

Stock Code: 603609

Stock Abbreviation (English): Wellhope

**Wellhope Foods Co., Ltd.
2021 Annual Report**



April 2022

Important Statements

I. The Board of Directors, Supervisory Board, Directors, Supervisors and Senior Management of Wellhope hereby warrant that there are no false representations, misleading statements or material omissions in this annual report, jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the contents of this report.

II. All Directors attended the Board Meeting.

III. Suyajincheng CPA LLP has issued a standard audit report for Wellhope.

IV. Wellhope's Chairman Jin Weidong and the Director of internal audit Zhang Wenliang warrant the truthfulness, accuracy and completeness of the information presented in the financial statements in this annual report.

V. The dividend plan for the reporting period has been deliberated by the Board of Directors.

The plan for 2021 dividend distribution will be: In 2021, Wellhope will not pay dividends, issue bonus stock, and convert capital reserve into share capital, the undistributed profit will be carried forward to the next year. According to *Rules on Share Repurchase of Public Companies* issued by the CSRC, Wellhope paid RMB 200,003,612.37 to repurchase its shares in 2021, which was regarded as cash dividend, accounting for 168.74% of RMB 118,530,518.15, the Company's net profit attributable to shareholders in 2021.

VI. Risk Statement of Forward-looking Statements

The forward-looking descriptions in this report such as plans, development strategies and other information cannot be deemed the Company's commitment to investors. Please beware of the investment risks.

VII. There has been no occurrence of the Company's non-business capital being occupied by controlling shareholder and his related parties.

VIII. There has been no occurrence of the Company violating its decision-making procedure while providing external guarantees.

IX. There has been no occurrence that more than half of the directors can't guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company.

X. Material Risk Warning

Wellhope describes possible risks in detail, please refer to "Possible Risks" in Section III "Business Operations Analysis".

XI. This annual report has been issued in both Chinese and English versions. In case there is any discrepancy or inconsistency between the two versions, the Chinese version shall prevail. The disclosed Chinese version of 2021 Annual Report can be obtained at: www.sse.com.cn.

Contents

Section I	Glossary	4
Section II	Company Profile and Key Financial Information	5
Section III	Business Operation Analysis.....	9
Section IV	Corporate Governance	56
Section V	Environment and Social Responsibility	72
Section VI	Important Disclosures	85
Section VII	Changes in Common Shares and Shareholder Information	92
Section VIII	Preference Share	97
Section IX	Corporate Bond	98
Section X	Financial Statements	99

Reference file directory	Financial statements with the signature and seal of the legal representative, the person taking charge of accounting and the person taking charge of the accounting department.
Reference file directory	The original audit report with the seal of the accounting firm and the signature and seal of the CPA.
Reference file directory	During the reporting period, all the original documents and original announcements of the Company that have been publicly disclosed on the websites designated by the CSRC.

Section I Glossary

I. Glossary

CSRC	refers to	China Securities Regulatory Commission
SSE	refers to	Shanghai Stock Exchange
Wellhope, the Company	refers to	Wellhope Foods Co., Ltd.
Reporting Period	refers to	January 1, 2021-December 31, 2021
The end of the reporting period	refers to	December 31, 2021
Royal De Heus	refers to	Koninklijke De Heus B.V., the parent company of De Heus Mauritius Ltd., the biggest privately-owned feed company in the Netherlands
Company Constitution	refers to	The Constitution of Wellhope Foods Co., Ltd.
Shareholders' Meeting	refers to	The Shareholders' Meeting of Wellhope Foods Co., Ltd.
Board of Directors	refers to	The Board of Directors of Wellhope Foods Co., Ltd.
Supervisory Board	refers to	The Supervisory Board of Wellhope Foods Co., Ltd.
Corporate Law	refers to	The Corporate Law of the People's Republic of China
Securities Law	refers to	The Securities Law of the People's Republic of China

Section II Company Profile and Key Financial Information

I. Company Information

Company name (English)	Wellhope Foods Co., Ltd.
Abbreviation (English)	Wellhope
Company name (Chinese)	禾丰食品股份有限公司
Abbreviation (Chinese)	禾丰股份
Legal Representative	Jin Weidong

II. Contact Person

	Secretary of the Board	Representative of Securities Affairs
Name	Zhao Xin	Zhao Changqing
Address	No. 169, Huishan Street, Shenbei New District, Shenyang, Liaoning Province, China	No. 169, Huishan Street, Shenbei New District, Shenyang, Liaoning Province, China
Tel	024-88081409	024-88081409
Fax	024-88082333	024-88082333
Email	hfmy@wellhope.co	hfmy@wellhope.co

III. Basic Information of the Company

Registered address	No. 169, Huishan Street, Shenbei New District, Shenyang, Liaoning Province, China
Change of the Company's registered address	On December 6, 2016, the registered address of the Company was changed from "No. 67, Hunnan Development Zone, Shenyang " to "No. 169, Huishan Street, Shenbei New District, Shenyang, Liaoning Province". Please refer to the announcement No. 2016-045 disclosed by the Company on the website of Shanghai Stock Exchange
Office address	No. 169, Huishan Street, Shenbei New District, Shenyang, Liaoning Province, China
Postal code	110164
Company website	www.wellhope-ag.com
Email	hfmy@wellhope.co

IV. Place where the Annual Report is Prepared

Media designated by the Company for disclosing information	China Securities Journal, Shanghai Securities News, Securities Times
Website designated by the CSRC for publishing the annual report	www.sse.com.cn
Place where the Company prepares its annual report	Securities Department

V. Stock Information

Stock information			
Stock type	Stock exchange for IPO	Stock abbreviation	Stock code
A share	Shanghai Stock Exchange	Wellhope(禾丰股份)	603609

VI. Other Information

Accounting firm (local)	Name	SuyaJincheng CPA LLP
	Office address	14th-16th F, Central International Plaza, No. 159 Taishan Road, Nanjing, Jiangsu Province, China
	Name of signatory CPA	Zhou Jiawen, Wang Lei
The sponsor performs the responsibility of continuous supervision during the reporting period	Name	China Galaxy Securities Co., Ltd.
	Office address	Qinghai financial building, Fengtai district, Beijing
	Name of signatory representative	Zhang Peng, Qiao Na
	Period of conducting continuous supervision	2021

VII. Key Accounting Data and Financial Performance Indicators in the Latest Three Years**1. Key accounting data**

Unit: yuan Currency: RMB

Item	2021	2020	Year-on-Year change %	2019
Operating revenue	29,468,925,899.60	23,817,600,766.26	23.73	17,792,091,973.58
Net profit attributable to the shareholders of the Company	118,530,518.15	1,235,162,151.48	-90.40	1,199,347,355.96
Net profit attributable to the shareholders of the Company deducting extraordinary items	134,826,072.01	1,230,677,435.86	-89.04	1,190,975,760.51
Net cash flow from operating activities	299,160,222.36	765,945,453.03	-60.94	1,111,605,966.58
	As at the end of 2021	As at the end of 2020	Year-on-Year change %	As at the end of 2019
Net assets attributable to the shareholders of the Company	6,464,358,869.77	6,752,397,489.35	-4.27	5,698,139,557.54
Total assets	12,971,506,159.72	11,646,508,203.99	11.38	9,149,772,043.85

2. Key financial performance indicators

Item	2021	2020	Year-on-Year change %	2019
Basic earnings per share (yuan per share)	0.13	1.34	-90.30	1.34
Diluted earnings per share (yuan per share)	0.13	1.34	-90.30	1.34
Basic earnings per share deducting extraordinary items (yuan per share)	0.15	1.33	-88.72	1.33
Weighted average return on equity (%)	1.80	19.93	Decreased 18.13 percentage points	24.57
Weighted average return on equity deducting extraordinary items (%)	2.05	19.86	Decreased 17.81 percentage points	24.40

Explanation: The main reasons for the sharp decline in the Company's performance in 2021 are as follows. A. Unexpected decline in domestic pig prices, combined with the increase in feed costs and other factors, led to a heavy loss in the Company's swine raising business. B. The costs of day old chick and feed increased year-on-year, and the consumption in the market was not profitable. The profit of the Company's broiler integration business turned from profit to loss.

VIII. Key Financial Figures by Quarters in 2021

Item	Unit: yuan Currency: RMB			
	Q1	Q2	Q3	Q4
Operating revenue	6,323,388,582.64	7,320,046,599.29	8,119,870,556.88	7,705,620,160.79
Net profit attributable to the shareholders of the Company	290,928,241.18	-39,573,337.37	-203,165,870.99	70,341,485.33
Net profit attributable to the shareholders of the Company deducting extraordinary items	299,181,338.60	-38,921,639.80	-199,562,495.31	74,128,868.52
Net cash flow from operating activities	-556,311,101.38	303,643,883.85	30,142,460.87	521,684,979.02

IX. Extraordinary Items

Item	Unit: yuan Currency: RMB		
	2021	2020	2019
Gains or losses on disposal of non-current assets	-13,978,382.83	3,169,342.06	-3,146,106.63
Government grants charged to current gains or losses (excl. the government grants that are closely related to the Company's ordinary course of business and gained constantly at fixed quotas or amounts as per certain standards based on the state policies)	40,412,773.97	33,102,019.89	22,363,695.79
Income generated from the investment costs for acquiring subsidiaries, associated companies and joint ventures being lower than the fair value of the investee's net identifiable assets acquired by the Company			1,844.71
Gains or losses on fair-value changes in trading financial assets and liabilities, derivative financial assets and liabilities, and the income from disposal of trading financial assets and liabilities, derivative financial assets and liabilities as well as other debt investment (excl. the effective portion of hedges that arise in the Company's ordinary course of business)	2,552,441.74	-148,741.92	4,418,219.50
Non-operating income and expense other than those described above	-42,725,463.13	-24,964,468.42	-15,858,496.27
Other items that meet the definition of deducting extraordinary items	184,353.40		820,378.27
deduct: Income tax effects	2,557,348.61	3,223,835.48	4,200,204.18
Non-controlling interests' effects(after-tax)	183,928.40	3,449,600.51	-3,972,264.26
Total	-16,295,553.86	4,484,715.62	8,371,595.45

X. Item Measured at Fair Value

Unit: yuan Currency: RMB

Item	Opening balance	Closing balance	Change	Effects on current profit
Derivative financial assets	4,725,552.30	9,667,725.25	4,942,172.95	1,555,420.50
Total	4,725,552.30	9,667,725.25	4,942,172.95	1,555,420.50

Section III Business Operation Analysis

I. Business Operation Analysis

1. Overview of the performance in 2021

In 2021, the agriculture and animal husbandry industries faced severe challenges. In terms of feed, the feed raw materials fluctuated with high prices, the consumption demands for feed in the second half of the year were slowed down as a result of the downward animal raising industry. Pig prices slumped continuously despite the higher-than-expected recovery of production capacity. In terms of broiler industry, the entire market was deteriorated caused by the high price of day old chick, soaring feed cost and sluggish customer consumption. Against such a backdrop, all employees of Wellhope joined hands to forge ahead and overcome difficulties by vigorously expanding new markets, optimizing marketing strategies, reducing internal costs and heightening working efficiency, as well as improving operational capability. Besides, measures have also been taken to enhance the management of accounts receivable, reasonably arrange capital expenditures, accelerate inventory turnover to ensure sufficient cash flow. Under the concerted efforts made by all employees, Wellhope remained one of the few enterprises that made profits despite the first big drop in the Company's performance.

Wellhope's operating revenue reached RMB 29.47 billion with a year-on-year increase of 23.73%, the net profit attributable to shareholders of the Company recorded RMB 119 million, decreased by 90.40%, the net profit attributable to shareholders deducting extraordinary items recorded RMB 135 million, declined 89.04%. At the end of the reporting period, the total assets reached RMB 12.97 billion, rising 11.38% compared with the end of the prior year, whilst the equity attributable to the owners of parent company recorded RMB 6.46 billion, declining 4.27% compared with the end of the prior year.

2. Review of the Company's business progress

A. Feed business

In 2021, the feed raw materials witnessed remarkably fluctuations with high prices, the market of animal raising industry changed complexly, making the transformation and upgrading of the feed industry accelerated, the polarization in feed industry has become increasingly remarkably. At a time when opportunities and risks coexisted, the Company, as an industrial leader, leveraged its advantages of corporate brand and technology to speed up the reform of feed business, bravely explored new markets and refined internal operation to constantly develop and optimize its system capabilities. In 2021, the total output of feed produced by the Company's holding and associated companies reached 8.03 million tons, up 15.04% year on year, and the feed sold to the markets recorded 4.33 million tons, up 12.54% year on year.

Feed sales volume of companies included in the consolidated scope in 2021

Item	Sales volume 2021 (10k tons)	% of total sales volume	Sales volume 2020 (10k tons)	YOY change of national feed production
Swine feed	197.24	45.54%	155.99	26.44%
Poultry feed	142.83	32.98%	144.69	-1.29%
Ruminant feed	71.69	16.55%	63.10	13.61%
Other feed	21.34	4.93%	21.05	1.38%
Total	433.10	100.00%	384.83	12.54%

a. Upgrading strategic positioning and strengthening internal collaboration

Feed business has been always identified as the primary business of the Company. In 2021, when revising strategies, the Company further enhanced the strategic position of feed business, proposing higher requirements for the core capabilities of feed business while granting more resources to feed business. Within the reporting period, to develop feed business, the Company promoted the collaboration and interconnection among technology department, purchasing department and marketing department, making the marketing and sales departments as well as the function departments could be strategically connected to share pressure and performance. With science-based procedure design and targeted appraisal mechanism, the collaboration capabilities among these departments have been enhanced continuously. Besides, the Company launched the "Xiaohe Smart Customer Service" project to promote online management of feed business, which has further intensified the management of the process of marketing activities, optimized the customer service system, and powered the sales personnel with an information platform. Under the efforts made by all these departments jointly, the Company successfully maintained an industry-leading net profit per ton in a market environment where the price of feed raw materials remained high, significantly improving its core capabilities of feed business.

b. Promoting organizational structure and talents team to vigorously support the sales team

In 2021, the head office of the Company, based on the original structure of the technology department, purchasing department and marketing department, established three research institutes, including Technology R&D Institute, Market Trend Research Institute, and Market Research Institute. The Technology R&D Institute was established to develop the formulas of various types of feed products and research animal raising technologies, the Market Trend Research Institute was designed to study the industry trend as well as the status quo of the upstream and downstream industries, especially the changes in the price of feed raw materials, the Market Research Institute was set up to analyze and study the market structure, competitors and customer demands. Meanwhile, based on regional management, the Company set up marketing business lines for different feed varieties to provide professional service with specialized personnel and specialized business lines. With the cooperation between regional management and business line management, the Company's differentiated market insight and development strategy complemented each other with professional marketing and service

system, which improved the quality and speed of customer development significantly. Besides, these three institutes and various business lines have taken measures to attract key professional talents and optimize resource allocation constantly, with the purpose of providing more support for front-line marketing personnel.

c. Improving technical service to seize resources in the new market

In 2021, the Company further expanded its input in market expansion and upgraded the technical service system, witnessing a rapid increase in the proportion of large-scale farms and a steady-state growth of feed sales volume. In northeastern China, the Company, by taking its relative advantages in raw material purchasing, has vigorously developed large-scale farm customers while enriching its sales strategies by making use of the new media and diversified platforms, which has strengthened the brand advantages of the Company's products in medium-sized farms and back-yard farms. In other areas, the Company divided its market into five regions in terms of North China, Shandong region, Central China, West China and East China. By promoting the decentralized management mode and formulating specific market expansion solutions according to the characteristics of different regions, the Company has increased its sales units steadily to fill the gap in the market gradually. Besides, the Company launched Wellhope 6M management service solution for large-scale farms, which contained 6 strategies aimed at reducing costs and increasing efficiency (e.g., system evaluation strategy, problem analysis strategy, cost structure strategy, pig herd management strategy, precise nutrition strategy, customized solution strategy) to sort out, analyze and rank complex problems related to farms. Designed with 73 operation appraisal indicators, the solution covered 1,123 key inspection points of the farms, and could rapidly identify the key problems for farms with the 22 precision management tools designed for the solution, which could help customers make feasible and effective solutions. By constantly attracting technical service experts and expanding the scale of the service team, the Company has improved its overall service capability and increased the proportion of large-scale farms significantly.

B. Broiler integration business

In 2021, the cost of the upstream business of broiler industry increased, whilst the downstream consumption decreased. In such a context, the profits dropped precipitously, which marked an unprecedented downward trend in this industry. Under such adverse conditions, the Company, taking ensuring safety, improving efficiency, enhancing ecosystem and increasing profits as the development policy, slowed down the expansion pace of broiler integration business. Instead, the Company took measures to improve its operational capability and reduce costs, improve the layout of the industrial chain while ensuring safety to expand its market share steadily. In 2021, the holding and associated companies slaughtered 693 million broilers with a year-on-year increase of 8.5%, totally produced and sold 1.8 million tons of broiler parts products, increased by 7.0%, produced 28,000 tons of prepared food and cooked food with a year-on-year increase of 7.3%, among which, the export volume of cooked

food recorded 3,488 tons, increased by 15.9% compared with the same period of last year.

a. Slowing down the expansion pace and improving the layout of the industrial chain

In 2021, the projects newly invested in the past two years in the broiler industry were put into production densely, leading to a periodical surplus of supply. In this regard, the Company slowed down the development pace of the broiler business in 2021, and moderately increased the production capacity of broiler breeding and raising, heightened the proportion of self-supplied day old chicks and live broilers to match the industrial chain as planned. In additions, the Company constantly enhanced production management, improved operation indicators. Meanwhile, in response to the changes in the market, the Company dynamically adjusted the policies on feeding fees for contract farm owners according to the production time and stage of farms, so as to ensure proper allocation of profits between the Company and farm owners. As for the slaughtering business, in the second half of 2021, the Company reduced the target yield in the previous plan according to the estimations on the market trend, actively slowed down the pace of expansion, and maintained stable development with existing production capacity. Attaching equal importance to short-term profits and long-term development, the Company increased the production and sales scale of new projects not producing at full capacity by centralizing resources, with the purpose of crossing the break-even point as soon as possible.

b. Squeezing costs and expenses, heightening cost and efficiency management

In 2021, despite the downturn broiler industry, the Company insisted on lean management of its broiler integration business by continuously optimizing production indicators, improving operation efficiency, strictly controlling product quality and rationally squeezing the cost and expenses, which has further enhanced its operational capability. As for broiler raising business, the Company boosted the informatization in this sector to improve the data analysis ability and decision-making efficiency. Meanwhile, the Company made efforts to ensure the quality of self-produced day old chicks, diversified options of outsourcing chicks, constantly modified and improved *Breeding Site Management Manual*, achieving growth of production performance steadily. As for slaughtering business, the Company continued to improve its production efficiency, reduce operation costs, and strengthen quality management. At the same time, the Company continuously explored the operation modes of automatic production lines, also designed automatic configuration of production lines according to the reality of plants by considering multiple elements in terms of production scale, product positioning, product mix, customer structure, which has laid a solid foundation for future transformation and upgrading of businesses.

c. Expanding the market vigorously and optimizing marketing strategy

In 2021, as COVID-19 lingered and market consumption stayed at a low level, the delivery of frozen broiler products faced various challenges. Meanwhile, with the higher-than-expectation recovery of the production capacity of live pigs, demands for chicken have been further squeezed reduced and pork with cheap price was taking a big bite out of chicken. To cope with this unfavorable situation, the

Company's slaughtering entities, with the multi-brand strategy, accelerated the expansion of the sales channel of broiler parts products, and occupied market shares rapidly on the condition of reaching a balance between production and sales. Meanwhile, the Company further improved the quality of broiler products and increased the proportion of fresh products to realize the highest comprehensive value with the best product portfolio. The Company also explored high-quality customers, and improved the ecological niche sustainably. As for prepared food and cooked food businesses, the Company has improved its core capabilities and brand influence by accelerating the construction progress of new projects to expand the scale of basic production and sales rapidly, improving its ability to undertake large orders, and strengthening R&D of products to create knock-out products.

C. Pig raising business

In 2021, pig prices in China witnessed a higher-than-expected reduction. The era of gaining high profits from raising pig ended, while the industry getting stuck in periodical in-depth deficit, imposing huge capital pressure on those companies who were seeking radical expansion of production previously. At such a critical turning point, the Company faced all the challenges and made rational decisions, including phasing out inefficient sows, reducing production scale, constantly enhancing pig farm management to improve production performance, reducing costs and expenses, controlling the weight of pig, and improving the turnover speed to ensure capital safety. In 2021, the Company's holding and associated companies marketed 639,000 heads of finishers, 588,000 piglets (215,000 heads sold to market, 373,000 sold to internal companies), 66,000 heads of pig breeders, totaling 1.293 million heads of pig (920,000 heads sold to market, and 373,000 sold to internal companies).

a. Insisting on stable operation and phasing out inefficient sows

From 2019 to the first quarter of 2021, despite the extremely high profit of pig raising industry, the Company insisted on stable operation with a calm mind, most farms were expanded production by asset-light mode. Meanwhile, the Company strictly controlled the quality of pig breeders. By the end of June 2021, the holding and associated companies had 79,000 sows in stock, with ternary hybrid breeding sows accounting for only 5.5% (the average level in the industry was 45%). With the inflection point of the market arriving, the Company phased out inefficient sows without hesitation, 20,000 heads of sows with low production performance in the third quarter were cut, and 9,000 sows were eliminated in the fourth quarter. By the end of 2021, the number of sows of the Company reduced to 50,000, including 30,000 heads of reproducible sows and 20,000 gilts. The entire production performance of sows has been further enhanced. Meanwhile, the Company also heightened the performance appraisal criterion for contract farms, terminated its cooperation with some fattening farms and outsourcing farms to slow down the development pace and reduce business pressure, which reduced the costs and expenses significantly and ensured capital safety.

b. Continuously reducing costs and increasing efficiency, improving production performance significantly

In 2021, the Company started to apply process-based performance management systems in its pig raising business sector, including three-level meeting, benchmark analysis and task list. Every month, the head office, regional branches, and pig farms held operation analysis meetings to identify key problems of each farm by applying the benchmark analysis management mode, formulated task lists to effectively implement the improvement plan. In addition, in 2021, the Company reviewed the structure of pig business again to optimize personnel configuration. By offering trainings for staff and introducing key technical talents, the Company has successfully improved the competence of technical and service personnel. The cost for piglet weaning and fattening have been reduced sharply supported by phasing out inefficient sows, improving asset quality, heightening technical skill of resident staff and enhancing farm operation. In the future, the Company will further improve its pig production performance, constantly increase the operation of pig farms and develop into a Company with industry-leading cost management and control.

c. Enhancing African Swine Fever management, reducing epidemic prevention cost

African Swine Fever prevention has been normalized for biosecurity and has become a key element affecting costs. In 2021, the Company, still taking biosecurity as a priority, reviewed the biosecurity control of feed mills, pig farms, and cooperative farms, and built a multi-level management and control system to prevent external cases and internal infection. Meanwhile, to ensure that every team member had a strong sense of responsibility and awareness, the Company took measures to improve the technical proficiency of teams and further improved the reward and punishment mechanisms. Through three years' practice, the Company has accumulated rich experience in ASF prevention, reserved sufficient professional talents, and developed a mature prevention system. In 2022, the Company will combine ASF prevention with lean management gradually. On the condition of ensuring biosecurity, the Company will constantly verify the economic efficiency and effectiveness of prevention costs, improve the prevention procedure, and reduce the prevention cost of biosecurity.

D. Raw material trade business

In 2021, companies active in animal raising industry generally suffered losses, and the cost of feed and animal health products came under pressure, which brought certain challenges to the Company's trading business. However, the Company accurately studied on the market situation, seized the opportunity and obtained a better profit in fish meal, amino acid, calcium hydrogen and other raw material varieties with a large potential for growth. In addition, the Company actively took multiple measures to hedge the adverse impact of the industry, on the one hand, broadened the product category based on the original product line, expanded sales areas and promoted product sales. On the other hand, gave full play to the advantages of the professional team, improved the service to the farms to enhance market competitiveness. Furthermore, the Company developed the import business of

foreign feed raw materials, which brought new opportunities for business expansion. At the same time, with the help of information platform, the Company further improved the internal management of its trading companies, also reduced operating costs, improved operating efficiency, which would lay a solid foundation for the great development of future trade.

E. Progress in other aspects

a. Increasing talent configuration and improving purchasing capability

During the reporting period, the Company has taken a large number of measures to improve team construction, purchasing mode, and business management specification of the purchasing system as well as enhance the interconnection between the technology department and the purchasing department. In 2021, young and highly-educated employees with abundant experiences joined in the purchasing team, which improved the study on raw materials and the market trend research capability. As for the purchasing mode, the Company improved the concentration ratio of purchasing, with certain areas having completed the transformation from three-level procurement to two-level procurement to enhance centralized decision-making and improve the efficiency of procurement management. As for business management, measures have been taken to improve the raw material supply chain management, making the supply channel could be selected flexibly according to market change, expanding the scope of the supplies to ensure the supply security. Meanwhile, the Company has also taken measures to deepen the collaboration between the technology department and the purchasing department. At a time of high raw material prices, the Company gained obvious advantages regarding alternative costs of raw materials through the interconnection between technology and raw material purchasing.

b. Actively responding to changes, research and development making contributions

In 2021, with the changing background of external unpredictable environment, sharp fluctuation of raw material prices, the COVID-19 cases, the impact of African Swine Fever, and the increasing market competition pressure, the Company insisted on R&D and innovation, pursued the production of feed products with higher quality and cost-effective, and looked for better alternative combinations, and upgraded on-site farming technology solutions. For feed business, the Company launched a new generation of creep feed, with better palatability, diarrhea-resistance. In the application of raw material alternative technology, the Company shared technical information with its partner Royal De Heus, continuously optimized the dynamic database and reserves a variety of efficient technologies for feed formulations. In terms of the iterative upgrading of feeding programs, the Company has achieved remarkable results in pig feeding management technology, beef cattle and sheep feeding program and poultry feeding technology. Over the years, the Company has unswervingly focused on the input in R&D. Now it has a technical team composed of hundreds of doctoral, master and senior experts. It also continued to introduce doctors with development potential as R&D or regional technology leaders, and the R&D expenses increased year by year. For more details about research and development, please

refer to Section III.

c. Enhancing benchmark management and building a process-based performance management system

During the reporting period, the Company mainly focused on building a process-based performance management system, it accumulated experience through the mature management mode of broiler integration business and then applied such experiences in other business sectors. By implementing monthly three-level operation analysis meeting involving the head office, regional center, and subsidiaries, supporting by management methods and tools including inspection team, specialized project team and task list, the Company has formed a full set of PDCA circulation of process-based performance management. In 2021, the Company strengthened benchmark management and plan tracking, developed in-depth market insight, and reviewed management, which has achieved the implementation of the strategic goals and key tactical plans. For employees, the performance of the Company and individuals was tracked and managed effectively. Such a mode will be further improved and promoted in 2022, to constantly improve the performance of the Company and its employees.

d. Strengthening capital operation, powering business development

During the reporting period, in order to improve the long-term investment value of stocks and safeguard the interests of shareholders, the Company repurchased its shares by means of centralized bidding. In 2021, the Company has repurchased 20.96 million shares with a cumulative payment of RMB 200 million, the repurchased shares will be used to carry out employee stock ownership plans or equity incentive plans. As of the disclosure date of this report, the issuance of convertible bonds of the Company was being promoted as planned. The convertible bonds were expected to raise RMB 1.5 billion, and all the funds raised will be used for the development of the primary businesses and the realization of the strategic goals.

F. Awards and recognitions in 2021

- ◆ Being listed in the Fortune China 500 for the fifth time, ranking 409, up 91 places.
- ◆ Being selected as the first batch of national supply chain innovation and application demonstration enterprises
- ◆ Ranking 9th in China's top 100 enterprises of light industry technology
- ◆ Ranking 11th among the Top 50 enterprises in China's light industry and food industry
- ◆ Ranking 28th in China's top 200 light industry enterprises
- ◆ Being awarded the Dedication Medal of the Red Cross Society of China
- ◆ Obtaining the A-level Evaluation of information disclosure of Shanghai Stock Exchange in 2020-2021, winning this honor for four consecutive years
- ◆ Winning the 9th season of China Good Feed, Technology innovation Leader, Ruminant Technology Innovation Star Brand
- ◆ Being named the 2021 National Agricultural and Rural Informatization Demonstration Base

- ◆ Being rated as the demonstration base of excellent quality management promotion in Liaoning Province

II. Review of the Circumstances of the industries that the Company involved

1. Feed industry

China's feed industry started up in the mid to late 1970s, and in just a dozen years, China's feed industry has achieved what developed countries have accomplished in decades. In 2011, China's feed production exceeded the United States for the first time, becoming the world's largest feed producer. Comparing with the rapid development of the early stage, China's feed industry has witnessed a slowdown in the growth of production output in the past 10 years, but it still has a huge market size. In 2021, China's total feed production grew steadily, with a booming supply and demand in the market.

In terms of supply, the production of national commercial feed in 2021 reached 293.443 million tons with a year-on-year increase of 16.1%. By varieties, swine feed recorded 130.765 million tons, increased by 46.6%. The production of layer feed and broiler feed recorded 32.314 million tons and 89.096 million tons, decreased by 3.6% and 2.9% respectively, whilst the ruminant feed output reached 14.803 million tons, rose by 12.2%. From the perspective of industry consolidation, there were 957 feed mills with an annual capacity over 100,000 tons, newly increased 208 producers compared with the prior year. These feed mills totally produced 177.077 million tons of feed with a year-on-year increase of 24.4%, contributing towards 60.3% of the total national feed production, which rose by 7.5 percentage points over the previous year. Among these large-scale feed mills, there were 39 feed enterprise groups with annual output of more than 1 million tons, an increase of 6 over the previous year, and the total feed output accounted for 59.7% of the total national feed production, an increase of 5.1 percentage points over the previous year.

In terms of demand, in 2021, the demand for swine feed and ruminant feed was favorable, while the demand for poultry feed decreased. Specifically, regarding swine feed, the pig stock in the northern region has reached a high level in the first half of the year, and the demand for swine feed in the southern region has grown rapidly due to the accelerated recovery of production capacity, in the second half of the year, with the sharp decline in pig prices, the growth rate of swine raising scale has been controlled, and the growth rate of swine feed demand has slowed down. Regarding poultry feed, egg prices have continued to be weak, old chickens have been eliminated centrally, the stock of layer has dropped significantly, and the demand for layer feed has shrunk. Although there was an increase in the number of slaughtered broilers, the body weight was significantly declined, and the feed to meat ratio was also reduced, resulting in a slight decrease in broiler feed demand. For ruminant feed, farmers were positive to replenish the stock as raising cattle and sheep was profitable, thus the stock was gradually growing, making the demand for feed increase.

Overall, the growth rate of China's feed production in the first half of 2021 was higher than that in the second half year, and the annual growth rate far exceeded the average growth rate in the past 10 years,

however, the growth rate reflected obvious unevenness among various regions, categories and companies with different scales. In terms of geography, the process of resuming pig production in the North was basically ended, and the pig stock in the South had been rapidly increasing, so the growth of pig feed sales in the South was much larger than that in the North. In terms of category, benefiting from the unexpected recovery of pig production, the increase of pig feed output was much larger than that of other varieties of feed. In terms of industry consolidation, the entry barrier of feed industry has been continuously increasing, and the polarization among feed enterprises has been becoming remarkable. Large enterprises have been rapidly grabbing market shares supported by their technologies, costing, branding, management, capital, logistics, and other advantages, whilst small and medium-sized companies have been gradually squeezed out the market, the consolidation of feed industry has been unceasingly enhanced.

Note: The above data is obtained from the China Feed Industry Association Statistical Report and Boyar Industry Analysis Report.

2. Broiler industry

In 2021, pig production recovered beyond expectations and the excess supply of pork significantly suppressed the demand for chicken. In the meantime, the production capacity of large-scale enterprises after rapid expansion in 2019-2020 was released intensively, thus leading to increasingly fierce market competition.

On the supply side, the overcapacity of broiler breeders was cut in the fourth quarter of last year, which resulted the inventories of forced-moulting breeders falling to a new low in the first quarter of 2021. In the meantime, factors such as the suspension of day old chick hatching at the Spring Festival and COVID-19 cases, caused the supply of commercial day old chicks was tight in the first quarter, the price rose rapidly from RMB 1 yuan per chick at the beginning of the year to RMB 5-6 yuan, and the delivery of chick was less than expected. In the second and third quarters, with the recovery of chicken supply, the delivery of live broiler gradually increased to the high level, hitting a historical high in July, above 470 million for five consecutive months. In the fourth quarter, the winter climate increased the difficulty of breeding, and the delivery of chickens dropped from high level. For the whole year, China's broiler production in 2021 recorded 5.39 billion with a year-on-year increase of 7.76%, and the production of broiler parts products reached 10.2 million tons with an increase of 5.86%, the supply of chicken exceeded 2014, reaching a record high.

On the demand side, the influences of COVID-19 continued to linger. Against the backdrop of weak economic conditions, consumer demand has slightly rebounded, but it was still far from the level of market consumption before the COVID-19 pandemic. In 2021, the outbreak of COVID-19 cases in many places continued to impact outdoor catering, group consumption, wholesale market, supermarket retail, food processing and other links, and the demand for chicken remained weak. Moreover, the continuous sharp decline in pork prices influenced the alternative of chicken for pork, further squeezing domestic

demand for chicken. In terms of chicken price, the comprehensive price of broiler parts products had been falling all the way from RMB 11,000 yuan per ton at the beginning of the year, approaching RMB 10,000 yuan in June, and almost falling below RMB 9,000 yuan per ton at the end of September, which was the lowest price in nearly a year. At the end of the year, chicken prices rebounded a bit, but they were still below the cost line of most integrated enterprises.

Overall, in 2021, the price of day old chick was higher, feed costs rose sharply, and the consumption was not preferable. Looking through all the year round, the grandparent breeder enterprises gained higher profit, whilst the parent breeder enterprises obtained modest profit, and commercial broiler breeding enterprises suffered a small loss, slaughtering enterprises faced heavy loss. For integrated companies, each broiler lost RMB 0.25 yuan this year, earnings were down sharply.

Note: The above data is obtained from the China Feed Industry Association Statistical Report and Boyar Industry Analysis Report.

3. Swine raising industry

In 2021, a key turnaround occurred in the pig breeding industry, with capacity recovering beyond expectation, pig prices dropping sharply since the high level at the beginning of the year, the industry transforming from high profitability to significant losses, and policy guidance changing from expanding production to stabilizing production.

On the supply side, China's pig production capacity recovered beyond expectation in 2021, with the slaughtered hog nationwide increasing by 59.17% year-on-year and pork production increasing by 49.17% year-on-year. In the second and third quarters, a number of factors such as raising large-weight pig, holding finisher to wait price going up and cutting sows, resulted in a continuously sharp drop in domestic pig prices, whereafter farmers and companies stampeded into selling pigs, making the national average pig price fall to a low point in October. With the continuous downward movement of pig prices, the industry gradually changed from scale expansion to cost control, a few players decisively drop out the market, while most players still held a wait-and-see attitude, eliminating low-efficiency breeding sows while retaining a large number of gilts, leading market gaming intensify. At the end of 2021, the domestic breeding sow stock decreased by 9.72% year-on-year, but the quality of sows was significantly optimized compared to the end of 2020, and the proportion of three way cross breeding sow stock decreased from 50% to less than 10%, so the enhancement of sow efficiency was enough to make up for the impact of reduced production capacity.

In terms of demand, with the recovery of pork supply and the decline of pork price, pork consumption gradually recovered, but the recovery of consumption was slower than the growth of supply. In the past two years, the production of pork alternatives, mainly chicken, has increased significantly. The long-standing high prices of pork have changed residents' consumption habits, and the consumption of alternatives has increased significantly. Although the price of pork declined, it is difficult to return to the consumption level before 2018. In addition, the long-term harassment of the COVID-19 pandemic has

always suppressed terminal consumption, and the recovery of consumption has shown a gradual, while the supply of pork was concentrated in a short period of time, resulting in a serious imbalance between pork supply and demand. In 2021, the national average price of pig hit the bottom in early October, approaching RMB 10 yuan per kg, and consumption recovered slightly in the fourth quarter, the price rebounded to near RMB 16 yuan per kg at the end of the year, but still decreased 56% compared with the high price at the beginning of the year.

In general, the domestic live pig production capacity recovered beyond expectations, and the quality of sows and the number of live pigs slaughtered both increased remarkably. Although the demand for pork slightly increased, the recovery of consumption was significantly slower than the increase of production capacity, coupled with the large inventory pressure of slaughterhouses and the periodic imbalance of supply and demand, all these intensively weed out incompetent players in this industry.

Note: The above data is obtained from the China Feed Industry Association Statistical Report and Boyar Industry Analysis Report.

III. Circumstance of Primary Businesses in the Reporting Period

Wellhope is one of the renowned large-scale enterprises across domestic agriculture and animal husbandry industries, primary businesses cover animal feed, feed raw materials trade, broiler integration and swine raising, it is also involved in veterinary drug, farming equipment manufacturing, pet clinic, etc. In 2018, Wellhope identified food business as its strategic business, which is now in full swing implementation. Since establishment, Wellhope has always adhered to its corporate mission, i.e., "Through advanced technology, professional service, and high-quality products, Wellhope is devoted to the development of China's animal husbandry industry, resources conservation, environment protection, as well as food security for the benefit of people", and all Wellhope people hold together to set sights on becoming one of the world's leading enterprise across agriculture, animal husbandry, and food industries.

During the reporting period, the primary businesses of Wellhope have not changed significantly.

Primary business	Feed	Broiler integration	Swine raising
Primary products	Swine, poultry, ruminant, aquatic feed	Live broiler, broiler parts products	Finisher, piglet, pig breeders
Operation model	Sales model -dealer, direct sales Operation model -R&D, purchasing, production, marketing, service	Industrial chain -covering broiler breeder raising, day old chick hatching, feed processing, commercial broiler rearing, slaughtering and processing, further processing of prepared food and cooked food Raising model of commercial broiler -own farms together with contract farms(outsourcing)	Industrial chain -covering a complete swine breeding system, including great grandparent, grandparent and parent stock, piglet, and commercial swine Raising model of finisher -own farms together with contract farms(outsourcing)
Business distribution	29 provincial-level administrative regions	Liaoning, Jilin, Heilongjiang, Henan, Hebei, and Shandong provinces	Liaoning, Jilin, Heilongjiang, Anhui, Hebei, and Henan provinces

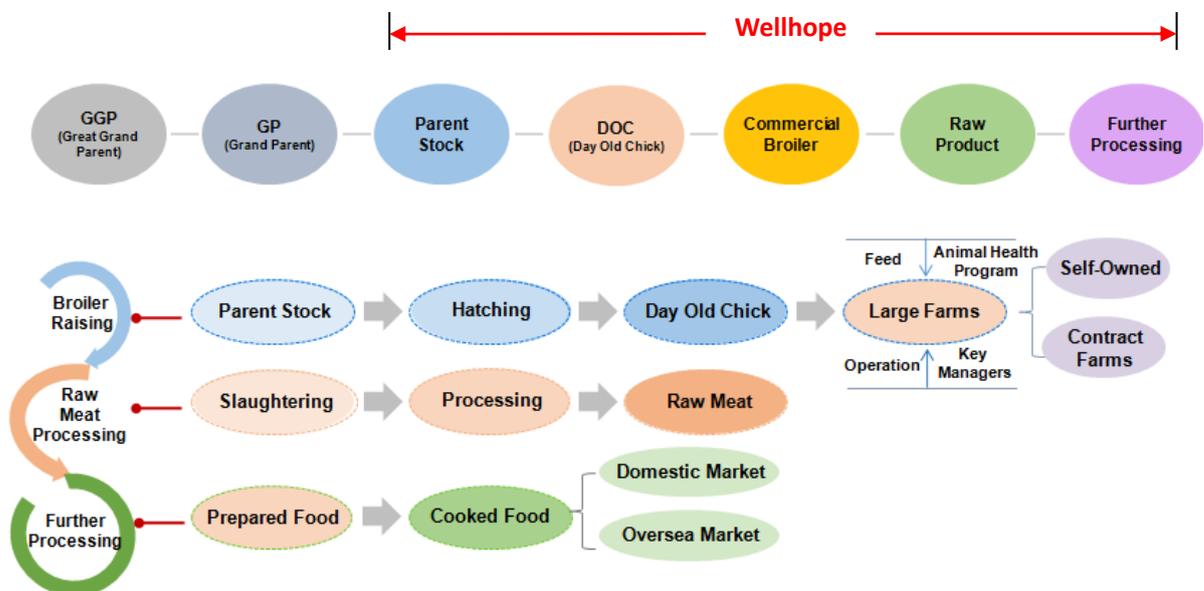
1. Animal feed, feed raw materials trade businesses

Wellhope produces and sells animal feed for swine, poultry, ruminant, aquatic and fur-farmed animals, which are marketed in 29 provinces and regions across China. It has also built feed mills in Nepal, Indonesia and the Philippines, etc. Driven by the concept of “constantly working on new products, never following the beaten path”, Wellhope always designs tailored products for animals in different phases, and it is committed to offering farmers integrated services such as animal raising, disease prevention and operation management, while helping farmers achieve desirable economic returns.

The subsidiary trade companies mainly trade in feed raw materials such as fish meal, soybean meal and co-products of corn, also engage in feed additives including amino acid, antioxidant, mold inhibitors and vitamin. In addition, these trade companies are the sales agents of animal health products such as vaccines and veterinary drugs produced by global strategic suppliers. Now the trade business is active in the regions of Northeast, North, East, South, and Southwest regions across China, some products have been exported to Nepal, Mongolia and other countries.

2. Broiler integration business

Wellhope has invested more than 50 holding and associated entities in the value chain of broiler integration, which are mainly located in the provinces of Liaoning, Jilin, Heilongjiang, Hebei, Henan and Shandong, etc. Wellhope's broiler integration business, with three business sectors in terms of broiler raising, meat processing and further processing, contains all parts in the industrial chain, including broiler breeders raising, day-old chick hatching, feed production, commercial broiler rearing, slaughtering and processing of raw meat, further processing of prepared and cooked food. Through standardized management and streamline operation, Wellhope, cooperating with its partners, consolidates the controls of bio-safety, drug residue and in-process hygiene to achieve traceable food safety. Based on the number of broilers slaughtered by holding and associated factories, Wellhope has stepped into the first echelon of the broiler industry and become one of the leading suppliers of broiler products nationwide.



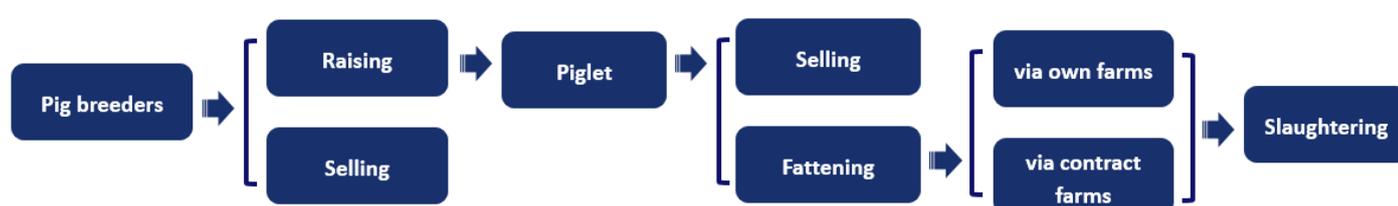
◆ **Broiler raising:** This sector covers broiler breeder raising, day-old chick hatching, commercial broiler rearing and feed processing. By formulating scientific and rational feeding programs, light programs and comprehensive disease prevention systems, Wellhope provides high-quality eggs for its hatching farms. Meanwhile, it has established thorough management systems in the hatching process and purchased intelligent facilities that are available for hatching in batches, also equipped with high-efficient and energy-saving hatcher and micro-environment control system for producing healthy day-old chicks. Entering commercial broiler sector, Wellhope mainly raises broiler by self-invested farms and contract(out-sourcing) farms under the pattern of standardized management by unifying nine aspects. All these farms apply three-tier cages and automate all the processes from feed intake, water supply, temperature to moisture control, etc. The average weight of Wellhope's commercial broiler has reached 3.0 kg with the livability of over 96%, and the European production index exceeded 390, which have received wide recognitions from the cooperative farms.

◆ **Raw meat processing:** Wellhope has set up 16 holding and associated slaughtering and processing factories, which are equipped with domestically state-of-the-art production lines that are available to slaughter 900 million broilers per year. Driven by strict all-in and all-out inspection and quarantine as well as drug residue detection, every single factory has established a total quality guarantee system and traceability system to monitor all the processes. Meanwhile, Wellhope constantly strengthens slaughtering and processing techniques by ways of systematic pre-job training and skill promotion training as well as conducting "6S" management (i.e., Seiri, Seiton, Seiketsu, Shitsuke, Seiso, Safety), making the killing out percentage and per capita slaughtering efficiency stand out among companies with similar scale. Now Wellhope's broiler parts products have entered the supply chain of Shineway Group, Jinluo Group, Yurun Group, China's McDonalds and KFC, Yoshinoya, Wallace, Dili Fresh Food, Yonghui Superstores, RT-MART, other regional large food distributors, fresh markets and food processing plants, etc. In the meantime, broiler products have also been sold to the regions of Hong Kong and Macao, and exported to some countries such as Mongolia and Bahrain, etc.

◆ **Further processing:** Relying on the advantage of integration, Wellhope uses high-quality chicken supplied by own slaughterhouses as raw materials and installs efficient and energy-saving equipment to process raw meat into prepared products. At present it supplies over 100 kinds of further-processed chicken products to central kitchens of restaurant chains, corporate and school canteens, supermarkets and convenience stores. In terms of online marketing, Wellhope's flagship store of food products have been launched on Taobao and JDcom, whilst some of its independent-brand products produced by Wellhope's subordinated companies have also been marketed via community e-commerce platforms. In addition, due to ever-growing demand from consumers, Wellhope has been vigorously expanding its export business of cooked products, and such products have successfully penetrated the Japanese and Korean markets with good response.

3. Swine raising business

By carefully considering industry trends and own strengths, Wellhope has tried swine raising business in 2016. Through solely-invested, co-invested operations and leasing, it has built farms and expanded businesses in some predominant regions suitable for raising swine, such as Liaoning, Jilin, Heilongjiang, Henan, Hebei, and Anhui provinces. At present, Wellhope's swine raising business mainly adopts the operation model that composes of pig breeders raising and sales, commercial piglet selling plus fattening via own farms and contract farms (such as leasing, agent construction, cooperative farming base). Through establishing comprehensive and strict bio-safety systems, advanced breeding systems and scientific feeding management systems, Wellhope is devoted to crafting an integrated chain that contains breeding, swine raising, slaughtering and processing.



A. Building farms with high standard

Wellhope insists on constructing farms in compliance with the principle of moderate scale for every single farm, whilst it strictly designs bio-safety systems driven by the philosophy of beginning with the end in mind. All newly-built and under-construction projects adopt advanced production process and farming equipment, while using intelligent feeding system, environmental control equipment, and production management software to improve productivity and create a comfortable environment for swine.

B. Holistic operation

a. In terms of genetic selection and breeding. Wellhope introduces high-quality pig breeders with French, American and Danish genes to match different business areas to provide parent stock with pure blood and clear pedigree. At the same time, by establishing scientific breeding programs, Wellhope continuously optimizes the structures of breeding stock to ensure the source of excellent breeders, so as to enhance its competence in swine raising industry.

b. In terms of feeding management. Wellhope has established a dynamic management system for feeding swine. It covers feed nutrition and raw material database, feed processing and product quality database as well as production performance database, in combination with dynamic formulation technology, large-scale pig farm feeding management technology and bio-safety prevention technology to provide systematic nutrition solutions for farms. Meanwhile, through continuous measures such as data collection and analysis, result tracking, Wellhope is capable to accurately optimize nutrition

programs, refine internal management and risk warning to improve feeding performance.

c. In terms of bio-safety prevention. After more than two years of exploration and experimentation, Wellhope has established the bio-safety management system that consists of small group feeding, four-zone control, three-level disinfection, precise detection and monitoring with alarm system. For instance, various levels of security systems, such as service centers and disinfection areas have been set up outside the farms. Professional staff disinfect people, vehicles and materials thoroughly step by step. Regarding inside farms, all these farms have been divided into zones with different safety levels corresponding to quarantine and isolation remedy, with installation of AI identification and surveillance cameras at key links and spots of bio-safety. The visualization management helps ensure enforcement of bio-safety measures. Moreover, each business unit has set up laboratories specialized in testing African swine fever, which apply techniques like fluorescence quantitative PCR to achieve precise detection, discovery and elimination to safeguard pig farms.

4. The Company's position in the involved industries

Wellhope has obtained the honorary titles of National Leading Enterprise in Agricultural Integration Industry, National-recognized Enterprise Technology Center, National High-Tech Enterprise. Since completing IPO in 2014, Wellhope has been elected as Top 100 Most Valuable Corporation of Chinese Public Companies for four times and ranked on China's Top 500 Private Enterprise for five times. Meanwhile, it holds a leading position in the Northeast regions of China, whilst has also become a highly influential brand in North, East, Central and Northwest regions across China. Regarding feed business, Wellhope is the Vice Chairman of China Feed Industry Association, and has been awarded as National Top 10 Leading Feed Enterprise, it was rated as Top 10 Leading feed enterprises in China in 2020, with a higher sales volume of commercial feed in China. Regarding broiler business, Wellhope's broiler integration business has been developing rapidly in recent years. Based on the number of broilers slaughtered and processed by holding and associated companies, Wellhope is now among the top rank of China's white feather broiler industry.

IV. Core Competence Analysis within the Reporting Period

The core competencies of Wellhope are embodied in a highly educated, loyal and enterprising management team, integrated with rationally planned and stably developed business strategies, a sophisticated and advanced industrial chain, widespread adoption of a systematic and scientific-based innovative R&D system, constantly enhanced and increasingly matured brand influence, coupled with highly energized and dynamic corporate culture that powers the development of Wellhope.

1. A highly educated, loyal and enterprising management team

Talented people are the primary resources and the core competence of Wellhope. The highly-educated management team, led by seven cofounders, all with professional backgrounds, abundance of experiences and practices in management and animal husbandry industries, are highly capable of grasping the business environment accurately, formulating the development strategy scientifically, and

have deep insights and high recognitions of Wellhope's core values and business philosophy. Almost all the middle and senior managers are internally selected and cultivated by Wellhope, these core members have been rewarded with various incentives, and they have a strong sense of ownership. Over the past 27 years, the middle and senior management team has been highly stable, and the directors and general managers have rarely left the Company on their own initiative, except for those who were reassigned to other positions due to substandard performance. Meanwhile, newly promoted members of the management team born in the 1980s and 1990s are selected from key talents' cultivation programs, such as "Seedling Plan" and "Sunflower Program". They love the Company, they are aggressive to forge ahead, having become the backbone force of the management team. Wellhope also attaches great importance to the continuous learning and ability improvement of these managers, by setting up various senior training programs such as the EDP (Executive Development Program), leadership training camp, etc. At the same time, it also organizes managers to study in domestic and overseas outstanding enterprises to expand their horizons and reflect on improvement. The main cause of failure of some domestic companies is due to unstable and disunited management team. In contrast, the highly educated, loyal and enterprising management team is one of Wellhope's core competence advantages at present and in the future, and it is also the main reason why the Company is so confident about the future.

2. Rationally planned and stably developed business strategies

Based on in-depth understanding of both domestic and global politics, economies and industrial trends, Wellhope has always attached great importance to its sustainable development and risk control, with focus on operation capability and emphasis on profitable investment return from new projects. Driven by the investment concepts of steady growth, healthy and sustainable development, Wellhope, rationalizes its business layout step by step, instead of pushing through rash and impulsive investment, to maintain the rationality and safety of its industrial chain and to mitigate all calculated risks faced by enterprise operations, taking the "Built to Last" philosophy as a significant objective.

Rationally planned and stably developed business strategies reflect in the following aspects.

A. Prudent expansion of business areas

Starting off with the premix business, Wellhope has been dedicated to expanding feed business over the years, at present it has become one of the top 10 commercial feed producers nationwide. In 2008, Wellhope entered broiler integration business after careful thinking. After 14 years of efforts, the number of broilers processed by Wellhope's holding and associated entities have been standing at the forefront of the broiler industry, with its management and key technical indicators ranking top position both at home and abroad. In 2018, in order to seize market opportunities and control operating risks, Wellhope decided to formally launch swine raising business through cooperation and sole proprietorship. Since then, it has been mastering the core competitive advantage of this business through talents cultivation, practice accumulation, etc. Meanwhile, in the year 2018, Wellhope further

recognized its development strategy in the next ten years, i.e., while unceasingly expand feed business, Wellhope would vigorously boost broiler integration and swine raising businesses, explore and promote food business, to ultimately become a leading enterprise with leading-edge product quality and operation efficiency across agriculture, animal husbandry and food industries.

B. Business model confirming to the future trends

Wellhope has gradually formed a value chain with high competence and capability of withstanding risk in the fields of animal feed, raising, slaughtering and further processing, which enables all business divisions to closely connect and support each other, reduce the cost of intermediate processes, lower trading risks, improve profit margin, and ensure food safety. Such set up has become a future direction for agricultural companies under an increasingly complex and changing economic and industrial environment.

C. Steady market expansion

Instead of expanding rapidly in the nationwide markets supported by the success of feed business in Northeast regions and broiler integration business, Wellhope, with rich experiences in market expansion, insists on exploring new markets based on overall analysis and investigations, carefully penetrating the markets step by step in the Northeast, Northwest, Northern China, Henan, Shandong provinces and other areas, while continuing to pursue asset-light operation, taking into account operational efficiency and returns on investment.

D. Complete and balanced product mix

Wellhope offers a full range of feed products. The sales volume and development of swine, poultry, ruminant and aquatic feed products have reached great height of achievements respectively, which in turn could mitigate operational risks caused by sporadic animal diseases or other cases beyond the Company's control.

E. Strict control of financial risks

Wellhope always attaches great importance to financial risk control. Since going public, it has gradually improved internal control system, regulated corporate governance structure and enhanced the awareness on risk control. It uses vertical management methods in coping with finances, such as centralized financing and credit management, centralized funds and cash management and centralized management of decision-making for providing guarantees. Taking into account the socio-economic environment, the development of the industry and operating conditions, the Company effectively controlled the scale of indebtedness and financial costs, with a gearing ratio of 42.08% at the end of the reporting period.

3. A sophisticated and advantaged industrial chain

The advantages of Wellhope's industrial chain are mainly reflected in geographical locations and business portfolios.

A. Preferable geographical location

The head office of Wellhope is located at Shenyang in Liaoning province, with its primary businesses mainly involved distribution in Northern China, especially in the Northeast regions. Northeast China is a potential growth area for animal husbandry specially designated by the government, and is thus suitable for agricultural companies to expand their businesses with the availability of ample high-quality raw materials, mild climates, small stocking density and a relatively lower human resource cost. The Northeast is located in the largest grain-producing region in China, especially producing corn and rice characterized by high quality and large output. Relying on well-developed further processing industry, Northeast has abundant grain and its by-products that can be used as feed raw materials, which have the advantages of high performance cost ratio and convenient logistics. After implementing the national policy of pre-assigned auction of rice, the Northeast can enjoy a unique advantage supported by large rice supply and comprehensive costs. The application of brown rice in formula has been maximumly dampened the pressure of the high price of corn for feed costs. Meanwhile, broiler production mainly centralizes in Liaoning, Jilin, Henan, Hebei and Shandong provinces, where Wellhope's broiler integration businesses are mainly located in, account for over 75% of national production, and these areas are the most important regions for developing white feather broiler industry in China, with a strong foundation for broiler raising and more mature marketing system. Moreover, Wellhope is actively exploring overseas markets by building feed mills in the Philippines, Indonesia and Nepal, where animal husbandry is developing well with high potential.

B. Constantly optimized business portfolio

Centered on agriculture and animal husbandry industries, Wellhope adopts the expansion strategies of "diversification and integration" to constantly optimize its business portfolio, which has increasingly heightened its capacity on risk resistance and sustained profitability. In terms of diversification, while strengthening and expanding feed business, Wellhope has been vigorously promoting broiler integration and swine raising businesses to strive to build an operation model powered by these two businesses. In terms of integration, the integrated model is an inevitable trend for domestic companies that are active in agriculture and animal husbandry industries. After years of development in raw materials trading, feed production, animal raising, slaughtering and further processing businesses, Wellhope has formed a complete industrial chain with high competitive advantage and risk prevention capability, and it is gradually perfecting its support structure to each business sector in the chain, boldly exploring food further processing to fast complete the industrial chain, while constantly standardizing and optimizing the division and cooperation system to further enhance the synergies among all business sectors.

4. A systematic and scientific-based innovative R&D system

By holding fast to the corporate mission, i.e. "Through advanced technology, professional services, and high-quality products, Wellhope is devoted to the development of China's animal husbandry industry,

resources conservation, environmental protection, as well as food security for the benefit of the people”, Wellhope’s R&D system always adheres to market-oriented and customer-oriented principles as well as upholding the objective of producing “safe products, with stable quality, tailored nutrition and being customer-centric”, constantly exploring innovative technology and working on new products. The Company has a unique and competitive R&D cooperation model, an excellent and leading R&D team, and it has formed a three-level R&D system and high-efficient achievement transformation system supported by the large platform of Wellhope Research Institute. Meanwhile, the Company also has first-class testing capability nationwide and an efficient and accurate dynamic raw material database, a distinct product portfolio and a constantly optimized service capability.

A. Excellent R&D team

Relying on a relatively complete industrial chain, Wellhope has built a R&D team specializing in animal raising, product formulation, manufacturing and related technologies to focus on feed, broiler integration, swine raising, biological feed additives, etc. Wellhope’s R&D team is composed of hundreds of masters and doctorate degree holders, professors and senior experts. These experts, with profound knowledge, have transformed many cutting-edge technologies into actual applications. In the meantime, those experienced technicians focus on conducting trials and demonstrations projects to validate, choose and apply the most suitable technologies. Relying on technical strengths, Wellhope has received many national and local-level accreditations and honors, including the Nationally-recognized Enterprise Technology Center, National and Local Joint Engineering Research Center for the Development and Application of New Biological Feed, National R&D Branch Center of Feed Processing, Comprehensive Trial Farm for National Swine Raising Industry Technology System, R&D Center of Agricultural Products Further Processing and Bio-pharmaceutical Industry Cluster of Liaoning Province, Innovation Team for Feed Technology and Safety of Liaoning Province.

B. Competitive R&D cooperation

In 2006, Wellhope partnered with Royal De Heus, a century-old company from the Netherlands. By drawing on its globally advanced technological resources, leading know-how and a century of excellent management practices, Wellhope has made successful breakthroughs and progresses in producing safe and high-quality feed, with precise and efficient nutritional contents, and most importantly using antibiotic-free technologies. Meanwhile, the R&D teams from both sides have maintained frequent exchanges, which enable Wellhope to keep abreast with the world's latest technologies in R&D achievements. By combining own 27-year’s technologies and experiences, Wellhope is committed to providing customers with high quality products and technical service. Adding to these, the Company cooperates deeply with research institutes and universities, such as China Agricultural University, Nanjing Agricultural University, Shenyang Agricultural University, Northeast Agricultural University, Hefei University of Technology, Anhui Agricultural University, to develop new technologies for feed products and meat products and joint training of professional talents.

C. Top-class testing ability and database

The Company's central laboratory is one of the few CNAS-accredited laboratories among domestic feed companies, and the test results can be recognized by 60 countries or regions worldwide. The lab has been equipped with advanced testing equipment and divided into three functional rooms to cater for physics and chemistry testing, microbiology testing and precision instruments testing. From micro to macro levels, the central laboratory is able to maintain consistency in quality and plays a vital role in implementing the concept of safety first in every step of the production processes. Meanwhile, it has also established an internal raw material database and shares data resources with the Dutch partner. With precise net energy database of sow and growing pig, amino acid database, crude fiber database, fatty acid database, etc., animal rations can be precisely formulated according to production performance and feed intake to obtain the lowest cost formula and achieve the best cost performance ratio.

D. Fruitful research and development results

Research and development power the sustainable development of an enterprise. Wellhope has made many fruitful achievements on the road of research and development. By the end of the reporting period, Wellhope has received 196 authorized patents, including 59 invention patents, and won 2 National Science and Technology Progress Awards, 1 National Technology Invention Award and nearly 20 provincial and ministerial-level sci-tech awards.

In the face of market changes during the reporting period, the Company continued to consolidate its R&D achievements, accumulate practices and made breakthroughs in certain technologies, such as raw material alternative technology, optimization of antibiotic-free pig feed, intestinal health control technology for creep and nursery feed, and participated in revising Feed Ingredients Catalog led by the Ministry of Agriculture, undertook special project named Feed Quality Safety Control and Low-protein Feed of Liaoning Province, participated in the development of national group standards for low-protein diets for pigs and poultry, became a demonstrated enterprise driven by the reduction of corn and soybean meal, joined in the development of group standards related to bio-fermented feed, and became a demonstration base for bio-fermentation. At the same time, the Company has set up scientific research and innovation platforms, such as Wellhope Research Institute, provincial key laboratory, provincial enterprise technology center, provincial enterprise engineering technology research center and other scientific research innovation platform and postdoctoral innovation practice talents training base, to comprehensively improve the competitiveness of research and development.

5. Constantly enhanced and increasingly matured brand influence

Wellhope has successfully established its product and corporate brand in domestic agriculture and animal husbandry industries for the past 27 years. With the constant transformation and upgrading of the animal husbandry industry, its branding will be further strengthened.

A. Product brand

Relying on leading-edge technology, high quality products and continuous improvement in customer service over the years, Wellhope's brands have been widely accepted and trusted by customers in the market, especially in the Northern regions of China. The brand "Wellhope" has been recognized and honored as Liaoning Province Famous-brand Product, Liaoning Province Famous Trademark, China Famous Brand, China's Top 500 Most Valuable Brands, Most Influential Brand in National Animal Husbandry Industry, Trustworthy Product in China's Feed Industry, Governor's Quality Award of Liaoning Province.

B. Corporate brand

Driven by the core values of "Integrity, Responsibility, Double-Win", some of Wellhope's businesses are joint ventures with partners, it has been working closely together with many partners for more than 10 or even 20 years, including a 16-year's good relationship with Royal De Heus. These successful ventures have proven that "Wellhope", as a corporate brand, has been well recognized and trusted by its partners. Meanwhile, the strength of Wellhope's brand has also been proved by long-term strategic partnerships with various multinational and domestic suppliers, and all loans provided by financial institutions over the years have been credit loans due to the good reputation of Wellhope. As a strong employer brand, "Wellhope" has been recognized and favored by employees, and potential job seekers. Wellhope has twice won the "Best Employer" based on rating by a third party Zhaopin.com.

6. Highly energized and dynamic corporate culture that powers the development of Wellhope

After 27 years of development, Wellhope has established energized and dynamic corporate culture that has been acknowledged by all staff and powers its development. The core value of "Integrity, Responsibility, Double-Win" and the management philosophy of "Innovation, Efficiency, Self-Discipline", have been deeply entrenched in the thinking and behaviors of employees, and has been applied without fail in day-to-day management, strategic planning and business decision. Common values play a crucial role in improving organization efficiency, enhancing organizational cohesion and organizational empowerment. A good corporate culture is the fundamental principle for corporate operation, which powers the long-term development of Wellhope.

The publicity campaign presented by Wellhope's managers once a year, with their good practices in daily work and leading by example, have been freely shared as part of the corporate culture dissemination efforts. In the first half of 2021, the Company held President's Strategy Presentation and Wellhope Products Purchasing Festival via live streaming on the occasion of Wellhope Day, the anniversary of the Company's founding, to strengthen the implementation of the Company's goals and improvement measures, and to stimulate the sense of responsibility and enthusiasm for all employees. More than 160 subsidiaries held different kinds of staff activities to celebrate Wellhope Day, which enriched the cultural life of staff and further promoted the corporate culture. Moreover, the Company further improved the self-media matrix, adopted diverse and fresh forms to publicize the culture of

Wellhope by head office, regional center and subsidiary, so that the culture could be further penetrated into the hearts of employees. In the second half of the year, the first 32 stars with high sense of values were selected from the Stars with high Sense of Values campaign, and their deeds were spread in the Company, becoming one of the important ways to promote Wellhope's culture. The season III Voice of Wellhope brought encouragement and motivation to all employees under the backdrop of downward industry. Furthermore, in order to make the core values and management philosophy can better guide the behavior of employees, the Company has launched the Code of Conduct on Core Values and Management Philosophy, and planned to make all staff achieve full familiarity and understanding of the Code this year and try to apply it in the annual performance appraisal of employees. In addition, the Company promoted the culture of Benchmarking throughout 2021 to boost the benchmarking management, which may lead all employees to set internal and external benchmarks, find gaps, and catch up with the benchmarks.

It has been proved that corporate culture is the moat of Wellhope's development, and constantly strengthening culture construction shall be a lasting and significant work for Wellhope.

V. Operations during the reporting period

As at December 31, 2021, Wellhope's total assets recorded RMB 12.97 billion, increased by 11.38% compared with the end of prior year, the equity attributable to the owners of parent company recorded RMB 6.46 billion, decreased by 4.27% compared with the end of prior year. Meanwhile, the operating revenue realized RMB 29.47 billion with a year-on-year increase of 23.73%, and the net profit attributable to the shareholders of the Company recorded RMB 118.53 million, declined 11.38% on a year-on-year basis.

1. Analysis of primary business

A. Analysis of changes of income and cash flow

Unit: yuan Currency: RMB

Item	2021	2020	Change %
Operating revenue	29,468,925,899.60	23,817,600,766.26	23.73
Operating costs	27,900,298,516.35	21,683,591,011.74	28.67
Sales expenses	570,137,322.67	465,307,995.89	22.53
Administrative expenses	418,116,582.79	310,275,697.03	34.76
Financial expenses	100,665,726.06	64,680,213.72	55.64
R&D expenses	97,360,753.44	83,587,106.40	16.48
Net cash flow from operating activities	299,160,222.36	765,945,453.03	-60.94
Net cash flow from investing activities	-1,051,027,476.87	-1,506,349,447.57	Not applicable
Net cash flow from financing activities	764,760,161.07	419,432,876.57	82.33

Explanation of above changes.

Operating revenue-the operating revenue of feed business, broiler integration business, raw material trade business and swine raising business increased.

Operating costs- the sales volume of primary businesses increased, the cost of raw materials grew.

Sales expenses- the volume of business grew in the current period, resulting in an increase in sales and operating expenses.

Administrative expenses- manager's compensation and expenses increased.

Financial expenses- the interest on bank borrowings increased.

R&D expenses-R&D input increased.

Net cash flow from operating activities- the year-over-year increase in cash outflow from operating activities was greater than the year-over-year increase in cash inflow from operating activities.

Net cash flow from investing activities- cash paid for investments decreased compared to the same period of the previous year.

Net cash flow from financing activities- cash received from loans increased compared to the same period of the previous year.

B. Analysis of revenue and cost

During the reporting period, Wellhope achieved an operating revenue of RMB 29.47 billion with a year-on-year growth of 23.73%, which was mainly contributed by the increased sales revenue of feed business, broiler integration business, trade business and pig raising business. The operating cost recorded RMB 27.90 billion with a growth rate of 28.67%, mainly due to the growth of feed sales volume and the rising costs of raw materials.

a. Primary business analyzed by industries, product classification and regions

Unit: yuan Currency: RMB

Analyzed by Industries						
Industry	Operating revenue	Operating cost	Gross profit margin %	YoY change of revenue %	YoY change of cost %	YoY change of gross profit margin %
Feed	15,357,358,385.77	13,910,119,144.70	9.42	26.81	28.03	Decreased 0.86 percentage points
Broiler integration	8,254,927,757.75	8,202,644,655.33	0.63	15.14	20.57	Decreased 4.48 percentage points
Raw materials trade	3,676,535,189.41	3,492,547,504.09	5.00	16.68	17.15	Decreased 0.38 percentage points
Swine raising	1,487,908,610.43	1,725,822,225.36	-15.99	96.60	229.52	Decreased 46.79 percentage points
Related businesses	676,260,828.90	561,257,982.90	17.01	11.17	13.13	Increased 1.44percentage points
Analyzed by Product Categories						
Product	Operating revenue	Operating cost	Gross profit margin %	YoY change of revenue %	YoY change of cost %	YoY change of gross profit margin %
Feed	15,357,358,385.77	13,910,119,144.70	9.42	26.81	28.03	Decreased 0.86 percentage points
Broiler integration	8,254,927,757.75	8,202,644,655.33	0.63	15.14	20.57	Decreased 4.48 percentage points
Raw materials trade	3,676,535,189.41	3,492,547,504.09	5.00	16.68	17.15	Decreased 0.38 percentage points
Swine raising	1,487,908,610.43	1,725,822,225.36	-15.99	96.60	229.52	Decreased 46.79 percentage points
Related businesses	676,260,828.90	561,257,982.90	17.01	11.17	13.13	Increased 1.44percentage points
Analyzed by Regions						
Region	Operating revenue	Operating cost	Gross profit margin %	YoY change of revenue %	YoY change of cost %	YoY change of gross profit margin %
East China	2,944,928,663.54	2,795,772,871.18	5.06	4.94	9.66	Decreased 4.09 percentage points

North China	3,662,109,835.92	3,516,433,267.03	3.98	20.10	27.92	Decreased 5.87 percentage points
Northeast China	15,001,518,812.65	14,012,804,503.58	6.59	32.69	36.13	Decreased 2.36 percentage points
Central and South China	5,036,917,573.95	4,977,009,073.07	1.19	29.23	39.52	Decreased 7.29 percentage points
Southwest China	693,852,777.01	668,911,808.59	3.59	-18.17	-16.05	Decreased 2.42 points
Northwest China	1,716,466,841.56	1,545,880,286.41	9.94	9.09	7.57	Increased 1.27 percentage points
Overseas market	397,196,267.63	375,579,702.51	5.44	25.85	36.20	Decreased 7.18 percentage points
Analyzed by Sales Model						
Sales model	Operating revenue	Operating cost	Gross profit margin %	YoY change of revenue %	YoY change of cost %	YoY change of gross profit margin %
Direct selling	20,987,808,392.87	19,803,378,424.98	5.64	17.39	21.05	Decreased 2.85 percentage points
Selling on commission	8,465,182,379.39	8,089,013,087.40	4.44	43.06	52.35	Decreased 5.83 percentage points

Explanation

During the reporting period, the sales of live pig increased significantly, whilst feed raw materials price remained high, the operating income and operating costs of the Company's swine raising business increased substantially year-on-year, and the gross profit margin decreased significantly.

The Company's operating revenue and operating cost in Northeast China increased remarkably, mainly due to the significant growth of the sales of live pig in these regions in 2021 and the stable growth of feed sales volume.

b. Analysis of sales volume

Product	Production volume (10k tons)	Sales volume (10k tons)	Inventory (10k tons)	YoY change of production volume %	YoY change of sales volume %	YoY change of inventory %
Feed	516.20	433.10	7.27	8.30	12.54	15.40

c. Analysis of cost

Unit: yuan Currency: RMB

By Industry	Item	2021	% of total costs	2020	% of total costs	YoY change %
Feed	Raw material	12,784,888,622.21	96.10	10,104,260,157.10	96.27	26.53
Feed	Labor cost	150,722,363.44	1.13	108,916,427.66	1.04	38.38
Feed	Depreciation	106,103,495.18	0.80	88,079,837.94	0.84	20.46
Feed	Energy (electricity, coal, steam)	146,590,774.25	1.10	103,360,428.22	0.98	41.82
Feed	Other	115,466,115.61	0.87	91,210,812.76	0.87	26.59

	manufacturing expenses (energy and depreciation excluded)					
Feed	Total production cost	13,303,771,370.69	100.00	10,495,827,663.68	100.00	26.75
Broiler	Raw material	7,256,411,038.64	83.02	5,926,656,581.31	82.36	22.44
Broiler	Labor cost	458,522,106.14	5.25	333,817,293.68	4.64	37.36
Broiler	Depreciation	67,106,803.95	0.77	49,577,201.22	0.69	35.36
Broiler	Energy (electricity, coal, steam)	95,115,811.60	1.09	79,688,980.83	1.11	19.36
Broiler	Other manufacturing expenses (energy and depreciation excluded)	863,170,280.18	9.88	806,179,181.09	11.20	7.07
Broiler	Total production cost	8,740,326,040.51	100.00	7,195,919,238.13	100.00	21.46
By Product	Item	2021	% of total costs	2020	% of total costs	YoY change %
Feed	Raw material	12,784,888,622.21	96.10	10,104,260,157.10	96.27	26.53
Feed	Labor cost	150,722,363.44	1.13	108,916,427.66	1.04	38.38
Feed	Depreciation	106,103,495.18	0.80	88,079,837.94	0.84	20.46
Feed	Energy (electricity, coal, steam)	146,590,774.25	1.10	103,360,428.22	0.98	41.82
Feed	Other manufacturing expenses (energy and depreciation excluded)	115,466,115.61	0.87	91,210,812.76	0.87	26.59
Feed	Total production cost	13,303,771,370.69	100.00	10,495,827,663.68	100.00	26.75
Broiler	Raw material	7,256,411,038.64	83.02	5,926,656,581.31	82.36	22.44
Broiler	Labor cost	458,522,106.14	5.25	333,817,293.68	4.64	37.36
Broiler	Depreciation	67,106,803.95	0.77	49,577,201.22	0.69	35.36
Broiler	Energy (electricity, coal, steam)	95,115,811.60	1.09	79,688,980.83	1.11	19.36
Broiler	Other manufacturing expenses (energy and depreciation excluded)	863,170,280.18	9.88	806,179,181.09	11.20	7.07
Broiler	Total production cost	8,740,326,040.51	100.00	7,195,919,238.13	100.00	21.46

d. Top 5 customers and suppliers

The sales revenue of top 5 customers reached RMB 1.10 billion, contributing towards 3.73% of the Company's total operating revenue, the sales revenue of which, arising from selling products to the related parties reached RMB 432.46 million, accounting for 1.47% of the total annual sales.

The purchase orders of top 5 suppliers reached RMB 2.57 billion, accounting for 14.45% of the Company's purchase orders during the reporting period, of which, it did not occur the orders of purchasing products from the related parties.

C. Expense

Unit: yuan Currency: RMB

Item	2021	2020	Change %
Sales expense	570,137,322.67	465,307,995.89	22.53
Administrative expense	418,116,582.79	310,275,697.03	34.76
R&D expense	97,360,753.44	83,587,106.40	16.48
Financial expense	100,665,726.06	64,680,213.72	55.64

D. R&D Input**a. R&D input**

Unit: yuan Currency: RMB

Expensing R&D input	97,360,753.44
Capitalizing R&D expenditure	0
Total R&D expenditure	97,360,753.44
% of total operating revenue	0.33
Percentage of capitalizing R&D expenditure	0

b. Headcount

Headcount of R&D	249
Percentage of total staff %	3.18
Educational structure	
Item	Headcount
Doctoral candidate	20
Masters	108
Bachelors	75
Junior college	41
High school and below	5
Age structure	
Item	Headcount
30 years old (30 excluded)	94
30-40 (30 included, 40 excluded)	108
40-50 (40 included, 50 excluded)	30
50-60 (50 included, 60 excluded)	17
60 and above	0

c. Circumstances of R&D

During the reporting period, the Company was under increasing market competition pressure and facing the ever-changing market environment where ASF was becoming normal, raw material prices sharply fluctuated. The Company was committed to the R&D of new feed products, searching for raw material alternatives, optimizing antibiotic-free feed solutions, and the transformation and upgrading of animal raising technologies, to constantly improve market adaptability, exploit cost advantages, and enhance product competitiveness.

a) Updating feed product, effectively solving breeding problems

Pig Feed: Wellhope continually optimized the antibiotic-free program, upgraded the creep feed and sow feed products, etc. After one-year's successful test in the feed market, Wellhope has further optimized the antibiotic-free solution in the regional market and focused more on piglet intestinal health management. The performance of antibiotic-free feed has been further enhanced, and the cost of antibiotic-free solutions became more competitive in the industry. During the reporting period, Wellhope launched a new generation of creep feed, which comprehensively improved the palatability and piglet diarrhea-resistance. Meanwhile, the existing sow feed products and 6M supporting solution had been upgraded in all aspects to effectively solve the problems such as the hyper prolific sows with larger litter size, insufficient milk secretion and an increase in the number of weak piglets.

Broiler feed: The Company focused on reducing the cost of commercial broiler feed and solving the problems of pulverization and grading in bulk feed transportation. During the reporting period, the Company continuously adjusted the feed formula to reduce cost, and promoted the use of brown rice, wheat and other grains to replace corn. Now the factories in the north area have used brown rice in high inclusion levels, and some factories in other areas have successfully promoted wheat diet. In view of the problems that the traditional feed forms can be easy to be pulverized and graded during bulk transportation, the Company improved the processing technology and upgraded the original feed forms to control the material losses.

Layer feed: To satisfy the market requirement, the Company constantly made efforts in layer feed R&D, put into a new experimental base, improved processing technology and upgraded products. The new R&D experimental base can carry out the verifying test of chick, pullet and layer feed products simultaneously. It also researched on the effect of the particle size of raw materials on bulk transportation, obtained the optimum grinding parameters, which reduced mixing and grading during transportation. Meanwhile, to meet the market demand for more cost-effective wheat diet, the Company launched a wheat premix product and upgraded the premix products of laying period, which showed good effect on enhancing egg weight, eggshell quality and color.

Ruminant feed: The Company has been deep in ruminant feed industry for decades. The dairy cattle product line focused on the aspects of nutritional immune and anti-oxidative stress, which could help to manage the dry cows in proper body condition (Body Condition Score between 3.25 and 3.5). Meanwhile, the research of anti-oxidative stress research helped to reduce the incidence of metabolic diseases after calving and to relieve the heat and cold stress in dairy cattle. The beef cattle and meat-type sheep and goat product line focused on building the regional research and development base. Based on the different feeding strategies around China, the product line pertinently developed new products and new feeding patterns to improve the profit for customers.

Aquatic feed: The Company developed and launched puffed compound feeds for carp, grass carp and crucian carp, and also developed a sinking and floating feeding mode suitable for different breeding

modes, replacing pellet compound feeds and shortening the marketing cycle of marketable fish. In order to solve the key pain points of body color, health problems and low survival rate in shrimp culture, while enhancing the competitiveness of the factory shrimp feed, the Company has developed shrimp fermented feed called “Yisheng KangTai”, established feeding patterns and standards to solve customer problems.

b) Widely using raw material alternatives to highlight competitive cost advantage

In 2021, in the face of sharp increase in raw materials price, supported by more than 20 years R&D practices and drawing on the experiences of partner Royal De Heus about raw material alternatives, the Company continuously updated raw material dynamic database to reserve multiple formula technology. For swine feed, the Company was committed to developing and promoting corn substitutes such as wheat and brown rice, which continuously enhanced animals’ performance and product competitiveness. For layer feed, it also researched and reserved the application technology of wheat, brown rice and sorghum diets on production performance on laying hens. For broiler feed, the Company applied all-wheat or all-brown rice blended diets, and the technology of replacing soybean meal and fish meal in chick feed with self-produced chicken intestinal meal, etc. Meanwhile, under the premise of ensuring feed quality, it explored more possibilities of raw material alternatives.

c) Upgrading animal raising programs to improve benefits

Technology of pig breeding management: Wellhope constantly exerted efforts in pig breeding management, and has made great progress in pig breeding and selection, biosecurity, antibiotic-free programs, and feeding management technology. During the reporting period, Wellhope regionally distributed breeding pigs, carried out genetic cooperation with the top international pig breeding companies, and established a pig breeding system mainly based on French and Danbred pig breeds. After more than three years of exploration and experience accumulation in biosecurity prevention and control technology, plenty of achievements have been made in the field of ASF prevention and control. The prevention methods such as gridding feeding in pig farms, and the combination with conventional and unconventional prevention measures, have significantly reduced the occurrence of ASF. In terms of the antibiotic-free solutions in the regional market, the Company emphasized more on the management of piglet intestinal health, and therefore the effects of antibiotic-free products have been further strengthened. Furthermore, it clarified cost control indicators, and recommended personalized feeding program according to market conditions and pig breeds, which make breeding costs under control. At the same time, an intelligent feeding system for sows was built to achieve precise feeding with good effect.

Feeding pattern of beef cattle and meat-type sheep and goat: Beef cattle and meat-type sheep and goat product line focused on building the regional research and development base. The nutritionist guided the regional product managers to pertinently design and optimize the products based on the features of local animal feeding. It also encouraged to actively try and innovate the feeding patterns. The re-new

of feeding patterns could significantly increase the labor efficiency and the customer's profit.

Broiler feeding and slaughter capacity: In 2021, the Company constantly improved the feeding patterns and feeding programs. According to the different physiological stages of broilers and corresponding to the feed forms, the Company formulated systematic feeding procedures and programs, clearly stipulated the feeding consumption for each stage, and improved FCR. In terms of reducing the use of antibiotics in feed, the Company has evaluated a large number of feed additives to replace antibiotics, which has improved intestinal health of broiler and reduced the mortality rate during feeding. At the same time, the Company has made strict selection of substitution for coccidiostat, and some feed products have completely use antibiotic-free technology. And the Company continued to improve broiler slaughter technology and was committed to improving meat yield and quality.

d) Adhering to R & D and innovation work

The Company has been attaching great importance to scientific research and innovation, and has been rated as the national enterprise technology center, national feed processing professional sub-center, national agricultural product processing enterprise technology innovation institution, provincial key laboratory, provincial enterprise technology center, provincial enterprise engineering technology research center and scientific research innovation platform and post-doctoral innovation practice talent training base, etc. At the same time, to carry out the research and development of new products and meat products, as well as joint training of professional talents, Wellhope has carried out in-depth cooperation with scientific research institutes and major universities such as China Agricultural University, Nanjing Agricultural University, Shenyang Agricultural University, Northeast Agricultural University, Hefei University of Technology, Anhui Agricultural University, etc.

Honors and Patents

Patents granted in 2021			
Number of authorized patents	196	Patents for invention	59
		Patents for utility models and designs	137
Circumstances of Wellhope participating in the formulation of national or community standards and undertaking sci-tech projects in 2021			
National standards	Participated in the revision of the Catalogue of Feed Materials led by the Ministry of Agriculture, and was responsible for the addition and revision of the categories of Legume Seeds and their Processed Products, Tubers, Roots and their Processed Products and Other Seeds and their Processed Products		
Community standards	Participated in the Technical Regulations for Safe and High Quality Pork Production and Technical Regulations for Safe and High Quality Egg Production led by Beijing Biofeed Industry Technology Innovation Strategic Alliance		
Sci-tech projects that Wellhope undertook and presided	Liaoning Province Major Project Feed Quality Safety Control and Low-Protein Feed		
	Shenyang Science and Technology Program Research on Sow Precise Nutrition and Supporting Feeding Mode		
	Liaoning Province Selection of Livestock and Poultry Breeding and Key Technologies of Production in the Whole Industry Chain		
Honors regarding technology research and development in 2021			

Honors	Obtained the CNAS laboratory accreditation certificate again in April 2021
	Authentication Certificate of Information Security Management System in October 2021
	The 3rd Sannong Science and Technology Service Golden Bridge Award--Research and Promotion of Integrated Nutrition of Sows and Piglets

E. Cash flow

Unit: yuan Currency: RMB

Item	2021	2020	Change %
Cash inflow of operating activities	30,162,759,715.04	24,607,049,169.74	22.58
Cash outflow of operating activities	29,863,599,492.68	23,841,103,716.71	25.26
Net cash flow from operating activities	299,160,222.36	765,945,453.03	-60.94
Cash inflow of investing activities	198,241,674.35	504,590,930.16	-60.71
Cash outflow of investing activities	1,249,269,151.22	2,010,940,377.73	-37.88
Net cash flow from investing activities	-1,051,027,476.87	-1,506,349,447.57	Not applicable
Cash inflow of financing activities	3,325,721,138.44	2,555,443,020.39	30.14
Cash outflow of financing activities	2,560,960,977.37	2,136,010,143.82	19.89
Net cash flow from financing activities	764,760,161.07	419,432,876.57	82.33
Net cash flow	12,075,918.87	-322,192,838.64	Not applicable

2. Assets and liabilities

A. Circumstance of assets and liabilities

Unit: yuan Currency: RMB

Item	Closing balance of 2021	% of total assets	Closing balance of 2020	% of total assets	YoY change %	Explanation
Trading financial assets			50,000,000.00	0.43	-100.00	Maturity of structured deposits decreased
Derivative financial assets	9,667,725.25	0.07	4,725,552.30	0.04	104.58	New derivative financial assets
Accounts receivable	681,517,885.70	5.25	450,170,744.45	3.87	51.39	Newly increased accounts receivable in the settlement period
Prepayments	479,830,550.25	3.70	364,401,520.23	3.13	31.68	Prepayments for procurement increased during the year
Contract assets	2,505,447.69	0.02	4,301,418.29	0.04	-41.75	The contract warranty reduced
Other current assets	156,089,468.63	1.20	109,698,865.94	0.94	42.29	Deductible VAT increased in this period
Construction in progress	602,237,560.51	4.64	322,895,206.90	2.77	86.51	Projects such as pig farms and slaughterhouses
Right-of-use assets	199,981,121.45	1.54				Due to implement new lease guidelines
Goodwill	2,135,421.24	0.02	290,425.67	0.00	635.27	Merger of enterprises under different control
Long-term amortized costs	53,309,950.44	0.41	143,945,562.29	1.24	-62.97	Due to implement new lease guidelines
Short-term borrowing	1,546,199,813.26	11.92	1,110,672,869.40	9.54	39.21	Short-term borrowing increased
Advance receipt	10,500,434.76	0.08	15,522,362.13	0.13	-32.35	Proceeds from sale decreased
Other payables	408,226,372.67	3.15	280,673,085.07	2.41	45.45	Funds transfer with external companies increased
Non-current liabilities due within one year	191,145,065.59	1.47	121,896,906.66	1.05	56.81	Long-term borrowings and long-term payables due within one year increased
Other current liabilities	9,681,957.60	0.07	3,386,523.00	0.03	185.90	The amount of tax to be transferred increased

Long-term borrowings	1,245,618,946.13	9.60	574,880,271.67	4.94	116.67	Long-term bank borrowing increased
Lease liabilities	123,468,375.46	0.95				Due to implement new lease guidelines
Long-term payables	47,702,610.06	0.37	15,458,230.92	0.13	208.59	Financial leasing increased
Deferred income	60,335,083.33	0.47	42,238,872.75	0.36	42.84	Government grants related to assets that received in the reporting period increased
Deferred income tax liabilities	2,792,995.02	0.02	1,936,853.23	0.02	44.20	Deferred income liabilities recognized as taxable temporary differences increased

B. Overseas assets

Overseas assets recorded RMB 20,867,005.31, accounting for 0.16% of the total assets.

3. Investment analysis

As at December 31, 2021, the balance of the Company's long-term equity investment recorded RMB 2.33 billion, decreased by 3.80% compared with the end of prior year. For details, please refer to notes to the items of Consolidated Financial Statements--long-term equity investment.

4. Main holding and associated companies

Unit: RMB 10k

Company	Primary business	Registered capital	Total assets	Net assets	Net profit	Operating revenue	Operating profit
Beijing Sanyuan Wellhope Agri-Tech Company	Feed production and selling	1,000.00	24,868.20	20,352.08	3,680.83	73,873.13	4,161.40
Shenyang Wellhope Agri-Tech Company	Feed production and selling	8,210.00	26,585.04	20,141.33	3,430.07	188,128.25	4,542.10
Xi'an Wellhope Feed Sci-Tech Company	Feed production and selling	500.00	27,867.96	21,890.12	5,063.49	106,972.13	5,882.23
Anshan Jiuguhe Food Company	Broiler slaughtering, processing and selling	4,320.00	88,117.81	49,415.47	5,986.94	198,085.15	5,993.85
Beipiao Hongfa Food Company	Feed processing, broiler breeder raising, day old chick hatching, broiler raising and slaughtering	3,000.00	224,332.96	140,899.74	-655.66	307,158.34	-1,631.52
Dalian Heyuan Agri-Tech Company	Feed processing, broiler breeder raising, day old chick hatching, broiler raising	10,000.00	152,661.19	83,193.85	-3,466.93	303,262.94	-3,201.48
Dalian Chengsan Animal Husbandry Company	Broiler raising and feed processing	1,008.61	256,348.12	141,897.31	-12,780.97	444,982.62	-16,403.94
Liaoning Wellhope Agriculture and Animal Husbandry Development	Swine raising	5,000.00	117,746.16	21,046.55	-3,930.96	72,826.41	-4,078.44
Anhui Wellhope Agri-Tech Company	Feed production and selling, swine raising	16,000.00	71,066.65	14,784.71	-11,106.25	74,670.92	-10,259.17
Tai'an Jiuguhe Agriculture Development Company	Broiler raising and feed processing	1,060.00	59,458.40	13,660.59	-8,918.08	229,582.19	-9,172.50
Shenyang Wellhope Ruminant Feed Mill	Feed production and selling	550.00	22,901.74	17,031.91	3,069.24	70,306.91	4,098.17
Linghai Jiuguhe Feed Mill	Broiler raising and feed processing	1,755.00	16,888.86	11,217.02	-3,471.47	166,779.97	-3,579.68

VI. Outlook on the Company's Future Development

1. Industry outlook

China is a large agricultural producer with a population of 1.4 billion. In China, agriculture has always been regarded as a strategic industry that provides security and stability to residents and lays a foundation for national economy. This is not only because agriculture is the source of food and clothing for people and the basis of survival, but also because it is the pillar of the independence and development of other industries. China has always paid great attention to the development of agriculture. Along with latest changes in international trade, resources and environment, technological circumstance, industrial structure, policies and regulations and other factors, the development of agriculture has also ushered in a new phase.

Under the backdrop of deepening reform on the supply-side and industrial transformation and upgrading, the animal husbandry industry in which Wellhope is active has also ushered in a new development opportunity despite numerous challenges.

A. Edging out less qualified players, the consolidation of feed industry is increasingly heightened

Along with fierce competitions taking place in the feed industry, extra-large companies are constantly expanding their businesses, medium-sized producers are seeking business opportunities, whilst small producers are gradually squeezed out of the market. For large companies, they enjoy their strengths and advantages in technology, cost, brand, management, capital and logistics to continuously improve their total factor productivity, rapidly expand production scale and seize market shares through mergers and acquisitions as well as embarking on new projects. Those small and medium-sized feed producers have been gradually edged out in the increasingly fierce competitions due to their lower technical level, higher comprehensive costs, weaker brand reputation, lack of management skills, and bigger financial pressure. With a series of events such as ban of using antibiotics in feed, COVID-19 cases, African Swine Fever and the price increase of raw materials, the entry barriers of feed industry have been raised yet again, customers have also remarkably increased their requirements on the comprehensive strength of feed suppliers, which has sped up the elimination of backward players. In 2021, there were 957 large-scale feed mills with annual capacity over 100,000 tons, increased 208 plants compared to the prior year. These feed mills have produced 177.08 million tons of feed with a year-on-year increase of 24.4%, which contributed towards 60.3% of China's total feed production, rising by 7.5 percentage points. The feed industry has been further transformed to become more large-scale and intensive.

B. Vertical integration of resources and continuous extension of industrial chain

Animal husbandry industry consists of several industries such as feed production, animal health product, livestock and poultry raising, slaughtering and processing, etc., where the upstream activities are more related to crop planting, whilst the downstream activities focus more on agricultural and sideline food processing industries, with a mixture of other related industries in between to form an organic whole. As competition has intensified to edge out less qualified players, large-scale companies are continuously

expanding their business scale. For reasons of risk control, profit growth, food safety and other needs, apart from engaging in mergers and acquisitions, these giants involved in animal husbandry industry gradually integrate resources to expand their businesses in both upstream and downstream industries in order to break through the industrial chain and establish strong competitive advantages as well as develop better anti-risk capabilities. Under the development trend of industrial chain integration, the industrial divisions of large enterprises in agricultural and animal husbandry industries have been gradually weakened, while seizing the resources of the whole industrial chain has become the theme of the development of animal husbandry industry.

C. Constantly strengthened environment protection promoting the concept of green development being practiced

In recent years, China has put forward a series of regulations on environmental protection, such as the revision of the Environmental Protection Law, the promulgation of the Environmental Protection Tax Law, and the release of the Regulations on Pollution Prevention of Large-scale Raising of Livestock and Poultry and the Action Plan for Pollution Abatement of Agriculture and Rural Areas, etc. These successively launched policies have showed China's determination to heighten supervision on environmental protection in animal husbandry industry, local governments have also issued certain new regulations related to farm removal, ban of animal raising and restriction of farms, which will further edge out less qualified players and reframe animal husbandry industry.

D. Increasingly stringent supervisions on food safety highlighting the advantages of large-scale companies

In the past several years, the circumstances food safety in China have been improving, but at present the circumstances of the small-scale, and fragmented food industry with low entry barriers have not been changed much, and the farm-to-table industrial chain is too long and too large with many risk points. In October 2019, Premier Li Keqiang issued a Decree of State Council and released the new edition on Food Safety Regulation of the People's Republic of China, which not only provided clear regulatory initiatives to address specific issues, but also strengthened the penalties for violations of the law through the policy of "implementing penalties to individuals". The Regulation came into force from December 1, 2019, the market has since been the most heavily regulated. In the future, more attention will be paid to the normalization of food safety and industrial system. Stringent food safety supervision will further squeeze out less qualified players, at the same time highlighting the strengths and advantages of large integrated companies.

E. Pig farming industry ending the era of high profits, the prevention of African swine fever becoming normal

In 2021, the domestic pig production capacity recovered beyond expectations, the pig price fell sharply, but the production capacity recovery and pork consumption were out-of-step, which resulted high-cost pig breeding ended from high profit to heavy loss, those enterprises who aggressively expanded pig

breeding suffered huge financial pressure. As a result, a key turning point has taken place in the industry. The pig raising industry has ended the era of high profit, and the main line of the industry has changed from "aggressive and fast expansion" to "cost reduction and efficiency improvement". In 2022, the pig raising industry will continue to shift from "expansion speed competition" to "cost control competition". The start of the cost war means that China's pig raising industry has entered a new stage. Under the transformation and upgrading of high-quality development, the new pattern of supply and demand has been reshaping. In the meantime, the prevention of African Swine Fever has become normal, and biosecurity is still the primary problem that the industry needs to face at present, which further raises the entry barriers of swine raising industry, and the economic efficiency and validity of the epidemic prevention input has become an important factor affecting the total cost of pig farming.

F. High pork prices curbing consumer demand, accelerating the adjustment of meat consumption structure

In 2019, African swine fever has hit China's swine industry particularly hard, with severe production capacity losses and a remarkable increase in swine and pork prices, which fueled the prices of livestock and poultry products to record highs. In 2020, the outbreak of COVID-19 has severely attacked the national economy and weakened the consumption power of residents. It has been already quite difficult to sell high-priced pork, the COVID-19 pandemic has once again reduced pork consumption, purchasing pork for group meal dropped remarkably and food producers were forced to shift raw materials to chicken and vegetarian food, which quickened the adjustment of consumption structure of domestic meat products, and the overall consumption habits of residents have begun to change. In 2021, pig production capacity recovered beyond expectations, making pig prices fell sharply, but residents' demand for pork is difficult to return to the consumption level before the occurrence of African Swine Fever. In addition, characterized by high protein, low fat and cholesterol levels, chicken has been well accepted by residents as a viable alternative to pork, and white feather broilers have a big advantage over swine such as growth rate, raising cost and environmental protection, etc. Seeing the experiences of developed countries, China's per capita chicken consumption still has great growth potential and a broad market.

2. Development strategy of the Company

Wellhope's long-term development objective is to become the world's leading enterprise across agriculture, animal husbandry and food industries. In the next three years, the Company will vigorously consolidate resources to further develop feed business, steadily develop broiler integration business, further improve broiler industrial chain management, stabilize the foundation of pig raising industry and strive to improve the production and management level, whilst complete the phased layout of the food business and accelerate the development pace of food business.

According to the three-year plan, and based on the analysis and judgment of the economic and industrial development trend in 2022, the Company has determined its business strategy for 2022, i.e.,

by upholding the core values of integrity, responsibility, double-win, and the management philosophy of innovation, high efficiency, and self-discipline, Wellhope will further heighten systemic management and the core competences, whilst improve the synergy management among all business sectors. In addition, it will focus on talents' recruitment and echelon construction, improving and innovating incentive mechanism, speeding up the construction of three platforms, including research and development, information resource, finance and banking, making efforts to create competitive and aggressive front platform(including product power, service ability, financial strength, marketing force), cost-efficient middle platform(including production, purchasing, quality assurance, technology), and energized back-end platform(including HR, finance, technology, R&D, purchasing, IT, corporate culture).

3. Business plan for 2022

In 2021, the agriculture and animal husbandry industries faced severe challenges. In terms of feed, the feed raw materials fluctuated with high prices, the consumption demands for feed in the second half of the year was slowed down as a result of the downward animal raising industry. Pig prices slumped continuously despite the higher-than-expected recovery of production capacity. In terms of broiler industry, the entire market was deteriorated caused by the high price of day old chick, soaring feed cost and sluggish customer consumption. Against such a backdrop, all employees of Wellhope joined hands to forge ahead and overcome difficulties by vigorously expanding new markets, optimizing marketing strategies, reducing internal costs and heightening working efficiency, as well as improving operational capability. Besides, measures have also been taken to enhance the management of accounts receivable, reasonably arrange capital expenditures, accelerate inventory turnover to ensure sufficient cash flow. Under the concerted efforts made by all employees, Wellhope remained one of the few enterprises that struggled to make profits despite the first big drop in the Company's performance. In 2021, the Company achieved operating revenue of RMB 29.47 billion with a year-on-year increase of 23.73%, the net profit attributable to shareholders of the Company recorded RMB 119 million, declining 90.40% year on year.

In 2022, the Company will continue to adhere to the core values of integrity, responsibility, double-win, with the goal of strengthening core competitiveness and broadening the Company's core competences, and strive to create competitive and aggressive front platform, cost-efficient middle platform and energized back-end platform. At the same time, the Company will continue to deepen market insight, grasp the industry trend, according to the plan, rhythmically promote the production capacity layout and reserve of talent, to lay a solid foundation for the realization of the Company's long-term plan.

A. Feed business

Feed business has been always identified as the primary business of the Company. In 2022, the Company will further enhance the strategic position of the feed business by promoting four strategic transformations steadily, such as enhancing the interconnection of technology, procurement and market, promoting the transformation from American-style daily ration to European formula, improving

the core competitiveness of feed business to realize the transformation from tradition concentrated feed to complete feed, upgrading technical service by improving the proportion of large-scale farm customers while maintaining the channel advantages of distributors, and realizing the transformation from focusing on channel advantage to attaching equivalent importance to channels and farms, making investments with centralized resources to expand the feed business to realize the transformation from a feed company in the northeast to a national feed company. The Company will, centering on the four strategic transformations, further improve its decision implementation efficiency, optimize organizational structure and enhance the capabilities of teams. Besides, the Company will try to provide professional service with specialized personnel and specialized business lines and constantly increase the configuration of key talents. Moreover, based on the comprehensive data analysis and benchmark management, the Company will excavate the potential profit of various feed varieties, feed mills from the perspective of cost and efficiency, constantly enhance the differentiation advantages of profit-oriented products, and expand the production and sales scale of quantity-oriented products. In the three provinces in northeast China, the Company will try to increase its market share steadily to discover potential growth spaces. In areas other than northeast China, the Company will seek rapid expansion of market share. In 2022, the Company has planned to increase the sales volume of feed with a year-on-year growth of 15%.

B. Broiler integration business

In 2022, production capacity will continue to be increased in broiler industry. Given the oversupply of pork and the impact of COVID-19, this industry is expected to remain in a downturn. Under such adverse conditions, the Company, taking ensuring safety, improving efficiency, protecting ecology and increasing profits as the core guiding philosophy, will further improve its operational capability and ensure safety margin. Meanwhile, the Company will also slow down the expansion and optimize the structure of the industrial chain. For broiler breeder business, the Company will expand the scale of breeders raising properly to increase the proportion of self-supplied chicks. Meanwhile, the Company will continue to improve production indicators, day old chick quality, and the overall management level of broiler farms. For broiler raising business, the Company will expand production steadily according to the status quo of downstream industry and the demands, constantly increase the percentage of raised broilers raised by own farms to slaughtering, and dynamically adjusted the policies on feeding fees for farm owners to ensure proper allocation of profits between the Company and farm owners. For the slaughtering business, the Company will, based on existing production capacity, seek for steady development, increase the percentage of fresh products and actively develop high-quality customers, try to realize the maximum comprehensive value with optimal product portfolios. For food business, the Company will accelerate the progress of new projects, expand the scale of production and sales rapidly, and improve its capability of undertaking large orders. Meanwhile, it will enhance R&D capability to develop knock-out products, expand sales channels, cultivate marketing teams and

constantly enhance its core capabilities and brand influence. In the future, the Company will allocate more resources to its food business. In 2022, the Company plans to raise 690 million broilers by its holding companies and associated companies, slaughter 730 million broilers in total.

C. Swine raising business

In 2021, the production capacity of pig across the country witnessed a higher-than-expected recovery. However, the production capacity recovery and consumption mismatched, which brought heavy losses to animal raising companies that once enjoyed high profits. The priority of the industry also transformed from rapid expansion to cost reduction and efficiency increase. In 2022, pig raising industry will transform from competing with expansion speed to competing with cost. As the war on cost started, pig raising industry in China has entered a new era. For the pig raising industry under transformation toward high-quality development, a new supply-demand pattern has been shaping. In such context, in 2022, the Company will, following the prudent investment philosophy, maintain a safe development pace for pig raising business by strictly controlling the production capacity and expanding scale discreetly. Meanwhile, the Company will continue to implement the process-based performance management system to enhance the skills of staff, improve the operational capability of pig farms, optimize feed nutrition solutions, reduce the raising costs in a multi-dimensional way, and thereby improve the core competitiveness of the pig raising business. In the next one to two years, the Company will try to improve its cost management capability to an industry-leading level. Besides, ASF prevention has been normalized after biosecurity becoming a key element affecting costs. In the future, the Company will continue to take biosecurity as the priority to optimize its epidemic prevention system and constantly reduce the costs and abnormal costs triggered by epidemics. In 2022, the Company plans to market 900,000 to 1,000,000 heads of pig.

This business plan can not be deemed as the Company's performance commitment to investors, please maintain sufficient risk awareness.

4. Possible risks

A. Risks of fluctuations in raw material prices

Most costs of the feed business come from raw materials. Factors in terms of production changes in producing areas, import policies, purchasing, storage, and grants, exchange rate fluctuations, logistics costs, etc., may cause fluctuations in the raw material market, which will affect the Company's feed business costs and gross profit margins. With deepened globalization of the trade of agricultural products in recent years, the supply-demand relationship and the trading price of raw materials have been affected by market conditions such as spot and futures at home and abroad, and the price trend has become more complex followed by increasingly fierce fluctuations, which further increases the difficulties of the Company's cost management. In addition, the fluctuations of COVID-19, Sino-US relations, international political and economic environment, and other factors have also made the purchase price of raw materials more variable.

Solutions

- a. Wellhope has established strategic partnerships with many leading domestic and overseas raw material suppliers. Meanwhile, it adopts three-level purchasing mode that includes centralized purchasing of head office, bidding purchasing of different business regions and local subsidiary purchasing to clarify the role of purchasing.
- b. Wellhope combines its raw material trading business with purchasing management, i.e., the professional and practical raw materials' purchasing team conducts targeted forward-looking researches and real-time tracking on the market to strategically reduce the purchasing price, such as uniformly managing different variety of raw materials, adopting spot purchasing and futures together.
- c. The purchasing team works closely with the R&D team to further optimize the purchasing cost by way of re-formulating the feeds, i.e., changing the composition of the feed to use cheaper alternative raw materials while achieving the same results.
- d. Wellhope and Royal De Heus have set up an information sharing channel, which enables the two sides to timely share the market trends of raw materials and additives. In addition, the two sides may carry out joint purchasing cooperation in the future, which will greatly enhance the overall bargaining power.

B. Risks of fluctuations in livestock and poultry prices

Animal husbandry industry is a typical cyclical industry, and the hysteretic adjustment of supply causes the prices fluctuating periodically. At present, China's animal husbandry industry is still dominated by back yard farms and small-scale farms, these farm owners show the character of non-rational decision-making with an obvious "herd effect", which further aggravates the cyclical fluctuations in the market price.

Solutions

- a. Wellhope always keeps high attention of price fluctuations of upstream and downstream products, continues to deepen market research to accurately predict industry trends and adjust business strategies. Meanwhile, Wellhope's three primary businesses share resources and boost production expansion as planned to effectively control the risk of price fluctuations.
- b. Wellhope's broiler integration business has established an industrial chain from broiler breeder raising, day old chick hatching, feed production, commercial broiler raising, slaughtering, processing to further processing of prepared food and cooked food. In the meantime, Wellhope's swine raising business has also been entering downstream industries, such as the smooth development of slaughtering business. The continuous improvement of the industry chain makes the price fluctuations of each sector in the chain can be fully hedged, which maximumly mitigate the price fluctuations of the whole industry chain.
- c. Wellhope has always been committed to improving the production standard of each sector, constantly innovating the practical operation technology and management mode of various businesses,

reducing overall operating costs by optimizing the production indicators and improving per capita efficiency. Costs advantage can mitigate the negative impacts of downward industry on the Company, while improving the overall profitability when facing a booming market.

C. Risks of serious animal epidemic

Feed and animal raising are Wellhope's two core businesses. Epidemic is one of the main risks faced by animal raising companies. Once an animal epidemic happens, it will certainly cause panic in the market, which will reduce the demands, then lessen the production, the income shrinks and the cost rises. The feed industry mainly serves downstream animal raising industry, thus, the downstream market will directly affect the performance of feed business. As an unpredictable emergency, an explosive epidemic will undoubtedly have a strong impact on the Company's operations.

Solutions

- a. Wellhope attaches great importance to regional distribution and business structure, which is the most direct way to disperse the risk of animal epidemic.
- b. Wellhope continues to improve the prevention technology of major epidemics, completes the early warning system and strives to control epidemics effectively before spreading.
- c. When the epidemic comes, the speed of response is particularly critical, the faster to response, the less to loss. Wellhope has set an emergency command system for major epidemics to minimize losses when they occur.
- d. Wellhope has been continuously conducting post-epidemic analysis and researches. Meanwhile, it has been constantly strengthening the ability to prevent epidemics from multiple aspects such as animal nutrition and veterinary services.
- e. For African Swine Fever, Wellhope has formed a relatively complete prevention system from product researches to farm management. Specific preventive measures have been detailed in Section III hereof-Swine raising business.

D. Risks of the industrial pattern adjustment caused by environmental protection policies

China has put forward some environmental protection regulations in recent years, such as *Environmental Protection Tax Law*, etc., which show the government's determination to increase supervision on environmental protection in animal husbandry industry, whilst the local governments have also issued certain new regulations regarding farm demolition, prohibition or restriction of animal raising. It can be seen that the continuously strengthened environmental protection is the trend of the industry, also an inevitable reality, which will further weed out unqualified players and reframe the industry.

Solutions

During the start-up period, Wellhope had input "saving resources, being committed to environmental protection" as part of its Mission. During the past 26 years, Wellhope has always considered saving resources and protecting environment as its important mission, taking strict compliance with laws and

regulations, and implementing environmental protection requirements as key performance appraisal indicators for managers.

a. Animal raising and slaughtering--In the face of increasingly strict environmental protection requirements, all Wellhope's subordinated entities have carried out a comprehensive identification of environmental risk points, and formulated emergency plans for emergent environmental incident based on actual circumstances and the requirements of local governments at all levels. In view of the key pollutant discharge entity, Wellhope has made a complete self-monitoring program to identify problems timely and eliminate hidden dangers, it also constantly increases personnel, capital investment in environmental protection to ensure that the key pollutant discharge entities always meet the national standards.

b. Feed processing-Wellhope has always performed all environmental standards of the state with the most rigorous attitude, established complete control measures for waste gas, noise, wastewater, solid waste and other pollution generated during the production process. Meanwhile, it uses eco-friendly raw materials and additives in feed formulas, and continuously develops safe diet to reduce the emissions of heavy metals, nitrogen and phosphorus.

E. Risks of exchange-rate fluctuations

Wellhope's international business started early and has been developed rapidly, which can be affected by exchange-rate fluctuations in raw material purchasing, product export, overseas investment, including the following aspects. Firstly, international development has made the global purchasing of raw materials becoming normally, therefore, the risk of exchange-rate fluctuations is particularly acute for raw materials that are largely supplied from abroad. Secondly, Wellhope's export business of broiler parts products are growing rapidly with customers from many countries and regions across the world, and the exchange-rate fluctuations are inevitably caused by the settlements of multiple currencies. Finally, due to the large overseas investment and overseas operations, the cross-border capital transactions and settlements will also be affected by exchange-rate fluctuations.

Solutions

a. Wellhope closely focuses on the dynamic international foreign exchange market, whilst enhances the awareness of foreign exchange risk, and improves the researching and forecasting capabilities of the foreign exchange market.

b. Wellhope continues to improve the bargaining power in foreign trade transaction by enhancing the competitiveness of products, while reducing the exchange rate risks by using RMB for settlement, adding insured value clause and the exchange-rate risk allocation clause in the contract.

c. By making full use of foreign exchange forwards, swaps and options (portfolios) and other instruments to maintain the exchange-rate for foreign exchange exposure.

d. According to specific conditions of different countries, based on the principle of "using foreign currencies in foreign trade", Wellhope reasonably manages the income and debts to control the

exchange-rate risks.

F. Risks of food safety

In recent years, there have been some food safety incidents in China, which affected consumers' confidence in food safety. China has continuously improved the legislation on food safety and food sources, conducted forceful measures on handling food violations. Once the food safety incident happens, it will directly damage the interests of consumers and cause panic, which may greatly impact the downstream demands, affect the brand and performance of the enterprises.

Solutions

Since its establishment, Wellhope has always attached great importance to the issues of food safety and quality assurance, adhering to implement the quality policy of "six never" with the most rigorous attitude--Never accept unqualified raw material, Never use abnormal equipment, Never allow nonstandard operation, Never produce substandard product, Never ignore unsatisfied customer, Never tolerate imperfect service. Wellhope's head office has set up Food and Quality Safety Management Committee, whilst all business sectors and corresponding subsidiaries have established food and quality safety management group to ensure that the team always maintains a high sense of responsibility and awareness.

a. Feed business-Wellhope has established a three-level quality management mechanism and testing system that compose of head office, regional center and subsidiary. By adopting international standards such as ISO9001, ISO22000 and ISO-IEC17025, and thoroughly implementing a series of quality standards such as the "Feed Quality and Safety Management Practice" and "Veterinary Drug Production Quality Management Practice" issued by the Ministry of Agriculture and Rural Affairs, Wellhope has controlled the whole production process and established the traceability system. Meanwhile, it vigorously popularizes near-infrared detection technology, improves detection efficiency to timely share data and quickly realize risk early warning. Wellhope also focuses on the detection and monitoring of heavy metals, harmful microorganisms, mycotoxins, which provides an important guarantee for the safety of feed products. In addition, by learning from the technical experiences of antibiotic-free feed in Europe, coupled with the current situation of China's animal raising industry, Wellhope has achieved a leading advantage in the field of antibiotic-free feed, and now all the feed products have successfully transited to be antibiotic-free.

b. Animal raising and slaughtering business-In terms of production management, Wellhope strictly monitors and checks the drug selection and drug residue control in broiler integration and swine raising businesses. Whilst it constantly strengthens the quality management in slaughtering and processing, earnestly implements the inspection and quarantine as well as drug residue detection. Regarding business model, Wellhope's broiler integration business has formed an industrial chain including broiler breeder raising, day-old chick hatching, feed production, commercial broiler rearing, slaughtering and processing of raw meat, further processing of prepared and cooked food. The integrated operation

ensures sufficient supply of raw materials in each sector of the chain, and strictly controls the whole process of food and quality safety from the source. Through standardized management and streamline operation, Wellhope consolidates the controls of bio-safety, drug residue and in-process hygiene to achieve traceable food safety.

Section IV Corporate Governance

I. Overview of Corporate Governance

In accordance with the Corporation Law, the Securities Law, the Guidelines for Governance of Listed Company and other requirements, Wellhope has constantly improved corporate governance and internal control, such as shareholder's meeting, board meeting, supervisory board meeting, etc. In 2021, Wellhope held 4 times of shareholders' meeting, 10 times of board meetings and 8 times of supervisory board meetings. The actual circumstance of the Company's corporate governance has been basically in line with the requirements of the normative documents issued by China Securities Regulatory Commission. Wellhope's corporate governance regarding shareholder's meeting, board meeting, supervisory board meeting, information disclosure and stakeholder complied with the requirements of relevant documents.

A. Shareholder and shareholders' meeting. Wellhope convened and held shareholders' meeting in strict accordance with relevant laws, and adopted physical voting and online voting to ensure that all shareholders, especially non-controlling shareholders, could fully exercise their right to vote. The controlling shareholder (actual controller) of the Company conscientiously performed the obligation of good faith and did not damage the rights and interests of the Company and non-controlling shareholders.

B. Board directors and board meeting. The convening procedure of the board of directors complied with the requirements of laws and regulations. All directors actively attended the board meetings and shareholders' meetings held by the Company, got familiar with relevant laws and regulations, understood the rights, obligations and responsibilities of directors, and safeguarded the legitimate rights and interests of all shareholders.

C. Supervisors and supervisory board meeting. Wellhope's supervisors, in accordance with the Company Constitution and relevant laws and regulations, have conscientiously performed their duties, supervised the Company's financial position, transactions with related party, periodic reports, as well as the compliance of the directors and senior managers regarding their performance of duties, and safeguarded the legitimate rights and interests of the Company and its shareholders.

D. Information disclosure. Wellhope strictly implemented its Information Disclosure Management Regulation, which has clarified the person taking charge of information disclosure to ensure that the disclosed information could be true, accurate, complete, timely and fair. It designated the board secretary to take charge of information disclosure and investor relations management, strictly implemented the Company's regulations regarding information disclosure, such as Management Regulation on Insider Information Registration, so as to disclose information truly, accurately, completely and timely to guarantee that all shareholders could have equal right to know the information of the Company. Meanwhile, Wellhope constantly improved corporate governance structure and standardized internal operations in strict accordance with the requirements of the

Corporation Law, the Securities Law, relevant laws and regulations issued by China Securities Regulatory Commission.

E. Stakeholder. Wellhope fully respected and safeguarded the legitimate rights and interests of stakeholders, strived to achieve the coordination and balance among shareholders, employees, and other parties, and jointly promoted the sustainable, healthy and stable development of the Company.

II. Shareholders' Meeting Convened during the Reporting Period

Meeting	Date	Query URLs of Resolution	Disclosing Date of Resolution
2021 First Extraordinary Shareholders' Meeting	February 1, 2021	www.sse.com.cn	February 2, 2021
2021 Second Extraordinary Shareholders' Meeting	February 19, 2021	www.sse.com.cn	February 20, 2021
2020 Annual Shareholders' Meeting	April 20, 2021	www.sse.com.cn	April 21, 2021
2021 Third Extraordinary Shareholders' Meeting	July 19, 2021	www.sse.com.cn	July 20, 2021

III. Information about Directors, Supervisors and Senior Managers

1. Changes in shareholdings and remuneration of incumbent and outgoing directors, supervisors and senior management during the reporting period

Name	Office title	Gender	Age	Start of tenure	End of tenure	Opening shareholding (shares)	Closing shareholding (shares)	Changes in shareholding (shares) in 2021	Reason of changes	Pre-tax remuneration paid by the Company (RMB 10k)	Whether obtain remuneration from related parties of the Company
Jin Weidong	Chairman	male	59	Feb. 3, 2015	Feb. 1, 2024	149,549,498	149,549,498			72.00	No
Qiu Jiahui	Director, President	male	50	Feb. 1, 2021	Feb. 1, 2024					70.00	No
Jacobus Johannes de Heus	Director	male	53	Feb. 3, 2015	Feb. 1, 2024						No
Shao Caimei	Director, Chief Technical Officer	female	56	Feb. 3, 2015	Feb. 1, 2024	49,773,878	49,773,878			67.24	No
Zhang Wenliang	Director, Chief Financial Officer	male	62	Feb. 3, 2015	Feb. 1, 2024	8,565,100	8,565,100			39.60	No
Zhao Xin	Director, Board Secretary, Chief HR Officer	female	50	Feb. 3, 2015	Feb. 1, 2024	4,420,160	4,420,160			67.00	No
ZUO XIAOLEI	Independent Director	female	69	Feb. 1, 2021	Feb. 1, 2024					9.00	No
Jiang Yan	Independent Director	female	49	Feb. 1, 2021	Feb. 1, 2024					9.00	No
Zhang Shuyi	Independent Director	male	58	Feb. 1, 2021	Feb. 1, 2024					9.00	No
Wang Fengjiu	Vice President	male	53	Feb. 3, 2015	Feb. 1, 2024	47,964,602	47,964,602			59.08	No
Wang Xueqiang	Vice President	male	55	Feb. 1, 2021	Feb. 1, 2024	9,355,000	9,355,000			70.00	No

Di Guo	Vice President	male	52	Feb. 1, 2021	Feb. 1, 2024	4,908,219	4,908,219			70.00	No
Wang Zhongtao	Chairman of the Supervisory Board	male	58	Feb. 3, 2015	Feb. 1, 2024	46,625,229	46,625,229			70.00	No
Marcus Leonardus van der Kwaak	Supervisor	male	53	Feb. 3, 2015	Feb. 1, 2024						No
Li Jun	Supervisor	male	50	Apr. 27, 2016	Feb. 1, 2024					37.92	No
Ren Bingxin	Supervisor	male	59	Mar. 27, 2019	Feb. 1, 2024	5,429,500	5,429,500			25.00	No
Yuan Minger	Supervisor	female	52	Feb. 3, 2015	Feb. 1, 2024					32.40	No
Ding Yunfeng	Director and President (outgoing)	male	59	Feb. 3, 2015	Feb. 1, 2021	81,929,558	81,929,558			48.00	No
Wang Zhenyong	Vice President (outgoing)	male	56	Feb. 3, 2015	Feb. 1, 2021	9,800,000	9,802,000	2,000	Bought from the secondary market	70.00	No
Hu Jianmin	Independent Director (outgoing)	male	63	Feb. 3, 2015	Feb. 1, 2021					0.50	No
Liu Huan	Independent Director (outgoing)	male	67	Feb. 3, 2015	Feb. 1, 2021					0.50	No
Wang Zhe	Independent Director (outgoing)	female	42	Feb. 2, 2018	Feb. 1, 2021					0.50	No
Total	/	/	/	/	/	418,320,744	418,322,744	2,000	/	826.74	/

Name	Work experience
Jin Weidong	Male, born in 1963, Chinese nationality, bachelor of veterinarian from Shenyang Agricultural University, master of physiology and biochemistry from Jilin University, doctoral advisor of Shenyang Agricultural University, winner of the first batch of National Natural Science Foundation of China, core founder of Wellhope, serving as the Chairman of Wellhope since 1995. After graduation, he worked in the university for two years. In 1991, he joined Continental Grain Company (the US), successively served as the sales manager of China's Northeast Region, national sales manager and assistant vice president of Asia Region. Currently he holds the posts of Vice President of China Feed Industry Association, Vice President of China Animal Husbandry Industry Association, President of Liaoning Feed Industry Association, also the MBA interviewer of Peking University and Tsinghua University, guest professor of Remin University of China, Ocean University of China and Northeast Agricultural University, etc. He has been awarded the honorary titles of "China's Outstanding Private Science and Technology Entrepreneur", "National Outstanding Builder of the Socialist Cause", "China's Top Ten Economic Figures in the 30 Years of Reform and Opening up of Feed Industry", "May 1st Labor Medal of Shenyang City", "Model Worker of Liaoning Province" and etc. In 2015, he was awarded as One of the Top Ten Models of Entrepreneurship for Agriculture, Rural Areas and Farmers. Meanwhile, he was awarded as Outstanding Entrepreneur of Liaoning Province in 2017, and awarded as Career-creating Talent regarding Science and Technology Innovation by China's Ministry of Science and Technology in 2018. In 2019, he was selected as the fourth batch of leading talents regarding technology entrepreneurship in the National Ten Thousand Talents Program, and in 2020 awarded as the National Model Worker.
Qiu Jiahui	Male, born in 1972, Chinese nationality, bachelor of veterinarian from Shenyang Agricultural University. After graduation from university, he worked in Dalian Broiler Breeder Farm, a state-owned core breeding enterprise, engaged in technical and on-site management. He joined Wellhope in 2000, served successively as General Manager of Haicheng Wellhope Feed Mill, Haicheng Xinzhongxin Feed Mill, Vice President of Former Huakang Feed Group, Marketing Director of Wellhope, President of Broiler Integration Business Division, Vice President of Wellhope. Due to his outstanding performance and diligence, he has been elected as the board director and President of Wellhope on February 1, 2021. Mr. Qiu Jiahui is the pioneer of Wellhope's broiler integration business. With more than 10 years of leadership, the broiler integration business has achieved rapid development.
Jacobus Johannes de Heus	Male, born in 1969, the Netherlands' nationality, master's degree, been working in Royal De Heus since 1992, now serves as the CEO of Royal De Heus, board director of Wellhope.
Shao Caimei	Female, born in 1966, Chinese nationality, at the age of 25, she received her PhD in animal physiology and biochemistry from Nanjing Agricultural University. She is one of the founders of Wellhope. She used to be a technician in a poultry breeding center of the Ministry of Agriculture and served as the formula manager at CONTINENTAL GRAIN COMPANY(the US). Since founding Wellhope, she has always taken charge of the technology of Wellhope, successively serving as the Technology Director and Vice President. Now she is the Board Director and CTO of Wellhope, also holds the posts of standing director of Animal Nutrition Branch of Chinese Association of Animal Science and Veterinary Medicine, member of Chinese Feed Industrial Standardization Technical Committee, leader of the Comprehensive Trial Farm for National Swine Raising Industry Technology System and etc. Meanwhile, she has been serving as the master supervisor of China Agricultural University and Shenyang Agricultural University. She has won a number of first and second prizes of provincial-level science and technology progress and applied nearly 30 technical invention patents.
Zhang Wenliang	Male, born in 1960, Chinese nationality, master of quality cost management from Northeastern University, senior auditor, the first batch of China's certified public accountant. He used to work for the Shenyang Office of National Audit Office, mainly engaged in auditing of finance, national tax, customs and large enterprises. He joined Wellhope in 1996 and served successively as Financial Manager of Shenyang Wellhope Feed Mill, Auditing Manager of Wellhope, Financial Manager of Beijing Sanyuan Wellhope Feed Mill, and Financial Director of Wellhope. He is currently the Board Director and CFO of Wellhope. Mr. Wenliang Zhang led and participated in some capital operation projects of Wellhope, such as the shareholding system transformation, IPO and non-public offering new shares.
Zhao Xin	Female, born in 1972, Chinese nationality, bachelor of economics from Shenyang Agricultural University. She joined Wellhope in 1995 after graduation, successively served as the Secretary to general manager, Director of Marketing Department, Director of HR Department, Human Resources Manager and Chief HR Director, Assistant to Chairman, etc. Now holds the posts of Board Director, Board Secretary and CHO of Wellhope. Ms. Xin Zhao has more than 20 years of experience in human resources and enterprise management, she is one of the managers who established Wellhope's human resources management system. In 2020 and 2021, she was awarded as "Outstanding Board Secretary" in the Selection of China's Valuable Public Companies.

ZUO XIAOLEI	Female, born in 1953, Singapore's nationality, famous economist, Ph.D. of International Finance and Econometrics from University of Illinois, USA. She used to be a lecturer in the School of Economic Statistics at the National University of Singapore, associate professor at the Asian Institute of Management in the Philippines, chief economist and chief president adviser of Galaxy Securities, independent director of Tongfang Co., Ltd. and Hubei Bank. Now she serves as the researcher at the Financial Center of Counsellors' Office of the State Council of China. Ms. Xiaolei Zuo is one of the most influential economists in China, who has published more than 50 papers in the fields of econometrics, international finance and securities market. She is the author of "Xiaolei's Perspective: My View on China's Economy" and other books.
Jiang Yan	Female, born in 1973, Chinese nationality, doctor of management from Institute of Fiscal Science of Ministry of Finance, certified public accountant, certified asset appraiser. She worked in the Stock Issuance Supervision Department at China Securities Regulatory Commission from 2002-2016, now holds the posts of core consultant of several investment banks such as Minsheng Securities Co., Ltd., and the independent director of Weichai Power Co., Ltd.
Zhang Shuyi	Male, born in 1964, Chinese nationality, doctor of ecology from Marie Curie University, France, doctoral advisor of Shenyang Agricultural University. Once he held the posts of researcher of the Institute of Zoology of Chinese Academy of Sciences, Dean of Interdisciplinary Institute of Science and Technology of East China Normal University, Dean of the School of Management of Zhejiang Ocean University. Now he is the Dean of the School of Animal Husbandry and Veterinary of Shenyang Agricultural University. In addition to the scientific field, he used to serve as an independent director of Wellhope, vice president of Tiansanqi Group Co., Ltd. (Beijing), etc. Mr. Shuyi Zhang has made great achievements in the field of science. He has been funded by the National Natural Science Foundation of China for Distinguished Young Scholars, supported by the "Changjiang Rive Scholars" team project of the Ministry of Education, and been selected into the first and second levels of the National Millions of Talents Project, the "Hundred Talents Program" of the Chinese Academy of Sciences, and the Climbing Scholars Program of Universities in Liaoning Province. He has been awarded special government allowance of the State Council, second prize of national science and technology progress, first prize of natural science of Shanghai and other awards, etc.
Wang Fengjiu	Male, born in 1969, Chinese nationality, master of animal nutrition and feed science from Chinese Academy of Agricultural Sciences, one of the founders of Wellhope. He once worked in the office of academic affairs of Shenyang Agricultural University and served as the sales manager of China's Northeast Region at CONTINENTAL GRAIN COMPANY (the Us). After the establishment of Wellhope, he has successively acted as Business Manager, Deputy General Manager, General Manager of some subsidiaries, President of Wellhope. He is now the Vice President of Wellhope, who takes charge of Wellhope's food business. He is also a standing member of the 15th Shenyang Committee of CPPCC, Vice President of Liaoning Agricultural Integration Association and Shenyang Food Association.
Wang Xueqiang	Male, born in 1967, Chinese nationality, bachelor of animal husbandry from Shenyang Agricultural University. He once worked at Shenyang Institute of Applied Ecology of Chinese Academy of Sciences. He joined Wellhope in 1995 and served successively as Sales Manager and Deputy General Managers, General Managers of some subsidiaries and Vice President of Wellhope. He is now the Vice President of Wellhope. Mr. Xueqiang Wang is one of the important contributors to Wellhope's feed business management system. The Liaoning Region under his leadership is now the benchmark of Wellhope's "quality management", also the base camp of Wellhope's business development and talent growth.
Di Guo	Male, born in 1970, Chinese nationality, master of management from Shenyang Agricultural University. Joining Wellhope in 1996, he served successively as Salesman, Sales Manager, Deputy General Manager and General Manager of some subsidiaries, President of Huakang Group, Chief Director of feed business in Jilin and Heilongjiang regions, Secretary of the Board of Directors and Vice President of Wellhope. He is now the Vice President of Wellhope. Mr. Guo Di has rich experiences in marketing and enterprise management, who has been appointed to take on important responsibilities in times of crisis. He is an innovator of business development in Jilin and Heilongjiang regions.
Wang Zhongtao	Male, born in 1964, Chinese nationality, Bachelor of Animal Husbandry in Shenyang Agricultural University, one of the founders of Wellhope. He once worked in Tianjin Huajin Company as a technical director, a large state-owned enterprise, and the sales manager of six provinces in North China at CONTINENTAL GRAIN COMPANY(the US). After founding Wellhope, he served successively as Purchasing Manager, Financial Manager, General Manager, etc, now holds the post of Chairman of the Supervisory Board. Mr. Wang Zhongtao is the most important contributor to the development and growth of Wellhope's trading business. Over the past 20 years, Wellhope's trading business has flourished and the business scale is among the top in China.
Marcus Leonardus van der Kwaak	Male, born in 1969, the Netherlands' nationality, master's degree, CFO of Royal De Heus, supervisor of Wellhope.

Li Jun	Male, born in 1972, Chinese nationality, master of Business Administration from Northeastern University. He used to be the export salesman of Shenyang Grain, Oil and Food Import and Export Company, and the sales manager of Shenyang Tongfeng Trading Company. He joined Wellhope in 2004 and successively served as General Manager of several trading subsidiaries. Now he is the Director of Wellhope trading business division, General Manager of Liaoning Expert Trading Company, and supervisor of Wellhope. Mr. Li Jun has been engaged in international trade for many years, who has rich experience in trading feed raw materials. He has made important contributions to the development of Wellhope's trading business.
Ren Bingxin	Male, born in 1963, Chinese nationality, PhD in cell engineering from Ocean University of China. He joined Wellhope in 1998 and has served as Production Manager, Technical Manager, ISO System Manager and Deputy General Manager. Now he holds the post of Technical Director of broiler feed line and Supervisor. Mr. Ren Bingxin is the chief expert of Wellhope's broiler feed products, with rich experience in feed production and technology research and development. He is an important participant and contributor to the rapid development of Wellhope's broiler integration business, and has obtained 2 authorized invention patents and 3 utility model patents during his tenure.
Yuan Minger	Female, born in 1970, Chinese nationality, bachelor's degree, senior auditor, joined Wellhope in 2004, served successively as Deputy Financial Manager of Liaoning Wellhope and Financial Manager of Wellhope Aquatic Feed Company, now holds the posts of Supervisor and Audit Manager of Wellhope.
Ding Yunfeng	Male, born in 1963, Chinese nationality, bachelor's degree, one of the founders of Wellhope. Once served as the deputy general manager of Liaohe Feed Group, the northeast regional manager and consulting manager of Continental Grain Company. After founding Wellhope, he served as General Manager of many subsidiaries, such as Gongzhuling Wellhope, Liaoning Wellhope, Shanghai Wellhope, etc., the Chairman of the third and fourth session of the Supervisory Board, the Director and President of the fifth and sixth session of Board of Directors.
Wang Zhenyong	Male, born in 1966, Chinese nationality, Ph.D., joined Wellhope in 1996, served successively as Technical Manager, General Manager, Northeast Region Technical Director and Vice President. Now he is taking charge of international business.
Hu Jianmin	Male, born in 1959, Chinese nationality, Ph.D., professor of School of Animal Husbandry and Veterinarian of Shenyang Agricultural University, once held the post of the independent director of Wellhope.
Liu Huan	Male, born in 1955, Chinese nationality, certified public accountant. He once held the post of independent director of Zhejiang Hailiang Company, China Europe Fund Company, Shouchuang Securities Company, and the independent director of Wellhope. Now he is the Deputy Dean of the School of Taxation of Central University of Finance and Economics.
Wang Zhe	Female, born in 1980, Chinese nationality, Ph.D., a postdoctoral fellow at Center for Ecology and Evolutionary Biology of Yale University, and then worked at East China Normal University as a researcher in the Interdisciplinary Institute for Advanced Studies in Science and Technology. Now she is a professor and doctoral advisor of School of Animal Husbandry and Veterinarian of Shenyang Agricultural University, once held the post of the independent director of Wellhope.

2. Post held by ongoing and outgoing Directors, Supervisors and senior managers in other entity

Post in other entities

Name	Other entity	Post	Start of tenure	End of tenure
Wang Zhe	Shenyang Agricultural University	Professor	2015	
Hu Jianmin	Shenyang Agricultural University	Professor	2000	
Hu Jianmin	Liaoning-Shenyang Agricultural Wellhope Bio-Tech Company	Board director	2016	
Liu Huan	School of Taxation of Central University of Finance and Economics	Deputy dean and professor	2010	
Zhang Shuyi	Shenyang Agricultural University	Professor	2016	
Zhang Shuyi	Wuxi Kezhiqian Technology Company	Executive director	2012	
Zhang Shuyi	Liaoning Petmate Bio-tech Company	Board director	2016	
Jiang Yan	Weichai Power Co., Ltd.	Independent director	2020	
Jacobus Johannes de Heus	Royal De Heus	CEO	2002	
Marcus Leonardus van der Kwaak	Royal De Heus	CFO	2001	
Jin Weidong	Beijing BOYAR Agriculture and Animal Husbandry Technology Co., Ltd.	Supervisor	2010	
Jin Weidong	Beijing Huikezhongda Information Consulting Company	Board director	2020	
Jin Weidong	Shenyang Shengjing Asset Management Group Company	Board director	2019	
Jin Weidong	Changzhou Sangdichuan Agricultural Development Company	Executive director	2021	

3. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure for remuneration	According to the Company's performance appraisal management, related regulations and the stipulations of the Remuneration and Performance Appraisal Committee of the Board of Directors.
Basis for determining remuneration	According to the remuneration level in the industry, the Company's business performance, job responsibilities, etc., and in accordance with the work plan made by the Board of Directors at the beginning of the year, in combination with individual's work performance and other qualitative and quantitative indicators.
Actual payment	Paying in accordance with the annual performance of the Company, the work performance of senior managers and management ability, etc.

Total remuneration during the reporting period	Totally paid RMB 8.27 million to board directors, supervisory board directors and senior managers.
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4. Changes in directors, supervisors and senior management

Name	Post	Change	Reason
Qiu Jiahui	Board director	Election	General election
Qiu Jiahui	President	Appointment	General election
Wang Xueqiang	Vice President	Appointment	General election
Di Guo	Vice President	Appointment	General election
ZUO XIAOLEI	Independent director	Election	General election
Jiang Yan	Independent director	Election	General election
Zhang Shuyi	Independent director	Election	General election
Wang Zhe	Independent director	Outgoing	General election
Hu Jianmin	Independent director	Outgoing	General election
Liu Huan	Independent director	Outgoing	General election
Ding Yunfeng	Board director	Outgoing	General election
Ding Yunfeng	President	Outgoing	General election
Wang Zhenyong	Vice President	Outgoing	General election
Qiu Jiahui	Vice President	Outgoing	General election

IV. Board meetings held in 2021

Meeting	Date	Resolution
The 19th meeting of the 6th session of Board of Directors	Jan. 15, 2021	No. 2021-001 announcement--meeting resolution
The 1st meeting of the 7th session of Board of Directors	Feb. 1, 2021	No. 2021-008 announcement --meeting resolution
The 2nd meeting of the 7th session of Board of Directors	Mar. 29, 2021	No. 2021--018 announcement --meeting resolution
The 3rd meeting of the 7th session of Board of Directors	Apr. 20, 2021	No. 2021-037 announcement --meeting resolution
The 4th meeting of the 7th session of Board of Directors	May 6, 2021	No. 2021-045 announcement -meeting resolution
The 5th meeting of the 7th session of Board of Directors	May 10, 2021	No. 2021-046 announcement --meeting resolution
The 6th meeting of the 7th session of Board of Directors	Jun. 30, 2021	No. 2021-056 announcement --meeting resolution
The 7th meeting of the 7th session of Board of Directors	Aug. 27, 2021	No. 2021-076 announcement --meeting resolution
The 8th meeting of the 7th session of Board of Directors	Oct. 27, 2021	2021 Third Quarter Report
The 9th meeting of the 7th session of Board of Directors	Nov. 30, 2021	No. 2021-096 announcement

V. Performance of duties of directors

1. Circumstance of attending board meeting and shareholders' meeting

Name	Independent director or not	Attendance of Board Meeting						Shareholders' Meeting
		Number of board meetings required to attend in 2021	Physical presence	Via Tele-communi	Via proxy	Number of absences	Whether continually fail to physically attend the meeting two times	Number of shareholders' meeting attended
Jin Weidong	no	10	10	6	0	0	no	2
Qiu Jiahui	no	9	9	3	0	0	no	3
Jacobus Johannes de Heus	no	10	10	10	0	0	no	0
Shao Caimei	no	10	10	6	0	0	no	2
Zhang Wenliang	no	10	10	6	0	0	no	2
Zhao Xin	no	10	10	2	0	0	no	4
ZUO XIAOLEI	yes	9	9	8	0	0	no	1
Jiang Yan	yes	9	9	8	0	0	no	1
Zhang Shuyi	yes	9	9	5	0	0	no	3
Ding Yunfeng	no	1	1	0	0	0	no	1
Hu Jianmin	yes	1	1	0	0	0	no	1
Liu Huan	yes	1	1	1	0	0	no	0
Wang Zhe	yes	1	1	1	0	0	no	0

Number of board meetings held in 2021	10
Including on-site meeting	0
Number of meetings held via telecommunication	2
Number of meetings held via on-site meeting and telecommunication	8

VI. Circumstance of Special Committee of Board of Directors

1. Member of each committee

Committee	Member
Audit committee	Jiang Yan(head), ZUO XIAOLEI, Zhang Wenliang
Nominating committee	ZUO XIAOLEI(head), Zhang Shuyi, Shao Caimei
Compensation and appraisal committee	Zhang Shuyi(head), Jiang Yan, Zhao Xin
Strategy committee	Jin Weidong(head), Jacobus Johannes de Heus, Qiu Jiahui, Zhang Wenliang, ZUO XIAOLEI

2. Meetings held by the audit committee

Date	Agenda	Important comments and suggestions	Other circumstance
Mar. 26, 2021	To deliberate 2020 annual report, renewing contract with accounting firm, 2020 audit committee performance report, 2020 internal control evaluation report and	After full communication and discussion, all the proposals were unanimously approved	Non

	other proposals		
Apr. 17, 2021	To deliberate 2021 First Quarter Report	After full communication and discussion, all the proposals were unanimously approved	Non
Aug. 25, 2021	To deliberate 2021 Interim Report	After full communication and discussion, all the proposals were unanimously approved	Non
Oct. 25, 2021	To deliberate 2021 Third Quarter Report	After full communication and discussion, all the proposals were unanimously approved	Non

3. Meetings held by the nominating committee

Date	Agenda	Important comments and suggestions	Other circumstance
Jan. 29, 2021	Deliberating the proposal on the election of the Chairman of the Board of Directors for the seventh term, the election of members and head of the committees of the Board of Directors, the appointment of senior management personnel of the Company	After full communication and discussion, all the proposals were unanimously approved	Non

4. Meetings held by the compensation and appraisal committee

Date	Agenda	Important comments and suggestions	Other circumstance
Mar. 26, 2021	Deliberating the compensation plan for the board directors and senior executives, unlocking restricted shares after achieving the performance objective of the second lock-up period disclosed in 2018 Restricted Stock Incentive Plan	After full communication and discussion, all the proposals were unanimously approved	Non

5. Meetings held by the strategy committee

Date	Agenda	Important comments	Other circumstance
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		and suggestions	
Jun. 28, 2021	Deliberating proposals about issuing convertible bonds	After full communication and discussion, all the proposals were unanimously approved	Non

VII. Employees of the Parent Company and Major Subsidiaries

1. Headcount

Full time employee of parent company	262
Full time employee of major subsidiaries	7,576
Total full-time employees	7,838
The number of retired employees whose expenses are borne by the parent company and major subsidiaries	10
Functions	
Line	Employees
Production	2,992
Sales	2,581
Technology	818
Finance	400
Administration	1,047
Total	7,838
Educational backgrounds	
Educational background	Employees
Master's degree and above	434
Bachelor's degree	2,623
Junior college	2,391
Below junior college	2,390
Total	7,838

2. Remuneration policy

Wellhope always follows the human resource strategy of providing a fair, just and merit-based environment for rewarding employees, builds a comprehensive compensation incentive system that includes salary policy, appointment management, long-term incentive and welfare protection, continuously improves and innovates the incentive mechanism, and excavates the ego-enhancement drive of employees and improves their satisfactions.

In 2021, the Company revised the compensation management measures, optimized the compensation management-control mode, clarified the compensation management mode of key managers, whilst continued to promote the implementation of broadband compensation in some business sectors and regions, and strengthened the investigation of the compensation system of several benchmark enterprises. Under the backdrop of downward pig raising industry, the Company guaranteed the compensation and welfare of employees who work in pig raising subsidiaries, and attracted excellent talents by stable salary policies. The Company also constantly revised the Administrative Measures on Promotion to select more outstanding managers through scientific promotion system, as well as

providing more challenging tasks to motivate employees.

Moreover, the Company has been paying close attention to the long-term incentives for outstanding employees. In 2018, 372 key managers were granted restricted shares, they signed performance agreements with the Company, and they could unlock the restricted shares according to the results of working performance. By doing this, it can fully mobilize the enthusiasm and sense of ownership of key talents and promote the rapid development of all business sectors. In 2020 and 2021, these motivated managers successfully unlocked part of their restricted shares. Furthermore, the Company repurchased 20.9566 million shares through centralized bidding in 2021, paying RMB 200 million in total, the repurchased shares will be used to implement employee stock ownership plans or equity incentive plans.

In addition, the Company, in accordance with national laws and regulations, offers staff social insurances and housing fund. Besides, it also provides other welfare, such as commercial insurance and annual physical examination to benefit employees and their families, also enriches their benefits through employee in-store purchase festival, Wings of Love charitable foundation and other ways to share internal resource and improve satisfaction.

3. Training plan

Led by strategic goals and human resource strategy, the Company gave full play to the advantages of its training system accumulated over the years, and further strengthened the three-level training system in 2021, constantly improved the training management system that matches the Company's strategy and the strategy of each business segment, focusing on key areas, being pragmatic and efficient.

A. Continuously improving the training system to make progress

All business sectors of the Company jointly implemented hierarchical echelon talent training plan, including high-level trainings, middle management training camp, sales backbone training camp, new employee training project, etc., which covered senior executives, general managers, middle managers and key employees. At the same time, it optimized and innovated new employee training, strengthened three-level training mode supported by head office, business regions and subsidiary, also heightened the new employee training process and implementation effect, which was more suitable for new employees.

B. Further developing the training courses to boost up business development

During the report period, the Company strengthened course development and promotion management, launched management measures to improve the effectiveness of the online college platform, and significantly improved learning enthusiasm and effectiveness through a variety of forms such as weekly class, 727 course development project, video, internal trainer incentive, and bi-monthly tracking management. There were 187 new courses updated in Wellhope Net Institute in 2021, with an average of 14.7 hours of study. At the same time, the Company used live coverage to train managers, which could unify thoughts, reach a consensus and rapidly output task list. Thereafter, by using three level

meeting and task list tracking to mine outstanding cases, common problems, summarize experience and promote.

4. Labor outsourcing

The total number of working hours	5,165,029
Total amount of remuneration paid for outsourcing	RMB 101,032,125.07

VIII. Common Stock Profit Distribution or Capital Reserve Converted into Share Capital

1. Cash dividend

Driven by the goal of realizing long-term and sustainable development, the Company has established a sustainable, stable and scientific profit distribution system for investors based on considering its actual operation, shareholders' need, social factors such as capital costs, external financing environment, current and future profitability, cash flow, project investment and capital demand, bank credit and debt financing environment, etc.

The Company held the 2nd meeting of the 7th Session of Board of Directors to formulate and deliberate the Shareholders' Dividend Plan for the Next Three Years (2020-2022), which had been approved its 2020 Annual Shareholders' Meeting. At least every three years, the Company re-reviews its Shareholders' Dividend Return Plan for the Next Three Years to evaluate on-going profit distribution policy and make necessary modifications according to the opinions of shareholders (especially non-controlling shareholders), independent directors and supervisors, and determines the Shareholders' Dividend Plan for that period.

During the reporting period, according to the Proposal of 2020 Profit Distribution Plan approved by 2020 Annual Shareholders' Meeting on April 20, 2021: based on the total share capital on the equity registration date, the Company paid cash dividends of RMB 2.20 per 10 shares (tax included) to all shareholders, amounted to RMB 202,831,243.12. The dividends had been paid in June 2021.

The 2021 profit distribution plan will be: In 2021, the Company will not pay dividend, issue bonus share, convert reserved funds into capital stock, and undistributed profits will be carried forward to the next year. According to the Share Repurchase Rules for Listed Companies issued by the CSRC, RMB 200,003,612.37 paid by the Company for repurchasing its shares could be regarded as cash dividend. This profit distribution plan is pending to be submitted to 2021 Annual Shareholders' Meeting.

IX. Employee Equity Incentive Plan, Stock Ownership Plan or Other Incentive Measures and Impacts

Overview	Query URLs
<p>On March 29, 2021, Wellhope's 2nd meeting of the 7th Session of Board of Directors and the 2nd meeting of the 7th Session of Supervisory Board approved the proposals of Unlocking Restricted Shares after Achieving the Performance Objective Stated in the Second Lock-Up period of 2018 Restricted Stock Incentive Plan, Adjusting the Repurchase Price of Restricted Shares, Repurchasing and Writing off Part of Locked Restricted Shares.</p> <ol style="list-style-type: none"> 364 managers could totally unlock 4.26 million restricted shares. As Wellhope had paid cash dividends in 2019 and 2020, the repurchase price of per restricted share had been adjusted as RMB 4.45 per share. In view of 3 managers (Sun Zhumin, Zhang Weili, Zhao Chunxi) leaving the Company, they were no longer eligible for the incentive rules. 10 managers did not meet the conditions of unlocking restricted shares due to their work performance appraisal, 99,700 shares held by these 10 individuals would be repurchased and written off by the Company. 	<p>Details can be obtained at www.sse.com.cn, announcements disclosed on March 31, 2021, No.2021-018, 2021-019, 2021-024, 2021-025, 2021-026</p>
<p>On April 6, 2021, Wellhope disclosed the announcement of Listing and Circulation of Restricted Shares in the Second Lockup Period, 4.25 million restricted shares could be traded on April 9, 2021</p>	<p>Details can be obtained at www.sse.com.cn, announcement disclosed on April 6, 2021, No. 2021-033</p>
<p>On May 17, 2021, Wellhope disclosed the announcement of the Implementation of Repurchasing and Writing off Part of Restricted Shares. 99,700 shares held by 13 individuals had been repurchased and written off by the Company. On May 19, 2021, these shares were written off.</p>	<p>Details can be obtained at www.sse.com.cn, announcement disclosed on May 17, 2021, No. 2021-050</p>

X. Internal Control System Construction and Implementation

Wellhope will disclose the evaluation report of internal control when discloses 2021 Annual Report. Details, please refer to the website of Shanghai Stock Exchange (<http://www.sse.com.cn>).

XI. Management and Control of Subsidiaries during the Reporting Period

The Company implemented internal control management on its subsidiaries in strict accordance with relevant provisions of laws and regulations. By managing subsidiaries' operation, human resource, finance, internal audit, information disclosure, investment and financing, business assessment and other management measures, the Company controlled the risk of subsidiaries. Each subsidiary uniformly implemented the standards and regulations issued by the Company, and established business plans and risk management procedures according to the Company's overall development strategic planning and annual business plan. Each subsidiary, in accordance with major event reporting

regulations and review procedures, timely reported major business and financial events to the responsible person of the Company, and reported major events to the Company's board of directors or shareholders' meeting. During the reporting period, the subsidiaries operated stably, the Company has no major defects in the management and control of the subsidiaries, and the internal control of the subsidiaries have been effectively implemented.

XII. Explanation of Audit Report for Internal Control

SuyaJincheng CPA LLP issued the Audit Report, put forward that Wellhope has maintained effective internal control over financial reports in all major aspects on December 31, 2021 in accordance with relevant regulations. Details please refer to the website of Shanghai Stock Exchange (<http://www.sse.com.cn>).

XIII. Circumstance of Rectification regarding Self-inspection on Corporate Governance

According to the self-inspection list of public companies' governance issued by the China Securities Regulatory Commission at the end of 2020, from January to April 2021, the Company inspected its corporate governance. Through self-inspection, the Company has established a relatively complete and reasonable corporate governance structure and internal control system in accordance with relevant laws, regulations and rules such as the Company Law, the Governance Standards for Listed Companies, etc. Through the inspection, the Company found that the responsibility assigning mechanism has not been established, then the Company actively implement rectification measures by revising Related Party Transaction Management Regulation, and supplemented the responsibility assigning mechanism. The company will, in accordance with the provisions of laws and regulations, further improve the management of board of directors, supervisory board and shareholders' meeting, strengthen the management of corporate governance and internal control, continuously improve the operation of public companies.

Section V Environment and Social Responsibility

I. Environment information

1. Information of pollutant-discharging subsidiaries disclosed

Puyang Wellhope Food Company (hereinafter referred to as "Puyang Wellhope"), a subsidiary of Wellhope, has been listed as the company with pollution discharging of Puyang City. Dalian Zhongjia Wellhope Food Company (hereinafter referred to as "Zhongjia Food") and Dalian Huakang Xinxin Food Company (hereinafter referred to as "Dalian Huakang"), subsidiaries of Wellhope, have been listed as the company with pollution discharging of Dalian City. Kaifeng Wellhope Meat Food Company (hereinafter referred to as "Kaifeng Wellhope"), a subsidiary of Wellhope, has been listed as the company with pollution discharging of Kaifeng City. Shenyang Huakang Broiler Company (hereinafter referred to as "Shenyang Huakang"), a subsidiary of Wellhope, has been listed as the company with pollution discharging of Shenyang City. Pingyuan Wellhope Food Processing Company (hereinafter referred to as "Pingyuan Wellhope"), a subsidiary of Wellhope, has been listed as the company with pollution discharging of Handan City. Changchun Wellhope Food Company (hereinafter referred to as "Changchun Wellhope"), a subsidiary of Wellhope, has been listed as the company with pollution discharging of Changchun City. Chifeng Wellhope Fuxinyuan Food Company (hereinafter referred to as "Chifeng Wellhope"), a subsidiary of Wellhope, has been listed as the company with pollution discharging of Chifeng City. Shandong Heyuan Food Company (hereinafter referred to as "Shandong Heyuan"), a subsidiary of Wellhope, has been listed as the company with pollution discharging of Weihai City. Dunhua Fengda Agriculture and Animal Husbandry Development Company (hereinafter referred to as "Dunhua Fengda"), a subsidiary of Wellhope, has been listed as the company with pollution discharging of Dunhua City. Daqing Wellhope Food Company (hereinafter referred to as "Daqing Wellhope"), a subsidiary of Wellhope, has been listed as the company with pollution discharging of Daqing City.

Details are presented as follows.

Company	Primary pollutants	Way of discharge	Number of discharge outlet	Distribution of outlets	Emission concentration	Pollutant discharge standards	Total amount of discharge	Total approved emissions	Whether discharge excessive pollutants
Puyang Wellhope	Waste water (COD, ammonia nitrogen, total phosphorus, PH, suspended solids, biochemical oxygen demand, animal and plant oil, total coliform, total nitrogen). Waste gas (SO ₂ , nitric oxide, particulate matter)	Waste gas—direct discharge after treatment, waste water--indirect discharge	1 outlet for waste gas, 1 for waste water	1 waste water emission outlet located in the southeast corner of the sewage monitoring station, 1 waste gas exhaust outlet distributed in the boiler room in the northeast corner of the factory	COD--40.253mg/L, ammonia nitrogen --3.582mg/L, total phosphorus --0.417mg/L, total nitrogen --15.855mg/L, SO ₂ --0mg/ m ³ , nitric oxide --22mg/ m ³ , particulate matter --2.1mg/ m ³	Discharge Standard of Water Pollutants for Meat Processing Industry (GB 13457-1992). Boiler Air Pollutant Emission Standard (GB 13271-2014)	COD--11.381t/a, ammonia nitrogen --1.013t/a	COD--15.58t/a, ammonia nitrogen --2.95t/a	No
Zhongjia Food	Waste water (COD, ammonia nitrogen, total phosphorus, PH, suspended solids, biochemical oxygen demand, total nitrogen). Waste gas (SO ₂ , nitric oxide, particulate matter)	Waste gas—direct discharge after treatment, waste water--access to sewage works	1 outlet for waste gas, 1 for waste water	Waste water enters the sewage plant through the pump; the exhaust gas outlet is distributed in the boiler house on the north side of the company	COD--41.35mg/L, ammonia nitrogen--1.98mg/L, total nitrogen--21.46mg/L, total phosphorus-- 2.64mg/L, PH--7.27, particulate matter--22.9mg/m ³ , sulfur dioxide--209mg/m ³ , nitric oxide--132mg/m ³	Comprehensive Wastewater Discharge Standard of Liaoning Province (GB 21/1627-2008). Boiler Air Pollutant Emission Standard (GB 13271-2014)	Simplified management, no emissions	Non	No
Dalian Huakang	Waste water (COD, ammonia nitrogen, total phosphorus, PH, suspended solids, total nitrogen). Waste gas (SO ₂ , nitric oxide, particulate matter)	Waste water--put into the pipe network after treatment, waste gas—direct discharge	1 outlet for waste gas, 1 for waste water	Wastewater discharge outlet is distributed in the southeast corner of the company's sewage treatment	COD--300mg/L, ammonia nitrogen--30mg/L, total phosphorus--5mg/L, total nitrogen--50mg/L	Comprehensive Wastewater Discharge Standard of Liaoning Province (GB 21/1627-2008). Boiler Air Pollutant Emission Standard (GB 13271-2014)	Waste water enter the pipe network, no discharge. Using of biomass boiler, no exhaust emissions	Non	No

				workshop; exhaust gas outlet is located on the roof of the company's boiler house					
Kaifeng Wellhope	Waste water (COD, ammonia nitrogen, total phosphorus, PH, suspended solids, biochemical oxygen demand, animal and plant oil, total coliform, total nitrogen)	Waste water— indirect discharge	1 outlet for waste water, 1 for waste water	Wastewater discharge outlet is distributed in the northeast corner of the company's sewage monitoring infrastructure station	COD--43mg/L, ammonia nitrogen--6.5mg/L, total phosphorus-1.17mg/L sulfuretted hydrogen—1.45mg/m3, ammonia—1.86mg/m3	Level 2 standard of Discharge Standard of Water Pollutants for Meat Processing Industry (GB 13457-1992)	COD--3.43t/a, ammonia nitrogen--0.77t/a	COD--3.6t/a, ammonia nitrogen--0.79t/a	No
Shenyang Huakang	Waste water (coliform group, 5 days biochemical oxygen demand, suspended matter, animal and plant oil, ammonia nitrogen, PH, chemical oxygen demand, total phosphorus). Waste gas (particulate matter, sulfur dioxide, nitrogen oxides, smoke blackness, mercury and its compounds)	Waste gas—direct discharge after treatment, waste water-- put into the municipal pipe network after treatment	1 outlet for waste gas, 1 for waste water	Wastewater discharge outlet is distributed in the southeast corner of the company's sewage monitoring base station. The exhaust gas outlet is located at the boiler house in the northeast corner of the company	COD--40mg/m3, suspended matter--8mg/m3, ammonia nitrogen--25.915mg/m3, 5 days biochemical oxygen demand--4.3mg/m3, total phosphorus--4.05mg/m3, animal and plant oil--5.33mg/m3, particulate matter--26.9mg/m3, sulfur dioxide--9mg/m3, nitrogen oxides--133mg/m3, mercury and its compounds<0.003ug/m3, ringelman emittance<level 1	Discharge Standard of Water Pollutants for Meat Processing Industry (GB 13457-1992). Comprehensive Wastewater Discharge Standard (GB 21/1627-2008). Boiler Air Pollutant Emission Standard (GB 13271-2014) Integrated Emission Standard of Air Pollutants (GB 16297-1996). Emission Standards for Odor Pollutants (GB 14554-92)	COD--6.5556t/a, ammonia nitrogen--0.984t/a	COD--84t/a, ammonia nitrogen--13.44t/a	No
Pingyuan Wellhope	Waste water (COD, ammonia nitrogen, total phosphorus, PH, suspended matter, biochemical oxygen	Waste gas—direct discharge via natural gas boiler,	6 outlets for waste gas, 1 for waste water	Wastewater discharge outlet is distributed in the north of	ammonia nitrogen--20mg/L, COD--100mg/L, biochemical oxygen demand-60mg/L PH--6-9,	Discharge Standard of Water Pollutants for Meat Processing Industry (GB 13457-1992) and inlet water quality requirements of Linzhang County. Boiler Air Pollutant Emission Standard (GB	COD--15t/a, ammonia nitrogen--3t/a, SO2--0t/a, nitric oxide--0.9t/a	COD--74.488t/a, ammonia nitrogen--7.104t/a, SO2--3.395t/a, nitric oxide--3.789t/a	No

	demand, animal and plant oil, total coliform group, total nitrogen). Waste gas (SO ₂ , nitric oxide, particulate matter)	waste water—indirect discharge		the company sewage monitoring base station house, the exhaust gas outlets are distributed in the boiler house on the east side of the company	suspended matter--200mg/L, animal and plant oil--20mg/L, SO ₂ --0mg/Lm ³ , nitric oxide--21mg/Lm ³ , particulate matter--2.8mg/Lm ³ , smoke-2.0mg/m ³ , odor-2000 sulfuretted hydrogen-0.06mg/m ³ , ammonia-1.5mg/m ³	13271-2014)			
Changchun Wellhope	Waste water (COD, ammonia nitrogen, total phosphorus, PH, suspended matter, biochemical oxygen demand, total nitrogen).	Waste water--discharge after entering the sewage treatment station	1 outlet for waste water	Wastewater discharge outlet is distributed in the company's sewage monitoring station	COD--14mg/L, suspended matter--8mg/L, coliform group—non, PH--7.96, ammonia nitrogen--0.587mg/L, 5 days biochemical oxygen demand--2.7mg/L, animal and plant oil--0.17mg/L	Level 2 standard of Discharge Standard of Water Pollutants for Meat Processing Industry (GB 13457-1992)	COD--3.487t/a, ammonia nitrogen--0.104t/a	COD--12.619t/a, ammonia nitrogen--2.524t/a	No
Chifeng Wellhope	Waste water (COD, ammonia nitrogen, total phosphorus, PH, suspended solids, biochemical oxygen demand, animal and plant oil, total coliform group, total nitrogen). Waste gas (SO ₂ , nitric oxide, particulate matter)	Waste water--indirect discharge	1 for waste water	Wastewater outlet is distributed in the east side of the company's sewage monitoring base station	COD--500mg/L, ammonia nitrogen--65mg/L, PH--6-9	Discharge Standard of Water Pollutants for Meat Processing Industry (GB 13457-1992). Integrated Emission Standard of Air Pollutants (GB 16297-1996). Emission Standards for Odor Pollutants (GB 14554-93). Boiler Air Pollutant Emission Standard (GB 13271-2014)	COD--0.92t/a, ammonia nitrogen--0.034t/a	COD--40.6t/a, ammonia nitrogen--6.28t/a	No
Shandong Heyuan	Waste water (chemical oxygen demand, suspended matter, coliform group, anionic surfactant, ammonia nitrogen, PH, total nitrogen, total phosphorus, PH, 5 days biochemical oxygen demand). Waste gas (particulate matter, sulfur dioxide, nitrogen oxides)	Waste water—discharge after entering the sewage treatment plant	1 outlet for waste gas, 1 for waste water	Wastewater outlet is distributed in the southeast side of the sewage pool of the company's sewage treatment station, the exhaust gas outlet is	anionic surfactant-200mg/L, PH- 6-8.5, ammonia nitrogen-45 mg/L, COD-500 mg/L, total nitrogen-70 mg/L, animal and vegetable oil-50mg/L, biochemical oxygen demand for five days-250mg/L, suspended matter-300mg/L, total phosphorus-8 mg/L, chroma-20 mg/L number of coliforms-10000 /L	Comprehensive Discharge Standard for Water Pollutants in Peninsula Watershed of Shandong Province (DB37/676-2007). Emission Standard for Air Pollutants from Boilers (DB 37/2374-2018)	COD--192.8t/a, ammonia nitrogen--17.35t/a, total nitrogen-27t/a	COD--1485t/a, ammonia nitrogen -133.65t/a total nitrogen-207.9t/a	No

				distributed in the boiler house on the northwest side of the company					
Dunhua Fengda	Wastewater (COD, ammonia nitrogen, total phosphorus, total nitrogen, PH, suspended matter, biochemical oxygen demand, animal and vegetable oils, total coliform bacteria), waste gas (SO ₂ , nitrogen oxide, particulate matter, smoke blackness)	Waste gas—direct discharge after treatment, waste water—discharge after entering the sewage treatment plant	1 outlet for waste gas, 1 for waste water	The waste gas outlet is located at the boiler room on the southeast side of the plant. The waste water outlet is located on the north side of the cesspool of the company's wastewater treatment station	COD-100 mg/L, ammonia nitrogen-20 mg/L, PH-6-8.5 animal and vegetable oil-20mg/L, biochemical oxygen demand for five days-40mg/L, suspended matter-100mg/L, number of coliforms- 10000 /L, SO ₂ -300 mg/m ³ , nitrogen oxide-300mg/m ³ , particulate matter-50mg/m ³	Discharge Standard of Water Pollutants for Meat Processing Industry (GB 13457-1992). Boiler Air Pollutant Emission Standard (GB 13271-2014). Emission Standards for Odor Pollutants (GB 14554-93) Integrated Emission Standard of Air Pollutants (GB 16297-1996).	COD-37.8t/a, ammonia nitrogen-7.56t/a	No	No
Daqing Wellhope	Waste water (COD, ammonia nitrogen, PH, total soluble solids (salt), flow, biochemical oxygen demand for five days, suspended matter, total nitrogen, total phosphorus, animal and plant oil, fecal coliform count, anionic surfactant), waste gas (particles, SO ₂ , NO _x , smoke blackness, hydrogen sulfide, ammonia, odor concentration, lampblack, mercury and its compounds)	Waste gas—direct discharge after treatment, waste water—discharge after entering the sewage treatment plant	1 outlet for waste gas, 1 for waste water	The waste gas outlet and waste water outlet are located on the north side of the plant	COD-80 mg/L, biochemical oxygen demand for 5 days-15mg/L, suspended matter-50mg/L, ammonia nitrogen-12 mg/L, animal and vegetable oil-5mg/L, PH-6-8.5 total phosphorus-0.5 mg/L, number of coliforms-10000 /L anionic surfactant-3mg/L total nitrogen- 16 mg/L particulate matter-50mg/Nm ³ nitrogen oxide-300mg/Nm ³ sulfur dioxide-300mg/Nm ³ mercury and its compounds-0.05/Nm ³	Discharge Standard of Water Pollutants for Meat Processing Industry (GB 13457-1992). Boiler Air Pollutant Emission Standard (GB 13271-2014). Emission Standards for Odor Pollutants (GB 14554-93)	particulate matter-0.51t/a, SO ₂ -2.45t/a, NO _x -3.06t/a, COD-56t/a, ammonia nitrogen- 8.4t/a	No	No

2. Circumstance of building and operating pollution control facilities

Puyang Wellhope

a. Sewage treatment: Puyang Wellhope has a 2,000-tons-per-day sewage treatment station, which adopts the treatment process of "pretreatment-oil separation-A2O-disinfection" to treat the wastewater. Its environmental protection facilities are running normally, and the pollutant emission indexes all meet the required standards.

b. Waste gas treatment: Gas generated by the waste water pool of the sewage treatment station is collected and purified by alkali washing tower and activated carbon adsorption and then discharged through the 25-meter-high chimney in accordance with related standard. The waste gas of the slaughtering shed and broiler suspension platform can be collected and treated by alkali washing tower and activated carbon adsorption and purification. After that, the waste gas can be discharged through the 15-meter-high chimney. The traditional coal-fired boilers are replaced by gas-fired boilers, and the company carried out low nitrogen upgrading, all kinds of pollutants meet the emission standards.

Kaifeng Wellhope

a. Sewage treatment: Kaifeng Wellhope has a 1,500-tons-per-day sewage treatment station, which adopts the treatment process of "air floatation-A2O" to treat the wastewater. Its environmental protection facilities are running normally, and the pollutant emission indexes all meet required standards.

b. Waste gas treatment: The gas produced by the waste water tank of the sewage treatment station is collected by the waste gas collection device and purified by water spraying plus UV photolysis, then absorbed by activated carbon through a 15-meter high exhaust cylinder.

Zhongjia Food

a. Sewage treatment: Zhongjia Food has a 1,200-tons-per-day sewage treatment station, which adopts the treatment process of "mechanical barrier-oil separator-regulation pool-hydrolysis pool- catalytic oxidation pool-sedimentation pool-sand filter" to treat the wastewater.

b. Waste gas treatment: Dedusting smoke and dust by wet method and conducting desulfurization by magnesium oxide. Discharging gas by a 25-meter-high chimney to effectively met related standards.

Shenyang Huakang

Sewage treatment: Shenyang Huakang has a 2,220-tons-per-day sewage treatment station, which adopts the treatment process of "pretreatment-oil separation-A2O-secondary sedimentation tank-flocculation dephosphorization sedimentation tank (advanced treatment process)" to treat wastewater. Its environmental protection facilities are running normally, and the pollutant emission indexes have reached all required standards.

Dalian Huakang

a. Sewage treatment: Dalian Huakang has a 1,500-tons-per-day sewage treatment station that adopts the treatment process of "mechanical barrier-oil separator-regulation pool-air flotation-hydrolysis

pool-A2O-sedimentation pool-advanced treatment pool-clean water pool", which can achieve required standards.

b. Waste gas treatment: Dedusting the smoke and dust by wet method and conducting desulfurization by magnesium oxide, then discharging gas by a 36-meter-high chimney. Gas emission meet all required standards.

Pingyuan Wellhope

a. Sewage treatment: Pingyuan Wellhope has a 1,000-tons-per-day sewage treatment station, which adopts AO treatment process to dispose wastewater. Its environmental protection facilities are running normally, and the pollutant emission indexes have reached all required standards.

b. Waste gas treatment: Gas generated by the waste water pool of the sewage treatment station is collected and purified by activated carbon adsorption and then discharged through the 15-meter-high chimney. The traditional coal-fired boilers are replaced by gas-fired boilers with low carbon, all kinds of pollutants meet the emission standards. Discharging gas by a 12-meter-high chimney.

Changchun Wellhope

Sewage treatment: Changchun Wellhope has a 1,000-tons-per-day sewage treatment station, which adopts the treatment process of "air flotation-A2O" to dispose wastewater. Its environmental protection facilities are running normally, and the pollutant emission indexes have reached all required standards.

Chifeng Wellhope

Wastewater treatment: Chifeng Wellhope has a 2,400-tons-per-day sewage treatment station, which adopts the treatment process of A²O. The equipment and facilities are running normally, which can automatically monitor the COD, ammonia nitrogen, PH and flow of wastewater discharge, and it is networked with the Municipal Natural Environmental Protection Bureau. The company has also constructed a biogas project with a daily output of 8,000 m³, which can ferment waste water and manure, etc., marsh gas can be used for boiler production, biogas residue and slurry used as fertilizer to grain.

Shandong Heyuan

a. Sewage treatment: Shandong Heyuan has a 2,000-tons-per-day sewage treatment station, which adopts AO treatment process to dispose wastewater. Its environmental protection facilities are running normally, and the pollutant emission indexes have reached all required standards.

b. Waste gas treatment: Gas generated by the waste water pool of the sewage treatment station is collected and purified by activated carbon adsorption and then discharged through the 15-meter-high chimney. The traditional coal-fired boilers are replaced by gas-fired boilers, all kinds of pollutants meet the emission standards, which discharge gas by a 10-meter-high chimney.

Dunhua Fengda

a. Sewage treatment: Dunhua Fengda has an 800-tons-per-day sewage treatment station, which

adopts the treatment process of air flotation plus A2O to treat the wastewater produced by the company. Its environmental protection facilities are running normally, and the pollutant emission indexes have reached all required standards.

b. Waste gas treatment: The gas produced by the boiler is discharged through a 20-meter high chimney after dust removal by cloth bags. The traditional coal-fired boilers are replaced by gas-fired boilers, all kinds of pollutants meet the emission standards, which discharge gas by a 20-meter-high chimney.

Daqing Wellhope

a. Sewage treatment: Daqing Wellhope has a 500-tons-per-day sewage treatment station, which adopts the treatment process of A2O to treat the wastewater and discharge to the sewage treatment plant.

b. Waste gas treatment: the company has a biomass boiler, the waste gas is removed by cloth bag and multi-tube ceramic dust collector, then discharged by exhaust funnel. All kinds of pollutants meet the emission standards.

3. Environmental impact assessment of construction projects and other administrative permits for environmental protection

During the reporting period, all the construction projects of the Company met the requirements of environmental impact assessment and other environmental protection administrative licenses. The Company has strictly implemented related environmental protection requirements.

4. Emergency plan for environmental incident

According to the requirements of environmental protection authorities and relevant laws and regulations, each factory of the Company has identified the site with potential environmental risk and formulated the emergency plans for environmental incident. Meanwhile, related companies conducted emergency exercises to improve self-rescue ability and continued to identify the hidden danger to ensure normal operations.

5. Self-monitoring program for environment

In accordance with requirements of self-monitoring environment and information disclosure, the pollutant discharging entities of the Company have formulated self-monitoring programs to monitor environment and disclose information as scheduled.

6. Administrative penalties imposed for environmental issues in 2021

Dalian Huakang Xinxin Food Company expanded broiler slaughtering project in August 2017 to November 2018, the project has completed supporting pollution prevention facilities. In order to quickly meet customer demand, this project was put into production without formal acceptance. On April 22, 2021, it received a penalty decision from Dalian Ecological Environment Bureau, the company was imposed a fine of RMB 300,000. After receiving the penalty decision, the company paid the fine at the first time and actively rectified the situation, now the project has completed the acceptance.

7. Description of environmental protection of other subsidiaries

A. Administrative penalties for environmental problems

Beijing Helai Sci-Tech Company received an administrative penalty decision letter from Beijing Daxing Ecological Environment Bureau on April 30, 2021 for failing to register 5 internal combustion counterbalanced forklifts with information code in a timely manner, imposing a fine of RMB 5,000 yuan per forklift, totaling RMB 25,000,000 yuan.

Hebei Hetai Livestock Breeding Company received an administrative penalty decision letter from Shijiazhuang Ecological Environment Bureau on June 16, 2021 for discharging livestock and poultry breeding waste into the environment without effective treatment, imposing a fine of RMB 35,000 yuan on the company.

Henan Wellhope Agri-Tech Company received a penalty decision letter from Kaifeng Ecological Environment Bureau on April 22, 2021 for failing to truthfully record the hazardous waste ledger, imposing an administrative penalty of ordering corrections and a fine of RMB 100,000 yuan on the company.

Fuyu Wellhope Agri-Tech Company received an administrative penalty decision letter from Fuyu City Emergency Management Bureau on November 25, 2021 for failing to set obvious safety warning signs in the sewage treatment pond, imposing a fine of RMB 5,000 yuan on the company.

Beijing Helai Sci-Tech Company received an administrative penalty decision letter from Beijing Daxing District Ecological Environment Bureau on November 10, 2021, imposing a fine of RMB 180,000 yuan on the company for exceeding some indicators of domestic wastewater testing.

The above-mentioned companies started rectification and paid the fine at the first time. In the meantime, comprehensively reviewed and standardized the management related to environmental protection. The Company will strictly implement environmental protection initiatives in accordance with relevant national policies to avoid the recurrence of such incidents.

B. Information that is conducive to protecting the ecology, preventing pollution, and fulfilling environmental responsibility

In 2021, the Company strengthened environmental management in its daily operations, built new pollution prevention projects to effectively fulfill the responsibility of corporate entities to protect the environment. The Company and its holding subsidiaries have made efforts to protect the ecology and prevent pollution in the areas of animal raising, slaughtering and food processing. In terms of preventing water pollution, the sewage treatment station of the Company's broiler slaughtering plant's is designed to meet all the standards, which operated stably throughout the year to meet the discharge standards and ensure the water environment. In terms of preventing air pollution, the slaughtering plants use biomass boilers and natural gas boilers that produce significantly less carbon oxides and nitrogen oxides than other fuels and do not require desulfurization and denitrification technologies, which can fully guarantee the emission of standards. In terms of preventing the pollution of animal

raising waste emission, the Company's broiler raising subsidiaries built the project of organic fertilizer making by aerobic fermentation of broiler manure in 2021, which can transform agricultural farming waste into efficient organic fertilizer quickly and conveniently through modern biotechnology, so that agricultural farming waste can be resourcefully utilized to realize the recycling, high efficiency and comprehensive utilization of farming waste.

C. Measures taken to reduce carbon footprint and the result in 2021

During the reporting period, the Company focused on the source of carbon emissions and effectively reduce carbon footprint through practical measures. The Company and its holding companies use natural gas boilers, and the carbon generated by the combustion of natural gas are significantly lower than those of other fuels. At the same time, it adopts refrigeration heat recovery technology, which can recover the waste heat from the exhaust of refrigeration compressors and from oil temperature, and heat the water in the workshop and other equipment through heat exchangers, thus saving fuel, which can effectively reduce carbon footprint. In terms of equipment, the aeration fan of sewage station has been changed from Roots blower to air suspension to save 30% power and reduce the carbon generated by power generation.

II. Social responsibilities

Agriculture development is remarkably important for the development of the country. As a leading enterprise in the agricultural and sideline products processing industry, the Company is active in the upstream raw material industry, also engages in the downstream animal husbandry industry that includes animal raising, slaughtering and food processing. Thereby, the Company plays a leading role for national rural revitalization strategy and agriculture development. At the start-up period in 1995, Wellhope announced its Declaration and Mission, promising to being devoted to the development of China's animal husbandry industry through advanced technology, professional service, and high-quality products, saving resources, protecting environment, promoting food security for the benefit of people. While developing business, Wellhope also bears social responsibilities in the past years. In 2018 it further refined its core values characterized by "Integrity, Responsibility, Double-win", once again stressed the importance of social responsibilities.

1. Practicing corporate mission, undertaking social responsibilities

A. Keeping corporate responsibilities in mind, guaranteeing food safety

Wellhope, in 2018, set its long-term development objective as "being committed to becoming the world's leading enterprise across agriculture, animal husbandry and food industries, and becoming a manufacturer of safe and high-quality meat product", unswervingly pursuing the quality and safety of feed processing and food production. Wellhope's central laboratory has been equipped with advanced testing equipment and always conducted strict quality control of raw materials and products to ensure safety of feed. For the broiler business, Wellhope takes stringent control of supply, production, sale process, and through the nine unified operation mode to combine biosafety, drug residue control and

in-process hygiene to achieve traceable food safety. Meanwhile, Wellhope has always attached importance to the research and development of antibiotic-free technology, all of the feed products have been successfully transitioned to be antibiotic-free, the effect of the alternative programs has been stable with favorable feedback. In the future, Wellhope will continue to pay attention to food safety and provide safe and high-quality products with global perspectives.

B. Remembering original intention of founding Wellhope, contributing to public welfare

Wellhope has always persisted in the principle of contributing to its motherland by operating excellent businesses and giving back to the society. In 2021, the Company and its subsidiaries have made many donations to left-behind children, educational institutions and anti-pandemic projects, either directly or through the Red Cross Society and the Charity Federation. The Company actively cooperates with colleges and universities, providing scholarships and grants to encourage students to conduct scientific research and innovation in their fields, and at the same time, actively offering opportunities for college students to investigations and internship. Since the outbreak of COVID-19, Wellhope's holding and associated companies, some managers and employees, have donated funds of RMB 12 million. The Company actively resumed production to ensure the supply of meat, eggs and milk, making contributions to protect the shopping basket. In 2021, the Company was awarded the "Red Cross Society of China Dedication Medal" in recognition of its important contribution to the prevention of COVID-19. Every person is responsible for the rise and fall of the world. Over the years, Wellhope has always been committed to improving the development of China's livestock industry, supporting education and talents training, consolidating the effect of local poverty alleviation and donating to disaster areas, and fulfilling the responsibility of corporate through down-to-earth actions.

C. Constantly introducing talents, offering job opportunities to promote employment

According to the needs, the Company holds job fair and campus recruitment every year, creating job opportunities for the society while developing business. In 2021, under the grim employment situation caused by the downward pressure on the economy that influenced by COVID-19 cases and international situations, Wellhope quickly carried out online recruitment via live broadcast to offer opportunities for job seekers, it has recruited a large number of middle and junior staff from the society through variety channels, and also introduced more than 500 undergraduates, masters and doctors from several universities and provided systematic trainings to promote employment and career development of graduates.

2. Adhering to compliance management, sharing development results

A. Responsibilities to shareholders

a. Return to shareholders. In line with the principle of "sharing the results", besides carefully implementing the development strategy and continuously improving internal operation, the Company spares no efforts to return to investors. Since completing IPO in 2014, its average dividend payout ratio was 23% with accumulated cash dividends of RMB 1.049 billion. All the funds raised from IPO have

been returned to investors by cash dividends. Meanwhile, the Company repurchased its shares in 2021 to share the operating results.

b. Information disclosure complying with laws and regulations. The Company always adheres to the code of conduct of honesty and trustworthiness, and improves corporate governance to ensure the internal operation complying with laws and regulations. In strict accordance with the provisions of China Securities Regulatory Commission, Shanghai Stock Exchange and the Company's Constitution, the Company continues to voluntarily and standardize information disclosure to ensure that information disclosed is true, accurate, complete and timely. In 2021, the Company disclosed 98 extraordinary announcements and 4 periodic reports via designated media. Moreover, its annual information disclosure has been appraised as A grade by Shanghai Stock Exchange for 4 consecutive years. The Company will constantly practice the principle of honest operation and protect the legitimate rights and interests of the non-controlling shareholders.

B. Responsibilities to staff

Carrying out long-term incentive. The Company pays great attention to the long-term incentive of excellent employees. In 2018, 372 identified key managers were awarded with restricted shares, the stock could be unlocked according to the Company's operating results and individual's performance, which fully mobilized the enthusiasm of key talents and their sense of ownership, thereby promoted the rapid development of the Company's businesses. In 2020 and 2021, these managers have unlocked the restricted shares of the first and second lockup periods. At the same time, the Company repurchased 20.9566 million shares by means of centralized bidding, with a cumulative payment of RMB 200 million, and the shares will be used to implement employee stock ownership plans or equity incentive plans.

Powering career development. The Company continued to strengthen the construction of the three-level training system, fully developed and used Wellhope Network Institute and external channels, to provide employees with more time-efficient and adaptable courses and learning resources, leading the growth and value improvement of employees. In the aspect of career development, the Company has created a H-shaped dual-channel career path for employees to make every single one can choose suitable development according to their strengths or future plan, such as being a manager or expert, so as to help them fully display potential abilities and achieve career development.

Caring about employees' life. The Company has provided social assurance and additional welfare to employees and also benefits their families, also expanded the scope of welfare through internal resource sharing, and pilot flexible benefits to improve employees happiness. The Wings of Love charitable foundation, established by the Company in 2007, has been caring for employees over these years. Within 15 years, it gives certain rewards to employees' children who are admitted to the universities, encouraging employees to cultivate talents for the society. In the meantime, it also provides financial assistance to the families of employees in difficulty, helping them tide over hard time.

Moreover, every year the Company organizes different forms of activities to continuously enrich the life of employees.

3. To meet customer needs and achieve win-win goals

a. Continuously providing superior quality products. The Company conducts businesses honestly and controls product quality strictly. Through integrated operation, high-quality raw material purchasing, scientific formula design, professional quality management and intelligent production, etc., the Company has been providing superior quality products to the market, and constantly developing new products to meet the needs of customers for product safety.

b. Constantly improving technical services. Driven by the concept of progressing together with customers, the Company is dedicated to providing comprehensive technical services for farmers. In terms of animal raising, it offers farmers systematic services such as raising methods, feeding programs, disease diagnosis and latest market information, also provides them trainings and farm management solutions to improve their technology level and operation skills. In respect to African swine fever, Wellhope has vigorously built technical team to render services in terms of preventive measures and solutions to resume production, etc.

III. Circumstance of promoting and expanding achievements in poverty alleviation and rural revitalization

In 2020, China won the battle against poverty and achieved the first centenary goal. However, this is not the end but a new starting point. We need to build on what we have already achieved to revitalize rural areas and achieve industrial prosperity through the integration of primary, secondary and tertiary agricultural industries. As a leading enterprise in the processing industry of agricultural and sideline products, the Company plays a positive role in promoting the achievements of poverty alleviation and realizing rural revitalization. During the reporting period, Pingyuan Wellhope Food Processing Company, a subsidiary of the Company, undertook social responsibility by signing a capital gains agreement for rural revitalization with Rural Revitalization Bureau of Linzhang County. Pingyuan Wellhope pays RMB 1.0485 million per year for capital gains, and it promises to give priority to recruit workers from poverty-alleviation households under the same conditions if needed, creating jobs opportunities to promote the achievements of poverty alleviation and revitalize rural areas.

Section VI Important Disclosures

I. Execution of Commitment

Background of making commitment	Type of commitment	Commitment party	Content	Date of making commitment and validity	Whether there is a time limit	Whether performs strictly
Commitment relating to IPO	Handling horizontal competition	Nature person shareholders holding more than 5% of the shares	I warrant and commit that I will not directly or indirectly develop, operate or assist in the operation or participate in or engage in any activity that is competitive with the business of Wellhope, if Wellhope will increase any business scope after the date of signing this commitment, I promise to give up the business.	March 2, 2011, long-term valid	Yes	Yes
	Handling related party transaction	Legal person shareholders holding more than 5% of the shares-Heli Investment	Our company warrants and commits that our company will not directly or indirectly develop, operate or assist in the operation or participate in or engage in any activity that is competitive with the business of Wellhope, if Wellhope will increase any business scope after the date of signing this commitment, our company promises to give up the business.	March 2, 2011, long-term valid	Yes	Yes
	Other	Jin Weidong, Wang Fengjiu, Shao Caimei, Wang Zhongtao, Ding Yunfeng	The controlling shareholder Jin Weidong and persons acting in concert with him undertake that there are no false records, misleading statements or material omissions in the prospectus of IPO and its abstract, and shall bear individual and joint legal liabilities for its authenticity, accuracy and completeness.	Long-term valid	Yes	Yes
	Other	Wellhope	The Company undertakes that there are no false records, misleading statements or material omissions in the prospectus of IPO and its abstract, and it shall bear individual and joint legal liabilities for its authenticity, accuracy and completeness.	Long-term valid	Yes	Yes
Commitment relating to re-Financing	Other	The Company	Measures taken by the Company for filling dilution resulting from issuing bonds. 1. Strengthening the management of raised funds, supervising the risk of use of raised funds. 2. Promoting the core competitiveness of the company and internal control. 3. Continuously improving corporate governance for providing institutional guarantee for the company. Further improving profit distribution policy, ensuring the return to shareholders.	July 2, 2021, long-term valid	Yes	Yes
	Other	Controlling shareholder and	To ensure that the remedial measures for the dilution of immediate returns resulting from issuing bonds can be effectively implemented, the controlling	July 2, 2021, long-term valid	Yes	Yes

		actual controller	<p>shareholder and actual controller of the Company make the following commitments.</p> <p>1.I will not interfere in the operation and management activities of the Company beyond its authority, and will not encroach upon the interests of the Company.</p> <p>2.If I violate or refuse to perform the above commitments, I agree to bear the corresponding legal liabilities in accordance with the relevant regulations and rules formulated or issued by CSRC, Shanghai Stock Exchange and other securities regulatory authorities.</p> <p>3.Prior to the completion of the bond, if the regulatory authorities make other detailed provisions on the remedial measures for diluted immediate returns and its undertakings, and when the above undertakings fail to meet the detailed requirements of the regulatory authorities, I will make supplementary undertakings in accordance with the relevant provisions.</p>			
Commitment relating to re-Financing	Other	All board directors, senior managers	<p>All board directors, senior managers made the following undertakings to ensure that the remedial measures for the dilution of immediate returns resulting from issuing bonds can be effectively implemented.</p> <p>1.I will not transfer any interests to other entities or individuals without consideration or with unfair conditions, nor otherwise damage the interests of the Company.</p> <p>2.I will impose constraints on position-related consumption behavior.</p> <p>3.I will not make any investment or consumption activity irrelevant to my performance of duties using the Company's assets.</p> <p>4. I will propel to link the remuneration policy formulated by the Board or the Remuneration Committee with the implementation of the Company's remedial measures for returns.</p> <p>5. In the case that any equity incentive scheme (if any) is introduced hereafter, I will actively support to link the vesting conditions of equity incentive with the implementation of the Company's remedial measures for returns.</p> <p>6. Prior to the completion of the Bond, if the regulatory authorities make other detailed provisions on the remedial measures for diluted immediate returns and its undertakings, and when the above undertakings fail to meet the detailed requirements of the regulatory authorities, I will make supplementary undertakings in accordance with the relevant provisions.</p> <p>7. I promise following the regulations of this commitment. If I fail following the regulations which lead to any financial loss to the company or stockholders, I will take responsibility of compensation.</p> <p>8.The above commitments are my true intentions. I voluntarily accept the</p>	July 2, 2021, long-term valid	Yes	Yes

			supervision of securities regulatory authorities, self regulatory organizations and the public. If I fail to fulfill the above commitments, I will assume corresponding responsibilities in accordance with relevant laws and regulations and the requirements of regulatory authorities.			
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II. Explanation of the Company's analysis of the causes and effects of changes in accounting policies, accounting estimates or corrections of significant accounting errors

China's Ministry of Finance promulgated the Notice of Revising Accounting Standards for enterprises No. 21-Leasing on December 7, 2018. According to the requirements, the Company shall implement the new leasing standards since January 1, 2021.

The Company implemented the new leasing standard on January 1, 2021, and will disclose the financial statements in accordance with the requirements of the new leasing standard from the first quarter of 2021 without restating the comparable data at the end of 2020. This change in accounting policy is not expected to have a significant impact on the Company's financial position and operating results.

III. Accounting Firm Engaged by the Company

Unit: 10k yuan Currency: RMB

Accounting Firm (Local)	SuyaJincheng CPA LLP
Payment	110
Length of Service	11 years

	Name	Payment
Accounting Firm of Internal Control	SuyaJincheng CPA LLP	35

--Major litigation and arbitration matters
Non

IV. Statement of the Integrity of the Company, its Controlling Shareholder and Actual Controller during the Reporting Period

During the reporting period, there is no occurrence of the Company, its controlling shareholder and actual controller failing to perform the effective judgment of the court, needing to pay a large amount of unliquidated debt due.

V. Significant Related Party Transaction

1. Transactions related to daily operations

Matters do not disclose in the Company's extraordinary announcement.

Unit: 10k yuan Currency: RMB

Related Party	Relationship	Transaction type	Transaction content	Pricing principle	Transaction amount	Settlement mode
Anshan Fengsheng Food Company	Associated company	Selling product	Live broiler	Comparable uncontrolled price	10,543.94	Transfer of account
Anshan Jiuguhe Food Company	Associated company	Selling product	Live broiler	Comparable uncontrolled price	6,319.02	Transfer of account
Beipiao Hongfa Food Company	Associated company	Selling product	Feed raw material	Comparable uncontrolled price	383.32	Transfer of account
Dalian Chengsan Animal Husbandry Company	Associated company	Selling product	Feed raw material	Comparable uncontrolled price	1,420.11	Transfer of account
Dandong Wellhope Chengsan Agri-Tech Company	Associated company	Selling product	Feed raw material	Comparable uncontrolled price	898.82	Transfer of account
Huludao Jiuguhe Food Company	Associated company	Selling product	Feed	Comparable uncontrolled price	1,222.94	Transfer of account
Linghai Jiuguhe Feed Mill	Associated company	Selling product	Feed raw material	Comparable uncontrolled price	8,516.32	Transfer of account
Qingdao Shenfeng Agri-Tech Company	Associated company	Selling product	Feed raw material	Comparable uncontrolled price	3,379.11	Transfer of account
Shihaipu (Beijing) Science & Trade Company	Associated company	Selling product	Other products	Comparable uncontrolled price	223.59	Transfer of account
Tai'an Jiuguhe Agriculture Development Company	Associated company	Selling product	Feed raw material	Comparable uncontrolled price	8,777.05	Transfer of account
Dalian Sida Food Company	Associated company	Selling product	Live broiler	Comparable uncontrolled price	26,439.45	Transfer of account
Shandong Fengkang Food Company	Associated company	Selling product	Live broiler	Comparable uncontrolled price	16,806.34	Transfer of account
Dunhua Fengda Broiler Breeding Company	Associated company	Selling product	Feed	Comparable uncontrolled price	369.66	Transfer of account
Harbin Weierhao Trading Company	Associated company	Selling product	Feed raw material	Comparable uncontrolled price	1,826.96	Transfer of account
Dazhou Wellhope Bio-Tech Company	Associated company	Selling product	Feed	Comparable uncontrolled price	12,853.23	Transfer of account
Anshan Jiuguhe Food Company	Associated company	Purchasing product	Broiler parts products	Comparable uncontrolled price	1,126.56	Transfer of account
Dalian Chengsan Animal Husbandry Company	Associated company	Purchasing products	Live broiler	Comparable uncontrolled price	12,609.63	Transfer of account

Gongzhuling Corn Purchasing and Storing Company	Associated company	Purchasing product	Feed raw material	Comparable uncontrolled price	216.08	Transfer of account
Huludao Jiuguhe Food Company	Associated company	Purchasing product	Broiler parts products	Comparable uncontrolled price	30.50	Transfer of account
Jinzhou Jiufeng Food Company	Associated company	Purchasing product	Broiler parts products	Comparable uncontrolled price	913.37	Transfer of account
Linghai Jiuguhe Feed Mill	Associated company	Purchasing product	Other products	Comparable uncontrolled price	14,276.45	Transfer of account
Qingdao Shenfeng Agri-Tech Company	Associated company	Purchasing product	Feed	Comparable uncontrolled price	1,441.28	Transfer of account
Shihaipu (Beijing) Science & Trade Company	Associated company	Purchasing product	Other products	Comparable uncontrolled price	101.00	Transfer of account
Tai'an Jiuguhe Agriculture Development Company	Associated company	Purchasing product	Feed	Comparable uncontrolled price	25,843.84	Transfer of account
Jilin Hengfeng Animal Health Products Company	Associated company	Purchasing product	Veterinary drug, vaccine	Comparable uncontrolled price	87.44	Transfer of account
Dunhua Fengda Broiler Breeding Company	Associated company	Purchasing product	Day old chick	Comparable uncontrolled price	25.35	Transfer of account
Harbin Weierhao Trading Company	Associated company	Purchasing product	Feed raw material	Comparable uncontrolled price	76.63	Transfer of account
Beipiao Hongfa Food Company	Associated company	Purchasing product	Broiler parts products	Comparable uncontrolled price	1,185.76	Transfer of account
Total				/	157,913.75	/
Large amount sales return				Non		
Explanation of related party transaction				Wellhope and its associated companies know each other better and have maintained long-term cooperation relationships, which can strengthen the trust of products produced by partners, reduce transaction cost, improve working efficiency and avoid trading disputes. Meanwhile, purchasing raw materials from related parties can ensure quality of products. Moreover, by participating in the management and exerting influence on related companies can help them to maintain a long-term and stable supply, also help them reduce the marketing pressure. The purpose of conducting related party transactions is to satisfy the needs of Wellhope's production and operation, the purchasing or selling price is determined according to the market price of similar products. Such transactions do not violate relevant laws, Company Constitution, etc., and do not damage the rights and interests of shareholders.		

VI. The Circumstance of Providing Guarantee

Unit: yuan Currency: RMB

The guarantee provided by the company and its subsidiaries to its subsidiaries	
Total amount of guarantee provided to subsidiaries	507,806,545.38
Balance of guarantee provided to the subsidiaries at the end of 2021	288,867,891.24
Total amount of guarantee(including the amount for subsidiaries)	
Total amount of guarantee	288,867,891.24
Percentage of net assets %	4.47
including	
The amount of guarantee provided to shareholders, actual controller and their affiliates (C)	
The amount of debt guarantee provided directly or indirectly to the subsidiaries whose asset-liability ratio exceeds 70%(D)	89,791,600.00
Amount of total guarantees exceeding 50% of net assets(E)	
The sum of the above three type of guarantees(C,D,E)	89,791,600.00

Section VII Changes in Common Shares and Shareholder Information

I. Changes in Common Shares

1. Changes of common share

	Before changing		Increase or decrease in 2021		After changing	
	Shares	Percentage %	Issuing new shares	Subtotal	Shares	Percentage %
1. Restricted shares	17,752,791	1.93	-4,355,500	-4,355,500	13,397,291	1.45
A. Shares held by the state						
B. Shares held by state-owned corporation						
C. Shares held by other domestic investors	15,456,204	1.68	-4,355,500	-4,355,500	11,100,704	1.20
including: Shares held by domestic non-state-owned corporation						
Shares held by domestic natural person	15,456,204	1.68	-4,355,500	-4,355,500	11,100,704	1.20
D. Shares held by foreign investor	2,296,587	0.25			2,296,587	0.25
including: shares held by foreign corporation	2,296,587	0.25			2,296,587	0.25
Shares held by foreign natural person						
2. Non-restricted shares	904,307,105	98.07	4,255,800	4,255,800	908,562,905	98.55
A. RMB common shares	904,307,105	98.07	4,255,800	4,255,800	908,562,905	98.55
3. Total common shares	922,059,896	100.00	-99,700	-99,700	921,960,196	100.00

Explanation of changes in shares

Wellhope held the 2nd meeting of the 7th Session of Board of Directors on March 29, 2021, and held 2020 Annual Shareholders' Meeting on April 20, 2021, to deliberate and approve the proposal of Repurchasing and Writing off Part of Locked Restricted Shares. 99,700 shares held by 13 individuals had been repurchased and written off by the Company on May 19, 2021. The total number of shares of Wellhope decreased from 922,059,896 to 921,960,196.

2. Changes in restricted shares

Name of shareholder	Restricted shares held in the beginning of the year	Number of unlocking shares in 2021	Decrease of restricted shares in 2021	Restricted shares in the period end	Reason for lockin	Date of unlocking shares
Employees who were granted restricted shares(totalling)	10,097,500	4,255,800	-99,700	5,742,000	equity incentive	Within 12, 24, 36 months after completing restricted stock registration
Jin Weidong	3,062,117			3,062,117	non-public issuing stock	April, 25, 2022
DE HEUS MAURITIUS	2,296,587			2,296,587	non-public issuing stock	April, 25, 2022
Ding Yunfeng	1,531,058			1,531,058	non-public issuing stock	April, 25, 2022
Wang Zhongtao	765,529			765,529	non-public issuing stock	April, 25, 2022
Total	17,752,791	4,255,800	-99,700	13,397,291	/	/

II. Shareholder and Actual Controller

1. Total shareholders

Total number of shareholders as at December 31, 2021	32,671
Total number of shareholders at the end of March 2022	30,869

2. Top ten shareholders and top ten shareholders holding unrestricted shares as at the end of the reporting period

Unit: share

Shareholding of top ten shareholders							
Name of shareholder	Changes in 2021	Total shares held at the period-end	%	Restricted shares held	Pledged or Frozen		Nature of shareholder
					Status	Shares	
Jin Weidong		149,549,498	16.22	3,062,117	Pledged	36,325,000	Domestic natural person
DE HEUS MAURITIUS		82,303,939	8.93	2,296,587			Foreign legal person
Ding Yunfeng		81,929,558	8.89	1,531,058	Pledged	49,530,000	Domestic natural person
Shao Caimei		49,773,878	5.40				Domestic natural person
Zhang Tiesheng		48,360,000	5.25		Pledged	3,650,000	Domestic

							natural person
Changzhou Heli Venture Capital Partnership (Limited Partnership)		48,360,000	5.25				其他
Wang Fengjiu		47,964,602	5.20		Pledged	6,700,000	Domestic natural person
Wang Zhongtao		46,625,229	5.06	765,529			Domestic natural person
Special account for repurchasing the Company's stock	20,956,579	20,956,579	2.27				Other
Hong Kong Securities Clearing Company Limited	4,742,183	10,714,109	1.16				Other
Top ten shareholders holding unrestricted shares							
Name of shareholder	Unrestricted shares held	Shares by type					
		Type	Shares				
Jin Weidong	146,487,381	RMB common stock	146,487,381				
Ding Yunfeng	80,398,500	RMB common stock	80,398,500				
DE HEUS MAURITIUS	80,007,352	RMB common stock	80,007,352				
Shao Caimei	49,773,878	RMB common stock	49,773,878				
Zhang Tiesheng	48,360,000	RMB common stock	48,360,000				
Changzhou Heli Venture Capital Partnership (Limited Partnership)	48,360,000	RMB common stock	48,360,000				
Wang Fengjiu	47,964,602	RMB common stock	47,964,602				
Wang Zhongtao	45,859,700	RMB common stock	45,859,700				
Special account for repurchasing the Company's stock	20,956,579	RMB common stock	20,956,579				
Hong Kong Securities Clearing Company Limited	10,714,109	RMB common stock	10,714,109				
Explanation of the special account for repurchasing the Company's stock	As of December 31, 2021, the Company totally repurchased 20,956,579 shares through centralized competitive bidding transactions, accounting for 2.27% of the total share capital of the Company, with the highest price of RMB10.54 per share and the lowest price of RMB 8.88 per share, and the Company totally paid RMB 200,003,612.37 (excluding commission and other taxes).						
Relationship of above shareholders or statement made by the parties acting in concert	<ol style="list-style-type: none"> Jin Weidong, Ding Yunfeng, Wang Fengjiu, Shao Caimei and Wang Zhongtao act in concert. Jin Weidong is the actual controller of Changzhou Huli Venture Capital Partnership (Limited Partnership). No relation or concerted action is found among other shareholders. 						

Top ten shareholders holding restricted shares

Unit: share

No.	Name of shareholder	Restricted shares held	Public trading of restricted shares		Restriction condition
			Date available for public trading	Newly increased number of share available for public trading	
1	Jin Weidong	3,062,117	April 25, 2022		Lockup period-36 months

2	DE HEUS MAURITIUS	2,296,587	April 25, 2022		Lockup period-36 months
3	Ding Yunfeng	1,531,058	April 25, 2022		Lockup period-36 months
4	Wang Zhongtao	765,529	April 25, 2022		Lockup period-36 months
Relationship of above shareholders or statement made by the parties acting in concert		1. Jin Weidong, Ding Yunfeng and Wang Zhongtao act in concert. 2. No relation or concerted action is found among other shareholders.			

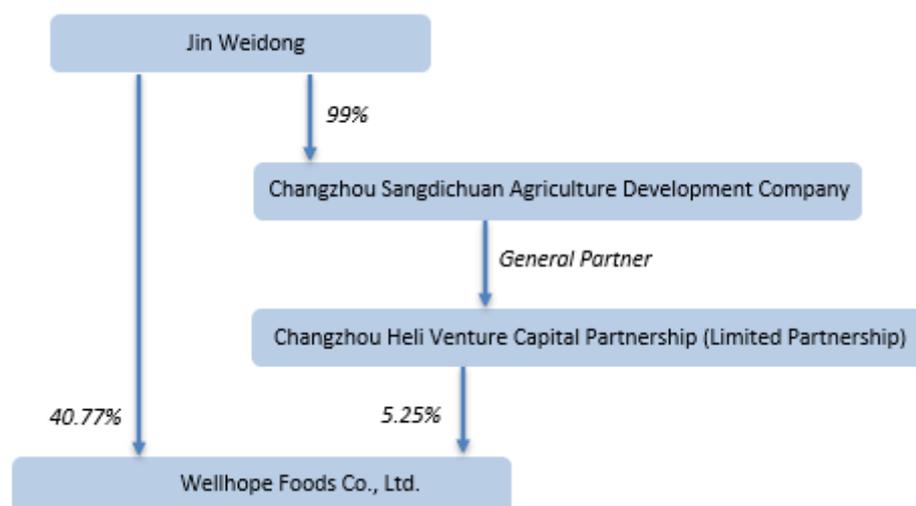
III. Controlling Shareholder and Actual Controller

1. Controlling shareholder

A. Natural person

Name	Jin Weidong
Nationality	China
Whether acquire the right of abode in other countries or regions	No
Major occupation and position	Chairman of Wellhope Foods Co., Ltd.

B. A block diagram of the property rights and controlling relationship between the Company and its controlling shareholder



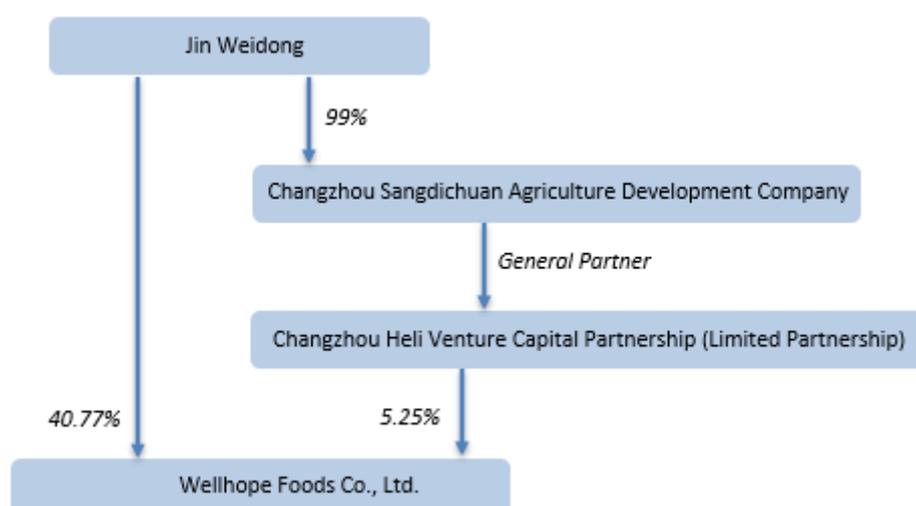
Note: As at December 31, 2021, Jin Weidong directly held 149,549,498 shares of the Company, accounting for 16.22% of the total share capital. He controlled 5.25% of the voting rights of the Company through holding Changzhou Heli, and controlled 24.54% of the voting rights of the Company through signing the Agreement of Acting in Concert with Ding Yunfeng (shareholding 8.89%), Wang Fengjiu (shareholding 5.20%), Shao Caimei (shareholding 5.40%) and Wang Zhongtao (shareholding 5.06%). Jin Weidong is the actual controller of the Company, who totally controls 46.01% of the Company's voting rights.

2. Actual controller

A. Natural person

Name	Jin Weidong
Nationality	China
Whether acquire the right of abode in other countries or regions	No
Major occupation and position	Chairman of Wellhope Foods Co., Ltd.
Domestic and foreign listed companies once held by the actual controller in the past 10 years	Non

B. A block diagram of the property rights and controlling relationship between the Company and its actual controller



Note: As at December 31, 2021, Jin Weidong directly held 149,549,498 shares of the Company, accounting for 16.22% of the total share capital. He controlled 5.25% of the voting rights of the Company through holding Changzhou Heli, and controlled 24.54% of the voting rights of the Company through signing the Agreement of Acting in Concert with Ding Yunfeng (shareholding 8.89%), Wang Fengjiu (shareholding 5.20%), Shao Caimei (shareholding 5.40%) and Wang Zhongtao (shareholding 5.06%). Jin Weidong is the actual controller of the Company, who totally controls 46.01% of the Company's voting rights.

3. Stock repurchase in 2021

Way of repurchasing	Centralized bidding
Date of disclosing the repurchasing plan	May 11, 2021
Purpose of repurchasing shares	To implement employee stock ownership plan or equity incentive plan
Shares repurchased totally	20,956,579

Section VIII Preference Share

Not Applicable

Section IX Corporate Bond

Not applicable

Section X Financial Statements

I. Audit Report

Audit Report

Suya Audit No. [2022]248

To all the shareholders of Wellhope Foods Co., Ltd.,

1. Opinion

We have audited the financial statements of Wellhope Foods Co., Ltd. (hereinafter referred to as "the Company"), which comprise the statement of financial position as at December 31, 2021, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its operating performance and cash flow for the year then ended, and have been properly prepared in compliance with the Accounting Standards for Business Enterprises ("the ASBE").

2. Basis for Opinion

We conducted our audits in accordance with China's CPA Auditing Standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with China CPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements in the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Confirmation and recognition of revenue	
Please refer to Important Accounting Policies and Accounting Estimates	
Key audit item	How our audit addressed the key audit item
In 2021, Wellhope's operating revenue recorded RMB 29.47 billion, increasing RMB 5.65 billion with a year-on-year growth rate of 23.73%, among which the sales revenue of feed products increased by RMB 32.47 billion with a year-on-year growth rate of 26.81%. As	Our audit procedures mainly include: a. We got to know and evaluated the design of internal control in Wellhope's sales process and tested the effectiveness of the implementation of critical control. b. Through sampling inspection of the sales contracts and interviewing with the management team, we identified the rights and obligations of the contract, evaluated the

<p>the operating income is one of the key performance indicators of Wellhope, we treated the recognition of operating income as a key audit matter.</p>	<p>time point of performing the obligations, and evaluated whether the judgment of the transfer of control rights related to revenue recognition conformed to the provisions of the Company's accounting policies and accounting standards for enterprises.</p> <p>c. We implemented analytical review procedures to identify whether there were significant or abnormal fluctuations and recognized the reasons that caused such fluctuations. We also determined the rationality of changes in operating revenue and gross profit.</p> <p>d. We conducted the following procedures for sales revenue based on sampling method to confirm the occurrence and cut-off of sales revenue.</p> <p>(a) Checking the supporting documents related to revenue recognition, including sales contracts, sales orders, sales invoices, customer receipt, etc.</p> <p>(b) Issuing external confirmations to recognize the balance of accounts receivable and the amount of sales revenue.</p> <p>(c) Carrying out cut-off test on the revenue recognized before and after the balance sheet date to evaluate whether the revenue was recognized during the appropriate period.</p>
<p>B. Income from long-term equity investment recognized by the equity method.</p>	
<p>Please refer to Important Accounting Policies and Accounting Estimates</p>	
<p>Key audit item</p>	<p>How our audit addressed the key audit item</p>
<p>On December 31, 2021, the book balance of Wellhope's inventory was RMB 2.70 billion, inventory falling price reserves was RMB 5.95 million, and its book value was RMB 2.69 billion. Because the large amount of inventory and the determination of net realizable value of inventory involves a significant management judgment, we identified the accrual inventory depreciation as a key audit matter.</p>	<p>Our audit procedures mainly include:</p> <ol style="list-style-type: none"> 1. We reviewed and evaluated the validity of design and operation of the internal control related to inventory falling price reserves. 2. We reviewed and evaluated the reasonableness of significant estimates and judgments made by the management team in determining net realizable value. 3. Based on inventory supervision procedures, we checked the quantity and condition of the inventory, analyzed the adequacy of accruing falling price reserves of the inventory with signs of impairment. 4. We checked the variation of inventory falling price reserves and analyzed the rationality of the variation. 5. We obtained the calculation table of the Company's inventory falling price reserves, and reviewed the net realizable value of inventory and the amount of inventory impairment provision.

4. Other Information

The management of the Company is responsible for the other information. The other information comprises information covered by the Company's 2021 Annual Report, but excludes the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other

information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated.

If, based on the work we have executed, we confirm that there is a material misstatement in the other information, we are required to report the fact. We have nothing to report in this regard.

5. Responsibilities of the Management and Those Charged with Governance for Financial Statements

The management team of the Company is responsible for preparing the financial statements that give a fair view in accordance with the ASBE, and for designing, executing and maintaining requisite internal control to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

D. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the obtained audit evidence, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the auditing standards to draw the statements users' attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient and appropriate audit evidence regarding the financial information of related entities or business activities within the Company to express an opinion on its financial statements. We are responsible for guiding, overseeing and performing the audit of the Company, and solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timetable of the audit and significant audit findings, including any noteworthy deficiencies in the internal control that we identify during our audit.

We also provide those charged with governance with a statement to declare that we have complied with the professional ethics related to independence, and communicate with the governance on all relationships and other matters that may reasonably be considered to affect our independence, as well as the relevant precautions.

From the matters communicated with those charged with governance, we determine which matters are the most important for the audit of the current financial statements and thus constitute the key audit matters. We describe these matters in the audit report, unless laws and regulations prohibit the public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of communicating a matter in the audit report will outweigh the benefits in terms of the public interest, we determine that the matter should not be communicated in the audit report.

Suyajincheng CPA LLP

CPA: Zhou Jiawen (Project Partner)

CPA: Wang Lei

China

Nanjing

April 27, 2022

II. Financial Statements

Consolidated Balance Sheet

December 31, 2021

Wellhope Unit: yuan Currency: RMB

Item	Dec. 31, 2021	Dec. 31, 2020
Current Assets		
Monetary capital	1,233,577,781.76	1,197,722,799.16
Tradable financial assets		50,000,000.00
Derivative financial assets	9,667,725.25	4,725,552.30
Notes receivable	11,846,863.22	14,200,547.87
Accounts receivable	681,517,885.70	450,170,744.45
Prepayments	479,830,550.25	364,401,520.23
Other receivables	107,988,266.97	121,043,476.45
including: Interest receivable		
Dividends receivable	39,067,761.79	49,123,722.11
Inventory	2,691,222,420.95	2,473,827,570.38
Contract assets	2,505,447.69	4,301,418.29
Other current assets	156,089,468.63	109,698,865.94
Total current assets	5,374,246,410.42	4,790,092,495.07
Non-current assets		
Long-term equity investment	2,332,825,972.00	2,424,902,965.26
Other equity instruments investment	20,082,215.15	20,847,697.96
Fixed assets	3,232,947,014.55	2,860,162,059.91
Construction in progress	602,237,560.51	322,895,206.90
Biological assets	170,216,684.34	221,654,027.17
Right-of-use asset	199,981,121.45	
Intangible assets	317,230,922.27	291,785,453.15
Goodwill	2,135,421.24	290,425.67
Long-term prepaid expenses	53,309,950.44	143,945,562.29
Deferred income tax assets	47,639,921.10	38,791,631.37
Other non-current assets	618,652,966.25	531,140,679.24
Total non-current assets	7,597,259,749.30	6,856,415,708.92
Total Assets	12,971,506,159.72	11,646,508,203.99

Consolidated Balance Sheet(continue)

Unit: yuan Currency: RMB

Item	Dec. 31, 2021	Dec. 31, 2020
Current Liabilities		
Short-term borrowings	1,546,199,813.26	1,110,672,869.40
Notes payable	3,900,000.00	4,000,000.00
Accounts payable	1,296,159,112.55	1,068,968,589.85
Advance receipt	10,500,434.76	15,522,362.13
Contract liabilities	350,642,122.84	365,124,817.02
Payroll	108,059,107.18	92,456,475.56
Taxes and surcharges	54,470,519.79	47,590,795.53
Other payables	408,226,372.67	280,673,085.07
including: Interest payable	170,000.00	
Dividends payable	8,409,125.87	1,500,000.00
Non-current liabilities due within one year	191,145,065.59	121,896,906.66
Other current liabilities	9,681,957.60	3,386,523.00
Total current liabilities	3,978,984,506.24	3,110,292,424.22
Non-current Liabilities		
Long-term borrowings	1,245,618,946.13	574,880,271.67
Lease liabilities	123,468,375.46	
Long-term payables	47,702,610.06	15,458,230.92
Deferred income	60,335,083.33	42,238,872.75
Deferred income tax liabilities	2,792,995.02	1,936,853.23
Total Non-current liabilities	1,479,918,010.00	634,514,228.57
Total Liabilities	5,458,902,516.24	3,744,806,652.79
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	921,960,196.00	922,059,896.00
Capital reserves	877,984,810.18	888,159,916.65
deduct: Treasury stock	224,292,272.37	45,695,815.00
Other comprehensive income	-17,064,013.38	-2,157,502.61
Surplus reserves	432,238,223.06	417,370,506.33
Undistributed profits	4,473,531,926.28	4,572,660,487.98
Total owners' equity attributable to the parent company	6,464,358,869.77	6,752,397,489.35
Non-controlling interests	1,048,244,773.71	1,149,304,061.85

Total owners' equity (or shareholders' equity)	7,512,603,643.48	7,901,701,551.20
Total liabilities and owners' equity (or shareholders' equity)	12,971,506,159.72	11,646,508,203.99

Consolidated Balance Sheet of Parent Company

December 31, 2021

Unit: yuan Currency :RMB

Item	Dec. 31, 2021	Dec. 31, 2020
Current assets		
Monetary capital	946,702,509.14	882,265,252.26
Tradable financial assets		50,000,000.00
Derivative financial assets	6,701,641.25	4,725,552.30
Accounts receivable	33,295,472.77	20,085,558.13
Prepayments	3,338,458.40	9,917,656.22
Other receivables	1,766,869,119.49	1,371,365,317.28
including: Interest receivable		
Dividends receivable	61,417,020.78	57,747,209.35
Inventory	75,729,603.79	51,828,244.25
Other current assets	5,988,458.80	
Total current assets	2,838,625,263.64	2,390,187,580.44
Non-current assets		
Long-term equity investment	5,348,772,385.71	4,984,232,967.75
Other equity instruments investment	17,908,947.03	20,151,707.44
Fixed assets	143,032,038.42	137,920,401.73
Construction in progress	7,830,000.00	9,937,098.75
Intangible assets	15,394,193.33	14,556,983.41
Long-term prepaid expenses	2,963,050.73	1,997,913.51
Deferred income tax assets	10,095,907.58	7,805,635.89
Other non-current assets	14,104,000.00	1,800,000.00
Total non-current assets	5,560,100,522.80	5,178,402,708.48
Total assets	8,398,725,786.44	7,568,590,288.92
Current liabilities:		
Short-term borrowings	1,151,248,923.61	680,000,000.00
Accounts payable	35,484,572.18	38,179,034.66
Contract liabilities	4,957,638.59	5,446,528.15
Payroll	7,140,406.48	7,302,711.24
Taxes and surcharges	940,950.15	4,129,417.63
Other payables	1,450,924,895.65	1,472,651,727.41
including: Interest payable		
Dividends payable		
Non-current liabilities due within one year	132,500,000.00	78,000,000.00
Total current liabilities	2,783,197,386.66	2,285,709,419.09
Non-current liabilities		
Long-term borrowings	1,089,170,833.32	494,500,000.00
Deferred income	25,673,000.00	25,056,500.00
Deferred income tax liabilities	227,703.08	
Total non-current liabilities	1,115,071,536.40	519,556,500.00
Total liabilities	3,898,268,923.06	2,805,265,919.09
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	921,960,196.00	922,059,896.00
Capital reserves	870,193,796.83	885,579,203.34
deduct: Treasury stock	224,292,272.37	45,695,815.00
Other Comprehensive income	-15,008,939.79	-337,193.02
Surplus reserves	432,238,223.06	417,370,506.33

Undistributed profits	2,515,365,859.65	2,584,347,772.18
Total owners' equity	4,500,456,863.38	4,763,324,369.83
Total liabilities and owners' equity (or shareholders' equity)	8,398,725,786.44	7,568,590,288.92

Consolidated Income Statement
January-December, 2021

Wellhope

Unit: yuan Currency: RMB

Item	2021	2020
1. Total operating revenue	29,468,925,899.60	23,817,600,766.26
including: Operating revenue	29,468,925,899.60	23,817,600,766.26
2. Total operating costs	29,128,053,212.11	22,638,742,889.31
including: Operating costs	27,900,298,516.35	21,683,591,011.74
Taxes and surtaxes	41,474,310.80	31,300,864.53
Selling expenses	570,137,322.67	465,307,995.89
Administrative expenses	418,116,582.79	310,275,697.03
R&D expenses	97,360,753.44	83,587,106.40
Financial expenses	100,665,726.06	64,680,213.72
including: Interest expenses	103,590,360.22	75,771,816.48
Interest income	8,487,862.34	14,953,268.10
add: Other income	29,156,319.92	23,500,036.20
Income from investment	-80,450,448.13	362,563,704.83
including: Income from investments in associated companies and joint ventures	-84,457,885.45	361,315,137.75
Gain or loss from changes in fair value	1,555,420.50	-1,397,309.00
Credit impairment loss	-44,732,527.34	-6,184,987.84
Assets impairment loss	-27,296,568.01	-35,172,892.83
Gain or loss from assets disposal	-11,438,798.91	3,169,342.06
3. Operating profit	207,666,085.52	1,525,335,770.37
add: Non-operating income	17,260,320.37	12,873,829.17
deduct: Non-operating expenditure	48,881,098.80	28,976,468.62
4. Pretax profit	176,045,307.09	1,509,233,130.92
deduct: Income tax expense	151,503,439.25	151,654,167.45
5. Net profit	24,541,867.84	1,357,578,963.47
Net Profit from continuing operations	24,541,867.84	1,357,578,963.47
Net profit attributable to the shareholders of parent company	118,530,518.15	1,235,162,151.48
Non-controlling interests income	-93,988,650.31	122,416,811.99
6. Other comprehensive income, net of tax	-15,130,398.50	-10,236,917.41
Attributable to owners of parent company	-14,906,510.77	-8,280,337.91
a. Other comprehensive income that cannot be reclassified into gains or losses	-4,648,551.75	1,240,959.08
(a) Changes in the fair value of other equity instruments	-4,648,551.75	1,240,959.08
b. Other comprehensive income that will be reclassified into the gains or losses	-10,257,959.02	-9,521,296.99

(a) Other comprehensive income that can be transferred in gains or losses under the equity method	-10,039,513.91	-7,100,475.65
(b) Exchange differences on translation of foreign currency financial statements	-218,445.11	-2,420,821.34
Attributable to non-controlling interests	-223,887.73	-1,956,579.50
7. Total comprehensive income	9,411,469.34	1,347,342,046.06
Attributable to the owners of parent company	103,624,007.38	1,226,881,813.57
Attributable to non-controlling interests	-94,212,538.04	120,460,232.49
8. EPS		
(1) Basic earnings per share (yuan per share)	0.13	1.34
(2) Diluted earnings per share (yuan per share)	0.13	1.34

Consolidated Income Statement of Parent Company
January-December, 2021

Unit: yuan Currency: RMB

Item	2021	2020
1. Total operating revenue	968,799,306.97	969,102,637.82
deduct: Operating cost	694,849,254.04	668,625,276.01
Taxes and surtaxes	1,864,808.04	1,466,963.13
Selling expenses	12,844,816.42	12,812,998.32
Administrative expenses	38,814,534.47	31,515,779.33
R&D expenses	30,092,284.47	30,983,694.34
Financial expenses	37,671,780.85	18,445,842.72
including: Interest expenses	74,814,532.68	54,535,663.77
Interest income	37,320,299.18	36,300,491.74
add: Other income	5,954,763.44	6,458,638.63
Income from Investment	18,201,280.28	451,034,585.06
including: Income from investments in associated companies and joint ventures	-76,100,518.29	364,045,983.90
Gain or loss from changes in fair value	1,518,020.50	-1,397,425.00
Credit impairment loss	-12,384,310.43	19,002,016.21
Assets impairment loss		
Gain or loss from assets disposal	432,908.21	44,255.41
2. Operating profit	166,384,490.68	680,394,154.28
add: Non-operating income	1,286,184.30	3,171,550.00
deduct: Non-operating expenditure	499,567.36	1,419,521.13
3. Pretax profit	167,171,107.62	682,146,183.15
deduct: Income tax expense	18,493,940.30	29,035,688.84
4. Net profit	148,677,167.32	653,110,494.31
Net profit from continuing operations	148,677,167.32	653,110,494.31
5. Other comprehensive income, net of tax	-14,671,746.77	-5,959,184.34
a. Other comprehensive income that cannot be reclassified into gains or losses	-4,642,760.41	1,112,337.52
(a) Changes in the fair value of other equity instruments	-4,642,760.41	1,112,337.52
b. Other comprehensive income that will be reclassified into gains or losses	-10,028,986.36	-7,071,521.86
(a) Other comprehensive income that can be transferred in gains or losses under the equity method	-10,028,986.36	-7,071,521.86
6. Total comprehensive income	134,005,420.55	647,151,309.97

Consolidated Statement of Cash Flow

January-December, 2021

Wellhope

Unit: yuan Currency: RMB

Item	2021	2020
1. Cash flow from operating activities		
Cash received by selling products, providing labor services	29,966,232,708.34	24,482,275,075.02
Tax refunds	31,250,910.84	25,001,167.43
Cash received from other activities related to operating	165,276,095.86	99,772,927.29
Sub-total of cash inflow of operating activities	30,162,759,715.04	24,607,049,169.74
Cash paid for goods purchase and labor services	28,110,569,320.03	22,505,368,996.49
Cash paid to and for employee	980,734,697.19	746,684,020.36
Tax payments	219,496,991.43	206,928,395.54
Cash paid to other activities related to operating	552,798,484.03	382,122,304.32
Sub-total of cash outflow of operating activities	29,863,599,492.68	23,841,103,716.71
Net cash flow from operating activities	299,160,222.36	765,945,453.03
2. Cash flow from investing activities		
Cash received from disinvestment	56,873,659.92	325,807,581.05
Cash received from return on investment	38,621,461.03	75,296,262.02
Net cash received from disposal of fixed assets, intangible assets and other long-lived assets	98,276,338.40	57,631,307.35
Net cash received from disposal of subsidiaries and other business units	3,496,498.08	
Cash received from other activities related to investment	973,716.92	45,855,779.74
Sub-total of cash inflow of investing activities	198,241,674.35	504,590,930.16
Cash paid for acquiring and building fixed assets, intangible assets and other long-lived assets	1,184,900,722.79	1,400,466,040.74
Cash paid for investments	29,577,482.00	490,847,437.70
Net cash paid for acquiring subsidiaries and other business units	1,877,800.30	115,039,491.85
Cash paid to other activities related to investment	32,913,146.13	4,587,407.44
Sub-total of cash outflow of investing activities	1,249,269,151.22	2,010,940,377.73
Net cash flow from investing activities	-1,051,027,476.87	-1,506,349,447.57
3. Cash flow from financing activities		
Cash received by absorbing investments	118,110,000.00	208,487,520.00
including: Capital contributed by non-controlling interests to subsidiaries	118,110,000.00	208,487,520.00
Cash received from borrowings	3,109,591,138.44	2,340,899,248.82
Cash received from other activities related to financing	98,020,000.00	6,056,251.57
Sub-total of cash inflow of financing activities	3,325,721,138.44	2,555,443,020.39
Repayments of borrowings	1,927,897,631.73	1,826,910,664.27
Cash paid for dividends, profits, or paid for interests	338,300,252.69	307,059,194.55
including: Dividends or profits paid by subsidiaries to non-controlling interests	41,267,853.87	28,463,213.00

Cash paid to other activities related to financing activities	294,763,092.95	2,040,285.00
Sub-total of cash outflow of financing activities	2,560,960,977.37	2,136,010,143.82
Net cash flow from financing activities	764,760,161.07	419,432,876.57
4. Effect of foreign exchange rate fluctuations on cash and cash equivalents	-816,987.69	-1,221,720.67
5. Net increase in cash and cash equivalents	12,075,918.87	-322,192,838.64
add: Opening balance of cash and cash equivalents	1,186,197,643.04	1,508,390,481.68
6. Closing balance of cash and cash equivalents	1,198,273,561.91	1,186,197,643.04

Consolidated Statement of Cash Flow of Parent Company
January-December, 2021

Unit: yuan Currency: RMB

Item	2021	2020
1. Cash flow from operating activities		
Cash received by selling products, providing labor services	954,038,873.96	965,432,917.07
Cash received from other activities related to operating	52,089,796.38	44,593,997.18
Sub-total of cash inflow of operating activities	1,006,128,670.34	1,010,026,914.25
Cash paid for goods purchase and labor services	712,117,728.85	663,825,841.93
Cash paid to and for employee	43,731,530.38	33,388,862.93
Tax payments	31,214,046.61	28,959,107.21
Cash paid to other activities related to operating	29,785,831.88	45,247,262.37
Sub-total of cash outflow of operating activities	816,849,137.72	771,421,074.44
Net cash flow from operating activities	189,279,532.62	238,605,839.81
2. Cash flow from investing activities		
Cash received from disinvestment	77,776,343.01	326,865,784.65
Cash received from return on investment	106,552,607.61	163,698,097.56
Net cash received from disposal of fixed assets, intangible assets and other long-lived assets	494,213.58	58,834.95
Cash received from other activities related to investment		10,373,911.25
Sub-total of cash inflow of investing activities	184,823,164.20	500,996,628.41
Cash paid for acquiring and building fixed assets, intangible assets and other long-lived assets	43,607,901.60	24,815,741.58
Cash paid for investments	445,171,729.61	949,351,043.00
Net cash paid for acquiring subsidiaries and other business units		8,543,248.66
Cash paid to other activities related to investing	473,103,570.26	111,555,196.70
Sub-total of cash outflow of investing activities	961,883,201.47	1,094,265,229.94
Net cash flow from investing activities	-777,060,037.27	-593,268,601.53
3. Cash flow from financing activities		
Cash received from borrowings	2,100,000,000.00	1,430,000,000.00
Cash received from other activities related to financing		204,715,710.21
Sub-total of cash inflow of financing activities	2,100,000,000.00	1,634,715,710.21
Repayments of borrowings	982,000,000.00	1,173,500,000.00
Cash paid for dividends, profits, or paid for interests	276,529,164.72	257,346,854.76
Cash paid to other activities related to financing	200,447,277.37	1,141,815.00
Sub-total of cash outflow of financing activities	1,458,976,442.09	1,431,988,669.76
Net cash flow from financing activities	641,023,557.91	202,727,040.45
4. Effect of foreign exchange rate fluctuations on cash and cash equivalents	64,399.65	-338.21
5. Net increase in cash and cash equivalents	53,307,452.91	-151,936,059.48
add: Opening balance of cash and cash equivalents	871,749,101.71	1,023,685,161.19
6. Closing balance of cash and cash equivalents	925,056,554.62	871,749,101.71

Change Statement of Owner's Equity

January-December, 2021

Unit: yuan Currency: RMB

Item	2021								
	Equity Attributable to the Owners of Parent Company							Non-controlling interests	Total owners' equity
	Share capital	Capital reserve	Deduct: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Subtotal		
1. Closing balance of prior period	922,059,896.00	888,159,916.65	45,695,815.00	-2,157,502.61	417,370,506.33	4,572,660,487.98	6,752,397,489.35	1,149,304,061.85	7,901,701,551.20
add: Changes in accounting policies									
Other									
2. Opening balance of current period	922,059,896.00	888,159,916.65	45,695,815.00	-2,157,502.61	417,370,506.33	4,572,660,487.98	6,752,397,489.35	1,149,304,061.85	7,901,701,551.20
3. Changes of current period	-99,700.00	-10,175,106.47	178,596,457.37	-14,906,510.77	14,867,716.73	-99,128,561.70	-288,038,619.58	-101,059,288.14	-389,097,907.72
A. Total comprehensive income				-14,906,510.77		118,530,518.15	103,624,007.38	-94,212,538.04	9,411,469.34
B. Capital contributed and reduced by owners	-99,700.00	-10,175,106.47	178,596,457.37				-188,871,263.84	45,733,125.20	-143,138,138.64
a. Common stock invested by owners	-99,700.00	-383,845.00					-483,545.00	45,733,125.20	45,249,580.20
b. Amount of share-based payment included in the owner's equity		-10,029,622.03	-21,407,155.00				11,377,532.97		11,377,532.97
c. Other		238,360.56	200,003,612.37				-199,765,251.81		-199,765,251.81

C. Profit distribution					14,867,716.73	-217,659,079.85	-202,791,363.12	-52,579,875.30	-255,371,238.42
a. Appropriation of surplus reserves					14,867,716.73	-14,867,716.73			
b. Extraction of general risk provisions									
c. Dividend to owners (or shareholders)						-202,791,363.12	-202,791,363.12	-48,176,979.74	-250,968,342.86
d. Other								-4,402,895.56	-4,402,895.56
D. Internal carry-over of owners' equity									
a. Carry-over of other comprehensive income to retained earnings									
4. Closing balance of current period	921,960,196.00	877,984,810.18	224,292,272.37	-17,064,013.38	432,238,223.06	4,473,531,926.28	6,464,358,869.77	1,048,244,773.71	7,512,603,643.48

Item	2020								
	Equity Attributable to the Owners of Parent Company							Non-controlling interests	Total owners' equity
	Share capital	Capital reserve	Deduct: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Subtotal		
1. Closing balance of prior period	922,304,396.00	882,723,066.29	70,688,750.00	6,122,835.30	352,059,456.90	3,605,618,553.05	5,698,139,557.54	801,351,905.45	6,499,491,462.99
add: Changes in accounting policies									
Other									
2. Opening balance of current period	922,304,396.00	882,723,066.29	70,688,750.00	6,122,835.30	352,059,456.90	3,605,618,553.05	5,698,139,557.54	801,351,905.45	6,499,491,462.99
3. Changes of current period	-244,500.00	5,436,850.36	-24,992,935.00	-8,280,337.91	65,311,049.43	967,041,934.93	1,054,257,931.81	347,952,156.40	1,402,210,088.21
A. Total comprehensive income				-8,346,872.91		1,235,162,151.48	1,226,815,278.57	120,460,232.49	1,347,275,511.06
B. Capital contributed and reduced by owners	-244,500.00	5,436,850.36	-24,992,935.00				30,185,285.36	257,455,136.91	287,640,422.27
a. Common stock invested by owners								247,921,446.89	247,921,446.89
b. Amount of share-based payment included in the owner's equity	-244,500.00	5,330,798.53	-24,992,935.00				30,079,233.53	4,429,445.04	34,508,678.57
c. Other		106,051.83					106,051.83	5,104,244.98	5,210,296.81
C. Profit distribution					65,311,049.43	-268,120,216.55	-202,809,167.12	-29,963,213.00	-232,772,380.12
a.					65,311,049.43	-65,311,049.43			

Appropriation of surplus reserves									
b. Extraction of general risk provisions									
c. Dividend to owners (or shareholders)						-202,809,167.12	-202,809,167.12	-29,963,213.00	-232,772,380.12
D. Internal carry-over of owners' equity				66,535.00			66,535.00		66,535.00
a. Carry-over of other comprehensive income to retained earnings				66,535.00			66,535.00		66,535.00
4. Closing balance of current period	922,059,896.00	888,159,916.65	45,695,815.00	-2,157,502.61	417,370,506.33	4,572,660,487.98	6,752,397,489.35	1,149,304,061.85	7,901,701,551.20

**Change Statement of Owner's Equity of Parent Company
January-December, 2021**

Unit: yuan Currency: RMB

Item	2021						
	Share capital	Capital reserve	Deduct: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total owners' equity
1. Closing balance of prior period	922,059,896.00	885,579,203.34	45,695,815.00	-337,193.02	417,370,506.33	2,584,347,772.18	4,763,324,369.83
add: Changes in accounting policies							
Other							
2. Opening balance of current period	922,059,896.00	885,579,203.34	45,695,815.00	-337,193.02	417,370,506.33	2,584,347,772.18	4,763,324,369.83
3. Changes of current period	-99,700.00	-15,385,406.51	178,596,457.37	-14,671,746.77	14,867,716.73	-68,981,912.53	-262,867,506.45
A. Total comprehensive income				-14,671,746.77		148,677,167.32	134,005,420.55
B. Capital contributed and reduced by owners	-99,700.00	-15,385,406.51	178,596,457.37				-194,081,563.88
a. Common stock invested by owners			200,047,596.37				-200,047,596.37
b. Amount of share-based payment that included in the owner's equity	-99,700.00	-11,885,622.38	-21,451,139.00				9,465,816.62
c. Other	-3,499,784.13					-3,499,784.13	
C. Profit distribution					14,867,716.73	-217,659,079.85	-202,791,363.12
a. Appropriation of surplus reserves					14,867,716.73	-14,867,716.73	
b. Dividend to owners (or shareholders)						-202,791,363.12	-202,791,363.12
c. Other							
4. Closing balance of current period	921,960,196.00	870,193,796.83	224,292,272.37	-15,008,939.79	432,238,223.06	2,515,365,859.65	4,500,456,863.38

Item	2020						
	Share capital	Capital reserve	Deduct: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total owners' equity
1. Closing balance of prior period	922,304,396.00	875,861,339.55	70,688,750.00	5,621,991.32	352,059,456.90	2,199,357,494.42	4,284,515,928.19
add: Changes in accounting policies							
Other							
2. Opening balance of current period	922,304,396.00	875,861,339.55	70,688,750.00	5,621,991.32	352,059,456.90	2,199,357,494.42	4,284,515,928.19
3. Changes of current period	-244,500.00	9,717,863.79	-24,992,935.00	-5,959,184.34	65,311,049.43	384,990,277.76	478,808,441.64
A. Total comprehensive income				-5,959,184.34		653,110,494.31	647,151,309.97
B. Capital contributed and reduced by owners	-244,500.00	9,717,863.79	-24,992,935.00				34,466,298.79
a. Common stock invested by owners							
b. Amount of share-based payment that included in the owner's equity	-244,500.00	9,717,863.79	-24,992,935.00				34,466,298.79
C. Profit distribution					65,311,049.43	-268,120,216.55	-202,809,167.12
a. Appropriation of surplus reserves					65,311,049.43	-65,311,049.43	
b. Dividend to owners (or shareholders)						-202,809,167.12	-202,809,167.12
c. Other							
4. Closing balance of current period	922,059,896.00	885,579,203.34	45,695,815.00	-337,193.02	417,370,506.33	2,584,347,772.18	4,763,324,369.83

III. Basic Information of the Company

1. Overview of the Company

Approved by the People's Government of Liaoning Province, Wellhope Foods Co., Ltd. (former name Liaoning Wellhope Agri-Tech Joint Stock, hereinafter referred to as the Company) is a limited liability company founded by 23 natural persons, including Jin Weidong, Ding Yunfeng, etc., which was registered in the Administrative Bureau of Industry and Commerce of Liaoning Province on March 27, 2003. The head office of the Company is located in Shenyang, currently it holds the business license with the number of 9121000074712989XU and the registered capital of RMB 921.96 million, registered address (head office)--No. 169, Huishan Street, Shenbei New District, Shenyang, Liaoning Province. Jin Weidong is the legal representative.

The primary business of Wellhope covers feed, feed raw material trade, broiler integration, swine raising. The business scope of its parent company covers feed and feed additives processing, marketing; grain purchase (self-use), sales of feed raw materials, poultry and livestock raising, seawater and freshwater aquaculture, agricultural and sideline products processing, enterprise management service, supply chain management, information services (internet information services only), ordinary road freight (the business activities that need to be approved by the laws, shall receive the approval of relevant authorities).

These financial statements have been approved to be disclosed by the 2nd board meeting of the 7th Session of Board of Directors on April 27, 2022.

2. Scope of the consolidated financial statements

The Company's consolidated financial statements is determined on the basis of control, all the controlled subsidiaries are included in the consolidated financial statements.

The changes of the consolidated financial statements are shown in the table below.

A. The subsidiaries which are newly included in the consolidation statements in the reporting period

Company	Way of obtaining
Zhengning Wellhope Zaosheng Cattle Feed Processing Company	Invested
Zhengning Wellhope Zaosheng Cattle Husbandry Company	Invested
Changsha Wellhope Animal Husbandry Company	Invested
Xi'an Linfeng Shengyi Trading Company	Combination under different control
Tianyi First Taste (Beijing) Technology Company	Combination under different control
Shenyang Xiaohe Agriculture and Animal Husbandry Company	Invested
Shenyang Wellhope Swine Breeding Company	Invested
Shenyang Wellhope Agriculture and Animal Husbandry Technology Company	Invested
Inner Mongolia Bifeng Animal Husbandry Technology Development Company	Invested
Lingyuan Wellhope Agriculture and Animal Husbandry Company	Invested
Liaoning Wellhope Egg Industry Company	Invested

Henan Hejiang Agricultural Development Company	Invested
Fuyang Wellhope Agriculture and Animal Husbandry Technology Company	Invested
Fame (Shenyang) Biological High-tech Industry Research Institute Company	Invested
Dehui Fengyuan Agriculture and Animal Husbandry Company	Invested
Beijing Linfeng Shengyi Trading Company	Invested
Tianjin Expert Trading Company	Invested
Qingdao Haifeng Animal Husbandry Company	Combination under different control
Fuyu Wellhope Layer Company	Invested
Harbin Linfeng Shengyi Trading Company	Invested

B. The subsidiaries excluded from the consolidated statements in the reporting period

Company	Reason of excluding from the consolidation scope
Zhangwu Jiufeng Trading Company	Cancelled
Hainan Expert Feed Technology Company	Cancelled
Liaoning Wellhope Animal Husbandry Company Aquatic Feed Branch	Cancelled
Xifeng Qianyue Planting Company	Transferred
Harbin Weierhao Trading Company	Transferred
Harbin Baoweikang Biotechnology Company	Transferred

IV. Basis of Preparing Financial Statements

1. Basis of preparing

The Company prepares financial statements on a going concern basis.

2. Going concern

The Company's management believes that the Company is a going concern for at least 12 months from the reporting period.

V. Important Accounting Policies and Accounting Estimates

The following important accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. The business that does not mentioned is subject to relevant accounting policies in the Accounting Standards for Business Enterprises.

1. Declaration about compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in line with the requirements of Accounting Standards for Business Enterprises, which truly and completely reflect the financial position, operating results, changes in shareholders' equity, cash flow, and other relevant information during the reporting period.

2. Accounting period

The Financial Year of the Company starts from January 1 and ends on December 31 of the Gregorian calendar.

3. Operating cycle

The Company takes a 12-month operating cycle.

4. Bookkeeping base currency

RMB

5. Accounting arrangement methods for business combination under the same control or the different control

(1). Accounting arrangement methods for business combination under the same control

The Company adopts pooling of interest method to deal with the accounting of business combination, which is under the same control.

On the date of combination, the assets and liabilities acquired by the Company in business combination under the same control shall be measured according to the book value of assets and liabilities of the combining party in the consolidated financial statements of the final controlling party. The share of the book value of the owner's equity held by the combining party, which is owned, by the final controlling party in the consolidated statement of the final controlling party is regarded as the initial investment cost of long-term equity investment in the individual financial statements. The balance between initial cost of investment of long-term equity investment and paid combining consideration (including paid cash, non-cash assets transferred, book value of occurred or assumed debt as well as the total face value of issued stocks), capital reserve (equity premium or capital premium) shall be adjusted; If the balance of capital reserve (equity premium or capital premium) is not sufficient for offset, the surplus reserves and undistributed profit shall be offset successively.

(2). Accounting arrangement methods for business combination under the different control

The Company adopts acquisition method to deal with the accounting of business combination, which is under the different control.

① The identifiable assets, liabilities and contingent liabilities acquired in the business combination under the different control are measured at fair value. Based on the fair value of assets, liabilities incurred or assumed and issued equity securities paid out as the combining consideration on the acquisition date, the balance between the fair value and the book value of the Company is included into current gains and losses.

② Combined cost shall be recognized according to the following conditions respectively:

(A) For the business combination realized by one-time transaction, the combined costs shall be recognized by the sum of the fair values, on the acquisition date, of the assets paid, the liabilities occurred or assumed and the equity securities issued by the Company to obtain the control right on the acquiree and the contingent consideration complying with the recognition conditions. Combined cost is initial investment cost of such long-term equity investment.

(B) For business combination realized step by step through multiple exchange transactions, the combined cost shall be the sum of the amount of equity investments held prior to the acquisition date

that are re-measured at fair value on the acquisition date and the investment cost newly increased on the acquisition date. The long-term equity investment in individual financial statements is the sum of the book value of the equity investment held before the acquisition date and the investment cost newly increased on the acquisition date. Exclude package deal.

③ The Company allocates the combined cost between the identifiable assets and liabilities acquired on the acquisition date.

(A) Where other assets other than intangible assets obtained from the Acquiree in the business combination (not only finite to the assets which have been originally recognized by the Acquiree), the future economic benefits are expected to flow into the Company and the fair values reliably measured, they shall be separately recognized and measured at the fair values.

(B) Where the fair value of the intangible assets of the Acquiree acquired by the Company in business combination can be reliably measured, it shall be separately recognized and measured at the fair value.

(C) Where the acquiree's liabilities, other than contingent liabilities, acquired by the Company in business combination, are expected to result in the outflow of economic benefits from the Company and the fair value can be reliably measured, they shall be separately recognized and measured at the fair value.

(D) Where the fair value of the contingent liabilities of the Acquiree acquired by the Company in business combination can be reliably measured, they shall be separately recognized as liabilities and shall be measured at the fair values.

(E) When the Company allocates the cost of business combination and confirms that it has acquired identifiable assets and liabilities in the combination, it shall not consider the goodwill and deferred income tax items that have been recognized by the Acquiree before the combination.

④ Disposal of the balance of the business combination cost and the share of the fair value of the identifiable net assets obtained from the Acquiree in the combination.

(A) The balance between the business combination costs greater than the share of fair value of the identifiable net assets obtained from the Acquiree in the combination, shall be recognized as goodwill.

(B) The balance between the business combination cost less than the share of fair value of the identifiable net assets obtained from the Acquiree in the combination shall be disposed pursuant to the following provisions.

(a) The measurement of the fair values of the identifiable assets, liabilities and contingent liabilities obtained from the Acquiree as well as the combination costs shall be reviewed;

(b) After the review, if the combined costs are still less than the fair value share of the identifiable net assets obtained from the Acquiree in the combination, the balance shall be included into the current gains and losses.

(3) Disposal of relevant expenses accrued due to business combination by the Company

① All direct related expenses accrued due to business combination of the Company (including audit,

legal service, assessment consultation and other agency expense and other relevant administrative expenses accrued due to business combination), shall be included into current gains and losses when accruing.

② The commission and service fee paid by the Company for issuing debt securities for the merger of enterprise shall be included in the initial measurement amount of debt securities.

(A) If the bond is issued at the discount or par value, the amount of discount will be increased.

(B) If the bond is issued at premium, the premium amount shall be reduced in this part of expenses.

③ The commission and service fee paid by the Company for issuing equity securities as consideration for the business combination shall be included in the initial measurement amount of equity securities.

(A) When equity securities are issued at the premium, the cost shall be deducted from the capital reserve (equity premium).

(B) When equity securities are issued at par value or at discount, the retained earnings shall be written down from the fee.

6. Preparation methods for consolidated financial statements

(1) Uniform accounting policy and accounting period

All the accounting policies and accounting period adopted by subsidiaries included in the consolidated financial statements shall be consistent with the Company. In case of any inconsistency, adjustment according to the accounting policies and accounting period is necessary when preparing consolidated financial statements.

(2) Preparation methods for consolidated financial statements

Based on the financial statements of the Company and its subsidiaries, according to other relevant information, the parent company prepares consolidated financial statements after adjusting the long-term equity investment in the subsidiaries according to the equity method to offset the impact of internal transactions among the Company and its subsidiaries on the consolidated financial statements.

(3) The reflection of excess deficit of subsidiaries in consolidated financial statements

In the consolidated financial statements, if the current loss shared by the parent company exceeds its share of the owner's equity of the subsidiary company at the beginning of the period, the balance of write-downs shall be attributed to the owner's equity of the parent company (undistributed profits). If the current loss shared by the non-controlling shareholders of the subsidiaries exceeds its share of the owner's equity of the subsidiary company at the beginning of the period, the balance shall continually offset the non-controlling interests.

(4) Disposal of increased or decreased number of subsidiaries during the report period

① Disposal of increased number of subsidiaries during the report period

(A) Disposal of increased number of subsidiary due to business combination under the same control during the report period

During the report period, if the number of subsidiary increases due to business combination under the

same control, the Company shall adjust the opening balance of consolidated balance sheet, take the income, expenses and profit of such subsidiary from the beginning to the end of combination into the consolidated income statement, and the cash flow of the subsidiary from the acquisition date to the end of the report period shall be included in the consolidated cash flow statement.

(B) Disposal of increased number of subsidiary due to business combination under the different control during the report period

During the report period, if the number of subsidiaries increases due to business combination under the different control, the Company shall not adjust the opening balance of consolidated balance sheet, take the income, expenses and profit of such subsidiary from the acquisition date to the end of the report period into the consolidated income statement, and the cash flow of the subsidiary from the acquisition date to the end of the report period shall be included in the consolidated cash flow statement.

② Disposal of subsidiary during the report period

Where the company disposes a subsidiary during the report period, the opening balance of the consolidated balance sheet shall not be adjusted, take the income, expenses and profit of such subsidiary from the beginning of the beginning to the disposal date into the consolidated profit statement, and include the cash flow of such subsidiary into the consolidated cash flow statement, and the cash flow of the subsidiary from the beginning to the disposal date shall be included in the consolidated cash flow statement.

7. Recognition standard of cash and cash equivalents

Cash shall include cash on hand of the Company, as well as bank deposit and other monetary funds that can be used for payment at any time.

The investments with short term (generally refer to three months from the acquisition date), high liquidity, convenience to convert into known amount of cash and with low risk of change in value owned by Company shall be recognized as cash equivalent.

8. Foreign currency transactions and foreign currency statement translation

(1) Accounting methods of foreign currency transactions

① Initial recognition of foreign currency transaction

For foreign currency transactions, the Company shall convert the amount of foreign currency into the amount of the book-keeping base currency according to the spot exchange rate (intermediate price) announced by the People's Bank of China on the date of the transaction. Of which, for foreign currency exchange or related transactions, the Company shall convert according to the exchange rate on the date of the transaction.

② Adjustment or settlement of balance sheet date or settlement date

On the balance sheet date or settlement date, the Company shall dispose the foreign currency monetary items and foreign currency non-monetary items according to the following methods:

(A) Accounting arrangement principle for foreign currency monetary item

For foreign currency monetary items, on the balance sheet date or settlement date, the Company adopts spot exchange rate (intermediate price) for conversion on the balance sheet date or settlement date to adjust the amount of the accounting base currency of foreign currency monetary items caused by exchange rate fluctuations, and treat them as exchange balances. Among them, the exchange balance between foreign currency loans related to the acquisition, construction or production of assets eligible for capitalization is included in the cost of assets eligible for capitalization. Other balance of exchange shall be included into current financial expense.

(B) Accounting arrangement principle for foreign currency non-monetary item

(a) For the foreign non-monetary currency asset measured at historical cost, the Company shall convert at spot rate (intermediate price) on transaction date with unchanging its original recording currency amount and without exchange balance.

(b) For inventory measured at a lower cost between the cost and net realizable value, if the net realizable value is recognized in foreign currency, the Company first converts the net realizable value into the accounting standard currency, and then compares it with the inventory cost reflected by the accounting standard currency when determining the end value of the inventory.

(c) For non-monetary items measured at fair values, if the fair value at the end of the period is reflected in foreign currency, the Company shall convert the foreign currency into the amount of recording currency based on the spot exchange rate on the day when fair values are recognized, then compare them with the original amount of recording currency, and the balance shall be treated as gains and losses from the changes in fair value and included into current gains and losses.

(2) Accounting arrangement methods for foreign currency statement translation

① The Company shall conduct translation of the financial statements of overseas operations as the following methods:

(A) The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date, among the equity items of owner, except for the items as "undistributed profits", other items shall be translated at the spot exchange rate at the time when they are incurred.

(B) The income and expense items in the profit statements shall be translated at the spot exchange rate of the transaction date, or at a spot exchange rate which is recognized through a systematic and rational method and which is approximate to the spot exchange rate on the transaction date.

The balance in the financial statement of foreign currency translated by the above-mentioned methods shall be listed in the owners' equity item "Other Comprehensive Income" of consolidated balance sheet.

② The Company shall translate the financial statements of overseas operations in hyperinflation economy according to the following methods:

(A) The Company shall restate the balance sheet items by utilizing the general price index, restate the

items of the income statement by utilizing the variation of the general price index, and then translate them at the spot exchange rate on the recent balance sheet date.

(B) If an overseas business is no longer situated in the hyperinflationary economy, the Company shall stop the restatement and shall translate the restated financial statements at the price of the cessation date.

③ When the Company disposes any overseas operation, shall translate the balance of foreign currency financial statements related to the overseas business as shown below under the owner's equity items in the balance sheet, and the balance shall be transferred from the owner's equity items and disposed as current gains and losses; When the Company disposes part of the overseas operations, shall calculate the balance according to the proportion of the disposal of foreign currency financial statements, and record the balance as the current gains and losses.

9. Financial instrument

The financial instrument refers to a contract that forms the financial assets of one party and the financial liabilities or equity instruments of the other party.

(1) Classification of financial instruments

① Classification of financial assets

According to the business model of financial assets management and the contractual cash flow characteristics of financial assets, the Company classifies financial assets into the following three categories: (A) financial assets measured at amortized cost; (B) financial assets measured at fair value and the changes included in other comprehensive income (including financial assets designated to be measured at fair value and the changes are included in other comprehensive income); (C) financial assets measured at fair value and the changes recorded in current gains or losses.

② Classification of financial liabilities

According to business characteristics and risk management requirements, the Company divides the financial liabilities into the following two categories: (A) The financial liabilities measured at fair value and the changes included in current gains and losses (including trading financial liabilities and the financial liabilities designated to be measured at fair value and of the changes included in current gains or losses); (B) Other financial liabilities.

(2) Recognition basis and measurement method of financial instruments

① Recognition basis of financial instruments

When becoming one party of financial instrument contract, the Company shall confirm a financial asset or financial liability.

② Measurement method of financial instruments

(A) Financial assets

Financial assets shall be measured at fair value when they are initially recognized.

For financial assets measured at fair value and the changes booked into current gains or losses, relevant

transaction expenses shall be directly recorded into current gains or losses; for other financial assets, relevant transaction expenses shall be included in the initial recognized amount. Accounts receivable or notes receivable arising from selling products or providing labor services that do not contain a significant financing component or do not consider the financing component of contracts that do not exceed one year, shall take the amount of consideration to which it is expected to be entitled as the initially recognized amount.

(a) Financial assets measured at amortized cost

After the initial recognition, the real interest method shall be adopted to implement follow-up measurement of such financial assets at amortized cost. Gains or losses of financial assets measured at amortized cost and not belong to part of any hedging relationship shall be recorded into current gains and losses when recognition is terminated, reclassified, amortized or recognized as impairment according to the real interest method.

(b) Financial assets measured at fair value and the changes included in other comprehensive income

After the initial recognition, such financial assets shall be subsequently measured at fair value. The impairment loss or gain, exchange gain or loss and the interest calculated by the real interest method shall be recorded into current gains or losses, other gains or losses shall be booked into other comprehensive income. When the recognition is terminated, the accumulated gains or losses booked into other comprehensive income before shall be transferred out from other comprehensive income and booked into current gains or losses.

Where the Company designates part of non-trading equity instrument investments as the financial assets that measured at fair value and the changes included in other comprehensive income, relevant dividend income of such financial assets shall be included in current gains or losses, and changes in fair value shall be included in other comprehensive income. When the recognition is terminated, the accumulated gains or losses recorded in other comprehensive income shall be transferred to retained income, and not recorded in current gains or losses.

(c) Financial assets measured at fair value and the changes recorded in current gains and losses.

Besides the financial assets measured at amortized cost and those measured at fair value and the changes included in other comprehensive income, the Company classifies other financial assets as the assets measured at fair value and the changes included in current gains or losses.

In addition, in the initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company designates some financial assets as the financial assets measured at fair value and the changes recorded into current gains or losses. For such financial assets, the Company adopts fair value for follow-up measurement, and the changes in fair value are recorded into current gains or losses.

(B) Financial liabilities

(a) Financial liabilities measured at fair value and the changes included in current gains or losses

Trading financial liabilities (including derivative instruments belonging to financial liabilities) shall be subsequently measured in accordance with the fair value, and the changes in fair value shall be recorded into current gains or losses except for those related to hedge accounting. For the financial liabilities that are designated to be measured at fair value and the changes included in current gains or losses, in case the changes in the fair value of liabilities are caused by the changes in the Company's own credit risk shall be included in other comprehensive income, and when terminates such liabilities, the accumulated changes in fair value shall be transferred to retained earnings. Other changes in fair value shall be booked into current gains or losses.

(b) Financial liabilities measured at amortized cost

Besides the financial liabilities that do not meet the condition of derecognition or the financial liabilities formed by transferred financial assets or financial guarantee contract, other financial liabilities shall be measured at amortized cost, gains or losses arising from the termination of recognition or amortization shall be booked into current gains or losses.

(3) The recognition basis and measurement method of financial assets transfer

If the Company transfers almost all the risks and rewards in the ownership of financial assets, it shall terminate to recognize the financial assets and separately recognize the rights and obligations generated or retained in the transfer as assets or liabilities; if almost all the risks and rewards in the ownership of financial assets are retained, the transferred financial assets shall continue to be recognized. If the Company neither transfers nor retains almost all the risks and rewards on the ownership of the financial asset, it shall deal with the following situations:

① If it does not retain control of the financial asset, the recognition of the financial asset shall be terminated, and the rights and obligations generated or retained in the transfer shall be separately recognize as assets or liabilities;

② If the control of the financial asset is retained, the relevant financial asset shall be recognized according to the phases of transferred financial asset, and relevant liabilities shall be recognized accordingly.

(4) Terminating the recognition of financial liabilities

When the current obligation of the financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of such financial liability (or part thereof) and record the difference between its book value and the consideration paid (including non-cash assets transferred or liabilities assumed) into the current gains or losses.

(5) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be listed separately in the balance sheet and shall not be offset mutually. However, if the following conditions are met at the same time, the net offset shall be shown in the balance sheet:

① The Company has the legal right to offset recognized amount, and such legal right is currently

enforceable.

② The Company plans to implement net settlement, or simultaneously sell off the financial assets and liquidate such financial liabilities.

(6) Equity instrument

Equity instruments are the contracts that prove the ownership of the residual equity in the Company's assets after deducting all liabilities. Instruments issued (including refinancing), repurchased, sold or written off by the Company shall be taken as the disposal of changes in equity. The company does not recognize changes in the fair value of equity instruments.

Transaction expenses associated with equity transactions shall be deducted from equity.

The Company shall take the distribution of equity instrument holders as profit distribution, and the stock dividends paid will not affect the total equity of shareholders.

(7) The method of recognizing the fair value of financial instruments

When implement initial recognition, if the fair value of the financial asset or financial liability is determined by quoting the same asset or liability in an active market or by other means other than valuation techniques of observable market data, the Company will defer the difference between that fair value and the trading price. After the initial recognition, the Company recognizes the deferred difference as the gain or loss of the corresponding accounting period based on the degree of change of a factor in the corresponding accounting period.

(8) Impairment of financial assets

Regarding the financial assets measured at amortized cost and the debt instrument investment measured at fair value and the changes recorded in other comprehensive income, the Company recognizes loss provision based on expected credit losses.

① Recognition method of impairment provision

(A) General method

At each balance sheet date, the Company measures the expected credit losses of financial instruments at different stages. If the credit risk of the financial instrument has not significantly increased since its initial recognition, it is in the first stage. The Company measures the loss provision according to the expected credit loss within the next 12 months. If the credit risk of the financial instrument has significantly increased since its initial recognition but no credit impairment has occurred, it is in the second stage, the Company measures the loss provision according to the expected credit loss of the instrument during the whole period. If the financial instrument has experienced credit impairment since its initial recognition, it is in the third stage, and the Company measures the loss provision according to the expected credit loss of the instrument during the whole period. For the financial instruments (such as time deposit in commercial banks with high credit rating, financial instruments with external credit rating of "investment grade" or above), that have lower credit risk in the balance sheet date, assuming that the credit risk has not increased significantly since the initial recognition, the

Company measures the loss provision according to expected credit loss within the next 12 month.

(B)Simplified method

For accounts receivable and revenue-related notes receivable that do not contain a significant financing component or do not consider the financing component of contracts that do not exceed one year, the Company measures the loss provision in accordance with the expected credit loss for the entire duration.

②Criteria for determining whether credit risk has increased significantly since the initial recognition

If the probability of default of the financial asset recognized on the balance sheet date is significantly higher than the probability of default at the time of initial recognition, the credit risk of the financial asset is proved to be significantly increased.

No matter which way used by the Company to assess whether a significant increase in credit risk, if the contract payment is overdue more than 30 (included), usually can presume the credit risk of financial assets increase significantly, unless rational and evidence-based information is available to be obtained by the company at reasonable cost to prove that the credit risk does not increase significantly even after 30 days of delay

Except for special cases, the Company uses the change of default risk within the next 12 months as a reasonable estimate of default risk in the whole duration to determine whether the credit risk has increased significantly since the initial recognition.

③ The combination method and determination basis of credit risk assessment based on combination

The Company respectively evaluates the credit risks of notes receivable, accounts receivable and other receivables with the following characteristics. Such as: the receivables in dispute with the other party or involving litigation or arbitration; receivables with a clear indication that the debtor is likely to be unable to repay.

When it is impossible to evaluate the information of the expected credit loss of each financial asset at a reasonable cost, the Company divides the receivables into several portfolios according to the credit risk characteristics and calculates the expected credit loss based on the portfolios.

Portfolio	Accrual method
Bank's acceptance bill, commercial acceptance bill	For the notes receivable divided into portfolios, the expected credit loss shall be calculated based on the default risk exposure and the expected credit loss rate of the entire duration by referring to the experience of past credit losses and combining the current situation and the forecast of future economic conditions. It will not accrue the allowance for doubtful accounts of bank's acceptance bill
Aging	For the accounts receivable divided into aging portfolios, the Company shall, by referring to the experience of past credit loss and combining with the current situation and the prediction of future economic situation, prepare a table comparing the aging of accounts receivable with the expected credit loss rate of the whole period to calculate the expected credit loss.
Other	For receivables that shall be paid by the subsidiary included in the scope of consolidation, the Company shall, by referring to the experience of past credit loss and combining with the current situation and the prediction of future economic situation, prepare a table comparing the aging of accounts receivable with the expected credit loss rate of the whole period to calculate the expected credit loss.

10. Notes receivable

The recognition method and accounting arrangement method for the expected credit loss of the receivables have been shown in "Financial Instruments".

Receivables include notes receivable, accounts receivable, other receivables, and long-term receivables.

11. Accounts receivable

The recognition method and accounting arrangement method for the expected credit loss of the receivables have been shown in "Financial Instruments".

Receivables include notes receivable, accounts receivable, other receivables, and long-term receivables.

12. Other receivables

The recognition method and accounting arrangement method for the expected credit loss of the receivables have been shown in "Financial Instruments".

Receivables include notes receivable, accounts receivable, other receivables, and long-term receivables.

13. Inventory**(1) Classification of inventory**

The Company's inventory is divided into materials in transit, raw materials, revolving materials (including packaging and low-value consumables), in process products, finished products (inventory), delivered products, expendable biological assets, project construction costs and so on. Expendable biological assets include broiler, piglet, finishing swine, etc.

(2) Valuation method for delivery of inventory

The delivered materials, delivered finished products, and delivered expendable biological assets shall be calculated by weighted average method.

(3) Recognition basis of net realizable value of inventory and the accrual method for inventory falling price reserves**① Recognition basis of net realizable value of inventory**

(A) For merchandise inventory (or finished products) for sale including materials for direct sale, during the normal production and operation, the net realizable value shall be recognized by the amount of estimated sales price of the inventory deducting the estimated selling expenses and related taxes and dues.

(B) The materials inventory needs to be processed, during the normal process of production and management, the estimated sale price of the finished products minus the estimated costs when finished the works, the estimated selling expenses and related tax payments, the net realizable value can be recognized.

(C) For the inventory hold to execute sale contract or labor contract, its net realizable value shall be calculated based on the contract price; In case inventory quantity hold by the Company is more than the order quantity of the sale contract, the net realizable value of the exceeding part inventory shall be calculated based on general sale price.

(D) But for materials held for production, etc., if the net realizable value of finished products made from the materials is higher than the cost, the materials shall still be measured at the cost; If the decline of material prices indicates that the net realizable value of finished products is lower than the cost, the materials can be measured based on net realizable value.

(E) For expendable biological Assets: on the balance sheet date, the expendable biological assets shall be measured at the lower of cost and net realizable value, and the falling price reserves shall be calculated by the same way as that for recognizing the falling price reserves of inventory. If the influencing factors of impairment have disappeared, the amount of write-down shall be recovered and the amount of write-down shall be reversed back and recorded into the current gains or losses. If the Company changes the use of consumable biological assets, the cost after the change of use shall be determined by the book value at the time of the change of use.

② Accrual method of inventory falling price reserves

The Company shall accrue inventory falling price reserves according to the lower of cost and net realizable value of a single inventory item. For those inventories with large number and low unit price, the falling price reserves for inventory shall be accrued according to the categories.

(4) Inventory system

The Company adopts perpetual inventory system for the stock inventory and regularly conducts physical inventory.

(5) The amortization method for revolving materials

① The amortization method of low-value consumption goods

The Company adopts fifty percent amortization method for ring mould and wooden pallets, and one-time amortization method for other low-value consumables.

② Amortization method of packing material

The Company shall conduct amortization by once write-off process in case of receiving packing materials.

14. Contract assets

The contract assets refer to that, the company has rights to charge consideration for products that have been transferred to the customer, and such rights shall depend on factors other than the passage of time. The Company's contract assets mainly include completed and unsettled assets, and quality retention money. The contract assets and contract liabilities under the same contract shall be shown on a net amount, and the contract assets and contract liabilities under different contracts shall not be offset.

15. Long-term equity investment

(1) Initial investment cost recognition of long-term equity investment

① The recognition of the initial investment cost of long-term equity investment formed by business combination can be seen in the accounting arrangement of business combination under the same

control and under the different control in Note 5.

② Besides the long-term equity investment formed by business combination, the initial investment cost of the long-term equity investment obtained by other means shall be recognized in accordance with the following provisions:

(A) For long-term equity investment acquired through paying cash, the acquisition price actually paid shall be taken as the initial investment cost. The initial investment cost includes the expenses directly related to the long-term equity investment obtained, taxes and other necessary expenses.

(B) The long-term equity investment obtained by issuing equity securities (equity instruments) is regarded as its initial investment cost according to the fair value of equity securities (equity instruments) issued. If there is conclusive evidence that the fair value of long-term equity investment obtained is more reliable than that of equity securities (equity instruments) issued, the initial investment cost is recognized on the basis of the fair value of long-term equity investment invested by investors. If the fees directly related to the issuance of equity securities (equity instruments), including service fees and commissions, are reduced by the issuance premium, and if the premium is insufficient to be reduced, the surplus reserve and undistributed profits are reduced in turn. Long-term equity investment obtained by issuing debt securities (debt instruments) shall be treated by issuing equity securities (equity instruments).

(C) For the long-term equity investment obtained through debt restructuring, the Company takes the fair value of the shares enjoyed by the creditor's rights into equity as its initial investment cost.

(D) For long-term equity investment acquired through non-monetary assets exchange, if non-monetary assets exchange is of commercial substance and fair value of converted assets can be reliably measured. The Company confirms its initial investment cost on the basis of fair value of converted assets, unless there is solid evidence that the fair value of converted assets is more reliable. If the above-mentioned conditions cannot be met, the book value of swap-out assets and related payable taxes shall be taken as the initial investment cost of swap-in long-term equity investments.

The expenses, taxes and other necessary expenses incurred by the Company directly related to the acquisition of long-term equity investment are included in the initial investment cost of long-term equity investment.

No matter how the Company acquires long-term equity investment, the cash dividends or profits declared but not yet paid in actual payments or consideration shall be accounted for separately as the dividend receivable and shall not constitute the cost of long-term equity investment.

(2) The subsequent measurement and loss and profit recognition method of long-term equity investment

① The long-term equity investment checked and calculated by cost method

(A) The Company shall adopt method to calculate the long-term equity investment can be controlled by the invested unit, that is, investment in subsidiaries.

(B) For long-term equity investment calculated by cost method, except for cash dividends or profits which have been declared but not yet paid in the actual price or consideration at the time of investment, the Company, regardless of whether it belongs to the net profits realized by the invested units before and after investment, shall recognize the investment income according to the cash dividends or profits declared by the invested units.

② The long-term equity investment checked and calculated by equity method

(A) A Company shall adopt the equity method to account for joint venture under the joint control of the invested entity or joint venture with significant influence.

(B) For long-term equity investment adopted equity method, if the initial investment cost is more than the enjoyed share of net asset fair value identified by the invested units when the investment happens, the initial investment cost of the long-term equity interest investment shall not be adjusted; If the initial investment cost is less than the enjoyed share of net asset fair value identified by the invested units when the investment happens, its balance shall be included into the current gains and losses and the initial investment cost of the long-term equity investment shall be adjusted simultaneously.

(C) After obtaining a long-term equity investment, the Company shall confirm the investment losses and profits and other comprehensive income respectively and adjust the book value of the long-term equity investment in terms of the due owned or borne share of the net gains or losses and other comprehensive income achieved by the invested unit. When confirming the net loss and profit of the invested unit that shall be owned or borne, recognition shall be conducted for the net profit of the invested unit upon adjustment based on fair value of net identifiable assets of the invested unit when obtaining the investment. However, if the Company is unable to reasonably confirm the fair value of the identifiable assets of the invested unit at the time of obtaining investment, the balance between the fair value of the identifiable assets of the invested unit at the time of investment and book value is small or it is impossible to obtain relevant information of the invested unit due to other reasons, the Company shall directly calculate and confirm the investment gains and losses on the basis of the net book gains and losses of the invested unit. The Company shall reduce correspondingly the book value of the long-term equity investment according to the deserved portion of assigning cash dividends or profit declared by the invested unit. As for other changes concerning owner's equity of the invested unit besides net profit or loss, other comprehensive income and profit distribution, the Company shall adjust the book value of the long-term equity investment and include them into the owner's equity.

When affirming the investment income generated by the investment of joint ventures, the Company offsets the unrealized internal transaction income between the Company and the joint venture which belongs to the Company according to the share-holding ratio, and affirms the investment gains and losses. The internal transaction loss occurred between the Company and invested unit belongs to assets impairment loss, which shall be recognized in full amount. The Company shall offset the unrealized internal transaction gains and losses between subsidiaries incorporated into combination and joint

ventures in accordance with the above-mentioned principles, and confirm the investment gains and losses.

When net deficiency of the invested entity that recognized to be borne, it shall be disposed as the following orders: The book value of the long-term equity investment shall be offset at first. If the book value of long-term equity investment is not enough to be offset, the investment losses shall be recognized continuously according to the limit that the book value of other long-term equity investments substantially constitutes the net investment in the invested entity, to offset the book value of long-term receivables. After the process above, if the Company still shall share extra duty according to investment contract or the agreement, confirm beforehand liabilities according to estimated duty that shall be undertaken and include it in the current investment loss. If the invested unit realizes to be profitable in the following period, the Company shall process it in the sequence contrary to the mentioned above after deducting the contribution of loss that hasn't been recognized, write down the book value that has been recognized to be estimated liabilities, resume other book values that constitute the long-term interest and long-term equity investment of the invested unit in substance and meanwhile confirm investment income.

(3) The basis recognized to have joint control and significant influence on the invested entity

① The basis recognized to have joint control on the invested entity

The joint control refers to the control jointly performed towards certain arrangement as per the related agreements, and the related activities thereof must be agreed by all the participants who share the control rights before making decisions. The relevant activities generally include sale and purchase of goods or labor services, management of financial assets, acquisition and disposal of asset, R&D activities and financing activities. Joint venture refers to the joint venture arrangement that the Company has the right to arrange the net assets of the Company. The joint venture arrangement in which the joint venture party enjoys assets related to arrangement and bears relevant liabilities is cooperation rather than joint venture.

② The basis recognized to have significant influence on the invested entity

The significant influence refers to having the rights to participate in the decision-making of the financial and business policies of the invested entity, but not being able to control or jointly control the formulation of these policies together with other parties. When the Company is able to exert significant influence on the invested entity, the invested entity shall be its associated company.

16. Fixed assets

(1). Recognition conditions

The fixed assets refer to the tangible assets held for commodity production, rendering service, lease or operation management with a service life of more than one accounting year. The fixed assets are recognized when the following conditions are met,

① The economic interests related to the fixed assets are likely to flow into the Company;

② The costs of the fixed assets can be calculated reliably.

(2). Method of depreciation

Item	Method of depreciation	Period of depreciation (year)	RM value rate %	Yearly depreciation %
Office and buildings	straight-line depreciation	10-40	3	2.43-9.70
Machinery equipment	straight-line depreciation	10	3	9.70
Transportation equipment	straight-line depreciation	4	3	24.25
Other equipment	straight-line depreciation	5	3	19.40

(3). Recognition basis, pricing and depreciation method of fixed assets under finance lease

① Recognition basis of fixed assets under finance lease

At the beginning of the lease period, the Company shall recognize the leased fixed assets that meet the financial lease criteria as the financial leased fixed assets.

② Pricing method of fixed assets under finance lease

At the beginning of the lease period, the Company shall regard the lower of the fair value of leased assets and the present value of the minimum lease payment on the lease start date and the initial direct expenses incurred as the accounting value of the financing leased assets, the lowest lease payment as the value of the long-term accounts payable, and the balance between the lower of the fair value of leased assets and the present value of the minimum lease payment on the lease start date as the accounting value of the financing leased assets and the minimum rental payments as unrecognized financing cost. Unrecognized financial charges shall be amortized to each period in lease term according to effective interest method.

③ Method for depreciation of fixed assets under finance lease

The Company shall adopt the depreciation policy consistent with owned fixed asset to accrue leasing asset depreciation. If it is reasonable to be certain that the lessee will obtain the ownership of the leasing asset when the lease term expires, the leasing asset shall be accrued depreciation within its service life. If it is not reasonable to be certain that the lessee shall obtain the ownership of the leasing asset at the expiry of the lease term, the leasing asset shall be accrued depreciation within the shorter one between the lease term and the service life of leasing asset.

17. Construction in progress

(1) Category of construction in process

Construction in process shall be calculated separately according to the approved projects

(2) The standard and time point for construction in process carried down fixed assets

All expenditures of the construction in progress that incurred before it reaches the estimated serviceable condition shall be regarded as entry value of the fixed assets. The self-operating engineering shall be measured according to direct materials, direct wages, direct mechanical construction costs, etc.; Package project is measured according to the payable project price; The borrowing expenses that meet

the capitalization conditions and occur before the project under borrowing reaches its intended usable state shall be capitalized and included in the cost of the project under construction.

If the fixed assets have reached the intended usable state but have not yet completed the final accounts, the Company shall, from the date of reaching the intended usable state, determine its cost according to the project budget, cost or actual cost of the project, as well as the estimated value, transfer it to the fixed assets, and calculate the depreciation of the fixed assets in accordance with the Company's fixed assets depreciation policy; After final account is completed, the Company shall adjust the original provisionally estimated value according to actual cost, but not adjust the previously accrued amount of depreciation.

18. Borrowing costs

(1) Range of the borrowing costs

The borrowing cost of the Company shall include interest on borrowings, amortization of discount or premium, auxiliary expenses, and exchange balance incurred from foreign currency borrowings.

(2) Recognition principle of borrowing costs

Where the incurred borrowing cost of the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and reckoned in the costs of relevant assets. Other borrowing costs shall be recognized as costs on the basis of the actual amount accrued, and shall be included into current gains and losses.

The term "assets eligible for capitalization" shall refer to the fixed assets, investment real estate, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

(3) Recognition of the time period for capitalization of the borrowing cost

① Recognition of the time point for capitalization of the borrowing cost

After assets expenditures and the borrowing expenses have happened, the necessary acquisition and construction or production activities have already started in order to reach the pre-recognized usable or marketable state for the assets, the borrowing expenses can begin capitalization. The asset expenses shall include the cash, transferred non-cash assets or expenses that bearing debts paid for the acquisition and construction or production for assets eligible for capitalization

② Recognition of the suspending time point for capitalization of the borrowing costs

If assets eligible for capitalization is interrupted abnormally during the course of acquisition and construction or production, and the interruption lasts more than 3 months, the capitalization of borrowing costs shall be suspended. The borrowing costs occurred during the interruption shall be recognized as current gains or losses, until the acquisition and construction or production activities of the asset restart, the capitalization of borrowing costs shall be continued. If the interruption is a necessary step for making the acquired, built or produced assets which are eligible for capitalization reaching estimated usable and marketable status, the capitalization of the borrowing costs shall be

continued.

③ Recognition of the suspending time point for capitalization of the borrowing costs

When the acquired, built or produced assets which are eligible for capitalization can reach estimated usable and marketable state, shall stop capitalizing on borrowing costs; the borrowing costs incurred thereafter shall be recognized as current gains and losses according to the real amount.

Where each part of the acquired, built or produced assets which are eligible for capitalization is completed separately, and every single part is available to use or sell during the continuing construction of other parts, and the acquisition and construction or production activities, which are necessary to make such part of asset reaching the estimated status of being available to use or sell, have already been completed substantially, shall stop capitalizing on the borrowing costs in relation to this part of asset. Where each part of the acquired, built or produced assets which are eligible for capitalization is completed separately and but it cannot be available to use or sell till the whole construction finishing, shall stop capitalizing on the borrowing costs when the assets can be completed entirely.

(4) The recognition of the amount of the capitalization of borrowing costs

① The recognition of the amount of the capitalization of borrowing interests

During the capitalization period, the interests' capitalization amount (including the amortization of discounts or premiums) in each accounting period shall be recognized according to the following provisions:

(A) As for special borrowing costs arising from the acquisition and construction or production of assets which are eligible for capitalization, the amount shall be recognized based on the interests cost of the special borrowings costs occurred actually in the current period deducting the interests' income earned from depositing the unused borrowing costs or the income from temporary investment.

(B) If ordinary borrowings used for acquisition and construction or production of assets which are eligible for capitalization, the interests' amount of ordinary borrowings to be capitalized shall be recognized by the weighted average of the asset expenditures for cumulative capital expenditure that exceed the capital expenditure of specific borrowings to multiply the capitalization rate of ordinary borrowings. The capitalization rate is recognized by the calculation of the weighted average interest rate of general borrowing costs.

(C) If there is any discount or premium of the borrowings, the number of discounts or premiums amortized during each accounting period shall be recognized by the effective interest rate method, and an adjustment shall be made to the amount of interests in each period.

(D) Within period of the capitalization, the interest capitalization amount of each accounting period shall not exceed the amount of interest actually occurred to the relevant borrowings in the current period.

② The recognition of the amount of the capitalization of borrowing auxiliary expenses

(A) Article For the ancillary expense incurred to a specifically borrowings, those incurred before assets

eligible for capitalization under acquisition, construction or production is ready for the intended use or sale shall be capitalized at the incurred amount when they are incurred, and shall be included into the costs of the asset eligible for capitalization those incurred after a qualified asset under acquisition and construction or production is ready for the intended use or sale shall be recognized as expenses on the basis of the incurred amount when they are incurred, and shall be recorded into the gains and losses of the current period.

(B) The auxiliary expenses arising from general borrowings shall be recognized as expenses at the time of occurrence and shall be included into the gains and losses of the current period.

③ The recognition of the amount of the capitalization of the balance of exchange

During the period of capitalization, the exchange balance on foreign currency specific borrowings shall be capitalized, and shall be included in the cost of assets eligible for capitalization.

19. Biological assets

(1) Classification of biological assets

Biological assets refer to live animals and plants. The Company's biological assets are divided into expendable biological assets and productive biological assets.

(2) Conformation conditions of biological assets

The Company confirms the biological assets that satisfy the following conditions at the same time:

① The Company possesses or controls the biological asset as a result of past transaction or matter.

② The economic benefits or service potential concerning this biological asset are likely to flow into the Company.

③ The cost of the biological asset can be measured reliably.

(3) Depreciation of productive biological assets

The Company shall depreciate the productive biological assets that have achieved the predetermined purposes of production and operation, and reasonably confirm their service life, estimated net residual value and depreciation method according to nature, usage and expected realization of the economic benefits involved.

The type, service life, anticipated net residual value and yearly depreciation of the Company's productive biological assets are as follows:

Type	Service life	Anticipated net residual value	Depreciation method
Pig breeder	36 months	20.00%	Straight-line service life
Broiler breeder	30 weeks	RMB 22.50 per broiler	Workload
Laying duck	10 months	RMB 30.00 per duck	Straight-line service life
Layer	14 months	RMB 21.00 per layer	Straight-line service life

The depreciation rate and depreciation amount of the productive biological assets, which have been prepared for impairment, are recalculated according to the book value, estimated net residual value and usable life of the productive biological assets.

The Company reviews the service life, estimated net residual value and depreciation methods of productive biological assets at regular intervals. If the expected number of service life or estimated net residual value is different from the original estimate, or if there is any significant change in the expected realization of the economic benefits involved, it shall be treated as a change in accounting estimate.

20. Right-of-use asset

A right-of-use asset is the right of the lessee to use the leased asset during the period of leasing. At the commencement date of the lease term, the Company recognizes a right-of-use asset and a lease liability for the lease as a lessee, except for short-term leases and leases of low-value assets that are subject to simplified treatment.

The categories of right-of-use assets, service life and annual depreciation rate are listed below.

Categories of right-of-use assets	Depreciable life	Annual depreciation rate%
Houses and buildings	5-20	5.00-20.00
Equipment	2-20	5.00-50.00
Land	5-40	2.50-20.00

21. Intangible assets

(1). Valuation methods, service life, and impairment test

① Initial measurement of intangible assets

(A) Initial measurement of outsourcing intangible assets

The cost of outsourcing intangible assets, including acquisition price, relevant taxes and dues as well as other expenditures which is directly attributed to make intangible assets to the estimated purpose. When the payment of purchased intangible assets, price exceeding normal credit conditions is delayed in payment, with financing nature in essence, the intangible assets cost shall be recognized based on the present value of purchase price. The balance between the cost actually paid and the present value of the purchasing cost will be included into the current gains and losses during the credit period except the part that shall be capitalized.

(B) Initial calculation for independently developed intangible assets

The cost of self-developed intangible assets shall be recognized according to the total expenditure incurred from meeting the capitalization conditions to reaching the intended purpose, and the expenditure already expended in the previous period shall not be adjusted.

For the intangible assets researched and developed by the Company, the expenditure during research stage shall be recorded into the current gains and losses as occurring; if the expenditures in development stage which don't meet the conditions of capitalization shall be included into current gains and losses when it occurs. Those meeting the condition of capitalization shall be recognized as

intangible assets. When the expenditures occur during research or development stage cannot be distinguished, all the R&D expenditures occurred shall be included into the current gains and losses.

② Subsequent measurement of intangible assets

The service life shall be analyzed and recognized by the Company when obtaining the intangible assets. The intangible assets acquired by the Company include intangible assets with finite service life and indefinite service life.

(A) Subsequent calculation for intangible assets with finite service life

For intangible assets with limited service life, the Company will adopt the straight-line method to amortize them in phases during their service life from the time they reach their intended purpose, without reserving residual value. The amortization amount of intangible assets shall be included into current gains and losses. If the economic benefits of an intangible asset are realized through product or other assets, the amortization amount shall be included into the cost of the relevant assets.

The categories of intangible assets, estimated service life, estimated net residual value and annual amortization rate are listed as follows:

Categories	Estimated service life(year)	Estimated net residual value %	Annual amortization rate %
Land use rights	According to the service life of land license	0	-
Computer software and other	5-10	0	10-20

The Company shall review the service life and the amortization method of intangible assets with the finite service life on the balance sheet date.

(B) The subsequent measurement for intangible assets with indefinite service life

The Company shall not amortize intangible assets with uncertain service life during the holding period.

③ Estimate the service life of intangible assets

(A) The service life of the intangible asset derived from the contractual rights or other statutory rights shall be recognized according to the limit not exceed the contractual rights or other statutory rights; If when the contract rights or other statutory rights are due, they can be extended because of renewal, and there is evidence that the Company does not need to pay a large amount of cost to renew contract, then the renewal period shall be included into the service life.

(B) If the service life is not stipulated in the contract or law, the Company shall confirm the period when intangible assets can bring economic benefits to the Company by employing relevant experts for demonstration or comparing with those in the same industry and referring to the Company's historical experience.

(C) In accordance with the above method, if it is still unable to reasonably confirm the time limit when the intangible assets can bring economic benefits for the Company, the intangible assets shall be deemed as the intangible assets with uncertain service life.

④ Arrangement of land use right

(A) The land use right acquired by the Company is usually recognized as intangible assets, but if the land use right is used to earn rent or capital appreciation, it will be converted into investment real estate.

(B) If the Company develops and constructs buildings such as factory buildings, it shall treat the relevant land use rights and buildings separately.

(C) The price paid for the acquisition of land and buildings shall be allocated between the building and the right to use the land. If they cannot be reasonably distributed, they shall be recognized as fixed assets.

(2). Accounting policies of internal R&D expenditure

① The specific standard for the partition of the research stage and development stage of the Company internal R&D project

According to the actual situation of R&D, the Company divides R&D projects into two stages: research stage and development stage.

(A) Research stage

Research stage refers to the stage for ingenious and planned investigation, research activities so as to acquire and understand new scientific or technical knowledge, etc.

(B) Development stage

Development stage refers to before the commercial manufacture or use, the stage for the application of research achievement and other knowledge to a certain plan or design to produce new or substantial improved materials, devices or products, etc.

The expenditure of the internal R&D projects at the research stage shall be included into current gains and losses when incurred.

② The specific standards for expenditure at development stage which meet capitalization

The expenditure of the internal R&D projects at the development stage shall be recognized as the intangible assets when meeting the following conditions simultaneously:

(A) Complete the intangible assets to make them feasible to be used or sold in technology;

(B) Possess the intention to complete the intangible assets and use or sell them;

(C) The ways of intangible assets to generate economic benefits include the ability to prove the existence of the market where there are the products produced by the intangible assets or the existence of that of the intangible assets, and prove its usefulness if intangible assets will be used internally;

(D) There are sufficient technologies, financial resources and other resources supporting to complete the development of the intangible assets, and the Company is able to use or sell the intangible assets;

(E) Expenditures that belong to the development stage of the intangible assets can be measured reliably.

22. Impairment of long-lived assets

The impairment test shall be made to long-term equity investments, investment property measured by

using the cost model, fixed assets, projects under construction, intangible assets with finite service life and other long-term assets with signs of impairment on the balance sheet date. If the impairment test result is indicated that the recoverable amount of assets is lower than its book value, it is withdrawn impairment reserves in accordance with the balance and calculated into the impairment loss. The recoverable amount shall be the higher one of the net amounts of the fair value of the assets deducted by the disposal expenses and the present value of the expected future cash flow of the assets. Calculate and confirm the assets impairment reserves based on single asset; shall it be difficult to estimate the recoverable amount of single asset, the recoverable amount of the asset group shall be recognized based on its belonging asset group. Asset group is the minimum asset portfolio that can generate cash inflow independently.

Each year, the Company performs the impairment test on the goodwill and the intangible assets with uncertain service life, no matter whether there are signs of impairment or not.

When the Company conducts the impairment test on business reputation, as for the book value of goodwill formed due to the business combination, it shall be amortized to related assets groups from the acquisition date according to the reasonable methods; The part that is hard to be allocated to related assets groups shall be amortized to related combined assets groups. When apportioning the book value of the goodwill to the relevant asset groups or combinations of asset groups, it shall be apportioned on the basis of the proportion of the fair value of each asset group or combination of asset groups to the total fair value of the relevant asset groups or combinations of asset groups. Where it is difficult to measure the fair value reliably, it shall be apportioned on the basis of the proportion of the carrying value of each asset group or combination of asset groups to the total carrying value of the relevant asset groups or combinations of asset groups. When making an impairment test on the relevant asset groups or combinations of asset groups including goodwill, if any evidence shows that the impairment of asset groups or combinations of asset groups is possible, the Company first makes an impairment test on the asset groups or combinations of asset groups not including goodwill, calculate the recoverable amount, compare it with the relevant carrying value and confirm the corresponding impairment losses. The Company makes an impairment test of the asset groups or combinations of asset groups containing business reputation, and compares the book value of these relevant asset groups or combinations of asset groups (including the book value of goodwill amortized thereto) and their recoverable amount. Where the recoverable amount of relevant assets or combinations of the asset groups is lower than the book value thereof, the depreciation of the goodwill losses shall be recognized.

Once the impairment loss of above-mentioned asset is recognized, it shall not be reversed in following accounting periods.

23. Long-term prepaid expenses

(1) Scope of long-term prepaid expense

The long-term prepaid expense refers to an expense that has incurred but shall be amortized by the current period and subsequent periods with the time limit of more than 1 year (exclusive), and includes improvement expenditures incurred in fixed assets by way of operating lease.

(2) Initial calculation for long-term prepaid expense

The long-term prepaid expense received initial calculation based on the actual cost.

(3) Amortization of long-term prepaid expense

Long-term prepaid expenses in benefit period will be of amortization average using the straight-line method.

24. Contract liabilities

Recognition method of contract liabilities

Contract liabilities refer to the obligation of the Company to transfer commodities to customers as the Company has received the consideration or needs to receive the consideration from customers. Before the Company transferring the commodities to the customer, if the customer has paid the contract consideration or the Company has obtained an unconditional right to collect the accounts, the Company shall record the accounts received or needed to receive as the contractual liabilities based on the time when the customer actually pays the accounts or when the accounts become due. The contract assets and contract liabilities under the same contract shall be recorded on a net basis, and the contract assets and contract liabilities under different contracts shall not be offset.

25. Employee remuneration

(1). The accounting arrangement method of short-term remuneration

Short-term remuneration refers to employee remuneration that needs to be paid in full amount within 12 months after the end of annual report period that the employee provides related service, except for the remuneration given for labor relation removing with the employee.

Short-term remuneration includes: Employee salary, bonus, allowance and subsidy, employee welfare expenses, medical insurance premiums, industrial injury insurance premium, birth insurance premium and other social insurance premiums, housing accumulation fund, labor union expenditure and employee education expenditure, short-term compensated absence, short-term profit-sharing plan, non-monetary welfare and other short-term remunerations.

The Company shall confirm the actual short-term remuneration accrued as liabilities and include it into current gains and losses or related asset cost during the accounting period of services provided by staff.

(2). The accounting arrangement method of post-employment welfare

The Company participates in the establishment of withdrawal plans, which include basic pension insurance premiums, unemployment insurance premiums and enterprise annuity payments for employees in accordance with relevant regulations. The amount due for deposit shall be recognized as the debt of employee remuneration on the balance sheet date in order to exchange for the service provided by employees during accounting period, and include into the current gains and losses or

relevant asset cost.

(3). Accounting arrangement method of dismissal welfare

Dismissal welfare refers to the remuneration for the employee when the Company terminates the labor relationship with the employee before the labor contract expires or when the Company encourages the employee to receive layoff voluntarily. If the Company provides dismissal welfare for staffs, the staff remuneration liability generating from confirming dismissal welfare on the earlier one of the following two dates shall be included into current gains and losses:

- ① When the Company cannot unilaterally withdraw the dismissal welfare provided by labor relationship relief plan or reduction suggestion.
- ② When the Company confirms cost or expense relevant to the restructuring involved in paying dismissal welfare.

(4). Accounting arrangement method of other long-term employee benefits

Other long-term employee welfare refers to other welfares of all employees other than short-term remuneration, welfare after demission and dismisses welfare. At the end of report period, staff remuneration cost generating from other permanent staff welfare shall be recognized to the following constituent parts:

- ① Cost to serve.
- ② Net interest amount of net liabilities or net asset of other permanent staff welfares.
- ③ The change generating from the recalculation of net liability or net asset of other permanent staff welfares.

In order to simplify the relevant accounting arrangements, the total net amount of above items is recorded into current gains and losses or relevant asset costs.

26. Lease liabilities

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date of the lease term.

At the commencement date of the lease term, the Company recognizes a right-of-use asset and a lease liability for the lease as a lessee, except for short-term leases and leases of low-value assets that are subject to simplified treatment.

27. Estimated liabilities

(1) Recognition principles of estimated liabilities

When the external guarantees, pending litigation or arbitration, product quality assurance, loss of contract, the obligation of restructuring matters or the relevant business meet three of the following conditions, it shall be recognized as estimated liabilities:

- ① That obligation is a current obligation undertaken by the Company;
- ② It is likely to cause the economic benefit to flow out of the Company due to the performance of the obligation;

③ The amount of the obligation can be measured reliably.

(2) Calculated method for estimated liabilities

The amount of the estimated liability is measured in accordance with the best estimate of the expenditure required for the contingency.

① If there is a sequent range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be recognized in accordance with the middle estimate within the range.

② In other cases, the best estimate shall be disposed according to the following cases respectively:

(A) If the contingencies involve a single item, it shall be recognized according to the most likely outcome.

(B) If the contingencies involve two or more items, the best estimate shall be calculated and recognized according to all possible outcomes and the relevant probabilities.

28. Share-based payment

The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

(1) Accounting arrangement on the grant date

In addition to share-based payments of the immediate vesting, regardless of equity-settled share-based payment or cash-settled share-based payment, the Company shall not accept accounting arrangement on the grant date.

(2) Accounting arrangement on each balance sheet date in the waiting period

In the waiting period of each balance sheet date, services acquired in hiring employees or other parties shall be included in the cost, and the owner's equity or liabilities shall be recognized.

As for share-based payments with market conditions, as long as employees meet all other non-market conditions, the acquired service shall be recognized. When the performance conditions are non-market conditions, after the waiting period is fixed, if the subsequent information indicates that the estimation of feasible rights needs to be adjusted, the earlier estimate shall be modified.

As for equity-settled share-based payment involving employees, according to fair value of equity instruments in the grant date, it shall be included in cost and capital reserve (other capital reserve), and its subsequent changes of fair value shall not be recognized. As for cash-settled share-based payment involving employees, it shall be recounted according to fair value of equity instruments at each balance sheet date to recognize the cost and payable employee remuneration.

On each balance sheet date within the waiting period, the Company shall make the best estimates according to the newly obtained changes in exercisable right staff number variation and other follow-up information, and amend the number of equity instruments of expected exercisable right.

According to the fair value of the above-mentioned equity instruments and the number of equity instruments with predicted feasible rights, the cumulative cost and expense amount that shall be

recognized up to the current period is calculated, with the cumulative recognized amount in the previous period subtracted, as the cost and expense amount that shall be recognized in the current period.

(3) Accounting Arrangement on the Vesting Date

① As for equity-settled share-based payment, after vesting date, the recognized cost and the total owner equity shall no longer be adjusted. On the vesting date, the Company shall confirm the share capital and share premium according to the exercise situation, and the capital reserve (other capital reserve) in the waiting period shall be carried forward at the same time.

② As for cash-settled share-based payment, after the vesting date, the Company shall no longer confirm the cost, and changes in fair value of liabilities (staff remuneration) shall be included in current gains and losses (changes of profit or loss in fair value).

(4) Accounting arrangement for using repurchased share as incentive stock option for staff Where the Company rewards its employees in the form of share repurchase, when it repurchases shares, it shall treat all the expenditures of the share repurchase as stock shares, and make a record. On each balance sheet date during the waiting period, according to the fair value of equity instruments on the granting date, the obtained staff services are included in the cost and expenses, and the capital reserve (other capital reserve) is increased. When the employee's right to purchase shares of Company receives the price, the cost of the stocks in stock delivered to the employee and the accumulated amount of capital reserve (other capital reserve) during the waiting period shall be resold, and the capital reserve (equity premium) shall be adjusted according to its balance.

29. Revenue

The revenues mainly consist of the income of selling goods, providing labor services, and transferring the right to use assets. And the principles of income recognition shall be driven as below:

(1) Confirming principle of the revenue for selling products

The main risks and rewards of the property in the commodities have been transferred to the acquiree by the Company; The Company retains neither continuing management right related with the ownership nor effective control over the products sold; The amount of revenue can be measured in a reliable way; The relevant economic interests may be flowed into the Company; When the relevant cost incurred or to incur can be measured reliably, it shall be recognized as the realization of product sales income. The Company's sales revenue, mainly includes feed products, feed raw materials, poultry products and raising business. The revenue shall be recognized after receipt of payment or completion of credit procedures and delivery of products.

(2) Confirming principle of the revenue for providing labor services

① Principle of recognition of labor income is to provide labor transactions in the case of reliable estimation

On the balance sheet date, when the labor service transaction results rendered can be reliably

estimated, the Company shall confirm the revenue from providing labor service by the percentage-of-completion method.

When the amount of income can be reliably measured, the relevant economic benefits may flow into the Company, the completion schedule of the transaction can be reliably recognized, and the costs that have occurred and will occur in the transaction can be reliably measured, the results of the labor transaction can be reliably estimated.

② Recognition principle of labor income under the condition that provide labor transactions in the case of unreliable estimation

On the balance sheet date, when the labor service transaction results provided by the Company cannot be reliably measured, it shall confirm labor services income by the following three kinds of condition.

(A) If labor service cost incurred is estimated to be compensated in full amount, provision of labor service income shall be recognized according to the amount that has been regained or can be regained by estimation and carry forward the labor service cost that has accrued;

(B) If the labor cost estimation that has occurred can be compensated partly, the labor revenue shall be recognized to provide as the labor cost amount that has occurred or can be compensated, and the occurred labor cost will be carried over;

(C) If the cost of labor services incurred is expected not to be compensated, the cost incurred shall be included into current gains and losses (main business cost), and no income from the provision of labor services will be recognized.

(3) Recognition principles of transferring the right to use assets

When the trade-related economic interest is likely flow into this Company, and the relevant revenue that can be reliably calculated, the realization of the revenue from transferring the right to use assets shall be recognized.

30. Contract costs

Contract costs can be divided into contract performance costs and contract acquisition costs.

Costs incurred by the Company in the performance of a contract shall be recognized as an asset when the following conditions are met.

(1) Such costs are directly related to a current or anticipated contract

(2) Such costs increase the Company's resources that will be used in the future to meet performance obligations.

(3) Such costs are expected to be recovered

Assets related to contract costs are amortized on the same basis as the revenue recognition of commodities or services related to such assets. However, if the amortization period of the contract acquisition costs is less than one year, the Company shall record such amortization into current gains or losses when it is incurred.

If the book value of the assets related to the contract costs is higher than the difference between the

following two items, the Company will make provision for impairment of the excess part and recognize it as impairment loss of the assets.

- (1) The remaining consideration that is expected to be obtained as a result of transferring the commodities or services related to such assets.
- (2) The estimated costs that will be incurred due to transfer such commodities or services.

31. Government grant

(1) Category of government grant

Government grant refers to the monetary assets or non-monetary assets that the Company obtains from the government free of charge, including the government grant related to assets and income.

The government grants pertinent to assets refer to the government assets that are obtained by enterprises used for purchase or construction, or forming the long-term assets by other ways.

The government grants related to earnings refer to the government grants besides the government grants related to assets.

(2) Recognition principle and recognition time-point of government grant

Recognition principle of government grant

- ① The Company can meet all attached conditions for governmental grant.
- ② The Company is able to receive governmental grant.

Government grant may be recognized on condition that it meets the above conditions simultaneously.

(3) Measurement for government grant

- ① If the government grants belong to monetary assets, shall be calculated according to the received or receivable amount.
- ② Non-monetary assets of government grants shall be measured by the fair value; if the fair value cannot be obtained reliably, it shall be measured according to the nominal amount (the nominal amount is RMB 1).

(4) Accounting arrangement method for government grants

- ① The government grant related to assets shall, when acquired, be deducted with the book value of the relevant assets or recognized as deferred income. If it is recognized as deferred income, it shall be divided into gains and losses in stages according to a reasonable and systematic method during the service life of the relevant assets. The governmental grants calculated according to the nominal amount shall be directly included in the current gains and losses.
- ② Government grant related to the incomes shall be disposed separately according to the conditions:
 - (A) If the grants are used to compensate for related expenses or losses in the later period of the Company, it shall be recognized as deferred income and included in the current gains and losses during recognition of relevant expenses or loss
 - (B) Those used for compensating the related expenses or losses have been incurred shall be included in current gains and losses directly or relevant offset cost as obtaining.

③ If government grants that include both asset-related and revenue-related parts can be distinguished, they are treated separately in different parts. If it is difficult to distinguish, it shall be wholly recognized as government grants related to incomes.

④ Government grants related to the day-to-day operation of the Company shall be accounted for as other benefits or deducted with relevant costs in accordance with the nature of its economic operations. Government grants unrelated to the daily activities of enterprise are included in the income and expenditure of non-business activities. If the finance allocates the discount funds directly to the Company, the Company will deduct the relevant borrowing costs from the corresponding discount.

⑤ If it is necessary to return governmental grants which have been recognized, it shall be disposed respectively according to the following conditions:

(A) If the book value of the relevant assets is deducted at the time of initial recognition, the book value of the assets shall be adjusted.

(B) If there is the deferred income concerned, the book balance of the deferred income shall be offset against, but the excessive part shall be included in the current gains and losses.

(C) In other circumstances, it shall be directly included in the gains and losses of the current period.

32. Deferred income tax assets or deferred income tax liabilities

The Company adopts the balance sheet debt method to calculate the income tax.

(1) Recognition of the deferred income tax assets and the deferred income tax liabilities

① When the Company obtains the assets or liabilities, it shall determine its tax basis. On the balance sheet date, the Company analyses and compares the book value of assets and liabilities with their tax basis, and the book value of assets and liabilities with their tax basis. If there is temporary balance between the book value of assets and liabilities and their tax basis, the Company shall recognize deferred income tax liabilities or deferred income tax assets respectively for taxable temporary balance or deductible temporary balance if the relevant temporary balance occurs in the current period and meets the recognition conditions. Tax assets.

② Recognition basis of deferred income tax assets

(A) The Company shall confirm the deferred income tax assets arising from a deductible temporary balance to the extent of the amount of the taxable income which it is likely to obtain and which can be deducted from the deductible temporary balance. The amount of taxable income likely to be obtained in the future period includes the amount of taxable income realized in normal production and operation activities in the future period, and the amount of taxable income increased due to the return of temporary balance of taxable income during the period of deductible temporary balance.

(B) As for any deductible losses and tax deduction that can be carried over to the next years, the corresponding deferred income tax assets shall be recognized to the extent that the amount of future taxable income to be offset for the deductible loss and tax to be likely obtained.

(C) On the balance sheet date, the book value of deferred income tax assets shall be re-checked. If it is

unlikely to obtain sufficient taxable income to deduct from the benefit of the deferred income tax asset, the carrying amount of the deferred income tax assets shall be written down. The write-down amount shall be reversed when it is likely that the sufficient taxable income is available.

③ Recognition basis of the deferred income tax liabilities

The Company shall confirm the current or past taxable temporary balance that shall be paid but is not paid as deferred income tax liabilities. But it doesn't include goodwill and transaction formed by non-business combination and the temporary balance neither affects the accounting profit nor taxable income when transaction incurred.

(2) Measurement for the deferred income tax assets and the deferred income tax liabilities

① On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rate of the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

② If the applicable tax rate varies, the deferred income tax assets and deferred income tax liabilities which have been recognized are re-measured, excluding the deferred income tax assets and deferred income tax liabilities arising from any transactions or events directly recognized as the owners' equities, the amount affected by them shall be included into the income tax expenses of the current period during which the change occurs.

③ When measuring deferred income tax assets and deferred income tax liabilities, the Company adopts tax rates and tax basis consistent with the expected way of recovering assets or paying off debts.

④ The Company shall not discount any deferred income tax asset and deferred income tax liability.

33. Lease

(1) Accounting arrangement method of operating lease

A tenant includes the rental payment of operation lease into the relevant cost of assets or current gains and losses according to the straight-line method in each period of the lease term. The initial direct costs accrued to the Company shall be included into current gains or losses. The contingent rental shall be included into the current gains or losses when it is actually accrued.

A lessor includes the assets subject to operating lease in relevant items of its balance sheets in light of the nature of the asset. The rent in operating lease shall be recognized as current gains and losses during each lease term according to straight-line method. The initial direct costs accrued to the Company shall be included into current gains and losses. The depreciation of fixed assets in the operation lease assets shall be withdrawn by adopting depreciation policy of similar asset; other operation lease assets shall be amortized adopting systematic and reasonable method. The contingent rental shall be included into gains and losses of the current period when it is actually accrued.

(2) Accounting arrangement methods of financial lease

As tenant, on the commencement date of the lease term, the lower one between fair value of leased asset and present value of minimum lease payments as account record value of leased asset, and regard

the minimum lease payments as account record value of long-term payables, and their balance shall be treated as the unrecognized financing costs. The initial direct costs such as commissions, attorney's fees and traveling expenses, stamp duties, etc. directly attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be included into the rent asset value. The unrecognized financing costs shall be amortized during each lease term, and the current financing costs shall be recognized adopting real interest method. The contingent rental shall be included into gains and losses of the current period when it is actually accrued.

On the commencement date of the lease term, a lessor recognizes the sum of the minimum lease receipts on the lease commencement date and the initial direct costs as the entry value in an account of the finance lease values receivable, and record the un-guaranteed residual value at the same time. The balance between the sum of the minimum lease collection amount, the initial direct expenses and the non-guaranteed residual value, and the sum of their present values shall be recognized as the unrealized financing income. The unrealized financing income shall be allocated to each period during the lease term. The lessor shall calculate and recognize the financing income at the current period by adopting the effective interest rate method. The contingent rental shall be included into the gains and losses of the current period when it is actually accrued.

34. Changes of important accounting policies and estimates

A. Significant changes in accounting policies

Content and reason for the changes of accounting policies	Approval procedure	Explanation (items in the financial statements that are materially affected)
The Ministry of Finance issued the accounting Standards for Business Enterprises No. 21 - Lease on December 7, 2018 ([2018] No. 35). These companies listed in China would be required to implement the new leasing standards from January 1, 2021.	Wellhope held the 7th meeting of the 7th Session of Board of Directors on August 27, 2021 to deliberate and approve the proposal of Changing Accounting Policies	Non

B. Adjustment of financial statements when firstly implementing the new revenue standard and new leasing standard

Consolidated balance sheet

Unit: yuan Currency: RMB

Item	Dec. 31, 2020	January 1, 2021	Adjustment
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Current Assets			
Monetary capital	1,197,722,799.16	1,197,722,799.16	
Trading financial assets	50,000,000.00	50,000,000.00	
Derivative financial assets	4,725,552.30	4,725,552.30	
Notes receivable	14,200,547.87	14,200,547.87	
Accounts receivable	450,170,744.45	450,170,744.45	
Prepayments	364,401,520.23	364,401,520.23	
Other receivables	121,043,476.45	121,043,476.45	
including: Interest receivable			
Dividends receivable	49,123,722.11	49,123,722.11	
Inventory	2,473,827,570.38	2,473,827,570.38	
Contract assets	4,301,418.29	4,301,418.29	
Other current assets	109,698,865.94	109,698,865.94	
Total current assets	4,790,092,495.07	4,790,092,495.07	
Non-current assets			
Long-term equity investment	2,424,902,965.26	2,424,902,965.26	
Other equity instruments investment	20,847,697.96	20,847,697.96	
Fixed assets	2,860,162,059.91	2,860,162,059.91	
Construction in progress	322,895,206.90	322,895,206.90	
Biological assets	221,654,027.17	221,654,027.17	
Right-of-use asset		217,877,617.57	217,877,617.57
Intangible assets	291,785,453.15	291,785,453.15	
Goodwill	290,425.67	290,425.67	
Long-term prepaid expenses	143,945,562.29	94,650,410.25	-49,295,152.04
Deferred income tax assets	38,791,631.37	38,791,631.37	
Other non-current assets	531,140,679.24	522,574,705.33	-8,565,973.91
Total non-current assets	6,856,415,708.92	7,016,432,200.54	160,016,491.62
Total Assets	11,646,508,203.99	11,806,524,695.61	160,016,491.62
Current liabilities			
Short-term borrowings	1,110,672,869.40	1,110,672,869.40	
Notes payable	4,000,000.00	4,000,000.00	
Accounts payable	1,068,968,589.85	1,068,968,589.85	
Advance receipt	15,522,362.13	15,522,362.13	

Contract liabilities	365,124,817.02	365,124,817.02	
Payroll	92,456,475.56	92,456,475.56	
Taxes and surcharges	47,590,795.53	47,590,795.53	
Other payables	280,673,085.07	280,673,085.07	
including: Interest payable			
Dividend payable	1,500,000.00	1,500,000.00	
Non-current liabilities due within one year	121,896,906.66	139,928,691.22	18,031,784.56
Other current liabilities	3,386,523.00	3,386,523.00	
Total current liabilities	3,110,292,424.22	3,128,324,208.78	18,031,784.56
Non-current Liabilities			
Long-term borrowings	574,880,271.67	574,880,271.67	
Lease liabilities		141,984,707.06	141,984,707.06
Long-term payables	15,458,230.92	15,458,230.92	
Deferred income	42,238,872.75	42,238,872.75	
Deferred income tax liabilities	1,936,853.23	1,936,853.23	
Total Non-current liabilities	634,514,228.57	776,498,935.63	141,984,707.06
Total Liabilities	3,744,806,652.79	3,904,823,144.41	160,016,491.62
Owners' equity (or shareholders' equity)			
Paid-up capital (or share capital)	922,059,896.00	922,059,896.00	
Capital reserves	888,159,916.65	888,159,916.65	
deduct: Treasury stock	45,695,815.00	45,695,815.00	
Other comprehensive income	-2,157,502.61	-2,157,502.61	
Surplus reserves	417,370,506.33	417,370,506.33	
Undistributed profits	4,572,660,487.98	4,572,660,487.98	
Total owners' equity attributable to the of parent company	6,752,397,489.35	6,752,397,489.35	
Non-controlling interests	1,149,304,061.85	1,149,304,061.85	
Total owners' equity (or shareholders' equity)	7,901,701,551.20	7,901,701,551.20	
Total liabilities and owners' equity (or shareholders' equity)	11,646,508,203.99	11,806,524,695.61	160,016,491.62

Consolidated balance sheet of parent company

Unit: yuan Currency: RMB

Item	Dec. 31, 2020	January 1, 2021	Adjustment
Current Assets			
Monetary capital	882,265,252.26	882,265,252.26	
Trading financial assets	50,000,000.00	50,000,000.00	
Derivative financial assets	4,725,552.30	4,725,552.30	
Accounts receivable	20,085,558.13	20,085,558.13	
Prepayments	9,917,656.22	9,917,656.22	
Other receivables	1,371,365,317.28	1,371,365,317.28	
including: Interest receivable			
Dividends receivable	57,747,209.35	57,747,209.35	
Inventory	51,828,244.25	51,828,244.25	
Total current assets	2,390,187,580.44	2,390,187,580.44	
Non-current assets			
Long-term equity investment	4,984,232,967.75	4,984,232,967.75	
Other equity instruments investment	20,151,707.44	20,151,707.44	
Fixed assets	137,920,401.73	137,920,401.73	
Construction in progress	9,937,098.75	9,937,098.75	
Intangible assets	14,556,983.41	14,556,983.41	
Long-term prepaid expenses	1,997,913.51	1,997,913.51	
Deferred income tax assets	7,805,635.89	7,805,635.89	
Other non-current assets	1,800,000.00	1,800,000.00	
Total non-current assets	5,178,402,708.48	5,178,402,708.48	
Total assets	7,568,590,288.92	7,568,590,288.92	
Current liabilities			
Short-term borrowings	680,000,000.00	680,000,000.00	
Accounts payable	38,179,034.66	38,179,034.66	
Contract liabilities	5,446,528.15	5,446,528.15	
Payroll	7,302,711.24	7,302,711.24	
Taxes and surcharges	4,129,417.63	4,129,417.63	
Other payables	1,472,651,727.41	1,472,651,727.41	
including: Interest payable			
Dividend payable			

Non-current liabilities due within one year	78,000,000.00	78,000,000.00	
Total current liabilities	2,285,709,419.09	2,285,709,419.09	
Non-current Liabilities			
Long-term borrowings	494,500,000.00	494,500,000.00	
Deferred income	25,056,500.00	25,056,500.00	
Total non-current liabilities	519,556,500.00	519,556,500.00	
Total liabilities	2,805,265,919.09	2,805,265,919.09	
Owners' equity (or shareholders' equity)			
Paid-up capital (or share capital)	922,059,896.00	922,059,896.00	
Capital reserves	885,579,203.34	885,579,203.34	
deduct: Treasury stock	45,695,815.00	45,695,815.00	
Other comprehensive income	-337,193.02	-337,193.02	
Surplus reserves	417,370,506.33	417,370,506.33	
Undistributed profits	2,584,347,772.18	2,584,347,772.18	
Total owners' equity (or shareholders' equity)	4,763,324,369.83	4,763,324,369.83	
Total liabilities and owners' equity (or shareholders' equity)	7,568,590,288.92	7,568,590,288.92	

VI. Tax

1. Categories of taxes and tax rate

Categories	Taxation basis	Tax rate
Value-added tax	Output VAT-deductible input VAT	1%、9%、13%
Urban maintenance and construction tax	Turnover tax payable	1%、5%、7%
Corporate income tax	Income tax payable	15%、20%、25%
Extra charges of education funds	Turnover tax payable	3%
Extra charges of local education funds	Turnover tax payable	2%

Taxpayer	Income tax rate%
Wellhope Foods Co., Ltd., Beijing Sanyuan Wellhope Agri-Tech Company, Beijing Helai Sci-Tech Company, Xi'an Wellhope Feed Sci-Tech Company, Gansu Wellhope Agri-Tech Company, Guangzhou Xiangshun Livestock Equipment Company, Chongqing Dahong Agriculture and Animal Husbandry Equipment Company, Shenyang Fame Bio-Tech Company, Yangling Wellhope Agriculture and Animal Husbandry Company, Yunnan Wellhope Feed Mill	15
Dalian Huakang Xinxin Food Company, Kaifeng Wellhope Meat Products Company, Puyang Wellhope Food Company, Dalian Heyuan Agri-Tech Company, Wafangdian Yifeng Agri-Tech Company, Shandong Heyuan Food Company, Shandong Heyuan Agri-Tech Company, Pingyuan Wellhope Food	Enterprises that engaged in primary processing of agricultural products,

Processing Company, Fuyu Wellhope Taolaizhao Poultry Raising Company, Puyang Wellhope Agri-Tech Company, Changchun Wellhope Food Company, Dehui Wellhope Agri-Tech Company, Tongliao Wellhope Tianyi Prataculture Company, Kaifeng Wellhope Agriculture and Animal Husbandry Company, Shenyang Huakang Broiler Company, Shenyang Huakang Agriculture and Animal Husbandry Company, Tangshan Hejia Agriculture and Animal Husbandry Company, Shenyang Wellhope Poultry Industry Company, Fushun Wellhope Agriculture and Animal Husbandry Company, Anhui Wellhope Haoxiang Agricultural Development Company, Suizhong Renhe Fishery Company, Lixin Xiangfeng Agriculture and Animal Husbandry Company, Lixin Hongfeng Agriculture and Animal Husbandry Company, Shulan Fengtai Agriculture and Animal Husbandry Company, Shulan Fengtai Farming Company, Hebei Deheng Farming Company, Dalian Hongtu Agri-tech Company, Liaoning Wellhope Agriculture and Animal Husbandry Development Company, Luoyang Wellhope Agriculture and Animal Husbandry Company, Tongxu Wellhope Agriculture and Animal Husbandry Company, Gongzhuling Wellhope Swine Farming Company, Lishu Wellhope Ecological Farming Company, Anyang Wellhope Agriculture and Animal Husbandry Company, Hebei Taihang Wellhope Food Company, Hebei Taihang Wellhope Agri-Tech Company, Yixian Dingli Hesheng Livestock and Poultry Feeding Company, Yixian Weijing Livestock and Poultry Feeding Company, Yixian Hekang Agri-Tech Company, Hebei Hetai Livestock and Poultry Farming Company, Anhui Wellhope Haoxiang Swine Breeding Company, Nanyang Wellhope Cattle Sci-Tech Company, Daqing Wellhope Food Company, Zhumadian Wellhope Agriculture Development Company, Datong Hejia Agriculture and Animal Husbandry Company, Shijiazhuang Hejia Agriculture and Animal Husbandry Company, Fuxin Wellhope Agriculture and Animal Husbandry Company, Dalian Zhongjia Food Company, Wafangdian Huinong Poultry Industry Company, Shenyang Wellhope Extruded Feed Mill, Jilin Hefeng Swine Breeding Company, Dunhua Fengda Agriculture and Animal Husbandry Development Company, Shenyang Xiaohe Agriculture and Animal Husbandry Company, Shenyang Wellhope Swine Breeding Company, Shenyang Wellhope Agriculture and Animal Husbandry Technology Company, Lingyuan Wellhope Agriculture and Animal Husbandry Company, Fuyang Wellhope Agriculture and Animal Husbandry Technology Company, Dehui Fengyuan Agriculture and Animal Husbandry Company, Kaifeng Jiufeng Agriculture and Animal Husbandry Company, Jinzhai Wellhope Agriculture and Animal Husbandry Company, Fuyu Wellhope Layer Company, Anhui Wellhope Food Company	livestock and poultry raising businesses exempt from levying corporate income tax
Russia Wellhope Agri-Tech Company	20
Other companies	25

2. Tax preference

A. Value-added tax

In accordance with the Notice on the Exemption of Value-added Tax on Feed Products and other documents, the sales of feed products of the Company and related subsidiaries are exempted from value-added tax.

According to the regulation issued by the Ministry of Finance and Taxation of China, from April 1, 2019, taxpayers occurred taxable sales of VAT, where the tax rates of 16% and 10% were originally applicable, the tax rates shall be adjusted to 13% and 9% respectively.

According to the announcement issued by the General Tax Bureau of the Ministry of Finance regarding

VAT policy for supporting work resumption of privately or individually-owned companies, during the outbreak of the COVID-19 pandemic, VAT shall be levied at a rate of 1% for small-scale taxpayers.

B. Income tax

The Company and related subsidiaries, which are suitable to related government policies, such as receiving the certificates of High-Tech enterprise, the applicable corporate income tax rate is 15% in the valid period.

VII. Notes to the Items of Consolidated Financial Statements

1. Monetary capital

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	446,403.52	401,767.96
Cash at bank	1,197,827,158.39	1,185,795,875.08
Other monetary capital	35,304,219.85	11,525,156.12
Total	1,233,577,781.76	1,197,722,799.16
including: total amount of funds deposited abroad	773,934.10	1,192,917.73

Other explanation:

In the end of the period, the balance of letter of credit included in other monetary capital recorded RMB 590,000, futures margin was RMB 33,934,219.85, bank acceptance deposit was RMB 780,000.

2. Trading financial assets

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value and the changes recorded in current profits and losses		50,000,000.00
including		
Wealth management products		50,000,000.00
Total		50,000,000.00

3. Derivative financial assets

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Futures		
Total		

Explanation: The accounting method of futures refer to fair value disclosure.

4. Notes receivable

A. Classification

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Bank's acceptance bill	11,846,863.22	12,601,548.00
Commercial acceptance bill		1,598,999.87
Total	11,846,863.22	14,200,547.87

B. Bad debt provision

Unit: yuan Currency: RMB

Item	Opening balance	Changes in 2020			Closing balance
		Accruing	Collected or recovered	Charged-off or written-off	
Commercial acceptance bill	32,632.65		32,632.65		
Total	32,632.65		32,632.65		

5. Accounts receivable**A. Categorized by aging**

Unit: yuan Currency: RMB

Aging	Closing book balance
Within 1 year	666,630,785.54
1-2 years	37,010,962.19
2-3 years	19,080,976.50
Over 3 years	117,330,850.76
Total	840,053,574.99

B. Categorized by bad debt accrual method

Unit: yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage %	Amount	Accruing percentage %		Amount	Percentage %	Amount	Accruing percentage %	
Accruing bad debt provision individually	38,449,931.04	4.58	38,449,931.04	100.00		39,061,704.31	6.76	39,061,704.31	100.00	
Accruing bad debt provision by grouping	801,603,643.95	95.42	120,085,758.25	14.98	681,517,885.70	538,418,802.21	93.24	88,248,057.76	16.39	450,170,744.45
including										
Aging group	801,603,643.95	95.42	120,085,758.25	14.98	681,517,885.70	538,418,802.21	93.24	88,248,057.76	16.39	450,170,744.45
Total	840,053,574.99	/	158,535,689.29	/	681,517,885.70	577,480,506.52	/	127,309,762.07	/	450,170,744.45

➤ Accruing bad debt provision individually

Unit: yuan Currency: RMB

Name	Closing balance			
	Book balance	Bad debt provision	Accruing percentage %	Reason
Customer 1	23,998,355.83	23,998,355.83	100.00	uncollectible
Customer 2	4,734,285.00	4,734,285.00	100.00	uncollectible
Customer 3	2,622,919.70	2,622,919.70	100.00	uncollectible
Customer 4	927,022.22	927,022.22	100.00	uncollectible
Customer 5	807,150.00	807,150.00	100.00	uncollectible
Other bad debt provision accrued individually	5,360,198.29	5,360,198.29	100.00	uncollectible
Total	38,449,931.04	38,449,931.04	100.00	/

➤ Accruing bad debt provision according to aging

Unit: yuan Currency: RMB

Aging	Closing balance		
	Account receivable	Bad debt provision	Accruing percentage %
Within 1 year	666,630,785.54	25,807,752.92	3.87
1-2 years	36,956,781.59	5,543,517.24	15.00
2-3 years	18,563,177.45	9,281,588.72	50.00
Over 3 years	79,452,899.37	79,452,899.37	100.00
Total	801,603,643.95	120,085,758.25	/

C. Bad debt provision

Unit: yuan Currency: RMB

Category	Opening balance	Changes in 2020			Closing balance
		Accruing	Charged off or written off	Other changes	
Accounts receivable	127,309,762.07	32,471,871.78	768,010.45	477,934.11	158,535,689.29
Total	127,309,762.07	32,471,871.78	768,010.45	477,934.11	158,535,689.29

D. Accounts receivables that were actually written off in current period

Unit: yuan Currency: RMB

Item	Write-off amount
Actual write-off of accounts receivable	768,010.45

Circumstances of other important accounts receivable that were written off

Unit: yuan Currency: RMB

Name	Nature	Written off amount	Reason	Whether generated by related party transactions
Customer 1	Payment for products	226,747.00	uncollectible after filing of a lawsuit	No
Customer 2	Payment for products	206,545.90	uncollectible after filing of a lawsuit	No
Customer 3	Payment for products	64,722.99	uncollectible	No
Customer 4	Payment for products	63,322.02	uncollectible	No
Customer 5	Payment for products	50,000.00	uncollectible	No
Total	/	611,337.91	/	/

E. Top 5 accounts receivable at the end of the reporting period

Unit: yuan Currency: RMB

Debtor	Closing balance	Percentage of the closing balance of total accounts receivable %	Closing balance of bad debt provision
1	31,256,229.00	3.72	3,125,622.90
2	25,910,891.83	3.08	991,089.18
3	23,998,355.83	2.86	23,998,355.83
4	20,021,748.90	2.38	400,434.98
5	18,373,436.11	2.19	367,468.72
Total	119,560,661.67	14.23	28,882,971.61

6. Prepayments**A. Presenting by aging**

Unit: yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage %	Amount	Percentage %
Within 1 year	478,437,536.73	99.71	355,432,049.57	97.54
Over 1 year	1,393,013.52	0.29	8,969,470.66	2.46
Total	479,830,550.25	100.00	364,401,520.23	100.00

B. Top 5 prepayments at the end of the reporting period

Unit: yuan Currency: RMB

Company	Closing balance	Percentage of the closing balance of total prepayments %
1	46,750,000.00	9.74
2	37,000,000.00	7.71
3	29,388,906.54	6.12
4	27,109,135.90	5.65
5	26,465,419.60	5.52
Total	166,713,462.04	34.74

7. Other receivables

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable	39,067,761.79	49,123,722.11
Other receivables	68,920,505.18	71,919,754.34
Total	107,988,266.97	121,043,476.45

A. Dividends receivable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Dividends from long-term investment under the equity method	39,067,761.79	49,123,722.11
Total	39,067,761.79	49,123,722.11

B. Other receivables**a. Presenting by aging**

Unit: yuan Currency: RMB

Aging	Closing book balance
Within 1 year	54,953,817.89
1-2 years	1,956,314.14
2-3 years	2,405,715.56
Over 3 years	38,295,494.15
Total	97,611,341.74

b. Presenting by nature

Unit: yuan Currency: RMB

Nature	Closing book balance	Opening book balance
General operating receivables	26,443,343.39	24,394,151.68
Guarantee deposit	36,964,811.02	24,067,394.92
Disposal of investment receivables	2,764,218.95	2,764,218.95
Other	31,438,968.38	37,169,200.75
Total	97,611,341.74	88,394,966.30

c. Accruing bad debt provision

Unit: yuan Currency: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance on January 1, 2021	8,779,429.13		7,695,782.83	16,475,211.96
-recorded in the second stage				
- recorded in the third stage	-565,162.00		565,162.00	
-recovered in the second stage				
- recovered in the first stage				
Accrued in the reporting period	11,769,485.04		523,803.17	12,293,288.21
Write-off			77,424.12	77,424.12
Other changes	-239.49			-239.49

Balance on December 31, 2021	19,983,512.68		8,707,323.88	28,690,836.56
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d. Bad debt provision

Unit: yuan Currency: RMB

Category	Opening balance	Changes in 2021			Closing balance
		Accruing	Charged off or written off	Other changes	
Other receivables	16,475,211.96	12,293,288.21	77,424.12	-239.49	28,690,836.56
total	16,475,211.96	12,293,288.21	77,424.12	-239.49	28,690,836.56

e. Top 5 other receivables at the end of the reporting period

Unit: yuan Currency: RMB

Company	Nature	Closing balance	Aging	Percentage of closing balance of total other receivables %	Closing balance of bad debt provision
1	Temporary borrowing	27,067,493.00	over 3 years	27.73	27,067,493.00
2	Guarantee deposit	10,220,000.00	less than 1 year	10.47	204,400.00
3	Temporary borrowing	4,350,000.00	1-2 year	4.46	435,000.00
4	Equity transfer	2,764,218.95	over 3 years	2.83	2,764,218.95
5	Temporary borrowing	2,496,119.39	less than 1 year	2.56	49,922.39
Total	/	46,897,831.34	/	48.05	30,521,034.34

8. Inventory**A. Category of inventory**

Unit: yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Falling price reserve or provision for impairment of contract performance costs	Book value	Book balance	Falling price reserve or provision for impairment of contract performance costs	Book value
Raw materials	1,201,310,756.99	1,783,484.21	1,199,527,272.78	1,067,170,395.01	2,756,874.79	1,064,413,520.22
Low value consumables	23,320,387.54		23,320,387.54	20,586,560.21		20,586,560.21
Wrappage	22,959,063.70		22,959,063.70	18,861,661.78		18,861,661.78
Products in process	81,084,071.92	420,356.13	80,663,715.79	36,745,830.86	653,313.59	36,092,517.27
Finished products	792,423,259.27	1,434,137.22	790,989,122.05	627,279,262.38	5,323,922.07	621,955,340.31
Consumptive biological assets	573,760,700.47	2,313,510.86	571,447,189.61	713,091,097.93	12,069,247.10	701,021,850.83

Engineering construction	2,315,669.48		2,315,669.48	6,428,157.96		6,428,157.96
Products in transit				4,467,961.80		4,467,961.80
Total	2,697,173,909.37	5,951,488.42	2,691,222,420.95	2,494,630,927.93	20,803,357.55	2,473,827,570.38

B. Falling price reserves and provision for impairment of contract performance costs

Unit: yuan Currency: RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
		Accrued	Recovered or charged off	
Raw materials	2,756,874.79		973,390.58	1,783,484.21
Products in process	653,313.59		232,957.46	420,356.13
Finished products	5,323,922.07	24,899,041.34	28,788,826.19	1,434,137.22
Consumptive biological assets	12,069,247.10	2,313,510.86	12,069,247.10	2,313,510.86
Total	20,803,357.55	27,212,552.20	42,064,421.33	5,951,488.42

9. Contract assets

A. Circumstance of contract assets

Unit: yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Guarantee deposit	2,677,247.54	171,799.85	2,505,447.69	4,389,202.33	87,784.04	4,301,418.29
Total	2,677,247.54	171,799.85	2,505,447.69	4,389,202.33	87,784.04	4,301,418.29

B. Accruing provision for impairment of contract assets in 2021

Unit: yuan Currency: RMB

Item	Accrued in current period	Recovered in current period	Charged off or written off	Reason
Guarantee deposit	84,015.81			
Total	84,015.81			

10. Other current assets

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Available for deducting VAT and prepaid tax	156,089,468.63	109,698,865.94
total	156,089,468.63	109,698,865.94

11. Long-term equity investment

Unit: yuan Currency: RMB

Investee	Opening balance	Changes in the current period						Closing balance	Closing balance of impairment provision
		Additional investment	Reducing investment	Gains or losses on investments recognized under the equity method	Adjustment of other comprehensive income	Other changes in equity	Declared payment of dividends or profits		
1. Joint Venture									
Unphung Joint Venture Company	4,167,616.44							4,167,616.44	
Nepal Wellhope Agri-tech Pvt. Ltd.	7,501,575.10							7,501,575.10	
NEXUS WELL-HOPE AGRITECH INTERNATIONAL LIMITED	17,900,000.00							17,900,000.00	17,900,000.00
Subtotal	29,569,191.54							29,569,191.54	17,900,000.00
2. Associated Company									
Qingdao Shenfeng Agri-Tech Company	12,709,441.68			1,932,561.28			1,875,000.00	12,767,002.96	
Anshan Jiuguhe Food Company	180,169,264.68			25,152,014.40				205,321,279.08	
Tai'an Jiuguhe Agriculture Development Company	93,435,154.35			-37,939,561.03				55,495,593.32	
Linghai Jiuguhe Feed Mill	55,526,602.35			-13,284,875.12				42,241,727.23	
Huludao Jiuguhe Food Company	84,763,602.76			-12,134,728.47			3,800,000.00	68,828,874.29	
Dandong Wellhope Chengsan Food Company	68,230,237.09			11,173,090.13				79,403,327.22	
Dandong Wellhope Chengsan Agri-Tech Company	113,922,767.98			2,176,093.50				116,098,861.48	
Haicheng New Hongzunda Agri-Tech Company	13,583,681.21			2,269,370.73				15,8	

								53,051.94	
Beipiao Hongfa Food Company	506,223,892.79			-2,294,802.76			10,780,000.00	493,149,090.03	
Beijing Dahong Hengfeng Agri-Tech Company	25,331,981.27			2,324,571.13			1,335,000.00	26,321,552.40	
Tai'an Jiufeng Agri-Tech Company	3,076,061.22			-3,076,061.22					
Shihaipu (Beijing) Technology and Trade Co., Ltd.	1,571,328.21			333,916.89				1,905,245.10	
Shenyang Wenjie Bio-Tech Company	13,008,286.09			530,664.92				13,538,951.01	
Huludao Jiuguhe Feed Mill	11,926,849.52			-10,285,909.18				1,640,940.34	
Jinzhou Jiufeng Food Company	78,468,017.12			12,363,492.30				90,831,509.42	
Zhangjiakou Jiahe Agriculture and Animal Husbandry Company	112,612,087.67			-20,597,095.69		-1,620,291.22		90,394,700.76	
Tai'an Fengjiu Agri-Tech Company	40,000,648.23			15,360,543.10				55,361,191.33	
Anshan Fengsheng Food Company	53,324,911.78			1,546,900.55				54,871,812.33	
Dalian Chengsan Animal Husbandry Company	375,878,496.72			-25,456,158.61				350,422,338.11	
Tailai Jiahe Agriculture and Animal Husbandry Company	87,308,566.68			-21,677,476.94		-1,879,492.91		63,751,596.83	
Gongzhuling Corn Purchasing and Storing Company	61,617,095.37			-2,834,562.23				58,782,533.14	
Lankao Skyland Duck Company	43,675,821.83			-11,940,533.06				31,735,288.77	

Hainan Nongken Wenfeng Wenchang Chicken Industry(Group)Company	5,617,579.88		4,480,000.00	-47,396.42				1,090,183.46	
PT SEKAR GOLDEN HARVESTA INDONESIA	37,200,772.23	1,941,120.00		-1,763,793.47	-1,017,661.22			36,360,437.54	
GOLDEN HARVESTA INC.	104,722,686.04			1,800,174.72	-7,564,467.84			98,958,392.92	
PT. Mulia Harvest Agritech	46,763,698.31			2,607,050.81	-1,446,857.30			47,923,891.82	
Shulan Fengtai Organic Fertilizer Company	2,272,206.00			-217,046.73				2,055,159.27	
Shenyang Zhongwenjia Bio-Tech Company	5,222,536.94			1,172,458.26				6,394,995.20	
Liaoning Mubang Animal Husbandry Equipment Manufacturing Company	11,096,936.52			4,100,701.06				15,197,637.58	
Anshan Yufeng Feed Mill	3,346,723.93			2,998,549.48				6,345,273.41	
Weifang Wellhope Xinhesheng Feed Mill	5,507,063.76			273,353.47				5,780,417.23	
Dunhua Fengda Broiler Breeding Company	5,784,085.05			10,135.98				5,794,221.03	
Tai'an Huijun Biomass Energy Company	2,796,879.33			-554,308.34				2,242,570.99	
Dazhou Wellhope Bio-Tech Company	4,971,081.90			1,963,453.95				6,934,535.85	
Anshan Jiujianhe Paper Packaging Company	3,004,462.97			1,253,468.68				4,257,931.65	
Anshan Antai Plastic Products Company	2,164,615.90			671,124.33				2,835,740.23	
Bei'an Nongken Shengda Pasture Specialized cooperative	8,420,847.40			3,051,981.45				11,472,828.85	
Heilongjiang Province North an agricultural reclamation zhongwang cow breeding professional cooperative				474,403.89				474,403.89	
Jiyuan Sunshine rabbit		6,591,000.00		-1,308,392.60				5,282,607.40	

Industry Technology Co., LTD									
Dalian Wellhope Fishery Company	8,949,859.15			664,295.73				9,614,154.88	
Liaoning Petmate Bio-Tech Company	4,734,409.10	6,691,256.00	1,774,700.00	-1,165,758.01				8,485,207.09	
Guangzhou Yikun Trading Company	1,353,546.22			-76,527.57			1,144,000.00	133,018.65	
Jilin Hengfeng Animal Health Products Company	2,713,903.05	357,000.00		1,099,849.82				4,170,752.87	
Harbin Weierhao Trading Company		5,967,000.00		1,609,285.27				7,576,285.27	
Shenyang Yihe Enterprise Management Partnership (Limited partnership)		1,855,106.00						1,855,106.00	
Shenyang Wanlitan Agriculture and Animal Husbandry Company	5,985,608.96	2,000,000.00		2,404,358.25			3,262,218.44	7,127,748.77	
Daqing Supply and Marketing Agri-Tech Company	4,546,049.50			1,149,812.73				5,695,862.23	
Heilongjiang Zhongyi Ranch Information Technology Service Company	450,330.25		459,511.28	9,181.03					
Indonesia Max Animal Husbandry Technology Company	1,408,772.76					-18,799.20		1,389,973.56	
Dalian Sida Food Company	41,264,618.72			2,267,160.34				43,531,779.06	
Shandong Fengkang Food Company	56,506,112.85	9,500,000.00		-22,546,916.18				43,459,196.67	
Henan Jinhezhong Cattle Industry Company	63,590.40		63,590.40						
Subtotal	2,413,233,773.72	34,902,482.00	6,777,801.68	-84,457,885.45	-10,047,785.56	-3,499,784.13	22,196,218.44	2,321,156,780.46	
Total	2,442,802,965.26	34,902,482.00	6,777,801.68	-84,457,885.45	-10,047,785.56	-3,499,784.13	22,196,218.44	2,350,725,972.00	17,900,000.00

1. The investment of Unphung Joint Venture Company, Nepal Wellhope Agri-tech Pvt. Ltd. and NEXUS WELL-HOPE AGRITECH INTERNATIONAL LIMITED adopts cost method due to the particularity of local market and regulatory environment as well as the effects that the Company can exert on these three companies.
2. At the end of the period, the net assets of Tai'an Jiufeng Animal Husbandry Company recorded RMB -2,325,305.26, the book value of the long-term investment was reduced to RMB 0, and the unrecognized investment losses at the end of the period recorded RMB -967,629.28.

12. Other equity instruments Investment**A. Other equity instruments Investment**

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
China-Russia Friendship Association of Liaoning Province	10,000.00	10,000.00
Hengshui Hejia Agriculture and Animal Husbandry Company	151,379.65	1,454,281.94
Xinji Jiayu Agriculture and Animal Husbandry Company	1,828,273.88	900,000.00
Shenze Jiahe Agriculture and Animal Husbandry Company	2,813,479.85	3,020,978.16
Dalian Xuelong Heniu Import and Export Company	13,105,813.65	14,766,447.34
Henan Shanghui Feed Development Company	146,214.43	140,621.00
Shenyang Bononveit Animal Health Products Company		155,369.52
Gansu Judinghe Agriculture and Animal Husbandry	2,027,053.69	400,000.00
Total	20,082,215.15	20,847,697.96

B. Non-transactional equity instrument investment

Unit: yuan Currency: RMB

Item	Dividend income recognized in the current period	Cumulative gains	Cumulative losses	Amount of other comprehensive income transferred into retained earnings
China-Russia Friendship Association of Liaoning Province				
Hengshui Hejia Agriculture and Animal Husbandry Company			1,448,620.35	
Xi'an Micro Monkey E-commerce Company			340,000.00	
Xinji Jiayu Agriculture and Animal Husbandry Company	1,350,000.00	28,273.88		
Shenze Jiahe Agriculture and Animal Husbandry Company	4,200,000.00		186,520.15	
Dalian Xuelong Heniu Import and Export Company			1,894,186.35	
Henan Shanghui Feed Development Company			353,785.57	
Shenyang Bononveit Animal Health Products Company		75,369.52		75,369.52
Gansu Judinghe Agriculture and Animal Husbandry		27,053.69		
Total	5,550,000.00	130,697.09	4,223,112.42	75,369.52

13. Fixed assets

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	3,232,947,014.55	2,860,162,059.91
Disposal of fixed assets		
Total	3,232,947,014.55	2,860,162,059.91

Circumstance of fixed assets

Unit: yuan Currency: RMB

Item	Buildings and structures	Machinery equipment	Transportation vehicle	Other equipment	Total
1. Original value					
A. Opening balance	2,308,145,257.80	1,689,660,988.77	116,651,404.61	108,002,277.29	4,222,459,928.47
B. Increased amount	350,850,430.30	271,314,281.41	20,937,636.69	22,194,530.70	665,296,879.10
a. Purchased	140,319,416.85	113,779,457.67	17,755,026.17	20,869,035.26	292,722,935.95
b. Construction in progress transferred in	210,531,013.45	156,744,636.19	2,827,434.52	1,280,335.67	371,383,419.83
c. Increased by business combination		790,187.55	355,176.00	45,159.77	1,190,523.32
C. Decreased amount	14,953,890.67	17,191,384.65	9,420,428.16	1,380,385.20	42,946,088.68
a. Disposed or scrapped	10,439,337.22	11,250,653.75	7,278,613.70	1,353,780.20	30,322,384.87
b. Decreased by business combination	4,188,666.35	3,112,100.62	2,141,814.46	26,605.00	9,469,186.43
c. Transferred in construction in progress	325,887.10	2,828,630.28			3,154,517.38
D. Closing balance	2,644,041,797.43	1,943,783,885.53	128,168,613.14	128,816,422.79	4,844,810,718.89
2. Accumulated depreciation					
A. Opening balance	497,229,274.81	621,995,997.44	78,875,383.93	63,283,415.87	1,261,384,072.05
B. Increased amount	98,973,069.58	154,614,214.91	14,289,256.33	11,231,726.90	279,108,267.72
a. Accruing	98,973,069.58	154,614,214.91	14,289,256.33	11,231,726.90	279,108,267.72
b. Increased by business combination					
C. Decreased amount	7,033,539.31	8,985,707.91	9,162,544.91	1,078,414.79	26,260,206.92
a. Disposed or scrapped	5,511,496.39	6,677,676.44	7,060,622.89	1,052,607.94	20,302,403.66
b. Decreased by business combination	1,335,010.46	1,767,151.51	2,101,922.02	25,806.85	5,229,890.84
c. Transferred in construction in progress	187,032.46	540,879.96			727,912.42
D. Closing balance	589,168,805.08	767,624,504.44	84,002,095.35	73,436,727.98	1,514,232,132.85
3. Impairment provision					

A. Opening balance	58,226,658.36	41,967,497.68	92,292.08	627,348.39	100,913,796.51
B. Increased amount					
a. Accruing					
C. Decreased amount	2,184,248.60	1,097,182.62	793.80		3,282,225.02
a. Disposed or scrapped	2,184,248.60	601,117.48	793.80		2,786,159.88
b. Decreased by business combination		496,065.14			496,065.14
D. Closing balance	56,042,409.76	40,870,315.06	91,498.28	627,348.39	97,631,571.49
4. Book value					
A. Closing book value	1,998,830,582.59	1,135,289,066.03	44,075,019.51	54,752,346.42	3,232,947,014.55
B. Opening book value	1,752,689,324.63	1,025,697,493.65	37,683,728.60	44,091,513.03	2,860,162,059.91

14. Construction in progress

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	602,237,560.51	322,895,206.90
Engineering material		
Total	602,237,560.51	322,895,206.90

A. Circumstance of construction in progress

Unit: yuan Currency: RMB

Item	Closing balance		Opening balance	
	Book balance	Book value	Book balance	Book value
Hebei Taihang Wellhope-broiler slaughtering and processing	208,406,557.28	208,406,557.28	87,767,632.25	87,767,632.25
Hainan Wellhope-feed production line with 200,000 tons per year	1,621,699.60	1,621,699.60	51,058,543.76	51,058,543.76
Lingyuan Wellhope-pig farm construction	2,774,796.14	2,774,796.14	49,003,226.94	49,003,226.94
Yangling Wellhope-plant construction and renovation			13,336,130.05	13,336,130.05
Dalian Zhongjia-the second phase of chicken processing and slaughtering project	10,512,513.85	10,512,513.85	12,688,431.38	12,688,431.38
Shenyang Wellhope Poultry-the first phase of layer factory			12,147,049.98	12,147,049.98
Daqing Wellhope Food-production workshop construction			11,723,775.64	11,723,775.64
Liaoning Wellhope-construction of raw material warehouse			9,457,098.75	9,457,098.75
Lixin Xiangfeng-pig farm construction			9,425,339.00	9,425,339.00

Qingyuan Wellhope-feed production line with 400,000 tons per year	78,918,778.10	78,918,778.10	9,143,447.15	9,143,447.15
Changchun Wellhope Food-factory renovation	18,042,252.26	18,042,252.26	4,726,334.17	4,726,334.17
Fushun Agriculture and Animal Husbandry-pig farm construction	82,600.00	82,600.00	890,360.00	890,360.00
Shenyang Nongda- the second phase plant construction and renovation	23,206,381.97	23,206,381.97		
Liaoning Hefeng Egg Industry - production line and related equipment renovation	22,895,026.25	22,895,026.25		
Heilongjiang Wellhope-creep feed and nursery feed workshop	7,638,039.00	7,638,039.00		
Gongzhuling Ruminant	5,405,758.00	5,405,758.00		
Fuxin Wellhope Agriculture and Animal Husbandry Company—pig breeding integration project	79,445,055.99	79,445,055.99	1,649,880.00	1,649,880.00
Anhui Wellhope Food Company—pig integration project, which can slaughter 1 million heads of live pig per year	85,763,150.43	85,763,150.43	103,200.00	103,200.00
Other constructions	57,524,951.64	57,524,951.64	49,774,757.83	49,774,757.83
Total	602,237,560.51	602,237,560.51	322,895,206.90	322,895,206.90

B. Changes of important constructions in progress

Unit: yuan Currency: RMB

Project	Budget	Opening balance	Increased amount	Amount transferred in fixed assets	Closing balance	Percentage of accumulated input accounting for the budget %	Construction progress	Source of funds
Hebei Taihang Wellhope-broiler slaughtering and processing	400,000,000.00	87,767,632.25	120,638,925.03		208,406,557.28	53.00	60%	Self-owned
Hainan Wellhope-feed production line with 200,000 tons per year	72,000,000.00	51,058,543.76	2,981,161.60	52,418,005.76	1,621,699.60	82.00	95%	Self-owned
Lingyuan Wellhope-pig farm construction	85,000,000.00	49,003,226.94	29,017,709.14	75,246,139.94	2,774,796.14	95.00	95%	Self-owned and raised funds
Yangling Wellhope-plant construction and renovation	23,000,000.00	13,336,130.05		13,336,130.05		100.00	100%	Self-owned
Dalian Zhongjia-the second phase of chicken processing and slaughtering project	250,000,000.00	12,688,431.38	12,901,280.42	15,077,197.95	10,512,513.85	11.00	10%	Self-owned
Shenyang Wellhope Poultry- the first phase of layer factory	15,000,000.00	12,147,049.98	1,836,950.00	13,983,999.98		93.00	100%	Self-owned
Daqing Wellhope Food-production workshop construction	12,000,000.00	11,723,775.64		11,723,775.64		100.00	100%	Self-owned
Liaoning Wellhope-construction of raw material warehouse	14,200,000.00	9,457,098.75	4,679,303.00	14,136,401.75		100.00	100%	Self-owned
Lixin Xiangfeng-pig farm construction	30,000,000.00	9,425,339.00	12,045,975.00	21,471,314.00		100.00	100%	Self-owned
Qingyuan Wellhope-feed production line with 400,000 tons per year	95,000,000.00	9,143,447.15	69,775,330.95		78,918,778.10	86.00	95%	Self-owned

Changchun Wellhope Food-factory renovation	97,300,000.00	4,726,334.17	13,315,918.09		18,042,252.26	17.00	15%	Self-owned
Fushun Agriculture and Animal Husbandry-pig farm construction	380,300,000.00	890,360.00	17,128,900.67	17,936,660.67	82,600.00	92.00	93%	Raised funds
Shenyang Nongda- the second phase plant construction and renovation	103,000,000.00		23,206,381.97		23,206,381.97	23.00	30%	Self-owned and raised funds
Liaoning Hefeng Egg Industry - production line and related equipment renovation	43,350,000.00		31,392,579.77	8,497,553.52	22,895,026.25	73.00	65%	Self-owned
Heilongjiang Wellhope-creep feed and nursery feed workshop	50,000,000.00		7,638,039.00		7,638,039.00	15.00	15%	Self-owned and raised funds
Gongzhuling Ruminant	6,300,000.00		5,455,758.00	50,000.00	5,405,758.00	87.00	95%	Self-owned
Fuxin Wellhope Agriculture and Animal Husbandry Company—pig breeding integration project	88,000,000.00	1,649,880.00	77,795,175.99		79,445,055.99	90.00	98%	Self-owned and raised funds
Anhui Wellhope Food Company—pig integration project, which can slaughter 1 million heads of live pig per year	162,000,000.00	103,200.00	85,659,950.43		85,763,150.43	53.00	55%	Self-owned and raised funds
Total	1,926,450,000.00	273,120,449.07	515,469,339.06	243,877,179.26	544,712,608.87	/	/	/

15. Productive biological asset**Productive biological assets using cost measurement model**

Unit: yuan Currency: RMB

Item	Animal husbandry				Total
	Broiler breeder	Pig breeder	Laying duck	Laying hen	
1. Original value					
A. Opening balance	58,372,871.23	205,081,701.49			263,454,572.72
B. Increased amount	82,653,353.63	80,701,354.32	2,980,866.50	6,574,461.21	172,910,035.66
a. Externally purchased	46,369,274.28	38,867,851.07	1,554,110.00		86,791,235.35
b. Breeding by own farm	36,284,079.35	41,833,503.25	1,426,756.50	6,574,461.21	86,118,800.31
C. Decreased amount	65,730,965.95	152,846,492.02	86,046.45	1,107,414.25	219,770,918.67
a. Disposed	65,730,965.95	152,846,492.02	86,046.45	1,107,414.25	219,770,918.67
D. Closing balance	75,295,258.91	132,936,563.79	2,894,820.05	5,467,046.96	216,593,689.71
2. Accumulated depreciation					
A. Opening balance	22,129,388.08	19,671,157.47			41,800,545.55
B. Increased amount	41,797,077.32	49,372,581.15	922,931.96	1,548,043.56	93,640,633.99
a. Accruing	41,797,077.32	49,372,581.15	922,931.96	1,548,043.56	93,640,633.99
C. Decreased amount	47,148,831.11	41,851,921.79	6,211.95	57,209.32	89,064,174.17
a. Disposed	47,148,831.11	41,851,921.79	6,211.95	57,209.32	89,064,174.17
D. Closing balance	16,777,634.29	27,191,816.83	916,720.01	1,490,834.24	46,377,005.37
3. Impairment provision					
4. Book value					
A. Closing book value	58,517,624.62	105,744,746.96	1,978,100.04	3,976,212.72	170,216,684.34
B. Opening book value	36,243,483.15	185,410,544.02			221,654,027.17

16. Right-of-use asset

Unit: yuan Currency: RMB

Item	Buildings and structures	Machinery equipment	Land	Total
1. Original value				
A. Opening balance	109,530,302.24	79,338,129.89	29,009,185.44	217,877,617.57
B. Increased amount	282,273.39	4,977,789.84	882,706.46	6,142,769.69
a. New lease	282,273.39	4,977,789.84	882,706.46	6,142,769.69
C. Decreased amount	816,837.47		2,509,670.52	3,326,507.99
a. Expiry of tenancy	816,837.47		2,509,670.52	3,326,507.99
D. Closing balance	108,995,738.16	84,315,919.73	27,382,221.38	220,693,879.27
2. Accumulated amortization				
A. Opening balance				
B. Increased amount	8,952,950.62	9,236,066.28	3,075,269.07	21,264,285.97

a. Accruing	8,952,950.62	9,236,066.28	3,075,269.07	21,264,285.97
C. Decreased amount	134,564.09		416,964.06	551,528.15
a. Expiry of tenancy	134,564.09		416,964.06	551,528.15
D. Closing balance	8,818,386.53	9,236,066.28	2,658,305.01	20,712,757.82
3. Impairment provision				
4. Book value				
A. Closing book value	100,177,351.63	75,079,853.45	24,723,916.37	199,981,121.45
B. Opening book value	109,530,302.24	79,338,129.89	29,009,185.44	217,877,617.57

17. Intangible assets

Unit: yuan Currency: RMB

Item	Land use rights	Computer software and other	Total
1. Original value			
A. Opening balance	339,751,198.76	13,049,481.27	352,800,680.03
B. Increased amount	32,939,472.61	2,019,545.50	34,959,018.11
a. Purchased	32,939,472.61	2,019,545.50	34,959,018.11
b. Increased by business combination			
C. Decreased amount	802,840.00	9,000.00	811,840.00
a. Disposed		9,000.00	9,000.00
b. Decreased by business combination	802,840.00		802,840.00
D. Closing balance	371,887,831.37	15,060,026.77	386,947,858.14
2. Accumulated amortization			
A. Opening balance	54,333,045.36	6,682,181.52	61,015,226.88
B. Increased amount	7,501,936.74	1,321,647.41	8,823,584.15
a. Accruing	7,501,936.74	1,321,647.41	8,823,584.15
b. Increased by business combination			
C. Decreased amount	117,750.16	4,125.00	121,875.16
a. Disposed		4,125.00	4,125.00
b. Decreased by business combination	117,750.16		117,750.16
D. Closing balance			
3. Impairment provision			
4. Book value			
A. Closing book value	310,170,599.43	7,060,322.84	317,230,922.27
B. Opening book value	285,418,153.40	6,367,299.75	291,785,453.15

18. Goodwill

Original value of goodwill

Unit: yuan Currency: RMB

Invested entity or matters forming goodwill	Opening balance	Increased amount	Decreased amount	Closing balance
		Formed by business combination	Disposal	
Dalian Zhongjia Food Company	290,425.67			290,425.67
Tianyi Chuwei (Beijing) Technology Company		1,844,995.57		1,844,995.57
Total	290,425.67	1,844,995.57		2,135,421.24

19. Long-term prepaid expenses

Unit: yuan Currency: RMB

Item	Opening balance	Increased amount	Amortized amount	Closing balance
Broiler cages	26,511,729.35		26,511,729.35	
Cost of gradeing	36,543,178.94	4,889,163.87	24,768,292.91	16,664,049.90
Fixed assets betterment	21,935,556.69	10,245,362.72	2,967,293.03	29,213,626.38
Other	9,659,945.27	2,250,926.70	4,478,597.81	7,432,274.16
Total	94,650,410.25	17,385,453.29	58,725,913.10	53,309,950.44

20. Deferred income tax assets or deferred income tax liabilities**A. Deferred income tax assets that have not been offset**

Unit: yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for the impairment of assets	166,894,781.86	39,742,636.56	153,343,633.52	31,735,760.20
Charges for subsequent years carried forward	77,727.40	19,431.85	1,331,842.67	199,776.40
Deferred income	8,845,833.32	1,681,458.33	500,000.00	125,000.00
Fair value changes	112,070.00	28,017.50	1,397,540.92	209,642.73
Unrealized profit from insider trading	35,467,433.36	6,168,376.86	33,006,690.27	6,521,452.04
Total	211,397,845.94	47,639,921.10	189,579,707.38	38,791,631.37

B. Deferred income tax liabilities that have not been offset

Unit: yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Book value of assets greater than the tax base	7,403,499.52	2,792,995.02	9,692,077.59	1,936,853.23
Total	7,403,499.52	2,792,995.02	9,692,077.59	1,936,853.23

C. Details of unrecognized deferred income tax asset

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	77,871,091.24	56,201,873.58
Deductible losses	248,359,651.41	193,492,410.04
Total	326,230,742.65	249,694,283.62

D. The deductible losses of unrecognized deferred income tax assets will be due in the following years

Unit: yuan Currency: RMB

Year	Closing balance	Opening balance
2022	23,573,465.03	30,172,825.95
2023	27,857,702.87	31,966,243.00
2024	62,542,627.15	64,133,240.00
2025	45,699,786.83	49,578,245.70
2026	67,356,270.20	611,959.34
2027	4,420,084.90	4,420,084.90
2028	8,255,571.42	8,255,571.42
2029	4,278,584.70	4,278,584.70
2030	75,655.03	75,655.03
2031	4,299,903.28	
Total	248,359,651.41	193,492,410.04

21. Other non-current assets

Unit: yuan Currency: RMB

Item	Closing balance		Opening balance	
	Book balance	Book value	Book balance	Book value
Prepayments of long-lived assets	130,937,088.17	130,937,088.17	42,814,383.53	42,814,383.53
Prepayments of fees to contract farms	479,715,878.08	479,715,878.08	474,836,821.82	474,836,821.82
Prepayments of house rent	8,000,000.00	8,000,000.00	4,923,499.98	4,923,499.98
Total	618,652,966.25	618,652,966.25	522,574,705.33	522,574,705.33

22. Short-term borrowing

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Guaranteed loan	222,076,291.24	220,517,679.61
Credit loan	1,322,240,000.00	889,153,690.88
Accrued interest	1,883,522.02	1,001,498.91
Total	1,546,199,813.26	1,110,672,869.40

Explanation: The guaranteed loan is the bank loan guaranteed by the Company for its subsidiary companies, including Lingyuan Wellhope, Chongqing Dahong Machinery, Liaoning Expert Trading Company, Lixin Xiangfeng Agriculture and Animal Husbandry, Lixin Hongfeng Agriculture and Animal Husbandry, Puyang Wellhope Food and Kaifeng Wellhope Meat Food.

23. Notes payable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance	3,900,000.00	4,000,000.00
Total	3,900,000.00	4,000,000.00

24. Accounts payable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Accounts payable related to purchasing and expenses	1,173,223,100.50	934,645,438.88
Accounts payable related to long-lived assets	122,936,012.05	134,323,150.97

Total	1,296,159,112.55	1,068,968,589.85
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25. Advance receipt

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Proceeds from sale	10,500,434.76	15,522,362.13
Total	10,500,434.76	15,522,362.13

26. Contract Liabilities

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Proceeds from sale	350,642,122.84	365,124,817.02
Total	350,642,122.84	365,124,817.02

27. Payroll**A. Payroll payable**

Unit: yuan Currency: RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
1. Short-term benefits	91,385,456.06	934,809,199.79	919,523,622.32	106,671,033.53
2. Post-employment benefits-defined contribution plan	1,071,019.50	65,725,177.49	65,408,123.34	1,388,073.65
3. Dismissal welfare		514,144.00	514,144.00	
4. Other benefits due within one year				
Total	92,456,475.56	1,001,048,521.28	985,445,889.66	108,059,107.18

B. Short-term benefits

Unit: yuan Currency: RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
1. Wages, bonuses, allowances and subsidies	89,889,773.39	816,450,435.58	801,802,579.13	104,537,629.84
2. Staff benefits expenses		57,116,208.42	57,116,208.42	
3. Social insurance charges	588,189.80	39,818,108.09	39,438,970.78	967,327.11
including: Medical insurance premiums	513,838.24	35,138,641.94	34,798,436.52	854,043.66
Occupational injury insurance premium	41,108.91	3,310,920.67	3,300,845.01	51,184.57
Birth insurance premium	33,242.65	1,368,545.48	1,339,689.25	62,098.88
4. Housing provident fund	206,429.68	14,143,051.18	14,133,953.86	215,527.00
5. Employee labor union dues, employee education expense	701,063.19	7,281,396.52	7,031,910.13	950,549.58
6. Short-term paid absences				
7. Short-term profit-sharing plan				

Total	91,385,456.06	934,809,199.79	919,523,622.32	106,671,033.53
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C. Defined contribution plan

Unit: yuan Currency: RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
Basic endowment insurance	1,037,499.75	62,225,203.08	61,935,533.91	1,327,168.92
Unemployment insurance expense	33,519.75	2,298,120.60	2,270,735.62	60,904.73
Enterprise annuity				
Other post-employment benefits		1,201,853.81	1,201,853.81	
Total	1,071,019.50	65,725,177.49	65,408,123.34	1,388,073.65

28. Tax payable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax	1,447,164.11	1,562,198.72
Corporate income tax	45,909,366.61	40,452,996.63
Individual income tax	1,904,128.68	2,172,312.75
City maintenance and construction tax	151,023.81	117,653.05
Extra charges of education funds	115,710.52	87,641.61
House property tax	1,070,552.52	802,901.94
City and town land use tax	1,543,358.19	1,289,546.55
Stamp tax	1,784,763.84	811,721.16
Other	544,451.51	293,823.12
Total	54,470,519.79	47,590,795.53

29. Other payables

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Interest payable	170,000.00	
Dividends payable	8,409,125.87	1,500,000.00
Other payables	399,647,246.80	279,173,085.07
Total	408,226,372.67	280,673,085.07

A. Dividends payable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Common stock dividends	8,409,125.87	1,500,000.00
Total	8,409,125.87	1,500,000.00

B. Other payables**Other payables presented by nature**

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Operational payables related to expenses and transactions	272,908,586.80	227,177,270.07
Investment related payables	6,300,000.00	6,300,000.00
Receivables and payables with external companies	96,150,000.00	
Repurchasing obligations of non-restricted	24,288,660.00	45,695,815.00

stock		
Total	399,647,246.80	279,173,085.07

30. Non-current liability due within 1 year

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within 1 year	141,500,000.00	102,845,470.70
Long-term payables due within 1 year	40,575,280.50	19,051,435.96
Lease liabilities due within 1 year	9,069,785.09	18,031,784.56
Total	191,145,065.59	139,928,691.22

31. Other non-current liability

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Unamortized output VAT	9,681,957.60	3,386,523.00
Total	9,681,957.60	3,386,523.00

32. Long-term borrowings

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Guaranteed loan	69,791,600.00	
Credit loan	1,174,564,210.00	573,789,000.00
Interest payable	1,263,136.13	1,091,271.67
Total	1,245,618,946.13	574,880,271.67

The guaranteed loan is the bank loan guaranteed by the Company for its subsidiaries, Anhui Wellhope Food Company and Daqing Wellhope Food Company.

33. Lease liabilities

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Lease liabilities	132,538,160.55	160,016,491.62
Lease liabilities due within 1 year	-9,069,785.09	-18,031,784.56
Total	123,468,375.46	141,984,707.06

34. Long-term payables

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term payable	47,702,610.06	15,458,230.92
Special payable		
Total	47,702,610.06	15,458,230.92

Long-term payable presented by nature

Unit: yuan Currency: RMB

Item	Opening balance	Closing balance
Non-bank long-term borrowings	47,702,610.06	15,458,230.92

35. Deferred income

Unit: yuan Currency: RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance	Reason
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Government grant	42,238,872.75	27,270,000.00	9,173,789.42	60,335,083.33	
total	42,238,872.75	27,270,000.00	9,173,789.42	60,335,083.33	

Projects receiving government grants

Unit: yuan Currency: RMB

Liability item	Opening balance	Amount of newly increased grant	Amount recorded in other income	Other changes	Closing balance	Related to assets or related to income
Lingyuan Wellhope ruminant feed project with 100,000 tons capacity	3,000,000.00		500,000.00		2,500,000.00	related to asset
Lingyuan Wellhope corn purchasing and storage barn	2,100,000.00		300,000.00		1,800,000.00	related to asset
Shenyang city central industrial transformation and upgrading funds	8,988,750.00		1,733,500.00		7,255,250.00	related to asset
Lingyuan Wellhope 50,000 tons organic fertilizer project	2,400,000.00		300,000.00		2,100,000.00	related to asset
2019 provincial sic-tech major special project funds	2,700,000.00		2,700,000.00			related to asset
Project funds related to benefit farming policy	3,879,000.00		431,000.00		3,448,000.00	related to asset
2019 Central Government's development funds for high-quality development of manufacturing industry (green manufacturing)	7,290,000.00		810,000.00		6,480,000.00	related to asset
2020 Liaoning province industrial internet innovation and development special project funds	5,000,000.00				5,000,000.00	related to asset
Provincial	1,000,000.00				1,000,000.00	related to

research funds for corn major special project Collaborators						income
Broiler green platform construction project	945,000.00		609,000.00		336,000.00	related to asset
Epidemic low-interest loans government subsidies	336,122.75			336,122.75		related to income
Jilin province science and technology special funds in 2020	500,000.00		500,000.00			related to income
Funding for the Hebao pig project	4,100,000.00	9,900,000.00	700,000.00		13,300,000.00	related to asset
Key technology for livestock and poultry breeding and whole industry chain production in Liaoning province		6,100,000.00	254,166.67		5,845,833.33	related to income
2021 Shenyang Sci-tech planning project		3,000,000.00			3,000,000.00	related to income
Cold chain logistics subsidy from National Development and Reform Commission		5,770,000.00			5,770,000.00	related to asset
Supporting funds for replacing old kinetic energy with new ones		2,500,000.00			2,500,000.00	related to asset
Total	42,238,872.75	27,270,000.00	8,837,666.67	336,122.75	60,335,083.33	/

36. Share capital

Unit: yuan Currency: RMB

	Opening balance	Changes (increase or decrease)			Closing balance
		Issuing new shares	Other	Subtotal	
Total shares	922,059,896.00		-99,700.00	-99,700.00	921,960,196.00

9,9700 shares of 2018 Restricted Stock Incentive Plan were repurchased and written off by the Company.

37. Capital reserve

Unit: yuan Currency: RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
Capital premium (share capital premium)	853,610,605.56	23,938,416.04	383,845.00	877,165,176.60
Other capital reserves	34,549,311.09	3,738,144.69	37,467,822.20	819,633.58
Total	888,159,916.65	27,676,560.73	37,851,667.20	877,984,810.18

Explanation--The change in capital premium is due to repurchase restricted shares that did not meet the unlocking conditions for the second lock-up period, which decreased RMB 383,845.00. RMB 23,938,416.04 was transferred to other capital reserve of capital premium, which caused by unlocking those restricted shares that met the unlocking conditions. For restricted shares, the share-based payment amount settled by equity method that are attributable to the parent company decreased RMB 10,029,622.03. The capital reserves of associated companies calculated by the equity method decreased RMB 3,499,784.13. The changes of the Company's equity in its subsidiaries increased RMB 3,738,144.69.

38. Treasury stock

Unit: yuan Currency: RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
Restricted stock	45,695,815.00		21,407,155.00	24,288,660.00
Repurchase of stock of the Company		200,003,612.37		200,003,612.37
Total	45,695,815.00	200,003,612.37	21,407,155.00	224,292,272.37

Explanation: The Company granted restricted shares to 372 managers in December 2018 and recognized the treasury shares of restricted stock with repurchase obligation.

In the second lockup period, these restricted shares that met unlocking conditions reduced treasury shares by RMB 19,700,250.00, those restricted shares that did not meet unlocking conditions reduced treasury shares by RMB 443,665.00, and the revocable cash dividends paid during the waiting period for the unlockable restricted shares recorded RMB 1,263,240.00. The increase of treasury stock was due to the Company repurchase its stock with 2.27% of total shares. For information on share-based payments, see "Share-based Payments" in Note.

39. Other comprehensive income

Unit: yuan Currency: RMB

Item	Opening balance	2021			Closing balance
		Pre-tax	After-tax, attributable to parent company	After-tax, attributable to non-controlling interest	
1. Other comprehensive income that cannot be reclassified into gains or losses	480,766.90	-4,685,482.81	-4,648,551.75	-36,931.06	-4,167,784.85
Changes in the fair value of other equity instruments	480,766.90	-4,685,482.81	-4,648,551.75	-36,931.06	-4,167,784.85
2. Other comprehensive income that will be reclassified into gains or losses	-2,638,269.51	-10,444,915.69	-10,257,959.02	-186,956.67	-12,896,228.53
including: Other comprehensive income that can be transferred in gains or losses under the equity method	-1,167,854.25	-10,047,785.56	-10,039,513.91	-8,271.65	-11,207,368.16
Translation balance of foreign currency financial statements	-1,470,415.26	-397,130.13	-218,445.11	-178,685.02	-1,688,860.37
Total other comprehensive income	-2,157,502.61	-15,130,398.50	-14,906,510.77	-223,887.73	-17,064,013.38

40. Surplus reserve

Unit: yuan Currency: RMB

Item	Opening balance	Increased amount	Decrease amount	Closing balance
Statutory surplus reserve	417,370,506.33	14,867,716.73		432,238,223.06
Total	417,370,506.33	14,867,716.73		432,238,223.06

41. Undistributed profit

Unit: yuan Currency: RMB

Item	2021	2020
Undistributed profit at the end of prior period before adjustment	4,572,660,487.98	3,605,618,553.05
Adjusting total undistributed profit at the beginning of current period		
Undistributed profit at the beginning of current period after adjustment	4,572,660,487.98	3,605,618,553.05
add: Net profit attributable to the owners of the parent company in current period	118,530,518.15	1,235,162,151.48
deduct: Extraction of statutory surplus reserve	14,867,716.73	65,311,049.43
Dividends payable on common shares	202,791,363.12	202,809,167.12
Undistributed profit at the end of current period	4,473,531,926.28	4,572,660,487.98

42. Operating revenue and cost

Unit: yuan Currency: RMB

Item	2021		2020	
	Revenue	Cost	Revenue	Cost
Primary businesses	29,452,990,772.26	27,892,391,512.38	23,795,661,737.11	21,669,041,137.36
Other businesses	15,935,127.34	7,907,003.97	21,939,029.15	14,549,874.38
Total	29,468,925,899.60	27,900,298,516.35	23,817,600,766.26	21,683,591,011.74

43. Taxes and surtaxes

Unit: yuan Currency: RMB

Item	2021	2020
City maintenance and construction tax	1,197,512.60	1,224,844.77
Extra charges of education funds	1,168,918.84	897,418.84
House property tax	10,212,345.55	8,012,204.63
Land use tax	13,020,111.37	11,188,806.30
Stamp tax	11,595,193.43	8,325,020.40
Other	4,280,229.01	1,652,569.59
Total	41,474,310.80	31,300,864.53

44. Sales expenses

Unit: yuan Currency: RMB

Item	2021	2020
Payroll	300,225,142.79	230,455,048.50
Travelling expense	130,024,839.18	118,203,610.39
Transportation and handling expense and vehicle expense	12,371,169.60	14,268,844.17
Service fee	19,251,413.24	18,440,888.50
Business entertainment expense	23,345,224.32	21,382,773.93
Business advertising expense	19,049,863.42	17,886,211.01
Lease expense	7,414,709.11	5,224,564.43
Meeting expenditure	5,791,658.40	4,749,542.89
Sales service charge	12,794,816.40	10,265,689.03
Office and communication fee	8,913,887.87	5,887,049.55
Subtotal of other items	30,954,598.34	18,543,773.49
Total	570,137,322.67	465,307,995.89

45. Administration expense

Unit: yuan Currency: RMB

Item	2021	2020
Payroll	215,614,679.11	141,131,861.94
Depreciation	44,935,753.84	35,401,179.38
Office and communication fee	22,077,192.12	18,549,111.05
Travelling expense	12,677,974.95	8,412,870.03
Repair charge	18,612,603.22	14,761,977.62
Lease expense	7,506,239.77	6,254,489.04
Amortization of intangible assets	10,096,886.20	8,617,015.70
Business entertainment expense	11,635,461.94	8,907,262.28
Water and electricity	6,478,509.91	5,143,990.72
Service fee	22,583,604.92	16,921,076.32
Heating fee	5,779,868.34	4,750,298.48
Subtotal of other items	40,117,808.47	41,424,564.47

Total	418,116,582.79	310,275,697.03
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46. R&D expenditure

Unit: yuan Currency: RMB

Item	2021	2020
Payroll	27,272,470.29	24,857,318.54
Design and experiment fee	34,736,166.24	36,616,357.05
Material and appliance charge	27,837,304.88	14,439,616.57
Travel expense	2,321,084.86	2,130,998.14
Depreciation and amortization expense	4,046,591.46	3,253,286.96
Subtotal of other items	1,147,135.71	2,289,529.14
Total	97,360,753.44	83,587,106.40

47. Financial expense

Unit: yuan Currency: RMB

Item	2021	2020
Interest expenditure	103,590,360.22	75,771,816.48
Interest income	-8,487,862.34	-14,953,268.10
Exchange loss	-466,206.65	413,230.21
Service charge	6,029,434.83	3,448,435.13
Total	100,665,726.06	64,680,213.72

48. Other income

Unit: yuan Currency: RMB

Item	2021	2020
Government grant recorded in	28,971,966.52	23,500,036.20
Income tax return	184,353.40	
Total	29,156,319.92	23,500,036.20

49. Income from investment

Unit: yuan Currency: RMB

Item	2021	2020
Income from long-term equity investment measured by the equity method	-84,457,885.45	361,315,137.75
Income from disposal of long-term equity investment	-2,539,583.92	
Investment income from financial assets held for trading	819,282.27	2,828,562.02
Investment income from disposal of trading financial assets	177,738.97	-1,579,994.94
Income from disposal of other equity instrument investments	5,550,000.00	
Total	-80,450,448.13	362,563,704.83

50. Income from changes in fair value

Unit: yuan Currency: RMB

Source of income from changes in fair value	2021	2020
Trading financial assets	1,555,420.50	-1,397,309.00
including: Income from fair value changes generated by derivative financial instruments	1,555,420.50	-1,397,309.00
Total	1,555,420.50	-1,397,309.00

51. Credit impairment loss

Unit: yuan Currency: RMB

Item	2021	2020
Bad debt loss of notes receivable	32,632.65	-32,632.65
Bad debt loss of accounts receivable	-32,471,871.78	-20,584,815.87

Bad debt loss of other receivables	-12,293,288.21	14,432,460.68
Total	-44,732,527.34	-6,184,987.84

52. Asset impairment loss

Unit: yuan Currency: RMB

Item	2021	2020
Loss of inventory falling price and loss of impairment of contract performance cost	-27,212,552.20	-35,085,108.79
Other	-84,015.81	-87,784.04
Total	-27,296,568.01	-35,172,892.83

53. Income from assets disposal

Unit: yuan Currency: RMB

Item	2021	2020
Gain or loss from disposal of fixed assets	-337,539.13	624,443.26
Gain or loss from disposal of productive biological asset	-11,101,259.78	2,544,898.80
Total	-11,438,798.91	3,169,342.06

54. Non-operating Income

Unit: yuan Currency: RMB

Item	2021	2020	Amount included in current extraordinary items
Total gains or losses from disposal of non-current assets	334,121.56	317,175.57	334,121.56
Government grants	11,104,684.70	8,861,828.97	11,104,684.70
Other	5,821,514.11	3,694,824.63	5,821,514.11
Total	17,260,320.37	12,873,829.17	17,260,320.37

--Government grants recorded in current gains and losses

Unit: yuan Currency: RMB

Item	2021	2020	Related to assets or related to income
The third batch of "One Enterprise, One Policy" project awards in Hainan Province	2,116,300.00		related to income
Government revitalizing idle assets	1,557,281.22		related to income
Supporting fund for Anhui Wellhope Food project	1,421,100.00		related to income
Reward for the training project of young and middle-aged science and technology talents in Shenyang city	1,000,000.00		related to income
Supporting fund for enterprise development in 2020	1,000,000.00		related to income
Special funds for foreign trade industry development	800,000.00		related to income
Incentive fund for China's top 500 private enterprises	750,000.00		related to income
Subtotal for other projects under RMB 500,000	2,460,003.48	2,715,868.97	related to income
Tax subsidy from Food and Drug Administration		3,000,000.00	related to income

Moderate scale operation project		1,925,960.00	related to income
Award for resumption of production during the occurrence of COVID-19 cases		720,000.00	related to income
Award for production increment from Finance Bureau of Daxing District, Beijing		500,000.00	related to income

55. Non-operating expenditure

Unit: yuan Currency: RMB

Item	2021	2020	Amount included in current extraordinary items
Total losses from disposal of non-current assets	28,430,512.03	14,460,992.11	28,430,512.03
External donations	934,994.50	3,281,079.38	934,994.50
Extraordinary losses	16,110,599.82	9,972,261.57	16,110,599.82
Amercement outlay	2,460,681.97	1,203,665.89	2,460,681.97
Other	944,310.48	58,469.67	944,310.48
Total	48,881,098.80	28,976,468.62	48,881,098.80

56. Income tax expense

Unit: yuan Currency: RMB

Item	2021	2020
Current income tax expense	159,615,020.59	152,918,204.68
Deferred income tax expense	-8,111,581.34	-1,264,037.23
Total	151,503,439.25	151,654,167.45

Adjustment procedure for accounting profit and income tax expense

Unit: yuan Currency: RMB

Item	2021
Total profit	176,045,307.09
Income tax expenses calculated at statutory or applicable tax rates	26,406,796.06
Effects of subsidiaries that are subject to different tax rates	138,178,378.83
Effects of adjusting the income tax on previous periods	-2,087,744.73
Effects of non-taxable income	-11,558,299.38
Effects of non-deductible costs, expenses and losses	2,029,963.97
Effects of using deductible losses of deferred income tax assets that have not been recognized in previous period	-6,681,954.68
Effects of deductible temporary differences or deductible losses on deferred income tax assets that have not been recognized in current period	18,814,344.76
Calculation and deduction of R&D expenditure	-8,868,329.11
Other	-4,729,716.47
Income tax expense	151,503,439.25

57. Other comprehensive income

See note.

58. Items in cash flow statement**A. Cash received from other activities related to operating**

Unit: yuan Currency: RMB

Item	2021	2020
Government grants	63,508,984.55	38,499,642.64
Interest income	8,151,739.59	14,953,268.10

Subtotal of transactions and other	93,615,371.72	46,320,016.55
Total	165,276,095.86	99,772,927.29

B. Cash paid for other activities related to operating

Unit: yuan Currency: RMB

Item	2021	2020
Travelling expense	145,023,898.99	128,747,478.56
Transportation and handling expense	12,371,169.60	14,268,844.17
R&D expenditure	62,573,471.12	51,055,973.62
Business entertainment expense	34,980,686.26	21,382,773.93
Office and communication fee	30,991,079.99	24,436,160.60
Service fee	41,835,018.16	35,361,964.82
Other operating expenses paid	130,968,209.77	60,209,885.08
Transactions and other paid	94,054,950.14	46,659,223.54
Total	552,798,484.03	382,122,304.32

C. Cash received from other activities related to investment

Unit: yuan Currency: RMB

Item	2021	2020
L/C Guarantee deposits decreased		1,778,735.87
Futures margin decreased		33,086,950.46
Net cash received from acquiring subsidiaries	740,956.92	10,990,093.41
Cash received as interest on funds	232,760.00	
Total	973,716.92	45,855,779.74

D. Cash paid for other activities related to investment

Unit: yuan Currency: RMB

Item	2021	2020
Futures margin increased	22,410,208.30	
Increase of letter of credit margin	588,855.43	
Net cash paid for disposal of subsidiaries	9,914,082.40	237,407.44
Cash paid for providing funds		4,350,000.00
Total	32,913,146.13	4,587,407.44

E. Cash received from other activities related to financing

Unit: yuan Currency: RMB

Item	2021	2020
Receiving borrowings of other companies	96,150,000.00	
Cash received from disposal of subsidiaries' shareholdings	1,870,000.00	6,056,251.57
Total	98,020,000.00	6,056,251.57

F. Cash paid for other activities related to financing

Unit: yuan Currency: RMB

Item	2021	2020
Parent company repurchased shares that did not meet the unlocking conditions	443,665.00	1,185,825.00
Finance lease fee	1,437,369.51	854,460.00
Cash paid for buying non-controlling interests of	68,987,441.16	

subsidiaries		
Increase in bank acceptance margin	780,000.00	
Cash paid for repurchasing shares	200,003,612.37	
Cash paid for repaying the principal and interest of lease liabilities	23,111,004.91	
Total	294,763,092.95	2,040,285.00

59. Supplementary information of cash flow statement

A. Supplementary information

Unit: yuan Currency: RMB

Further information	2021	2020
1. Adjusting net profit to cash flow from operating activities		
Net profit	24,541,867.84	1,357,578,963.47
add: Assets impairment provision	27,296,568.01	35,172,892.83
Credit impairment losses	44,732,527.34	6,184,987.84
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	393,657,905.30	283,705,778.71
Amortization of intangible assets	8,822,917.48	7,883,410.95
Amortization of long-term unamortized expense	52,140,944.08	71,796,049.07
Losses on disposal of fixed assets, intangible assets and other long-lived assets	11,438,798.91	-3,169,342.06
Losses on retirement of fixed assets	28,096,390.47	14,143,816.54
Losses due to changes in fair value	-1,555,420.50	1,397,309.00
Financial expense	106,024,355.94	76,993,537.15
Investment losses	80,450,448.13	-362,563,704.83
Decrease of deferred income tax assets	-8,848,289.73	-2,803,894.88
Increase of deferred income tax liabilities	856,141.79	1,539,857.65
Decrease of inventory	-298,142,113.68	-923,577,752.02
Decrease of operating receivables	-387,285,788.19	-460,716,561.45
Increase of operating payables	295,024,579.03	688,456,892.10
Other	-78,091,609.86	-26,076,787.04
Net cash flow from operating activities	299,160,222.36	765,945,453.03
2. Net changes in cash and cash equivalents		
Closing balance of cash	1,198,273,561.91	1,186,197,643.04
deduct: Opening balance of cash	1,186,197,643.04	1,508,390,481.68
add: Closing balance of cash equivalent		
deduct: Opening balance of cash equivalent		
Net increase in cash and cash equivalents	12,075,918.87	-322,192,838.64

B. Net cash paid for acquiring subsidiaries

Unit: yuan Currency: RMB

	Amount
Cash or cash equivalents paid for business combinations occurred in current period	8,100,000.00
including: Xi'an Linfeng Shengyi Trading Company	2,000,000.00
Tianyi Chuwei (Beijing) Technology Company	3,500,000.00
Qingdao Haifeng Animal Husbandry Company	2,600,000.00
deduct: Cash and cash equivalents held by the subsidiary on the acquiring date	6,963,156.62
including: Xi'an Linfeng Shengyi Trading Company	122,199.70
Tianyi Chuwei (Beijing) Technology Company	4,240,956.92
Qingdao Haifeng Animal Husbandry Company	2,600,000.00

add: Cash or cash equivalents paid in the current period for business combinations that occurred in prior periods	
Net cash paid for acquiring subsidiaries	1,136,843.38

C. Net cash received from disposal of subsidiaries during current period

Unit: yuan Currency: RMB

	Amount
Cash or cash equivalents received during current period for the disposal of subsidiaries	3,500,000.00
including: Xifeng Qianyue Planting Company	3,500,000.00
Harbin Weierhao Trading Company	
deduct: Cash and cash equivalents held by the subsidiary on the date of loss of control	9,917,584.32
including: Xifeng Qianyue Planting Company	3,501.92
Harbin Weierhao Trading Company	9,914,082.40
add: Cash or cash equivalents received in current period by disposing subsidiaries in prior periods	
Net cash received from disposal of subsidiaries	-6,417,584.32

D. Cash and cash equivalents

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
1. Cash	1,198,273,561.91	1,186,197,643.04
including: Cash on hand	446,403.52	401,767.96
Bank deposits readily available for disbursement	1,197,827,158.39	1,185,795,875.08
2. Cash equivalent		
3. Closing balance of cash and cash equivalents	1,198,273,561.91	1,186,197,643.04

60. Assets with restricted ownership or use rights

Unit: yuan Currency: RMB

Item	Closing book value	Reason for restriction
Monetary capital	33,934,219.85	Futures margin
Monetary capital	590,000.00	L/C guarantee deposit
Monetary capital	780,000.00	Bank acceptance deposit
Total	35,304,219.85	/

61. Foreign currency monetary items**A. Foreign currency monetary items**

Unit: yuan

Item	Closing balance of foreign currency	Translating exchange rate	Closing balance translated into RMB
Monetary capital	-	-	11,169,265.32
including: US dollar	257,908.66	6.3757	1,644,348.24
Euro	82.88	7.2197	598.37
HK dollar	10,702,525.21	0.8176	8,750,384.61
Ruble	9,055,038.03	0.0855	773,934.10
Accounts receivable	-	-	12,001,437.69
including: US dollar	1,882,371.77	6.3757	12,001,437.69
Short-term borrowing	-	-	53,076,291.24
including: US dollar	8,324,778.65	6.3757	53,076,291.24
Accounts payable	-	-	926,485.42
including: Ruble	10,839,890.25	0.0855	926,485.42

Prepayment	-	-	288,037.44
including: US dollar	644.21	6.3757	4,107.31
Ruble	3,321,985.84	0.0855	283,930.13
Other payables	-	-	3,176,588.72
including: Ruble	37,166,125.19	0.0855	3,176,588.72

B. Explanation of overseas business entity

Name	Business place abroad	Recording currency	Currency selection basis
Russia Wellhope Agri-Tech Company	Russia	Ruble	Local currency

62. Government grants

Unit: yuan Currency: RMB

Category	Amount	Presented item	Amount recorded in current gains or losses
Special subsidy for agricultural development projects	2,493,000.00	Other income	2,493,000.00
Hainan province, the third batch of "one enterprise, one policy" project awards	2,116,300.00	Non-operating income	2,116,300.00
Work-based training subsidy	2,044,852.00	Other income	2,044,852.00
Government incentives for idle assets revitalization	1,557,281.22	Non-operating income	1,557,281.22
Liaoning Wellhope egg project subsidy funds	1,555,000.00	Other income	1,555,000.00
Supporting funds for Anhui Wellhope Food project	1,421,100.00	Non-operating income	1,421,100.00
Subsidy for national pig core breeding farm production performance determination project	1,280,000.00	Other income	1,280,000.00
Pig introduction subsidy	1,161,240.00	Other income	1,161,240.00
Subsidy for large-scale farms	1,073,100.00	Other income	1,073,100.00
Shenyang young and middle-aged sci-tech talents training project awards	1,000,000.00	Non-operating income	1,000,000.00
2020 supporting funds for enterprise development	1,000,000.00	Non-operating income	1,000,000.00
Job stabilization allowance	889,927.04	Other income	889,927.04
Tax refunds	829,000.00	Other income	829,000.00
Supporting funds for building broiler slaughtering and processing project in Zhaozhou county	800,000.00	Other income	800,000.00
Subsidy for price difference of national reserve meat	800,000.00	Non-operating income	800,000.00
Large-scale industrial enterprises incentive fund	750,000.00	Non-operating income	750,000.00
Industrial informatization funds of Chongqing city	600,000.00	Other income	600,000.00
National-level livestock and poultry genetic resources conservation farm breeding subsidies	600,000.00	Other income	600,000.00
2020 Annual Industrial and Commercial Capital Investment in Rural Revitalization Projects	600,000.00	Other income	600,000.00
Agricultural machinery purchase subsidies	553,490.00	Other income	553,490.00
Technology innovation policy subsidies	500,000.00	Other income	500,000.00
Technology research project subsidy	500,000.00	Other income	500,000.00
Subtotal of other projects below RMB 500,000	4,654,690.81	Other income	4,654,690.81
Subtotal of other projects below RMB 500,000	2,460,003.48	Non-operating income	2,460,003.48

Transfer of deferred income	8,837,666.67	Other income	8,837,666.67
Transfer of deferred income	336,122.75	Financial costs	336,122.75
Total	40,412,773.97		40,412,773.97

VIII. Change of Consolidation Scope

1. Business combination under different control

A. Business combination under different control occurred in current period

Unit: yuan Currency: RMB

Investee	Time of acquiring equity	Acquisition cost	Shareholding %	Way of acquisition	Acquisition date	Basis for determining acquisition date	Investee's income from acquisition date to the period end	Investee's net profit from acquisition date to the period end
Xi'an Linfeng Shengyi Trading Company	Apr. 30, 2021	2,000,000.00	100.00	Cash	Apr. 30, 2021	Control transfer	3,838,453.16	71,813.16
Tianyi Chuwei (Beijing) Technology Company	Apr. 30, 2021	3,500,000.00	70.00	Cash	Apr. 30, 2021	Control transfer	23,003,769.20	105,981.41
Qingdao Haifeng Animal Husbandry Company	Sep. 30, 2021	2,600,000.00	100.00	Cash	Sep. 30, 2021	Control transfer		

B. Combined cost and goodwill

Unit: yuan Currency: RMB

Combined cost	Xi'an Linfeng Shengyi Trading Company	Tianyi Chuwei (Beijing) Technology Company	Qingdao Haifeng Animal Husbandry Company
Cash	2,000,000.00	3,500,000.00	2,600,000.00
Total combined costs	2,000,000.00	3,500,000.00	2,600,000.00
deduct: Fair value share of identifiable net assets acquired	2,116,619.78	1,655,004.43	2,600,000.00
Amount by which goodwill or combined cost is less than the fair value share of the identifiable net assets acquired	-116,619.78	1,844,995.57	

C. Identifiable assets and liabilities of the investee on the acquisition date

Unit: yuan Currency: RMB

	Xi'an Linfeng Shengyi Trading Company		Tianyi Chuwei (Beijing) Technology Company		Qingdao Haifeng Animal Husbandry Company	
	Fair value on acquisition date	Book value on acquisition date	Fair value on acquisition date	Book value on acquisition date	Fair value on acquisition date	Book value on acquisition date
Assets:	2,122,199.70	2,122,199.70	13,761,421.03	13,761,421.03	2,600,000.00	2,600,000.00
Monetary capital	122,199.70	122,199.70	4,240,956.92	4,240,956.92	2,600,000.00	2,600,000.00
Account receivable			5,468,978.81	5,468,978.81		
Prepayment			209,570.98	209,570.98		
Other receivables	2,000,000.00	2,000,000.00	131,810.00	131,810.00		
Inventory			2,519,581.00	2,519,581.00		
Fixed assets			1,190,523.32	1,190,523.32		
Liabilities:	5,579.92	5,579.92	11,397,128.99	11,397,128.99		
Borrowings			1,400,000.00	1,400,000.00		
Accounts payable			4,093,118.33	4,093,118.33		
Taxes and surcharges	5,579.92	5,579.92				
Other payables			5,904,010.66	5,904,010.66		
Net assets	2,116,619.78	2,116,619.78	2,364,292.04	2,364,292.04	2,600,000.00	2,600,000.00
deduct: Non-controlling interests			709,287.61	709,287.61		
Net assets acquired	2,116,619.78	2,116,619.78	1,655,004.43	1,655,004.43	2,600,000.00	2,600,000.00

2. Disposal of subsidiary

Unit: yuan Currency: RMB

Subsidiary	Disposal price	Percentage of disposed shareholding %	Disposal way	Date of losing control	Basis for determining loss of control	Difference between the share of the net assets of the subsidiary in the consolidated financial statement, which caused by the disposal of price and the disposal of the investment	Remaining equity interest at the date of losing control %	Carrying value of the remaining equity interest at the date of losing control	Fair value of the remaining equity interest at the date of losing control
Xifeng Qianyue Planting Company	3,500,000.00	100.00	Transferred	Jan. 1, 2021	Losing control	-1,251,691.57			
Harbin Weierhao Trading Company		5.10	Transferred	Jun. 30, 2021	Losing control	-116,479.06	45.90	5,967,000.00	5,967,000.00

3. Change of consolidation scope caused by other reasons

During the year, the Company newly initiated 18 subsidiaries, cancelled 3 subsidiaries. Details are listed in the notes.

IX. Equity in other Entities

1. Equity in subsidiaries

A. Composition of the Company

Subsidiary	Business site	Registered site	Business type	Shareholding %		Way of acquisition
				Direct	Indirect	
Haicheng Xinzhongxin Wellhope Feed Mill	Haicheng city	Haicheng city	production	51.00		investment
Dalian Huakang Xinxin Food Company	Dalian city	Dalian city	production	65.00		investment
Changchun Hengfeng Agriculture and Animal Husbandry Company	Changchun city	Changchun city	trading		51.00	investment
Jinan Xinweita Trading Company	Jinan city	Jinan city	trading		76.00	investment
Henan Wellhope Agri-Tech Company	Kaifeng city	Kaifeng city	production	100.00		investment
Zhengzhou Wellhope Agri-Tech Company	Zhengzhou city	Zhengzhou city	production	70.00		investment
Zhumadian Wellhope Agri-Tech Company	Zhumadian city	Zhumadian city	production	90.00		investment
Jiaozuo Wellhope Feed Mill	Jiaozuo city	Jiaozuo city	production	98.30		investment
Nanyang Wellhope Feed Mill	Nanyang city	Nanyang city	production	100.00		investment
Zhangwu Wellhope Agriculture Development Company	Zhangwu county	Zhangwu county	production	60.00		investment
Sanjiang Wellhope Agri-Tech Company	Jixian county	Jixian county	production	100.00		investment
Jixian Expert Trading Company	Jixian county	Jixian county	trading		65.00	investment
Gongzhuling Wellhope Agri-Tech Company	Gongzhuling city	Gongzhuling city	production	100.00		investment
Shenyang Expert Trading Company	Shenyang city	Shenyang city	trading	100.00		investment
Liaoning Skyland Livestock Equipment	Shenyang city	Shenyang city	production	100.00		investment

Company						
Shenyang Wellhope Ruminant Feed Mill	Shenyang city	Shenyang city	production	100.00		investment
Shenyang Wellhope Extruded Feed Mill	Shenyang city	Shenyang city	production	100.00		investment
Shenyang Wellhope Aquatic Feed Mill	Shenyang city	Shenyang city	production	100.00		investment
Shenyang Jiahe Tianfeng Commerce and Trade Company	Shenyang city	Shenyang city	trading	100.00		investment
Liaoning Wellhope Food Company	Beipiao city	Beipiao city	production	60.00		investment
Haicheng Wellhope Agri-Tech Feed Mill	Haicheng city	Haicheng city	production	100.00		investment
Tai'an Wellhope Feed Mill	Tai'an county	Tai'an county	production	100.00		investment
Lingyuan Wellhope Agri-Tech Company	Lingyuan city	Lingyuan city	production	90.50		investment
Beijing Helai Sci-Tech Company	Beijing	Beijing	production	100.00		investment
Beijing Wellhope Agri-Tech Company	Beijing	Beijing	trading	100.00		investment
Beijing Sanyuan Wellhope Agri-Tech Company	Beijing	Beijing	production	70.00		investment
Jilin Wellhope Agri-Tech Company	Jilin city	Jilin city	production	100.00		investment
Jilin Hefeng Swine Breeding Company	Gongzhuling city	Gongzhuling city	production	100.00		investment
Daqing Wellhope Bayi Nongda Animal Sci-Tech Company	Daqing city	Daqing city	production	70.00		investment
Mudanjiang Wellhope Agri-Tech Company	Mudanjiang city	Mudanjiang city	production	100.00		investment
Jinzhou Wellhope Agri-Tech Company	Jinzhou city	Jinzhou city	production	100.00		investment
Gongzhuling Wellhope Ruminant Feed	Gongzhuling city	Gongzhuling city	production	100.00		investment

Mill						
Heilongjiang Wellhope Agri-Tech Company	Harbin city	Harbin city	production	100.00		investment
Tangshan Wellhope Feed Mill	Tangshan city	Tangshan city	production	85.00		investment
Cangzhou Helai Sci-Tech Company	Cangzhou city	Cangzhou city	production	70.00		investment
Xi'an Wellhope Feed Sci-Tech Company	Xi'an city	Xi'an city	production	80.00		investment
Gansu Wellhope Agri-Tech Company	Wuwei city	Wuwei city	production	100.00		investment
Jining Wellhope Agri-Tech Company	Jining city	Jining city	production	70.00		investment
Shanghai Wellhope Feed Mill	Shanghai city	Shanghai city	production	65.00		investment
Shanghai Hehong Trading Company	Shanghai city	Shanghai city	trading		70.00	investment
Zhejiang Pinghu Wellhope Agri-Tech Company	Pinghu city	Pinghu city	production	85.00		investment
Huai'an Wellhope Feed Mill	Huai'an city	Huai'an city	production	100.00		investment
Qingdao Wellhope Agri-Tech Company	Pingdu city	Pingdu city	production	95.00		investment
Guangzhou Xiangshun Livestock Equipment Company	Guangzhou city	Guangzhou city	production	56.00		investment
Hainan Wellhope Agri-Tech Company	Chengmai county	Chengmai county	production	60.00		investment
Fuyu Wellhope Agri-Tech Company	Fuyu city	Fuyu city	production	97.00		investment
Fuyu Wellhope Taolaizhao Poultry Raising Company	Fuyu city	Fuyu city	production	97.00		investment
Changchun Wellhope Feed Mill	Nong'an county	Nong'an county	production	98.00		investment
Lankao Wellhope Agri-Tech Company	Lankao county	Lankao county	production	100.00		investment
Tongliao Wellhope Tianyi Prataculture	Tongliao city	Tongliao city	production	51.00		investment

Company						
Liaoning Wellhope Purchasing and Trading Company	Shenyang city	Shenyang city	trading	100.00		investment
Shenyang Wellhope Agri-Tech Company	Shenyang city	Shenyang city	production	100.00		investment
Liaoning Expert Trading Company	Shenyang city	Shenyang city	trading	100.00		combined under the same control
Shenyang Fame Bio-Tech Company	Shenyang city	Shenyang city	production	100.00		combined under the same control
Shenyang Pufeng Commerce and Trade Company	Shenyang city	Shenyang city	trading	100.00		combined under the same control
Shenyang Huawei Pharmaceutical Company	Shenyang city	Shenyang city	production		51.00	combined under the same control
Liaoning Wellhope Agriculture and Animal Husbandry Development	Shenyang city	Shenyang city	production	100.00		combined under different control
Puyang Wellhope Food Company	Puyang city	Puyang city	production	49.81		combined under different control
Jingzhou Wellhope Agricultural Sci-Tech Company	Jingzhou city	Jingzhou city	production	86.00		investment
Dalian Heyuan Agri-Tech Company	Dalian city	Dalian city	production	57.00		investment
Shenyang Nongda Wellhope Feed Mill	Shenyang city	Shenyang city	production	100.00		investment
Dalian Wellhope Feed Mill	Dalian city	Dalian city	production	100.00		investment
Xingcheng Wellhope Feed Mill	Xingcheng city	Xingcheng city	production	100.00		investment
Yunnan Wellhope Feed Mill	Kunming city	Kunming city	production	97.00		investment
Liaoning Godaji E-commerce Company	Shenyang city	Shenyang city	trading	100.00		investment
Anhui Wellhope Agri-Tech Company	Haozhou city	Haozhou city	production	70.00		investment
Shanxi Wellhope Agri-Tech Company	Yuanping city	Yuanping city	production	100.00		investment
Pingyuan Wellhope Food Processing Company	Handan city	Handan city	production	100.00		investment
Shenyang Huaweida Animal	Shenyang city	Shenyang city	trading		100.00	investment

Health Products Company						
Dalian Zhongjia Food Company	Dalian city	Dalian city	production		100.00	combined under different control
Wellhope Food(Shenyang) Company	Shenyang city	Shenyang city	production	100.00		investment
Changchun Wellhope Food Company	Changchun city	Changchun city	production	85.00		investment
Pingyuan Wellhope Agri-Tech Company	Handan city	Handan city	production		100.00	investment
Puyang Wellhope Agri-Tech Company	Puyang city	Puyang city	production		100.00	investment
Chongqing Dahong Agriculture and Animal Husbandry Equipment Company	Chongqing city	Chongqing city	production		50.00	combined under different control
Beijing Brilliant Dragon Commerce and Trade Company	Beijing	Beijing	trading		51.00	investment
Tangshan Hejia Agriculture and Animal Husbandry Company	Tangshan city	Tangshan city	production	65.00		investment
Tangshan Wellhope Sci-Tech Company	Tangshan city	Tangshan city	production	70.00		combined under different control
Shenyang Huakang Xinxin Food Company	Shenyang city	Shenyang city	production	85.00		investment
Kaifeng Wellhope Meat Products Company	Kaifeng city	Kaifeng city	production	100.00		investment
Shenyang Huakang Broiler Company	Shenyang city	Shenyang city	production	85.00		investment
Kaifeng Wellhope Agriculture and Animal Husbandry Company	Kaifeng city	Kaifeng city	production		100.00	investment
Fushun Wellhope Agriculture and Animal Husbandry Company	Fushun city	Fushun city	production		100.00	investment
Shenyang Wellhope Poultry Industry Company	Shenyang city	Shenyang city	production		100.00	investment
Shenyang Huakang	Shenyang city	Shenyang city	production		100.00	investment

Agriculture and Animal Husbandry Company						
Dehui Wellhope Agri-Tech Company	Dehui city	Dehui city	production		100.00	investment
Chongqing Wellhope Agri-Tech Company	Chongqing city	Chongqing city	production	65.00		investment
Dahong Agriculture and Animal Husbandry Technology Research Institute Chongqing Branch	Chongqing city	Chongqing city	production		100.00	investment
Russia Wellhope Agri-Tech Company	Overseas	Overseas	production	55.00		investment
Suizhong Renhe Fishery Company	Suizhong county	Suizhong county	production		95.00	combined under different control
Shulan Fengtai Agriculture and Animal Husbandry Company	Shulan city	Shulan city	production	80.00		investment
Shulan Fengtai Farming Company	Shulan city	Shulan city	production	51.00		combined under different control
Linxi Helai Agri-Tech Company	Linxi city	Linxi city	production	100.00		combined under different control
Nanchang Wellhope Agri-Tech Company	Nanchang city	Nanchang city	production	65.00		investment
Hengyang Wellhope Agri-Sci-Tech Company	Hengyang city	Hengyang city	production	78.50		investment
Anhui Wellhope Haoxiang Agricultural Development Company	Lixin county	Lixin county	production		100.00	investment
Lixin Xiangfeng Agriculture and Animal Husbandry Company	Lixin county	Lixin county	production		100.00	investment
Lixin Hongfeng Agriculture and Animal Husbandry Company	Lixin county	Lixin county	production		100.00	investment
Guangzhou Dashang Trading Company	Guangzhou city	Guangzhou city	trading		51.00	investment
Shandong Heyuan Food Company	Weihai city	Weihai city	production		65.00	investment

Wafangdian Yifeng Agri-Tech Company	Wafangdian city	Wafangdian city	production		51.00	investment
Hebei Deheng Farming Company	Handan city	Handan city	production		100.00	combined under different control
Dahongda Construction Engineering Chongqing Company	Chongqing city	Chongqing city	production		100.00	investment
Yangling Wellhope Agriculture and Animal Husbandry Company	Xianyang city	Xianyang city	production		100.00	combined under different control
Yixian Dingli Hesheng Livestock and Poultry Feeding Company	Yixian county	Yixian county	production		100.00	combined under different control
Yixian Weijing Livestock and Poultry Feeding Company	Yixian county	Yixian county	production		100.00	combined under different control
Hebei Hetai Livestock and Poultry Farming Company	Yuanshi county	Yuanshi county	production		100.00	combined under different control
Yixian Hekang Agri-Tech Company	Yixian county	Yixian county	production		100.00	combined under different control
Dunhua Wellhope Agri-Tech Company	Dunhua city	Dunhua city	production	51.00		combined under different control
Dunhua Fengda Agriculture and Animal Husbandry Development Company	Dunhua city	Dunhua city	production	51.00		combined under different control
Anhui Wellhope Haoxiang Swine Breeding Company	Lixin county	Lixin county	production		100.00	investment
Anhui Wellhope Food Company	Lixin county	Lixin county	production		100.00	investment
Anyang Wellhope Agriculture and Animal Husbandry Company	Anyang city	Anyang city	production	100.00		investment
Hebei Taihang Wellhope Food Company	Baoding city	Baoding city	production	81.00		investment
Hebei Taihang Wellhope Agri-Tech Company	Baoding city	Baoding city	production	62.00		investment
Shenyang Xiangmai	Shenyang city	Shenyang city	trading	65.00		investment

Electronic Commerce Company						
Chifeng Wellhope Fuxinyuan Food Company	Chifeng city	Chifeng city	production	70.00		investment
Hongkong Expert Trading Company	Hongkong	Hongkong	trading		100.00	investment
Hainan Expert Trading Company	Chengmai county	Chengmai county	trading		71.00	investment
Liaoning Qingyuan Wellhope Agriculture and Animal Husbandry Company	Fushun city	Fushun city	production	95.00		investment
Nanyang Wellhope Cattle Industry Sci-Tech Company	Nanyang city	Nanyang city	production	100.00		investment
Fuzhou Wellhope Xingyuan Animal Husbandry Development Company	Fuzhou city	Fuzhou city	production	60.00		investment
Tianjin Fullyond Supply Chain Company	Tianjin city	Tianjin city	other	100.00		investment
Daqing Wellhope Food Company	Daqing city	Daqing city	production	51.00		investment
Zhumadian Wellhope Agricultural Development Company	Zhumadian city	Zhumadian city	production	94.01		investment
Datong Hejia Agriculture and Animal Husbandry Company	Datong city	Datong city	production	65.00		investment
Shijiazhuang Hejia Agriculture and Animal Husbandry Company	Shijiazhuang city	Shijiazhuang city	production	65.00		investment
Fuxin Wellhope Agriculture and Animal Husbandry Company	Fuxin city	Fuxin city	production		100.00	investment
Dalian Hongtu Agri-tech Company	Dalian city	Dalian city	production		51.00	investment
Shandong Heyuan Agri-tech Company	Weihai city	Weihai city	production		100.00	investment
Wafangdian Huinong Poultry Industry Company	Wafangdian city	Wafangdian city	production		52.94	investment
Luoyang Wellhope	Luoyang city	Luoyang city	production	100.00		investment

Agriculture and Animal Husbandry Company						
Tongxu Wellhope Agriculture and Animal Husbandry Company	Tongxu county	Tongxu county	production		100.00	investment
Gongzhuling Wellhope Swine Farming Company	Gongzhuling city	Gongzhuling city	production		68.50	investment
Lishu Wellhope Ecological Farming Company	Siping city	Siping city	production		68.50	investment
Kaifeng Jiufeng Agriculture and Animal Husbandry Company	Kaifeng city	Kaifeng city	production		94.00	investment
Tianjin Expert Trading Company	Tianjin city	Tianjin city	trading		100.00	investment
Jinzhai Wellhope Agriculture and Animal Husbandry Company	Liu'an city	Liu'an city	production		100.00	investment
Fuyang Wellhope Agriculture and Animal Husbandry Technology Company	Fuyang city	Fuyang city	production		75.00	investment
Liaoning Wellhope Egg Industry Company	Anshan city	Anshan city	production		58.00	investment
Shenyang Wellhope Agriculture and Animal Husbandry Technology Company	Shenyang city	Shenyang city	production		100.00	investment
Lingyuan Wellhope Agriculture and Animal Husbandry Company	Lingyuan city	Lingyuan city	production		100.00	investment
Shenyang Wellhope Swine Breeding Company	Shenyang city	Shenyang city	production		100.00	investment
Shenyang Xiaohe Agriculture and Animal Husbandry Company	Shenyang city	Shenyang city	production		100.00	investment
Qingdao Haifeng Animal Husbandry Company	Qingdao city	Qingdao city	production		100.00	combined under different control
Xi'an Linfeng Shengyi Trading Company	Xi'an city	Xi'an city	trading		100.00	combined under different control

Beijing Linfeng Shengyi Trading Company	Beijing	Beijing	trading		60.00	investment
Tianyi First Taste (Beijing) Technology Company	Beijing	Beijing	production		70.00	combined under different control
Inner Mongolia Bifeng Animal Husbandry Technology Development Company	Tongliao city	Tongliao city	production	48.30		investment
Dehui Fengyuan Agriculture and Animal Husbandry Company	Dehui city	Dehui city	production	51.00		investment
Fame (Shenyang) Biological High-tech Industry Research Institute Company	Shenyang city	Shenyang city	other	100.00		investment
Changsha Wellhope Animal Husbandry Company	Changsha city	Changsha city	production	83.00		investment
Henan Hejiang Agricultural Development Company	Luohe city	Luohe city	production	51.00		investment
Fuyu Wellhope Layer Company	Fuyu city	Fuyu city	production	87.00		investment
Harbin Linfeng Shengyi Trading Company	Harbin city	Harbin city	trading		51.00	investment
Zhengning Wellhope Zaosheng Cattle Feed Processing Company	Qingyang city	Qingyang city	production		55.00	investment
Yixian Hekang Biotechnology Company	Yixian county	Yixian county	production		100.00	investment

B. Important non-wholly owned subsidiary

Unit: yuan Currency: RMB

Subsidiary	Shareholding of non-controlling interests %	Gain or loss attributable to non-controlling interests	Declared dividends to non-controlling interests	Closing balance of non-controlling interests
Dalian Heyuan Agri-Tech Company	43.00	-26,079,953.60		367,787,243.34
Xi'an Wellhope Feed Sci-Tech	20.00	10,013,603.99		43,666,873.56

Company				
Beijing Sanyuan Wellhope Agri-Tech Company	30.00	11,042,485.73	18,000,000.00	61,056,248.07
Tangshan Wellhope Feed Mill	15.00	243,113.12		11,040,640.88

C. Financial figures of important non-wholly owned subsidiary

Unit: yuan Currency: RMB

Subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dalian Heyuan Agri-Tech Company	506,204,642.74	1,020,407,305.82	1,526,611,948.56	646,421,786.77	48,251,638.87	694,673,425.64	546,490,938.69	982,257,433.76	1,528,748,372.45	640,206,189.94	21,476,424.14	661,682,614.08
Xi'an Wellhope Feed Sci-Tech Company	170,751,836.24	107,927,796.70	278,679,632.94	59,064,004.39	714,417.06	59,778,421.45	120,322,073.99	96,733,892.61	217,055,966.60	47,740,872.83	729,249.25	48,470,122.08
Beijing Sanyuan Wellhope Agri-Tech Company	228,188,485.88	20,493,495.10	248,681,980.98	45,161,154.08		45,161,154.08	246,088,391.98	23,170,506.34	269,258,898.32	41,722,989.99		41,722,989.99
Tangshan Wellhope Feed Mill	53,926,763.26	65,757,298.80	119,684,062.06	46,079,789.51		46,079,789.51	49,796,904.64	70,971,898.77	120,768,803.41	48,701,957.40		48,701,957.40

Subsidiary	2021				2020			
	Operation revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operation revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Dalian Heyuan Agri-Tech Company	3,032,629,405.81	-34,669,277.94	-34,669,277.94	107,366,509.77	3,009,916,643.94	73,678,408.86	73,678,408.86	250,624,697.64
Xi'an Wellhope Feed Sci-Tech Company	1,069,721,308.15	50,634,863.64	50,634,863.64	37,195,437.04	813,590,370.97	52,451,656.41	52,451,656.41	39,790,872.05
Beijing Sanyuan Wellhope Agri-Tech Company	738,731,297.16	36,808,285.75	36,808,285.75	15,284,842.29	622,849,853.79	28,500,866.12	28,500,866.12	24,049,956.56
Tangshan Wellhope Feed Mill	288,439,869.54	1,620,754.14	1,620,754.14	14,539,409.42	239,765,031.08	2,183,449.58	2,183,449.58	7,615,415.84

2. Transactions that change the share of owner's equity of the Company in subsidiaries but the Company still controls the subsidiary

A. Circumstance of the change of owner's equity

During the current period, the Company transferred the equity interest of its subsidiaries, including 4.00% of Shanghai Hehong Trading Company, 29.00% of Hainan Expert Trading Company, 5.99% of Zhumadian Wellhope Agriculture Development Company, and 6.00% of Kaifeng Jiufeng Agriculture and Animal Husbandry Company.

In the meantime, the Company has respectively purchased equity interest of its subsidiaries, including 6.00% of Dalian Heyuan Animal Husbandry Company, 30.00% of Nanyang Wellhope Feed Mill, 10.00% of Shulan Fengtai Agriculture and Animal Husbandry Company, 3.50% of Gongzhuling Wellhope Swine Breeding Company, 3.50% of Lishu Wellhope Ecological Breeding Company, 19.00% of Hebei Taihang Wellhope Food Company, and 6.60% of Fuxin Wellhope Agriculture and Animal Husbandry Company.

B. The impact of the transaction on non-controlling interests and the equity attributable to the owners of parent company

Unit: yuan Currency: RMB

	Shanghai Hehong Trading Company	Hainan Expert Trading Company	Zhumadian Wellhope Agriculture Development Company	Kaifeng Jiufeng Agriculture and Animal Husbandry Company	Dalian Heyuan Agri-Tech Company	Nanyang Wellhope Feed Mill
Cost of acquisition/disposal considerations						
-Cash	1,000,000.00	870,000.00	1,910,000.00	3,190,000.00	52,227,000.00	6,800,000.00
-Fair value of non-cash assets						
Total cost of acquisition or disposal considerations	1,000,000.00	870,000.00	1,910,000.00	3,190,000.00	52,227,000.00	6,800,000.00
deduct: Share of net assets in the subsidiary calculated by the percentage of acquired or disposed shareholdings	1,000,712.45	794,842.41	109,055.63	-3,135,440.09	54,597,787.83	8,800,758.10
Difference	-712.45	75,157.59	1,800,944.37	6,325,440.09	-2,370,787.83	-2,000,758.10
including: Adjusting capital reserve	-712.45	75,157.59	1,800,944.37	6,325,440.09	-2,370,787.83	-2,000,758.10
Adjusting surplus reserve						
Adjusting undistributed profits						

	Shulan Fengtai Agriculture and Animal Husbandry Company	Gongzhuling Wellhope Swine Breeding Company	Lishu Wellhope Ecological Breeding Company	Hebei Taihang Wellhope Food Company	Fuxin Wellhope Agriculture and Animal Husbandry Company
Cost of acquisition/disposal considerations					
-Cash	7,394,541.16	207,900.00	378,000.00	38,000,000.00	1,980,000.00
-Fair value of non-cash assets					
Total cost of acquisition or disposal considerations	7,394,541.16	207,900.00	378,000.00	38,000,000.00	1,980,000.00
deduct: Share of net assets in the subsidiary calculated by the percentage of acquired or disposed shareholdings	7,394,541.16	232,592.94	440,018.76	38,000,000.00	1,984,427.28
Difference		-24,692.94	-62,018.76		-4,427.28
including: Adjusting capital reserve		-24,692.94	-62,018.76		-4,427.28
Adjusting surplus reserve					
Adjusting undistributed profits					

3. Equity in joint ventures or associated companies**A. Important joint ventures or associated companies**

Unit: yuan Currency: RMB

Company	Business site	Registered site	Business type	Shareholding %		Accounting arrangement method
				Direct	Indirect	
Beipiao Hongfa Food Company	Beipiao city	Beipiao city	production	35.00		equity method
Anshan Jiuguhe Food Company	Tai'an county	Tai'an county	production	41.55		equity method
Tai'an Jiuguhe Agriculture Development Company	Tai'an county	Tai'an county	production	41.55		equity method
Dalian Chengsan Animal Husbandry Company	Dalian city	Dalian city	production	20.00		equity method

B. Financial figures of important joint ventures or associated companies

Unit: yuan Currency: RMB

	2021				2020			
	Beipiao Hongfa Food Company	Anshan Jiuguhe Food Company	Tai'an Jiuguhe Agriculture Development Company	Dalian Chengsan Animal Husbandry Company	Beipiao Hongfa Food Company	Anshan Jiuguhe Food Company	Tai'an Jiuguhe Agriculture Development Company	Dalian Chengsan Animal Husbandry Company
Current assets	1,024,543,972.13	755,377,943.00	535,153,741.55	1,918,572,679.73	1,168,043,370.14	609,389,600.57	431,665,980.03	1,428,082,960.71
Non-current assets	1,218,785,629.10	125,800,128.70	59,430,294.90	644,908,489.88	930,342,071.44	104,819,843.90	44,743,283.32	513,921,361.13
Total assets	2,243,329,601.23	881,178,071.70	594,584,036.45	2,563,481,169.61	2,098,385,441.58	714,209,444.47	476,409,263.35	1,942,004,321.84
Current liabilities	694,332,201.13	376,651,134.90	457,883,678.79	1,139,336,663.82	554,891,462.18	279,627,361.90	250,447,113.47	360,773,992.52
Non-current liabilities	140,000,000.00	10,372,233.84	94,500.00	5,171,428.12	97,140,000.00	296,802.00	175,500.00	5,516,103.07
Total liabilities	834,332,201.13	387,023,368.74	457,978,178.79	1,144,508,091.94	652,031,462.18	279,924,163.90	250,622,613.47	366,290,095.59
Non-controlling interests				249,706,945.20				278,638,348.12
Equity attributable to shareholders of parent company	1,408,997,400.10	494,154,702.96	136,605,857.66	1,169,266,132.47	1,446,353,979.40	434,285,280.57	225,786,649.88	1,297,075,878.13
Share of net assets calculated by shareholdings	493,149,090.03	205,321,279.08	56,759,733.86	233,853,226.49	506,223,892.79	180,445,534.08	93,814,353.03	259,415,175.62
Adjustment			-1,264,140.54	116,569,111.62		-276,269.40	-379,198.68	116,463,321.10
--Goodwill				116,569,111.62				116,569,111.62
--Unrealized profit of internal transaction			-1,264,140.54			-276,269.40	-379,198.68	-105,790.52
Book value of equity investment in associated companies	493,149,090.03	205,321,279.08	55,495,593.32	350,422,338.11	506,223,892.79	180,169,264.68	93,435,154.35	375,878,496.72
Operating	3,071,583,370.65	1,980,851,480.62	2,295,821,884.37	4,449,826,190.22	2,292,683,638.44	1,911,611,455.64	1,927,678,342.45	3,326,764,958.59

revenue								
Net profit	-6,556,579.30	59,869,422.39	-89,180,792.22	-127,809,745.66	229,283,584.90	153,445,674.44	-42,067,138.19	142,746,792.02
Total comprehensive income	-6,556,579.30	59,869,422.39	-89,180,792.22	-127,809,745.66	229,283,584.90	153,445,674.44	-42,067,138.19	142,746,792.02
Dividends received from associated companies	10,780,000.00				16,170,000.00	37,397,700.00		

C. Financial information of unimportant joint ventures and associated companies

Unit: yuan Currency: RMB

	2021	2020
Joint venture		
Book value of investment	11,669,191.54	11,669,191.54
The following items were calculated according to the shareholdings		
--Net profit	5,057,870.18	7,622,329.52
--Other comprehensive income	-1,151,957.84	-3,301,098.09
--Total comprehensive income	3,905,912.34	4,321,231.43
Associated company		
Book value of investment	1,216,768,479.92	1,257,526,965.18
The following items were calculated according to the shareholdings		
--Net profit	-43,919,377.45	211,870,816.89
--Other comprehensive income	-13,547,569.69	-7,123,225.06
--Total comprehensive income	-57,466,947.14	204,747,591.83

Note: Unphung Joint Venture Company, Nepal Wellhope Agri-tech Pvt. Ltd., NEXUS WELL-HOPE AGRITECH INTERNATIONAL LIMITED use cost method.

X. Risks Related to Financial Instruments

The Company's major financial instruments include equity investments, borrowings, accounts receivable and accounts payable. A detailed description of each financial instrument is provided in the related item in Note V of this document. The Company's management manages and monitors these exposures to ensure that the aforementioned risks are kept within the limits.

The Company engages in risk management with the goal of striking an appropriate balance between risk and return, minimizing the negative impact of risk on the Company's operating performance, and maximizing the interests of shareholders and other equity investors. Based on such risk management objective, the Company's basic strategy for risk management is to identify and analyze various risks to which the Company is exposed, establish appropriate risk tolerance and conduct risk management, and monitor various risks in a timely and reliable manner in order to control the risks within the limits.

1. Market risks**A. Interest rate risk**

The Company's risk of cash flow changes in financial instruments due to the changes in interest rates mainly related to floating-rate bank loans. The Company's policy is to maintain the floating-rate of these loans.

B. Foreign exchange risks

Foreign exchange risk refers to the risk of loss caused by exchange rate movement. The Company's main business activities are settled in RMB, with a small amount of import and export business, changes in exchange rate have little impact on the Company.

2. Credit risk

The maximum credit risk exposure that may cause financial losses to the Company mainly comes from financial assets loss caused by the other party of contract failed to perform duty.

In order to reduce credit risk, the Company constantly strengthens the risk management awareness of accounts receivable, and only deals with recognized and reputable third parties. In accordance with the Company's policies, it is necessary to conduct credit audit and approval, carefully confirm the credit limit, implement other monitoring procedures and take necessary measures to recover overdue claims.

3. Liquidity risk

In regard of managing liquidity risk, the Company monitors cash and cash equivalents, to satisfy its operation demand, and to reduce the influence caused by cash flow fluctuation. The management of the Company supervises the usage circumstances of bank loans and ensures the Company complying with the agreement of loan.

XI. Disclosure of fair value

1. Fair value of assets and liabilities in the end of period

Unit: yuan Currency: RMB

Item	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Continuous fair value measurement				
1. Trading financial assets	9,667,725.25			9,667,725.25
Financial assets measured at fair value and changes recorded into current gains or losses				
2. Derivative financial assets	9,667,725.25			9,667,725.25
3. Other equity instrument investment			20,082,215.15	20,082,215.15
Total assets continuously measured at fair value	9,667,725.25		20,082,215.15	29,749,940.4

2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement items

The derivative financial assets of the Company are futures, which are measured by the unadjusted quoted price of the same assets or liabilities in the active market on the balance sheet date.

XII. Related Party and Transaction

1. Snapshot of joint ventures and associated companies

Circumstance of the joint ventures and associated companies, which had related transactions with the Company in the period.

Company	Relationship
Unphung Joint Venture Company	joint venture
Nepal Wellhope Agri-tech Pvt. Ltd.	joint venture
Anshan Fengsheng Food Company	associated company
Anshan Jiuguhe Food Company	associated company
Beipiao Hongfa Food Company	associated company
Dalian Chengsan Animal Husbandry Company	associated company
Dalian Wellhope Fish Meal Company	associated company
Daqing Supply and Marketing Agri-Tech Company	associated company

Dandong Wellhope Chengsan Agri-Tech Company	associated company
Gongzhuling Corn Purchasing and Storing Company	associated company
Haicheng New Hongzunda Agri-Tech Company	associated company
Huluodao Jiuguhe Food Company	associated company
Huluodao Jiuguhe Feed Mill	associated company
Jinzhou Jiufeng Food Company	associated company
Lankao Skyland Duck Company	associated company
Linghai Jiuguhe Feed Mill	associated company
Qingdao Shenfeng Agri-Tech Company	associated company
Shenyang Wenjie Bio-Tech Company	associated company
Shihaipu (Beijing) Technology and Trade Company	associated company
Tai'an Fengjiu Agri-Tech Company	associated company
Tai'an Jiufeng Agri-Tech Company	associated company
Tai'an Jiuguhe Agriculture Development Company	associated company
Tailai Jiahe Agriculture and Animal Husbandry	associated company
Zhangjiakou Jiahe Agriculture and Animal Husbandry Company	associated company
Shenyang Zhongwenjie Bio-Tech Company	associated company
Liaoning Mubang Animal Husbandry Equipment Manufacturing Company	associated company
Heilongjiang Zhongyi Ranch Information Technology Service Company	associated company
Dalian Sida Food Company	associated company
Shulan Fengtai Organic Fertilizer Company	associated company
Bei'an Nongken Shengda Pasture Specialized Cooperative	associated company
Shangdong Fengkang Food Company	associated company
Anshan Jiuguhe Paper Packaging Company	associated company
Anshan Antai Plastic Products Company	associated company
Harbin Weierhao Trading Company	associated company

Other explanation-- In July 2021, the Company transferred 51.00% of the equity of Harbin Weierhao Trading Company to its subsidiary Liaoning Expert Trading Company. After the capital increase by each shareholder, the shareholding of Liaoning Expert Trading Company in Harbin Weierhao was 45.90%, thus Harbin Weierhao changed from a subsidiary to an associate.

2. Snapshot of other related parties

Related party	Relationship
Associated natural persons	Controlling shareholder, natural person shareholders who hold more than 5% shares of the Company, board directors, supervisors, senior managers and their relatives
Changzhou Heli Venture Capital Partnership (Limited Partnership)	Shareholder who holds more than 5% shares of the Company

3. Snapshot of related party transaction

A. Purchasing and selling products, providing and accepting labor service

Unit: yuan Currency: RMB

Relate party	Transaction	2021	2020
Dalian Wellhope Fish Meal Company	Feed raw material	76,585,284.15	114,840,387.56
Anshan Jiuguhe Food Company	Broiler product	11,265,582.23	21,848,636.14

Dalian Chengsan Animal Husbandry Company	Live broiler	126,096,323.21	186,018,137.63
Huludao Jiuguhe Food	Broiler product	304,992.66	255,807.60
Shihaipu (Beijing) Technology and Trade Company	Other	1,009,951.97	2,282,511.69
Tai'an Fengjiu Agri-Tech Company	Day old chick	24,165,720.65	23,206,491.02
Zhangjiakou Jiahe Agriculture and Animal Husbandry Company	Piglet	22,409,819.60	64,133,190.90
Tai'an Jiuguhe Agriculture Development Company	Feed, live broiler	258,438,420.36	208,356,995.30
Haicheng New Hongzunda Agri-Tech Company	Feed	5,604,675.04	
Shenyang Wenjie Bio-Tech Company	Other	3,883,333.36	6,435,070.50
Jinzhou Jiufeng Food Company	Broiler product	9,133,688.00	13,972,659.17
Daqing Supply and Marketing Agri-Tech Company	Feed raw material	27,913,007.76	41,483,415.84
Linghai Jiuguhe Feed Mill	Feed, live broiler	142,764,456.73	27,252,715.36
Gongzhuling Corn Purchasing and Storing Company	Feed raw materials	2,160,838.20	2,472,800.71
Qingdao Shenfeng Agri-Tech Company	Feed	14,412,823.18	28,638,011.49
Lankao Skyland Duck Company	Feed		6,060,071.37
Shenyang Zhongwenjie Bio-Tech Company	Animal medicine, vaccine		3,000.00
Anshan Yufeng Feed Mill	Feed raw material	33,330,654.62	71,923.00
Anshan Jiuguhe Paper Packaging Company	Other (packaging materials)	3,788,562.19	4,854,918.60
Anshan Antai Plastic Products Company	Other (packaging materials)	783,214.95	1,249,245.12
Dunhua Fengda Broiler Breeding Company	Day old chick	253,485.00	750,730.00
Jilin Hengfeng Animal Health Products Company	Animal medicine, vaccine	874,388.93	1,451,194.85
Shenyang Wanlitan Agriculture and Animal Husbandry Company	Animal medicine, vaccine	2,917,056.53	2,644,678.27
Beipiao Hongfa Food Company	Broiler product	11,857,558.25	
Tailai Jiahe Agriculture and Animal Husbandry Company	Piglet	7,922,976.80	
Harbin Weierhao Trading Company	Feed raw material	766,308.23	
Total		788,643,122.60	758,282,592.12

Selling products or providing labor service

Unit: yuan Currency: RMB

Relate party	Transaction	2021	2020
Nepal Wellhope Agri-tech Pvt. Ltd.	Feed		2,563,464.22
Linghai Jiuguhe Feed Mill	Feed raw material	85,163,159.42	50,260,931.83
Tai'an Jiuguhe Agriculture Development Company	Feed raw material	87,770,479.99	78,282,971.50
Anshan Jiuguhe Food Company	Live broiler	63,190,247.94	90,810,505.77
Qingdao Shenfeng Agri-Tech Company	Feed raw material	33,791,134.36	56,218,315.02
Beipiao Hongfa Food Company	Feed raw material	3,833,240.00	4,685,260.00
Huludao Jiuguhe Food Company	Feed	12,229,432.11	10,327,169.62

Haicheng New Hongzunda Agri-Tech Company	Feed raw material	70,419,925.40	97,778,241.34
Dandong Wellhope Chengsan Agri-Tech Company	Feed raw material	8,988,156.71	6,667,470.38
Tai'an Jiufeng Agri-Tech Company	Feed raw material	1,501,685.99	1,460,623.81
Huludao Jiuguhe Feed Mill	Feed raw material	39,938,908.32	25,323,351.66
Shihaipu (Beijing) Technology and Trade Company	Other	2,235,850.87	1,286,272.58
Zhangjiakou Jiahe Agriculture and Animal Husbandry Company	Feed	35,983,740.54	22,521,186.33
Dalian Wellhope Fish Meal Company	Feed raw material	233,716.81	301,061.95
Guangzhou Yikun Trading Company	Feed raw material		2,846,401.98
Anshan Fengsheng Food Company	Live broiler	105,439,436.48	212,919,976.02
Dalian Chengsan Animal Husbandry Company	Feed raw material	14,201,134.36	6,391,128.72
Tailai Jiahe Agriculture and Animal Husbandry Company	Feed	71,340,667.33	29,224,805.65
Daqing Supply and Marketing Agri-Tech Company	Feed raw material	91,892,742.18	51,521,554.90
Lankao Skyland Duck Company	Feed raw material	1,482,911.17	5,707,315.21
Anshan Yufeng Feed Mill	Broiler product	384,229.05	781,937.43
Dunhua Fengda Broiler Breeding Company	Feed	3,696,607.22	4,093,061.21
Shangdong Fengkang Food Company	Live broiler	168,063,355.14	5,954,219.87
Dalian Sida Food Company	Live broiler	264,394,474.66	252,267,573.09
Liaoning Mubang Animal Husbandry Equipment Manufacturing Company	Equipment, steel	264,016.08	
Dazhou Wellhope Bio-tech Company	Feed	128,532,271.72	
Harbin Weierhao Trading Company	Feed raw material	18,269,598.93	
Total		1,313,241,122.78	1,020,194,800.09

B. Related party guarantee

The Company acted as the guarantor

Unit: yuan Currency: RMB

Guaranteed party	Amount of guarantee	Guarantee date	Guarantee maturity date	Whether the guarantee has been completed
Liaoning Expert Trading Company	9,076,372.75	Sep. 13, 2021	Mar. 29, 2022	No
Liaoning Expert Trading Company	43,999,918.49	Nov. 12, 2021	Mar. 31, 2022	No
Anhui Wellhope Food Company	59,791,600.00	Mar. 6, 2021	Mar. 5, 2026	No
Lixin Xiangfeng Agriculture and Animal Husbandry Company	25,000,000.00	Jun. 2, 2021	Jun. 1, 2022	No
Lixin Hongfeng Agriculture and Animal Husbandry Company	20,000,000.00	Dec. 21, 2021	Dec. 20, 2022	No
Puyang Wellhope Food Company	50,000,000.00	Mar. 31, 2021	Mar. 31, 2022	No
Kaifeng Wellhope Meat Products Company	30,000,000.00	May 28, 2021	May 27, 2022	No
Chongqing Dahong	11,000,000.00	Apr. 9, 2021	Jul. 29, 2022	No

Agriculture and Animal Husbandry Equipment Company				
Lingyuan Wellhope Animal Husbandry Company	20,000,000.00	Jun. 1, 2021	May 25, 2022	No
Lingyuan Wellhope Animal Husbandry Company	10,000,000.00	Sep. 27, 2021	Sep. 26, 2022	No
Daqing Wellhope Food Company	10,000,000.00	Sep. 30, 2021	Sep. 29, 2024	No

C. Borrowings to related party

Unit: yuan Currency: RMB

Related party	Borrowings	Starting date	Due date	Note
Lankao Skyland Duck Company	27,067,493.00			This was the borrowings of Lankao Skyland Duck Company from Wellhope, Lankao Duck became an associated company after losing its control.
Bei'an Nongken Shengda Pasture Specialized Cooperative	4,350,000.00			Bei'an Nongken Shengda Pasture Specialized Cooperative is an associated company of Wellhope. Each member of the cooperative provides funds to the cooperative according to the proportion of shares held in accordance with the agreement.

D. Remuneration for key management

Unit: 10k yuan Currency: RMB

Item	2021	2020
Remuneration for key management	826.74	622.96

4. Related party receivables and payables

A. Receivables

Unit: yuan Currency: RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Linghai Jiuguhe Feed Mill	7,628,380.00	152,567.60	4,530,820.00	90,616.40
Accounts receivable	Tai'an Jiuguhe Agriculture Development Company	11,453,320.00	229,066.40	4,797,382.00	424,247.64
Accounts receivable	Anshan Jiuguhe Food Company	20,021,748.90	400,434.98	24,051,313.84	481,026.28
Accounts receivable	Zhangjiakou Jiahe Agriculture and Animal Husbandry Company	5,584,963.70	81,973.52	3,905,319.96	390,532.00
Accounts receivable	Beipiao Hongfa Food Company			416,558.00	8,331.16
Accounts receivable	Huludao Jiuguhe Feed Mill	5,049,300.00	100,986.00	2,942,700.00	58,854.00
Accounts receivable	Anshan Fengsheng Food Company			10,460,846.84	209,216.94
Accounts	Dalian Chengsan Animal	2,109,601.80	42,192.04	1,163,071.00	26,551.42

receivable	Husbandry Company				
Accounts receivable	Tailai Jiahe Agriculture and Animal Husbandry Company	18,373,436.11	367,468.72	2,334,516.84	46,690.34
Accounts receivable	Lankao Skyland Duck Company			78,000.00	1,560.00
Accounts receivable	Nepal Wellhope Agri-tech Pvt. Ltd.	287,730.02	5,754.60	92,310.95	1,846.22
Accounts receivable	Daqing Supply and Marketing Agri-Tech Company			1,296,750.34	25,935.01
Accounts receivable	Dalian Sida Food Company			2,316,560.24	46,331.20
Accounts receivable	Shenyang Wenjie Bio-Tech Company	378,530.00	7,570.60		
Accounts receivable s	Bei'an Nongken Shengda Pasture Specialized Cooperative	6,168,138.00	123,362.76		
Accounts receivable	Dunhua Fengda Broiler Breeding Company	8,387.16	167.74		
Accounts receivable	Heilongjiang Beian Reclamation Zhongwang Dairy Cattle Breeding Professional Cooperative	1,333,862.00	26,677.24		
Accounts receivable	Shandong Fengkang Food Company	6,914,947.14	138,298.94		
Other receivables	Lankao Skyland Duck Company	27,067,493.00	16,033,746.50	27,300,253.00	5,441,847.95
Other receivables	Bei'an Nongken Shengda Pasture Specialized cooperative	4,350,000.00	435,000.00	4,350,000.00	87,000.00
Prepayment	Linghai Jiuguhe Feed Mill			138,554.00	
Prepayment	Liaoning Mubang Animal Husbandry Equipment Manufacturing Company			514,333.00	
Prepayment	Dalian Wellhope Fish Meal Company	4,743,296.00			
Prepayment	Beipiao Hongfa Food Company	18,042.78			

B. Payables

Unit: yuan Currency: RMB

Item	Related party	Closing book balance	Opening book balance
Accounts payable	Tai'an Jiuguhe Agriculture Development Company	31,695,862.49	23,002,101.15
Accounts payable	Qingdao Shenfeng Agri-Tech Company	5,300,000.00	5,776,665.31
Accounts payable	Zhangjiakou Jiahe Agriculture and Animal Husbandry Company	15,200,000.00	15,100,000.00
Accounts payable	Shenyang Wenjie Bio-Tech Company	2,177,580.00	854,324.00
Accounts payable	Dalian Chengsan Animal Husbandry Company	2,051,433.95	3,447,455.47
Accounts payable	Anshan Jiuguhe Paper Packaging Company	599,868.30	230,852.87
Accounts payable	Anshan Antai Plastic Products Company		823,525.36
Accounts payable	Dalian Wellhope Fish Meal Company	949,440.00	9,137,325.56
Accounts payable	Jilin Hengfeng Animal Health Products Company		323,205.00

Accounts payable	Shenyang Wanlitan Agriculture and Animal Husbandry Company	338,120.00	1,055,021.00
Accounts payable	Daqing Supply and Marketing Agri-Tech Company		594,676.70
Accounts payable	Linghai Jiuguhe Feed Mill	1,632,332.73	
Accounts payable	Anshan Yufeng Feed Mill	4,270,798.00	
Accounts payable	Dunhua Fengda Broiler Breeding Company	2,500.00	
Accounts payable	Harbin Weierhao Trading Company	39,562.50	
Advance receipt	Dunhua Fengda Broiler Breeding Company		348,450.06
Advance receipt	Nepal Wellhope Agri-tech Pvt. Ltd.	38,700.00	
Advance receipt	Liaoning Mubang Animal Husbandry Equipment Manufacturing Company	42,261.50	
Advance receipt	Harbin Weierhao Trading Company	585,750.00	
Contract liability	Linghai Jiuguhe Feed Mill		1,317,500.00
Contract liability	Tai'an Jiuguhe Agriculture Development Company		4,421,611.30
Contract liability	Qingdao Shenfeng Agri-Tech Company		77,911.69
Contract liability	Haicheng New Hongzunda Agri-Tech Company		708,806.00
Contract liability	Huludao Jiuguhe Feed Mill		771,500.00
Contract liability	Nepal Wellhope Agri-tech Pvt. Ltd.		38,700.00
Contract liability	Dazhou Wellhope Bio-Tech Company	1,142.95	
Other payables	Nepal Wellhope Agri-tech Pvt. Ltd.	2,999.41	2,999.41
Other payables	Unphung Joint Venture Company	71,682.43	71,682.43

XIII. Share-based Payment

1. Circumstance of share-based payment

Unit: share Currency: RMB

Total amount of exercised equity instruments	4,255,800
Total amount of expired equity instruments	99,700

Note:

In accordance with the approved resolutions--Wellhope 2018 Restricted Stock Incentive Plan and Its Abstract (draft), Adjusting Related Items regarding to 2018 Restricted Stock Incentive Plan, the Company issued 14.575 million restricted shares to 372 key managers at the price of 4.85 yuan per share in 2018, increased RMB 14.575 million of the registered capital.

This incentive plan should be valid from the date of granting restricted shares to the date when all restricted shares could be unlocked or repurchased and written off by the Company, with a maximum period of no more than 48 months. The restricted shares should not be transferred, used for guarantee or repaying debts before removing the trading restrictions, and the shares and dividends obtained from the restricted shares due to the Company conducting capital reserve converted to share capital, paying dividends, etc., should be simultaneously locked according to the incentive plan. After the expiration of restricted period, the Company shall cope with related matters, such as removing trading restrictions, whilst the restricted shares held by the managers who could not meet the conditions of unlocking shares, should be repurchased and written off by the Company, relevant equity could not be deferred to

the next period.

Arrangement of restricted shares

Arrangement of unlocking restricted shares	Time of unlocking shares	Percentage of unlocking shares
The first lockup period	The first trading day after 12 months from the date of finishing the registration of granted shares to the last trading day within 24 months from the date of finishing the registration of granted shares	30.00%
The second lockup period	The first trading day after 24 months from the date of finishing the registration of granted shares to the last trading day within 36 months from the date of finishing the registration of granted shares	30.00%
The third lockup period	The first trading day after 36 months from the date of finishing the registration of granted shares to the last trading day within 48 months from the date of finishing the registration of granted shares	40.00%

On March 27, 2020, the Board of Directors and Supervisory Board approved the proposal of unlocking restricted shares after achieving the performance objective stated in the first lockup period of 2018 Restricted Stock Incentive Plan, 367 managers could totally unlock 4.233 million restricted shares in the first lockup period. On April 9, 2020, these 4.233 million shares could be traded in the capital market.

On March 29, 2021, the Board of Directors and Supervisory Board approved the proposal of unlocking restricted shares after achieving the performance objective stated in the second lockup period of 2018 Restricted Stock Incentive Plan, 364 managers could totally unlock 4.256 million shares. On April 9, 2021, these 4.256 million shares could be traded in the capital market.

2. Equity-settled share-based payment

Unit: yuan Currency: RMB

Recognition method of fair value of equity instrument at the grant date	Closing price at the grant date
Basis for determining the number of exercised equity instrument	It is expected that in case the conditions of unlocking restricted shares can be met, each individual can exercise the equity.
Accumulated amount of equity-settled share-based payment that recorded into capital reserve	23,938,416.04
Total expenses recognized by equity-settled share-based payment in current period	-11,501,777.38

XIV. Post Balance Sheet Events

1. Circumstance of paying profit

Unit: yuan Currency: RMB

Profit or dividend planned to be paid	0
Declared profit or dividend after receiving internal approval	0

2. Other statements of events after the balance sheet date

Pursuant to the resolutions approved by the board meeting held on June 30, 2021, the third extraordinary Shareholders' Meeting held on July 19, 2021, and being approved by China Securities

Regulatory Commission, the Company publicly issued convertible corporate bonds with a total face value of RMB 1.5 billion.

The convertible bonds have been subscribed on April 27, 2022, and the raised funds have been transferred and paid on April 28, 2022. The bonds will be listed and traded on the Shanghai Stock Exchange (Bond abbreviation: Wellhope Convertible Bond, bond code: 113647).

XV. Other important matters

1. Other Lease

Item	Amount(RMB)
Short-term lease expense included in current gain or loss	13,693,343.57
Lease fees of low value asset	1,227,605.31
Total cash outflows related to leases	38,031,953.79

XVI. Notes to major Items of the Parent Company's Financial Statements

1. Accounts receivable

A. Categorized by aging

Unit: yuan Currency: RMB

Aging	Closing book balance
Within 1 year	29,778,220.75
1-2 years	4,191,691.30
2-3 years	1,269,054.97
Over 3 years	26,644,550.58
Total	61,883,517.60

B. Categorized by bad debt provision method

Unit: yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage%	Amount	Accruing %		Amount	Percentage%	Amount	Accruing %	
Accruing bad debt provision on an individual basis	686,300.00	1.11	686,300.00	100.00		686,300.00	1.45	686,300.00	100.00	
Accruing bad debt provision by grouping	61,197,217.60	98.89	27,901,744.83	45.59	33,295,472.77	46,724,686.85	98.55	26,639,128.72	57.01	20,085,558.13
including:										
Aging portfolio	61,197,217.60	98.89	27,901,744.83	45.59	33,295,472.77	46,724,686.85	98.55	26,639,128.72	57.01	20,085,558.13
Total	61,883,517.60	/	28,588,044.83	/	33,295,472.77	47,410,986.85	/	27,325,428.72	/	20,085,558.13

Accruing bad debt provision on an individual basis

Unit: yuan Currency: RMB

Aging	Closing balance			
	Book balance	Bad debt provision	Accruing percentage %	Reason for accruing
Customer 1	312,000.00	312,000.00	100.00	uncollectible
Customer 2	200,000.00	200,000.00	100.00	uncollectible
Customer 3	174,300.00	174,300.00	100.00	uncollectible
Total	686,300.00	686,300.00	100.00	/

Accruing bad debt provision by grouping

Unit: yuan Currency: RMB

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Accruing percentage %
Within 1 year	29,778,220.75	680,213.06	2.28
1 -2 year	4,191,691.30	628,753.70	15.00
2-3 years	1,269,054.97	634,527.49	50.00
Over 3 years	25,958,250.58	25,958,250.58	100.00
Total	61,197,217.60	27,901,744.83	45.59

C. Bad debt provision

Unit: yuan Currency: RMB

Category	Opening balance	Changes in current period	Closing balance
		Accruing	
Aging	27,325,428.72	1,262,616.11	28,588,044.83
Total	27,325,428.72	1,262,616.11	28,588,044.83

D. Top 5 accounts receivable

Unit: yuan Currency: RMB

Debtor	Closing balance	Percentage of total accounts receivable %	Closing balance of bad debt provision
1	9,086,670.00	14.68	181,733.40
2	7,628,380.00	12.33	152,567.60
3	7,350,077.71	11.88	7,350,077.71
4	7,053,335.00	11.40	7,053,335.00
5	6,681,961.00	10.80	4,617,578.60
Total	37,800,423.71	61.09	19,355,292.31

2. Other receivables

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Interests receivable		
Dividends receivable	61,417,020.78	57,747,209.35
Other receivables	1,705,452,098.71	1,313,618,107.93
Total	1,766,869,119.49	1,371,365,317.28

A. Dividends receivable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Dividends from long-term investment under cost method	25,611,477.43	8,623,487.24
Dividends from long-term investment under equity method	35,805,543.35	49,123,722.11
Total	61,417,020.78	57,747,209.35

B. Other receivables**a. Categorized by aging**

Unit: yuan Currency: RMB

Aging	Closing book balance
Within 1 year	1,691,065,354.51
1-2 years	1,425,798.25
2-3 years	101,436.00
Over 3 years	30,044,727.95
Total	1,722,637,316.71

b. Categorized by nature

Unit: yuan Currency: RMB

Nature	Closing book balance	Opening book balance
Operating receivables	470,234.69	539,013.85
Cash pledge and guarantee deposit	472,286.62	457,900.00
Related party- transactions	1,687,513,083.45	1,279,343,229.93
Disposal of investment receivables	2,764,218.95	2,764,218.95
Other	31,417,493.00	36,650,253.00
Total	1,722,637,316.71	1,319,754,615.73

c. Bad debt provision accruing

Unit: yuan Currency: RMB

Bad debt provision	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance on January 1, 2021	5,879,023.68		257,484.12	6,136,507.80
-charged to phase 2				
- charged to phase 3	-68,804.00		68,804.00	
-recovered in phase 2				
- recovered in phase 1				
Accrued in the reporting period	11,052,890.32		68,804.00	11,121,694.32
Written off in the reporting period			72,984.12	72,984.12
Balance on December 31, 2021			322,108.00	17,185,218.00

d. Bad debt provision

Unit: yuan Currency: RMB

Category	Opening balance	Changes in current period			Closing balance
		Accruing	Collected or recovered	Charged off or written off	
Aging	6,136,507.80	11,121,694.32		72,984.12	17,185,218.00
Total	6,136,507.80	11,121,694.32		72,984.12	17,185,218.00

e. Top 5 other receivables

Unit: yuan Currency: RMB

Company	Type	Closing balance	Aging	% of closing balance of total other receivables	Closing balance of bad debt provision
1	account current	328,235,940.93	within 1 year	19.05	
2	account current	151,797,696.68	within 1 year	8.81	
3	account current	127,407,048.52	within 1 year	7.40	
4	account current	99,621,022.87	within 1 year	5.78	
5	account current	82,636,500.00	within 1 year	4.80	
Total	/	789,698,209.00	/	45.84	

3. Long-term equity investment

Unit: yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	3,157,180,628.33		3,157,180,628.33	2,689,274,041.59		2,689,274,041.59
Investment in associates and joint ventures	2,209,491,757.38	17,900,000.00	2,191,591,757.38	2,312,858,926.16	17,900,000.00	2,294,958,926.16
Total	5,366,672,385.71	17,900,000.00	5,348,772,385.71	5,002,132,967.75	17,900,000.00	4,984,232,967.75

A. Investment in subsidiaries

Unit: yuan Currency: RMB

Company	Jan. 1, 2021	Increase in 2021	Decrease in 2021	Dec. 31, 2021
Haicheng Wellhope Feed Mill	12,666,643.02	-51,853.17		12,614,789.85
Tai'an Wellhope Feed Mill	33,079,125.07	-23,984.14		33,055,140.93
Shenyang Wellhope Ruminant Feed Mill	6,292,283.14	-253,545.09		6,038,738.05
Liaoning Wellhope Agriculture and Animal Husbandry Company	47,877,049.62	49,727,846.68		97,604,896.30
Shenyang Nongda Wellhope Feed Mill	44,720,051.32	-157,654.14		44,562,397.18
Xingcheng Wellhope Feed Mill	82,934,064.71	-139,480.12		82,794,584.59
Dalian Wellhope Feed Mill	42,521,662.85	-135,494.98		42,386,167.87
Jinzhou Wellhope Agri-Tech Company	17,384,457.32	-123,539.54		17,260,917.78

Shenyang Wellhope Extruded Feed Mill	33,062,009.24	-19,925.73		33,042,083.51
Shenyang Wellhope Aquatic Feed Mill	15,421,662.86	-135,494.98		15,286,167.88
Shenyang Wellhope Agri-Tech Company	83,390,234.25	-401,891.76		82,988,342.49
Shenyang Wellhope Poultry Industry Company	99,214.79	-38,649.17		60,565.62
Gongzhuling Wellhope Agri-Tech Company	35,764,277.20	-249,369.30		35,514,907.90
Jilin Wellhope Agri-Tech Company	16,337,509.77	-95,793.83		16,241,715.94
Gongzhuling Wellhope Ruminant Feed Mill	5,124,018.49	-39,851.46		5,084,167.03
Sanjiang Wellhope Agri-Tech Company	21,222,722.70	-10,311.94	8,190,000.00	13,022,410.76
Mudanjiang Wellhope Agri-Tech Company	23,301,988.69	-15,940.59		23,286,048.10
Heilongjiang Wellhope Agri-Tech Company	121,268,415.65	-419,950.20		120,848,465.45
Beijing Helai Sci-Tech Company	25,700,219.08	-227,627.03		25,472,592.05
Beijing Wellhope Agri-Tech Company	5,094,470.00	-22,489.84		5,071,980.16
Huai'an Wellhope Feed Mill	30,322,943.68	-92,239.08		30,230,704.60
Gansu Wellhope Agri-Tech Company	40,156,193.90	-47,503.14		40,108,690.76
Henan Wellhope Agri-Tech Company	53,007,836.90	-238,597.91		52,769,238.99
Lankao Wellhope Agri-Tech Company	43,124,018.49	-39,851.46		43,084,167.03
Henan Wellhope Agri-Tech Company Kaifeng Branch	302,615.65			302,615.65
Shenyang Huaweida Animal Health Product Company	30,751.47	5,280.95		36,032.42
Jilin Hefeng Swine Breeding Company	15,000,000.00			15,000,000.00
Shenyang Expert Trading Company	30,021,679.78	-11,031.50		30,010,648.28
Shenyang Jiahe Tianfeng Commerce and Trade Company	10,211,516.85	-67,902.55		10,143,614.30
Liaoning Expert Trading Company	74,072,945.31	-301,594.47		73,771,350.84
Shenyang Pufeng Commerce and Trade Company	15,499,788.72		13,500,000.00	1,999,788.72
Liaoning Wellhope	30,410,468.96	-132,124.48		30,278,344.48

Purchasing & Trading Company				
Liaoning Skyland Livestock Equipment Company	28,723,928.70	-55,946.14		28,667,982.56
Shenyang Fame Bio-Tech Company	20,669,654.86	-175,346.44		20,494,308.42
Pingyuan Wellhope Food Processing Company	147,671,662.86	62,531,505.02		210,203,167.88
Pingyuan Wellhope Agri-Tech Company	396,859.16	-132,600.69		264,258.47
Kaifeng Wellhope Meat Product Company	100,000,000.00			100,000,000.00
Wellhope Food (Shenyang) Company	5,160,191.67			5,160,191.67
Liaoning Godaji E-commerce Company	10,736,014.62	9,760,363.54		20,496,378.16
Linxi Helai Agri-Tech Company	20,065,900.75	12,972,862.22		33,038,762.97
Luoyang Wellhope Agriculture and Animal Husbandry Company	50,000,000.00	25,000,000.00		75,000,000.00
Anyang Wellhope Agriculture and Animal Husbandry Company	48,000,000.00	7,000,000.00		55,000,000.00
Hainan Expert Trading Company	1,000,000.00	2,009,151.86	3,000,000.00	9,151.86
Tianjin Fullyond Supply Chain Company	4,500,000.00	5,500,000.00		10,000,000.00
Zhumadian Wellhope Agriculture and Animal Husbandry Development Company	10,000,000.00	20,000,000.00		30,000,000.00
Fame (Shenyang) Biological High-tech Industry Research Institute Company		10,000,000.00		10,000,000.00
Lingyuan Wellhope Agri-Tech Company	17,034,457.31	-123,539.54		16,910,917.77
Haicheng Xinzhongxin Feed Mill	6,054,122.60	-51,806.90		6,002,315.70
Fuyu Wellhope Agri-Tech Company	46,622,009.24	-19,925.73		46,602,083.51
Changchun Wellhope Feed Mill	84,747,093.40	-149,311.07		84,597,782.33
Daqing Wellhope Bayi Nongda Animal Sci-Tech Company	23,777,011.74	6,917,087.20		30,694,098.94
Beijing Sanyuan Wellhope Agri-Tech Company	9,542,737.06	-823,367.18		8,719,369.88

Tangshan Wellhope Feed Mill	43,511,667.94	-77,201.90		43,434,466.04
Cangzhou Helai Sci-Tech Company	3,545,430.55	-13,816.09		3,531,614.46
Shanxi Wellhope Agri-Tech Company	40,062,009.24	-19,925.73		40,042,083.51
Tangshan Hejia Agriculture and Animal Husbandry Company	19,698,429.58	-63,762.34		19,634,667.24
Tangshan Wellhope Sci-Tech Company	21,049,607.40	-15,940.59		21,033,666.81
Shanghai Wellhope Feed Mill	2,479,077.27	-183,444.67		2,295,632.60
Pinghu Wellhope Agri-Tech Company	1,110,438.82	-83,688.07		1,026,750.75
Anhui Wellhope Agri-Tech Company	112,211,802.27	-62,814.99		112,148,987.28
Xi'an Wellhope Feed Sci-Tech Company	5,008,346.10	-319,496.67		4,688,849.43
Zhengzhou Wellhope Agri-Tech Company	4,114,731.47	-70,524.65		4,044,206.82
Zhumadian Wellhope Agri-Tech Company	9,073,493.47	-20,537.43		9,052,956.04
Nanyang Wellhope Feed Mill	11,167,920.64	6,757,403.83		17,925,324.47
Jiaozuo Wellhope Feed Mill	49,240,656.88	-29,851.96		49,210,804.92
Jingzhou Wellhope Agri-Sci-Tech Company	21,571,112.01	-138,850.43		21,432,261.58
Qingdao Wellhope Agri-Tech Company	29,070,485.04	-183,316.74		28,887,168.30
Jining Wellhope Agri-Tech Company	19,774,364.42	-47,641.15		19,726,723.27
Yunnan Wellhope Feed Mill	24,322,670.99	-27,676.22		24,294,994.77
Fuyu Wellhope Taolaizhao Poultry Raising Company	5,671,300.85	-13,749.25		5,657,551.60
Harbin Weierhao Trading Company	4,033,548.46	-66,584.98	3,966,963.48	
Changchun Hengfeng Agriculture and Animal Husbandry Company	347,251.76	-111,584.10		235,667.66
Beijing Brilliant Dragon Commerce and Trade Company	294,455.53	-89,370.14		205,085.39
Shanghai Hehong Trading Company	1,246,401.30	-82,946.46	960,000.00	203,454.84
Jinan Xinweita Trading Company	226,504.25	-68,746.27		157,757.98
Zhangwu Wellhope Agriculture	1,800,000.00			1,800,000.00

Development Company			
Tongliao Wellhope Tianyi Prataculture Company	10,200,000.00		10,200,000.00
Chongqing Dahong Agriculture and Animal Husbandry Equipment Company	173,625.88	-55,792.05	117,833.83
Guangzhou Xiangshun Livestock Equipment Company	3,024,411.09	-23,910.88	3,000,500.21
Dalian Huakang Xinxin Food Company	12,297,482.86	-635,107.39	11,662,375.47
Dalian Heyuan Agri-Tech Company	52,029,353.44	51,860,700.84	103,890,054.28
Dalian Zhongjia Food Company	208,363.88	-52,539.60	155,824.28
Shenyang Huakang Broiler Company	2,383,167.60	-224,762.77	2,158,404.83
Shenyang Huakang Xinxin Food Company	2,096,859.16	-127,524.69	1,969,334.47
Shenyang Huakang Agriculture and Animal Husbandry Company	1,116,166.39	-421,267.18	694,899.21
Changchun Wellhope Food Company	8,748,036.97	-79,702.93	8,668,334.04
Dehui Wellhope Agri-Tech Company	74,411.09	-28,986.88	45,424.21
Puyang Wellhope Food Company	20,310,046.22	-99,628.68	20,210,417.54
Puyang Wellhope Agri-Tech Company	74,411.09	-28,986.88	45,424.21
Kaifeng Wellhope Agriculture and Animal Husbandry Company	74,411.09	-34,062.88	40,348.21
Liaoning Wellhope Food Company	30,137,452.70	-95,643.52	30,041,809.18
Chongqing Wellhope Agri-Tech Company	2,230,000.00		2,230,000.00
Nanchang Wellhope Agri-Tech Company	3,250,000.00	3,250,000.00	6,500,000.00
Hengyang Wellhope Agri-Sci-Tech Company	4,600,000.00		4,600,000.00
Shulan Fengtai Agriculture and Animal Husbandry Company	56,000,000.00	7,394,541.16	63,394,541.16
Shulan Fengtai Farming Company	5,100,000.00		5,100,000.00
Hainan Agri-Tech Company	47,164,884.20	20,990,848.14	68,155,732.34
Russia Wellhope Agri-Tech Company	11,700,000.00		11,700,000.00

Chifeng Wellhope Fuxinyuan Food Company	125,000,000.00			125,000,000.00
Shenyang Xiangmai E-commerce Company	650,000.00			650,000.00
Hebei Taihang Wellhope Food Company	74,400,000.00	87,600,000.00		162,000,000.00
Dunhua Wellhope Agri-Tech Company	7,652,794.97			7,652,794.97
Dunhua Fengda Agriculture and Animal Husbandry Development Company	13,095,094.63			13,095,094.63
Hebei Taihang Agri-Tech Company	74,400,000.00			74,400,000.00
Nanyang Wellhope Cattle Sci-Tech Company	10,000,000.00			10,000,000.00
Liaoning Qingyuan Wellhope Agriculture and Animal Husbandry Company	19,000,000.00	76,000,000.00		95,000,000.00
Fuzhou Wellhope Xingyuan Agri-Tech Development Company	3,600,000.00			3,600,000.00
Daqing Wellhope Food Company	7,650,000.00			7,650,000.00
Shandong Heyuan Food Company	76,878.64	-39,118.77		37,759.87
Shijiazhuang Hejia Agriculture and Animal Husbandry Company		13,000,000.00		13,000,000.00
Inner Mongolia Bifeng Animal Husbandry Technology Development Company		9,660,000.00		9,660,000.00
Changsha Wellhope Animal Husbandry Company		8,300,000.00		8,300,000.00
Dehui Fengyuan Agriculture and Animal Husbandry Company		2,550,000.00		2,550,000.00
Henan Hejiang Agricultural Development Company		5,100,000.00		5,100,000.00
Fuzhou Wellhope Xingyuan Animal Husbandry Development Company		2,400,000.00		2,400,000.00
Total	2,689,274,041.59	497,523,550.22	29,616,963.48	3,157,180,628.33

B. Investment in associated companies and joint ventures

Unit: yuan Currency: RMB

Company	Opening balance	Additional investment	Reduction of investment	Changes in 2021			Declaring of paying dividend or profit	Closing balance	Closing balance of impairment provision
				Gains or losses on investments recognized under equity method	Adjustment of other comprehensive income	Other changes in equity			
1. Joint Venture									
Unphung Joint Venture Company	4,167,616.44							4,167,616.44	
Nepal Wellhope Agri-tech Pvt. Ltd.	7,501,575.10							7,501,575.10	
NEXUS WELL-HOPE AGRITECH INTERNATIONAL LIMITED	17,900,000.00							17,900,000.00	17,900,000.00
Subtotal	29,569,191.54							29,569,191.54	17,900,000.00
2. Associated Company									
Qingdao Shenfeng Agri-Tech Company	12,854,439.06			1,880,542.57			1,875,000.00	12,859,981.63	
Anshan Jiuguhe Food Company	180,445,534.08			24,875,745.00				205,321,279.08	
Tai'an Jiuguhe Agriculture Development Company	93,814,353.03			-37,054,619.17				56,759,733.86	
Linghai Jiuguhe Feed Mill	55,816,232.96			-13,191,569.98				42,624,662.98	
Huludao Jiuguhe Food Company	84,763,602.76			-12,134,728.47			3,800,000.00	68,828,874.29	
Dandong Wellhope Chengsan Food Company	68,230,237.09			11,173,090.13				79,403,327.22	

Dandong Wellhope Chengsan Agri-Tech Company	113,922,767.98			2,176,093.50				116,098,861.48	
Haicheng New Hongzunda Agri-Tech Company	13,583,681.21			2,269,370.73				15,853,051.94	
Beipiao Hongfa Food Company	506,223,892.79			-2,294,802.76			10,780,000.00	493,149,090.03	
Beijing Dahong Hengfeng Sci-Tech Company	25,331,981.27			2,324,571.13			1,335,000.00	26,321,552.40	
Tai'an Jiufeng Agri-Tech Company	3,076,061.22			-3,076,061.22					
Shihaipu (Beijing) Technology and Trade Company	1,571,328.21			333,916.89				1,905,245.10	
Shenyang Wenjie Bio-Tech Company	13,008,286.09			530,664.92				13,538,951.01	
Huludao Jiuguhe Feed Mill	11,926,849.52			-10,285,909.18				1,640,940.34	
Jinzhou Jiufeng Food Company	78,468,017.12			12,363,492.30				90,831,509.42	
Zhangjiakou Jiahe Agriculture and Animal Husbandry Company	118,876,290.23			-26,861,298.25		-1,620,291.22		90,394,700.76	
Tai'an Fengjiu Agri-Tech Company	40,000,648.23			15,360,543.10				55,361,191.33	
Anshan Fengsheng Food Company	53,832,769.02			1,039,043.31				54,871,812.33	
Dalian Chengsan Animal Husbandry Company	375,984,287.24			-25,561,949.13				350,422,338.11	
Tailai Jiahe Animal Husbandry Company	87,308,566.68			-21,677,476.94		-1,879,492.91		63,751,596.83	
Gongzhuling Corn Purchasing and	49,725,411.40			-2,834,562.23				46,890,849.17	

Storing Company									
Lankao Skyland Duck Industry Company	46,452,699.54			-11,940,533.06				34,512,166.48	
Hainan Nongken Wenfeng Wenchang Chicken (Group) Company	5,617,579.88		4,480,000.00	-47,396.42				1,090,183.46	
PT SEKAR GOLDEN HARVESTA INDONESIA	37,200,772.23	1,941,120.00		-1,763,793.47	-1,017,661.22			36,360,437.54	
GOLDEN HARVESTA INC.	104,722,686.04			1,800,174.72	-7,564,467.84			98,958,392.92	
PT. Mulia Harvest Agritech	46,763,698.31			2,607,050.81	-1,446,857.30			47,923,891.82	
Shulan Fengtai Organic Fertilizer Company	2,272,206.00			-217,046.73				2,055,159.27	
Shenyang Zhongwenjie Bio-Tech Company	5,222,536.94			1,172,458.26				6,394,995.20	
Liaoning Mubang Animal Husbandry Equipment Manufacturing Company	11,096,936.52			4,100,701.06				15,197,637.58	
Anshan Yufeng Feed Mill	3,346,723.93			2,998,549.48				6,345,273.41	
Weifang Wellhope Xinhesheng Feed Mill	4,686,685.49			273,353.47				4,960,038.96	
Dunhua Fengda Broiler Breeding Company	5,784,085.05			10,135.98				5,794,221.03	
Tai'an Huijun Biomass Energy Company	2,796,879.33			-554,308.34				2,242,570.99	
Dazhou Wellhope Bio-Tech Company	4,971,081.90			1,963,453.95				6,934,535.85	
Anshan Jiuguhe Paper Packaging Company	3,004,462.97			1,253,468.68				4,257,931.65	

Anshan Antai Plastic Products Company	2,164,615.90			671,124.33				2,835,740.23	
Bei'an Nongken Shengda Pasture Specialized Cooperative	8,420,847.40			3,051,981.45				11,472,828.85	
Jiyuan Sunshine Rabbit Technology Company		6,591,000.00		-1,308,392.60				5,282,607.40	
Heilongjiang Province Beian Agricultural Reclamation Zongwang Dairy Farming Professional Cooperative				474,403.89				474,403.89	
Subtotal	2,283,289,734.62	8,532,120.00	4,480,000.00	-76,100,518.29	-10,028,986.36	-3,499,784.13	17,790,000.00	2,179,922,565.84	
Total	2,312,858,926.16	8,532,120.00	4,480,000.00	-76,100,518.29	-10,028,986.36	-3,499,784.13	17,790,000.00	2,209,491,757.38	17,900,000.00

4. Operating revenue and cost

Unit: yuan Currency: RMB

Item	2021		2020	
	Revenue	Cost	Revenue	Cost
Revenue from primary businesses	964,938,328.77	694,318,200.64	965,806,575.48	668,088,252.26
Revenue from other businesses	3,860,978.20	531,053.40	3,296,062.34	537,023.75
Total	968,799,306.97	694,849,254.04	969,102,637.82	668,625,276.01

5. Income from investment

Unit: yuan Currency: RMB

Item	2021	2020
Income from long-term equity investments under cost method	86,063,136.77	82,745,583.97
Income from long-term equity investments under equity method	-76,100,518.29	364,045,983.90
Income from disposal of long-term equity investments	362,065.72	3,451,323.42
Income from trading financial assets during the holding period	819,282.27	2,828,562.02
Income from disposal of trading financial assets	1,507,313.81	-2,036,868.25
Income from disposal of other equity instrument investments	5,550,000.00	
Total	18,201,280.28	451,034,585.06

XVII. Supplementary Information**1. Extraordinary items in 2021**

Unit: yuan Currency: RMB

Item	Amount	Note
Gains or losses from disposal of non-current assets	-13,978,382.83	
Government grants charged to current gains or losses (excl. the government grants which are closely related to the Company's ordinary course of business and gained constantly at fixed quotas or amounts as per certain standards based on the state polices)	40,412,773.97	
Gains or losses on fair-value changes in trading financial assets and liabilities, derivative financial assets and liabilities, and the income from disposal of trading financial assets and liabilities, derivative financial assets and liabilities as well as other debt investment (excl. the effective portion of hedges that arise in the Company's ordinary course of business)	2,552,441.74	
Non-operating income and expense other than those described above	-42,725,463.13	
Other items that meet the definition of extraordinary items	184,353.40	
deduct: Income tax effects	2,557,348.61	
Non-controlling interests effects	183,928.40	

Total	-16,295,553.86	
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2. Return on equity and earnings per share

Profit in 2021	Weighted average ROE %	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders who hold common stock	1.80	0.13	0.13
Net profit attributable to common shareholders deducting extraordinary items	2.05	0.15	0.15

Chairman Jin Weidong

Date of approval of Board of Directors—April 29, 2021