萬洲國際
WH GROUP

WH Group Limited

萬洲國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 288)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

HIGHLIGHTS

	Six months ended 30 June	
	2022	2021
Key operating data		
Packaged meats sold (thousand metric tons)	**1,612**	1,614
Pork sold (thousand metric tons)	**2,031**	2,138

	Six months ended 30 June			
	2022		2021	
	Results before biological fair value adjustments	**Results after biological fair value adjustments**	Results before biological fair value adjustments	Results after biological fair value adjustments
	US$ million ***(unless otherwise stated)*** **(unaudited)**		*US$ million* *(unless otherwise stated)* (unaudited)	
Key financial data				
Revenue	**13,398**	**13,398**	13,331	13,331
EBITDA	**1,541**	**1,608**	1,227	1,376
Operating profit	**1,211**	**1,211**	920	920
Profit attributable to owners of the Company	**701**	**759**	539	652
Basic earnings per share (US cents)	**5.46**	**5.92**	3.66	4.42
Interim dividend per share (HK$)	**0.05**	**0.05**	0.05	0.05

- Sales volume of packaged meats and pork decreased by 0.1% and 5.0% respectively
- Revenue increased by 0.5%; Operating profit increased by 31.6%
- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 30.1%
- Basic earnings per share, before biological fair value adjustments, increased by 49.2%

The board (the "**Board**") of directors (the "**Directors**") of WH Group Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2022 (the "**Review Period**").

MANAGEMENT DISCUSSION AND ANALYSIS

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

INDUSTRY OVERVIEW

The Group operates in the People's Republic of China ("**China**"), the United States of America (the "**U.S.**"), the United Mexican States ("**Mexico**") and certain selected markets in Europe ("**Europe**"). Each geographic region is characterised distinctively. Our management team is accountable for the management of the market dynamics in each region effectively to maximise profit of the Group.

China

China is the largest pork producer and consumption market in the world. In the medium and long term, 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. Nevertheless, short-term trends are impacted by industry cycle and near term events.

In the Review Period, the total production of hogs was 366 million heads according to the National Bureau of Statistics of China, which was 8.4% higher than 337 million heads in the six months ended 30 June 2021 (the "**Comparable Period**"). The total production volume of pork was 29.39 million metric tons, representing an increase of 8.2% as compared to 27.15 million metric tons in the Comparable Period. With reference to the statistics published by the Ministry of Agriculture and Rural Affairs of China, the average hog price in the Review Period was Renminbi ("**RMB**") 14.5 (approximately U.S. Dollar ("**US$**") 2.24) per kg, representing a noticeable decrease of 43.9% from that of the Comparable Period. The decrease was mainly due to the continuous increase in the supply of market hogs and the slowdown of demand in view of sluggish economic growth. As hog prices remained at a relatively low level, imports of pork declined significantly. The total volume of imported pork, as disclosed by The General Administration of Customs of China, was 0.80 million metric tons in the Review Period, representing a decrease of 65.1% from that of in the Comparable Period. The key importing regions were the European Union (the "**EU**"), Brazil and Canada in descending order of import volume.

U.S.

The U.S. is the second largest pork producing country in the globe. The entire industry is relatively mature and concentrated. As the U.S. is also the world's largest pork exporting country, hog prices and pork values in the U.S. are driven by the supply and demand of its domestic and export markets.

With reference to the statistics of the United States Department of Agriculture (the "**USDA**"), overall animal protein production in the U.S. stayed flat in the Review Period, in which pork was 3% lower, beef was 2% higher and chicken was 1% higher than the Comparable Period. The decrease in pork production was due to the impact of diseases on hog herds in some areas and the uncertainty of producers' margins given the high raising costs. Meanwhile, domestic demand was supported by robust market consumption. As a result, the average hog price, according to Chicago Mercantile Exchange, Inc., was US$1.62 per kg in the Review Period, representing an increase of 2.5% over that of the Comparable Period. The average pork cut-out value, according to the USDA, also remained stable at a relatively high level in the Review Period.

Nonetheless, the high retail prices could weaken the consumption demand as household budgets continue to be squeezed by higher living costs. Therefore, during the Review Period, hog and pork prices increased year on year in the first quarter but decreased year on year in the second quarter. Export demand was also constrained by high prices. According to the USDA, export volume of U.S. pork and offals decreased by 22.1% to 1.2 million metric tons in the Review Period. Major export destinations that recorded a decrease in export volume included China, Japan and South Korea. As the price differential became significantly smaller, U.S. exports to China reduced by 55.5% in the Review Period notwithstanding the complementary nature of consumers' preference in the two markets. In contrast, U.S. exports to Mexico increased, which offset part of the decrease of exports to the other destinations.

Europe

The EU is the world's second largest producer of pork after China considering all its member states collectively. The main producers are Germany, Spain, Poland, France, Denmark and Netherlands. Meanwhile, the EU is also the largest exporter of pork and pork products globally. Therefore, its pork prices are highly sensitive to the export environment.

According to the latest statistics disclosed by the European Commission, the aggregated pork production of the member states of the EU decreased by 6.0% in the Review Period over that of the Comparable Period. Apart from the impact associated with African Swine Fever ("**ASF**"), the decrease in pork production was also due to the margin pressure on producers caused by high input costs and uncertain demand provided that there were a war in Ukraine and widespread inflation in the region.

As a result of supply contraction, the average carcass price in EU increased by 11.3% to Euro1.72 (approximately US$1.88) per kg in the Review Period. Due to the reduction of price attractiveness and restrictions caused by ASF, total export volume of the EU in the first five months of 2022 decreased by 26.2% over that of the same period in the previous year. In particular, shipments to China decreased by 61.5% as import demand from China continued to be weak given the recovery of its local supplies.

RESULTS OF OPERATIONS

Our business primarily consists of the following operating segments, namely packaged meats and pork.

	Six months ended 30 June		
	2022	2021	Change
	US$ million	*US$ million*	*%*
Revenue[1]			
— Packaged meats[2]	**7,073**	6,464	9.4
— Pork[3]	**5,550**	6,139	(9.6)
— Others[4]	**775**	728	6.5
	13,398	13,331	0.5
Operating profit			
— Packaged meats[2]	**1,081**	816	32.5
— Pork[3]	**124**	77	61.0
— Others[4],[5]	**6**	27	(77.8)
	1,211	920	31.6

Notes:

(1) Revenue refers to net external sales.
(2) Packaged meats represents production, wholesale and retail sales of packaged meat products.
(3) Pork represents hog farming, slaughtering, wholesale and retail sales of fresh and frozen pork.
(4) Others represent ancillary businesses other than packaged meats and pork.
(5) Other operating profit includes certain corporate expenses.

Packaged meats has always been our core business. It accounted for 52.8% (Comparable Period: 48.5%) of the Group's revenue in the Review Period. Its contribution to the Group's operating profit was 89.3% in the Review Period (Comparable Period: 88.7%).

Geographically, our operations in China contributed 32.6% and 44.3% of the revenue and operating profit of the Group in the Review Period, respectively (Comparable Period: 40.9% and 57.0%). Contribution of our operations in the U.S. and Mexico to the revenue and operating profit of the Group in the Review Period were 57.2% and 51.1% (Comparable Period: 49.6% and 34.5%) respectively. The rest of the revenue and operating profit of the Group were derived from our operations in Europe.

Packaged Meats

	Six months ended 30 June		
	2022	2021	Change
	US$ million	*US$ million*	*%*
Revenue			
China	**2,029**	2,099	(3.3)
U.S.	**4,428**	3,872	14.4
Europe	**616**	493	24.9
	7,073	6,464	9.4
Operating profit			
China	**496**	408	21.6
U.S.	**539**	358	50.6
Europe	**46**	50	(8.0)
	1,081	816	32.5

In the Review Period, our packaged meats sales volume remained stable at 1,612 thousand metric tons. In China, sales volume during the Review Period decreased by 1.8% due to the slowdown of consumer market and keen competition in mass products. Marketing plans and supply chain were also disrupted by Coronavirus Disease 2019 ("**COVID-19**") prevention and control measures in some areas. Sales volume in the U.S. decreased by 1.7% in the Review Period as a result of volume decline in the retail and industrial channels due primarily to challenging labour and supply chain environments, which was partially offset by volume gain in food service channel as hospitality sector continued to recover from pandemic. In Europe, our sales volume increased by 18.9% as we benefited from both organic growth and new acquisition.

Revenue in the Review Period increased by 9.4% to US$7,073 million. Revenue in China decreased by 3.3% mainly due to the decrease in sales volume. In the U.S., revenue increased by 14.4% as food service demand was strong and we managed pricing in all sales channels to offset the persistent increase in costs. In Europe, revenue in the Review Period increased by 24.9% due to the increase in sales volume and price management in the face of inflationary headwinds, which was partially offset by the weakening of local currencies.

Operating profit was US$1,081 million in the Review Period, representing a notably increase of 32.5% from that of the Comparable Period. In China, operating profit increased by 21.6% in the Review Period as the decrease in primary raw material costs countervailed the increase in other costs and expenses as well as the decrease in sales. In the U.S., despite the cost increases in raw materials, distribution, energy and labour, our operating profit grew significantly by 50.6% in the Review Period. The increase in profitability was primarily driven by the increase in sales and improvements in manufacturing efficiency. In Europe, our operating profit decreased by 8.0% as the increase in sales was outweighed by elevated costs and expenses as well as the depreciation of local currencies.

Pork

	Six months ended 30 June		
	2022	2021	Change
	US$ million	*US$ million*	*%*
Revenue			
China	**1,895**	2,871	(34.0)
U.S. and Mexico[(1)]	**3,195**	2,695	18.6
Europe	**460**	573	(19.7)
	5,550	6,139	(9.6)
Operating profit (loss)			
China	**36**	68	(47.1)
U.S. and Mexico[(1)]	**102**	(17)	N/A
Europe	**(14)**	26	N/A
	124	77	61.0

Note:

(1) Revenue and operating loss of our subsidiaries in Mexico were consolidated in the Review Period as we increased our equity interest in a joint venture in July 2021 (Comparable Period: Not applicable).

Total number of hogs processed in the Review Period was 25,492 thousand heads, representing an increase of 0.6% over that of the Comparable Period. In China, the number of hogs processed increased notably by 31.2% as market hog supplies expanded. On the other hand, our processing volume in the U.S. and Mexico decreased by 4.5% as market hog supplies tightened. In Europe, the number of hogs processed in the Review Period decreased by 17.9% as supply of market hogs was impacted by ASF and we managed our production levels in reaction to market condition. External sales volume of pork was 2,031 thousand metric tons in the Review Period, 5.0% lower than that of the Comparable Period. The decrease was driven by the lower harvest levels in the U.S. and Europe as well as the decrease in sales of imported products in China.

Pork revenue in the Review Period decreased by 9.6% as compared to that of the Comparable Period to US$5,550 million. In China, revenue decreased by 34.0% as pork prices declined year on year. In the U.S. and Mexico, revenue increased by 18.6% in the Review Period primarily due to the consolidation of sales of one of our subsidiaries in Mexico and favourable product mix in the U.S.. In Europe, revenue decreased by 19.7% as decrease in sales volume outweighed the increase in selling prices.

Our operating profit of pork increased significantly by 61.0% to US$124 million in the Review Period. In China, operating profit decreased by 47.1% due to the decline in contribution of imported pork as international trades were less conducive during the Review Period. In the U.S. and Mexico, operating profit was US$102 million in the Review Period (Comparable Period: operating loss of US$17 million). In the U.S., labour shortages, tighter hog supplies, strong demand of pork and other inflationary cost pressures have elevated the entire pork value chain. The increase in operating profit was due to the stronger sales, which was more than offset the higher raw materials and manufacturing costs. In Europe, we incurred an operating loss of US$14 million (Comparable Period: operating profit of US$26 million). The loss was primarily due to lower sales and higher raw material and manufacturing costs. On a positive note, profitability improved quarter on quarter during the Review Period.

Others

In addition to packaged meats and pork, the Group also engages in certain other businesses which are ancillary to our two primary operating segments. Such other businesses include production, slaughtering and sales of poultry, manufacturing and sales of packaging materials, provision of logistics services, operation of finance companies, property development companies and a chain of food retail stores, production of flavoring ingredients and natural casings, as well as sales of biological pharmaceutical materials.

During the Review Period, revenue generated by our other businesses amounted to US$775 million, an increase of 6.5% as compared to that of the Comparable Period. Our poultry business in Europe and China and logistics business in China made a respectable contribution to our other businesses. For poultry business, we processed approximately 104 million heads of broiler, goose and turkey in the Review Period, which represented an increase of 17.4% from that of the Comparable Period. The growth of poultry business is an integral part of our strategy in protein diversification. For logistics business, we currently own 20 logistics centers across 15 provinces in China covering the majority of mainland China. These facilities enable us to deliver our packaged meats and pork timely and safely as well as to serve other external customers.

ANALYSIS OF CAPITAL RESOURCES

Treasury Management

Our treasury function undertakes the responsibility of cash management, liquidity planning and control, procurement of financing which is cost-efficient to the Group, liaison with banks and rating agencies, investment in financial products, corporate finance as well as mitigation of financial risks such as interest and foreign exchange. The design of our treasury function aims at aligning with the long-term and short-term needs of the Group and conforming with good governance standard.

Liquidity

The Group continues to maintain ample liquidity. As at 30 June 2022, we had cash and bank balances of US$968 million (as at 31 December 2021: US$1,556 million), which were held primarily in RMB and US$. From time to time, we also hold certain financial products and debt instruments for yield enhancement purpose. Such financial products and debt instruments are classified as current financial assets at fair value through profit or loss and other current assets, respectively. As at 30 June 2022, the aggregate balance was US$180 million (as at 31 December 2021: US$422 million). During the Review Period, there was no impairment charges on any of these financial products and debt instruments.

Our current ratio (ratio of consolidated current assets to consolidated current liabilities) was 1.7 times as at 30 June 2022 (as at 31 December 2021: 1.7 times). The aggregate amount of unutilised banking facilities as at 30 June 2022 was US$4,681 million (as at 31 December 2021: US$5,796 million).

Debt Profile

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

	At 30 June 2022 *US$ million*	At 31 December 2021 *US$ million*
Borrowings by nature		
Senior unsecured notes	**1,975**	1,973
Bank borrowings	**1,896**	2,038
Commercial paper	**12**	—
Loans from third parties	**3**	3
	3,886	4,014
Borrowings by geographical region		
U.S. and Mexico	**2,188**	1,995
China	**1,558**	1,877
Europe	**140**	142
	3,886	4,014
Borrowings by currency		
US$	**2,169**	2,195
HK$	**890**	1,135
RMB	**666**	539
Other currencies	**161**	145
	3,886	4,014

The Group's total principal amount of outstanding borrowings as at 30 June 2022 was US$3,919 million (as at 31 December 2021: US$4,049 million). The maturity profile is analysed as follows:

	Total
In 2022	14%
In 2023	9%
In 2025	23%
In 2026	3%
In 2027	15%
In 2029	10%
In 2030	13%
In 2031	13%
	100%

As at 30 June 2022, 97.6% of our borrowings were unsecured (as at 31 December 2021: 99.8%). Certain borrowings were secured by pledged bank deposits and other assets. Certain borrowings contained affirmative and negative covenants that are subject to certain qualifications and exceptions. The Group had no default in repayment of bank borrowings, nor did it breach any relevant finance covenants during the Review Period.

Major Financing Activities

These were no major financing activities in the Review Period.

Leverage Ratios

As at 30 June 2022, 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 39.6% and 29.7%, respectively (as at 31 December 2021: 41.4% and 25.4%, 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 30 June 2022, were 1.4 times and 1.0 times, respectively (as at 31 December 2021: 1.6 times and 1.0 times, respectively).

Finance Costs

Our finance costs were US$79 million in the Review Period, representing an increase of 16.2% from that of the Comparable Period. The increase was mainly due to the increase in average outstanding loan balance.

As at 30 June 2022, the average interest rate of our outstanding borrowings was 3.1% (as at 31 December 2021: 2.7%).

Credit Profile

The Group aims at maintaining a good credit profile that is beneficial to its long-term growth and development. Our Long-Term Foreign-Currency Issuer Default Rating ("**IDR**") and senior unsecured rating are BBB+ according to Fitch. Our long-term corporate credit rating is BBB according to Standard & Poor's. Our issuer rating is Baa2 according to Moody's. The outlook of these ratings is stable.

For our wholly owned subsidiary, Smithfield Foods, Inc. ("**Smithfield**"), Fitch assigned to it an IDR of BBB with a stable outlook. According to Standard & Poor's, the corporate credit rating of Smithfield is BBB-. The outlook is stable. The corporate family rating of Smithfield assigned by Moody's was Ba1. On 26 July 2022, Moody's revised the rating outlook of Smithfield from stable to positive.

HUMAN RESOURCES

We continue to focus on talent management and employee engagement. As at 30 June 2022, we had approximately 105 thousand employees in total, of which approximately 48 thousand employees were with our China operations; approximately 40 thousand employees were with our U.S. and Mexico operations; approximately 17 thousand employees were with our European operations, respectively. The Group provides training programs to the employees with a view to constantly improving their skills and knowledge. It is also our policy to ensure that remuneration for employees, is appropriate and aligns with the goals, objectives and performance of the Group. Total remuneration expenses in the Review Period amounted to US$2,044 million (Comparable Period: US$1,934 million), which comprised fixed compensation such as basic salaries and allowances; variable incentives such as performance bonuses; and long term incentives such as retirement benefits schemes.

BIOLOGICAL ASSETS

As at 30 June 2022, we had a total of 14.16 million hogs, consisting of 12.99 million live hogs and 1.17 million breeding stock, representing an increase of 0.2% from that of 31 December 2021. We also had a total of 20.33 million poultry, consisting of 18.50 million broilers and 1.83 million breeding stock, an increase of 60.6% from that of 31 December 2021. The fair value of our biological assets was US$1,607 million as at 30 June 2022, as compared to US$1,431 million as at 31 December 2021.

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 the Review Period, the net impact of biological fair value adjustments on our profit or loss was a gain in the amount of US$62 million (Comparable Period: gain of US$111 million).

INVESTMENT IN JOINT VENTURES

The Group has several joint ventures globally.

In the U.S., our joint ventures are mainly engaged in converting waste from our hog farming operations into carbon negative renewable natural gas to power homes, vehicles and businesses. Align RNG, LLC ("**Align**") was formed with Dominion Energy RNG Holdings, Inc. and Monarch Bio Energy, LLC ("**Monarch**") was formed with Roeslein Alternative Energy, LLC. In February 2022, we formed Viceroy Bio Energy, LLC ("**Viceroy**") with our partners in Monarch. Upon the formation, Monarch contributed certain assets related to biogas operations to Viceroy. Also in February 2022, Monarch issued additional shares representing a 33% ownership interest to a climate investor, TPG Rise Monsoon, LP. As a result, our ownership interest in Monarch was reduced from 50% to 33%.

In Mexico, we have a joint venture interest in an integrated hog producer and processor, Norson Holding, S. de R.L. de C.V. ("**Norson**"). It owns approximately 51 thousand sows and has the facilities that process approximately 1.40 million hogs per annum. Pursuant to our joint venture agreement, we offered to purchase the shares of Norson currently held by our joint venture partner in June 2022, which was subsequently being rejected. As a result, our joint venture partner is irrevocably committed to purchase our shares and will lead to a sale of our entire interest in Norson.

CAPITAL EXPENDITURES

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

Capital expenditures amounted to US$434 million in the Review Period. The following table sets out our capital expenditures paid by geographical region for the periods indicated.

	Six months ended 30 June	
	2022	2021
	US$ million	*US$ million*
China	**283**	215
U.S. and Mexico	**119**	78
Europe	**32**	28
	434	321

During the Review Period, our capital expenditures in China were mainly for the establishment of two vertically integrated poultry production facilities and two hog raising facilities. A portion of these capital expenditures were funded by the proceeds raised from a non-public issuance of new A shares of a non-wholly owned subsidiary of the Group, Shuanghui Investment & Development Co. Ltd., in October 2020. Our capital expenditures in the U.S. and Mexico were primarily related to the modernisation of our processing plants and upgrade of our packaged meats production facilities. Our capital expenditures in Europe were mainly for maintenance and improvement of our plants.

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 of the Company (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. During the Review Period, the Group conducted enterprise risk assessments to analyse and report key risks, followed by the establishment of respective mitigation controls.

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, effective transfer of raw material prices to end customers and overseas imports. In the U.S., our vertically integrated supply chain helps the natural hedge of commodities price changes. These commodities are also actively traded on the exchanges. We hedge when we determine conditions are suitable to mitigate price risk. The main objective of hedges is to mitigate commodity price risk associated with the raw material costs and forward sales of our packaged meats and pork businesses. While these hedging activities may limit our ability to participate in gains from favorable commodity fluctuations, it also reduces the risk of loss from adverse changes in raw material prices. The Group has robust monitoring procedures in the management of all its derivative activities under the leadership and execution of a dedicated and professional team.

Currency and Interest Rate Risks

The Group generally matches income and expenses, assets and liabilities with the same currency, in each geographical location which it operates, to reduce currency risks. Only certain entities of the Group have certain sales, purchases, bank balances and cash and borrowings denominated in currencies other than their functional currencies. We monitor our foreign exchange exposure at any time and hedge significant exposure should the need arise.

Our borrowings carry fixed or floating interest rates. As at 30 June 2022, approximately 68.1% of our borrowings were at fixed interest rates (as at 31 December 2021: 62.7%). To manage our interest rate exposure, we optimise our debt portfolio and enter into hedges (if appropriate).

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.

Anti-trust Litigation

Smithfield has been named as one of the defendants by three groups of plaintiffs (namely the direct purchasers, commercial indirect purchasers and individual indirect purchasers) in the U.S. alleging anti-trust violations in the pork industry starting in 2009 and continuing through at least June 2018 (the "**Anti-trust Litigation**").

During the Review Period, in addition to the payment of US$77 million made to settle all class claims by the direct purchasers as agreed in 2021, the Group also settled all commercial and institutional indirect purchasers class claims by a single payment of US$42 million in accordance to a settlement agreement on 19 March 2022. Under an agreement dated 4 August 2022, the Group further agreed to settle all consumer indirect-purchaser class claims for a single payment of US$75 million. The terms of this settlement are subject to court approval following notice to class members. The Group intends to vigorously defend against the remaining claims. Accruals for estimated losses and expenses in relation to Anti-trust Litigation were established prior to the Review Period.

The Board assesses and monitors the financial and operational impacts of material contingencies, including the Anti-trust Litigation, on a continuous basis and takes actions which are considered to be in the best interest of the Group. More details will be available in the 2022 interim report of the Company.

SUSTAINABILITY

Sustainability is an important area of the Group's governance framework. The Board has established an environmental, social and governance committee (the "**ESG Committee**") at the Group level, which sets sustainability goals and targets and guides our development strategy. During the Review Period, the Group held an ESG Committee meeting. At the meeting, the ESG Committee reported to the management about the key environmental, social and governance risks faced by the Group and conducted review on its risk mitigation controls, assessed and endorsed the Group's environmental targets and corporate principles, as well as approved the 2021 Environmental, Social and Governance Report of the Group. The Group's 2021 Environmental, Social and Governance Report was officially released on 27 May 2022.

The Group is proud to be an engaged and active member of the communities in which we operate and which we help feed. We believe that it is our responsibility to give back to individuals and communities that have supported us over the years and contributed to our success to date. As a leading global operator, we are subject to different laws and legal standards in the markets where we operate, and the expectations of our stakeholders are significantly different between the various markets where we have a presence. Under the guidance of the ESG Committee, each of our business units also has its own sustainability body, which moves local sustainability initiatives forward in accordance with general principles of the Group.

In 2021, the Company was selected as a constituent stock of the Hang Seng Corporate Sustainability Index ("**HSSUS**") and granted A+ grade and received an ESG rating upgrade to BBB by MSCI, the world's largest index company, demonstrating the market's recognition of the Group's performance in sustainable development.

OUTLOOK

Against the backdrop of slowing economic growth, rising inflation, divergent monetary policies, geopolitical tension, and global gap in COVID-19 response, the first half of 2022 was full of challenges to many businesses in the globe. It is widely believed that such uncertainty will continue in the second half of this year.

In the Review Period, we achieved solid growth as we benefited from lower cost of primary raw materials in China and prosperous domestic consumption demand in the U.S.. However, the inflation environment will add pressure to our margin unless we can realise added value from our products by correct pricing, appropriate mix, best-in-class cost-control measures and outstanding operational efficiency. Therefore, it will be our first priority to focus on these areas. Meanwhile, we will also increase market investment, speed up industrial upgrade and promote protein diversification strategy. With the best endeavours of our management team at all levels and all regions, the Group will continue to offer our consumers quality products, maintain our leading position in the industry and create value for Shareholders, employees and the community.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Notes	**Results before biological fair value adjustments** *US$'million* **(Unaudited)**	**Biological fair value adjustments** *US$'million* **(Unaudited)**	**Total** *US$'million* **(Unaudited)**	Results before biological fair value adjustments *US$'million* (Unaudited)	Biological fair value adjustments *US$'million* (Unaudited)	Total *US$'million* (Unaudited)
Revenue	*3*	**13,398**	**—**	**13,398**	13,331	—	13,331
Cost of sales		**(10,775)**	**51**	**(10,724)**	(11,093)	133	(10,960)
Gross profit		**2,623**	**51**	**2,674**	2,238	133	2,371
Distribution and selling expenses		**(1,035)**	**—**	**(1,035)**	(974)	—	(974)
Administrative expenses		**(412)**	**—**	**(412)**	(393)	—	(393)
Gain arising from agricultural produce at fair value less costs to sell at the point of harvest		**—**	**116**	**116**	—	76	76
Loss arising from changes in fair value less costs to sell of biological assets		**—**	**(102)**	**(102)**	—	(67)	(67)
Other income		**54**	**—**	**54**	63	—	63
Other gains and (losses)		**(47)**	**—**	**(47)**	120	—	120
Other expenses		**(11)**	**—**	**(11)**	(171)	—	(171)
Finance costs		**(79)**	**—**	**(79)**	(68)	—	(68)
Share of profits (losses) of associates		**(2)**	**—**	**(2)**	4	—	4
Share of profits (losses) of joint ventures		**(3)**	**2**	**(1)**	9	7	16
PROFIT BEFORE TAX	*4*	**1,088**	**67**	**1,155**	828	149	977
Taxation	*5*	**(251)**	**(5)**	**(256)**	(169)	(38)	(207)
PROFIT FOR THE PERIOD		**837**	**62**	**899**	659	111	770
Other comprehensive income (expense) for the period:							
Items that will not be reclassified subsequently to profit or loss:							
— remeasurement on defined benefit pension plans				**—**			103
Net other comprehensive income that will not be reclassified subsequently to profit or loss				**—**			103

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2022

		For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Notes	**Results before biological fair value adjustments** *US$'million* (Unaudited)	**Biological fair value adjustments** *US$'million* (Unaudited)	**Total** *US$'million* (Unaudited)	Results before biological fair value adjustments *US$'million* (Unaudited)	Biological fair value adjustments *US$'million* (Unaudited)	Total *US$'million* (Unaudited)
Items that may be reclassified subsequently to profit or loss							
— exchange differences arising on translation of foreign operations				**(309)**			(22)
— fair value change in cash flow hedge, net of tax				**(12)**			24
Net other comprehensive income (expense) that may be reclassified subsequently to profit or loss				**(321)**			2
Other comprehensive income (expense) for the period, net of tax				**(321)**			105
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				**578**			875
Profit for the period attributable to:							
— owners of the Company				**759**			652
— non-controlling interests				**140**			118
				899			770
Total comprehensive income for the period attributable to:							
— owners of the Company				**483**			753
— non-controlling interests				**95**			122
				578			875
EARNINGS PER SHARE							
— Basic (US cents)	*7*			**5.92**			4.42
— Diluted (US cents)	*7*			**5.92**			4.41

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	**30 June 2022 *US$'million* (Unaudited)**	31 December 2021 *US$'million* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**6,344**	6,367
Right-of-use assets		**788**	711
Biological assets	*9*	**179**	168
Goodwill		**2,037**	2,070
Intangible assets		**1,729**	1,757
Interests in associates		**120**	62
Interests in joint ventures		**137**	191
Other receivables		**83**	67
Financial assets at fair value through profit or loss		**12**	12
Pledged bank deposits		**8**	7
Deferred tax assets		**45**	42
Other non-current assets		**268**	335
Total non-current assets		**11,750**	11,789
CURRENT ASSETS			
Properties under development	*8*	**145**	150
Biological assets	*9*	**1,428**	1,263
Inventories	*10*	**3,081**	2,625
Trade and bills receivables	*11*	**1,252**	1,064
Prepayments, other receivables and other assets		**842**	668
Taxation recoverable		**47**	20
Financial assets at fair value through profit or loss		**93**	232
Pledged/restricted bank deposits		**56**	44
Cash and bank balances		**968**	1,556
Total current assets		**7,912**	7,622

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
30 June 2022

	Notes	30 June 2022 US$'million (Unaudited)	31 December 2021 US$'million (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*12*	**966**	1,149
Accrued expenses and other payables	*13*	**2,709**	2,371
Lease liabilities		**102**	110
Taxation payable		**67**	71
Borrowings	*14*	**788**	874
Total current liabilities		**4,632**	4,575
NET CURRENT ASSETS		**3,280**	3,047
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,030**	14,836
NON-CURRENT LIABILITIES			
Other payables	*13*	**396**	383
Lease liabilities		**475**	377
Borrowings	*14*	**3,098**	3,140
Deferred tax liabilities		**701**	725
Deferred revenue		**43**	46
Pension liability and other retirement benefits		**493**	478
Total non-current liabilities		**5,206**	5,149
NET ASSETS		**9,824**	9,687
CAPITAL AND RESERVES			
Share capital		**1**	1
Reserves		**9,001**	8,747
Equity attributable to owners of the Company		**9,002**	8,748
Non-controlling interests		**822**	939
TOTAL EQUITY		**9,824**	9,687

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	US$'million	*US$'million*
	(Unaudited)	(Unaudited)
Net cash flows from operating activities	**34**	340
Net cash flows from (used in) investing activities	**(160)**	2
Net cash flows used in financing activities	**(416)**	(194)
Net increase (decrease) in cash and cash equivalents	**(542)**	148
Cash and cash equivalents at beginning of period	**1,556**	1,553
Effect of foreign exchange rate changes	**(46)**	3
Cash and cash equivalents at end of period	**968**	1,704
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**968**	1,704
	968	1,704

NOTES TO THE INTERIM FINANCIAL INFORMATION

30 June 2022

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

WH Group Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are production and sales of packaged meats and pork.

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

The interim financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The interim financial information has been prepared under the historical cost convention, except for biological assets which are measured on initial recognition and at the end of each reporting period at their fair value less costs to sell, and certain financial instruments which are measured at fair value. This financial information is presented in US$ and all values are rounded to the nearest million except when otherwise indicated.

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

The accounting policies and methods of computation adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with *International Financial Reporting Standards* ("**IFRSs**") issued by the IASB, except for adoption of the revised IFRSs as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised IFRSs for the first time for the current period's financial information.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The application of the amendments to IFRSs in the current period has had no material effect on the amounts reported and disclosures set out in the interim financial information.

3. 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, U.S. and Mexico, 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 slaughtering, wholesale and retail sales of fresh and frozen pork and hog farming.

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

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

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

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

3. **SEGMENT INFORMATION (continued)**

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

	For the six months ended 30 June 2022			
	Packaged meats *US$'million* (Unaudited)	**Pork** *US$'million* (Unaudited)	**Others** *US$'million* (Unaudited)	**Total** *US$'million* (Unaudited)
China				
Gross segment revenue	2,029	2,220	618	4,867
Less: Inter-segment revenue	—	(325)	(176)	(501)
Revenue	2,029	1,895	442	4,366
Reportable segment profit	496	36	5	537
U.S. and Mexico				
Gross segment revenue	4,429	5,200	45	9,674
Less: Inter-segment revenue	(1)	(2,005)	—	(2,006)
Revenue	4,428	3,195	45	7,668
Reportable segment profit (loss)	539	102	(22)	619
Europe				
Gross segment revenue	640	680	348	1,668
Less: Inter-segment revenue	(24)	(220)	(60)	(304)
Revenue	616	460	288	1,364
Reportable segment profit (loss)	46	(14)	23	55
Total				
Gross segment revenue	7,098	8,100	1,011	16,209
Less: Inter-segment revenue	(25)	(2,550)	(236)	(2,811)
Revenue#	7,073	5,550	775	13,398
Reportable segment profit	1,081	124	6	1,211
Net unallocated expenses				(39)
Biological fair value adjustments				67
Finance costs				(79)
Share of losses of associates				(2)
Share of losses of joint ventures				(3)
Profit before tax				1,155

3. **SEGMENT INFORMATION (continued)**

	For the six months ended 30 June 2021			
	Packaged meats *US$'million* (Unaudited)	Pork *US$'million* (Unaudited)	Others *US$'million* (Unaudited)	Total *US$'million* (Unaudited)
China				
Gross segment revenue	2,099	3,284	655	6,038
Less: Inter-segment revenue	—	(413)	(176)	(589)
Revenue	2,099	2,871	479	5,449
Reportable segment profit	408	68	48	524
U.S. and Mexico				
Gross segment revenue	3,873	4,877	40	8,790
Less: Inter-segment revenue	(1)	(2,182)	—	(2,183)
Revenue	3,872	2,695	40	6,607
Reportable segment profit (loss)	358	(17)	(24)	317
Europe				
Gross segment revenue	515	816	254	1,585
Less: Inter-segment revenue	(22)	(243)	(45)	(310)
Revenue	493	573	209	1,275
Reportable segment profit	50	26	3	79
Total				
Gross segment revenue	6,487	8,977	949	16,413
Less: Inter-segment revenue	(23)	(2,838)	(221)	(3,082)
Revenue#	6,464	6,139	728	13,331
Reportable segment profit	816	77	27	920
Net unallocated expenses				(37)
Biological fair value adjustments				149
Finance costs				(68)
Share of profits of associates				4
Share of profits of joint ventures				9
Profit before tax				977

Over 99% of the Group's revenue was recognised at a point in time.

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

3. SEGMENT INFORMATION (continued)

Geographical information

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

4. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	US$'million	*US$'million*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**307**	265
Depreciation of right-of-use assets	**62**	61
Amortisation of intangible assets included in administrative expenses	**5**	5
Inventories provisions, net, included in cost of sales	**9**	57
Impairment loss recognised in respect of property, plant and equipment	**1**	1
Impairment loss recognised in respect of intangible assets	**—***	—
Reversal of impairment losses on trade receivables, net, included in administrative expenses	**(1)**	(5)
Lease payments not included in the measurement of lease liabilities	**70**	59
Research and development expenses	**91**	74
Staff costs (excluding directors' remuneration)	**2,036**	1,926
Legal contingencies	**3**	173
Gain upon modification of defined benefit plans	**—**	(105)
(Gain) loss on disposal of property, plant and equipment, net	**1**	(1)
Fair value gain on financial assets at fair value through profit or loss	**(5)**	(17)

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

* Less than US$1 million.

5. TAXATION

	Six months ended 30 June	
	2022	2021
	US$'million	*US$'million*
	(Unaudited)	(Unaudited)
China income tax	**120**	98
U.S. income tax	**110**	30
Europe income taxes	**16**	15
Other income taxes	**—***	2
Withholding tax	**26**	32
Deferred taxation	**(16)**	30
	256	207

Income tax is calculated at the applicable tax rates prevailing in the respective jurisdictions of the Group's operations.

6. DIVIDENDS

At the Company's annual general meeting held on 1 June 2022, the shareholders of the Company approved the payment of a final dividend of HK$0.14 per share (year ended 31 December 2020: HK$0.125 per share) of the Company for the year ended 31 December 2021, as recommended by the Board, which was paid in cash to the shareholders of the Company on 7 July 2022, whose names appeared on the register of members of the Company on 13 June 2022.

The Board declared an interim dividend of HK$0.05 per share for the six months ended 30 June 2022 (six months ended 30 June 2021: HK$0.05 per share) to the shareholders of the Company whose names appear on the register of members of the Company on 2 September 2022. The dividend is to be paid in cash to the shareholders of the Company on or about 30 September 2022.

* Less than US$1 million.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2022	2021
	US$'million	*US$'million*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**759**	652

	Six months ended 30 June	
	2022	2021
	million shares	*million shares*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**12,830.22**	14,745.66
Effect of dilutive potential ordinary shares: share options	**—**	39.62
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**12,830.22**	14,785.28

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER DEVELOPMENT

During the six months ended 30 June 2022, the Group incurred US$540 million (six months ended 30 June 2021: US$245 million) on the additions of items of property, plant and equipment.

During the six months ended 30 June 2022, the Group incurred US$18 million (six months ended 30 June 2021: US$25 million) on the additions to properties under development.

9. BIOLOGICAL ASSETS

Nature of the Group's agricultural activities

The biological assets of the Group are live hogs and poultry at various stages of development, including suckling hogs, nursery hogs, 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 quantity of live hogs, broilers and breeding stock owned by the Group at the end of each reporting period are as follows:

	30 June 2022 *Head million* **(Unaudited)**	31 December 2021 *Head million* (Audited)
Live hogs		
— suckling	**2**	2
— nursery	**2**	2
— finishing	**9**	9
	13	13
Breeding stock (hogs)	**1**	1
	14	14
Broilers	**18**	11
Breeding stock (poultry)	**2**	2
	20	13

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

(i) Regulatory and environmental risks

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

(ii) Climate, disease and other natural risks

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

9. BIOLOGICAL ASSETS (continued)

Carrying value of the Group's biological assets

Changes in fair value less costs to sell of biological assets include changes in the fair value of the hogs and poultry at the end of each of the reporting periods.

Analysed for reporting purpose as:

	30 June 2022	31 December 2021
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Current assets	**1,428**	1,263
Non-current assets	**179**	168
	1,607	1,431

Fair value measurement

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

The fair values of live 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.

10. INVENTORIES

	30 June 2022	31 December 2021
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Raw materials	**1,117**	1,222
Work in progress	**195**	145
Finished goods	**1,769**	1,258
	3,081	2,625

11. TRADE AND BILLS RECEIVABLES

	30 June 2022	31 December 2021
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Trade receivables	**1,258**	1,070
Impairment	**(13)**	(14)
	1,245	1,056
Bills receivable	**7**	8
	1,252	1,064

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

	30 June 2022	31 December 2021
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Within 30 days	**1,128**	912
31 to 90 days	**122**	142
91 to 180 days	**2**	9
Over 180 days	**—***	1
	1,252	1,064

* Less than US$1 million.

12. TRADE AND BILLS PAYABLES

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

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

	30 June 2022	31 December 2021
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Within 30 days	**953**	1,127
31 to 90 days	**10**	13
91 to 180 days	**1**	4
181 to 365 days	**2**	5
	966	1,149

13. ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2022 *US$'million* **(Unaudited)**	31 December 2021 *US$'million* (Audited)
Accrued staff costs	**523**	609
Deposits received	**91**	99
Sales rebates payables	**203**	223
Payables in respect of acquisition of property, plant and equipment	**265**	157
Accrued insurance	**144**	151
Interest payable	**25**	23
Balance of contingent consideration in respect of acquisition of subsidiaries	**191**	177
Growers payables	**45**	45
Pension liability	**24**	24
Derivative financial instruments	**19**	3
Accrued professional expenses	**12**	29
Accrued rent and utilities	**41**	35
Dividend payables	**281**	60
Contract liabilities	**526**	523
Other accrued expenses	**456**	478
Other payables	**259**	118
	3,105	2,754
Analysed for reporting purposes as:		
Current liabilities	**2,709**	2,371
Non-current liabilities	**396**	383
	3,105	2,754

14. BORROWINGS

	30 June 2022 *US$'million* **(Unaudited)**	31 December 2021 *US$'million* (Audited)
Senior unsecured notes:		
4.250% senior unsecured notes due February 2027	**597**	597
5.200% senior unsecured notes due April 2029	**396**	396
3.000% senior unsecured notes due October 2030	**491**	490
2.625% senior unsecured notes due September 2031	**491**	490
	1,975	1,973
Commercial papers	**12**	—
Bank loans:		
Secured	**94**	5
Unsecured	**1,802**	2,033
Loans from third parties:		
Secured	**1**	1
Unsecured	**2**	2
Total borrowings	**3,886**	4,014
The borrowings are repayable as follows:		
Within one year	**788**	874
One to two years	**128**	24
Two to five years	**1,591**	1,141
After five years	**1,379**	1,975
	3,886	4,014
Less: Amounts due within one year shown under current liabilities	**(788)**	(874)
Amounts due after one year	**3,098**	3,140
Total borrowings:		
At fixed rates	**2,647**	2,515
At floating rates	**1,239**	1,499
	3,886	4,014

OTHER INFORMATION

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. Throughout the Review Period, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the "**Code of Conduct**") regarding securities transactions by the Directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). The Company has made specific enquiries with each Director and each of them confirmed that he had complied with all required standards set out in the Model Code and the Code of Conduct during the Review Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

INTERIM DIVIDEND

The Board has recommended the payment of an interim dividend of HK$0.05 per share (2021: HK$0.05 per share) for the six months ended 30 June 2022 (the "**2022 Interim Dividend**"), representing a total payment of approximately HK$642 million (equivalent to approximately US$82 million) (2021: approximately HK$737 million, equivalent to approximately US$95 million) to the shareholders of the Company (the "**Shareholders**"). The 2022 Interim Dividend is expected to be paid in cash to the Shareholders whose names appear on the register of members of the Company on Friday, 2 September 2022 on or about Friday, 30 September 2022. The register of members of the Company will be closed from Wednesday, 31 August 2022 to Friday, 2 September 2022, both days inclusive, during which period no transfer of shares will be registered. To ensure their entitlement to the 2022 Interim Dividend, Shareholders are reminded to lodge their transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms not later than 4:30 p.m. on Tuesday, 30 August 2022 for registration with Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wh-group.com). The 2022 interim report of the Company will be despatched to the Shareholders and published on the same websites in due course.

By order of the Board
WH Group Limited
Wan Long
Chairman

Hong Kong, 16 August 2022

As at the date of this announcement, the executive Directors are Mr. WAN Long, Mr. GUO Lijun, Mr. WAN Hongwei, Mr. MA Xiangjie and Mr. Charles Shane SMITH; the non-executive Director is Mr. JIAO Shuge; and the independent non-executive Directors are Mr. HUANG Ming, Mr. LAU, Jin Tin Don and Ms. ZHOU Hui.