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 2023

HIGHLIGHTS

	Six months ended 30 June	
	2023	2022
Packaged meats sold (thousand metric tons)	**1,597**	1,612
Pork sold (thousand metric tons)	**2,026**	2,031

	Six months ended 30 June			
	2023		2022	
	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)	
Revenue	**13,116**	**13,116**	13,398	13,398
EBITDA	**1,066**	**1,113**	1,541	1,608
Operating profit	**639**	**639**	1,211	1,211
Profit attributable to owners of the Company	**383**	**420**	701	759
Basic earnings per share (US cents)	**2.99**	**3.27**	5.46	5.92
Interim dividend per share (HK$)	**0.05**	**0.05**	0.05	0.05

- Sales volume of packaged meats and pork decreased by 0.9% and 0.2% respectively.
- Revenue decreased by 2.1%; Operating profit decreased by 47.2%.
- Profit attributable to owners of the Company, before biological fair value adjustments, decreased by 45.4%.
- Basic earnings per share, before biological fair value adjustments, decreased by 45.2%.

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 2023 (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 is a leading global pork company with operations in multiple geographical regions. In the Review Period, our business in People's Republic of China ("**China**") contributed 34.2% of the revenue and 81.4% of the operating profit of the Group (six months ended 30 June 2022 (the "**Comparable Period**"): 32.6% and 44.3% respectively). Meanwhile, our businesses in the United States of America (the "**U.S.**") and United Mexican States ("**Mexico**") accounted for 53.4% of the revenue and 5.6% of the operating profit of the Group (Comparable Period: 57.2% and 51.1% respectively). The rest of the revenue and operating profit of the Group was primarily derived from our business in Europe. 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 U.S. and Europe are important to the results of our Group.

China

China is the largest pork producer and consumption market in the world. 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. For short-term trend, it is mainly driven by industry cycles and near-term events.

In the Review Period, the total production of hogs was 375 million heads according to the National Bureau of Statistics of China, which was 2.6% higher than that of the Comparable Period. The total production volume of pork was 30.32 million metric tons, representing an increase of 3.2% over 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**") 15.12 (approximately U.S. Dollar ("**US$**") 2.18) per kilogram ("**kg**"), representing an increase of 4.0% from that of the Comparable Period. Despite the increase, the price level remained relatively weak as market supply was adequate and slow economic growth weighed on demand.

Given the significant decrease in imports during 2022, the total volume of imported pork rebounded in the Review Period. According to The General Administration of Customs of China, China imported 0.94 million metric tons of pork in the Review Period, representing an increase of 16.5% over 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 world. 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. was largely flat year on year as pork increased by 0.9%, chicken increased by 2.8%, but beef decreased by 3.9%. On the demand side, high retail prices driven by inflationary pressure and the discontinuation of certain government stimulus programs limited domestic consumption.

Amid abundant supplies and soft demand, the average pork cut-out value as reported by USDA was US$1.83 per kg in the Review Period, representing a decrease of 19.7% over the Comparable Period. The average hog price, as published by Chicago Mercantile Exchange ("**CME**"), also decreased by 20.4% to US$1.29 per kg in the Review Period. As hog prices decreased while raising costs remained at historical highs, hog producers were making sizable losses.

On a positive note, export demand picked up as price competitiveness of U.S. products improved with lower hog and pork prices. According to the USDA, export volume of U.S. pork and offals increased by 17.9% during the Review Period. Major export destinations that recorded an increase in export volume included China, South Korea and Mexico. Benefited from the widened price differential and the complementary nature of consumers' preference in the two markets, U.S. exports to China increased by 26.7% in the Review Period.

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. The EU as a whole is also the largest exporter of pork and pork products globally. Therefore, its pork prices are highly sensitive to the export conditions.

According to the latest statistics published by the European Commission, the aggregated pork production volume of the member states of the EU decreased by 15.3% in the first five months of 2023 over that of the same period in the previous year. The decrease was primarily due to herd reduction as a result of African Swine Fever ("**ASF**") outbreak in some areas. Supply contraction coupled with inflation drove the average carcass price in EU up by 34.3% to EUR2.31 (approximately US$2.50) per kg in the Review Period. Due to higher average prices and restrictions related to ASF, total export volume of the EU in the first four months of 2023 decreased by 15.0% over that of the same period in the previous year. Out of which, shipments to China decreased by 3.9% because price differential was unfavorable.

RESULTS OF OPERATIONS

	Six months ended 30 June		
	2023	2022	Change
	US$ million	*US$ million*	*%*
Revenue[1]			
— Packaged meats[2]	**6,653**	7,073	(5.9)
— Pork[3]	**5,580**	5,550	0.5
— Others	**883**	775	13.9
	13,116	13,398	(2.1)
Operating profit (loss)			
— Packaged meats[2]	**1,068**	1,081	(1.2)
— Pork[3]	**(409)**	124	N/A
— Others[4]	**(20)**	6	N/A
	639	1,211	(47.2)

Notes:

(1) Revenue refers to net external sales.

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

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

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

In the Review Period, revenue of the Group decreased by 2.1% to US$13,116 million primarily due to the decrease in packaged meats revenue in both China and the U.S.. Operating profit decreased by 47.2% to US$639 million as we recorded a loss in our pork segment.

Amongst all operating segments, packaged meats has always been our core business. During the Review Period, packaged meats accounted for 167.1% of the Group's operating profit and 50.7% of the Group's revenue (Comparable Period: 89.3% and 52.8% respectively).

Packaged Meats

	Six months ended 30 June		
	2023	2022	Change
	US$ million	*US$ million*	*%*
Revenue			
China	**1,960**	2,029	(3.4)
U.S.	**3,947**	4,428	(10.9)
Europe	**746**	616	21.1
	6,653	7,073	(5.9)
Operating profit			
China	**453**	496	(8.7)
U.S.	**578**	539	7.2
Europe	**37**	46	(19.6)
	1,068	1,081	(1.2)

In the Review Period, our packaged meats sales volume decreased by 0.9% to 1,597 thousand metric tons. In China, sales volume during the Review Period increased by 2.8% primarily due to recovery of certain channels from pandemic controls and expansion of our sales network. It is our ongoing strategy to transform our product portfolio by continuously introducing new products, and developing new channels. Sales volume in the U.S. decreased by 6.3% in the Review Period mainly as a result of softening consumer demand. In Europe, our sales volume increased by 3.7% driven by the acquisition of Goodies (as defined hereinbelow).

Revenue in the Review Period decreased by 5.9% to US$6,653 million. Revenue in China decreased by 3.4% due to unfavorable result of translating RMB to US$. On constant currency basis, our revenue in China increased as a result of volume growth and price adjustment. In the U.S., revenue decreased by 10.9% as our sales volume reduced and we adopted a competitive pricing strategy. In Europe, revenue in the Review Period increased by 21.1% due to sales volume gain and higher sales prices in response to inflationary cost pressure.

Operating profit was US$1,068 million in the Review Period, representing a decrease of 1.2% from that of the Comparable Period. In China, operating profit decreased by 8.7% in the Review Period primarily because of depreciation of local currency against US$ and increase in raw material costs. In the U.S., our operating profit increased by 7.2% in the Review Period, notwithstanding the decrease in revenue, as raw material costs declined, and we adjusted our product mix and increased operational efficiencies that drove improvement on our customer service. In Europe, our operating profit decreased by 19.6% as we continued to experience higher raw materials and other production costs.

Pork

	Six months ended 30 June		
	2023	2022	Change
	US$ million	*US$ million*	*%*
Revenue			
China	**1,981**	1,895	4.5
U.S. and Mexico	**3,036**	3,195	(5.0)
Europe	**563**	460	22.4
	5,580	5,550	0.5
Operating profit (loss)			
China	**42**	36	16.7
U.S. and Mexico	**(495)**	102	N/A
Europe	**44**	(14)	N/A
	(409)	124	N/A

Total number of hogs processed stayed flat at 25,430 thousand heads in the Review Period. In China, the number of hogs processed increased by 8.4% as we expanded production. In contrast, our processing volume in the U.S. and Mexico decreased by 2.6%. The decrease was partly due to the closure of our processing facility in California U.S. (as discussed hereinbelow). The number of hogs processed in Europe during the Review Period also decreased by 6.7% as the availability of market hogs was impacted by ASF.

External sales volume of pork was 2,026 thousand metric tons in the Review Period, which was comparable to that of the Comparable Period. The decrease caused by the lower harvest levels in the U.S. and Europe was offset by the increases in China and Mexico. Pork revenue in the Review Period increased by 0.5% to US$5,580 million. In China, revenue increased by 4.5% mainly as a result of the growth in sales volume. In the U.S. and Mexico, revenue decreased by 5.0% primarily due to reduced sales volume and lower pork value. In Europe, revenue increased by 22.4% as the increase in selling prices outweighed the decrease in sales volume.

In the Review Period, an operating loss of US$409 million (Comparable Period: operating profit of US$124 million) was incurred in pork business. In China, operating profit increased by 16.7% as we adjusted product mix and expanded sales network. Profit contribution from imported products also improved. In the U.S. and Mexico, operating loss was US$495 million in the Review Period (Comparable Period: operating profit of US$102 million). Such loss was primarily attributable to our pork business in the U.S., which was challenged by unfavourable market conditions. Although hog raising costs remained elevated due to high prices of feed grains, pork value was under the pressure of soft consumer demand. Meanwhile, the market spread between hog prices and pork value also narrowed. In Europe, operating profit was US$44 million (Comparable Period: operating loss of US$14 million). The turnaround was due to the significant increase in hog prices during the Review Period, which covered the high raw material and manufacturing costs.

Others

In addition to packaged meats and pork, the Group also engages in certain other businesses which mainly 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 146 million heads of broiler, goose and turkey in total during the Review Period, representing an increase of 40.1% from that of the Comparable Period. 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 19 logistics parks across 14 provinces in China covering the majority of nation and one regional distribution centre in Zhengzhou, China. Apart from delivering our packaged meats and pork to customers timely and safely, these facilities also provide services to third party customers.

In the Review Period, revenue generated by our other businesses amounted to US$883 million, an increase of 13.9% over that of the Comparable Period due to the expansion of our poultry operation. However, operating profit of other businesses was reduced by US$26 million from the Comparable Period as the sales of biological pharmaceutical products reduced in the U.S..

ANALYSIS OF CAPITAL RESOURCES

Treasury Management

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

Liquidity

The Group continues to maintain ample liquidity. As at 30 June 2023, we had cash and bank balances of US$828 million (as at 31 December 2022: US$1,394 million), which were held primarily in RMB and US$. The aggregate amount of unutilised banking facilities as at 30 June 2023 was US$5,777 million (as at 31 December 2022: US$5,725 million).

For yield enhancement purpose, we also hold certain financial products and debt instruments from time to time. Such financial products and debt instruments are classified as current financial assets at fair value through profit or loss and other current assets, respectively. As at 30 June 2023, the aggregate balance was US$562 million (as at 31 December 2022: US$431 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 1.6 times as at 30 June 2023 (as at 31 December 2022: 1.6 times).

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 Issuer Default Rating ("**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 are stable.

For our wholly-owned subsidiary, Smithfield Foods, Inc. ("**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 credit outlook is also stable.

Debt Profile

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

	At 30 June 2023 US$ million	At 31 December 2022 US$ million
Borrowings by nature		
Senior unsecured notes	**1,977**	1,976
Bank borrowings	**1,448**	1,387
Loans from third parties	**3**	3
Bank overdrafts	**11**	—
	3,439	3,366
Borrowings by geographical region		
U.S. and Mexico	**1,992**	1,993
China	**1,396**	1,145
Europe	**51**	228
	3,439	3,366
Borrowings by currency		
US$	**1,978**	2,176
Hong Kong Dollar ("**HK$**")	**369**	370
RMB	**1,025**	573
Other currencies	**67**	247
	3,439	3,366

The Group's total principal amount of outstanding borrowings as at 30 June 2023 was US$3,468 million (as at 31 December 2022: US$3,395 million). The maturity profile is analysed as follows:

	Total
In 2023	27%
In 2024	4%
In 2025	11%
In 2027	18%
In 2029	12%
In 2030	14%
In 2031 or after	14%
	100%

As at 30 June 2023, 99.7% of our borrowings were unsecured (as at 31 December 2022: 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

There were no major financing activities in the Review Period.

Leverage Ratios

As at 30 June 2023, 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 33.2% and 25.2%, respectively (as at 31 December 2022: 32.3% and 18.9%, 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 2023, were 1.3 times and 1.0 times, respectively (as at 31 December 2022: 1.1 times and 0.6 times, respectively).

Finance Costs

Our finance costs were US$85 million in the Review Period, representing an increase of 7.6% from that of the Comparable Period. The increase was due to the increase in applicable interest rates on bank borrowings denominated in US$ and HK$ during the period.

As at 30 June 2023, the average interest rate of our outstanding borrowings was 3.5% (as at 31 December 2022: 4.0%).

HUMAN RESOURCES

We believe that the success of the Group largely depends on our capacity to attract and retain a dynamic workforce. As at 30 June 2023, the Group had approximately 101 thousand employees in total, in which approximately 45 thousand employees were with our China operation, approximately 38 thousand were with our U.S. and Mexico operations and approximately 17 thousand employees were with our European operations.

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

Our compensation principle is to align rewards of employees with the goals, objectives and financial performance of the Group. Therefore, our compensation includes appropriate fixed pays such as basic salaries and allowances; variable incentives such as performance bonus; and fringe benefits such as retirement plans and medical coverage. The Company also adopted a pre-IPO share option scheme in 2014. In the Review Period, total remuneration expenses of the Group amounted to US$2,088 million, representing an increase of 2.2% from that of the Comparable Period, as a result of global wage inflation.

BIOLOGICAL ASSETS

As at 30 June 2023, we had a total of 12,718 thousand hogs, consisting of 11,627 thousand live hogs and 1,091 thousand breeding stock, representing a decrease of 3.8% from that of 31 December 2022. We also had a total of 29,645 thousand poultry, consisting of 26,767 thousand broilers and 2,878 thousand breeding stock, an increase of 52.5% from that of 31 December 2022. The fair value of our biological assets was US$1,454 million as at 30 June 2023, as compared to US$1,544 million as at 31 December 2022.

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$38 million (Comparable Period: gain of US$62 million).

KEY INVESTMENT INTERESTS

Acquisition of Goodies

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

Restructuring of operations in Western U.S.

In May 2022, the Group announced the closure of our processing facility in California, exit of certain hog farm operations in Arizona and California, and reduction of our sow herd in Utah, as operating in these areas had been increasingly costly. During the Review Period, we continued to incur exit and restructuring costs amounted to US$44 million in total. In June 2023, we sold the aforesaid processing facility to a third party for net proceeds of US$205 million and recognised a pre-tax disposal gain of US$86 million in the Review Period.

Restructuring of upstream business in the U.S.

In view of persistent animal disease and underperformance issues in the Missouri region, the Group decided to cease operations of certain sow farms in Missouri. During the Review Period, an exit cost of US$19 million was incurred.

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$448 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	
	2023	2022
	US$ million	*US$ million*
China	**230**	283
U.S. and Mexico	**167**	119
Europe	**51**	32
	448	434

During the Review Period, our capital expenditures in China were mainly for certain vertically integrated poultry production and hog raising facilities. A portion of the capital expenditures associated with these facilities were funded by the proceeds raised from a non-public issuance of new A shares of a non-wholly owned subsidiary of the Group, Henan 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 expansion 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 effective reserves management strategy, pass-through of costs 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 risks. The main objective of hedges is to manage 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 policy and procedures in the management of these hedging activities under a dedicated and professional team.

Currency and Interest Rate Risks

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

Our borrowings carry fixed or floating interest rates. As at 30 June 2023, approximately 87.6% of our borrowings were at fixed interest rates (as at 31 December 2022: 76.0%). 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.

Antitrust Litigation

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

Prior to the Review Period, accruals for estimated losses and expenses in relation to Antitrust Litigation were established. Payments in an aggregated amount of US$194 million were subsequently made to settle all class claims by the direct purchasers, commercial and institutional indirect purchasers and consumer indirect purchasers ("**Class Settlements**"). Currently, 37 individual cases are still pending against the Group. We intend to vigorously defend against most of these 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 and further updates (if any) of the Antitrust Litigation and other lawsuits will be available in the 2023 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 reviewed the key environmental, social and governance risks faced by the Group, and its risk mitigation controls that presented by the management, assessed and endorsed the Group's progress made in light of the environmental targets and amendment made to the Group's corporate principles. The Committee also approved the 2022 Environmental, Social and Governance Report of the Group. The Group's 2022 Environmental, Social and Governance Report was officially released on 24 April 2023.

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 among 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 the Group's corporate principles.

As of 30 June 2023, the Company remained a constituent stock of the Hang Seng Corporate Sustainability Index ("**HSSUS**") with A+ grade, and has retained an ESG rating of BBB with MSCI, the world's largest index company.

OUTLOOK

During the Review Period, our business in China performed steadily. Our business in Europe achieved recovery. However, our business in the U.S. continued to be difficult. Although grains and energy prices began to trend down, the elevated level of prices severely impacted our costs of production. Meanwhile, macro-economic headwinds weakened consumer confidence and therefore weighed on demand. We expect such unfavourable operating landscape will continue to affect us for certain periods of 2023. As a result, the short-term financial performance of our Group will be under pressure. To meet these challenges, we will focus on optimizing our industrial value chain. We will rigorously continue to promote adjustment of product mix expand sales network, manage prices and control costs. We will also leverage on our global presence to better deploy resources and deepen synergies realisation. With the joint efforts of a cohesive management team, we will strive for the best results amid the highly uncertain external environment.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		For the six months ended 30 June 2023			For the six months ended 30 June 2022		
	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	**13,116**	**—**	**13,116**	13,398	—	13,398
Cost of sales		**(11,090)**	**722**	**(10,368)**	(10,775)	51	(10,724)
Gross profit		**2,026**	**722**	**2,748**	2,623	51	2,674
Distribution and selling expenses		**(998)**	**—**	**(998)**	(1,035)	—	(1,035)
Administrative expenses		**(433)**	**—**	**(433)**	(412)	—	(412)
Gain (loss) arising from agricultural produce at fair value less costs to sell at the point of harvest		**—**	**(499)**	**(499)**	—	116	116
Loss arising from changes in fair value less costs to sell of biological assets		**—**	**(176)**	**(176)**	—	(102)	(102)
Other income		**78**	**—**	**78**	54	—	54
Other gains and (losses)		**76**	**—**	**76**	(47)	—	(47)
Other expenses		**(54)**	**—**	**(54)**	(11)	—	(11)
Finance costs		**(85)**	**—**	**(85)**	(79)	—	(79)
Share of profits (losses) of associates		**2**	**—**	**2**	(2)	—	(2)
Share of losses of joint ventures		**(2)**	**—**	**(2)**	(3)	2	(1)
PROFIT BEFORE TAX	4	**610**	**47**	**657**	1,088	67	1,155
Taxation	5	**(108)**	**(9)**	**(117)**	(251)	(5)	(256)
PROFIT FOR THE PERIOD		**502**	**38**	**540**	837	62	899

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

For the six months ended 30 June 2023

		For the six months ended 30 June 2023			For the six months ended 30 June 2022		
	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)
Other comprehensive income (expense) for the period:							
Items that may be reclassified subsequently to profit or loss							
— exchange differences arising on translation of foreign operations				**(29)**			(309)
— fair value change in cash flow hedge, net of tax				**(21)**			(12)
Net other comprehensive income (expense) that may be reclassified subsequently to profit or loss				**(50)**			(321)
Other comprehensive income (expense) for the period, net of tax				**(50)**			(321)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				**490**			578
Profit for the period attributable to:							
— owners of the Company				**420**			759
— non-controlling interests				**120**			140
				540			899
Total comprehensive income for the period attributable to:							
— owners of the Company				**413**			483
— non-controlling interests				**77**			95
				490			578
EARNINGS PER SHARE							
— Basic (US cents)	*7*			**3.27**			5.92
— Diluted (US cents)	*7*			**3.27**			5.92

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	**30 June 2023 *US$'million* (Unaudited)**	31 December 2022 *US$'million* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**6,483**	6,536
Right-of-use assets		**724**	749
Biological assets	*9*	**194**	201
Goodwill		**2,012**	1,992
Intangible assets		**1,719**	1,717
Interests in associates		**128**	126
Interests in joint ventures		**124**	126
Other receivables		**70**	78
Financial assets at fair value through profit or loss		**11**	11
Pledged bank deposits		**6**	5
Deferred tax assets		**54**	58
Other non-current assets		**255**	247
Total non-current assets		**11,780**	11,846
CURRENT ASSETS			
Properties under development	*8*	**116**	117
Biological assets	*9*	**1,260**	1,343
Inventories	*10*	**2,974**	2,855
Trade and bills receivables	*11*	**905**	1,087
Prepayments, other receivables and other assets		**912**	981
Taxation recoverable		**54**	6
Financial assets at fair value through profit or loss		**194**	149
Pledged/restricted bank deposits		**58**	77
Cash and bank balances		**828**	1,394
Total current assets		**7,301**	8,009

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
30 June 2023

	Notes	**30 June 2023 *US$'million* (Unaudited)**	31 December 2022 *US$'million* (Audited)
CURRENT LIABILITIES			
Trade payables	*12*	**864**	1,395
Accrued expenses and other payables	*13*	**2,377**	2,513
Lease liabilities		**87**	85
Taxation payable		**49**	130
Borrowings	*14*	**1,065**	862
Bank overdrafts	*14*	**11**	—
Total current liabilities		**4,453**	4,985
NET CURRENT ASSETS		**2,848**	3,024
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,628**	14,870
NON-CURRENT LIABILITIES			
Other payables	*13*	**429**	408
Lease liabilities		**426**	449
Borrowings	*14*	**2,363**	2,504
Deferred tax liabilities		**655**	697
Deferred revenue		**35**	38
Pension liability and other retirement benefits		**372**	362
Total non-current liabilities		**4,280**	4,458
NET ASSETS		**10,348**	10,412
CAPITAL AND RESERVES			
Share capital		**1**	1
Reserves		**9,603**	9,599
Equity attributable to owners of the Company		**9,604**	9,600
Non-controlling interests		**744**	812
TOTAL EQUITY		**10,348**	10,412

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	US$'million	*US$'million*
	(Unaudited)	(Unaudited)
Net cash flows from operating activities	**2**	34
Net cash flows used in investing activities	**(363)**	(160)
Net cash flows used in financing activities	**(202)**	(416)
Net decrease in cash and cash equivalents	**(563)**	(542)
Cash and cash equivalents at beginning of period	**1,394**	1,556
Effect of foreign exchange rate changes	**(14)**	(46)
Cash and cash equivalents at end of period	**817**	968
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**828**	968
Bank overdrafts	**(11)**	—
	817	968

NOTES TO THE INTERIM FINANCIAL INFORMATION

30 June 2023

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 condensed consolidated financial information for the six months ended 30 June 2023 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 condensed consolidated 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 condensed consolidated financial information is presented in US$ and all values are rounded to the nearest million except when otherwise indicated.

The interim condensed consolidated 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 2022.

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 2022, 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 condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised IFRSs for the first time for the current period's financial information.

Amendments to IAS 1 and IFRS Practice Statement 2	*Definition of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

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

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

Segment results represent the profit earned by each segment before biological fair value adjustments without allocation of other income not attributed to the respective 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 2023			
	Packaged meats *US$'million* (Unaudited)	Pork *US$'million* (Unaudited)	Others *US$'million* (Unaudited)	Total *US$'million* (Unaudited)
China				
Gross segment revenue	1,960	2,337	757	5,054
Less: Inter-segment revenue	—	(356)	(213)	(569)
Revenue	1,960	1,981	544	4,485
Reportable segment profit	453	42	25	520
U.S. and Mexico				
Gross segment revenue	3,947	4,490	25	8,462
Less: Inter-segment revenue	—*	(1,454)	—	(1,454)
Revenue	3,947	3,036	25	7,008
Reportable segment profit (loss)	578	(495)	(47)	36
Europe				
Gross segment revenue	768	858	388	2,014
Less: Inter-segment revenue	(22)	(295)	(74)	(391)
Revenue	746	563	314	1,623
Reportable segment profit	37	44	2	83
Total				
Gross segment revenue	6,675	7,685	1,170	15,530
Less: Inter-segment revenue	(22)	(2,105)	(287)	(2,414)
Revenue#	6,653	5,580	883	13,116
Reportable segment profit (losses)	1,068	(409)	(20)	639
Net unallocated income				56
Biological fair value adjustments				47
Finance costs				(85)
Share of profits of associates				2
Share of losses of joint ventures				(2)
Profit before tax				657

* Less than US$1 million.

3. SEGMENT INFORMATION (continued)

	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

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	
	2023	2022
	US$'million	*US$'million*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**318**	307
Depreciation of right-of-use assets	**48**	62
Amortisation of intangible assets included in administrative expenses	**5**	5
Inventories provisions, net, included in cost of sales	**26**	9
Impairment loss on property, plant and equipment	**2**	1
Impairment loss on intangible assets	**—**	—*
Impairment loss (reversal of impairment loss) on trade receivables, net, included in administrative expenses	**1**	(1)
Lease payments not included in the measurement of lease liabilities	**92**	70
Research and development expenses	**92**	91
Staff costs (excluding directors' remuneration)	**2,081**	2,036
Legal contingencies	**3**	3
Gain on disposal of other assets	**(86)**	—
Loss on disposal of property, plant and equipment, net	**2**	1
Fair value gain on financial assets at fair value through profit or loss	**(6)**	(5)

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	
	2023	2022
	US$'million	*US$'million*
	(Unaudited)	(Unaudited)
China income tax	**112**	120
U.S. income tax	**(19)**	110
Europe income taxes	**16**	16
Other income taxes	**—***	—*
Withholding tax	**18**	26
Deferred taxation	**(10)**	(16)
	117	256

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

* Less than US$1 million.

6. DIVIDENDS

At the Company's annual general meeting held on 6 June 2023, the shareholders of the Company approved the payment of a final dividend of HK$0.25 per share (year ended 31 December 2021: HK$0.14 per share) of the Company for the year ended 31 December 2022, as recommended by the Board, which was paid in cash to the shareholders of the Company on 7 July 2023, whose names appeared on the register of members of the Company on 15 June 2023.

The Board declared an interim dividend of HK$0.05 per share for the six months ended 30 June 2023 (six months ended 30 June 2022: HK$0.05 per share) to the shareholders of the Company whose names appear on the register of members of the Company on 1 September 2023 The dividend is to be paid in cash to the shareholders of the Company on or about 29 September 2023.

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	
	2023	2022
	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	**420**	759

	Six months ended 30 June	
	2023	2022
	million shares	*million shares*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share *(Note)*	**12,830.22**	12,830.22

Note: Diluted earnings per share for the six months ended 30 June 2023 and 30 June 2022 were the same as the basic earnings per share as the Group had no potentially dilutive ordinary shares during the periods.

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

During the six months ended 30 June 2023, the Group incurred US$296 million (six months ended 30 June 2022: US$540 million) on the additions of items of property, plant and equipment.

During the six months ended 30 June 2023, the Group incurred US$10 million (six months ended 30 June 2022: US$18 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 2023 *Head 'million* **(Unaudited)**	31 December 2022 *Head 'million* (Audited)
Live hogs		
— suckling	**2**	2
— nursery	**2**	2
— finishing	**8**	8
	12	12
Breeding stock (hogs)	**1**	1
	13	13
Broilers	**27**	17
Breeding stock (poultry)	**3**	2
	30	19

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 2023	31 December 2022
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Current assets	**1,260**	1,343
Non-current assets	**194**	201
	1,454	1,544

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 2023	31 December 2022
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Raw materials	**1,167**	1,286
Work in progress	**198**	152
Finished goods	**1,609**	1,417
	2,974	2,855

11. TRADE AND BILLS RECEIVABLES

	30 June 2023	31 December 2022
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Trade receivables	**914**	1,090
Impairment	**(11)**	(11)
	903	1,079
Bills receivable	**2**	8
	905	1,087

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 2023	31 December 2022
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Within 30 days	**829**	989
31 to 90 days	**72**	96
91 to 180 days	**4**	2
Over 180 days	**—***	—*
	905	1,087

* Less than US$1 million.

12. TRADE 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 payables based on the invoice date:

	30 June 2023	31 December 2022
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Within 30 days	**851**	1,384
31 to 90 days	**9**	8
91 to 180 days	**2**	1
181 to 365 days	**2**	2
	864	1,395

13. ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2023	31 December 2022
	US$'million	*US$'million*
	(Unaudited)	(Audited)
Accrued staff costs	**465**	592
Deposits received	**72**	87
Sales rebates payables	**151**	176
Payables in respect of acquisition of property, plant and equipment	**256**	377
Accrued insurance	**135**	130
Interest payable	**26**	24
Balance of contingent consideration in respect of acquisition of subsidiaries	**212**	200
Growers payables	**50**	49
Pension liability	**24**	24
Derivative financial instruments	**32**	18
Accrued professional expenses	**11**	8
Accrued rent and utilities	**40**	39
Dividend payables	**415**	12
Contract liabilities	**365**	536
Other accrued expenses	**405**	478
Other payables	**147**	171
	2,806	2,921
Analysed for reporting purposes as:		
Current liabilities	**2,377**	2,513
Non-current liabilities	**429**	408
	2,806	2,921

14. BORROWINGS

	30 June 2023 *US$'million* **(Unaudited)**	31 December 2022 *US$'million* (Audited)
Senior unsecured notes:		
4.250% senior unsecured notes due February 2027	**597**	598
5.200% senior unsecured notes due April 2029	**396**	396
3.000% senior unsecured notes due October 2030	**492**	491
2.625% senior unsecured notes due September 2031	**492**	491
	1,977	1,976
Commercial papers	**—**	—
Bank loans:		
Secured	**10**	6
Unsecured	**1,438**	1,381
Loans from third parties:		
Secured	**1**	1
Unsecured	**2**	2
Total borrowings other than overdrafts	**3,428**	3,366
Bank overdrafts	**11**	—
The borrowings are repayable as follows:		
Within one year	**1,065**	862
One to two years	**9**	148
Two to five years	**972**	975
After five years	**1,382**	1,381
	3,428	3,366
Less: Amounts due within one year shown under current liabilities	**(1,065)**	(862)
Amounts due after one year	**2,363**	2,504
Total borrowings:		
At fixed rates	**3,004**	2,557
At floating rates	**424**	809
	3,428	3,366

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 (2022: HK$0.05 per share) for the six months ended 30 June 2023 (the "**2023 Interim Dividend**"), representing a total payment of approximately HK$642 million (equivalent to approximately US$82 million) (2022: approximately HK$642 million, equivalent to approximately US$82 million) to the shareholders of the Company (the "**Shareholders**"). The 2023 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, 1 September 2023 on or about Friday, 29 September 2023. The register of members of the Company will be closed from Wednesday, 30 August 2023 to Friday, 1 September 2023, both days inclusive, during which period no transfer of shares will be registered. To ensure their entitlement to the 2023 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, 29 August 2023 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 2023 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, 15 August 2023

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.