit expense. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds and reductions in future contributions to the plans.

The employees of the Group in China and Hong Kong are members of state-managed retirement benefit schemes and members of the Mandatory Provident Fund Scheme ("**MPF**") respectively, the obligations of the Group under which are equivalent to those arising in a defined contribution retirement benefit plan. Contributions to state-managed retirement benefit schemes and MPF are recognised as an expense when employees have rendered services entitling them to the contributions.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Put option over non-controlling interests

A put option held by NCI, whereby the holder of the put option can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, the Group examines the nature of such a put option. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to the put option. Present ownership interest can be evidenced by NCI continuing to have a right to the receipt of dividends, or benefiting from increases in net assets while holding a voting entitlement to the shares subject to the put option. If it is deemed that the put option holders continue to have a present ownership interest, the Group applies the partial recognition of NCI method and recognise the amount that would have been recognised for the non-controlling interest, including its share of profit or losses, dividends and other changes, as a liability. The Group recognises a financial liability in accordance with IAS 32 being the estimate of the fair value of the consideration to acquire the NCI shares that are subject to the put option and records this in "other reserve" in equity. Any changes in the fair value of the financial liability are reflected as a movement in other reserve.

If the NCI put option is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Fair value measurement of live hogs included in biological assets

The Group engaged an independent qualified valuer to perform the live hog valuations at the end of each reporting period, the fair values less costs to sell are determined based on the price of hogs in the actively traded market, reduced by the breeding costs required to raise the hogs to be slaughtered and the margins that would be required by a raiser and less costs to sell, with reference to the latest budgets approved by management. This determination involved the use of significant judgements and estimates. If the actual results differ to the original estimates made by management, such differences from the original estimates will impact the fair value change recognised in profit or loss. The carrying amount of live hogs was US$1,202 million as at 31 December 2024 (2023: US$1,111 million) (see note 17).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Inventories

Inventories are stated at the lower of cost or the deemed cost for agriculture produce harvested from biological assets and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of production and selling expenses.

The management of the Group periodically reviews inventories for slow-moving inventories, obsolescence or declines in market value. This review requires them to estimate the net realisable value based upon assumptions about future demand and market conditions. If the estimate of net realisable value is below the cost of inventories or the carrying amount, the Group will record a write-down of inventories for the difference between cost or carrying amount and net realisable value, which will result in a corresponding increase in cost of sales. The carrying amount of inventories was US$2,805 million as at 31 December 2024 (2023: US$2,919 million) (see note 22).

Valuation of the obligation in respect of defined benefit plans

In determining the obligation in respect of defined benefit plans, the Group has engaged an actuarial expert to perform the actuarial valuation of plan assets and the present value of the defined benefit obligations, and the key assumptions used including discount rate, expected salary increases and mortality rates. The discount rate assumptions are determined by reference to yields on high-quality corporate bonds and government bonds yields of appropriate duration and currency at the end of the reporting period. The expected returns on plan assets are determined on the historical returns and asset allocations by considering the future market and economic conditions. The expected rate of salary increase is referenced by the salary scale projected by management and the mortality rates are referenced by demographic market data.

During the year ended 31 December 2024, remeasurement gains after tax amounting to US$33 million (2023: remeasurement losses after tax of US$13 million) were recognised directly in equity in the period in which they occurred. The Group's obligation in respect of net pension liability as at 31 December 2024 amounted to US$345 million (2023: US$417 million) (see note 33).

5. REVENUE AND SEGMENT INFORMATION

An analysis of revenue is as follows:

	2024 US$'million	2023 US$'million
Packaged meats	**13,655**	13,523
Pork	**10,343**	10,810
Others	**1,943**	1,903
	25,941	26,236

Over 99% (2023: over 99%) of the Group's revenue was recognised at a point in time.

Set out below is the amount of revenue recognised from:

	2024 US$'million	2023 US$'million
Amounts included in contract liabilities at the beginning of the year	**298**	536

The remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 31 December 2023 regarding the sale of meat and related products, sale of properties and service income are expected to be recognised as revenue within one year.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information

The Group determines its operating segments based on the reports reviewed by the executive directors of the Company, who are also the chief operating decision-makers, that are used to make strategic decisions. The Group's reportable segments, which are also the operating segments, are classified based on their locations including China, North America, and Europe and the nature of operations as (i) packaged meats, (ii) pork, and (iii) others.

The details of the Group's business activities are as follows:

(i) Packaged meats — represents production, wholesale and retail sales of low temperature and high temperature meat products.

(ii) Pork — represents hog farming, slaughtering, wholesale and retail sales of fresh and frozen pork.

(iii) Others — represents slaughtering and sales of poultry, sales of ancillary products and services such as provision of logistics services, manufacturing of flavouring ingredients and natural casings, manufacture and sales of packaging materials, operating finance companies, property development companies, a chain of retail food stores, sales of biological pharmaceutical materials, trading of meat related products, and corporate expenses incurred by the Group.

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

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

Inter-segment revenue was charged at cost plus margin basis.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

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

	For the year ended 31 December 2024			
	Packaged meats US$'million	Pork US$'million	Others US$'million	Total US$'million
China				
Gross segment revenue	3,410	4,318	1,631	9,359
Less: Inter-segment revenue	(1)	(514)	(426)	(941)
Revenue	3,409	3,804	1,205	8,418
Reportable segment profit (loss)	924	55	(36)	943
North America				
Gross segment revenue	8,319	8,706	40	17,065
Less: Inter-segment revenue	(2)	(3,302)	(1)	(3,305)
Revenue	8,317	5,404	39	13,760
Reportable segment profit (loss)	1,174	170	(157)	1,187
Europe				
Gross segment revenue	1,976	1,666	866	4,508
Less: Inter-segment revenue	(47)	(531)	(167)	(745)
Revenue	1,929	1,135	699	3,763
Reportable segment profit	136	131	7	274
Total				
Gross segment revenue	13,705	14,690	2,537	30,932
Less: Inter-segment revenue	(50)	(4,347)	(594)	(4,991)
Revenue	13,655	10,343	1,943	25,941
Reportable segment profit (loss)	2,234	356	(186)	2,404
Net unallocated expenses				(60)
Biological fair value adjustments				202
Finance costs				(147)
Share of profits of associates				6
Share of profits of joint ventures				5
Profit before tax				2,410

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

	For the year ended 31 December 2023			
	Packaged meats US$'million	Pork US$'million	Others US$'million	Total US$'million
China				
Gross segment revenue	3,698	4,466	1,707	9,871
Less: Inter-segment revenue	(1)	(654)	(468)	(1,123)
Revenue	3,697	3,812	1,239	8,748
Reportable segment profit	879	54	15	948
North America				
Gross segment revenue	8,280	8,934	37	17,251
Less: Inter-segment revenue	(1)	(3,074)	(1)	(3,076)
Revenue	8,279	5,860	36	14,175
Reportable segment profit (loss)	1,072	(624)	(118)	330
Europe				
Gross segment revenue	1,595	1,720	788	4,103
Less: Inter-segment revenue	(48)	(582)	(160)	(790)
Revenue	1,547	1,138	628	3,313
Reportable segment profit	99	90	4	193
Total				
Gross segment revenue	13,573	15,120	2,532	31,225
Less: Inter-segment revenue	(50)	(4,310)	(629)	(4,989)
Revenue	13,523	10,810	1,903	26,236
Reportable segment profit (loss)	2,050	(480)	(99)	1,471
Net unallocated expenses				(240)
Biological fair value adjustments				33
Finance costs				(169)
Share of losses of associates				(4)
Share of losses of joint ventures				(34)
Profit before tax				1,057

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

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

Information about the Group's non-current assets, excluding financial instruments and deferred tax assets, is presented below based on the geographical locations of operation.

	2024 US$'million	2023 US$'million
Non-current assets		
China	3,247	3,458
North America	6,575	6,789
Europe	1,474	1,296
	11,296	11,543

6. OTHER INCOME

	2024 US$'million	2023 US$'million
Government subsidy	22	43
Bank interest income	36	49
Income on sales of raw materials	12	8
Others	28	38
	98	138

7. OTHER GAINS AND (LOSSES)

	2024 US$'million	2023 US$'million
Gain on non-qualified retirement plan assets	**17**	15
Fair value gain on financial assets at fair value through profit and loss	**9**	11
Gain on disposal of property, plant and equipment	**33**	82
Gain on termination of lease contracts	**11**	—
Impairment loss on property, plant and equipment	**(4)**	(8)
Impairment loss on other assets	**(1)**	—
Impairment loss on right-of-use assets	**(—*)**	—
Net exchange gain (loss)	**20**	(9)
Gain on insurance recovery	**6**	9
Accelerated depreciation and amortisation	**(10)**	(75)
Net gain (loss) on disposal of other assets	**(15)**	1
Others	**(25)**	(34)
	41	(8)

8. FINANCE COSTS

	2024 US$'million	2023 US$'million
Interest on senior unsecured notes	**(77)**	(78)
Interest on bank and other loans	**(47)**	(69)
Interest on lease liabilities	**(19)**	(21)
Amortisation of transaction costs	**(4)**	(4)
Less: Amounts capitalised in the cost of qualifying assets	**—***	3
	(147)	(169)

* Less than US$1 million.

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Notes	2024 US$'million	2023 US$'million
Auditor's remuneration			
Audit services		**8**	6
Non-audit services		**2**	1
Depreciation of property, plant and equipment	14	**622**	652
Depreciation of right-of-use assets	16	**91**	116
Amortisation of intangible assets included in administrative expenses	19	**10**	11
Inventories provisions, net, included in cost of sales		**40**	101
Recognition of impairment loss on trade receivables, net, included in administrative expenses	23	**—***	4
Recognition of impairment loss on other receivables, net, included in administrative expenses		**2**	—
Lease payments not included in the measurement of lease liabilities		**172**	171
Research and development expenses		**173**	204
Staff costs (excluding directors' remuneration)		**4,131**	4,101
Legal contingencies		**65**	153

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

* Less than US$1 million.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Companies Ordinance, is as follows:

Name of director	Fees US$'million	Basic salaries and allowances US$'million	Performance bonus US$'million (Note (i))	Share-based payments US$'million	Termination benefits US$'million	Retirement benefit scheme contributions US$'million	2024 Total US$'million
A) EXECUTIVE DIRECTORS							
Mr. Wan Long	—	1	—*	—	—	—	2
Mr. Guo Lijun	—	1	—*	—	—	—*	1
Mr. Wan Hongwei	—	1	—*	—	—	—*	1
Mr. Charles Shane Smith (notes (v))	—	2	12	—	—	—*	14
Mr. Ma Xiangjie	—	1	—	—	—	—*	1
	—	6	12	—	—	1	19

The executive directors' emoluments shown above were paid and payable for their services for the year ended 31 December 2024 in connection with the management of the affairs of the Company and the Group.

Name of director	Fees US$'million	Basic salaries and allowances US$'million	Performance bonus US$'million (Note (i))	Share-based payments US$'million	Termination benefits US$'million	Retirement benefit scheme contributions US$'million	2024 Total US$'million
B) NON-EXECUTIVE DIRECTOR							
Mr. Jiao Shuge	—	—	—	—	—	—	—

No emoluments was paid to the non-executive director shown above for his service as director of the Company or its subsidiaries.

Name of director	Fees US$'million	Basic salaries and allowances US$'million	Performance bonus US$'million (Note (i))	Share-based payments US$'million	Termination benefits US$'million	Retirement benefit scheme contributions US$'million	2024 Total US$'million
C) INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Huang Ming	—*	—	—	—	—	—	—*
Mr. Lau, Jin Tin Don	—*	—	—	—	—	—	—*
Ms. Zhou Hui	—*	—	—	—	—	—	—*
	—*	—	—	—	—	—	—*

The independent non-executive directors' emoluments shown above were paid and payable for their services for the year ended 31 December 2024 as directors of the Company.

Total for the year ended 31 December 2024	19

Notes:

(i) Performance related incentive payments are recommended by the remuneration committee of the Company and are approved by the board of directors, with reference to the Group's operating results, individual performance and comparable market statistics.

(ii) No director nor the Chief Executive Officer waived any emoluments in respect of the year ended 31 December 2024.

(iii) There were no loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities subsisted at the end of the year or at any time during the year ended 31 December 2024.

(iv) No consideration was provided to or receivable by any third party for making available the services of a person as a director of the Company, or in any capacity while as a director at the end of the year or at any time during the year ended 31 December 2024.

(v) Mr. Charles Shane Smith resigned as an executive director on 28 January 2025.

* Less than US$1 million.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Name of director	Fees US$'million	Basic salaries and allowances US$'million	Performance bonus US$'million (Note (i))	Share-based payments US$'million	Termination benefits US$'million	Retirement benefit scheme contributions US$'million	2023 Total US$'million
A) EXECUTIVE DIRECTORS							
Mr. Wan Long	—	1	—	—	—	—	1
Mr. Guo Lijun	—	1	—	—	—	—*	1
Mr. Wan Hongwei	—	1	—	—	—	—*	1
Mr. Charles Shane Smith	—	2	2	—	—	1	5
Mr. Ma Xiangjie	—	1	—	—	—	—*	1
	—	6	2	—	—	1	9
The executive directors' emoluments shown above were paid and payable for their services for the year ended 31 December 2023 in connection with the management of the affairs of the Company and the Group.							
B) NON-EXECUTIVE DIRECTOR							
Mr. Jiao Shuge	—	—	—	—	—	—	—
No emoluments was paid to the non-executive director shown above for his service as director of the Company or its subsidiaries.							
C) INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Huang Ming	—*	—	—	—	—	—	—*
Mr. Lau, Jin Tin Don	—*	—	—	—	—	—	—*
Ms. Zhou Hui	—*	—	—	—	—	—	—*
	—*	—	—	—	—	—	—*
The independent non-executive directors' emoluments shown above were paid and payable for their services for the year ended 31 December 2023 as directors of the Company.							
Total for the year ended 31 December 2023							9

Notes:

(i) Performance related incentive payments were recommended by the remuneration committee of the Company and were approved by the board of directors, with reference to the Group's operating results, individual performance and comparable market statistics.

(ii) No director nor the Chief Executive Officer waived any emoluments in respect of the year ended 31 December 2023.

(iii) There were no loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities subsisted at the end of the year or at any time during the year ended 31 December 2023.

(iv) No consideration was provided to or receivable by any third party for making available the services of a person as a director of the Company, or in any capacity while as a director at the end of the year or at any time during the year ended 31 December 2023.

* Less than US$1 million.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

The five highest paid individuals for the year ended 31 December 2024 included one director of the Company (2023: one), details of whose emoluments are set out above. The emoluments of the remaining four (2023: four) non-director highest paid individuals during the year were as follows:

	2024 US$'million	2023 US$'million
Employees		
Basic salaries and allowances	4	4
Performance bonus	23	12
Retirement benefit scheme contributions	1	2
Termination benefit	—	—
	28	18

The remaining non-director highest paid individuals were within the following bands:

	Number of employees	
	2024	2023
HK$26,000,001 to HK$26,500,000	—	1
HK$33,500,001 to HK$34,000,000	—	1
HK$41,500,001 to HK$42,000,000	—	1
HK$44,000,001 to HK$44,500,000	—	1
HK$52,000,001 to HK$52,500,000	1	—
HK$53,500,001 to HK$54,000,000	1	—
HK$56,500,001 to HK$57,000,000	1	—
HK$60,000,001 to HK$60,500,000	1	—

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

There are no forfeited contribution that may be used by the Group as the employer to reduce the existing level of contributions.

11. TAXATION

	2024 US$'million	2023 US$'million
China income tax	**(226)**	(220)
U.S. income tax	**(130)**	(33)
Europe income taxes	**(49)**	(24)
Other income taxes	**(—*)**	(—*)
Withholding tax	**(42)**	(39)
Deferred taxation	**(110)**	119
	(557)	(197)

Under the China law on Enterprise Income Tax (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the tax rate of the China subsidiaries is 25% except for the following:

(i) According to the Implementation Regulation of the EIT Law and the EIT exemptions regulation set out in the Circular of the Ministry of Finance and the State Taxation Administration on Releasing the Primary Processing Ranges of Agricultural Products Entitled to Preferential Policies on Enterprise Income Tax (Trial Implementation) (Cai Shui [2008] No. 149) and the requirements of Article 86 of the Implementation Regulation of the EIT Law, the income from various China subsidiaries of the Company engaging in primary processing for agricultural products is exempted from EIT.

(ii) Pursuant to the related regulations in respect of the Implementation Regulation of the EIT Law, the income from various China subsidiaries of the Company engaging in projects of poultry feeding was entitled to exemption from EIT during both years.

(iii) Pursuant to the related regulations in respect of the Notice of Extension of Income Tax Policy for Enterprise Involved in Western China Development issued by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission (Notice of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission (2020) No.23), various China subsidiaries of the Company were entitled to a preferential income tax rate of 15% during both years.

(iv) According to the Implementation Regulation of the EIT Law and the Circular of State Administration of Taxation on Issues Concerning Implementation of Preferential Income Tax Enjoyed by High-and-new-tech Enterprises (Guo Shui Han [2009] No. 203), high-and-new-tech enterprises are levied enterprise income tax at 15%. Various China subsidiaries of the Company are classified as high-and-new-tech enterprises and were entitled to enjoy a preferential income tax rate of 15% during both years.

* Less than US$1 million.

11. TAXATION (Continued)

According to Articles 3 and 27 of the EIT Law and Article 91 of its Implementation Rules, dividends distributed to foreign investors out of the profits generated by China subsidiaries are subject to EIT at 10% or a reduced tax rate if a tax treaty or arrangement applies. Under the relevant tax arrangement, the withholding tax rate on dividend distribution to the qualifying Hong Kong resident companies is 5%. Deferred tax liabilities on the undistributed profits earned by the China subsidiaries have been accrued at the tax rate of 5% for the years ended 31 December 2024 and 31 December 2023.

The U.S. federal tax rate is 21% for the years ended 31 December 2024 and 31 December 2023.

For the year ended 31 December 2024, the Group's businesses in Europe were subject to the local corporate income taxes at rates ranging from 9% to 21% (2023: 9% to 21%).

Other overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions in which the Group operates.

The Group has assessed its potential exposure to Pillar Two income taxes based on the information available regarding the Group's financial performance in the current year and prior years 2023 and 2022. As such, the information used may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the transitional safe harbour for most of the jurisdictions in which the Group operates. Among the remaining jurisdictions, there are only a limited number of jurisdictions where the Pillar Two effective tax rate is slightly below 15%. The Group does not expect material exposure to Pillar Two income taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements. The Group has no current tax expense related to Pillar Two income taxes for the years ended 31 December 2024 and 31 December 2023.

11. TAXATION (Continued)

The tax charge for both years is reconciled to the profit before tax as follows:

	2024		2023	
	US$'million	%	US$'million	%
Profit before tax	**2,410**		1,057	
Tax at the applicable rates (Note)	**(572)**	**(23.7)**	(271)	(25.6)
Tax effect of share of profits (losses) of associates and joint ventures	**2**	**—**	11	1.0
Tax effect of income that is not taxable in determining current year taxable profit	**18**	**0.8**	7	0.7
Tax effect of expenses that are not deductible in determining current year taxable profit	**(36)**	**(1.5)**	(14)	(1.3)
Tax effect of tax losses not recognised	**(29)**	**(1.2)**	(36)	(3.4)
Utilisation of tax losses previously not recognised	**—***	**—**	—*	—
Effect of tax exemptions and preferential tax rates granted to China subsidiaries	**37**	**1.5**	52	4.9
Effect of tax exemptions and preferential tax rates granted to the U.S. and Europe subsidiaries	**16**	**0.7**	30	2.8
Increase in taxes payable for tax of prior periods due to Europe Tax Reform	**(4)**	**(0.2)**	—	—
Withholding tax on undistributed earnings of subsidiaries	**(42)**	**(1.7)**	(21)	(2.0)
Recognition of deferred tax arising from tax losses previously not recognised	**14**	**0.6**	—*	—
Over (under) provision in prior years	**9**	**0.4**	(1)	(0.1)
Tax effect of tax losses recognised on intra-group transactions	**30**	**1.2**	46	4.4
Tax charge and effective tax rate for the year	**(557)**	**(23.1)**	(197)	(18.6)

Note: As the Group's revenue is generated in several jurisdictions, the directors of the Company consider that it is more meaningful to aggregate the separate reconciliations prepared using the domestic rate in each individual jurisdiction.

Details of recognised and unprovided deferred taxation are set out in note 31 to the consolidated financial statements.

* Less than US$1 million.

12. DIVIDENDS

	2024 US$'million	2023 US$'million
Dividends recognised as distribution during the year:		
2023 final dividend of HK$0.25 per share (2022: HK$0.25)	410	409
2024 interim dividend of HK$0.10 per share (2023: HK$0.05)	164	81
	574	490

The final dividend of HK$0.40 per share in respect of the year ended 31 December 2024 has been proposed by the directors and is subject to approval at the forthcoming annual general meeting.

On 6 February 2025, the Company declared a distribution in specie of one share of Smithfield Foods, Inc. ("**Smithfield**") or cash alternative for every 9,300 Company's shares held. On 28 February 2025, the Company further declared a special cash dividend of HK$0.18 per share.

13. 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:

	2024 US$'million	2023 US$'million
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	1,612	629

	million shares	million shares
Number of shares		
Weighted average number of ordinary shares for the purpose of basis and diluted earnings per share (Note)	12,830	12,830

Note: Diluted earnings per share for the years ended 31 December 2024 and 31 December 2023 were the same as the basic earnings per share as there were no potentially dilutive ordinary share in existence during the years.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land US$'million	Buildings US$'million	Motor vehicles US$'million	Plant, machinery and equipment US$'million	Construction in progress US$'million	Total US$'million
Cost:						
At 1 January 2023	568	3,623	177	5,451	765	10,584
Currency realignment	14	10	7	30	1	62
Additions	—	—	3	21	631	655
Acquisition of subsidiaries (Note 34)	1	9	1	12	1	24
Transfer	2	438	19	487	(946)	—
Transfer to held for sale asset	—	(3)	—	—	—	(3)
Disposal	(1)	(8)	(9)	(122)	—	(140)
At 31 December 2023 and 1 January 2024	**584**	**4,069**	**198**	**5,879**	**452**	**11,182**
Currency realignment	**(20)**	**(117)**	**(7)**	**(109)**	**(7)**	**(260)**
Additions	**—**	**—**	**5**	**16**	**595**	**616**
Acquisition of a subsidiary (Note 34)	**7**	**14**	**—**	**51**	**—**	**72**
Transfer	**5**	**199**	**9**	**482**	**(695)**	**—**
Disposal	**(59)**	**(67)**	**(9)**	**(228)**	**(1)**	**(364)**
At 31 December 2024	**517**	**4,098**	**196**	**6,091**	**344**	**11,246**

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold land US$'million	Buildings US$'million	Motor vehicles US$'million	Plant, machinery and equipment US$'million	Construction in progress US$'million	Total US$'million
Depreciation and impairment:						
At 1 January 2023	—	1,115	75	2,858	—	4,048
Currency realignment	—	(1)	3	(9)	—	(7)
Provided for the year	—	175	22	455	—	652
Impairment loss recognised in profit or loss	—	5	—	3	—	8
Transfer to held for sale asset	—	(2)	—	(1)	—	(3)
Disposal	—	(5)	(8)	(105)	—	(118)
At 31 December 2023 and 1 January 2024	—	1,287	92	3,201	—	4,580
Currency realignment	—	(27)	(1)	(59)	—	(87)
Provided for the year	—	169	21	432	—	622
Impairment loss recognised in profit or loss	1	1	—	2	—	4
Disposal	—	(56)	(9)	(201)	—	(266)
At 31 December 2024	1	1,374	103	3,375	—	4,853
Carrying values:						
At 31 December 2024	516	2,724	93	2,716	344	6,393
At 31 December 2023	584	2,782	106	2,678	452	6,602

Certain of the Group's buildings of US$1,420 million as at 31 December 2024 (2023: US$1,480 million) are erected on land held in China while the rest are erected on freehold land situated in the U.S. and Europe.

As at 31 December 2024, the application for obtaining the ownership certificates of buildings in China with an aggregate carrying value of approximately US$196 million (2023: US$200 million) was still in progress.

Property, plant and equipment with a carrying amount of approximately US$4 million (2023: US$8 million) have been fully impaired and recognised in profit or loss for the year ended 31 December 2024.

15. PROPERTIES UNDER DEVELOPMENT

Properties under development expected to be completed:

	2024 US$'million	2023 US$'million
Within the normal operating cycle included under current assets	43	77

Properties under development expected to be completed within the normal operating cycle and recovered:

	2024 US$'million	2023 US$'million
Within one year	27	33
After one year	16	44
	43	77

16. LEASES

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings US$'million	Land US$'million	Plant, machinery and equipment US$'million	Motor vehicles US$'million	Contract farms US$'million	Total US$'million
At 1 January 2023	292	276	39	41	101	749
Currency realignment	1	(8)	—	—	—	(7)
Additions	10	13	15	19	8	65
Depreciation	(30)	(10)	(16)	(16)	(44)	(116)
Terminated	(1)	—	—	(1)	(4)	(6)
Remeasurement	—	—	—	2	—	2
At 31 December 2023 and 1 January 2024	272	271	38	45	61	687
Currency realignment	(—*)	(6)	(—*)	(—*)	—*	(6)
Additions	3	—	8	23	2	36
Depreciation	(31)	(9)	(12)	(19)	(20)	(91)
Terminated	—	(9)	—	(2)	(7)	(18)
Impairment loss	(—*)	—	—	—	—	(—*)
Remeasurement	—	—	—	—	(1)	(1)
At 31 December 2024	244	247	34	47	35	607

* Less than US$1 million.

16. LEASES (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 US$'million	2023 US$'million
As at 1 January	**490**	534
New leases	**36**	53
Interest expenses	**19**	21
Payments	**(99)**	(115)
Terminated	**(29)**	(6)
Currency realignment	**(3)**	3
As at 31 December	**414**	490
Analysed for reporting purposes as:		
Current liabilities	**71**	99
Non-current liabilities	**343**	391
	414	490

The maturity analysis of lease liabilities is disclosed in note 37 to the consolidated financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 US$'million	2023 US$'million
Interest on lease liabilities	**19**	21
Depreciation charge of right-of-use assets	**91**	116
Expenses relating to short-term leases	**140**	141
Variable lease payments not included in the measurement of lease liabilities	**32**	30
Gain on termination of lease contracts	**(11)**	—
	271	308

16. LEASES (Continued)

(d) Extension and termination options

The Group has leases with remaining lease terms ranging from more than 1 year to 32 years (2023: 1 year to 33 years). The leases containing extension and termination options are managed locally and vary in terms. The Group has included extension or termination options in the measurement of the lease obligations when it is reasonably certain to exercise the options.

(e) Variable lease payments

The Group has leases containing variable lease payment terms not depending on an index or rate for hog raising facilities, buildings, motor vehicles, machinery and equipment. Management is responsible for negotiating the lease terms and each term may vary depending on the underlying asset and reportable segment. Variable lease payment terms are based on a multiple of factors including the overall usage of the underlying asset, maintenance and repair services, property taxes and insurance.

The Group expects the overall financial impact for future years to be consistent with the variable lease payments that were incurred during the years ended 31 December 2024 and 31 December 2023.

(f) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 35(c) and 37, respectively, to the financial statements.

17. BIOLOGICAL ASSETS

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 broilers which are classified as current assets. Biological assets also include breeding stock (hogs and poultry), which are used to produce future live hogs and broilers, are classified as non-current assets of the Group. The quantities of live hogs, broilers and breeding stock owned by the Group at the end of each reporting period are as follows:

	2024 **Head 'million**	2023 Head 'million
Live hogs		
Suckling	**2**	2
Nursery	**2**	1
Finishing	**8**	8
	12	11
Breeding stock (hogs)	**1**	1
	13	12
Broilers	**19**	24
Breeding stock (poultry)	**3**	3
	22	27

17. BIOLOGICAL ASSETS (Continued)

Hogs

In general, once a sow is inseminated, it will gestate for a period of 112 to 115 days. New born hogs are classified as "suckling". The suckling hogs will stay with their mother for three to four weeks at which time they will be weaned. Once the suckling hogs are weaned, at approximately 1 to 8 kilograms, they are transferred to the "nursery".

The nursery facilities are designed to meet the needs of newly weaned pigs. They are fed with a series of specially formulated diets to meet their changing nutritional needs. The pigs will stay in the nursery for approximately 8 weeks where they will grow to approximately 8 to 45 kilograms and then be transferred to the "finishing" farm.

Finishing hogs typically stay in this phase for 12 to 31 weeks. During that time, they will grow to approximately 45 to 125 kilograms and be considered as a live hog with market value. Once the hog reaches the ideal weight, they are loaded onto specially designed trucks for transport to the processing facility.

Poultry

In general, once a pullet lays eggs, the eggs will be sent to the hatchery and it will take approximately 21 days to be hatched. The hatched chicks are then sent to the broiler farm.

The chicks are fed with a series of specially formulated diets to meet their nutrition needs. The chicks will stay in the broiler farm for approximately 41 days where they will grow to approximately 2 kilograms and then be considered as a broiler with market value.

Once the broiler reaches the market weight, they are loaded onto specially designed trucks for transport to the processing facility.

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 aiming at complying 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 aiming at monitoring and mitigating those risks, including regular inspections, disease controls and insurance.

17. BIOLOGICAL ASSETS (Continued)

Carrying value of the Group's biological assets

	Live hogs		Breeding stock (hogs)		Broilers		Breeding stock (poultry)		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	US$'million	US$'million	**US$'million**	US$'million	**US$'million**	US$'million	**US$'million**	US$'million	**US$'million**	US$'million
Carrying value at 1 January	**1,111**	1,308	**186**	193	**38**	35	**28**	8	**1,363**	1,544
Currency realignment	**(26)**	29	**(5)**	4	**(1)**	—	**(1)**	—	**(33)**	33
Breeding costs	**5,692**	9,398	**138**	188	**605**	713	**44**	54	**6,479**	10,353
Gain (loss) arising from changes in fair value less costs to sell of biological assets	**33**	(169)	**(18)**	(53)	**(10)**	14	**7**	18	**12**	(190)
Transfer to inventories at the point of harvest	**(5,335)**	(9,124)	**(78)**	(86)	**(599)**	(668)	**(10)**	(10)	**(6,022)**	(9,888)
Decrease due to culling	**(273)**	(331)	**(43)**	(60)	**—***	(56)	**(42)**	(42)	**(358)**	(489)
Carrying value at 31 December	**1,202**	1,111	**180**	186	**33**	38	**26**	28	**1,441**	1,363

Analysed for reporting purposes as:

	2024 US$'million	2023 US$'million
Current assets	**1,235**	1,149
Non-current assets	**206**	214
	1,441	1,363

* Less than US$1 million.

17. BIOLOGICAL ASSETS (Continued)

Fair value measurement — Level 3

	2024 US$'million	2023 US$'million
Biological assets		
Live hogs	**1,202**	1,111
Breeding stock (hogs)	**180**	186
Broilers	**33**	38
Breeding stock (poultry)	**26**	28
	1,441	1,363

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

The fair value of breeding stock (poultry) is determined by the replacement cost method, which is based on the cost of restoring the breeders to their original condition, taking into account the newness and residual value. The estimated fair value will increase when there is an increase in the chicken breeds price or breeding cost or decrease in the culling rate, and vice versa.

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

Changes in fair value less costs to sell of biological assets include changes in the fair value of the hogs and poultry at the end of both years. The Group's biological assets were valued by the independent qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**") situated at 7/F, One Taikoo Place, 979 King's Road, Hong Kong.

17. BIOLOGICAL ASSETS (Continued)

Fair value measurement — Level 3 (Continued)

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

	2024 RMB	2023 RMB
China		
Breeding stock (hogs)		
Per head market price[(1)]	**2,820**	3,222
Suckling hogs		
Per head cost[(2)]	**993**	627
Finishing hogs		
Per head market price[(3)]	**1,220**	950
Per head weekly average breeding costs required to raise to finishing hogs[(5)]	**84**	111
Breeding stock (poultry)		
Per head cost[(4)]	**110**	108
Per head market price[(1)]	**25**	25
Culling rate	**0.00%–15.69%**	0.00%–14.54%
Broilers		
Per head market price[(3)]	**20**	17
Per head average breeding costs required to raise to broilers[(5)]	**19**	22

17. BIOLOGICAL ASSETS (Continued)

Fair value measurement — Level 3 (Continued)

	2024 US$	2023 US$
U.S.		
Breeding stock — Sow (hogs)		
Per head market price[(1)]	202	181
Breeding stock — Boar (hogs)		
Per head market price[(1)]	63	69
Suckling hogs		
Per head cost[(2)]	36	41
Finishing hogs		
Per head market price[(3)]	166	155
Per head weekly average breeding costs required to raise to finishing hogs[(5)]	3.4	3.6

	2024 US$	2023 US$
Europe		
Breeding stock — Sow (hogs)		
Per head market price[(1)]	177	171
Breeding stock — Boar (hogs)		
Per head market price[(1)]	163	138
Suckling hogs		
Per head cost[(2)]	34	36
Finishing hogs		
Per head market price[(3)]	182	212
Per head weekly average breeding costs required to raise to finishing hogs[(5)]	3.3	3.5

17. BIOLOGICAL ASSETS (Continued)

Fair value measurement — Level 3 (Continued)

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 suckling 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 are finishing hogs/broilers that are 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 of breeding stock (poultry) — The replacement cost is the price of the chicken breeds plus the cost of each breeder to the breeding period. The breeding period of poultry is 25 weeks, and the production period range from 25 weeks to 64 weeks.

5. 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.

18. GOODWILL

	2024 US$'million	2023 US$'million
Cost:		
At 1 January	2,043	1,992
Acquisition of subsidiaries (Note 34)	89	27
Currency realignment	(32)	24
At 31 December	2,100	2,043
Accumulated impairment losses:		
At 1 January and 31 December	—	—
Carrying value:		
At 31 December	2,100	2,043

18. GOODWILL (Continued)

Impairment testing on goodwill

Based on the Group's business units, goodwill has been allocated for impairment testing purposes to the following CGUs:

- Pork
- Packaged meats
- Poultry

The carrying amount of goodwill allocated to the CGUs is as follows:

	2024 US$'million	2023 US$'million
Allocated to		
Pork — China	45	47
Packaged meats — China	130	133
Pork — North America	109	123
Packaged meats — North America	1,489	1,489
Packaged meats — Europe	202	122
Pork — Europe	120	124
Poultry — Europe	5	5
	2,100	2,043

An impairment review of these CGUs is undertaken annually or when events or circumstances indicate that the carrying amounts of CGUs may not be recoverable. The recoverable amounts of these CGUs have been determined by the value in use method using cash flow projections performed by the management for both years ended 31 December 2024 and 31 December 2023.

For the purpose of impairment testing, the Group prepares cash flow projections and the recoverable amounts of these CGUs are calculated by using pre-tax cash flow projections based on a 5-year (2023: 3-year/5-year) financial budget approved by management and extrapolation of cash flows beyond the 5-year (2023: 3-year/5-year) budget period.

18. GOODWILL (Continued)

Impairment testing on goodwill (Continued)

Key assumptions used in the cash flow projections of pork in China, North America, and Europe covering a 5-year (2023: 3-year/5-year) budget period and extrapolated cash flows beyond the budget period are as follows:

	China		North America		Europe	
	2024	2023	**2024**	2023	**2024**	2023
	%	%	**%**	%	**%**	%
Revenue growth rate (Note i)	**5.5–8.7**	5.6–28.5	**1.6–4.9**	(8.2)–9.8	**1.5**	3.0
Long-term growth rate (Note ii)	**2**	2	**2–3**	2–3	**1.5**	4
Discount rate (Note iii)	**10.2**	9.5	**8–9**	9–12	**10**	10

Key assumptions used in the cash flow projections of packaged meats in China, North America, and Europe covering a 5-year (2023: 3-year/5-year) budget period and extrapolated cash flows beyond the budget period are as follows:

	China		North America		Europe	
	2024	2023	**2024**	2023	**2024**	2023
	%	%	**%**	%	**%**	%
Revenue growth rate (Note i)	**4.6–7.0**	8.7–13.1	**2.0**	3.0	**1.5**	3.0
Long-term growth rate (Note ii)	**2**	2	**2.1**	2	**1.5**	4
Discount rate (Note iii)	**10.2**	9.5	**8**	9	**10**	10

Key assumptions used in the cash flow projections of poultry in Europe covering a 5-year budget period and extrapolated cash flows beyond the budget period are as follows:

	2024	2023
	%	%
Revenue growth rate (Note i)	**1.5**	3.0
Long-term growth rate (Note ii)	**1.5**	3.5
Discount rate (Note iii)	**10**	10

Notes:

i. Management determined the revenue growth rate over a 5-year (2023: 3-year/5-year) budget period with reference to the past performance and its expectations for the market development.

ii. The long-term growth rate used does not exceed the long-term growth rate for the meat production business in which it operates.

iii. The discount rate used is the pre-tax discount rate applied to the cash flow projections which reflects specific risks relating to the CGUs.

No impairment loss is recognised at the end of both years based on the impairment assessment performed. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGUs to exceed the aggregate recoverable amount of the CGUs.

19. INTANGIBLE ASSETS

	Trademarks US$'million	Distribution network US$'million	Patents US$'million	Customer relations US$'million	Contract farm relations US$'million	Rights and permits US$'million	Total US$'million
Cost:							
At 1 January 2023	1,663	5	1	87	40	6	1,802
Currency realignment	1	—	—	—	—	—	1
At 31 December 2023 and 1 January 2024	**1,664**	**5**	**1**	**87**	**40**	**6**	**1,803**
Acquisition of a subsidiary (note 34)	**—**	**—**	**—**	**—**	**—**	**12**	**12**
Currency realignment	**(6)**	**—**	**—**	**—**	**—**	**—**	**(6)**
At 31 December 2024	**1,658**	**5**	**1**	**87**	**40**	**18**	**1,809**
Amortisation and impairment:							
At 1 January 2023	15	—	1	48	19	2	85
Currency realignment	—	—	—	—*	—	—	—*
Amortisation provided for the year	4	—	—	5	2	—	11
At 31 December 2023 and 1 January 2024	**19**	**—**	**1**	**53**	**21**	**2**	**96**
Currency realignment	**5**	**—**	**—**	**—***	**—**	**(1)**	**4**
Amortisation provided for the year	**3**	**—**	**—**	**5**	**2**	**—**	**10**
At 31 December 2024	**27**	**—**	**1**	**58**	**23**	**1**	**110**
Carrying values:							
At 31 December 2024	**1,631**	**5**	**—**	**29**	**17**	**17**	**1,699**
At 31 December 2023	1,645	5	—	34	19	4	1,707

Customer relations, contract farm relations, rights and permits and certain trademarks are amortised over their estimated useful lives of 5 to 25 years.

Trademarks, distribution network and patents acquired in the business combinations are identified and recognised as intangible assets with indefinite useful lives and carried at historical cost without amortisation for the following reasons:

— they are capable of being renewed indefinitely at insignificant cost; and

— there is no foreseeable limit to the period over which the asset is expected to generate net cash flows, based on an analysis of all of the relevant factors.

* Less than US$1 million.

19. INTANGIBLE ASSETS (Continued)

Impairment testing on intangible assets

Based on the Group's business units, trademarks and distribution network have been allocated for impairment testing purposes to the following CGUs:

- Pork
- Packaged meats

The carrying amounts of trademarks and distribution network were allocated to CGUs as follows:

	2024 US$'million	2023 US$'million
Allocated to		
Pork — China	**46**	47
Packaged meats — China	**266**	275
Pork — North America	**235**	235
Packaged meats — North America	**981**	981
Packaged meats — Europe	**108**	112
	1,636	1,650

An impairment review of these CGUs is undertaken annually or when events or circumstances indicate that the carrying amounts of CGUs may not be recoverable. The recoverable amounts of these CGUs have been determined by the value in use method using cash flow projections by management for the years ended 31 December 2024 and 31 December 2023.

For the purpose of impairment testing, the Group prepares cash flow projections based on a 5-year (2023: 3-year/5-year) financial budgets approved by management and extrapolation of cash flows beyond the 5-year (2023: 3-year/5-year) budget period.

Key assumptions used in the cash flow projections of trademarks and distribution network of pork covering a 5-year (2023: 3-year/5-year) budget period and extrapolated cash flows beyond the budget period are as follows:

	China		**North America**	
	2024 %	2023 %	**2024 %**	2023 %
Revenue growth rate (Note i)	**5.5–8.7**	5.6–28.5	**2.0**	2.0
Long-term growth rate (Note ii)	**2**	2	**2**	2
Discount rate (Note iii)	**13.2**	15	**8**	9

19. INTANGIBLE ASSETS (Continued)

Impairment testing on intangible assets (Continued)

Key assumptions used in the cash flow projections of trademarks and distribution network of packaged meat covering a 5-year (2023: 3-year/5-year) budget period and extrapolated cash flows beyond the budget period are as follows:

	China		North America		Europe	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
Revenue growth rate (Note i)	**4.6–7.0**	8.7–13.1	**2.0**	3.0	**1.5**	3.0
Long-term growth rate (Note ii)	**2**	2	**2**	2	**1.5**	3
Discount rate (Note iii)	**13.2**	15	**8**	9	**10**	10

Notes:

i. Management determined the revenue growth rate over a 5-year (2023: 3-year/5-year) budget period with reference to the past performance and its expectations for the market development.

ii. The long-term growth rate used does not exceed the long-term growth rate for the meat production business in which it operates.

iii. The discount rate used is the pre-tax discount rate applied to the cash flow projections which reflects specific risks relating to the trademarks and distribution network.

The Group has not recognised any impairment loss in respect of trademarks and distribution network for the year ended 31 December 2024 (2023: Nil) based on the impairment assessment performed. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the trademarks and distribution network to exceed the aggregate recoverable amount of these assets.

20. INTERESTS IN ASSOCIATES

	2024 US$'million	2023 US$'million
Share of net assets	145	134

All the Group's associates are not considered as individually material as at 31 December 2024 and 31 December 2023. The aggregate amounts of its share of these associates are set out in the consolidated financial statements.

Aggregate information of associates that are not individually material is set out below:

	2024 US$'million	2023 US$'million
The Group's share of profits (losses) and total comprehensive income for the year	6	(4)
Dividends received during the year	3	4

21. INTERESTS IN JOINT VENTURES

	2024 US$'million	2023 US$'million
Share of net assets	95	90

All the Group's joint ventures are not considered as individually material as at 31 December 2024 and 31 December 2023. The aggregate amounts of its share of these joint ventures are set out in the consolidated financial statements.

Aggregate information of joint ventures that are not individually material is set out below:

	2024 US$'million	2023 US$'million
The Group's share of profits (losses) and total comprehensive income for the year	5	(34)
Dividends received during the year	5	10

22. INVENTORIES

	2024 US$'million	2023 US$'million
Raw materials	1,242	1,425
Work in progress	315	172
Finished goods	1,248	1,322
	2,805	2,919

23. TRADE AND BILLS RECEIVABLES

	2024 US$'million	2023 US$'million
Trade receivables	899	887
Impairment	(13)	(16)
	886	871
Bills receivable	2	2
	888	873

The general credit term allowed by the Group to its customers is within 30 days in China operations while the credit terms vary depending on the sales channel and customers for the U.S. and other countries' operations. The following is an aging analysis of the trade and bills receivables net of loss allowance presented based on the dates of delivery of goods which approximated the respective dates on which revenue was recognised:

	2024 US$'million	2023 US$'million
Current to 30 days	786	784
31 to 90 days	87	88
91 to 180 days	8	1
Over 180 days	7	—*
	888	873

Included in trade and bills receivables of US$9 million (2023: Nil) were amounts due from associates/joint ventures (Note 42(b)).

* Less than US$1 million.

23. TRADE AND BILLS RECEIVABLES (Continued)

Before accepting any new customers, the Group uses past experience to assess the potential customers' credit quality and defines credit limits for the customers. Limits attributed to customers are reviewed regularly.

In determining the recoverability of the trade receivables, the Group monitors the change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. The directors of the Company considered that the concentration of credit risk is limited due to a large and unrelated customer base of the Group.

No interest is charged on trade receivables. Loss allowances are made based on the estimated irrecoverable amounts from the sales of goods by reference to past default experience and objective evidences of impairment determined by the difference between the carrying amount and the present value of the estimate future cash flows discounted at the original effective interest rate.

As at 31 December 2024, trade receivables of US$374 million (2023: US$370 million) were pledged as security for certain credit facilities of the Group (Note 40).

Movement in loss allowance for impairment of trade receivables:

	2024 US$'million	2023 US$'million
At 1 January	**(16)**	(11)
Impairment losses, net	**(—*)**	(4)
Currency realignment	**3**	(1)
At 31 December	**(13)**	(16)

Impairment

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

* Less than US$1 million.

23. TRADE AND BILLS RECEIVABLES (Continued)

Impairment (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2024

	Current to 90 days past due	91–180 days past due	More than 180 days past due	Total
Expected loss rate	**0.32%**	**16.52%**	**58.14%**	**1.48%**
Gross carrying amount (US$'million)	**874**	**10**	**15**	**899**
Loss allowance provision (US$'million)	**3**	**2**	**8**	**13**

31 December 2023

	Current to 90 days past due	91–180 days past due	More than 180 days past due	Total
Expected loss rate	0.42%	93.75%	95.53%	1.70%
Gross carrying amount (US$'million)	875	8	4	887
Loss allowance provision (US$'million)	4	8	4	16

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 US$'million	2023 US$'million
Prepayments	143	108
Loans receivables	79	45
Deposits paid to suppliers	65	55
Receivables from financial institutions	—	14
Deposits placed with financial institutions	107	—
Derivative financial instruments (Note 26)	11	63
Value-added tax recoverable	131	116
Others	116	170
	652	571
Analysed for reporting purposes as:		
Current assets	568	503
Non-current assets	84	68
	652	571

25. DEBT INVESTMENTS AT AMORTISED COST AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 US$'million	2023 US$'million
Debt investments at amortised cost	179	469
Financial assets at fair value through profit or loss		
Unlisted investments:		
Financial products	308	77
Equity investments	2	2
	310	79
Listed investments:		
Equity investments	2	9
	312	88
Analysed for reporting purposes as:		
Current assets	310	86
Non-current assets	2	2
	312	88

The investments classified as current assets at 31 December 2024 and 31 December 2023 are mainly wealth management products issued by banks and financial institutions in China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The non-current equity investments were measured at FVPL as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

26. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives under hedge accounting

	2024		2023	
	Assets US$'million	Liabilities US$'million	Assets US$'million	Liabilities US$'million
Fair value hedges				
Grain contracts	—*	—*	1	—
Livestock contracts	—	—*	—*	—
Cash flow hedges				
Foreign currency forward contracts	5	—	1	5
Grain contracts	10	1	2	1
Energy contracts	1	6	1	19
Livestock contracts	2	29	33	8
	18	36	38	33

Fair value hedges

The Group entered into derivative instruments (primarily forward contracts) to minimise its exposure to fair value changes of its commitments to buy grains and livestock. The directors of the Company consider that those derivative instruments are highly effective hedging instruments. Major terms of the derivative instruments are set out below:

At 31 December 2024

Derivative instruments	Notional volume Average	Metric	Maturity	Change in fair value used for measuring hedge ineffectiveness for the year US$'million
Commodities contracts				
Grains				2
— Soybeans	248,367	Bushels	Up to December 2025	
— Corn	2,982,000	Bushels	Up to March 2026	
Lean hogs	10,440,000	Pounds	Up to December 2025	2

* Less than US$1 million.

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives under hedge accounting (Continued)

Fair value hedges (Continued)

At 31 December 2023

Derivative instruments	Notional volume Average	Metric	Maturity	Change in fair value used for measuring hedge ineffectiveness for the year US$'million
Commodities contracts				
Grains				13
— Soybeans	45,000	Bushels	Up to November 2024	
— Corn	1,440,000	Bushels	Up to January 2025	
Lean hogs	4,080,000	Pounds	Up to September 2024	4

The hedge ineffectiveness can arise from:

- changes to the forecasted amounts of cash flows of hedged items and hedging instruments
- differences in the timing of cash flows of the forecasted transactions and the hedging instruments

The commodities contracts as at 31 December 2024 and 31 December 2023 are recorded in "Prepayments, other receivables and other assets" and "Accrued expenses and other payables" in the consolidated statement of financial position.

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives under hedge accounting (Continued)

Cash flow hedges

At 31 December 2024 and 31 December 2023, the Group entered into derivative instruments, such as futures, swaps, option contracts and foreign exchange forward contracts designated as highly effective hedging instruments in order to manage the Group's exposure to the variability in expected future cash flows attributable to commodity price risk associated with the forecasted sale of live hogs, pork, and the forecasted purchase of corn and soybean meal as well as foreign currency risk associated with fluctuating foreign currency rates. The terms of the derivative instruments have been negotiated to match the terms of the respective designated hedged items. The major terms of these contracts are as follows:

At 31 December 2024

Derivative instruments	Notional volume Average	Metric	Maturity	Change in fair value used for measuring hedge ineffectiveness for the year US$'million
Commodities contracts				
Lean hogs	1,006,669,000	Pounds	Up to October 2025	48
Grains				(8)
— Corn	41,593,000	Bushels	Up to December 2025	
— Soybean meal	719,000	Tons	Up to December 2025	
Natural gas	6,260,000	British thermal units	Up to December 2026	13
Diesel	7,560,000	Gallons	Up to December 2025	—*
Foreign currency forward contracts	17,590,250	Various currencies	Up to September 2025	—

* Less than US$1 million.

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives under hedge accounting (Continued)

Cash flow hedges (Continued)

At 31 December 2023

Derivative instruments	Notional volume Average	Metric	Maturity	Change in fair value used for measuring hedge ineffectiveness for the year US$'million
Commodities contracts				
Lean hogs	712,467,000	Pounds	Up to December 2024	45
Grains				(14)
— Corn	59,000	Bushels	Up to December 2024	
— Soybean meal	22,907,000	Tons	Up to August 2024	
Natural gas	12,940,000	British thermal units	Up to December 2026	(22)
Foreign currency forward contracts	19,452,483	Various currencies	Up to July 2024	(1)

The hedge ineffectiveness can arise from:

- changes to the forecasted amounts of cash flows of hedged items and hedging instruments
- differences in the timing of cash flows of the forecasted transactions and the hedging instruments

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives under hedge accounting (Continued)

Cash flow hedges (Continued)

The impact of major hedged items on the consolidated financial statements is as follows:

	Total hedging gain (loss) recognised in other comprehensive income US$'million	Amount reclassified from other comprehensive income to profit or loss US$'million	Hedge ineffectiveness recognised in profit or loss US$'million	Deferred net gain (loss) included in other reserve US$'million	Change in fair value used for measuring hedge ineffectiveness for the year US$'million
As at 31 December 2024					
Highly probable forecast lean hog transactions	**(46)**	**18**	**(2)**	**(54)**	**(48)**
Highly probable forecast grain transactions	**(8)**	**(28)**	**—***	**9**	**(8)**
As at 31 December 2023					
Highly probable forecast lean hog transactions	39	5	6	31	45
Highly probable forecast grain transactions	(14)	—*	—*	(52)	(14)

The commodities contracts, interest rate contracts and foreign currency forward contracts as at 31 December 2024 and 31 December 2023 are recorded in "Prepayments, other receivables and other assets" and "Accrued expenses and other payables" in the consolidated statement of financial position.

The hedge ineffectiveness for forecast lean hog and grain transactions is recognised in "Revenue" and "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income, respectively.

* Less than US$1 million.

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives not under hedge accounting

	2024		2023	
	Assets US$'million	Liabilities US$'million	Assets US$'million	Liabilities US$'million
Grain contracts	2	5	6	6
Livestock contracts	—	2	7	5
Energy contracts	22	—*	29	3
Foreign currency forward contracts	1	—	—	—*
	25	7	42	14

Major terms of such derivatives are as follows:

Derivative instruments	Notional volume Average	Metric	Maturity
At 31 December 2024			
Commodities contract			
Soybean meal	72,000	Tons	Up to March 2025
Soybeans	445,000	Bushels	Up to March 2025
Lean hogs	10,240,000	Pounds	Up to October 2025
Corn	24,231,000	Bushels	Up to November 2025
Wind energy	1,828,851	Megawatt-hour	Up to December 2032
Foreign currency forward contracts	232,302,103	US Dollars	Up to February 2025

Derivative instruments	Average notional volume	Metric	Maturity
At 31 December 2023			
Commodities contract			
Wheat	45,000	Bushels	Up to March 2024
Soybean meal	39,000	Tons	Up to August 2024
Lean hogs	107,015,000	Pounds	Up to October 2024
Corn	19,757,000	Bushels	Up to December 2024
Soybeans	452,000	Bushels	Up to November 2024
Natural gas	2,420,000	British thermal units	Up to December 2024
Crude oil	9,000	Barrels	Up to February 2024
Wind energy	2,583,460	Megawatt-hour	Up to December 2032
Foreign currency forward contracts	13,567,973	US Dollars	Up to July 2024

* Less than US$1 million.

27. PLEDGED/RESTRICTED BANK DEPOSITS AND CASH AND BANK BALANCES

At 31 December 2024, bank balances carry interest at market rates ranging from 0.10% to 7.10% (2023: 0.20% to 7.10%) per annum. The pledged and restricted bank deposits carry interest at fixed rates ranging from 0.10% to 4.00% (2023: 0.20% to 4.00%) per annum.

At 31 December 2024, pledged bank deposits represented deposits of US$1 million (2023: US$2 million) pledged to banks for securing banking and trading facilities such as letters of credit and bank loans granted to the Group, and US$2 million (2023: US$2 million) pledged for securing a loan from a third party. These pledged bank deposits will be released upon the settlement of the relevant borrowings or the release of the relevant facilities.

At 31 December 2024, bank balance of US$4 million (2023: US$3 million) is pledged for worker's compensation insurance claims in the U.S. and China.

At 31 December 2024, a subsidiary of the Group, which is engaged in financial services was governed by the law to place US$42 million (2023: US$57 million) of a statutory deposit in the People's Bank of China. In addition, US$4 million (2023: US$15 million) was placed at a designated bank account by a subsidiary of the Group for property development as guarantee deposits and certain arrangements of construction cost settlements.

28. TRADE 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 countries of operations. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

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

	2024 **US$'million**	2023 US$'million
Within 30 days	**1,201**	1,227
31 to 90 days	**9**	9
91 to 180 days	**1**	3
181 to 365 days	**1**	1
	1,212	1,240

Included in trade payables of US$1 million (2023: US$17 million) were amounts due to associates (Note 42(b)).

29. ACCRUED EXPENSES AND OTHER PAYABLES

	2024 US$'million	2023 US$'million
Accrued staff costs	565	543
Deposits received	69	75
Sales rebates payables	149	153
Payables in respect of acquisition of property, plant and equipment	166	263
Accrued insurance	122	136
Interest payable	24	24
Redeemable non-controlling interests	330	249
Growers payables	51	48
Pension liability (Note 33)	23	23
Derivative financial instruments (Note 26)	11	30
Accrued professional expenses	7	8
Accrued rent and utilities	40	35
Dividend payables	4	8
Contract liabilities (Note)	344	298
Other accrued expenses	363	523
Other payables	175	193
	2,443	2,609
Analysed for reporting purposes as:		
Current liabilities	1,945	2,150
Non-current liabilities	498	459
	2,443	2,609

Note:

Contract liabilities include advances received from customers in relation to sales of meat products and sales proceeds received from buyers in connection with the Group's pre-sale of properties. As at 1 January 2023, contract liabilities amounted to US$536 million.

30. BORROWINGS

	2024 US$'million	2023 US$'million
Senior unsecured notes:		
4.250% senior unsecured notes due February 2027	599	598
5.200% senior unsecured notes due April 2029	397	397
3.000% senior unsecured notes due October 2030	493	492
2.625% senior unsecured notes due September 2031	493	492
	1,982	1,979
Commercial papers (Note i)	—	—
Bank loans (Note ii):		
Secured	6	7
Unsecured	1,312	1,239
Loans from third parties (Note iii):		
Secured	1	1
Unsecured	4	2
Total borrowings other than bank overdrafts	3,305	3,228
Bank overdrafts (Note iv)	5	—
Borrowings other than bank overdrafts are repayable as follows (Note v):		
Within one year	1,049	1,106
One to two years	242	12
Two to five years	1,019	728
After five years	995	1,382
	3,305	3,228
Less: Amounts due within one year shown under current liabilities	(1,049)	(1,106)
Amounts due after one year	2,256	2,122
Total borrowings other than bank overdrafts:		
At fixed rates	2,992	2,870
At floating rates	313	358
	3,305	3,228

30. BORROWINGS (Continued)

	2024 US$'million	2023 US$'million
Analysis of borrowings (other than bank overdrafts) by currency:		
Denominated in US$	1,983	1,980
Denominated in RMB	1,093	1,093
Denominated in other currencies	229	155
	3,305	3,228

Notes:

i. In May 2018, the Group established a new commercial paper program to issue short-term notes. The program allows the Group to use the proceeds to fund operating cash requirements. Under the terms of the commercial paper agreement, the Group pays a rate of interest based on, among other factors, the maturity of the issuance and market conditions. The maturities of the issued papers may vary, but may not exceed 397 days from the date of issuance. The issuance of commercial papers has the effect of reducing available liquidity by an amount equal to the principal amount of outstanding commercial papers. The maximum issuance capacity under the program is US$1,750 million. There were no outstanding commercial papers as at 31 December 2024 (2023: Nil).

ii. Bank loans carry interest at fixed rates ranging from 0.70% to 2.45% per annum (2023: 0.70% to 3.75% per annum) and at floating rates ranging from EURIBOR + 1.00% to WIBOR + 1.40% per annum at 31 December 2024 (2023: HIBOR + 0.50% to WIBOR + 1.40% per annum).

iii. Loans from third parties carry interest at a fixed rate ranging from 0.16% to 0.90% per annum at 31 December 2024 (2023: 0.90% per annum).

iv. Bank overdrafts at 31 December 2024 carry interest at a floating rate ranging from 2.00% to 2.22% per annum.

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

The Group's borrowings contain affirmative and negative covenants that, among other things, limit or restrict the Group's ability to create liens and encumbrances, incur debt, enter into liquidation, enter into change of control transactions or change the scope of the business, or dispose of or transfer assets, in each case, subject to certain qualifications and exceptions. The Group had no material default in payment of the bank borrowings, nor did it breach any relevant finance covenants for the years ended 31 December 2024 and 31 December 2023. Details of the assets pledged to secure such borrowings are set out in note 40 to the consolidated financial statements.

31. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 US$'million	2023 US$'million
Deferred tax assets	54	86
Deferred tax liabilities	(659)	(570)
	(605)	(484)

The following are the major deferred tax assets/liabilities recognised by the Group, and the movements thereon during the year:

Tax effect of deductible temporary differences and tax losses:

	Impairment of financial assets US$'million	Impairment loss and accelerated accounting depreciation on property, plant and equipment US$'million	Unrealised profit in inventories US$'million	Write-down of inventories US$'million	Tax losses US$'million	Unpaid staff welfare US$'million	Capitalised research and development expenditures US$'million	Fair value changes arising from biological assets US$'million	Lease liabilities US$'million	Other deductible temporary differences US$'million	Total US$'million
At 1 January 2023	(—*)	4	9	1	79	99	70	56	105	167	590
Currency realignment	(—*)	—*	—*	—*	4	—*	—	(1)	—*	6	9
Credited (charged) to profit or loss	—	—	—	—	(9)	4	28	(12)	(14)	23	20
Credited (charged) to equity	—	—	—	—	—	5	—	—*	—	—	5
At 31 December 2023 and 1 January 2024	(—*)	4	9	1	74	108	98	43	91	196	624
Currency realignment	—*	—*	—*	—*	(1)	(—*)	—	—*	—*	(1)	(2)
Credited (charged) to profit or loss	(—*)	(—*)	(1)	(1)	6	(5)	6	(48)	(12)	(73)	(128)
Credited (charged) to equity	—	—	—	—	(—*)	(11)	—	—	—	11	(—*)
At 31 December 2024	(—*)	4	8	—*	79	92	104	(5)	79	133	494

* Less than US$1 million.

31. DEFERRED TAXATION (Continued)

Tax effect of taxable temporary differences:

	Accelerated tax depreciation US$'million	Undistributed earnings of subsidiaries US$'million	Fair value changes arising from business combination US$'million	Fair value changes arising from biological assets US$'million	Right-of-use assets US$'million	Other taxable temporary differences US$'million	Total US$'million
At 1 January 2023	(567)	(8)	(456)	(7)	(105)	(86)	(1,229)
Currency realignment	(7)	—	—	—	(—*)	31	24
Disposal of assets of a subsidiary	(2)	—	—	—	—	—	(2)
(Charged) credited to profit or loss	60	(17)	—	4	13	39	99
(Charged) credited to equity	(3)	—	—	(—*)	—	3	(—*)
At 31 December 2023 and 1 January 2024	**(519)**	**(25)**	**(456)**	**(3)**	**(92)**	**(13)**	**(1,108)**
Currency realignment	**5**	**—***	**—**	**—**	**—***	**(22)**	**(17)**
(Charged) credited to profit or loss	**8**	**—***	**(6)**	**(7)**	**12**	**11**	**18**
(Charged) credited to equity	**(—*)**	**—**	**7**	**1**	**—**	**—**	**8**
At 31 December 2024	**(506)**	**(25)**	**(455)**	**(9)**	**(80)**	**(24)**	**(1,099)**

* Less than US$1 million.

31. DEFERRED TAXATION (Continued)

At 31 December 2024, the Group had unused tax losses of US$484 million (2023: US$509 million) available for offsetting against future profits of which a deferred tax asset has been recognised in respect of US$122 million (2023: US$207 million) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of US$362 million (2023: US$302 million) due to the unpredictability of future profit stream. Unrecognised tax losses amounting to US$72 million (2023: US$78 million) may be carried forward indefinitely. The remaining unrecognised tax losses will expire on or before 2043 as follows:

	2024 **US$'million**	2023 US$'million
By end of		
2024	—	15
2025	**16**	7
2026	**41**	44
2027	**10**	8
2028	**116**	115
2029 or after	**107**	35
	290	224

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was US$4,563 million (2023: US$4,533 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and the Group has determined that this portion of profits derived from these operating subsidiaries will be retained by these subsidiaries and will not be distributed in the foreseeable future. Therefore, it is probable that such differences will not reverse in the foreseeable future.

32. DEFERRED REVENUE

	2024 **US$'million**	2023 US$'million
Government grant	**11**	10

The deferred revenue as at 31 December 2024 and 31 December 2023 represents government grant received in relation to the construction of property, plant and equipment of the Group. As the related assets are under construction, the grant received from the government will be released to profit or loss as other income over the useful lives of the related amounts after the construction is completed.

33. PENSION LIABILITY AND OTHER RETIREMENT BENEFITS

Defined benefit plans

The group entities which operate in the U.S. operate funded defined benefit scheme for all their qualified employees, and pension benefits provided are currently organised primarily through defined benefit pension plans. Salaried employees are provided with benefits based on years of service and average salary levels. Hourly employees are provided with benefits of stated amounts for each year of service.

The defined benefit plan is administered by a separate fund that is legally separated from the entity. The board of the pension fund is composed of an equal number of representatives from both employers, employees and (former) employees. The board of the pension fund is required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund.

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

The plan in the U.S. exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk, salary risk and price risk as follows:

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liability, the board of the pension fund considers it is appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estates to leverage the return generated by the fund.

Interest rate risk

A decrease in the interest rate of fixed income products will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Price risk

An increase in the market price of equity investments will increase the plan assets.

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

33. PENSION LIABILITY AND OTHER RETIREMENT BENEFITS (Continued)

Defined benefit plans (Continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at 31 December	
	2024	2023
Discount rate	**5.6%**	5.0%
Expected rate of salary increase	**4.0%**	4.0%

The actuarial valuations showed that the market value of plan assets was US$1,498 million as at 31 December 2024 (2023: US$1,551 million).

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2024 US$'million	2023 US$'million
Current service cost	**13**	13
Net interest expense	**19**	19
	32	32

Remeasurement of the net defined benefit liability included in other comprehensive income is as follows:

	2024 US$'million	2023 US$'million
Return on plan assets (excluding amounts included in net interest expense)	**(70)**	53
Actuarial gains (losses) arising from change in financial assumptions	**114**	(71)
	44	(18)
Deferred taxation (Note 31)	**(11)**	5
	33	(13)

33. PENSION LIABILITY AND OTHER RETIREMENT BENEFITS (Continued)

Defined benefit plans (Continued)

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

	2024 US$'million	2023 US$'million
Present value of funded defined benefit obligations	1,835	1,960
Fair value of plan assets (Note)	(1,498)	(1,551)
Funded status and net liability arising from defined benefit obligation	337	409
Other retirement benefits, net	8	8
	345	417
Included in:		
Current liabilities (Note 29)	23	23
Non-current liabilities	322	394
	345	417

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2024 US$'million	2023 US$'million
Defined benefit obligation at 1 January	1,960	1,894
Current service cost	13	13
Interest cost	96	96
Benefits paid	(120)	(114)
Remeasurement (gains) losses:		
Actuarial (gains) losses arising from change in financial assumptions	(114)	71
Defined benefit obligation at 31 December	1,835	1,960

Note: Excludes the assets and related activity of non-qualified defined pension plans. The fair value of assets related to non-qualified plans was US$141 million (2023: US$128 million) as at 31 December 2024. These assets are included in "Other non-current assets" and "Prepayments, other receivables and other assets" in the consolidated statement of financial position.

33. PENSION LIABILITY AND OTHER RETIREMENT BENEFITS (Continued)

Defined benefit plans (Continued)

Movements in the present value of the plan assets in the current year were as follows:

	2024 US$'million	2023 US$'million
Fair value of plan assets at 1 January	1,551	1,518
Interest income	76	77
Contributions from the employers	61	22
Benefits paid	(120)	(119)
Remeasurement gains (losses):		
Return on plan assets (excluding amounts included in net interest expense)	(70)	53
Fair value of plan assets at 31 December	1,498	1,551

The fair values of the plan assets as at the end of the reporting period for each category are as follows:

	Fair value of plan assets at 31 December	
	2024 US$'million	2023 US$'million
Cash and cash equivalents	153	176
Equity securities	511	508
Debt securities	493	582
Alternative investments	3	4
Limited partnerships	293	298
Total fair value	1,453	1,568
Unsettled transactions, net	45	(17)
Total plan assets	1,498	1,551

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of alternative investments and limited partnerships are not based on quoted market prices in active markets. As at 31 December 2024, US$514 million, US$646 million and US$293 million of plan assets (2023: US$611 million, US$659 million and US$298 million) are classified as Level 1, Level 2 and Level 3, respectively.

The actual return on plan assets was –0.30% (2023: 2.19%) over 5 years.

33. PENSION LIABILITY AND OTHER RETIREMENT BENEFITS (Continued)

Defined benefit plans (Continued)

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease (increase) by US$107 million (2023: decrease (increase) by US$119 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

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

The following table presents the fair value of the qualified pension plan assets by major asset category as at the end of the reporting period. The allocation of the pension plan assets is based on the target range presented in the following table.

	At 31 December 2024		At 31 December 2023	
	US$'million	**Target range**	US$'million	Target range
Asset categories				
Cash and cash equivalents, net of unsettled transactions	**198**	**0–15%**	159	0–10%
Equity securities	**511**	**30%–50%**	508	35–55%
Debt securities	**493**	**30%–50%**	582	35–55%
Alternative investments	**296**	**2%–25%**	302	0–20%
	1,498		1,551	

The Group expects to make a contribution of US$23 million to the defined benefit plan during the next financial year.

33. PENSION LIABILITY AND OTHER RETIREMENT BENEFITS (Continued)

Defined benefit plans (Continued)

The following are descriptions of the valuation methodologies and key inputs used to measure pension plan assets recorded at fair value:

Cash and cash equivalents

Cash equivalents include highly liquid investments with original maturities of three months or less. Due to their short-term nature, the carrying amount of these instruments approximates the estimated fair value. Actively traded money market funds are measured at their net asset value, which approximates to fair value, and classified as Level 1. The fair values of certain money market funds for which quoted prices are available but traded less frequently have been classified as Level 2.

Equity securities

When available, the fair values of equity securities are based on quoted prices in active markets and classified as Level 1. Level 1 financial instruments include highly liquid instruments with quoted prices, such as equities and mutual funds traded in active markets.

If quoted prices are not available, fair values are obtained from pricing services, broker quotes or other model-based valuation techniques with observable inputs and classified as Level 2. The nature of these equity securities include securities for which quoted prices are available but traded less frequently, securities whose fair value has been derived using a model where inputs to the model are directly observable in the market, or can be derived principally from or corroborated by observable market data and securities that are valued using other financial instruments, the parameters of which can be directly observed. Level 2 equity securities include preferred stock and commingled funds that are not actively traded.

Debt securities

The fair values of debt securities are obtained from pricing services, broker quotes or other model-based valuation techniques with observable inputs and classified as Level 1 or Level 2. The nature of these debt securities includes instruments for which quoted prices are available but traded less frequently, instruments whose fair value has been derived using a model where inputs to the model are directly observable in the market, or can be derived principally from or corroborated by observable market data and securities that are valued using other financial instruments, the parameters of which can be directly observed. Level 1 debt securities include corporate debt securities and government debt securities. Level 2 debt securities include commingled funds, asset-backed securities and emerging market securities.

Alternative investments

The fair values of alternative investments are obtained from pricing services, broker quotes or other model-based valuation techniques with observable inputs and classified as Level 2. The nature of these alternative investments includes instruments for which quoted prices are available but traded less frequently, instruments whose fair value has been derived using a model where inputs to the model are directly observable in the market, or can be derived principally from or corroborated by observable market data and securities that are valued using other financial instruments, the parameters of which can be directly observed. Level 2 alternative investments include diversified investment funds.

33. PENSION LIABILITY AND OTHER RETIREMENT BENEFITS (Continued)

Defined benefit plans (Continued)

Limited partnerships

The valuation of limited partnership investments requires the use of significant unobservable inputs due to the absence of quoted market prices, inherent lack of liquidity and long term nature of such assets and is classified as Level 3. These investments are initially valued at cost with quarterly valuations performed utilising available market data to determine the fair value of these investments. Such market data consists primarily of the observations of trading multiples of public companies considered comparable to the investments, with adjustments for investment-specific issues, the lack of liquidity and other items.

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

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

There are no forfeited contribution that may be used by the Group as the employer to reduce the existing level of contributions.

The amount charged to profit or loss of approximately US$149 million during the year ended 31 December 2024 (2023: US$146 million) represents contributions paid or payable to the plans by the Group at rates specified in the rules of the plans.

34. BUSINESS COMBINATIONS

For the year ended 31 December 2024

Acquisition of Argal

On 28 March 2024, the Group completed the acquisition of 50.1% of the equity interests in Argal Alimentación, S.A. ("**Argal**"), a Spanish producer of charcuterie and other packaged meats products, from an independent third party.

As at the date of approval for issuance of the annual consolidated financial statements, the fair value assessments of identifiable assets and liabilities arising from acquisition of Argal have not been finalised and thus, the assets and liabilities recognised at the date of acquisition (see below) have been determined provisionally. Upon finalisation of the valuation, any goodwill arising on acquisition may change accordingly. The directors of the Company expect that the valuation will be finalised within one year from completion date of acquisition.

34. BUSINESS COMBINATIONS (Continued)

Fair value assessments

The fair values of the identifiable assets and liabilities of Argal as at the date of acquisition are set out below:

	Notes	(Provisional) US$'million
Property, plant and equipment	14	72
Intangible assets	19	12
Inventories		174
Trade and bills receivables		27
Prepayments, other receivables, and other assets		1
Cash and bank balances		6
Trade payables		(96)
Accrued expenses and other payables		(7)
Borrowings	35(b)	(83)
Other liabilities		(98)
Total identifiable net assets at fair value		8
Goodwill	18	89
		97

	(Provisional) US$'million
Satisfied by:	
Cash	97
Analysis of the cash flows in respect of the acquisition is as follows:	
Cash consideration	(97)
Cash and bank balances acquired	6
Net outflow of cash and cash equivalents in cash flows used in investing activities	(91)
Transaction costs paid during the year included in cash flows from operating activities	—*
	(91)

Since the completion of acquisition, Argal contributed US$392 million to the Group's revenue and US$13 million to the consolidated profit for the year ended 31 December 2024.

Had the combination taken place at the beginning of the period, the revenue and the consolidated profit for the year ended 31 December 2024 of the Group would have been US$25,943 million and US$1,853 million, respectively.

* Less than US$1 million.

34. BUSINESS COMBINATIONS (Continued)

For the year ended 31 December 2023

Acquisition of Goodies

In February 2023, the Group completed the acquisition of 100% of the equity interests of a Romanian producer of packaged meats, Goodies Meat Production S.R.L. ("**Goodies**"). Its product portfolio includes salami, ham, bacon, bologna and other meat specialties.

Acquisition of DeVeris

In May 2023, the Group acquired an 80% interest in DeVeris Polska Sp. z o.o. ("**DeVeris**"), a Polish processor of poultry by-products, for $11 million. DeVeris operates a production facility in Turek, Poland. The acquisition of DeVeris expands the Group's vertically integrated business in Poland by enabling further processing of both pork and poultry by-products.

Fair value assessments

The fair values of aggregated identifiable assets and liabilities of Goodies and DeVeris as at the date of acquisition are set out below:

	Notes	Acquisition of companies individually not significant US$'million
Property, plant and equipment	14	24
Inventories		5
Trade and bills receivables		4
Cash and bank balances		5
Trade payables		(6)
Accrued expenses and other payables		(1)
Lease liabilities		(1)
Other liabilities		(15)
Total identifiable net assets at fair value		15
Goodwill	18	27
		42

34. BUSINESS COMBINATIONS (Continued)

Fair value assessments (Continued)

	Acquisition of companies individually not significant US$'million
Satisfied by:	
Cash	37
Contingent consideration	5
	42

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

Analysis of the cash flows in respect of the acquisition is as follows:	
Cash consideration	(37)
Cash and bank balances acquired	5
Net outflow of cash and cash equivalents in cash flows used in investing activities	(32)

Since the completion of acquisition, Goodies and DeVeris contributed US$49 million to the Group's revenue and US$4 million to the Group's consolidated profit for the year ended 31 December 2023.

Had the combinations taken place at the beginning of the year ended 31 December 2023, the revenue and the consolidated profit for the year of the Group would have been US$26,243 million and US$860 million, respectively.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of US$36 million and US$36 million, respectively (2023: US$53 million and US$53 million).

(b) Changes in liabilities arising from financing activities

	Dividend payables US$'million	Lease liabilities US$'million	Borrowings and other loans US$'million
At 1 January 2023	12	534	3,366
Changes from financing cash flows	(759)	(115)	(140)
New leases	—	53	—
Interest expense	—	21	—
Termination	—	(6)	—
Dividends declared	756	—	—
Currency realignment	(1)	3	2
At 31 December 2023 and 1 January 2024	**8**	**490**	**3,228**
Changes from financing cash flows	**(784)**	**(99)**	**30**
New leases	**—**	**36**	**—**
Interest expense	**—**	**19**	**—**
Termination	**—**	**(29)**	**—**
Dividends declared	**779**	**—**	**—**
Increase arising from acquisition of a subsidiary (Note 34)	**—**	**—**	**83**
Currency realignment	**1**	**(3)**	**(36)**
At 31 December 2024	**4**	**414**	**3,305**

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 US$'million	2023 US$'million
Within operating activities	172	171
Within investing activities	—	12
Within financing activities	99	115
	271	298

36. SHARE CAPITAL

	Number of shares 'million	Amount US$'million
Ordinary shares of US$0.0001 each:		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	50,000	5
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	12,830.20	1

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the years.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 30 to the consolidated financial statements, net of cash and cash equivalents and total equity, comprising issued share capital, reserves and retained profits. As at 31 December 2024, the Group's net debt to equity ratio was 11.0% (2023: 19.6%).

Categories of financial instruments

Financial assets

As at 31 December 2024

Asset categories	Financial assets at fair value through profit or loss* US$'million	Financial assets at amortised cost US$'million	Total US$'million
Listed equity investments	2	—	2
Unlisted equity investments	2	—	2
Unlisted financial products	308	—	308
Derivative financial assets	11	—	11
Other non-current assets	165	—	165
Debt investments at amortised cost	—	179	179
Trade, bills and other receivables and other assets	23	1,151	1,174
Pledged/restricted bank deposits	—	53	53
Cash and bank balances	—	2,055	2,055
	511	3,438	3,949

* The financial assets at fair value through profit or loss are mandatorily measured at FVPL.

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments (Continued)

Financial assets (Continued)

As at 31 December 2023

Asset categories	Financial assets at fair value through profit or loss* US$'million	Financial assets at amortised cost US$'million	Total US$'million
Listed equity investments	9	—	9
Unlisted equity investments	2	—	2
Unlisted financial products	77	—	77
Derivative financial assets	63	—	63
Other non-current assets	151	—	151
Debt investments at amortised cost	—	469	469
Trade, bills and other receivables and other assets	22	1,037	1,059
Pledged/restricted bank deposits	—	79	79
Cash and bank balances	—	1,156	1,156
	324	2,741	3,065

* The financial assets at fair value through profit or loss are mandatorily measured at FVPL.

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments (Continued)

Financial liabilities

	2024 US$'million	2023 US$'million
At amortised cost		
Trade and other payables	1,858	1,956
Lease liabilities	414	490
Borrowings (fixed and floating rates)	3,305	3,228
Bank overdrafts	5	—
	5,582	5,674
At fair value through profit or loss		
Derivative financial liabilities	11	30

Financial risk management objectives and policies

The Group's major financial instruments include pledged bank deposits, cash and bank balances, financial assets at FVPL, derivative financial instruments, trade, bills and other receivables, other non-current assets, trade and other payables, lease liabilities, and borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk management

Certain group entities have certain foreign currency sales, purchases, cash and bank balances and borrowings denominated in US$, EUR, RMB, JPY, GBP, HUF, HK$, and CAD, which expose the Group to foreign currency risk at these individual group entities level. In order to mitigate the foreign currency risks, foreign currency forward contracts are entered into by the Group for certain material foreign currency transactions. The critical terms of these foreign currency forward contracts are similar to those of the hedged payments and receipts denominated in foreign currencies. These foreign currency forward contracts are designated as hedging instruments and hedge accounting is applied as the contracts are considered highly effective hedging items. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2024 US$'million	2023 US$'million
Assets		
US$		
Cash and bank balances	**6**	5
EUR		
Cash and bank balances	**5**	2
Trade, bills and other receivables	**32**	46
RMB		
Cash and bank balances	**1**	1
Trade, bills and other receivables	**11**	2
JPY		
Trade, bills and other receivables	**8**	—*
GBP		
Trade, bills and other receivables	**37**	39
HUF		
Cash and bank balances	**2**	3
HK$		
Cash and bank balances	**3**	—
Trade, bills and other receivables	**2**	—
CAD		
Trade, bills and other receivables	**10**	—

* Less than US$1 million.

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk management (Continued)

	2024 US$'million	2023 US$'million
Liabilities		
US$		
Borrowings	—*	1
EUR		
Trade and other payables	3	19
Borrowings	1	49
GBP		
Trade and other payables	9	1
Borrowings	37	6
HK$		
Trade and other payables	3	—*
Borrowings	—	78

Sensitivity analysis

The Group is mainly exposed to the effect of US$ against the functional currencies of the respective group entities, except for HK$ as it is pegged to the US$.

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in US$ against functional currencies of the respective group entities which represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation to the functional currencies of the respective group entities at the year end for a 5% (2023: 5%) change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit where US$ strengthens 5% (2023: 5%) against the relevant currency.

	2024 US$'million	2023 US$'million
US$ impact	1	1

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the respective year.

* Less than US$1 million.

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Interest rate risk management

The Group's fair value interest rate risk relates primarily to its financial assets at FVPL and fixed-rate borrowings (see notes 25 and 30 respectively for details). The Group currently does not enter into any derivative contracts to hedge its exposure to changes in fair values of financial assets at FVPL, fixed-rate borrowings. However, the management of the Group will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk relates primarily to floating rate bank balances and borrowings (see notes 27 and 30 respectively for details). The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate borrowings, bank overdrafts and bank balances, the analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points increase or decrease is used for sensitivity analysis which represents management's assessment of the reasonably possible change in interest rates.

If interest rates (increased) decreased by 25 basis points and all other variables were held constant, the potential effect on post-tax profit is as follows:

	2024 US$'million	2023 US$'million
Increase in post-tax profit	**2**	2

There would be an equal and opposite impact on the post-tax profit where the interest rates increased by 25 basis points and all other variables were held constant.

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Credit risk management

The Group's credit risk is primarily attributable to its trade, bills and other receivables, bank balances and pledged bank deposits. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties and arising from the carrying amount of the respective recognised financial assets stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk on trade, bills and other receivables, with exposure spread over a large number of counterparties and customers.

Information about credit risk exposure on the Group's trade receivables using the provision matrix is disclosed in note 23 to the consolidated financial statements. As at 31 December 2024 and 31 December 2023, the loss allowance provision for pledged/restricted bank deposits, cash and bank balances, bills receivable and financial assets included in prepayments, other receivables and other assets was not material.

The ECLs for financial assets included in prepayments, other receivables and other assets are based on assumptions about the probability of default and the expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the ECL calculations, based on the Group's historical loss record, current conditions as well as forward-looking information.

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Credit risk management (Continued)

Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 US$'million	Stage 2 US$'million	Stage 3 US$'million	Simplified approach US$'million	Total US$'million
Trade and bills receivables	2	—	—	899	901
Financial assets included in prepayments, other receivables and other assets	265	—	—	—	265
Debt investments at amortised cost	179	—	—	—	179
Pledged deposits	53	—	—	—	53
Cash and bank balances	2,055	—	—	—	2,055
	2,554	—	—	899	3,453

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 US$'million	Stage 2 US$'million	Stage 3 US$'million	Simplified approach US$'million	Total US$'million
Trade and bills receivables	2	—	—	887	889
Financial assets included in prepayments, other receivables and other assets	164	—	—	—	164
Debt investments at amortised cost	469	—	—	—	469
Pledged deposits	79	—	—	—	79
Cash and bank balances	1,156	—	—	—	1,156
	1,870	—	—	887	2,757

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management

The ultimate responsibility for liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the companies comprising the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at 31 December 2024, the Group had available unutilised banking facilities of approximately US$5,358 million (2023: US$5,569 million).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest rates are floating, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table also details the Group's analysis of its derivative financial instruments that are settled on a net basis, based on their fair value recorded in liabilities as at the end of the reporting period.

	On demand and 1 year or less US$'million	1 to 2 years US$'million	2 to 5 years US$'million	More than 5 years US$'million	Total US$'million
At 31 December 2024					
Trade payables	**1,212**	**—**	**—**	**—**	**1,212**
Other payables	**646**	**—**	**—**	**—**	**646**
Lease liabilities	**96**	**69**	**134**	**238**	**537**
Borrowings (fixed and floating rates)	**1,088**	**352**	**1,154**	**1,034**	**3,628**
Bank overdrafts	**5**	**—**	**—**	**—**	**5**
	3,047	**421**	**1,288**	**1,272**	**6,028**
Derivative financial liabilities, net	**11**	**—**	**—**	**—**	**11**
At 31 December 2023					
Trade payables	1,240	—	—	—	1,240
Other payables	716	—	—	—	716
Lease liabilities	108	93	155	268	624
Borrowings (fixed and floating rates)	1,141	13	826	1,617	3,597
	3,205	106	981	1,885	6,177
Derivative financial liabilities, net	24	6	—	—	30

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Fair value measurement

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to the short term maturities of these instruments.

The fair values of non-current financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities and management has assessed that the fair values of non-current financial assets and financial liabilities approximate to their carrying amounts. The Group's own non-performance risk for non-current financial liabilities as at 31 December 2024 and 31 December 2023 was assessed to be insignificant.

Fair value measurements recognised in the consolidated statement of financial position

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

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

	2024			
	Level 1 US$'million	Level 2 US$'million	Level 3 US$'million	Total US$'million
Financial assets at fair value through profit or loss	2	2	308	312
Derivative financial assets	10	5	28	43
Other non-current assets	74	81	10	165
Financial assets included in prepayments, other receivables and other assets	—	23	—	23
	86	111	346	543
Derivative financial liabilities	32	11	—	43

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

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

	2023			
	Level 1 US$'million	Level 2 US$'million	Level 3 US$'million	Total US$'million
Financial assets at fair value through profit or loss	9	2	77	88
Derivative financial assets	34	17	29	80
Other non-current assets	35	107	9	151
Financial assets included in prepayments, other receivables and other assets	—	22	—	22
	78	148	115	341
Derivative financial liabilities	21	26	—	47

Financial assets at FVPL included (a) unlisted investments in equity securities whose fair values are determined by income approach based on discounted cash flow analysis on the expected interest rates (Level 2), and (b) unlisted financial products whose fair values are determined based on significant unobservable inputs (Level 3) including expected rate of return of 1.10% to 2.65% (31 December 2023: 1.50% to 3.90%).

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

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

Sensitivity analysis

The fair value of financial assets and financial liabilities that are classified as Level 3 is determined using valuation techniques including Monte Carlo simulation. In determining the fair value, specific valuation techniques are used with reference to inputs such as RMB risk-free interest rate, SOFR and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have a significant impact on the Group's profit or loss.

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

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

Movements in fair value measurement within Level 3

The movements in fair value measurements within Level 3 during the years are as follows:

	Financial assets at fair value through profit or loss US$'million	Derivative financial assets US$'million	Other non-current assets US$'million
At 1 January 2023	149	54	12
Total gain (loss) recognised in profit or loss included in cost of sales and other gains and (losses)	11	(7)	(3)
Purchases	1,390	—	—
Disposals	(1,469)	(18)	—
Currency realignment	(4)	—	—
At 31 December 2023 and 1 January 2024	**77**	**29**	**9**
Total gain (loss) recognised in profit or loss included in cost of sales and other gains and (losses)	**(8)**	**(9)**	**1**
Purchases	**1,656**	**7**	**—**
Disposals	**(1,389)**	**—**	**—**
Currency realignment	**(28)**	**1**	**—**
At 31 December 2024	**308**	**28**	**10**

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

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

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

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

The Group currently has a legally enforceable right to set off the derivative financial instruments and the Group intends to settle these balances on a net basis.

As at 31 December 2024

	Gross amounts of recognised financial assets US$'million	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position US$'million	Net amounts of financial assets presented in the consolidated statement of financial position US$'million	Related amounts not set off in the consolidated statement of financial position: Financial collateral US$'million	Cash collateral received US$'million	Net amount US$'million
Derivatives	9	(9)	—	—	—	—

	Gross amounts of recognised financial liabilities US$'million	Gross amounts of recognised financial assets set off in the consolidated statement of financial position US$'million	Net amounts of financial liabilities presented in the consolidated statement of financial position US$'million	Related amounts not set off in the consolidated statement of financial position: Financial collateral US$'million	Cash collateral pledged US$'million	Net amount US$'million
Derivatives	32	(9)	23	(23)	—	—

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

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

As at 31 December 2023

	Gross amounts of recognised financial assets US$'million	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position US$'million	Net amounts of financial assets presented in the consolidated statement of financial position US$'million	Related amounts not set off in the consolidated statement of financial position: Financial collateral US$'million	Related amounts not set off in the consolidated statement of financial position: Cash collateral received US$'million	Net amount US$'million
Derivatives	34	(17)	17	—	—	17

	Gross amounts of recognised financial liabilities US$'million	Gross amounts of recognised financial assets set off in the consolidated statement of financial position US$'million	Net amounts of financial liabilities presented in the consolidated statement of financial position US$'million	Related amounts not set off in the consolidated statement of financial position: Financial collateral US$'million	Related amounts not set off in the consolidated statement of financial position: Cash collateral pledged US$'million	Net amount US$'million
Derivatives	17	(17)	—	—	—	—

38. SHARE INCENTIVE SCHEMES

Pre-IPO share option scheme

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

In July 2014, the number of shares in respect of which options had been granted under the pre-IPO share option scheme was 584,795,555, with an exercise price of HK$6.20 per share, representing no more than 5% of the then issued share capital of the Company upon completion of the listing on the Stock Exchange. No consideration was paid by the grantees for the grant of the pre-IPO share options. The pre-IPO share option scheme will expire in 10 years after the date of listing of the Company (i.e. 5 August 2014).

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

The key inputs into the model were as follows:

Share price	HK$6.66
Exercise price	HK$6.20
Option life	10 years
Expected volatility	42%
Risk-free rate	2.06%

The expected volatility was determined by using the historical volatility of the selected comparable companies in the same industry.

The following table discloses details of the Group's outstanding share options under the pre-IPO share option scheme and their movements during the year:

Option type	Date of grant	As at 1 January 2023	Exercised	Cancelled	Lapsed	As at 31 December 2023	Exercised	Cancelled	Lapsed	As at 31 December 2024
Pre-IPO share option scheme	July 10, 2014	432,481,710	—	—	7,912,320	424,569,390	—	—	424,569,390	—
Exercisable at the end of the year		432,481,710				424,569,390				—

38. SHARE INCENTIVE SCHEMES (Continued)

Pre-IPO share option scheme (Continued)

For the year ended 31 December 2024, no share-based payment expense was recognised (2023: Nil) in relation to the pre-IPO share option scheme.

As at 31 December 2023, the total number of Shares that may be issued in respect of options granted under the pre-IPO share option scheme of the Company was 424,569,390, which represented approximately 3.3% of the weighted average number of Shares in issue for the year ended 31 December 2023. The Pre-IPO share option scheme expired on 4 August 2024. As such, all share options under the pre-IPO share option scheme were lapsed on 4 August 2024 and there were no outstanding share options under the pre-IPO share option scheme as at 31 December 2024.

Smithfield Incentive Plan

Subsequent to the end of the reporting period, Smithfield has adopted a share incentive plan and granted stock options and restricted stock units to certain eligible persons under the plan. For details, please refer to the announcements of the Company dated 21 January 2025 and 28 January 2025 and the circular of the Company dated 18 November 2024.

39. COMMITMENTS

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

	2024 US$'million	2023 US$'million
Contracted, but not provided for:		
Acquisition of property, plant and equipment	**81**	144

In addition, the Group had the following commitments provided to joint ventures (including the Group's share of commitments made jointly with other joint venturers), which are not included in the above:

	2024 US$'million	2023 US$'million
Contracted, but not provided for:		
Capital contribution	**8**	9

40. PLEDGE OF ASSETS

	2024 US$'million	2023 US$'million
Pledged bank balances	7	7

As at 31 December 2024 and 31 December 2023, certain of the Group's principal U.S. subsidiaries are jointly and severally liable for, as primary obligors, the obligations under certain banking facilities.

Smithfield Receivables Funding, LLC ("**Smithfield Receivables**"), a wholly-owned subsidiary of the Group, has a securitisation facility that matures in December 2025. As part of the arrangement, certain trade receivables are sold to a wholly-owned "bankruptcy remote" special purpose vehicle ("**SPV**"). The SPV pledges the receivables as security for loans and letters of credit. The SPV is included in the consolidated statement of financial position of the Group. However, the trade receivables owned by the SPV are separate and distinct from the other assets and are not available to other creditors of Smithfield Receivables if Smithfield Receivables was to become insolvent. As at 31 December 2024, the SPV held US$374 million (2023: US$370 million) of trade receivables and had outstanding borrowings of US$22 million (2023: US$23 million) on the securitisation facility. No financial or other support to this SPV was provided by the Group as at 31 December 2024 and 31 December 2023.

41. REGULATIONS AND CONTINGENCIES

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

The Group's policy for establishing accruals and disclosures for contingent liabilities is set out in note 3 to the financial statements. The Group established a reserve for the estimated expenses to defend against these and similar potential claims, which was subsequently re-evaluated.

Expenses and other liabilities associated with these claims will not affect the Group's profits or losses in future periods unless the provision proves to be insufficient or excessive. However, legal expenses incurred in the Group's defense of these claims and any payments made to plaintiffs through unfavorable verdicts or otherwise will negatively impact its cash flows and its liquidity position. The directors of the Company will continue to evaluate and adjust the provision as necessary upon changes in facts and circumstances.

The Group had the following significant litigations during the years ended 31 December 2024 and 31 December 2023:

41. REGULATIONS AND CONTINGENCIES (Continued)

Antitrust Litigations

Smithfield has been named as one of 16 defendants in a series of class actions filed in 2018 in the U.S. District Court for the District of Minnesota alleging antitrust violations in the pork industry. The class cases were filed by three different groups of plaintiffs. In all of these cases, the plaintiffs alleged that starting in 2009 and continuing through at least June 2018, the defendant pork producers agreed to reduce the supply of hogs in the U.S. in order to raise the price of hogs and all pork products. The plaintiffs in all of these cases also challenged the defendant pork producers' use of benchmarking reports from defendant Agri Stats, Inc., alleging that the reports allowed the pork producers to share proprietary information and monitor each producer's compliance with the supposed agreement to reduce supply. Payments in the aggregate amount of $194 million were made by the Group to settle all class claims.

In addition to the class actions, Smithfield has been named as a defendant in similar antitrust lawsuits and related claims brought by a number of individual parties who opted out of the classes. The plaintiffs in the non-class cases assert the same or similar antitrust claims as the plaintiffs in the class actions. The Group has entered into negotiations with many of these claimants and has settled certain of these cases. Currently, 22 of these cases are pending against Smithfield.

The Attorneys General for the states of New Mexico and Alaska and the Commonwealth of Puerto Rico have filed similar complaints on behalf of their respective states, territories, agencies and citizens. The Group has settled with Puerto Rico and Alaska. The Group intends to vigorously defend against the remaining claims.

Antitrust Wage-Fixing Litigation

On 11 November 2022, Smithfield and Smithfield Packaged Meats Corp., a wholly-owned subsidiary of Smithfield, were named as two of numerous defendants in a purported class action complaint filed in the United States District Court for the District of Colorado alleging wage-fixing violations in the red meat industry. The plaintiffs alleged that the defendants, most of whom operate beef or pork processing plants, conspired to suppress wages paid to plant workers in the U.S. in violation of the antitrust laws. The plaintiffs sought damages on behalf of all employees of defendants and their subsidiaries from 1 January 2014, to the present. The plaintiffs also sought treble damages and attorneys' fees. The defendants filed motions to dismiss the complaint, which were largely denied by the court on 27 September 2023. The plaintiffs subsequently filed an amended complaint adding additional defendants, including a wholly-owned subsidiary of Smithfield, Murphy-Brown of Missouri, LLC (which has been dismissed voluntarily), expanding the class period back to 2000.

Since the case was filed, several defendants have settled. On 5 April 2024, the defendants who have settled with the plaintiffs moved to dismiss the amended complaint. The Group intends to vigorously defend against these claims.

41. REGULATIONS AND CONTINGENCIES (Continued)

Maxwell Foods Litigation

On 13 August 2020, Maxwell Foods, LLC (“**Maxwell**”) filed a complaint against Smithfield in the General Court of Justice, Superior Court Division for Wayne County, North Carolina. The complaint alleged that Smithfield breached the Production Sales Agreement (“**PSA**”) between the parties (as well as the duty of good faith and fair dealing): (i) by failing to provide Maxwell with the same pricing as other major hog suppliers in violation of a purported “Most-Favored-Nation Provision” found in a 6 December 1994 letter to Maxwell; (ii) by failing to comply with an implicit duty to negotiate the PSA to provide alternative pricing to Maxwell when the Iowa-Southern Minnesota market allegedly ceased to be viable; and (iii) by failing to purchase Maxwell’s entire output of hogs since April 2020.

Smithfield filed a notice of removal to the United States District Court of the Eastern District of North Carolina. Smithfield also filed a motion to dismiss several of Maxwell’s claims. On 22 February 2021, the U.S. District Court granted Maxwell’s motion to remand the case to the Superior Court of Wayne County and left Smithfield’s partial motion to dismiss the complaint for consideration by the state court in Wayne County.

On 1 March 2021, Maxwell filed an amended complaint, which added a claim under the North Carolina Unfair and Deceptive Trade Practices Act (“**UDTPA**”). Smithfield filed a notice of designation seeking assignment of the case to the North Carolina Business Court. Maxwell objected to such designation, and on 13 April 2021 the Business Court overruled Maxwell’s objection.

The Business Court has dismissed two of Maxwell’s claims: the implied duty to negotiate claim and the UDTPA claim. Maxwell subsequently filed another amended complaint adding a fraudulent concealment claim and a new breach of contract claim, as well as a request for punitive damages. The court dismissed the fraudulent concealment claim and the request for punitive damages. The three remaining claims, all for breach of contract, are: (i) the claim under the “Most-Favored-Nation Provision”, (ii) the claim that Smithfield failed to purchase Maxwell’s entire output of hogs since April 2020, and (iii) the claim that from time to time, Smithfield would calculate Maxwell’s payment for a delivery of hogs using an average of the preceding week’s weight rather than the actual weights of the hogs being delivered.

The parties filed cross-motions for summary judgment and related motions to exclude expert testimony, which were fully briefed on 17 November 2023. The parties filed cross-motions for summary judgment, and on 30 December 2024, the Business Court entered an order and opinion on the parties’ motions for summary judgment. The Business Court held that: (i) Maxwell’s claim for breach of a “Most-Favored-Nation Provision” was dismissed except as it relates to pricing given to one particular supplier; (ii) Smithfield is liable for breaching an output provision in the parties’ contract, with damages to be determined at trial; and (iii) Maxwell’s claim that Smithfield breached the pricing term of the parties’ contract by using live-weight pricing shall proceed to trial based on the allegation that Smithfield did not pay the correct live-weight price for certain deliveries, but not based on the allegation that use of live-weight pricing itself breaches the contract. The Business Court has set a trial date of 9 June 2025. The Company intends to vigorously defend against the remaining claims.

42. RELATED PARTY TRANSACTIONS

(a) The Group had the following significant transactions with associates/joint ventures during the years:

	2024 US$'million	2023 US$'million
Sales of goods to associates	46	7
Sales of goods to joint ventures	2	4
Purchase of goods and services from associates	149	176
Purchase of goods and services from joint ventures	12	16

(b) Balances with associates/joint ventures at the end of the reporting period:

	2024 US$'million	2023 US$'million
Included in:		
Trade and bills receivables	9	—
Prepayments, other receivables and other assets	46	2
Trade payables	1	17

Note:

The amounts due to/from associates/joint ventures are unsecured, interest-free and repayable on demand as 31 December 2024 and 31 December 2023.

(c) Compensation of key management personnel of the Group

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

	Year ended 31 December	
	2024 US$'million	2023 US$'million
Directors' fees	—*	—*
Basic salaries and allowances	8	11
Performance bonuses	13	6
Termination benefits	—	—
Retirement benefit scheme contributions	1	1
Total compensation paid to key management personnel	22	18

* Less than US$1 million.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 US$'million	2023 US$'million
NON-CURRENT ASSETS		
Interests in unlisted subsidiaries	4,377	5,139
CURRENT ASSETS		
Amounts due from subsidiaries	144	144
Prepayments, other receivables and other assets	—*	—*
Cash and bank balances	1	1
	145	145
CURRENT LIABILITIES		
Amounts due to subsidiaries	2,314	2,236
Other payables	—*	1
	2,314	2,237
NET CURRENT LIABILITIES	(2,169)	(2,092)
TOTAL ASSETS LESS CURRENT LIABILITIES	2,208	3,047
NET ASSETS	2,208	3,047
CAPITAL AND RESERVES		
Share capital (Note 36)	1	1
Share premium	1,083	1,083
Translation reserve	61	61
Other reserve	—	214
Retained profits	1,063	1,688
TOTAL EQUITY	2,208	3,047

* Less than US$1 million.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movements in the Company's reserves

	Share premium US$'million	Translation reserve US$'million	Other reserve US$'million (Note)	Retained profits US$'million	Total US$'million
At 1 January 2023	1,083	61	219	1,707	3,070
Profit and total comprehensive income for the year	—	—	—	466	466
Dividend (Note 12)	—	—	—	(490)	(490)
Lapsed of share options	—	—	(5)	5	—
	—	—	(5)	(19)	(24)
At 31 December 2023 and 1 January 2024	**1,083**	**61**	**214**	**1,688**	**3,046**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**497**	**497**
Dividend (Note 12)	**—**	**—**	**—**	**(574)**	**(574)**
Lapsed of share options	**—**	**—**	**(182)**	**(580)**	**(762)**
Transfer	**—**	**—**	**(32)**	**32**	**—**
	—	**—**	**(214)**	**(625)**	**(839)**
At 31 December 2024	**1,083**	**61**	**—**	**1,063**	**2,207**

Note:

Other reserve as at 31 December 2023 mainly comprises the fair value of share options granted which are yet to be exercised. The amount was transferred to share capital when the related options were exercised, or transferred to retained profits when the related options were lapsed on 4 August 2024.

44. NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows the details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests at the end of the reporting period:

Name of subsidiary	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit attributable to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
				US$'million	US$'million	**US$'million**	US$'million
河南雙匯投資發展股份有限公司 Henan Shuanghui Investment & Development Co., Ltd. ("**Shuanghui Development**")	China	**29.67%**	29.67%	**215**	224	**694**	738
Individually immaterial subsidiaries with non-controlling interests				**26**	7	**6**	6
				241	231	**700**	744

Summarised financial information in respect of Shuanghui Development that has material non-controlling interests is set out below using the same accounting policies of the Group. The summarised financial information below represents the amounts before intragroup eliminations.

	As at 31 December	
	2024	2023
	US$'million	US$'million
Non-current assets	**2,640**	2,833
Current assets	**2,444**	2,305
Current liabilities	**(1,991)**	(1,965)
Non-current liabilities	**(184)**	(213)
Equity attributable to owners of Shuanghui Development	**(2,883)**	(2,920)
Non-controlling interests of Shuanghui Development's subsidiaries	**26**	40
Non-controlling interests of Shuanghui Development	**668**	698
	694	738

44. NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

	Year ended 31 December	
	2024	2023
	US$'million	US$'million
Revenue	**8,207**	8,394
Total expenses	**(7,499)**	(7,657)
Profit and total comprehensive income for the year	**708**	737
Profit attributable to owners of the Company	**493**	513
Profit attributable to the non-controlling interests of Shuanghui Development's subsidiaries	**7**	7
Profit attributable to the non-controlling interests of Shuanghui Development	**208**	217
	708	737
Dividends paid to non-controlling interests of Shuanghui Development's subsidiaries	**9**	13
Net cash inflow from operating activities	**1,146**	471
Net cash outflow used in investing activities	**(139)**	(442)
Net cash outflow used in financing activities	**(580)**	(444)
Net cash inflow (outflow)	**427**	(415)

45. OTHER COMPREHENSIVE INCOME

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

	2024 US$'million	2023 US$'million
Other comprehensive income includes:		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement on defined benefit pension plans	**44**	(18)
Income tax relating to defined benefit pension plans	**(11)**	5
	33	(13)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(256)**	105
Fair value change in cash flow hedge	**(35)**	2
Income tax relating to cash flow hedge	**11**	—*
	(280)	107
Other comprehensive income, net of tax	**(247)**	94

* Less than US$1 million.

46. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2024 and 31 December 2023 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/registered capital	Attributable proportion of issued/registered capital held by the Company		Principal activities
			2024	2023	
Rotary Vortex Limited	Hong Kong	Ordinary shares HK$33,883,510,411	**100%**	100%	Investment holding and trading
Shuanghui Development (Note 1)	China	Shares RMB3,464,661,213	**70.33%**	70.33%	Investment holding, livestock breeding, livestock slaughtering, manufacture and sale of packaging materials and meat products
Smithfield	U.S.	Note 2	**100%**	100%	Investment holding, livestock breeding, livestock slaughtering, manufacture and sale of packaging materials and meat products
Morliny Foods Holding Limited	UK	Shares US$2,427,500,102	**100%**	100%	Investment holding, livestock breeding, livestock slaughtering, manufacturing and sale of packaging materials and meat products

Note 1: This company is listed on the A-Share Market of the Shenzhen Stock Exchange and registered as a limited liability company under the Law of the People's Republic of China.

Note 2: The par value of the common shares of this subsidiary is zero.

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

47. EVENT AFTER THE REPORTING PERIOD

The listing and trading of Smithfield's shares on the Nasdaq Global Select Market commenced on 28 January 2025 (New York time). Further details of which are set out in the Company's announcements dated 28 January 2025 and 2 February 2025.

FIVE YEAR SUMMARY

As of and for the Year Ended December 31 US$ million (unless otherwise stated)	2024	2023	2022	2021	2020
Key financial data					
Revenue	25,941	26,236	28,136	27,293	25,589
Revenue growth rate (%)	−1.1%	−6.8%	3.1%	6.7%	6.2%
Operating profit	2,404	1,471	2,093	1,966	1,729
Operating profit margin (%)	9.3%	5.6%	7.4%	7.2%	6.8%
Profit before taxation	2,410	1,057	2,132	1,700	1,315
Taxation	(557)	(197)	(482)	(402)	(223)
Profit for the year	1,853	860	1,650	1,298	1,092
Profit for the year attributable to:					
— owners of the Company	1,612	629	1,370	1,068	828
— non-controlling interests	241	231	280	230	264
	1,853	860	1,650	1,298	1,092
Profit attributable to owners of the Company, before biological fair value adjustments	1,471	606	1,401	1,043	973
Basic earnings per share (US cents)	12.56	4.90	10.68	7.55	5.62
Total assets	19,841	19,179	19,855	19,411	18,715
Total liabilities	(8,480)	(8,604)	(9,443)	(9,724)	(7,730)
Net assets	11,361	10,575	10,412	9,687	10,985
Equity attributable to owners of the Company	10,661	9,831	9,600	8,748	10,005
Non-controlling interest	700	744	812	939	980
Total equity	11,361	10,575	10,412	9,687	10,985

"2024 Final Dividend"	has the meaning ascribed thereto under the section headed "Final Dividend" of this report
"AGM"	the annual general meeting of the Company
"Articles of Association"	the articles of association of the Company currently in force
"Audit Committee"	the audit committee of the Company
"Auspicious Joy"	Auspicious Joy Enterprises Limited, a limited liability company incorporated under the laws of BVI on 8 July 2019
"Board"	the board of Directors of the Company
"Board Committees"	collectively, the Audit Committee, the Remuneration Committee, the Nomination Committee, the ESG Committee, the Food Safety Committee and the Risk Management Committee
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Chang Yun"	Chang Yun Holdings Limited (運昌控股有限公司) a limited liability company incorporated under the laws of the BVI on 12 April 2010 and one of the Controlling Shareholders
"Chang Yun Share Plan"	the share plan dated 23 December 2019, under which a group of existing and former employees of the Group hold 100% of the beneficial interests in Auspicious Joy, which in turn holds 100% of the equity interest in Chang Yun
"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CME"	Chicago Mercantile Exchange, Inc.
"Code of Conduct"	the code of conduct regarding securities transactions by the Directors adopted by the Company
"Company"	WH Group Limited (萬洲國際有限公司), a limited liability company incorporated under the laws of the Cayman Islands the Shares of which are listing on the Main Board of the Stock Exchange

"Company Secretary"	the company secretary of the Company
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Rise Grand, Heroic Zone, Chang Yun, High Zenith and Sure Pass
"CPD"	continuous professional development
"Director(s)"	the director(s) of the Company
"Distribution in Specie"	has the meaning ascribed thereto under the section headed "Distribution in Specie" of this report
"EBITDA"	the earnings before interest, taxes, depreciation and amortization
"EC"	the European Commission
"ERM System"	the enterprise risk management system of the Company
"ESG Committee"	the environmental, social and governance committee of the Board
"EU"	the European Union
"EUR"	the Euro, the lawful currency of the member states of the European Union
"Fitch"	Fitch (Hong Kong) Limited or Fitch Ratings, Inc.
"Food Safety Committee"	the food safety committee of the Board
"Group", "our Group", "our", "we", "us" or "WH Group"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Heroic Zone"	Heroic Zone Investments Limited (雄域投資有限公司) a limited liability company incorporated under the laws of the BVI on 23 July 2007 and one of the Controlling Shareholders
"Heroic Zone Share Plan"	the share plan dated 25 December 2009, revised on 17 December 2012 and 11 July 2016 respectively, under which a group of existing and former employees of Shuanghui Development and its associated entities hold 100% of the beneficial interests in Rise Grand, which in turn holds 100% of the equity interest in Heroic Zone

"High Zenith"	High Zenith Limited, a limited liability company incorporated under the laws of BVI on 6 September 2013 and one of the Controlling Shareholders
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IDR"	issuer default rating
"IFRS"	International Financial Reporting Standards
"IPO"	has the meaning ascribed thereto under the section headed "Separate Listing of Smithfield on the Nasdaq Global Select Market" of this report
"kg"	kilogram
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	5 August 2014, being the date on which the Shares are listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Mexico"	the United Mexican States
"MOA"	the Ministry of Agriculture and Rural Affairs of the People's Republic of China
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Moody's"	Moody's Investor Service Limited
"Nomination Committee"	the nomination committee of the Board
"North America"	the U.S. and Mexico, collectively
"Over-allotment Option"	has the meaning ascribed thereto under the section headed "Separate Listing of Smithfield on the Nasdaq Global Select Market" of this report
"pp"	percentage points

"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by our Company on 21 January 2014 as amended on 4 April 2014, for the benefit of any Director, employee, adviser, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of the Company or any of our subsidiaries
"Pre-IPO Share Options"	the options granted under the Pre-IPO Share Option Scheme
"Prospectus"	the prospectus of the Company in relation to the Listing dated 24 July 2014
"Remuneration Committee"	the remuneration committee of the Board
"Review Period"	the period from 1 January 2024 to 31 December 2024
"Rich Matrix"	Rich Matrix Global Limited (裕基環球有限公司), a limited liability company incorporated under the laws of the BVI on 9 September 2013
"Rise Grand"	Rise Grand Group Limited (興泰集團有限公司), a BVI Business Company incorporated under the laws of the BVI on 3 July 2007 and one of the Controlling Shareholders
"Risk Management Committee"	the risk management committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"S&P Global"	S&P Global Inc.
"Separate Listing of Smithfield"	has the meaning ascribed thereto under the section headed "Separate Listing of Smithfield on the Nasdaq Global Select Market" of this report
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)

"Shuanghui Development"	Henan Shuanghui Investment & Development Co., Ltd. (河南雙匯投資發展股份有限公司), an indirect non-wholly owned subsidiary of the Company and a joint stock limited company established under the laws of the PRC on 15 October 1998, the shares of which are listed on the Shenzhen Stock Exchange in the PRC (stock code: 000895), and as the context may require, all or any of its subsidiaries
"Shuanghui Group"	Henan Luohe Shuanghui Industry Group Co., Ltd. (河南省漯河市雙匯實業集團有限責任公司), a limited liability company established under the laws of the PRC on 29 August 1994 and a former indirect wholly-owned subsidiary of the Company which ceased operation and was deregistered following the completion of the internal restructuring of the Group in September 2019
"Smithfield"	Smithfield Foods, Inc., a corporation incorporated in the Commonwealth of Virginia, the United States on 25 July 1997 with its shares listed on the Nasdaq Global Select Market (ticker symbol: SFD) and an indirect non wholly-owned subsidiary of the Company and, as the context may require, all or any of its subsidiaries or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were, or any one of them, as the context may require, were or was engaged in and which were subsequently assumed by it
"Smithfield Employee Stock Purchase Plan"	the Smithfield Foods, Inc., Employee Stock Purchase Plan adopted by Smithfield with effect from 16 January 2025 (New York time)
"Smithfield Incentive Plan"	the Smithfield Foods, Inc., Omnibus Incentive Plan adopted by Smithfield with effect from 16 January 2025 (New York time)
"Smithfield Share(s)"	has the meaning ascribed thereto under the section headed "Separate Listing of Smithfield on the Nasdaq Global Select Market" of this report
"Special Dividend"	has the meaning ascribed thereto under the section headed "Separate Listing of Smithfield on the Nasdaq Global Select Market" of this report
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	has the meaning ascribed thereto under the section headed "Separate Listing of Smithfield on the Nasdaq Global Select Market" of this report
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"Sure Pass"	Sure Pass Holdings Limited (順通控股有限公司), a limited liability company incorporated under the laws of the BVI on 25 September 2013 and one of the Controlling Shareholders

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"USDA"	U.S. Department of Agriculture
"Xing Tong"	Xing Tong Limited (興通有限公司), a limited liability company incorporated under the laws of the BVI on 10 June 2016 and one of the Shareholders

萬洲國際
WH GROUP

Unit 7602B-7604A, Level 76,
International Commerce Centre, 1 Austin Road West
Kowloon, Hong Kong

www.wh-group.com

双汇发展
SHUANGHUI DEVELOPMENT

Smithfield

This annual report is printed on environmental-friendly paper