

Stock Code: 002714

Stock Abbreviation: Muyuan Foods

Announcement No.: 2022-068

Preferred Stock Code: 140006

Preferred Stock Abbreviation: Muyuan Preferred 01

Bond Code: 127045

Bond Abbreviation: Muyuan Convertible Bond

Summary of 2021 Annual Report of Muyuan Foods Co., Ltd.

I. Important Notes

This summary is abstracted from the 2021 Annual Report of Muyuan Foods Co., Ltd.. Investors may refer to the full text of the report through the media designated by the China Securities Regulatory Commission (CSRC) for further details of the business performance, financial situation and future development plans of Muyuan Foods Co., Ltd. (hereinafter referred to as “the Company”).

This summary has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

Notes of non-standard audit opinions

Applicable Not Applicable

Preliminary plan for profit distribution of common shares or capitalization of reserves in the reporting period as deliberated by the board of directors

Applicable Not Applicable

Capitalization of reserves or not

Yes No

The preliminary plan for profit distribution of common shares, as considered and approved by the Company’s board of directors, is to distribute a cash dividend of RMB 2.48 (tax included) for every 10 shares to all shareholders, on the basis of the total share capital on the record date for the distribution, with 0 bonus shares (tax included) and no capitalization of capital reserves.

Profit distribution plan of preferred shares during the reporting period as approved through the resolution of the board of directors

Applicable Not Applicable

Distribution date	Dividend Rate	Distribution Amount (yuan) (tax included)	Distribution conditions and relevant procedures satisfied or not	Dividend payment method	Dividend accumulated or not	Involved in the allocation of residual profits or not
December 27, 2021	6.8%	168,363,240.00	Yes	Cash	No	No

II. Basic Information of the Company

1. Company Profile

Stock abbreviation	Muyuan Foods	Stock code	002714
Stock Exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Secretary of the Board	Securities Affairs Representative	
Name	Qin Jun	Cao Fang	
Office Address	Longsheng Industrial Park, Wolong District, Nanyang City, Henan Province, China	Longsheng Industrial Park, Wolong District, Nanyang City, Henan Province, China	
Fax	0377-66100053	0377-66100053	
Telephone	0377-65239559	0377-65239559	
E-mail	myzqb@muyuanfoods.com	myzqb@muyuanfoods.com	

2. Main Business or Products Introduction during the Reporting Period

2.1 Main business, products and their uses

The main business of the Company is the farming and sale of live pigs and pig slaughtering. During the reporting period, the Company sold 40.263 million live pigs, including 36.887 million commercial pigs (2.899 million sold to the wholly-owned subsidiary Muyuan Meat Co., Ltd. and its subsidiaries), 3.095 million piglets and 281,000 breeding pigs, which had achieved an operating income of 78.89 billion yuan with a YOY increase of 40.18%. In 2021, a total of 2.899 million pigs were slaughtered, with a revenue of 5.42 billion yuan from the slaughtering and meat business. As of the end of 2021, the Company had six slaughtering subsidiaries in operation, with a total slaughtering capacity of 16 million pigs per year.

2.2 Business model

The Company adopts the business model of fully independent farming, whole-industry-chain covering, and applying intelligence in production. After 30 years of development, it has formed an industrial chain integrating feed processing, pig breeding, breeding stock multiplication, commercial pig farming, slaughtering and meat production.

The Company builds its own feed mills, develops nutritional formulas and produces feeds to meet the demand of pigs at each production stage. Guided by the market demand, it establishes the value-oriented breeding system with quality priority, and continuously selects fine breeds. Muyuan has built a breeding system that involves nucleus herds, multiplier herds, and commercial herds for breeding excellent breeding pigs and producing commercial pigs. To improve herd health management, Muyuan has independently developed the fresh air filtration system, separate ventilation system, smart environmental control system, intelligent feeding system, etc. By integrating technologies such as the Internet of Things, Big Data and Artificial Intelligence, the Company has achieved collaborative operation of smart devices and intelligent management throughout its whole industry chain, which has enhanced production efficiency, lowered costs and facilitated the sustainable development of the Company.

In 2021, the Company continued to implement the national policy of shifting from transporting live pigs to transporting pork, accelerated the building of slaughtering capacity in the main breeding areas of the Company, and made the whole production process transparent, controllable and traceable through the business model of independent pig farming and slaughtering, so as to ensure food quality and safety and provide consumers with more high-quality pork products.

By the end of 2021, the Company had set up 22 slaughtering subsidiaries across China, with all slaughtered pigs from its own farms. The Company further expanded its fresh pork sales network in China. Besides, the Company had set up 78 service stations in 22 provinces across the country as of the end of 2021 to expand its slaughtering business, covering more than 5,000 clients from agricultural product wholesalers, supermarket chains, chain catering, food processing companies and new retail companies.

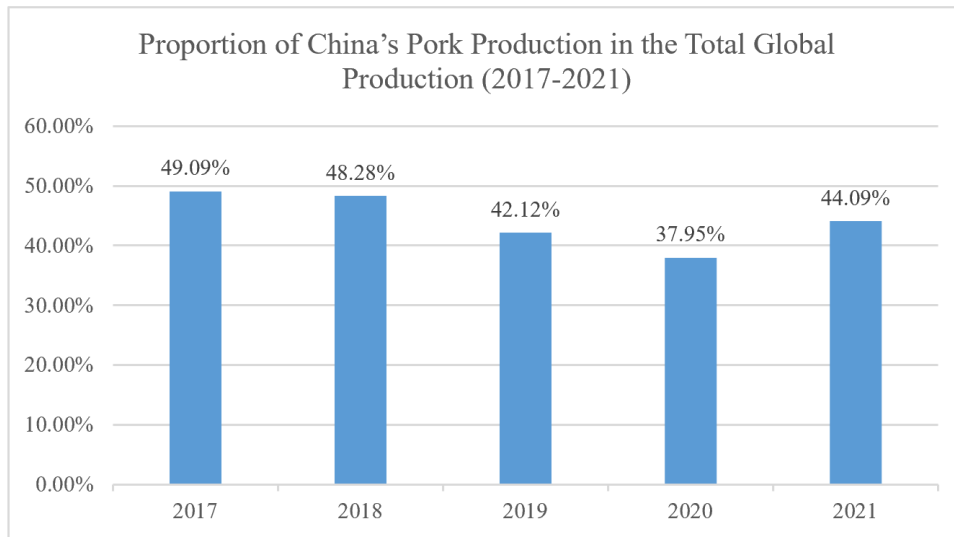
2.3 Industry development

1. China is the world's largest pork production and consumption market

Data from the National Bureau of Statistics of China (NBSC) shows that 671.28 million pigs were marketed in China in 2021, an increase of 27.4% over the previous year. As of the end of 2021, the inventory of live pigs was 449.22 million, an increase of 10.51% over the previous year. Data from the Ministry of Agriculture and Rural Affairs (MARA) shows that there were 43.29 million

reproductive sows in the inventory nationwide by the end of 2021, an increase of 4% over the previous year.

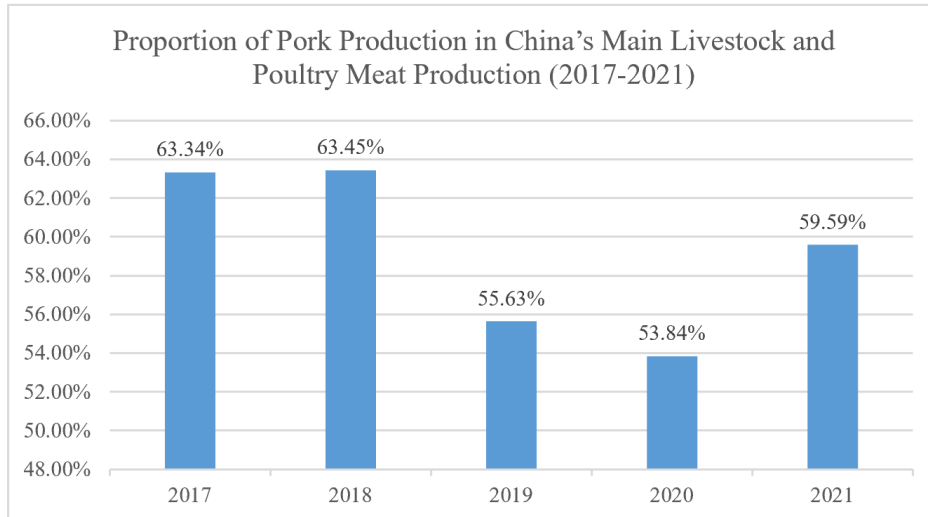
China has the world's largest pork production market. According to data released by the U.S. Department of Agriculture (USDA), China's pork production in 2021 accounted for 44.09% of global production, ranking first in the world.



(Data source: USDA)

China has the world's largest pork consumption market as well. According to data released by the Organization for Economic Cooperation and Development (OECD) and USDA, China's pork consumption accounts for about 46% of the world's pork consumption, and China's per capita pork consumption is about twice the world's.

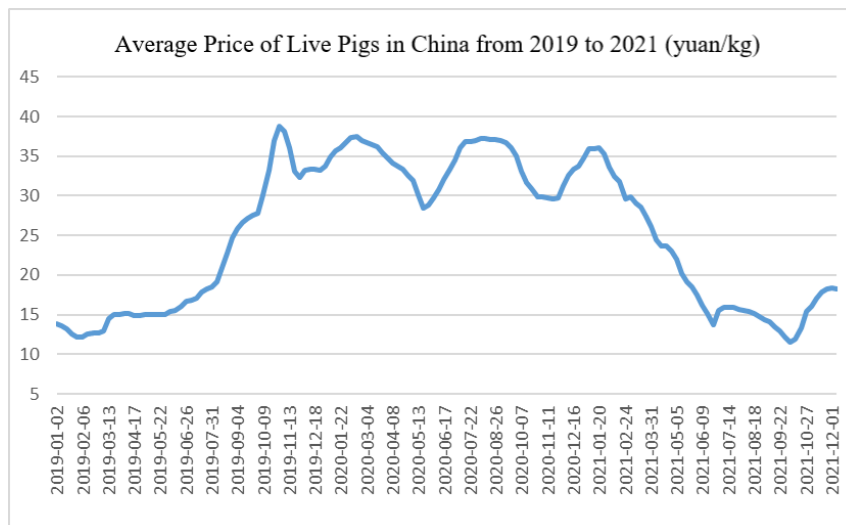
Pork is the most important source of animal protein for Chinese people, and has long been dominant in meat consumption in China. According to data from the NBSC, China's pork production in 2021 was 52.96 million tons, accounting for 59.59% of the main livestock and poultry meat production.



(Data source: NBSC)

2. The industry has obvious cyclical characteristics

China's pig farming industry is characterized by its significant cyclicity, with distinct periodic fluctuations in pig prices and each cycle of 3-4 years in general. According to our observation, the national pig farming industry has experienced the following fluctuation cycles since 2000: 2002 ~ 2006, 2006 ~ 2010, 2010 ~ 2014, and 2014 ~ 2018, each as a complete cycle. There are also several small cycles within the big ones. In 2019, due to the superimposed effects of factors such as the pig cycle and the African Swine Fever epidemic, the number of live pigs for market dropped, and the price of live pigs showed a bottom-up trend. The annual average price increased significantly YOY. In 2020, the industry's production capacity showed a gradual recovery trend, but due to the large reduction in the early stage, live pigs were still in short supply, and the price of live pigs was generally maintained at a high level. In 2021, the industry's production capacity basically recovered, the market supply rebounded significantly, and the price of live pigs showed a downward trend.



(Data source: MARA, China)

3. The industry scale has increased, but remains at a low level

China's pig farming industry has long been dominated by scatter feeding production, with a low industry concentration. There are a large number of backyard households and small- and medium-sized farms. According to the statistics of the China Animal Husbandry and Veterinary Yearbook, there were 373 farms with an annual production of more than 50,000 live pigs for market in 2019, accounting for only 0.0016% of the total number of farms (households), which is a very low proportion.

In recent years, affected by factors such as the tightening of environmental protection policies, scarcity of pig farming land, frequent outbreaks of African Swine Fever and other epidemics, drastic fluctuations in pig prices, and accelerated improvement of food safety, the backyard households have withdrawn significantly, further accelerating the process of standardization, scale and modernization of pig farming in China. According to the disclosed information, in 2021, the top five pig farming companies (Muyuan Foods, Zhengbang Technology, Wens Foodstuff, Twins Group and New Hope) sold a total of 90.04 million pigs, accounting for 13.41 % of the total output in China. The concentration of China's pig farming industry has shown an upward trend in recent years, but large-scale production remains at a low level compared with other countries with more mature industrial development.

3. Main accounting data and financial indicators

(1) Main accounting data and financial indicators in the past three years

Whether the Company needs to make retroactive adjustments or restate the accounting data of previous years or not

Yes No

Unit: yuan

	End of 2021	End of 2020	YOY change	End of 2019
Total assets	177,265,759,187.58	122,627,256,969.07	44.56%	52,886,586,120.19
Net assets attributable to shareholders of the Company	54,351,768,519.36	50,406,879,150.81	7.83%	23,107,735,222.70
	2021	2020	YOY change	2019
Operating revenue	78,889,870,566.40	56,277,065,607.85	40.18%	20,221,332,525.64
Net profits attributable to shareholders of the Company	6,903,777,691.92	27,451,421,940.73	-74.85%	6,114,363,662.85

Net profits attributable to shareholders of the Company after deduction of non-recurring profit or loss	6,785,021,475.69	27,326,977,374.14	-75.17%	5,937,528,173.28
Net cash flow from operations	16,295,026,813.82	23,185,751,195.99	-29.72%	9,988,895,350.91
Basic EPS (yuan / share)	1.28	5.33	-75.98%	1.19
Diluted EPS (yuan / share)	1.28	5.28	-75.76%	1.19
Weighted average ROE	12.91%	74.43%	61.52 percentage points down	35.28%

(2) Main accounting data by quarter

Unit: yuan

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	20,152,096,045.72	21,385,869,465.66	14,743,838,256.90	22,608,066,798.12
Net profits attributable to shareholders of the Company	6,963,072,000.64	2,562,908,557.43	-821,714,334.22	-1,800,488,531.93
Net profits attributable to shareholders of the Company after deduction of non-recurring profit or loss	6,952,812,743.70	2,482,806,444.55	-785,421,494.30	-1,865,176,218.26
Net cash flow from operations	4,755,828,247.31	8,442,190,319.19	95,146,925.34	3,001,861,321.98

Whether the above financial indicators or their total amount are significantly different from the related financial indicators disclosed in the Company's quarterly or semi-annual reports.

Yes No

4. Share Capital and Shareholders

(1) The number of common shareholders and preferred shareholders with resumed voting rights and the shareholding of the top 10 shareholders

Unit: share

Total number of common shareholders at the end of the reporting period	277,062	Total number of common shareholders at the end of the month before the disclosure date of	198,545	Total number of preferred shareholders with resumed voting rights at the end of	0	Total number of preferred shareholders with resumed voting rights at the end of the month before the	0
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		the annual report		the reporting period		disclosure date of the annual report	
Shareholding of the top 10 shareholders							
Shareholder name	Shareholder nature	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged, marked or frozen shares		
					Share status	Quantity	
Qin Yinglin	Domestic natural person	39.65%	2,086,287,906	1,564,715,930	Pledged	327,110,000	
Muyuan Industrial Group Co., Ltd.	Domestic non-state-owned corporation	13.01%	684,812,822		Pledged	188,377,400	
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas corporation	2.82%	148,235,378				
Muyuan Foods Co., Ltd. – Phase II Employee Stock Ownership Plan	Other	1.92%	100,910,000				
Qian Ying	Domestic natural person	1.22%	64,445,240	48,333,929			
Qian Yunpeng	Domestic natural person	1.03%	54,184,477				
Sun Hui gang	Domestic natural person	0.95%	50,121,246				
Hainan Hongbao Investment Co., Ltd.	Domestic non-state-owned corporation	0.87%	46,025,260				
Li Yanyan	Domestic natural person	0.64%	33,756,630				
Cai Min	Domestic natural person	0.57%	29,965,293	8,015,941			
Description of affiliated relations or concerted actions among the above shareholders	<p>Mr. Qin Yinglin and Mrs. Qian Ying are the actual controllers of the Company. Mr. Qin Yinglin and Mrs. Qian Ying jointly hold 100% equity of Muyuan Group and hold 53.88% equity of the Company directly and indirectly. Qian Yunpeng is the elder brother of Qian Ying.</p> <p>It is unknown whether other shareholders have affiliated relations or act in concert.</p>						

Description of shareholders participating in Securities Margin Trading (if any)	<p>Hainan Hongbao Investment Co., Ltd. holds 14,000,000 shares of the Company through its common securities account and 32,025,260 shares through its collateral securities account for margin trading, representing a total holding of 46,025,260 shares.</p> <p>Li Yanyan holds 5,249,890 shares of the Company through her common securities account, and 28,506,740 shares through her collateral securities account for margin trading, representing a total holding of 33,756,630 shares.</p> <p>Cai Min holds 2,066,000 shares of the Company through her common securities account, and 27,899,293 shares through her collateral securities account for margin trading, representing a total holding of 29,965,293 shares.</p>
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(2) Total number of preferred shareholders and shareholding condition of the top 10 preferred shareholders of the Company

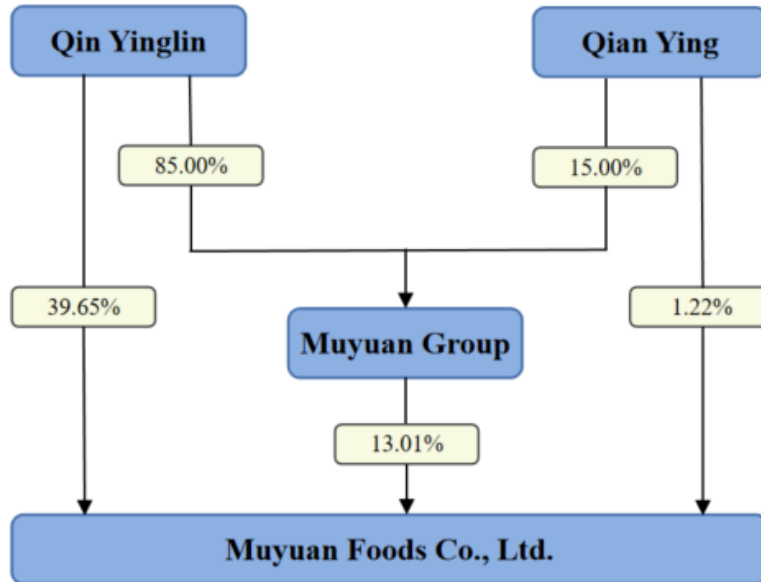
Applicable Not Applicable

Unit: share

Total number of preferred shareholders at the end of the reporting period		Total number of preferred shareholders at the end of the month before the disclosure date of the annual report				
		6				6
Shareholding of the top 10 preferred shareholders						
Shareholder name	Shareholder nature	Shareholding percentage	Number of shares held	Number of preferred shares held	Pledged, marked or frozen shares	
					Share status	Quantity
Hua Life Insurance Co., Ltd. – Universal Product	Others	28.07%	6,950,000	6,950,000		
Taiping Asset Management Co., Ltd. - China Merchants Bank - Taiping Assets 2020 Phase II Entrusted Special Account	Others	20.19%	5,000,000	5,000,000		
Huabao Trust Co., Ltd. - Huabao Trust - Investment No. [39] Single Fund Trust	Others	19.22%	4,759,300	4,759,300		
Shanghai Qinbing Investment Co., Ltd.	Domestic non-state-owned legal person	12.32%	3,050,000	3,050,000		
Zhongyuan Bank Co., Ltd. - Financial	Others	12.12%	3,000,000	3,000,000		

Products of Dingsheng Wealth Qianjing Series						
Guotai Jun'an Futures - Shanghai Pudong Development Bank - Junhe Yuanqi No. 1 Collection Asset Management Plan of Guotai Jun'an Futures	Others	8.08%	2,000,000	2,000,000		
Description of affiliated relations or concerted actions among the above shareholders		It is unknown whether there are affiliated relations or concerted actions among the above preferred shareholders or between the above preferred shareholders and the top 10 common shareholders.				

(3) Ownership and control relations between the Company and the actual controllers



5 Bonds in existence as of the approval date of the annual report

√ Applicable □ Not Applicable

(1) Basic information of bonds

Bond Name	Bond Abbreviation	Bond Code	Issue Date	Due Date	Bond Balance (10,000 yuan)	Interest Rate
Muyuan Foods Co.,	20MY-MTN001	102000771	April 20, 2020	April 22, 2023	50,000	4.11%

Ltd. 2020 MTN phase I						
Muyuan Foods Co., Ltd. 2020 MTN phase II	20MY-MTN002	102001087	May 26, 2020	May 28, 2023	30,000	4.50%
Interest payment and cashing of corporate bonds during the reporting period	20MY-MTN001 and 20MY-MTN002 paid interest of 20.55 million yuan and 13.5 million yuan respectively on April 22, 2021 and May 28, 2021.					

(2) Latest tracking bond ratings and changes

During the reporting period, China Chengxin International Credit Rating Co., Ltd. (CCXI) issued the Announcement of CCXI on Adjusting the Rating Outlook of Muyuan Foods Co., Ltd. to Negative (CCXI Credit Rating Committee Announcement [2021] No. 932) on December 15, 2021. It decided to maintain the Company's AA + main credit rating, adjust the rating outlook to negative, and maintain the AA + credit rating of "19 Muyuan 01", "20MY-MTN001", "20MY-MTN002" and "Muyuan Convertible Bond" based on following events and factors: Since 2021, with the continuous downturn of pig prices, the rebound range of prices in the short term is limited; The Company suffered an operating loss in the third quarter of 2021, weakening its profitability and cash generation ability; In the past two years, the Company's investment scale was relatively large, and its debt continued to rise; The Company's overdue payment of commercial papers was taken into consideration as well. The above announcement was made through CNINFO (<http://www.cninfo.com.cn>) on December 15, 2021.

(3) Main accounting data and financial indicators in the past two years as of the end of the reporting period

Unit: 10,000 yuan

Item	2021	2020	YOY change
Liabilities to assets ratio	61.30%	46.09%	15.21%
Net profit after deduction of non-recurring profit or loss	678,495.8	2,732,697.74	-75.17%
Total debt to EBITDA ratio	28.97%	99.22%	-70.25%
Interest coverage ratio	4.37	33.31	-86.88%

III. Significant Events

(1) The Proposal on Medium Term Notes (MTN) was deliberated and approved during the 26th Meeting of the Third Board of Directors held on April 24, 2020 and the 2019 Annual General Meeting of Shareholders held on May 18, 2020. The Company was thereby agreed to register with the National Association of Financial Market Institutional Investors (NAFMII) and issue MTN of no more than 3 billion yuan (inclusive). The specific issuance scale would be subject to the amount registered with NAFMII and the issuing interest rate should be determined according to the market conditions.

On August 11, 2021, the Company issued the Announcement of Muyuan Foods Co., Ltd. on the Registration Approval of Medium Term Notes. The Company had received the Notice of Registration Application Acceptance (NAFMII Registration [2021] MTN 622) issued by NAFMII. The Company's MTN registration was accepted with the registered amount valid for 2 years from the date of signing of the Notice of Registration Application Acceptance.

(2) During the 32nd Meeting of the Third Board of Directors held on December 8, 2020, the Company deliberated and approved the Proposal on the Establishment of a Jointly Funded Financial Company by Muyuan Foods Co., Ltd. and Muyuan Industrial Group Co., Ltd. and on Related-Party Transactions. The Company and Muyuan Group plan to jointly fund a financial company. The registered capital of the financial company is 1 billion yuan, which shall be funded in cash by Muyuan Group and the Company as sponsors, with 450 million yuan from the Company.

As of the report release date, the matter is still under preparation and application.

(3) Proposals related to the non-public offering of A-shares in 2021 were deliberated and approved during the Second Meeting of the Fourth Board of Directors held on October 18, 2021, the Fourth Extraordinary General Meeting of Shareholders held on November 3, 2021, and the Sixth Meeting of the Fourth Board of Directors held on February 25, 2022. The Company proposed to issue A-shares to Muyuan Group via a non-public offering. The number of shares in this non-public offering will not be less than 124,347,178 shares (inclusive) and not more than 149,216,612 shares (inclusive) and not more than 30% of the total share capital of the Company before the offering. The issue price is 40.21 yuan / share, all of which will be subscribed by Muyuan Industrial Group Co., Ltd. in cash, and the total amount of raised funds will not be less than 5 billion yuan (inclusive) and not more than 6 billion yuan (inclusive), supplementing the Company's working capital after the expenses on the offering are deducted.

As of the date of issuance of this report, the Company has received the Acceptance Form of the Administrative License Application of CSRC (Acceptance No.: 220018) issued by CSRC. The

CSRC examined the application materials for the non-public offering of A-shares submitted by the Company according to relevant laws. The CSRC considered the application materials are complete, and decided to accept the application for the administrative license.

The Company's non-public offering of A-shares is subject to further review by the CSRC.

In addition to the above matters, the Company is not required to disclose other significant matters.

Muyuan Foods Co., Ltd.

Chairman: Qin Yinglin

April 28, 2022