



萬洲國際有限公司
WH GROUP LIMITED

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



SZSE: 000895

Smithfield
NASDAQ: SFD

2025

ANNUAL REPORT





CONTENTS

Corporate Information	02
Results Highlights	04
Chairman's Statement	05
Biographies of Directors and Senior Management	08
Business Review	14
Financial Review	22
Corporate Governance Report	34
Directors' Report	48
Independent Auditor's Report	61
Consolidated Statement of Profit or Loss and Other Comprehensive Income	66
Consolidated Statement of Financial Position	68
Consolidated Statement of Changes in Equity	70
Consolidated Statement of Cash Flows	72
Notes to the Consolidated Financial Statements	75
Five Year Summary	190
Glossary	191

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



Corporate Information (Continued)

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 (Hong Kong) LLP

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

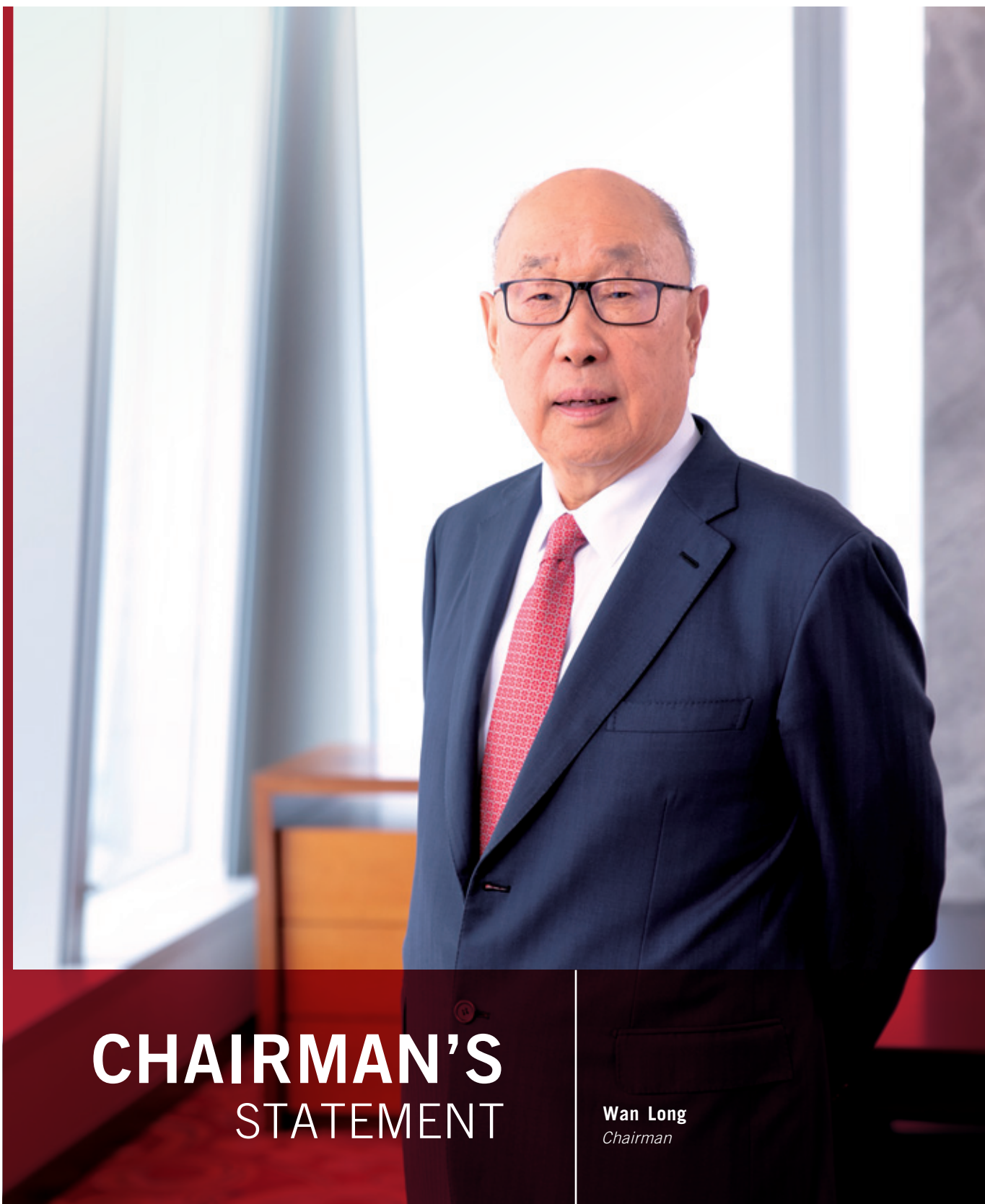
RESULTS HIGHLIGHTS

HIGHLIGHTS

	2025	2024
Packaged meats sold (thousand metric tons)	3,054	3,100
Pork sold (thousand metric tons)	4,089	3,765

	2025		2024	
	Results before biological fair value adjustments US\$ million (unless otherwise stated)	Results after biological fair value adjustments US\$ million (unless otherwise stated)	Results before biological fair value adjustments US\$ million (unless otherwise stated)	Results after biological fair value adjustments US\$ million (unless otherwise stated)
Revenue	28,026	28,026	25,941	25,941
EBITDA	3,377	3,352	3,078	3,280
Operating profit	2,612	2,612	2,404	2,404
Profit attributable to owners of the Company	1,591	1,567	1,471	1,612
Basic earnings per Share (US cents)	12.40	12.21	11.47	12.56
Dividend per Share (HK\$)				
Interim (paid)	0.20	0.20	0.10	0.10
Final	0.41	0.41	0.40	0.40
	0.61	0.61	0.50	0.50

- Sales volume of packaged meats decreased by 1.5% while sales volume of pork increased by 8.6%.
- Revenue increased by 8.0%.
- Operating profit increased by 8.7%.
- Profit attributable to owners of the Company and basic earnings per Share, before biological fair value adjustments, increased by 8.2%.



CHAIRMAN'S STATEMENT

Wan Long
Chairman

Chairman's Statement (Continued)

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 2025.

Over the past year, the international landscape has undergone significant shifts, with geopolitical tensions intensified and the reconstruction of the global trade order and industrial structure accelerated. The global tariff war has substantially impacted multilateral trade relations, exerting a profound influence on the global economy. Affected by animal diseases and supply and demand dynamics, meat market performance diverged across various regions globally, posing challenges to the operations of multinational enterprises. WH Group assessed the situation, promoted the spin-off and independent operation of Morliny in Europe, and facilitated the successful listing of Smithfield in the US on Nasdaq. At the same time, it seized market opportunities, optimized its industrial layout, and promoted cost reduction and efficiency enhancement, continuously improving the Company's competitiveness and capability for growth. In 2025, the Company's sales volume and revenue maintained a year-on-year growth, with its profit reaching a record high.

By business segment, the scale of WH Group's pork business expanded with a significant increase in profit, while the sales volume and profit of its packaged meats business decreased slightly.

By geographical region, hog prices in China were challenged by the "strong supply and weak demand" situation. Market competition has been intensified. Relying on industrial synergies, Shuanghui Development focused on revolutionary innovation and technological advancements, resulting in stable overall operating indicators.

In North America, amid reduced pork supply and rising prices, Smithfield incorporated the advantages of its vertically integrated industrial chain, implemented the "two adjustments and one control" operating strategy, improved management performance, and strengthened excellent operations, with profit reaching a new record high again.



Chairman's Statement (Continued)



In Europe, animal diseases led to export obstructions, resulting in an increase in hog supply and a decline in hog prices. Meanwhile, in face of rising expenses and intensified market competition, Morliny leveraged its advantages in the pork industrial chain and animal protein diversification, efficiently deployed resources, and simultaneously promoted organic growth and M&A integration.

We are confident in the future development of the Company. In 2026, we expect to face multiple challenges, including elevated global geopolitical risks, changes in international economic and trade order, fluctuations in commodity prices, and increasing competitive pressure in the industry. The management of WH Group will adapt to the changing environment and focus on meat processing, adhering to the strategic direction of “industrialisation, diversification, internationalisation and digitalisation”, to further optimise our industrial structure, enhance our industrial layout, deepen synergies, expand our industrial scale, and improve our operating performance. On such

basis, we will increase investment in technology, accelerate our digital transformation, achieve wide application of artificial intelligence in the meat processing industry, promote management upgrades, quality improvement and efficiency enhancement, and strengthen our global competitiveness. We will create the future through high-quality development and reward shareholders with high-growth performance.

Considering all circumstances, the Board proposed to distribute a final dividend of HK\$0.41 per Share, in addition to the interim dividend paid, bringing the total dividends of the year to HK\$0.61 per Share (excluding special dividends).

Wan Long

Chairman of the Board of WH Group

24 March 2026

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

From 1 January 2025 to 28 January 2025, 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. Mr. Charles Shane Smith resigned as a Director with effect from 28 January 2025.

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 85, 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 55, 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 30 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.

Biographies of Directors and Senior Management (Continued)

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 (萬宏偉), age 52, 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 54, 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 29 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.

Biographies of Directors and Senior Management (Continued)

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 60, 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 a founding partner and currently serves as a director of CDH Investments Management Company Limited.

Mr. Jiao has served as a director of Sinovac Biotech Ltd. (a company listed on the Nasdaq Global Select Market (ticker symbol: SVA) since July 2025. 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) and a director of Hainan Poly Pharm Co. Ltd (a company listed on the Shenzhen Stock Exchange with stock code: 300630) from July 2015 to 25 April 2025. 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 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.

Biographies of Directors and Senior Management (Continued)

HUANG Ming (黃明)

Independent Non-executive Director

HUANG Ming (黃明), age 62, 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 and the Stock Exchange (stock code: 9618)) 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 69, 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.

Biographies of Directors and Senior Management (Continued)**ZHOU Hui (周暉)***Independent Non-executive Director*

ZHOU Hui (周暉), age 63, 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) and delisted with effective from 7 July 2022), 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 60, 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.

Biographies of Directors and Senior Management (Continued)

YAN Kam Yin (甄錦燕)

YAN Kam Yin (甄錦燕), age 46, 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. Currently, she is a fellow member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants.

ZHOU Xiaoming (周曉明)

ZHOU Xiaoming (周曉明), age 40, 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. He has also held directorship in various subsidiaries of the Group. 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 47, 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



Business Review (Continued)**BUSINESS REVIEW****I. INDUSTRY OVERVIEW**

The Group is a leading pork company with global operations. In 2025, our business in China contributed 30.3% of the revenue and 35.8% of the operating profit of the Group (2024: 32.5% and 39.2% respectively). Meanwhile, our businesses in North America accounted for 54.3% of the revenue and 53.3% of the operating profit of the Group (2024: 53.0% and 49.4% respectively). Our business in Europe also accounted for 15.4% of the revenue and 10.9% of the operating profit of the Group (2024: 14.5% and 11.4% respectively). As the pork industry in each of the above regions is characterised distinctively but also co-related to each other to a certain extent, market dynamics in China, the US and Europe are important to the results of our Group.

China

China is the largest pork producer and consumption market in the world. It accounted for 49% of 2025/2026 global production of pork. Supplies of pork in China are largely dependent on the availability of agricultural resources, government policies, regulatory environment, animal epidemics and production technology. Given the importance of pork in Chinese diet, demand has always been stable and strong. As China continues to experience economic growth and improvement of people's living standards, demand for high-quality pork products is expected to expand further. In the meantime, cyclical and seasonal factors are also the driving forces of the short-term trend of the industry.

According to the National Bureau of Statistics of China, the total production of hogs increased by 2.4% to 720 million heads in 2025. The total production volume of pork also increased by 4.1% to 59.4 million metric tons. As market supplies remained sufficient but growth in consumption demand was limited, hog price decreased in 2025. With reference to the statistics published by the MOA, the average hog prices of 2025 was RMB14.43 (approximately US\$2.01) per kg, representing a decrease of 15.3% over that of 2024.

As disclosed by the MOA, the number of breeding sows was 39.6 million heads as of the end of 2025, which was equivalent to 101.6% of the normal level and 2.9% lower than one year ago.

As a result of the decrease in hog prices and increase in import tariffs on certain countries, China's total volume of imported pork and by-products during 2025 decreased by 5.5% to 2.16 million metric tons. As published by the General Administration of Customs of China, the key importing regions were the EU, the US and Brazil in descending order of import volume.

Business Review (Continued)**US**

The US is the third largest pork producer ranked after China and the EU globally, which produced 11% of global production of pork in 2025/2026. The pork industry in the US is characterised by its relatively mature and concentrated pork industry. As the US is also one of the world's largest pork exporter, hog prices and pork cut-out values in the US are driven by the supply and demand of its domestic and export markets.

With reference to the statistics of the USDA, overall animal protein production in the US in 2025 was 0.5% lower than that of 2024, of which the production of pork and beef decreased by 0.7% and 3.7% respectively, and the production of chicken increased by 2.1%. Pork production slightly decreased because the improvement in sow productivity was offset by the decrease in hog breeding herd. Tight supplies of pork and firm prices of other major proteins supported the strong demand of pork domestically, resulting in the increase in both hog prices and pork cut-out values. The average hog price, as published by CME was US\$1.57 per kg in 2025, representing an increase of 11.0% over that of 2024. The average pork cut-out value, as reported by the USDA, also increased by 7.4% to US\$2.27 per kg.

As hog prices increased and raising costs decreased in line with the grain prices, the profitability of hog producers improved. However, the degree of increase in pork cut-out values was lower than the degree of increase in hog prices, the operating environment for processors became less favourable. Impacted by high prices and the complicated tariff situation, export demand was undermined. US pork and offal export volume decreased by 3.2% year-on-year according to the USDA. In terms of export destination, shipments to China was 22.4% lower but shipments to Mexico was 7.5% higher in 2025 as compared to that of 2024.

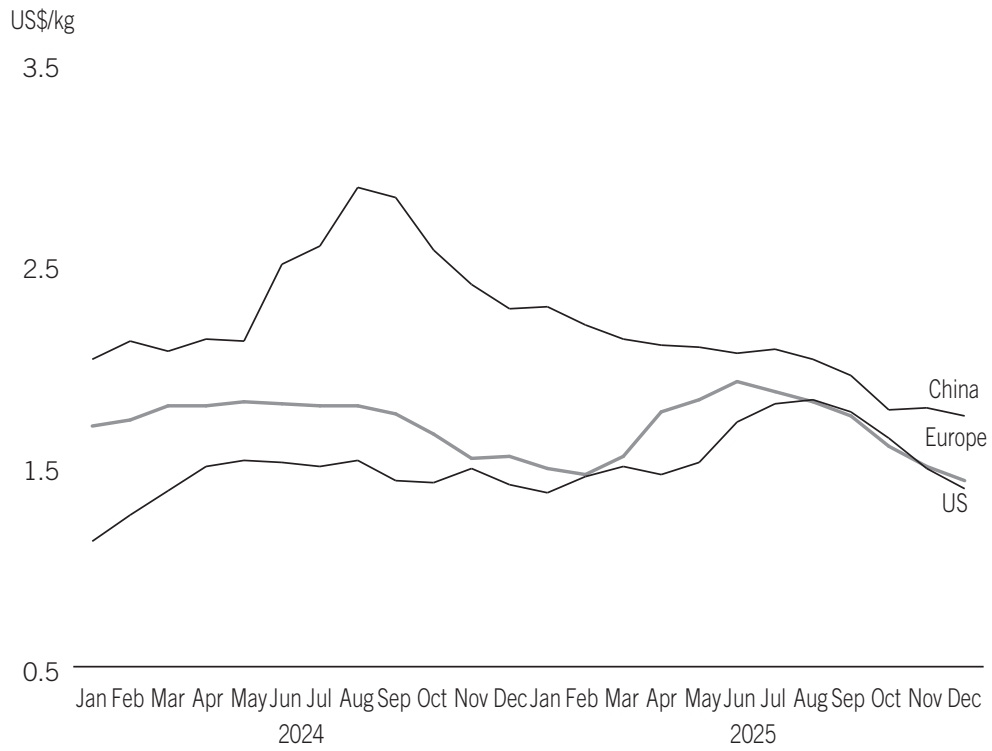
Europe

Considering all its member states collectively, the EU is the world's second largest producer of pork after China. It accounted for 19% of global pork production in 2025/2026. Its major producing countries included Spain, Germany, Denmark, Netherlands, France and Poland. The EU is also one of the world's largest exporters of pork and pork products. As a result, the pork prices in Europe are highly sensitive to the export conditions.

According to the statistics published by EC, the aggregated pork production volume of the member states of the EU increased by 2.3% in 2025. Meanwhile, the outbreak of foot-and-mouth disease in Germany and African Swine Fever in Spain led to trade restrictions and increased the pork supply in these concerned markets. Coupled with weak consumption demand, hog and pork prices were driven downward regionally. As disclosed by the EC, the average carcass price in EU decreased by 8.5% to Euro 1.93 (approximately US\$2.17) per kg in 2025, which represented an average hog price of about Euro 1.46 (approximately US\$1.64) per kg. On the other hand, the decrease in price supported the export competitiveness of pork products which were free from trade restrictions. As a result, total export volume of EU hog carcass in 2025 increased by 2.5% over that of 2024 despite the fact that shipments to China was reduced by 7.0%.

Business Review (Continued)

Hog prices in China, the US and Europe during 2024 and 2025



Sources: MOA, CME and EC

Business Review (Continued)
II. RESULTS OF OPERATIONS

	2025 US\$ million	2024 US\$ million	Change %
Revenue ⁽¹⁾			
— Packaged meats ⁽²⁾	14,178	13,655	3.8
— Pork ⁽³⁾	11,383	10,343	10.1
— Others	2,465	1,943	26.9
	28,026	25,941	8.0
Operating profit (loss)			
— Packaged meats ⁽²⁾	2,143	2,234	(4.1)
— Pork ⁽³⁾	578	356	62.4
— Others ⁽⁴⁾	(109)	(186)	N/A
	2,612	2,404	8.7

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 products.
 (4) Others' operating loss includes corporate expenses.

In 2025, revenue of the Group increased by 8.0% to US\$28,026 million as the sales volume of pork and average selling price of packaged meats increased. Operating profit also increased by 8.7% to US\$2,612 million as the profit level of our pork business increased significantly.

Out of all reporting segments, packaged meats segment has always been our core business. In 2025, packaged meats accounted for 82.0% of the Group's operating profit and 50.6% of the Group's revenue (2024: 92.9% of the operating profit and 52.6% of the revenue). Our pork segment accounted for 22.1% of the Group's operating profit and 40.6% of the Group's revenue (2024: 14.8% of the operating profit and 39.9% of the revenue).

Business Review (Continued)

Packaged Meats

	2025 US\$ million	2024 US\$ million	Change %
Revenue			
China	3,246	3,409	(4.8)
North America	8,754	8,317	5.3
Europe	2,178	1,929	12.9
	14,178	13,655	3.8
Operating profit			
China	891	924	(3.6)
North America	1,097	1,174	(6.6)
Europe	155	136	14.0
	2,143	2,234	(4.1)

In 2025, packaged meats sales volume of the Group decreased by 1.5% to 3,054 thousand metric tons. In China, sales volume decreased by 3.8% as we were continuously challenged by weak demand and changing consumer market dynamics. Although the sales volume in terms of year-on-year comparison improved in the second half of 2025, our efforts to transform products and channels had yet to achieve the full desired results. Sales volume in North America remained relatively stable with consistent mix improvement in 2025. In Europe, our sales volume increased by 2.8% as the contribution of Argal (as defined herebelow) increased.

Revenue of packaged meats in 2025 increased by 3.8% to US\$14,178 million. In China, the decrease in revenue of 4.8% was mainly caused by the decrease in sales volume. In North America, revenue increased by 5.3% as the average selling price increased along with higher raw material costs. In Europe, revenue also increased by 12.9%, which was primarily due to the increase in both sales volume and average selling price.

Operating profit of packaged meats was US\$2,143 million in 2025, representing a decrease of 4.1% from that of 2024. In China, operating profit decreased by 3.6% as the negative impact of sales volume decrease and expenses increase surpassed the benefit of lower raw material costs. In North America, the increase in raw material costs outweighed the increase in average selling price. Coupled with the reduction of COVID-19 related Employee Retention Tax Credit (“**ERC**”), our operating profit decreased by 6.6%. In Europe, our operating profit increased by 14.0%, which was primarily due to sales volume growth and disciplined pricing actions.

Business Review (Continued)
Pork

	2025 US\$ million	2024 US\$ million	Change %
Revenue			
China	3,774	3,804	(0.8)
North America	6,444	5,404	19.2
Europe	1,165	1,135	2.6
	11,383	10,343	10.1
Operating profit			
China	44	55	(20.0)
North America	444	170	161.2
Europe	90	131	(31.3)
	578	356	62.4

The total number of hogs processed by the Group in 2025 was 48,942 thousand heads, representing an increase of 7.9% over that of 2024. In China, North America and Europe, our slaughtering volumes in 2025 increased by 27.7%, 1.5% and 5.5%, respectively. We timely adjust our harvest level based on market conditions.

Our external sales volume of pork was 4,089 thousand metric tons in 2025, which was 8.6% higher than that of 2024. The increase was primarily driven by the increase in slaughtering volume in all operating regions. Pork revenue also increased by 10.1% to US\$11,383 million in 2025. In China, revenue remained relatively stable as the increase in sales volume was offset by the decrease in average selling price along with the hog price. In North America, revenue increased by 19.2% as both the sales volume and average selling price increase in the US and Mexico. In addition, we also sold grains to the two associates, Murphy Farms and VisionAg (as defined herebelow) since 2025. In Europe, revenue increased by 2.6% as the impact of lower pork price was outweighed by the increase in sales volume.

In 2025, our operating profit increased significantly by 62.4% to US\$578 million. The increase was primarily attributable to the turnaround of hog production operation in the US in 2025 as it benefited from the increase in hog price and decrease in grains cost. But our pork processing operation in the US was challenged by narrowed market spread, unfavourable trade environment and reduced ERC. With effective control over costs and expenses, we offset part of the negative impact from the aforesaid challenges against our pork processing operation and recorded a combined operating profit of US\$444 million, which was 161.2% higher than that of 2024. In China, despite of the increase in sales volume, operating profit decreased by 20.0% due to ample supply and keen market competition. Operating profit in Europe in 2025 also decreased by 31.3% as the reduction in hog prices lowered the overall profitability of the vertically integrated pork production chain.

Business Review (Continued)

Others

In addition to packaged meats and pork, the Group also engages in certain ancillary businesses which include production and sale of poultry products, biological 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 392 million heads of broiler, goose and turkey in total during 2025, representing an increase of 12.6% from that of 2024. 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 area 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 2025, revenue generated by our other businesses amounted to US\$2,465 million, representing an increase of 26.9% over that of 2024. The increase was due to the growth of poultry business, acquisition of Pupil Foods (as defined herebelow), as well as the growth of international trade of non-pork proteins. Excluding corporate expenses, operating profit from our ancillary business increased by 174.1% as our poultry business achieved significant improvement in China and considerable growth in Europe.

III. PRODUCTION CAPACITY

The Group has production facilities with advanced equipment in various parts of the world. As at the year-end of 2025, we owned an annual production capacity of packaged meats of approximately 2.07 million metric tons, 1.58 million metric tons and 0.55 million metric tons with utilization rates of 65.3%, 83.2% and 84.2% in China, North America and Europe, respectively (2024: annual production capacity of 2.08 million metric tons, 1.62 million metric tons and 0.51 million metric tons with utilization rates of 67.6%, 81.1% and 89.5%, respectively). Annual hog processing capacity in China, North America, and Europe were approximately 26.24 million heads, 30.68 million heads and 6.65 million heads, and their utilization rates were 50.1%, 97.4% and 89.2%, respectively, in 2025 (2024: annual production capacity of 25.21 million heads, 30.68 million heads and 6.65 million heads with utilization rates of 40.8%, 96.2% and 84.6%, respectively).

OUTLOOK

In 2025, the Group navigated through the challenges and uncertainties and achieved growth in both revenue and profit. Looking ahead, 2026 will continue to be a year characterised by uncertainties. We believe that the Group's operations will hold up well. We will continue to focus on our core packaged meats business by promoting product and channel transformation in China to respond to the evolving consumer market, mitigating the pressure of increasing costs and maintaining high profitability in the US, expanding scale and enhancing profit contribution in Europe. In the meantime, we will further strengthen the pork business by improving the key performance indicators of hog raising, enhancing the production efficiency of pork processing, and increasing the added value of pork products. In addition, we will look into the growth opportunities that can be brought to us by technology and acquisitions. We will also leverage our strengths of having an integrated business. It is our objective to strive for stable and growing results as well as to provide good returns to the Shareholders.

Financial Review



Financial Review (Continued)

FINANCIAL REVIEW

I. KEY FINANCIAL PERFORMANCE INDICATORS

	2025	2024	Change
Revenue growth rate (%)	8.0	(1.1)	+9.1 pp
EBITDA margin (%) ⁽²⁾	12.0	11.9	+0.1 pp
Operating profit margin (%)	9.3	9.3	—
— Packaged meats	15.1	16.4	-1.3 pp
— Pork	3.7	2.5	1.2 pp
Per unit operating profit (US\$/metric ton)			
— Packaged meats	701.6	720.6	-19.0
— Pork	141.4	94.6	+46.8
Net profit margin (%) ⁽²⁾	6.8	6.6	+0.2 pp
Current ratio (times)	1.9	1.9	—
Cash conversion cycle (days)	39.7	41.2	-1.5
Debt to equity ratio (%)	28.4	29.1	-0.7 pp
Debt to EBITDA ratio (times) ⁽²⁾	1.1	1.1	—
Return on total assets (%)	9.1	9.5	-0.4 pp
Return on equity (%)	14.3	15.7	-1.4 pp

Notes:

(1) pp represents percentage point.

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

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.

Financial Review (Continued)**II. ANALYSIS OF CAPITAL RESOURCES****Separate Listing and Secondary Offering of Smithfield**

In January 2025, the Company's indirect wholly-owned subsidiary, Smithfield with operations in North America completed the IPO of 26,086,958 shares of common stock of Smithfield ("**Smithfield Shares**"), at a price of US\$20.00 per Smithfield Share, on the Nasdaq Global Select Market under the ticker "SFD". In February 2025, the Group further sold 2,506,936 overallotment Smithfield Shares to the public (the "**Separate Listing of Smithfield**").

As a result of the Separate Listing of Smithfield, the Group received net cash proceeds of approximately US\$534 million after deducting underwriting discounts, commissions and fees. Having considered all the relevant factors, the Board resolved to declare (1) a special cash dividend of HK\$0.18 per Share (the "**Special Dividend**") and (2) a special dividend by way of distribution in specie of certain Smithfield Shares or cash alternative ("**Distribution in Specie**") to the Shareholders. Such Special Dividend and Distribution in Specie of approximately HK\$2,524 million (an equivalent of approximately US\$324 million) in total were paid and settled in March and April of 2025 respectively.

In September 2025, Smithfield launched a secondary public offering of 19,531,698 Smithfield Shares at a price of US\$23.25 per Smithfield Share. Subsequently, the Group further sold 2,929,754 over-allotment Smithfield Shares to the public (the "**Smithfield Secondary Offering**").

As a result of the Smithfield Secondary Offering, the Group received net cash of approximately US\$505 million after deducting underwriting discounts, commissions and fees. Having considered all the relevant factors, the Board resolved to declare a special cash dividend of HK\$0.3 per Share (the "**Further Special Dividend**"). Such Further Special Dividend of approximately HK\$3,849 million (an equivalent of approximately US\$494 million) in total was paid in October 2025 to the Shareholders.

For details of the above, please refer to the relevant announcements of the Company dated 6 February 2025, 28 February 2025, 5 March 2025, 9 April 2025 and 22 September 2025. Subsequent to the Separate Listing of Smithfield and Secondary Offering of Smithfield, the Group holds an equity interest of approximately 87% in Smithfield.

Liquidity

The Group continues to maintain an adequate level of liquidity. As at 31 December 2025, we had cash and bank balances of US\$2,388 million (2024: US\$2,055 million), which were held primarily in RMB and US\$.

For yield enhancement purpose, we also hold certain time deposits, financial products and debt instruments (collectively referred to as the "**Treasury Products**") from time to time, which are classified under current assets as time deposits with original maturity of over three months, financial assets at fair value through profit or loss and debt investments at amortised cost. As at 31 December 2025, the aggregated balance was US\$1,205 million (2024: US\$532 million).

Apart from cash and bank balances as well as Treasury Products, banking facilities also supports our liquidity. As at 31 December 2025, the aggregate amount of unutilised banking facilities of the Group was US\$6,707 million (2024: US\$5,358 million). Out of which, committed banking facilities available to the Group as at 31 December 2025 was US\$2,888 million (2024: US\$2,733 million).

Our current ratio (ratio of consolidated current assets to consolidated current liabilities) was 1.9 times as at 31 December 2025 (2024: 1.9 times).

Financial Review (Continued)**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 2025, our net cash from operating activities remained relatively stable at US\$2,526 million (2024: US\$2,519 million). Our net cash used in investing activities in 2025 amounted to US\$1,196 million (2024: US\$612 million). The increase in investing cash outflow was primarily due to the increase in investment of Treasury Products. Our net cash used in financing activities in 2025 was US\$981 million (2024: US\$984 million), which was associated with the net cash proceeds received from the Separate Listing of Smithfield and the Smithfield Secondary Offering, the payment of the Special Dividend, the Distribution in Specie (cash portion) and the payment of the Further Special Dividend. As such, our net increase in cash and cash equivalents was US\$349 million in 2025 (2024: net increase of US\$923 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 Ratings. Our long-term corporate credit rating is BBB according to S&P Global Ratings. Our issuer rating is Baa2 according to Moody's. The outlook of these ratings is stable.

In regard to Smithfield, Fitch Ratings affirms its Long-Term IDR of BBB with a stable outlook. According to S&P Global Ratings, 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.

Financial Review (Continued)
Debt Profile

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

	As at 31 December 2025 US\$ million	As at 31 December 2024 US\$ million
Borrowings by nature		
Senior unsecured notes	1,986	1,982
Bank borrowings	1,642	1,318
Loans from third parties	5	5
Bank overdrafts	—	5
	3,633	3,310
Borrowings by geographical region		
North America	1,986	1,983
China	1,571	1,099
Europe	76	228
	3,633	3,310
Borrowings by currency		
US\$	2,082	1,983
RMB	1,473	1,098
Other currencies	78	229
	3,633	3,310

The Group's total principal amount of outstanding borrowings as at 31 December 2025 was US\$3,649 million (2024: US\$3,330 million). The maturity profile is analysed as follows:

	Total
In 2026	44%
In 2027	17%
In 2029	11%
In 2030	14%
In 2031 or after	14%
	100%

Financial Review (Continued)

As at 31 December 2025, 99.9% of our borrowings were unsecured (2024: 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 payment and repayment of interest and principal of borrowings, nor did it breach any relevant financial covenants during the relevant years.

Major Financing Activities

In July 2025, Smithfield in consideration of its liquidity position and existing capital resources, terminated an uncommitted US\$250 million accounts receivable monetisation facility and paid US\$232 million to participating banks to re-acquire the outstanding balance of account receivable previously sold under the facility.

Leverage Ratios

As at 31 December 2025, 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 28.4% and 9.7%, respectively (2024: 29.1% and 11.0%, 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 2025 were 1.1 times and 0.4 times, respectively (2024: 1.1 times and 0.4 times, respectively).

Finance Costs

Our finance costs decreased by 0.7% to US\$146 million in 2025 as the effect of the decrease in borrowing interest rates was offset by the increase in borrowing principals.

As at 31 December 2025, the average interest rate of our outstanding borrowings was 2.55% (2024: 2.95%).

Financial Review (Continued)**III. KEY INVESTMENT INTERESTS****Construction of New Sioux Falls Facility**

In February 2026, the Group announced plans to construct a new state-of-the-art combined fresh pork and packaged meats facility to replace an existing 117-year-old plant in Sioux Falls, South Dakota, the US. Subject to approvals, the construction will begin in the first half of 2027, and production will commence by the end of 2028. The proposed investment amount is estimated to be up to US\$1.3 billion over the next three years.

Closure of Springfield

In February 2026, the Group announced the decision to exit a leased packaged meats facility in Springfield, Massachusetts, the US (“**Springfield**”) to consolidate our production, improve operational and cost efficiencies. We expect the costs to close Springfield will not be financially material to the Group.

Acquisition of Nathan’s Famous

In January 2026, the Group entered into a definitive merger agreement for Smithfield to acquire all of the issued and outstanding shares of Nathan’s Famous, Inc (Nasdaq — NATH) (“**Nathan’s Famous**”) at a price of US\$102 per share in cash. Nathan’s Famous is a highly recognised beef hot dog brand throughout the US and the world. We believe that the acquisition of Nathan’s Famous will enrich our packaged meats brand portfolio, drive growth of high margin packaged meats products and realise synergies in sales channel development and operating efficiency in the US. The closing of the transaction is subject to the approval of the relevant authority and other customary conditions.

Acquisition of Wolf Group

In January 2026, the Group completed the acquisition of 100% interest in certain entities in Germany which formed a leading German producer of premium sausages, convenience and ready meals (collectively “**Wolf Group**”) from an independent third party. We expect the acquisition of Wolf Group will accelerate our growth and strengthen our position in packaged meats and convenience products in Europe.

Acquisition of Pupil Foods

In July 2025, the Group completed the full acquisition of Pupil Foods Ltd. (“**Pupil Foods**”), a polish producer of wet and dry pet food. We expect Pupil Foods will allow us to create value through vertical integration and product innovation.

Disposal of Geese Processing Business

In May 2025, the Group completed the disposal of our geese processing business in Poland to an independent third party. As a result, we received a net proceed of US\$21 million and recognised a pre-tax gain of US\$11 million. The disposal enables us to exit our non-core business and focus on areas in which we see the potential of development.

Financial Review (Continued)

Formation of VisionAg

In February 2025, the Group became a member of VisionAg Hog Production, LLC (“**VisionAg**”) by owning 9% its equity interest. Additionally, the Group sold 28 thousand sows (and the market hogs they produce) to VisionAg. VisionAg is now a supplier of approximately 600 thousand hogs annually to our pork business in the US. The Group is also contracted to provide production services, including the supply of feeds and transportation services to VisionAg. We regard this arrangement to be beneficial for the Group to achieve a more steady and sustainable pork business in the US.

Formation of Murphy Farms

In December 2024, the Group entered into agreements with an independent third-party grower, Murphy Family Ventures, for the formation of Murphy Family Farms LLC (“**Murphy Farms**”). Subsequently, the Group transferred 150 thousand sows (and the market hogs they produce) to Murphy Farms. Currently, the Group owns 25% equity interest in Murphy Farms, and Murphy Farms provides approximately 3.2 million hogs to us annually for our pork operations in the US. Meanwhile, we are contracted to provide certain production services, including the supply of feeds and transportation services to Murphy Farms. We regard this arrangement to be beneficial for the Group to achieve a more steady and sustainable pork business in the US.

Restructuring of Operations in Western US

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. In 2025 and 2024, we incurred exit and restructuring costs of US\$14 million and US\$26 million, respectively.

Reform of US Hog Production

The Group decided to reform its hog production operation in the US during 2023. In 2025, we incurred an additional cost of US\$1 million. In 2024, an exit cost of US\$27 million was incurred and a pre-tax gain of US\$29 million was recorded for the disposal of certain vacant farms and idle land in Missouri and Utah.

Purchase of Packaged Meats Facility in Tennessee, the US

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 US.

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.

Financial Review (Continued)**IV. 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 sources including internally generated cash, bank loans and Shareholders' capital.

In 2025, capital expenditures amounted to US\$611 million (2024: US\$707 million). The following table sets out our capital expenditures by geographical region for the years indicated:

	2025 US\$ million	2024 US\$ million
China	130	201
North America	341	350
Europe	140	156
	611	707

Our capital expenditures in China were mainly for the establishment and transformation of poultry production facilities. Our capital expenditures in North America were primarily related to the modernization of our processing plants and expansion of our packaged meats production facilities. Our capital expenditures in Europe were mainly for the automation of the processing plants, additions of poultry production line and other supporting facilities.

V. 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 2025, the Group had approximately 106 thousand employees in total, in which approximately 49 thousand employees were with our China operation, approximately 35 thousand were with our North America operations and approximately 22 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 the Smithfield Incentive Plan in 2025, granting certain Smithfield stock options and restricted stock units to certain participating employees.

In 2025, total remuneration expenses of the Group amounted to US\$4,348 million, representing an increase of 4.8% from that of 2024. The increase was primarily due to global wages inflation and recognition of share-based payments associated with the Smithfield Incentive Plan.

Financial Review (Continued)

VI. BIOLOGICAL ASSETS

As at 31 December 2025, we had a total of 10.8 million hogs, consisting of 9.9 million market hogs and 0.9 million breeding stock, a decrease of 13.7% from 12.6 million hogs as at 31 December 2024. We also had a total of 32.5 million poultry, consisting of 29.7 million broilers and 2.8 million breeding stock, an increase of 49.7% from 21.7 million poultry as at 31 December 2024. The fair value of our biological assets was US\$1,267 million as at 31 December 2025, as compared to US\$1,441 million as at 31 December 2024.

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 2025, the net impact of biological fair value adjustments on our profit was a loss in the amount of US\$24 million, as compared to a gain in the amount of US\$148 million in 2024.

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 2025, the Group conducted enterprise risk assessments to analyse and report key risks, followed by the establishment of respective mitigation controls. An opinion on the effectiveness of the ERM System was submitted to the Risk Management Committee, which considers that the ERM System 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 US and Europe, our vertically integrated supply chain helps the natural hedge of commodities price changes. These commodities are actively traded on the exchanges in the US, 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.

Financial Review (Continued)

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 2025, approximately 95.8% of our borrowings (other than bank overdrafts) were at fixed interest rates (2024: 90.5%). 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 US 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, 14 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 all of these cases. In July 2025, the Group received a civil investigative demand from the Attorney General for the state of Washington seeking information related to this antitrust litigation. 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 in Note 41 to the consolidated financial statements.

Financial Review (Continued)

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 year, the Group has reviewed the existing GHG emission reduction target and will announce an update in our Environmental, Social and Governance Report ("**2025 ESG Report**"). We have also conducted water resource risk evaluation based on globally recognised frameworks and announced, for the first time, a set of Group level water targets. In addition to Shuanghui Development and Smithfield, Morliny Foods Holding Limited ("**Morliny Foods**"), the Company's subsidiary in Europe, completed its carbon inventory. The Group's continuously fuller carbon inventory further solidifies the rigor of emission reduction measurement and reporting.

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 2025 ESG 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 the 2025 annual report of the Company.

In 2025, the Company remained a constituent stock of the Hang Seng Corporate Sustainability Index ("**HSSUS**") with AA- grade and upgraded to A in the ESG Ratings of MSCI, the world's largest index company, demonstrating the market's recognition of the Group's steady improvement in sustainable development.

X. EVENTS AFTER THE REPORTING PERIOD

Save as the disclosed, there were no other significant changes in the Group's latest financial position or the information discussed in this report.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2025.

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.

Corporate Governance Report (Continued)

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

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	<i>(Member of the Remuneration Committee)</i>
----------------	---

Independent non-executive Directors:

Mr. HUANG Ming	<i>(Chairman of the Remuneration Committee, and member of the Audit Committee and the Nomination Committee)</i>
Mr. LAU, Jin Tin Don	<i>(Member of the Audit Committee, the ESG Committee and the Food Safety Committee)</i> <i>Mr. LAU, Jin Tin Don ceased to be a member of the Nomination Committee with effect from 25 March 2025 and has been appointed as a member of the Food Safety Committee with effect from 25 March 2025.</i>
Ms. ZHOU Hui	<i>(Chairman of the Audit Committee, and member of the Remuneration Committee, the Nomination Committee, and the Risk Management Committee)</i> <i>Ms. ZHOU Hui ceased to be a member of the Food Safety Committee with effect from 25 March 2025 and has been appointed as a member of the Nomination Committee with effect from 25 March 2025.</i>

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.

Corporate Governance Report (Continued)

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 six (6) 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.

Corporate Governance Report (Continued)

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:

Directors	Number of meetings attend/held								
	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	6/6	N/A	N/A	1/1	N/A	2/2	1/1	1/1	N/A
GUO Lijun	6/6	N/A	N/A	N/A	2/2	N/A	1/1	1/1	N/A
WAN Hongwei	5/6	N/A	N/A	N/A	1/2	1/2	N/A	0/1	N/A
MA Xiangjie	6/6	N/A	N/A	N/A	2/2	2/2	1/1	0/1	N/A
JIAO Shuge	4/6	N/A	1/1	N/A	N/A	N/A	N/A	0/1	N/A
HUANG Ming	5/6	3/3	1/1	1/1	N/A	N/A	N/A	0/1	N/A
LAU, Jin Tin Don	6/6	3/3	N/A	1/1	2/2	2/2	N/A	1/1	N/A
ZHOU Hui	6/6	3/3	1/1	N/A	N/A	N/A	1/1	0/1	N/A

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 would receive 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.

Corporate Governance Report (Continued)

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 <i>(resigned with effect from 28 January 2025)</i>	N/A
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;

Corporate Governance Report (Continued)

- (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.

Corporate Governance Report (Continued)

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\$5,500,001 to HK\$6,000,000	1
HK\$7,000,001 to HK\$7,500,000	1
HK\$9,500,001 to HK\$10,000,000	1
HK\$14,000,001 to HK\$14,500,000	1
Total	4

Nomination Committee

From 1 January 2025 to 25 March 2025, the Nomination Committee comprised three members, being an executive Director, namely Mr. WAN Long (the chairman of the Nomination Committee), and two independent non-executive Directors, namely Mr. HUANG Ming and Mr. LAU Jin Tin Don. On 25 March 2025, Mr. LAU Jin Tin Don ceased to be a member of the Nomination Committee and Ms. ZHOU Hui has been appointed a member of the Nomination Committee. From 25 March 2025 to 31 December 2025, the Nomination Committee comprised three members, being an executive Director, namely Mr. WAN Long (the chairman of the Nomination Committee), and two independent non-executive Directors, namely Mr. HUANG Ming and Ms. ZHOU Hui. 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 (the terms of reference of which were amended with effect from 25 March 2025) are to review and make recommendations to the Board on the structure, size, composition, assist the board in maintaining a board skills matrix, 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 and supports the Company's regular evaluation of the performance of the Board. 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 as updated on 25 March 2025 which 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.

Corporate Governance Report (Continued)

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 eight 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 2025, 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.

In March 2026, The Company has internally conducted a performance review of the Board, the scope of which covered the overall performance of the Board and the existing skills, expertise and qualifications of the Board as a whole. Specifically, the assessment criteria included (i) board composition and skills, (ii) board culture and dynamics, (iii) board practices, (iv) quality and timeliness of information to the Board, (v) the effectiveness of the conduct of the Board meetings, (vi) compliance and training, (vii) risk management and internal controls, and lastly, (viii) stakeholder engagement, in particular, whether the Board has effectively and adequately communicated with, listened and responded to shareholders and other key shareholders.

The Directors considered the Board has the right mix of skills, experience, knowledge and diversity of perspectives. To ensure the effectiveness of the Board, the Company will continue to support the Directors in maintaining the skills and knowledge they need to perform their role effectively by providing regular trainings and the relevant materials.

ESG Committee

From 1 January 2025 to 28 January 2025, 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. On 28 January 2025, Mr. Charles Shane SMITH resigned as an executive Director and a member of the ESG Committee. From 28 January 2025 to 31 December 2025, the ESG Committee comprised four members, being three executive Directors, namely Mr. GUO Lijun (the chairman of the committee), Mr. WAN Hongwei and Mr. MA Xiangjie 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:

Corporate Governance Report (Continued)

- (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

From 1 January 2025 to 28 January 2025, 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. On 28 January 2025, Mr. Charles Shane SMITH resigned as an executive Director and a member of the Food Safety Committee. On 25 March 2025, Ms. ZHOU Hui ceased to be a member of the Food Safety Committee and Mr. LAU, Jin Tin Don has been appointed as a member of the Food Safety Committee. From 25 March 2025 to 31 December 2025, the Food Safety Committee comprised four members, being three executive Directors, namely Mr. WAN Long (the chairman of the committee), Mr. WAN Hongwei and Mr. MA Xiangjie and one independent non-executive Director, namely Mr. LAU, Jin Tin Don.

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

From 1 January 2025 to 28 January 2025, 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. On 28 January 2025, Mr. Charles Shane SMITH resigned as an executive Director and a member of the Risk Management Committee. From 28 January 2025 to 31 December 2025, the Risk Management Committee comprised four members, being three executive Directors, namely Mr. WAN Long (the chairman of the committee), Mr. GUO Lijun and Mr. MA Xiangjie and one independent non-executive Director, namely Ms. ZHOU Hui. The Risk Management Committee held one (1) meeting during the Review Period.

Corporate Governance Report (Continued)

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.

Corporate Governance Report (Continued)

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 2025 is set out in the independent auditor's report on pages 61 to 65 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;

Corporate Governance Report (Continued)

- (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 2025. 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.

Corporate Governance Report (Continued)**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	6
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 part 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; in addition, the Company ensures that its shareholders are given sufficient advanced notice of shareholders meetings. 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; and the Company endeavours to (i) provide sufficient information to enable shareholders to familiarise themselves with the detailed procedures for conducting a poll, and (ii) Q&A opportunities in order for the Company to address questions from shareholders in the shareholders meeting(s).

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.

Corporate Governance Report (Continued)

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 three subsidiaries — Smithfield, Shuanghui Development and Morliny Foods, respectively. The three subsidiaries also have completed their double materiality analysis, Smithfield and Morliny Foods both completed during the Review Period, and Shuanghui Development completed in 2024.

(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 46 to 47 of this Corporate Governance Report), the Board is satisfied that the shareholders' communication policy has been properly implemented during 2025 and is effective.

Constitutional Documents

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 2025.

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 21 of this report.

Results

Results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 66 to 67 of this report.

Separate Listing of Smithfield on the Nasdaq Global Select Market

In January 2025, the Company's indirect wholly-owned subsidiary, Smithfield and its entities with operations in North America completed the IPO of 26,086,958 Smithfield Shares, at a price of US\$20.00 per Smithfield Share, on the Nasdaq Global Select Market under the ticker "SFD". In February 2025, the Group further sold 2,506,936 over-allotment Smithfield Shares to the public (the "**Separate Listing of Smithfield**").

As a result of the Separate Listing of Smithfield, the Group received net cash proceeds of approximately US\$534 million after deducting underwriting discounts, commissions and fees. Having considered all the relevant factors as set out in our dividend policy, the Board resolved to declare (1) a special cash dividend of HK\$0.18 per Share (the "**Special Dividend**") and (2) a special dividend by way of distribution in specie of certain Smithfield Shares or cash alternative ("**Distribution in Specie**") to the Shareholders. Such Special Dividend and Distribution in Specie of approximately HK\$2,524 million (an equivalent of approximately US\$324 million) in total were paid and settled on 28 March 2025 and 8 April 2025, respectively. For details of the above, please refer to the relevant announcements of the Company dated 6 February 2025, 28 February 2025, 5 March 2025, 9 April 2025 and 22 September 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.

Directors' Report (Continued)

The Subscription in the Separate Listing of Smithfield

On 28 January 2025 (New York time), Mr. Wan Long, 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 (the “**IPO Subscription**”), 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 Long for the IPO Subscription was approximately US\$64 million (equivalent to approximately HK\$497.92 million).

As the highest applicable percentage ratio in respect of the IPO 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.

For details, please refer to the announcements of the Company dated 28 January 2025.

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 Long (the “**Grant**”), the Chairman of the Board and an executive Director.

As Mr. Wan Long 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 Long 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.

The Smithfield Secondary Offering

In September 2025, Smithfield launched a secondary public offering of 19,531,698 Smithfield Shares at a price of US\$23.25 per Smithfield Share. Subsequently, the Group further sold 2,929,754 over-allotment Smithfield Shares to the public (the “**Smithfield Secondary Offering**”).

As a result of the Smithfield Secondary Offering, the Group received net cash of approximately US\$505 million after deducting underwriting discounts, commissions and fees. Having considered all the relevant factors as set out in our dividend policy, the Board resolved to declare a special cash dividend of HK\$0.3 per Share (the “**Further Special Dividend**”). Such Further Special Dividend of approximately HK\$3,849 million (an equivalent of approximately US\$494 million) in total was paid on 22 October 2025 to the Shareholders. For details, please refer to the relevant announcement of the Company dated 22 September 2025.

Directors' Report (Continued)

As the highest applicable percentage ratio in respect of the Smithfield Secondary Offering, on a standalone basis, is less than 5%, the Smithfield Secondary Offering does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules on a standalone basis and is not be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Subscription in the Smithfield Secondary Offering

On 5 September 2025 (New York time), Mr. Wan Long, the Chairman of the Board and an executive Director, purchased 1,800,000 Smithfield Shares, in the Smithfield Secondary Offering at the offer price and on the same terms as the other Smithfield Shares being offered (the “**Secondary Offering Subscription**”), representing approximately 8.01% of the Smithfield Shares being offered in the Smithfield Secondary Offering. The consideration paid by Mr. Wan Long for the subscription in the Smithfield Secondary Offering was approximately US\$41.85 million (equivalent to approximately HK\$326.43 million). Mr. Wan Long has funded the Subscription by a loan facility from a commercial bank.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into within a 12-month period or were otherwise related. Since the Grant to Mr. Wan Long, the IPO Subscription and the Secondary Offering Subscription are all in relation to the Smithfield Shares within a 12-month period, the Grant, the IPO Subscription and the Secondary Offering Subscription shall be aggregated. As the highest applicable percentage ratio in respect of the Secondary Offering Subscription, on a standalone basis and on an aggregated basis, is more than 0.1% but less than 5%, the Secondary Offering Subscription 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 announcement of the Company dated 7 September 2025.

Final Dividend

The Board has proposed to recommend the payment of a final dividend of HK\$0.41 per Share (the “**2025 Final Dividend**”) (2024: HK\$0.40 per Share) in cash to the Shareholders for the year ended 31 December 2025. Taking into account of the interim dividend of HK\$0.20 per Share paid on 30 September 2025, total interim and final dividend for the year ended 31 December 2025 will be HK\$0.61 per Share (2024: HK\$0.50 per Share), representing a total payment of approximately HK\$7,826 million, or an equivalent to US\$1,002 million (2024: approximately HK\$6,415 million, or an equivalent to US\$825 million). The 2025 Final Dividend is subject to approval of the Shareholders at the forthcoming AGM to be held on Friday, 8 May 2026 (the “**2026 AGM**”).

Upon the Shareholders' approval being obtained at the 2026 AGM, the 2025 Final Dividend will be payable on or around Friday, 29 May 2026 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 19 May 2026.

As disclosed in the sections headed “Separate Listing of Smithfield on the Nasdaq Global Select Market” and “The Smithfield Secondary Offering” in this report, as rewards to the Shareholders for their continuing support, the Board has also declared the Special Dividend, the Distribution in Specie and the Further Special Dividend during the year ended 31 December 2025.

Directors' Report (Continued)

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 2026 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, 5 May 2026 to Friday, 8 May 2026, 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 Monday, 4 May 2026.

(ii) To qualify for the proposed 2025 Final Dividend

For the purpose of ascertaining the Shareholders' entitlement to the proposed 2025 Final Dividend, the registers of members of the Company will be closed from Friday, 15 May 2026 to Tuesday, 19 May 2026 both days inclusive. In order to qualify for the proposed 2025 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, 14 May 2026.

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 to ensure an optimal capital structure and shareholder returns. 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 owners of the Company. 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.

The dividend decisions made by the Board during the Review Period were determined in accordance with the aforesaid dividend policy.

Share Premium and Reserves

Movements in the share premium and reserves of the Group during the Review Period are set out on pages 70 to 71 to the consolidated statement of changes in equity.

Distributable Reserves

The Company's total distributable reserves as at 31 December 2025 amounted to US\$1,535 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\$17 million.

Directors' Report (Continued)

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 2025 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 US 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 US, 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 US 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 2025 by credentialed actuaries, Mercer (US), Inc., who meet the Qualification Standards of the American Academy of Actuaries. As at 31 December 2025, the fair value of plan assets was approximately 96.5% 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 US regulations for the year ended 31 December 2025.

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.

Directors' Report (Continued)**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 23 to 33 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 2025. 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 35 of this report.

In accordance with Article 16.18 of the Articles of Association, Mr. HUANG Ming, Mr. LAU, Jin Tin Don and Ms. ZHOU Hui shall retire by rotation of Directors at the 2026 AGM. Mr. HUANG Ming, Mr. LAU, Jin Tin Don and Ms. ZHOU Hui being eligible, will offer themselves for re-election at the 2026 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 2026 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' Report (Continued)

Directors' Rights to Purchase Shares or Debentures

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 2025, 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⁾	329,424,594 ^(L)	2.57%
	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⁾	133,223,870 ^(L)	1.04%
	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).

Directors' Report (Continued)

- (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 6.55% of the participant units. Hence, Ever Goal was deemed to be interested in approximately 6.55% 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 329,424,594 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 2.65% of the participant units. Hence, Mr. Ma Xiangjie was deemed to be interested in approximately 2.65% 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 133,223,870 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%
	Smithfield	Beneficial owner	5,000,000 ^(L) 452,897 ^{(L)(2)}	1.27% 0.12%
Mr. Ma Xiangjie	Shuanghui Development	Interest of spouse ⁽¹⁾	16,350 ^(L)	0.00%
	Smithfield	Beneficial owner ⁽³⁾	271,738 ^(L)	0.07%
Mr. Guo Lijun	Smithfield	Beneficial owner ⁽⁴⁾	452,897 ^(L)	0.12%
Mr. Wan Hongwei	Smithfield	Beneficial owner ⁽⁵⁾	271,738 ^(L)	0.07%

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.
- (2) In addition to the 5,000,000 shares of Smithfield held by Mr. Wan Long in his capacity as beneficial owner, Mr. Wan Long is also interested in (i) the shares of Smithfield underlying 392,897 options granted under the Smithfield Incentive Plan, which shall vest in five equal installments on 27 January 2026, 27 January 2027, 27 January 2028, 27 January 2029 and 27 January 2030, respectively; and (ii) the shares of Smithfield underlying 60,000 restricted stock units, each of which represents a contingent right to receive one share of common stock of Smithfield, and shall vest in five equal installments on 28 January 2026, 28 January 2027, 28 January 2028, 28 January 2029 and 28 January 2030, respectively.

Directors' Report (Continued)

- (3) Mr. Ma Xiangjie is interested in (i) the shares of Smithfield underlying 235,738 options granted under the Smithfield Incentive Plan, which shall vest in five equal installments on 27 January 2026, 27 January 2027, 27 January 2028, 27 January 2029 and 27 January 2030, respectively; and (ii) the shares of Smithfield underlying 36,000 restricted stock units, each of which represents a contingent right to receive one share of common stock of Smithfield, and shall vest in five equal installments on 28 January 2026, 28 January 2027, 28 January 2028, 28 January 2029 and 28 January 2030, respectively.
- (4) Mr. Guo Lijun is interested in (i) the shares of Smithfield underlying 392,897 options granted under the Smithfield Incentive Plan, which shall vest in five equal installments on 27 January 2026, 27 January 2027, 27 January 2028, 27 January 2029 and 27 January 2030, respectively; and (ii) the shares of Smithfield underlying 60,000 restricted stock units, each of which represents a contingent right to receive one share of common stock of Smithfield, and shall vest in five equal installments on 28 January 2026, 28 January 2027, 28 January 2028, 28 January 2029 and 28 January 2030, respectively.
- (5) Mr. Wan Hongwei is interested in (i) the shares of Smithfield underlying 235,738 options granted under the Smithfield Incentive Plan, which shall vest in five equal installments on 27 January 2026, 27 January 2027, 27 January 2028, 27 January 2029 and 27 January 2030, respectively; and (ii) the shares of Smithfield underlying 36,000 restricted stock units, each of which represents a contingent right to receive one share of common stock of Smithfield, and shall vest in five equal installments on 28 January 2026, 28 January 2027, 28 January 2028, 28 January 2029 and 28 January 2030, respectively.
- (L) The letter (L) indicates long position.

Save as disclosed above, as at 31 December 2025, 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.

Directors' Report (Continued)

Substantial Shareholders

As at 31 December 2025, 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%
BlackRock, Inc.	Interest in controlled corporation	765,400,998 ^(L)	5.97%
		964,000 ^(S)	0.01%

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 83 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.

Directors' Report (Continued)

(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.

Save as disclosed above, as at 31 December 2025, 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.

Share Scheme

There are no share schemes of (i) the Company and (ii) 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.

Directors' Report (Continued)**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 2025.

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, save and except for information disclosed under sections headed "The Subscription in the Separate Listing of Smithfield" and "The Subscription in the Smithfield Secondary Offering" in this report, 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.

Directors' Report (Continued)

Future Development

Please refer to page 21 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 sections headed “Separate Listing and Secondary Offering of Smithfield” and “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 2026 to the date of this report.

Auditors

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Ernst & Young who will retire and, being eligible, offer themselves for re-appointment, at the 2026 AGM.

On behalf of the Board

Wan Long

Chairman of the Board

Hong Kong, 24 March 2026

INDEPENDENT AUDITOR'S REPORT



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 66 to 189, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “**IASB**”) 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**”) as 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**”), as applicable to audits of financial statements of public interest entities. We have also 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.

Independent Auditor’s Report (Continued)

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
<p><i>Fair value measurement of live hogs included in biological assets</i></p>	
<p>The carrying value of the Group’s live hogs included in biological assets amounted to US\$1,004 million, representing 4.6% of the Group’s total assets as at 31 December 2025. 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.</p>	<p>Our procedures in relation to assessing the fair value measurement of live hogs included in biological assets included:</p>
<p>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.</p>	<ul style="list-style-type: none"> • 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 prices 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.

Independent Auditor's Report (Continued)

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 as issued by the IASB 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.

Independent Auditor's Report (Continued)

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 HKSAAs, 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.

Independent Auditor's Report (Continued)**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 (practising certificate number: P07059).

Ernst & Young

Certified Public Accountants

Hong Kong

24 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025			2024		
		Results before biological fair value adjustments	Biological fair value adjustments	Total	Results before biological fair value adjustments	Biological fair value adjustments	Total
		US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
REVENUE	5	28,026	—	28,026	25,941	—	25,941
Cost of sales		(22,692)	(347)	(23,039)	(20,749)	8	(20,741)
Gross profit		5,334	(347)	4,987	5,192	8	5,200
Distribution and selling expenses		(1,845)	—	(1,845)	(1,845)	—	(1,845)
Administrative expenses		(941)	—	(941)	(1,001)	—	(1,001)
Gain arising from agricultural produce at fair value less costs to sell at the point of harvest		—	335	335	—	182	182
Gain (loss) arising from changes in fair value less costs to sell of biological assets		—	(10)	(10)	—	12	12
Other income	6	150	—	150	98	—	98
Other gains and (losses)	7	50	—	50	41	—	41
Other expenses		(118)	—	(118)	(141)	—	(141)
Finance costs	8	(146)	—	(146)	(147)	—	(147)
Share of profits of associates		7	(3)	4	6	—	6
Share of profits of joint ventures		9	—	9	5	—	5
PROFIT BEFORE TAX	9	2,500	(25)	2,475	2,208	202	2,410
Taxation	11	(585)	1	(584)	(503)	(54)	(557)
PROFIT FOR THE YEAR		1,915	(24)	1,891	1,705	148	1,853
Other comprehensive income for the year:	45						
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
— remeasurement on defined benefit pension plans				45			33
				45			33

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

For the year ended 31 December 2025

	Notes	2025			2024		
		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
<i>Items that may be reclassified subsequently to profit or loss:</i>							
— exchange differences arising on translation of foreign operations				481			(256)
— fair value change in cash flow hedge, net of tax				30			(24)
				511			(280)
Other comprehensive income for the year, net of tax				556			(247)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				2,447			1,606
Profit for the year attributable to							
— owners of the Company				1,567			1,612
— non-controlling interests				324			241
				1,891			1,853
Total comprehensive income for the year attributable to							
— owners of the Company				2,087			1,386
— non-controlling interests				360			220
				2,447			1,606
EARNINGS PER SHARE	13						
— Basic (US cents)				12.21			12.56
— Diluted (US cents)				12.20			12.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 US\$'million	2024 US\$'million
NON-CURRENT ASSETS			
Property, plant and equipment	14	6,629	6,393
Right-of-use assets	16(a)	675	607
Biological assets	17	222	206
Goodwill	18	2,128	2,100
Intangible assets	19	1,781	1,699
Interests in associates	20	154	145
Interests in joint ventures	21	99	95
Other receivables	24	61	84
Financial assets at fair value through profit or loss	25	14	2
Pledged bank deposits	27	7	6
Deferred tax assets	31	46	54
Other non-current assets		382	222
Total non-current assets		12,198	11,613
CURRENT ASSETS			
Properties under development	15	26	43
Biological assets	17	1,045	1,235
Inventories	22	2,822	2,805
Trade and bills receivables	23	1,453	888
Prepayments, other receivables and other assets	24	624	523
Debt investments at amortised cost		215	179
Financial assets at fair value through profit or loss	25	43	310
Tax recoverable		60	98
Time deposits with original maturity of over three months	27	947	45
Pledged/restricted bank deposits	27	89	47
Cash and bank balances	27	2,388	2,055
Total current assets		9,712	8,228
CURRENT LIABILITIES			
Trade payables	28	1,379	1,212
Accrued expenses and other payables	29	1,869	1,945
Lease liabilities	16(b)	87	71
Taxation payable		161	109
Borrowings	30	1,621	1,049
Bank overdrafts	30	—	5
Total current liabilities		5,117	4,391
NET CURRENT ASSETS		4,595	3,837
TOTAL ASSETS LESS CURRENT LIABILITIES		16,793	15,450

Consolidated Statement of Financial Position (Continued)

31 December 2025

	Notes	2025 US\$'million	2024 US\$'million
NON-CURRENT LIABILITIES			
Other payables	29	522	498
Lease liabilities	16(b)	403	343
Borrowings	30	2,012	2,256
Deferred tax liabilities	31	812	659
Deferred revenue	32	11	11
Pension liability and other retirement benefits	33	228	322
Total non-current liabilities		3,988	4,089
NET ASSETS		12,805	11,361
CAPITAL AND RESERVES			
Share capital	36	1	1
Reserves		11,186	10,660
Equity attributable to owners of the Company		11,187	10,661
Non-controlling interests		1,618	700
TOTAL EQUITY		12,805	11,361

The consolidated financial statements on pages 66 to 189 were approved and authorised for issue by the Board of Directors on 24 March 2026 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 2025

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Translation reserve	Other reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	US\$ million	US\$ million	US\$ million (Note (a))	US\$ million (Note (c))	US\$ million (Note (d))	US\$ million (Note (b))	US\$ million	US\$ million	US\$ million	US\$ million
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, net of tax	—	—	—	—	(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 options in relation to non-controlling interests (Note (e))	—	—	(1)	—	—	—	—	(1)	—	(1)
Transfer of contractual put options 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
At 1 January 2025	1	1,083	750	(389)	(366)	271	9,311	10,661	700	11,361
Profit for the year	—	—	—	—	—	—	1,567	1,567	324	1,891
Exchange differences arising on translation of foreign operations	—	—	—	445	—	—	—	445	36	481
Remeasurement on defined benefit pension plans	—	—	—	—	45	—	—	45	—	45
Fair value change in cash flow hedge, net of tax	—	—	—	—	30	—	—	30	—	30
Total comprehensive income for the year	—	—	—	445	75	—	1,567	2,087	360	2,447
Net proceeds from separate listing of a subsidiary (Note (f))	—	—	1,038	—	—	—	—	1,038	—	1,038
Deemed partial disposal of a subsidiary (Note (f))	—	—	(791)	—	—	—	—	(791)	791	—
Dividend (Note 12)	—	—	—	—	—	—	(1,806)	(1,806)	—	(1,806)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	(242)	(242)
Equity-settled share-based payment of a subsidiary	—	—	—	—	—	—	—	—	24	24
Fair value adjustment of contractual put options in relation to non-controlling interests (Note (e))	—	—	(3)	—	—	—	—	(3)	—	(3)
Transfer of contractual put options in relation to non-controlling interests (Note (e))	—	—	—	—	—	—	—	—	(14)	(14)
Transfer	—	—	—	—	8	7	(14)	1	(1)	—
	—	—	244	—	8	7	(1,820)	(1,561)	558	(1,003)
At 31 December 2025	1	1,083	994	56	(283)	278	9,058	11,187	1,618	12,805

* Less than US\$1 million.

Consolidated Statement of Changes In Equity (Continued)

For the year ended 31 December 2025

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 on 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 options in relation to non-controlling interests

As at 31 December 2025 and 31 December 2024, 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 profits for the year shared by the NCI shareholders in relation to the portion of the put option are recorded as a liability in "accrued expenses and other payables" in the consolidated statements of financial position as at 31 December 2025 and 31 December 2024.

f. Separate Listing of Smithfield

In January 2025, Smithfield Foods, Inc. ("**Smithfield**"), a principal subsidiary of the Company, together with its entities with operations in North America, completed the initial public offering on the Nasdaq Global Select Market under the ticker "SFD". During the year ended 31 December 2025, the Group sold 45,618,656 Smithfield Shares and 5,436,690 over-allotment Smithfield Shares to the public.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 US\$'million	2024 US\$'million
OPERATING ACTIVITIES		
Profit before tax	2,475	2,410
Adjustments for:		
Interest income	(81)	(36)
Finance costs	146	147
Share of profits of associates	(4)	(6)
Share of profits of joint ventures	(9)	(5)
Depreciation of property, plant and equipment	620	622
Depreciation of right-of-use assets	96	91
(Gain) loss on disposal of property, plant and equipment	2	(33)
Gain on termination of lease contracts	—	(11)
Amortisation of intangible assets	15	10
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	(4)	(9)
Inventories provisions, net	50	40
(Gain) loss arising from changes in fair value less costs to sell of biological assets	10	(12)
Impairment loss on property, plant and equipment	5	4
Recognition of impairment loss on trade receivables and other receivables, net	5	2
Gain on non-qualified retirement plan assets	(35)	(17)
Equity-settled share-based payment of a subsidiary	24	—
Net (gain) loss on disposal of other assets	(6)	15
	3,309	3,213
(Increase) decrease in biological assets	249	(108)
Decrease in inventories	27	197
Increase in trade, bills and other receivables	(663)	(125)
Decrease in properties under development	18	32
Decrease in trade and other payables	(4)	(261)
CASH GENERATED FROM OPERATIONS	2,936	2,948
Taxes paid	(410)	(429)
Net cash flows from operating activities	2,526	2,519

* Less than US\$1 million.

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025

	2025 US\$'million	2024 US\$'million
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(611)	(707)
Proceeds from disposal of financial assets at fair value through profit or loss and debt investments at amortised cost	1,502	1,859
Purchase of financial assets at fair value through profit or loss and debt investments at amortised cost	(1,253)	(1,836)
Placement of pledged/restricted bank deposits	(2)	(70)
Placement of time deposits with original maturity of over three months	(1,963)	—
Withdrawal of time deposits with original maturity of over three months	992	—
Withdrawal of pledged/restricted bank deposits	5	95
Proceeds from disposal of property, plant and equipment	37	107
Interest received	78	36
Dividends received from associates	4	3
Dividends received from joint ventures	5	5
Net cash outflow on acquisition of subsidiaries	(45)	(91)
Disposal of a subsidiary	—	(2)
Receipt of repayment of loans	40	10
Insurance claims on property, plant and equipment	7	2
Purchase of other non-current assets	(5)	(5)
Capital injection to associates	—	(13)
Capital injection to joint venture	(7)	—
Net proceeds from disposal of and capital injection to joint ventures	—	(5)
Acquisition of equity interests in associates	(2)	—
Proceeds from sales of assets of a subsidiary	22	—
Net cash flows used in investing activities	(1,196)	(612)
FINANCING ACTIVITIES		
New borrowings, net of transaction costs	4,269	3,913
Repayment of borrowings	(4,017)	(3,883)
Dividend paid to non-controlling interests	(241)	(210)
Dividend paid to shareholders of the Company	(1,806)	(574)
Net cash outflow on deferred payment and acquisition of additional interests in subsidiaries	(2)	(14)
Net proceeds from separate listing of a subsidiary	1,038	—
Lease payments	(85)	(80)
Interest paid	(137)	(136)
Net cash flows used in financing activities	(981)	(984)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025

	2025 US\$'million	2024 US\$'million
Net increase in cash and cash equivalents	349	923
Cash and cash equivalents at beginning of year	2,050	1,156
Effect of foreign exchange rate changes	(11)	(29)
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,388	2,050
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,388	2,055
Bank overdrafts	—	(5)
Cash and cash equivalents as stated in the statement of cash flows	2,388	2,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

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 as issued by 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 2025. 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).

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)**2.2 Changes in Accounting Policies and Disclosures**

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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. As the currencies that the Group had transacted and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

2.3 Issued But Not Yet Effective IFRS Accounting Standards

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

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

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 Group's financial statements.

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. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

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

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 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 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

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

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency*

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. 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. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. 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.
- **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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (Continued)**Business combinations and goodwill (Continued)**

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.

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (Continued)**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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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*.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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; and
- (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:

Buildings	More than 1 year to 50 years
Leasehold land	More than 1 year to 50 years
Plant, machinery and equipment	More than 1 year to 12 years
Motor vehicles	More than 1 year to 7 years
Contract farms	More than 1 year to 12 years

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 life. The estimated useful life used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	10 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 life, 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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\$1,004 million as at 31 December 2025 (2024: US\$1,202 million) (see note 17).

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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\$2,822 million as at 31 December 2025 (2024: US\$2,805 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 2025, remeasurement gains after tax amounting to US\$45 million (2024: remeasurement gains after tax amounting to US\$33 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 2025 amounted to US\$237 million (2024: US\$337 million) (see note 33).

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION

An analysis of revenue is as follows:

	2025 US\$'million	2024 US\$'million
Packaged meats	14,178	13,655
Pork	11,383	10,343
Others	2,465	1,943
	28,026	25,941

Over 99% (2024: over 99%) of the Group's revenue was recognised at a point in time.

Set out below is the amount of revenue recognised from:

	2025 US\$'million	2024 US\$'million
Amounts included in contract liabilities at the beginning of the year	344	298

The remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and 31 December 2024 regarding the sale of meat and related products, sale of properties and service income are expected to be recognised as revenue within one year.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 after 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2025			
	Packaged meats US\$'million	Pork US\$'million	Others US\$'million	Total US\$'million
China				
Gross segment revenue	3,246	4,211	1,916	9,373
Less: Inter-segment revenue	—*	(437)	(447)	(884)
Revenue	3,246	3,774	1,469	8,489
Reportable segment profit (loss)	891	44	(1)	934
North America				
Gross segment revenue	8,757	9,977	17	18,751
Less: Inter-segment revenue	(3)	(3,533)	(—*)	(3,536)
Revenue	8,754	6,444	17	15,215
Reportable segment profit (loss)	1,097	444	(148)	1,393
Europe				
Gross segment revenue	2,223	1,683	1,133	5,039
Less: Inter-segment revenue	(45)	(518)	(154)	(717)
Revenue	2,178	1,165	979	4,322
Reportable segment profit	155	90	40	285
Total				
Gross segment revenue	14,226	15,871	3,066	33,163
Less: Inter-segment revenue	(48)	(4,488)	(601)	(5,137)
Revenue	14,178	11,383	2,465	28,026
Reportable segment profit (loss)	2,143	578	(109)	2,612
Net unallocated income				18
Biological fair value adjustments				(25)
Finance costs				(146)
Share of profits of associates				7
Share of profits of joint ventures				9
Profit before tax				2,475

* Less than US\$1 million

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

	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

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

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

	2025 US\$'million	2024 US\$'million
Non-current assets		
China	3,273	3,247
North America	6,701	6,575
Europe	1,771	1,474
	11,745	11,296

6. OTHER INCOME

	2025 US\$'million	2024 US\$'million
Government subsidy	21	22
Bank interest income	81	36
Income on sales of raw materials	8	12
Others	40	28
	150	98

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

7. OTHER GAINS AND (LOSSES)

	2025 US\$'million	2024 US\$'million
Gain on non-qualified retirement plan assets	35	17
Fair value gain on financial assets at fair value through profit and loss	4	9
Gain (loss) on disposal of property, plant and equipment	(2)	33
Gain on termination of lease contracts	—	11
Impairment loss on property, plant and equipment	(5)	(4)
Impairment loss on other assets	(—*)	(1)
Impairment loss on right-of-use assets	—	(—*)
Net exchange gain (loss)	(25)	20
Gain on insurance recovery	51	6
Accelerated depreciation and amortisation	(5)	(10)
Net gain (loss) on disposal of other assets	6	(15)
Others	(9)	(25)
	50	41

8. FINANCE COSTS

	2025 US\$'million	2024 US\$'million
Interest on senior unsecured notes	(77)	(77)
Interest on bank and other loans	(45)	(47)
Interest on lease liabilities	(21)	(19)
Amortisation of transaction costs	(3)	(4)
Less: Amounts capitalised in the cost of qualifying assets	—*	—*
	(146)	(147)

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Notes	2025 US\$'million	2024 US\$'million
Auditor's remuneration			
Audit services		6	8
Non-audit services		2	2
Depreciation of property, plant and equipment	14	620	622
Depreciation of right-of-use assets	16	96	91
Amortisation of intangible assets included in administrative expenses	19	15	10
Inventories provisions, net, included in cost of sales		51	40
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		141	172
Research and development expenses		238	173
Staff costs (excluding directors' remuneration)		4,340	4,131
Legal contingencies		80	65

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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	2025 Total US\$'million
A) EXECUTIVE DIRECTORS							
Mr. Wan Long	—	2	—*	1	—	—	3
Mr. Guo Lijun	—	1	—*	1	—	—*	2
Mr. Wan Hongwei	—	1	—*	—*	—	—*	2
Mr. Charles Shane Smith (note (v))	—	—*	—	—	—	—*	—*
Mr. Ma Xiangjie	—	1	—	—*	—	—*	1
	—	5	—*	3	—	—*	8
The executive directors' emoluments shown above were paid and payable for their services for the year ended 31 December 2025 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 (Note (vi))							
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 2025 as directors of the Company.							
Total for the year ended 31 December 2025							8

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 2025.
- (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 2025.
- (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 2025.
- (v) Mr. Charles Shane Smith resigned as an executive director on 28 January 2025.
- (vi) The amount of emolument for each independence non-executive director Mr. Huang Ming, Mr. Lau, Jin Tin Don and Ms. Zhou Hui was HK\$468,000 for the year ended 31 December 2025.

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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	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 (note (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.							
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 (Note (vi))							
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.
- (vi) The amount of emolument for each independence non-executive director Mr. Huang Ming, Mr. Lau, Jin Tin Don and Ms. Zhou Hui was HK\$465,000 for the year ended 31 December 2024.

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

The five highest paid individuals for the year ended 31 December 2025 did not include any director of the Company (2024: one), details of whose emoluments are set out above. The emoluments of the five (2024: remaining four) non-director highest paid individuals during the year were as follows:

	2025 US\$'million	2024 US\$'million
Employees		
Basic salaries and allowances	6	4
Performance bonus	27	23
Share-based payment	5	—
Retirement benefit scheme contributions	3	1
Termination benefit	—	—
	41	28

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

	Number of employees	
	2025	2024
HK\$52,000,001 to HK\$52,500,000	—	1
HK\$53,500,001 to HK\$54,000,000	1	1
HK\$55,500,001 to HK\$55,500,000	1	—
HK\$56,500,001 to HK\$57,000,000	1	1
HK\$60,000,001 to HK\$60,500,000	—	1
HK\$61,500,001 to HK\$62,000,000	1	—
HK\$94,000,001 to HK\$94,500,000	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 (2024: Nil).

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

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

11. TAXATION

	2025 US\$'million	2024 US\$'million
China income tax	(218)	(226)
US and Mexico income taxes	(188)	(130)
Europe income taxes	(54)	(49)
Other income taxes	(—*)	(—*)
Pillar Two income taxes	(4)	—
Withholding tax	(44)	(42)
Deferred taxation	(76)	(110)
	(584)	(557)

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, 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2025 and 31 December 2024.

The US federal tax rate is 21% for the years ended 31 December 2025 and 31 December 2024.

For the year ended 31 December 2025, the Group's businesses in Europe were subject to the local corporate income taxes at rates ranging from 15% to 25% (2024: 9% to 21%).

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

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in Hong Kong and certain other jurisdictions where a domestic minimum top-up tax has not been implemented. The Group is also subject to local Pillar Two income taxes in jurisdictions that have implemented a domestic minimum top-up tax. The Group will account for the Pillar Two income taxes as current tax when incurred.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. Based on the assessment, the Group should benefit from the Pillar Two transitional safe harbour for most of the jurisdictions in which the Group operates. Among the remaining jurisdictions, the Pillar Two effective tax rates of two jurisdictions are below 15% due to certain income exclusions and incentives received by them. The Group recognised the potential top-up tax of approximately US\$4 million (2024: Nil) for the year ended 31 December 2025. 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

11. TAXATION (Continued)

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

	2025		2024	
	US\$'million	%	US\$'million	%
Profit before tax	2,475		2,410	
Tax at the applicable rates (Note)	(549)	(22.2)	(572)	(23.7)
Tax effect of share of profits of associates and joint ventures	4	0.1	2	—*
Tax effect of income that is not taxable in determining current year taxable profit	24	1.0	18	0.8
Tax effect of expenses that are not deductible in determining current year taxable profit	(57)	(2.3)	(36)	(1.5)
Tax effect of tax losses not recognised	(15)	(0.6)	(29)	(1.2)
Utilisation of tax losses previously not recognised	—	—	—*	—*
Effect of tax exemptions and preferential tax rates granted to China subsidiaries	35	1.4	37	1.5
Effect of tax exemptions and preferential tax rates granted to the US and Europe subsidiaries	19	0.8	16	0.7
Increase in taxes payable for tax of prior periods due to Europe Tax Reform	—	—	(4)	(0.2)
Pillar Two income taxes	(4)	(0.1)	—	—
Withholding tax on undistributed earnings of subsidiaries	(44)	(1.8)	(42)	(1.7)
Recognition of deferred tax arising from tax losses previously not recognised	—*	—*	14	0.6
Over provision in prior years	3	0.1	9	0.4
Tax effect of tax losses recognised on intra-group transactions	—	—	30	1.2
Tax charge and effective tax rate for the year	(584)	(23.6)	(557)	(23.1)

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 or 0.1%.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

12. DIVIDENDS

	2025 US\$'million	2024 US\$'million
Dividends recognised as distribution during the year:		
2024 final dividend of HK\$0.40 per share (2023: HK\$0.25)	661	410
2025 special dividend of HK\$0.18 per share (2024: Nil)	296	—
2025 special dividend by way of Distribution in Specie (2024: Nil) (Note)	28	—
2025 interim dividend of HK\$0.20 per share (2024: HK\$0.10)	327	164
2025 special dividend of HK\$0.30 per share (2024: Nil)	494	—
	1,806	574

The final dividend of HK\$0.41 per share in respect of the year ended 31 December 2025 has been proposed by the directors and is subject to approval at the forthcoming annual general meeting.

Note: On 6 February 2025, the Board resolved to declare a special dividend to the shareholders of the Company (the "Shareholders") by way of a distribution, which represented a distribution of approximately HK\$0.01673 per share or a distribution of one Smithfield Share for every 9,300 Company's shares based on the offer price of US\$20.00 per Smithfield Share and to be converted into HK\$ at the exchange rate of US\$1.00 to HK\$7.78 (the "Distribution in Specie"). The Distribution in Specie was paid and settled on 8 April 2025 and was recognised as payment of a special dividend with total amount of approximately HK\$215 million (an equivalent of approximately US\$28 million).

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:

	2025 US\$'million	2024 US\$'million
Earnings		
Profit for the year attributable to owners of the Company for the purpose of the basic earnings per share calculation	1,567	1,612
Dilutive effect arising from adjustment to the share of profits of a subsidiary based on dilution of its earnings per share	(2)	—
Profit for the year attributable to owners of the Company for the purpose of the diluted earnings per share	1,565	1,612
	million shares	million shares
Number of shares		
Weighted average number of ordinary shares for the purpose of the basic and diluted earnings per share	12,830	12,830

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 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	7	14	—	51	—	72
Transfer	5	199	9	482	(695)	—
Disposal	(59)	(67)	(9)	(228)	(1)	(364)
At 31 December 2024 and 1 January 2025	517	4,098	196	6,091	344	11,246
Currency realignment	13	223	10	295	18	559
Additions	—	—	5	29	543	577
Acquisition of a subsidiary (Note 34)	—	17	—	—	—	17
Transfer	1	154	11	360	(526)	—
Disposals	(6)	(38)	(13)	(129)	(3)	(189)
At 31 December 2025	525	4,454	209	6,646	376	12,210

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 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 and 1 January 2025	1	1,374	103	3,375	—	4,853
Currency realignment	—	78	10	165	—	253
Provided for the year	—	167	20	433	—	620
Impairment loss recognised in profit or loss	—	1	—	4	—	5
Disposals	—	(30)	(11)	(109)	—	(150)
At 31 December 2025	1	1,590	122	3,868	—	5,581
Carrying values:						
At 31 December 2025	524	2,864	87	2,778	376	6,629
At 31 December 2024	516	2,724	93	2,716	344	6,393

Certain of the Group's buildings of US\$1,438 million as at 31 December 2025 (2024: US\$1,420 million) are erected on land held in China while the rest are erected on freehold land situated in the US and Europe.

As at 31 December 2025, the application for obtaining the ownership certificates of buildings in China with an aggregate carrying value of approximately US\$171 million (2024: US\$196 million) was still in progress.

Property, plant and equipment with a carrying amount of approximately US\$5 million (2024: US\$4 million) have been fully impaired and recognised in profit or loss for the year ended 31 December 2025.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

15. PROPERTIES UNDER DEVELOPMENT

Properties under development expected to be completed:

	2025 US\$'million	2024 US\$'million
Within the normal operating cycle included under current assets	26	43

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

	2025 US\$'million	2024 US\$'million
Within one year	26	27
After one year	—	16
	26	43

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 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 and 1 January 2025	244	247	34	47	35	607
Currency realignment	1	11	—*	3	—	15
Additions	19	11	19	32	75	156
Acquisition of a subsidiary (Note 34)	—	—	6	—	—	6
Depreciation	(28)	(10)	(12)	(20)	(26)	(96)
Terminated	(1)	(10)	—	(1)	(3)	(15)
Remeasurement	(—*)	—*	1	1	(—*)	2
At 31 December 2025	235	249	48	62	81	675

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

16. LEASES (Continued)**(b) Lease liabilities**

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

	2025 US\$'million	2024 US\$'million
As at 1 January	414	490
New leases	162	36
Interest expenses	21	19
Payments	(106)	(99)
Terminated	(5)	(29)
Remeasurement	2	—
Currency realignment	2	(3)
As at 31 December	490	414
Analysed for reporting purposes as:		
Current liabilities	87	71
Non-current liabilities	403	343
	490	414

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:

	2025 US\$'million	2024 US\$'million
Interest on lease liabilities	21	19
Depreciation charge of right-of-use assets	96	91
Expenses relating to short-term leases	103	140
Variable lease payments not included in the measurement of lease liabilities	38	32
Gain on termination of lease contracts	—	(11)
	258	271

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 (2024: 1 year to 32 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 2025 and 31 December 2024.

- (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:

	2025 million heads	2024 million heads
Live hogs		
Suckling	2	2
Nursery	1	2
Finishing	7	8
	10	12
Breeding stock (hogs)	1	1
	11	13
Broilers	30	19
Breeding stock (poultry)	3	3
	33	22

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

17. BIOLOGICAL ASSETS (Continued)
Carrying value of the Group's biological assets

	Live hogs		Breeding stock (hogs)		Broilers		Breeding stock (poultry)		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	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	1,202	1,111	180	186	33	38	26	28	1,441	1,363
Currency realignment	38	(26)	8	(5)	2	(1)	2	(1)	50	(33)
Breeding costs	4,571	5,692	132	138	632	605	49	44	5,384	6,479
Gain (loss) arising from changes in fair value less costs to sell of biological assets	(6)	33	2	(18)	(8)	(10)	2	7	(10)	12
Transfer to inventories at the point of harvest	(4,564)	(5,335)	(87)	(78)	(618)	(599)	(9)	(10)	(5,278)	(6,022)
Decrease due to culling	(237)	(273)	(43)	(43)	—	—*	(40)	(42)	(320)	(358)
Carrying value at 31 December	1,004	1,202	192	180	41	33	30	26	1,267	1,441

Analysed for reporting purposes as:

	2025 US\$'million	2024 US\$'million
Current assets	1,045	1,235
Non-current assets	222	206
	1,267	1,441

Fair value measurement — Level 3

	2025 US\$'million	2024 US\$'million
Biological assets		
Live hogs	1,004	1,202
Breeding stock (hogs)	192	180
Broilers	41	33
Breeding stock (poultry)	30	26
	1,267	1,441

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.

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

17. BIOLOGICAL ASSETS (Continued)

Fair value measurement — Level 3 (Continued)

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.

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

	2025	2024
	RMB	RMB
China		
Breeding stock (hogs)		
Per head market price ⁽¹⁾	2,467	2,820
Suckling hogs		
Per head cost ⁽²⁾	744	993
Finishing hogs		
Per head market price ⁽³⁾	951	1,220
Per head weekly average breeding costs required to raise to finishing hogs ⁽⁵⁾	78	84
Breeding stock (poultry)		
Per head cost ⁽⁴⁾	114	110
Per head market price ⁽¹⁾	25	25
Culling rate	0.00%–17.61%	0.00%–15.69%
Broilers		
Per head market price ⁽³⁾	19	20
Per head average breeding costs required to raise to broilers ⁽⁵⁾	19	19

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

17. BIOLOGICAL ASSETS (Continued)

Fair value measurement — Level 3 (Continued)

	2025 US\$	2024 US\$
US		
Breeding stock — Sow (hogs)		
Per head market price ⁽¹⁾	212	202
Breeding stock — Boar (hogs)		
Per head market price ⁽¹⁾	103	63
Suckling hogs		
Per head cost ⁽²⁾	35	36
Finishing hogs		
Per head market price ⁽³⁾	145	166
Per head weekly average breeding costs required to raise to finishing hogs ⁽⁵⁾	3.3	3.4

	2025 US\$	2024 US\$
Europe		
Breeding stock — Sow (hogs)		
Per head market price ⁽¹⁾	238	177
Breeding stock — Boar (hogs)		
Per head market price ⁽¹⁾	204	163
Suckling hogs		
Per head cost ⁽²⁾	49	34
Finishing hogs		
Per head market price ⁽³⁾	178	182
Per head weekly average breeding costs required to raise to finishing hogs ⁽⁵⁾	2.6	3.3

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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

	2025 US\$'million	2024 US\$'million
Cost:		
At 1 January	2,100	2,043
Acquisition of subsidiaries	26	89
Currency realignment	2	(32)
At 31 December	2,128	2,100
Accumulated impairment losses:		
At 1 January and 31 December	—	—
Carrying value:		
At 31 December	2,128	2,100

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 and others

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

	2025 US\$'million	2024 US\$'million
Allocated to		
Pork — China	48	45
Packaged meats — China	136	130
Pork — North America	118	109
Packaged meats — North America	1,489	1,489
Packaged meats — Europe	168	202
Pork — Europe	135	120
Poultry and others — Europe	34	5
	2,128	2,100

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 2025 and 31 December 2024.

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 (2024: 5-year) financial budget approved by management and extrapolation of cash flows beyond the 5-year (2024: 5-year) budget period.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 (2024: 5-year) budget period and extrapolated cash flows beyond the budget period are as follows:

	China		North America		Europe	
	2025	2024	2025	2024	2025	2024
	%	%	%	%	%	%
Revenue growth rate (Note i)	(4.0)-17.8	5.5-8.7	2.0-9.4	1.6-4.9	1.5	1.5
Long-term growth rate (Note ii)	2	2	2-3	2-3	1.5	1.5
Discount rate (Note iii)	9.2	10.2	7-10	8-9	10	10

Key assumptions used in the cash flow projections of packaged meats in China, North America, and Europe covering a 5-year (2024: 5-year) budget period and extrapolated cash flows beyond the budget period are as follows:

	China		North America		Europe	
	2025	2024	2025	2024	2025	2024
	%	%	%	%	%	%
Revenue growth rate (Note i)	3.0-3.5	4.6-7.0	2.0	2.0	1.5	1.5
Long-term growth rate (Note ii)	2	2	2.0	2.1	1.5	1.5
Discount rate (Note iii)	9.2	10.2	7.0	8	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:

	2025	2024
	%	%
Revenue growth rate (Note i)	1.5	1.5
Long-term growth rate (Note ii)	1.5	1.5
Discount rate (Note iii)	10	10

Notes:

- i. Management determined the revenue growth rate over a 5-year (2024: 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2024	1,664	5	1	87	40	6	1,803
Acquisition of a subsidiary	—	—	—	—	—	12	12
Currency realignment	(6)	—	—	—	—	—	(6)
At 31 December 2024 and 1 January 2025	1,658	5	1	87	40	18	1,809
Additions	—	—	2	—	—	—	2
Acquisition of a subsidiary	4	—	—	—	—	—	4
Currency realignment	53	—	—	25	—	(4)	74
At 31 December 2025	1,715	5	3	112	40	14	1,889
Amortisation and impairment:							
At 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 and 1 January 2025	27	—	1	58	23	1	110
Currency realignment	(15)	—	—	(1)	—	(1)	(17)
Amortisation provided for the year	2	—	—	9	2	2	15
At 31 December 2025	14	—	1	66	25	2	108
Carrying values:							
At 31 December 2025	1,701	5	2	46	15	12	1,781
At 31 December 2024	1,631	5	—	29	17	17	1,699

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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:

	2025 US\$'million	2024 US\$'million
Allocated to		
Pork — China	48	46
Packaged meats — China	278	266
Pork — North America	235	235
Packaged meats — North America	981	981
Packaged meats — Europe	164	108
	1,706	1,636

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 2025 and 31 December 2024.

For the purpose of impairment testing, the Group prepares cash flow projections based on a 5-year (2024: 5-year) financial budgets approved by management and extrapolation of cash flows beyond the 5-year (2024: 5-year) budget period.

Key assumptions used in the cash flow projections of trademarks and distribution network of pork covering a 5-year (2024: 5-year) budget period and extrapolated cash flows beyond the budget period are as follows:

	China		North America	
	2025 %	2024 %	2025 %	2024 %
Revenue growth rate (Note i)	(4.0)-17.8	5.5-8.7	2.0	2.0
Long-term growth rate (Note ii)	2	2	2	2
Discount rate (Note iii)	10.6	13.2	7	8

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 (2024: 5-year) budget period and extrapolated cash flows beyond the budget period are as follows:

	China		North America		Europe	
	2025	2024	2025	2024	2025	2024
	%	%	%	%	%	%
Revenue growth rate (Note i)	3.0-3.5	4.6-7.0	2.0	2.0	1.5	1.5
Long-term growth rate (Note ii)	2	2	2	2	1.5	1.5
Discount rate (Note iii)	10.6	13.2	7	8	10	10

Notes:

- i. Management determined the revenue growth rate over a 5-year (2024: 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 2025 (2024: 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

20. INTERESTS IN ASSOCIATES

	2025 US\$'million	2024 US\$'million
Share of net assets	154	145

All the Group's associates are not considered as individually material as at 31 December 2025 and 31 December 2024. 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:

	2025 US\$'million	2024 US\$'million
The Group's share of profits and total comprehensive income for the year	4	6
Dividends received during the year	4	3

21. INTERESTS IN JOINT VENTURES

	2025 US\$'million	2024 US\$'million
Share of net assets	99	95

All the Group's joint ventures are not considered as individually material as at 31 December 2025 and 31 December 2024. 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:

	2025 US\$'million	2024 US\$'million
The Group's share of profits and total comprehensive income for the year	9	5
Dividends received during the year	12	5

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

22. INVENTORIES

	2025 US\$'million	2024 US\$'million
Raw materials	1,157	1,242
Work in progress	355	315
Finished goods	1,310	1,248
	2,822	2,805

23. TRADE AND BILLS RECEIVABLES

	2025 US\$'million	2024 US\$'million
Trade receivables	1,470	899
Impairment	(21)	(13)
	1,449	886
Bills receivables	4	2
	1,453	888

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 US 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:

	2025 US\$'million	2024 US\$'million
Current to 30 days	1,328	786
31 to 90 days	107	87
91 to 180 days	15	8
Over 180 days	3	7
	1,453	888

Included in trade and bills receivables of US\$197 million (2024: US\$9 million) were amounts due from associates and joint ventures (Note 42(b)).

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2025, trade receivables of US\$654 million (2024: US\$374 million) were pledged as security for certain credit facilities of the Group (Note 40).

Movement in loss allowance for impairment of trade receivables:

	2025 US\$'million	2024 US\$'million
At 1 January	(13)	(16)
Impairment losses, net	(4)	(—*)
Currency realignment	(4)	3
At 31 December	(21)	(13)

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2025

	Current to 90 days past due	91–180 days past due	More than 180 days past due	Total
Expected loss rate	0.15%	3.65%	83.96%	1.40%
Gross carrying amount (US\$'million)	1,433	16	21	1,470
Loss allowance provision (US\$'million)	2	1	18	21

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

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 US\$'million	2024 US\$'million
Prepayments	155	143
Loans receivables	103	79
Deposits paid to suppliers	110	65
Deposits placed with financial institutions	4	62
Derivative financial instruments (Note 26)	38	11
Value-added tax recoverable	161	131
Others	114	116
	685	607
Analysed for reporting purposes as:		
Current assets	624	523
Non-current assets	61	84
	685	607

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 US\$'million	2024 US\$'million
Financial assets at fair value through profit or loss		
Unlisted investments:		
Financial products	43	308
Equity investments	14	2
	57	310
Listed investments:		
Equity investments	—	2
	57	312
Analysed for reporting purposes as:		
Current assets	43	310
Non-current assets	14	2
	57	312

The investments classified as current assets at 31 December 2025 and 31 December 2024 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

26. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives under hedge accounting

	2025		2024	
	Assets US\$'million	Liabilities US\$'million	Assets US\$'million	Liabilities US\$'million
Fair value hedges				
Grain contracts	—*	—*	—*	—*
Livestock contracts	1	—*	—	—*
Cash flow hedges				
Foreign currency forward contracts	—*	2	5	—
Grain contracts	3	—*	10	1
Energy contracts	1	—*	1	6
Livestock contracts	21	1	2	29
	26	3	18	36

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 2025

Derivative instruments	Average notional volume	Metric	Maturity	Change in fair value used for measuring hedge ineffectiveness for the year US\$'million
Commodities contracts				
Grains				(—*)
— Soybeans	205,000	Bushels	Up to October 2026	
— Soybean meal	7,826	Tons	Up to March 2026	
— Corn	2,550,000	Bushels	Up to September 2027	
— Milling Wheat	20,000	Tons	Up to September 2026	
Lean hogs	127,960,000	Pounds	Up to January 2027	(1)

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives under hedge accounting (Continued)

Fair value hedges (Continued)

At 31 December 2024

Derivative instruments	Average notional volume	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

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 2025 and 31 December 2024 are recorded in “Prepayments, other receivables and other assets” and “Accrued expenses and other payables” in the consolidated statement of financial position.

Cash flow hedges

At 31 December 2025 and 31 December 2024, 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:

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives under hedge accounting (Continued)

Cash flow hedges (Continued)

At 31 December 2025

Derivative instruments	Average notional volume	Metric	Maturity	Change in fair value used for measuring hedge ineffectiveness for the year US\$*million
Commodities contracts				
Lean hogs	722,560,000	Pounds	Up to November 2026	(17)
Grains				9
— Corn	15,090,000	Bushels	Up to April 2026	
— Soybean meal	114,000	Tons	Up to December 2026	
Natural gas	1,200,000	British thermal units	Up to December 2026	—
Diesel	504,000	Gallons	Up to December 2026	—
Foreign currency forward contracts	5,449,814	Various currencies	Up to January 2026	—

At 31 December 2024

Derivative instruments	Average notional volume	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	—

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

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2025					
Highly probable forecast lean hog transactions	(15)	(52)	(2)	4	(17)
Highly probable forecast grain transactions	8	(2)	1	(46)	9
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)

The commodities contracts, interest rate contracts and foreign currency forward contracts as at 31 December 2025 and 31 December 2024 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives not under hedge accounting

	2025		2024	
	Assets US\$'million	Liabilities US\$'million	Assets US\$'million	Liabilities US\$'million
Grain contracts	1	1	2	5
Livestock contracts	—	—	—	2
Energy contracts	13	—*	22	—*
Foreign currency forward contracts	—*	1	1	—
	14	2	25	7

Major terms of such derivatives are as follows:

Derivative instruments	Average notional volume	Metric	Maturity
At 31 December 2025			
Commodities contract			
Soybean meal	124,000	Tons	Up to March 2026
Soybeans	1,825,000	Bushels	Up to November 2026
Corn	12,710,000	Bushels	Up to December 2026
Natural gas	112,000	British thermal units	Up to January 2026
Diesel	1,008,000	Gallons	Up to January 2026
Wind energy	1,501,413	Megawatt-hour	Up to December 2032
Foreign currency forward contracts	282,719,318	US Dollars	Up to February 2026

Derivative instruments	Average notional volume	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

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

27. PLEDGED/RESTRICTED BANK DEPOSITS, CASH AND BANK BALANCES, AND TIME DEPOSITS WITH ORIGINAL MATURITY OF OVER THREE MONTHS

At 31 December 2025, bank balances carry interest at market rates ranging from 0.01% to 7.10% (2024: 0.10% to 7.10%) per annum. The pledged and restricted bank deposits carry interest at fixed rates ranging from 0.05% to 4.00% (2024: 0.10% to 4.00%) per annum.

At 31 December 2025, pledged bank deposits represented deposits of US\$1 million (2024: US\$1 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 (2024: 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 2025, bank balance of US\$5 million (2024: US\$4 million) was pledged for worker's compensation insurance claims in the US and China.

At 31 December 2025, a subsidiary of the Group, which is engaged in financial services was governed by the law to place a statutory deposit of US\$84 million (2024: US\$42 million) in the People's Bank of China. In prior year, US\$4 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.

At 31 December 2025, bank balance of US\$2 million (2024: Nil) was pledged for certain derivative instruments in China.

At 31 December 2025, bank balance of US\$2 million (2024: Nil) was pledged for guarantee of utilities payment in China.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

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 US 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:

	2025 US\$'million	2024 US\$'million
Within 30 days	1,356	1,201
31 to 90 days	17	9
91 to 180 days	4	1
181 to 365 days	2	1
	1,379	1,212

Included in trade payables of US\$8 million (2024: US\$1 million) were amounts due to associates (Note 42(b)).

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

29. ACCRUED EXPENSES AND OTHER PAYABLES

	2025 US\$'million	2024 US\$'million
Accrued staff costs	517	565
Deposits received	91	69
Sales rebates payables	149	149
Payables in respect of acquisition of property, plant and equipment	173	166
Accrued insurance	130	122
Interest payable	23	24
Redeemable non-controlling interests	381	330
Growers payables	42	51
Pension liability (Note 33)	17	23
Derivative financial instruments (Note 26)	3	11
Accrued professional expenses	7	7
Accrued rent and utilities	41	40
Dividend payables	4	4
Contract liabilities (Note)	342	344
Other accrued expenses	330	363
Other payables	141	175
	2,391	2,443
Analysed for reporting purposes as:		
Current liabilities	1,869	1,945
Non-current liabilities	522	498
	2,391	2,443

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 2024, contract liabilities amounted to US\$298 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

30. BORROWINGS

	2025 US\$'million	2024 US\$'million
Senior unsecured notes:		
4.250% senior unsecured notes due February 2027	599	599
5.200% senior unsecured notes due April 2029	398	397
3.000% senior unsecured notes due October 2030	495	493
2.625% senior unsecured notes due September 2031	494	493
	1,986	1,982
Commercial papers (Note i)	—	—
Bank loans (Note ii):		
Secured	—	6
Unsecured	1,642	1,312
Loans from third parties (Note iii):		
Secured	1	1
Unsecured	4	4
Total borrowings other than bank overdrafts	3,633	3,305
Bank overdrafts (Note iv)	—	5
Borrowings other than bank overdrafts are repayable as follows (Note v):		
Within one year	1,621	1,049
One to two years	608	242
Two to five years	413	1,019
After five years	991	995
	3,633	3,305
Less: Amounts due within one year shown under current liabilities	(1,621)	(1,049)
Amounts due after one year	2,012	2,256
Total borrowings other than bank overdrafts:		
At fixed rates	3,479	2,992
At floating rates	154	313
	3,633	3,305

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

30. BORROWINGS (Continued)

	2025 US\$'million	2024 US\$'million
Analysis of borrowings (other than bank overdrafts) by currency:		
Denominated in US\$	2,082	1,983
Denominated in RMB	1,473	1,093
Denominated in other currencies	78	229
	3,633	3,305

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. There were no outstanding commercial papers as at 31 December 2025 (2024: Nil).
- ii. Bank loans carry interest at fixed rates ranging from 0.08% to 6.76% per annum (2024: 0.70% to 2.45% per annum) and at floating rates ranging from EURIBOR + 0.35% to WIBOR + 1.00% per annum at 31 December 2025 (2024: EURIBOR + 1.00% to WIBOR + 1.40% per annum).
- iii. Loans from third parties carry interest at a fixed rate ranging from 0.90% to 3.53% per annum at 31 December 2025 (2024: 0.16% to 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 2025 and 31 December 2024. Details of the assets pledged to secure such borrowings are set out in note 40 to the consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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:

	2025 US\$'million	2024 US\$'million
Deferred tax assets	46	54
Deferred tax liabilities	(812)	(659)
	(766)	(605)

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 loss and accelerated accounting	Fair value changes arising from	Other deductible temporary differences	Total							
	Impairment of financial assets US\$'million	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	biological assets US\$'million	Lease liabilities US\$'million	US\$'million	US\$'million
At 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 and 1 January 2025	(—*)	4	8	—*	79	92	104	(5)	79	133	494
Currency realignment	(—*)	(—*)	(—*)	—*	—*	—	—	—	(—*)	4	4
Acquisition of a subsidiary	—	—	—	—	(1)	—	—	—	—	—	(1)
Credited (charged) to profit or loss	(—*)	(—*)	(1)	—*	(3)	(13)	(74)	—	11	—*	(80)
Credited (charged) to equity	—	—	—	—	—	(14)	—	—	—	(—*)	(14)
At 31 December 2025	(—*)	4	7	—*	75	65	30	(5)	90	137	403

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 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 and 1 January 2025	(506)	(25)	(455)	(9)	(80)	(24)	(1,099)
Currency realignment	(11)	(15)	—	—	—*	(26)	(52)
Acquisition of a subsidiary	(2)	—	—	—	—	—	(2)
(Charged) credited to profit or loss	8	(5)	(1)	1	(11)	12	4
(Charged) credited to equity	—*	—	(6)	(1)	—	(13)	(20)
At 31 December 2025	(511)	(45)	(462)	(9)	(91)	(51)	(1,169)

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

31. DEFERRED TAXATION (Continued)

At 31 December 2025, the Group had unused tax losses of US\$440 million (2024: US\$484 million) available for offsetting against future profits of which a deferred tax asset has been recognised in respect of US\$134 million (2024: US\$122 million) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of US\$306 million (2024: US\$362 million) due to the unpredictability of future profit stream. Unrecognised tax losses amounting to US\$2 million (2024: US\$72 million) may be carried forward indefinitely. The remaining unrecognised tax losses will expire on or before 2043 as follows:

	2025 US\$'million	2024 US\$'million
By end of		
2025	—	16
2026	41	41
2027	7	10
2028	115	116
2029	88	89
2030 or after	53	18
	304	290

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\$5,183 million (2024: US\$4,563 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

	2025 US\$'million	2024 US\$'million
Government grant	11	11

The deferred revenue as at 31 December 2025 and 31 December 2024 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

33. PENSION LIABILITY AND OTHER RETIREMENT BENEFITS

Defined benefit plans

The group entities which operate in the US 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 US 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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	
	2025	2024
Discount rate	5.5%	5.6%
Expected rate of salary increase	4.0%	4.0%

The actuarial valuations showed that the market value of plan assets was US\$1,623 million as at 31 December 2025 (2024: US\$1,498 million).

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2025	2024
	US\$'million	US\$'million
Current service cost	12	13
Past service cost	(—*)	—
Net interest expense	18	19
	30	32

Remeasurement of the net defined benefit liability included in other comprehensive income is as follows:

	2025	2024
	US\$'million	US\$'million
Return on plan assets (excluding amounts included in net interest expense)	94	(70)
Actuarial gains (losses) arising from change in financial assumptions	(35)	114
	59	44
Deferred taxation (Note 31)	(14)	(11)
	45	33

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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:

	2025 US\$'million	2024 US\$'million
Present value of funded defined benefit obligations	1,860	1,835
Fair value of plan assets (Note)	(1,623)	(1,498)
Funded status and net liability arising from defined benefit obligation	237	337
Other retirement benefits, net	8	8
	245	345
Included in:		
Current liabilities (Note 29)	17	23
Non-current liabilities	228	322
	245	345

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2025 US\$'million	2024 US\$'million
Defined benefit obligation at 1 January	1,835	1,960
Current service cost	12	13
Interest cost	99	96
Benefits paid	(121)	(120)
Remeasurement (gains) losses:		
Actuarial (gains) losses arising from change in financial assumptions	35	(114)
Defined benefit obligation at 31 December	1,860	1,835

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\$172 million (2024: US\$141 million) as at 31 December 2025. These assets are included in "Other non-current assets" and "Prepayments, other receivables and other assets" in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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:

	2025 US\$'million	2024 US\$'million
Fair value of plan assets at 1 January	1,498	1,551
Interest income	81	76
Contributions from the employers	71	61
Benefits paid	(121)	(120)
Remeasurement gains (losses):		
Return on plan assets (excluding amounts included in net interest expense)	94	(70)
Fair value of plan assets at 31 December	1,623	1,498

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	
	2025 US\$'million	2024 US\$'million
Cash and cash equivalents	100	153
Equity securities	541	511
Debt securities	659	493
Alternative investments	2	3
Limited partnerships	280	293
Total fair value	1,582	1,453
Unsettled transactions, net	41	45
Total plan assets	1,623	1,498

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 2025, US\$600 million, US\$701 million and US\$281 million of plan assets (2024: US\$514 million, US\$646 million and US\$293 million) are classified as Level 1, Level 2 and Level 3, respectively.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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\$104 million (2024: decrease (increase) by US\$107 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 2025		At 31 December 2024	
	US\$'million	Target range	US\$'million	Target range
Asset categories				
Cash and cash equivalents, net of unsettled transactions	141	0-15%	198	0-15%
Equity securities	541	30-50%	511	30-50%
Debt securities	659	30-50%	493	30-50%
Alternative investments	282	2-25%	296	2-25%
	1,623		1,498	

The Group expects to make a contribution of US\$5 million to the defined benefit plan during the next financial year.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 US 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\$148 million during the year ended 31 December 2025 (2024: US\$149 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 2025

Acquisition of Pupil Foods

On 30 June 2025, the Group completed the acquisition of 100% of the equity interests in Pupil Foods Ltd. ("Pupil Foods"), a Polish producer of wet and dry pet food, 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 Pupil Foods have not been finalised and thus, the fair values of assets and liabilities recognised at the date of acquisition (see below) have been determined provisionally. Upon finalisation of the valuation, any goodwill arising from the acquisition may change accordingly. The directors of the Company expect that the valuation will be finalised within one year from the completion date of the acquisition.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

34. BUSINESS COMBINATIONS (Continued)
For the year ended 31 December 2025 (Continued)
Acquisition of Pupil Foods (Continued)
Fair value assessments

The fair values of the identifiable assets and liabilities of Pupil Foods at the date of acquisition are set out below:

	Notes	(Provisional) US\$'million
Property, plant and equipment	14	17
Right-of-use assets	16	6
Intangible assets	19	4
Inventories		4
Trade and bills receivables		2
Cash and bank balances		3
Trade payables		(4)
Accrued expenses and other payables		(2)
Borrowings	35(b)	(2)
Deferred tax liabilities	31	(3)
Other liabilities		(3)
Total identifiable net assets at fair value		22
Goodwill	18	26
		48

	(Provisional) US\$'million
Satisfied by:	
Cash	48
Analysis of the cash flows in respect of the acquisition is as follows:	
Cash consideration	48
Cash and bank balances acquired	(3)
Net outflow of cash and cash equivalents in cash flows used in investing activities	(45)
Transaction costs paid during the year included in cash flows from operating activities	—
	(45)

Since the completion of acquisition, Pupil Foods contributed US\$17 million to the Group's revenue and US\$2 million to the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue and the consolidated profit for the year ended 31 December 2025 of the Group would have been US\$28,045 million and US\$1,892 million, respectively.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

34. BUSINESS COMBINATIONS (Continued)**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.

Fair value assessments

The fair values of the identifiable assets and liabilities of Argal as at the date of acquisition are set out below:

	US\$ million
Property, plant and equipment	89
Intangible assets	65
Inventories	176
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	(83)
Other liabilities	(116)
Total identifiable net assets at fair value	62
Goodwill	35
	97

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

34. BUSINESS COMBINATIONS (Continued)

For the year ended 31 December 2024 (Continued)

Acquisition of Argal (Continued)

Fair value assessments (Continued)

	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 year, the revenue and the consolidated profit for the year ended 31 December 2024 of the Group would have been US\$26,055 million and US\$1,857 million, respectively.

During the year ended 31 December 2025, purchase accounting adjustment was made by the Group upon finalisation of the purchase price allocation of the acquisition of Argal. The directors of the Company considered the adjustment was insignificant to the consolidated statement of financial position, and, as such, did not retrospectively apply the adjustment to restate the balance as at 31 December 2024.

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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\$162 million and US\$162 million, respectively (2024: US\$36 million and US\$36 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 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 and 1 January 2025	4	414	3,305
Changes from financing cash flows	(2,047)	(106)	252
New leases	—	162	—
Interest expense	—	21	—
Termination	—	(5)	—
Dividends declared	2,048	—	—
Increase arising from acquisition of a subsidiary (Note 34)	—	—	2
Remeasurement	—	2	—
Currency realignment	(1)	2	74
At 31 December 2025	4	490	3,633

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 US\$'million	2024 US\$'million
Within operating activities	141	172
Within financing activities	106	99
	247	271

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

36. SHARE CAPITAL

	Number of shares 'million	Amount US\$'million
Ordinary shares of US\$0.0001 each:		
Authorised: At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	50,000	5
Issued and fully paid: At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	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 2025, the Group's net debt to equity ratio was 9.7% (2024: 11.0%).

Categories of financial instruments
Financial assets
As at 31 December 2025

Asset categories	Financial assets at fair value through profit or loss* US\$'million	Financial assets at amortised cost US\$'million	Total US\$'million
Unlisted equity investments	14	—	14
Unlisted financial products	43	—	43
Derivative financial assets	38	—	38
Other non-current assets	189	—	189
Debt investments at amortised cost	—	215	215
Trade, bills and other receivables and other assets	—	1,626	1,626
Time deposits with original maturity of over three months	—	947	947
Pledged/restricted bank deposits	—	96	96
Cash and bank balances	—	2,388	2,388
	284	5,272	5,556

* The financial assets at fair value through profit or loss are mandatorily measured at FVPL.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments (Continued)

Financial assets (Continued)

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	1,106	1,129
Time deposits with original maturity of over three months	—	45	45
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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments (Continued)

Financial liabilities

	2025 US\$'million	2024 US\$'million
At amortised cost		
Trade and other payables	2,043	1,858
Lease liabilities	490	414
Borrowings (fixed and floating rates)	3,633	3,305
Bank overdrafts	—	5
	6,166	5,582
At fair value through profit or loss		
Derivative financial liabilities	3	11

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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, other receivables, other payables 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:

	2025 US\$'million	2024 US\$'million
Assets		
US\$		
Cash and bank balances	91	6
Trade, bills and other receivables	237	227
EUR		
Cash and bank balances	1	5
Trade, bills and other receivables	99	32
RMB		
Cash and bank balances	12	1
Trade, bills and other receivables	—*	11
JPY		
Trade, bills and other receivables	9	8
GBP		
Cash and bank balances	—*	—
Trade, bills and other receivables	8	37
HUF		
Cash and bank balances	6	2
Trade, bills and other receivables	—*	—
HK\$		
Cash and bank balances	3	3
Trade, bills and other receivables	8	2
CAD		
Cash and bank balances	—*	—
Trade, bills and other receivables	5	10

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)
Foreign currency risk management (Continued)

	2025 US\$'million	2024 US\$'million
Liabilities		
US\$		
Trade and other payables	—*	—
Borrowings	—*	—*
EUR		
Trade and other payables	20	3
Borrowings	1	1
RMB		
Trade and other payables	38	8
GBP		
Trade and other payables	—*	9
Borrowings	—	37
HK\$		
Trade and other payables	—*	3
PLN		
Trade and other payables	1	—

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% (2024: 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% (2024: 5%) change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit where US\$ strengthens 5% (2024: 5%) against the relevant currency.

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**Foreign currency risk management (Continued)****Sensitivity analysis (Continued)**

	2025 US\$'million	2024 US\$'million
US\$ impact	16	12

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.

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:

	2025 US\$'million	2024 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.

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2025 and 31 December 2024, 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2025

	12-month ECLs		Lifetime ECLs		Total US\$'million
	Stage 1 US\$'million	Stage 2 US\$'million	Stage 3 US\$'million	Simplified approach US\$'million	
Trade and bills receivables	4	—	—	1,470	1,474
Financial assets included in prepayments, other receivables and other assets	173	—	—	—	173
Debt investments at amortised cost	215	—	—	—	215
Time deposits with original maturity of over three months	947	—	—	—	947
Pledged deposits	96	—	—	—	96
Cash and bank balances	2,388	—	—	—	2,388
	3,823	—	—	1,470	5,293

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total US\$'million
	Stage 1 US\$'million	Stage 2 US\$'million	Stage 3 US\$'million	Simplified approach US\$'million	
Trade and bills receivables	2	—	—	899	901
Financial assets included in prepayments, other receivables and other assets	220	—	—	—	220
Debt investments at amortised cost	179	—	—	—	179
Time deposits with original maturity of over three months	45	—	—	—	45
Pledged deposits	53	—	—	—	53
Cash and bank balances	2,055	—	—	—	2,055
	2,554	—	—	899	3,453

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2025, the Group had available unutilised banking facilities of approximately US\$6,707 million (2024: US\$5,358 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 2025					
Trade payables	1,379	—	—	—	1,379
Other payables	664	—	—	—	664
Lease liabilities	101	87	140	197	525
Borrowings (fixed and floating rates)	1,728	671	520	1,004	3,923
	3,872	758	660	1,201	6,491
Derivative financial liabilities, net	3	—	—	—	3
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

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2025 and 31 December 2024 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).

	2025			Total US\$'million
	Level 1 US\$'million	Level 2 US\$'million	Level 3 US\$'million	
Financial assets at fair value through profit or loss	—	—	57	57
Derivative financial assets	26	2	12	40
Other non-current assets	183	—	6	189
	209	2	75	286
Derivative financial liabilities	4	1	—	5

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

37. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)
Fair value measurements recognised in the consolidated statement of financial position (Continued)

	2024			Total US\$'million
	Level 1 US\$'million	Level 2 US\$'million	Level 3 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

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 1.00% to 1.78% (31 December 2024: 1.10% to 2.65%).

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 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 and 1 January 2025	308	28	10
Total gain (loss) recognised in profit or loss included in cost of sales and other gains and (losses)	(4)	(17)	2
Purchases	933	2	—
Disposals	(1,199)	(1)	(6)
Currency realignment	19	—	—
At 31 December 2025	57	12	6

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2025

	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position		Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	Gross amounts of recognised financial assets	consolidated statement of financial position		Financial collateral	Cash collateral received	
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
Derivatives	26	(7)	19	8	—	27

	Gross amounts of recognised financial assets set off in the consolidated statement of financial position		Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	Gross amounts of recognised financial liabilities	consolidated statement of financial position		Financial collateral	Cash collateral pledged	
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
Derivatives	3	(7)	(4)	4	—	—

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 2024

	Gross amounts of recognised financial liabilities		Net amounts of financial assets presented in the consolidated statement of financial position		Related amounts not set off in the consolidated statement of financial position		Net amount
	Gross amounts of recognised financial assets	consolidated statement of financial position	consolidated statement of financial position	consolidated statement of financial position	Financial collateral	Cash collateral received	
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
Derivatives	9	(9)	—	—	—	—	—

	Gross amounts of recognised financial assets		Net amounts of financial liabilities presented in the consolidated statement of financial position		Related amounts not set off in the consolidated statement of financial position		Net amount
	Gross amounts of recognised financial liabilities	consolidated statement of financial position	consolidated statement of financial position	consolidated statement of financial position	Financial collateral	Cash collateral pledged	
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
Derivatives	32	(9)	23	(23)	—	—	—

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

38. SHARE INCENTIVE SCHEMES

WH Group 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			As at			As at		
		1 January 2024	Exercised	Cancelled	31 December 2024	Exercised	Cancelled	31 December 2025		
Pre-IPO share option scheme	10 July 2014	424,569,390	—	—	424,569,390	—	—	—	—	
Exercisable at the end of the year		424,569,390				—			—	

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

38. SHARE INCENTIVE SCHEMES (Continued)**WH Group Pre-IPO share option scheme (Continued)**

For the year ended 31 December 2025, no share-based payment expense was recognised (2024: Nil) in relation to the pre-IPO share option scheme.

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 2025 and 31 December 2024.

Smithfield Incentive Plan

In January 2025, Smithfield adopted a share incentive plan and granted stock options and restricted stock units to certain eligible persons under the plan. The share-based compensation expenses are recognised and included in “Administrative expenses” in the consolidated financial statements.

39. COMMITMENTS

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

	2025 US\$'million	2024 US\$'million
Contracted, but not provided for:		
Acquisition of property, plant and equipment	88	81

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:

	2025 US\$'million	2024 US\$'million
Contracted, but not provided for:		
Capital contribution	3	8

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

40. PLEDGE OF ASSETS

	2025 US\$'million	2024 US\$'million
Pledged bank balances	12	7

As at 31 December 2025 and 31 December 2024, certain of the Group's principal US 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 2025, the SPV held US\$654 million (2024: US\$374 million) of trade receivables and had outstanding borrowings of US\$27 million (2024: US\$22 million) on the securitisation facility. No financial or other support to this SPV was provided by the Group as at 31 December 2025 and 31 December 2024.

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

41. REGULATIONS AND CONTINGENCIES (Continued)

The Group had the following significant litigations during the years ended 31 December 2025 and 31 December 2024:

Antitrust Litigations

Smithfield has been named as one of 16 defendants in a series of class actions filed in 2018 in the US 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 US 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, 14 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 all of these cases. In July 2025, the Group received a civil investigative demand from the Attorney General for the state of Washington seeking information related to this antitrust litigation. 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 US 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. On 26 March 2025, the court granted in part defendant's motion to dismiss the amended complaint and held that certain of plaintiffs' new allegations are barred by the statute of limitations. The Group filed our answer to the amended complaint on 9 May 2025. The parties have commenced discovery and all defendants other than the Smithfield defendants have now settled. The Group intends to vigorously defend against these claims.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 US 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, which was subsequently cancelled. On 30 June 2025, the parties filed a stipulation dismissing with prejudice all claims and counterclaims in the action, ending the litigation.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

42. RELATED PARTY TRANSACTIONS

(a) The Group had the following significant transactions with associates/joint ventures during the years:

	2025 US\$'million	2024 US\$'million
Sales of goods to associates	572	46
Sales of goods to joint ventures	5	2
Purchase of goods and services from associates	879	149
Purchase of goods and services from joint ventures	6	12

(b) Balances with associates/joint ventures at the end of the reporting period:

	2025 US\$'million	2024 US\$'million
Included in:		
Trade and bills receivables	197	9
Prepayments, other receivables and other assets	82	46
Trade payables	8	1

Note:

The amounts due to/from associates/joint ventures are unsecured, interest-free and repayable on demand as 31 December 2025 and 31 December 2024.

(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	
	2025 US\$'million	2024 US\$'million
Directors' fees	—*	—*
Basic salaries and allowances	7	8
Performance bonuses	1	13
Termination benefits	—	—
Retirement benefit scheme contributions	—*	1
Share-based payment	5	—
Total compensation paid to key management personnel	13	22

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 US\$'million	2024 US\$'million
NON-CURRENT ASSETS		
Interests in unlisted subsidiaries	4,377	4,377
CURRENT ASSETS		
Amounts due from subsidiaries	144	144
Prepayments, other receivables and other assets	2	—*
Cash and bank balances	1	1
	147	145
CURRENT LIABILITIES		
Amounts due to subsidiaries	2,927	2,314
Other payables	—*	—*
	2,927	2,314
NET CURRENT LIABILITIES	(2,780)	(2,169)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,597	2,208
NET ASSETS	1,597	2,208
CAPITAL AND RESERVES		
Share capital (Note 36)	1	1
Share premium	1,083	1,083
Translation reserve	61	61
Retained profits	452	1,063
TOTAL EQUITY	1,597	2,208

* Less than US\$1 million.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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 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 and 1 January 2025	1,083	61	—	1,063	2,207
Profit and total comprehensive income for the year	—	—	—	1,195	1,195
Dividend (Note 12)	—	—	—	(1,806)	(1,806)
	—	—	—	(611)	(611)
At 31 December 2025	1,083	61	—	452	1,596

Note:

Other reserve as at 1 January 2024 mainly comprised the fair value of share options granted which were 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 lapsed on 4 August 2024.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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	
		2025	2024	2025	2024	2025	2024
				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%	219	215	706	694
Smithfield Individually immaterial subsidiaries with non-controlling interests	US	12.99%	—	100 5	— 26	906 6	— 6
				324	241	1,618	700

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	
	2025	2024
	US\$'million	US\$'million
Non-current assets	2,785	2,640
Current assets	2,866	2,444
Current liabilities	(2,483)	(1,991)
Non-current liabilities	(78)	(184)
Equity attributable to owners of Shuanghui Development	(3,063)	(2,883)
Non-controlling interests of Shuanghui Development's subsidiaries	27	26
Non-controlling interests of Shuanghui Development	679	668
	706	694

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

44. NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS
(Continued)

	Year ended 31 December	
	2025	2024
	US\$'million	US\$'million
Revenue	8,194	8,207
Total expenses	(7,475)	(7,499)
Profit and total comprehensive income for the year	719	708
Profit attributable to owners of the Company	500	493
Profit attributable to the non-controlling interests of Shuanghui Development's subsidiaries	8	7
Profit attributable to the non-controlling interests of Shuanghui Development	211	208
	719	708
Dividends paid to non-controlling interests of Shuanghui Development's subsidiaries	8	9
Net cash inflow from operating activities	1,014	1,146
Net cash outflow used in investing activities	(763)	(139)
Net cash outflow used in financing activities	(398)	(580)
Net cash inflow (outflow)	(147)	427

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

44. NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS
 (Continued)

Summarised financial information in respect of Smithfield 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 2025 US\$'million
Non-current assets	6,937
Current assets	5,201
Current liabilities	(1,790)
Non-current liabilities	(3,591)
Equity attributable to owners of Smithfield	(6,757)
Non-controlling interests of Smithfield's subsidiaries	—
Non-controlling interests of Smithfield	906
	906

	Year ended 31 December 2025 US\$'million
Revenue	15,533
Total expenses	(14,558)
	975
Other comprehensive income	144
Profit and total comprehensive income for the year	1,119
Profit attributable to owners of the Company	1,019
Profit attributable to the non-controlling interests of Smithfield's subsidiaries	—
Profit attributable to the non-controlling interests of Smithfield	100
	1,119
Dividends paid to non-controlling interests of Smithfield's subsidiaries	—
Net cash inflow from operating activities	1,066
Net cash outflow used in investing activities	(245)
Net cash outflow used in financing activities	(234)
Net cash inflow	587

Note: Smithfield was a wholly-owned subsidiary of the Group as at 31 December 2024.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

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.

	2025 US\$'million	2024 US\$'million
Other comprehensive income includes:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Remeasurement on defined benefit pension plans	59	44
Income tax relating to defined benefit pension plans	(14)	(11)
	45	33
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	481	(256)
Fair value change in cash flow hedge	41	(35)
Income tax relating to cash flow hedge	(11)	11
	511	(280)
Other comprehensive income, net of tax	556	(247)

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

46. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2025 and 31 December 2024 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
			2025	2024	
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 (Note 2)	US	Note 3	87.01%	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: This company is listed on the Nasdaq Global Select Market and incorporated in the Commonwealth of Virginia, the US.

Note 3: This company had registered common shares of 393,112,711 and the par value of the common shares 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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2025

47. EVENTS AFTER THE REPORTING PERIOD

The following significant events took place subsequent to the end of the reporting period:

Acquisition of Wolf Group

In January 2026, the Group completed the acquisition of 100% interest in certain entities in Germany which formed a leading German producer of premium sausages, convenience and ready meals (collectively “**Wolf Group**”) from an independent third party. The Group expect the acquisition of Wolf Group will accelerate growth and strengthen the Group’s position in packaged meats and convenience products in Europe.

Acquisition of Nathan’s Famous

In January 2026, the Group entered into a definitive merger agreement for Smithfield to acquire all of the issued and outstanding shares of Nathan’s Famous, Inc (Nasdaq — NATH) (“**Nathan’s Famous**”) at a price of US\$102 per share in cash. Nathan’s Famous is a highly recognised beef hot dog brand throughout the US and the world. The Group believe that the acquisition of Nathan’s Famous will enrich the Group’s packaged meats brand portfolio, drive growth of high margin packaged meats products and realise synergies in sales channel development and operating efficiency in the US. The closing of the transaction is subject to the approval of the relevant authority and other customary conditions.

Construction of New Sioux Falls Facility

In February 2026, the Group announced plans to construct a new state-of-the-art combined fresh pork and packaged meats facility to replace an existing 117-year-old plant in Sioux Falls, South Dakota, the US. Subject to approvals, the construction will begin in the first half of 2027, and production will commence by the end of 2028. The proposed investment amount is estimated to be up to US\$1.3 billion over the next three years.

FIVE YEAR SUMMARY

As of and for the Year Ended December 31 US\$ million (unless otherwise stated)	2025	2024	2023	2022	2021
Key financial data					
Revenue	28,026	25,941	26,236	28,136	27,293
Revenue growth rate (%)	8.0%	-1.1%	-6.8%	3.1%	6.7%
Operating profit	2,612	2,404	1,471	2,093	1,966
Operating profit margin (%)	9.3%	9.3%	5.6%	7.4%	7.2%
Profit before taxation	2,475	2,410	1,057	2,132	1,700
Taxation	(584)	(557)	(197)	(482)	(402)
Profit for the year	1,891	1,853	860	1,650	1,298
Profit for the year attributable to:					
— owners of the Company	1,567	1,612	629	1,370	1,068
— non-controlling interests	324	241	231	280	230
	1,891	1,853	860	1,650	1,298
Profit attributable to owners of the Company, before biological fair value adjustments	1,591	1,471	606	1,401	1,043
Basic earnings per share (US cents)	12.21	12.56	4.90	10.68	7.55
Total assets	21,910	19,841	19,179	19,855	19,411
Total liabilities	(9,105)	(8,480)	(8,604)	(9,443)	(9,724)
Net assets	12,805	11,361	10,575	10,412	9,687
Equity attributable to owners of the Company	11,187	10,661	9,831	9,600	8,748
Non-controlling interest	1,618	700	744	812	939
Total equity	12,805	11,361	10,575	10,412	9,687

GLOSSARY

“2025 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. Chang Yun Share Plan was terminated on 9 December 2024
“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

Glossary (Continued)

“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 sections headed “Separate Listing and Secondary Offering of Smithfield” and “Separate Listing of Smithfield on the Nasdaq Global Select Market” 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
“Further Special Dividend”	has the meaning ascribed thereto under the sections headed “Separate Listing and Secondary Offering of Smithfield” and “The Smithfield Secondary Offering” of this report
“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

Glossary (Continued)

“Heroic Zone Share Plan”	the share plan dated 25 December 2009, revised on 17 December 2012, 11 July 2016 and 27 October 2024 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 sections headed “Separate Listing and Secondary Offering of Smithfield” and “Separate Listing of Smithfield on the Nasdaq Global Select Market” of this report
“IPO Subscription”	has the meaning ascribed to it under the section headed “The Subscription in the Separate Listing of Smithfield” 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

Glossary (Continued)

“North America”	the US 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
“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 2025 to 31 December 2025
“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.
“Secondary Offering Subscription”	has the meaning ascribed to it under the section headed “The Subscription in the Smithfield Secondary Offering” of this report
“Separate Listing of Smithfield”	has the meaning ascribed thereto under the sections headed “Separate Listing and Secondary Offering of Smithfield” and “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)

Glossary (Continued)

“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 Secondary Offering”	has the meaning ascribed thereto under the sections headed “Separate Listing and Secondary Offering of Smithfield” and “The Smithfield Secondary Offering” of this report
“Smithfield Share(s)”	has the meaning ascribed thereto under the sections headed “Separate Listing and Secondary Offering of Smithfield” and “Separate Listing of Smithfield on the Nasdaq Global Select Market” of this report
“Special Dividend”	has the meaning ascribed thereto under the sections headed “Separate Listing and Secondary Offering of Smithfield” and “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

Glossary (Continued)

“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 “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “US 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



Unit 7602B-7604A, Level 76,
International Commerce Centre, 1 Austin Road West
Kowloon, Hong Kong

www.wh-group.com



Smithfield