

## Corporate Newsletter Issue 15 – October 2018

### WH Group

#### ***Fitch Maintains WH Group at 'BBB+'; Outlook Stable (October 2, 2018)***

Fitch Ratings maintained WH Group at “BBB+”, with a stable outlook, saying WH Group has a strong market position in hog farming and pork processing businesses, with good geographical diversification. The rating was further supported by the company’s healthy financial profile with low leverage, positive free cash flow and adequate liquidity. The stable outlook reflects Fitch’s expectation that WH Group will be able to maintain its leading market position and “robust financial profile”.



#### ***WH Group Announces 2018 Interim Results (August 14, 2018)***



For the six months ended June 30 2018, WH Group’s turnover increased by 4.8% to US\$11,169 million, underlying operating profit decreased by 3.8% to US\$867million, and consolidated net profit increased 15.6% to US\$661 million. Underlying profit attributable to owners of the Company increased by 13.2% to US\$557 million. The Company recommended an interim dividend of HK\$0.05 per share.

### Smithfield Foods

#### ***Eckrich® Launches Two-year Partnership with the USC Trojans at the Start of the 2018 College Football Season (August, 30, 2018)***

Eckrich®, the makers of naturally hardwood-smoked sausage and perfectly seasoned deli meats, and the University of Southern California Trojans (USC) have announced a two-year partnership, making Eckrich the Official Smoked Sausage and Deli Meat of the USC Trojans.

Eckrich and USC will highlight the official partnership throughout the football season to inspire Trojan fans to tailgate or homegate with Eckrich smoked sausage and deli meats. Eckrich will have a presence across USC’s social, digital and radio platforms and will offer local consumers opportunities to win tickets to select games throughout the season.



## Shuanghui Development

### ***Blocking Order on Epidemic Area of African Swine Fever in Henan Zhengzhou Lifted (September 30, 2018)***



On September 30 2018, the Ministry of Agriculture and Rural Areas received a report from the Henan Provincial Animal Husbandry and Veterinary Department, stating that after the qualified assessment, the blocking order for the epidemic area of African swine fever had been lifted. The local government officially lifted the blockade at 0:00 on October 1. The Ministry of Agriculture and Rural Areas required the local Animal Husbandry and Veterinary Department to strengthen the investigation of the epidemic situation, taking pro-active control measures to prevent African swine fever happening again.

### ***Shuanghui Development participates in China International Meat Industry Week 2018 (September 18-22, 2018)***

From 18-22 September 2018, the "China International Meat Industry Week 2018 " was held by the China Meat Association (CMA) and the World Meat Organization in Beijing. Shuanghui Development showcased its flagship products at the exhibition.



## Financial Highlights

WH Group will announce its third quarter results of 2018 on 30 October 2018. The Company's management will review the business performance of the third quarter of 2018 via a conference call. If you are interested in joining the conference call, please contact:  
[wh-group@hkstrategies.com](mailto:wh-group@hkstrategies.com).

## Corporate Honors & Awards

### ***2018 China's Top 500 Enterprises list released, WH Group ranked first in the meat industry (September 2, 2018)***

On September 2, China Enterprise Confederation and China Enterprise Directors Associate jointly released "China's Top 500 Enterprises" list, and WH Group ranked 120th on the list and top in the meat industry.

### ***In the 2018 Global Brand Footprint, Shuanghui shortlisted as one of the top 10 brands (July 30, 2018)***

On July 30, the ceremony for brands in China on the 2018 Global Brand Footprint Report was held in Beijing, and Shuanghui was shortlisted as one of the top 10 brands.

### ***WH Group ranked 55th in 2018 Fortune China 500 list, first in the food industry (July 11, 2018)***

On July 10, Fortune released its newest "China 500" list, and WH Group ranked 55th overall; first in the food industry.

## Corporate Social Responsibility

### *Smithfield Foods Announces Expansion, Career Opportunities at Grayson, Kentucky Facility (October 4, 2018)*

Smithfield Foods announced a US\$1.2 million expansion at its Grayson, Kentucky facility which will increase production capacity by 20%. To meet the growing operational needs, Smithfield is hiring 40 full-time positions. The Grayson facility produces Smithfield brand spiral sliced hams.



### *Smithfield Foods Supports Hurricane Florence Disaster-Relief Efforts in North Carolina (September 21, 2018)*



Following historic flooding and devastation in North Carolina in the wake of Hurricane Florence, Smithfield Foods, Inc. donated 480,000 servings of protein through its Helping Hungry Homes® initiative to two local food banks and committed US\$100,000 to the American Red Cross to support ongoing disaster-relief and recovery efforts in the state.

### *Ceremony of the Golden Autumn Scholarship 2018 for Children of Shuanghui Employees Held (August 20, 2018)*

On August 17 2018, the ceremony of the Golden Autumn Scholarship for the children of Shuanghui employees was held at the Shuanghui Building in Luohe. The scholarship was launched by the Labor Union of Shuanghui in July 2011. As of today, it has continuously awarded scholarships of RMB10.8 million to 4,813 employees. Since its inception, the event has become a popular project that is well received by Shuanghui employees.



### *Smithfield Foods Honors Employees and Facilities with Environmental and Sustainability Awards (August 9, 2018)*



Smithfield Foods, Inc. has honored multiple facilities and employees with Environmental and Sustainability Awards, recognizing efforts that helped Smithfield save more than 1.1 billion gallons of water, more than 8.8 million kilowatts of electricity, and more than 21.1 million pounds of solid waste generation in 2017.

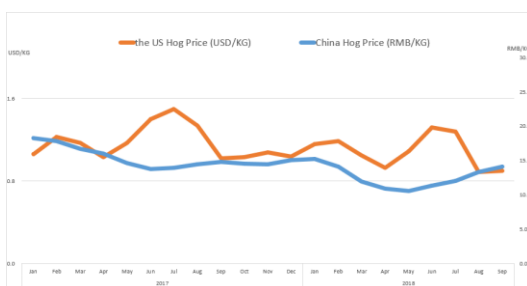
## Company Ratings

The latest brokers' ratings and target prices for the Company:

Institution Name	Date	Rating (Changes)	Target Price (HKD)
Merrill Lynch	16 October	Buy (Maintain)	9.30
Daiwa	9 October	Buy (Maintain)	8.20
DBS	26 September	Buy (Maintain)	9.20
Nomura	21 September	Buy (Maintain)	10.40
UBS	20 August	Buy (Maintain)	8.40
Deutsche Bank	17 August	Buy (Maintain)	9.90
Goldman Sachs	17 August	Buy (Maintain)	9.10
Eastmoney Securities	17 August	Overweight (Maintain)	-
Credit Suisse	15 August	Outperform (Maintain)	10.50
Industrial Securities	15 August	Buy (Maintain)	7.00
Orient Securities	15 August	Buy (Maintain)	10.16
CICC	15 August	Buy (Maintain)	9.90
Macquarie	15 August	Outperform (Maintain)	10.00
JP Morgan	15 August	Overweight (Maintain)	9.90
BOCI	15 August	Buy (Maintain)	7.90
Morgan Stanley	14 August	Overweight (Maintain)	9.20
Citi	14 August	Buy (Maintain)	8.28
ABCI	6 April	Buy (Maintain)	9.14
HSBC	28 March	Buy (Maintain)	11.40

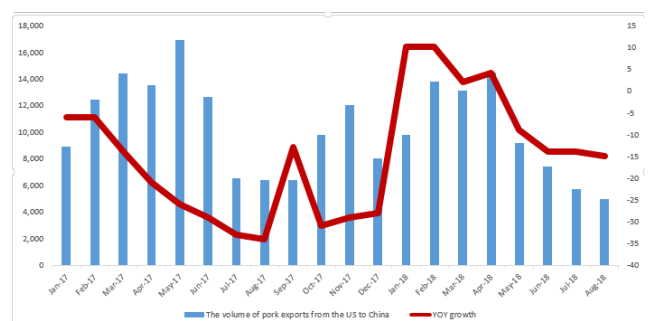
## Market Trends

*Hog prices in China and the U.S.*



Source : Chicago Mercantile Exchange and Ministry of Agriculture of the People's Republic of China

*Volume and YoY growth of U.S. pork exports to China*



Source : U.S. Meat Export Federation