

Stock Code: 002714

Stock Abbreviation: Muyuan Foods

Announcement No.: 2023-046

Bond Code: 127045

Bond Abbreviation: Muyuan Convertible Bond

Summary of 2022 Annual Report of Muyuan Foods Co., Ltd.

I . Important Notes

This summary is abstracted from the 2022 Annual Report of Muyuan Foods Co., Ltd.. Investors may refer to the full text of the report through the media designated by the China Securities Regulatory Commission (CSRC) for further details of the business performance, financial situation and future development plans of Muyuan Foods Co., Ltd. (hereinafter referred to as "the Company").

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

All directors attended the board meeting on which this report was reviewed.

Notes of non-standard audit opinions

Applicable Not Applicable

Preliminary plan for profit distribution or capitalization of reserves in the reporting period as reviewed by the board

Applicable Not Applicable

Capitalization of reserves or not

Yes No

The preliminary plan for profit distribution, as approved by the Company's board of directors, decides to distribute a cash dividend of CNY 7.36 (tax included) for every 10 shares to all shareholders, on the basis of the total share capital on the record date for the distribution, with 0 bonus shares (tax included) and no capitalization of reserves.

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

Applicable Not Applicable

Distribution date	Dividend Rate	Distribution Amount (CNY) (tax included)	Distribution conditions and relevant procedures satisfied or not	Dividend payment method	Dividend accumulated or not	Involved in the allocation of residual profits or not
December 26, 2022	6.8%	168,363,240.00	Yes	Cash	No	No

II. Basic Information of the Company

1. Company Profile

Stock abbreviation	Muyuan Foods	Stock code	002714
Stock Exchange for stock listing	Shenzhen Stock Exchange		
Stock abbreviation before change (if any)	None		
Contact information	Secretary of the Board	Securities Affairs Representative	
Name	Qin Jun	Cao Fang	
Office Address	Longsheng Industrial Park, Wolong District, Nanyang City, Henan Province, China	Longsheng Industrial Park, Wolong District, Nanyang City, Henan Province, China	
Fax	0377-66100053	0377-66100053	
Telephone	0377-65239559	0377-65239559	
E-Mail	myzqb@muyuanfoods.com	myzqb@muyuanfoods.com	

2. Introduction of Main Businesses or Products during the Reporting Period

(I) Summary of the Company's operation

In 2022, the Company sold 61.201 million heads of pigs, including 55.296 million heads of finished pigs (of which, 7.368 million heads were sold to the wholly-owned subsidiary Muyuan Meat Co., Ltd. and its subsidiaries), 5.558 million heads of piglets, and 346 thousand heads of breeding pigs. In 2022, 7.362 million heads of pigs were slaughtered and 757 thousand tons of fresh and frozen pork products were sold.

As a result, the Company achieved an operating revenue of CNY 124.826 billion in 2022, a YOY increase of 58.23%. Of which, the revenue attributable to slaughter and meat processing is CNY 14.718 billion, a YOY increase of 171.66%. The net profit is CNY 14.933 billion, a YOY increase of 95.50%.

In 2022, the Company continued to increase investment in the on-site management of farms, technology R&D and innovation, and achieved significant results in pig health management and disease elimination. The Company's production indicators improved significantly compared to 2021 and the annual pig farming costs showed a continuous downward trend. In 2022, the Company's annual average full cost of finished pigs was around CNY 15.7/kg and the full cost in

the fourth quarter was reduced to less than CNY 15.5/kg. Without considering the impact of raised raw grain prices on costs, the Company had basically realized its annual goal of lowering costs.

The year 2022 witnessed the Company's further transformation from high-speed development to high-quality and stable development. It continuously promoted the construction of supporting facilities for pig farms, improved the infrastructures for biosecurity, and strengthened the cost-control ability of pig farming. It also expanded to the upstream and downstream of the industrial chain. Subsidiaries of grain trading companies were established to serve the purpose of lowering purchase costs. And slaughter business was distributed to match the established pig production capacity for providing more high-quality pork foods to the public. As of the end of 2022, the Company has 288 wholly-owned and holding subsidiaries, which are distributed in 24 provincial-level administrative regions across China.

Besides, to enhance the industrial chain linkage and reduce purchase costs, during the reporting period, the Company co-founded the CAHIC-Muyuan (Henan) Biopharmaceutical Co., Ltd (“中牧牧原（河南）生物药业有限公司”) with the China Animal Husbandry Industry Co., Ltd. (CAHIC) (“中牧实业股份有限公司”) and CAHIC Nanjing Animal Pharmaceutical Co., Ltd. (“中牧南京动物药业有限公司”) and co-founded the Henan Lianmu Veterinary Medicine Co., Ltd (“河南联牧兽药有限公司”) with the United Laboratories (Inner Mongolia) Animal Healthcare Co., Ltd. (“内蒙古联邦动保药品有限公司”).

2022 is the second year for China to fully promote the Dual-carbon Strategy. To promote green development in the industry by further energy conservation, emission reduction, low-carbon production, and improvement in utilization efficiency of raw materials, the Company established companies based on its businesses of pig farming, slaughter, and meat processing, namely Henan Muyuan Ecological Environment Technology Co., Ltd. (“河南牧原生态环境科技有限公司”), Henan Muyuan Synthetic Biotechnology Co., Ltd. (“河南牧原合成生物技术有限公司”), and Henan Muyuan New Energy Industry Development Co., Ltd. (“河南牧原新能源产业发展有限公司”).

In 2022, to build a talent team that is younger, internationalized, and more professional, the HR Department of the Company carried out various activities to attract talent from colleges domestically and actively managed several overseas special recruitment activities for international students. It established well an assessment mechanism to select and use talents, a talent pool cultivation mechanism to empower talents precisely and improve their professional competence

and qualities continuously, and a performance-based pay mechanism and personnel administration mechanism to make employees clear about their promotion channels. By doing so, it aims to give the right people full play in the right positions and meet the talent needs during the Company's high-quality development.

(II) Main businesses, products and their uses

The Company's main businesses are the farming, sales, and slaughter of pigs. Its main products include finished pigs, piglets, and breeding pigs, as well as pork products such as pork carcasses and finely cut pork. As of the end of 2022, the Company has a pig farming capacity of about 75 million heads per year and has put 10 slaughter plants into operation, with a designed slaughter capacity of 29 million heads of pigs per year.

(III) Business model

The Company adopts a vertically integrated business model and has formed a pork industrial chain, integrating feed processing, pig breeding, pig finishing, pig slaughtering, and meat processing, that covers the whole pig industrial value chain. The vertically integrated business model is helpful for the Company to carry out more strict control of costs and quality and ensure business results in an all-round way.

The Company builds its own feed mills to independently develop nutrition formulas and produce feeds to meet the feeding needs of all-stage pigs. To control the feeding costs effectively, feed formulas would change timely in accordance with the changes in the raw grain market and low-protein diet technology has been applied to reduce the usage of soybean meals.

The Company adopts the two-breed rotational crossbreeding system to select continuously and independently and build its own nucleus herds. It, therefore, depends on no breeding pigs purchased from external sources and makes the production costs and disease risks reduced. At the same time, the Company's breeding pigs can satisfy both breeding use and finishing use in terms of reproductive performance, growth rate, lean meat percentage, and carcass quality, which lays a foundation for the rapid development of the Company.

The Company adheres to R&D innovations and the application of smart equipment. It has independently developed the fresh air filtration system, independent ventilation system, intelligent environment control system, intelligent feeding system, etc. A series of intelligent equipment operate in a collaborative manner. It aims to improve pig farming efficiency, lower pig farming

costs, and promote the transformation and upgrading of the industry through technology-led and innovation-driven development.

In 2022, the Company continued to build supporting slaughter capacity in the regions where the Company carries out large-scale pig farming. Based on the business model of independent pig farming and slaughter, the Company made the whole production process transparent, controllable and traceable, so as to ensure food quality and safety and provide consumers with more high-quality pork products.

As of the end of 2022, the Company had set up 25 slaughter subsidiaries across China, with all slaughtered pigs from its own farms. The Company further expanded its pork sales network in China. It had set up more than 60 service stations for slaughter and meat business in 20 province-level regions across China as of the end of 2022, providing services to over 13,000 clients from agricultural product wholesale and distribution, supermarket chains, chain catering, food processing and new retail.

(IV) Industry development

1. Overview of China's pig industry

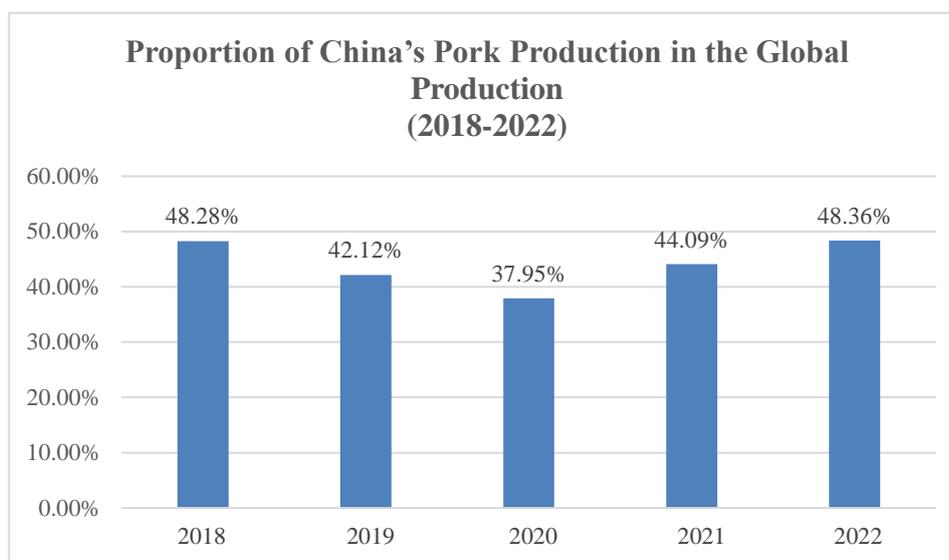
Data from the National Bureau of Statistics of China (NBSC) show that 699.95 million heads of pigs were marketed in China in 2022, an increase of 4.27% over the previous year. As of the end of 2022, the inventory of reproductive sows and live pigs is 43.90 million and 452.56 million, an increase of 1.41% and 0.74% over the previous year, respectively.



(Data source: NBSC)

China is the largest pork producer in the world. According to data released by the U.S.

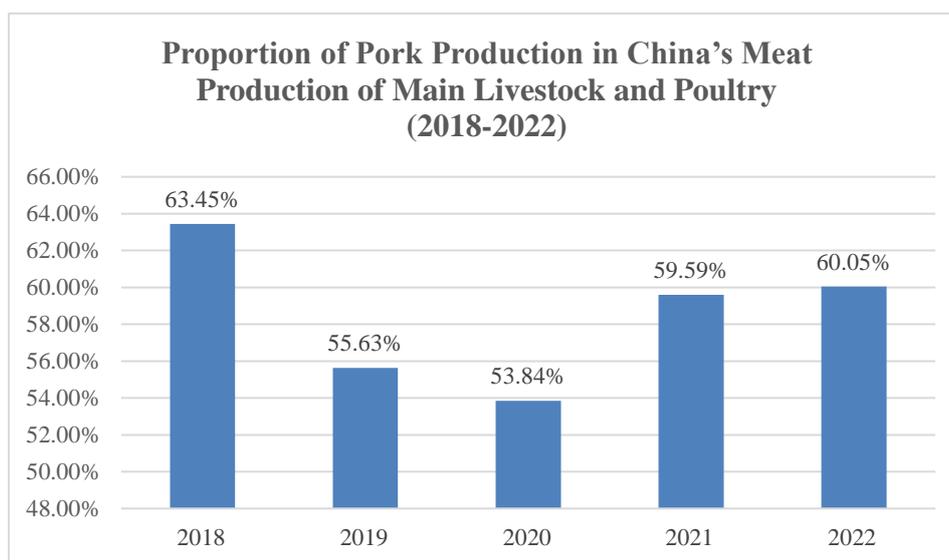
Department of Agriculture (USDA), China's pork production in 2022 accounted for 48.36% of global production, an obvious increase over the previous two years.



(Data source: USDA)

China is also the largest pork consumption country in the world. According to data released by USDA, China's pork consumption accounts for about 51% of the world's in 2022, and China's per capita pork consumption is about twice the world's.

So, Pork is the most important component of meat consumption among Chinese residents. According to NBSC, China's pork production in 2022 was 55.41 million tons, accounting for 60.05% of the meat production of main livestock and poultry.

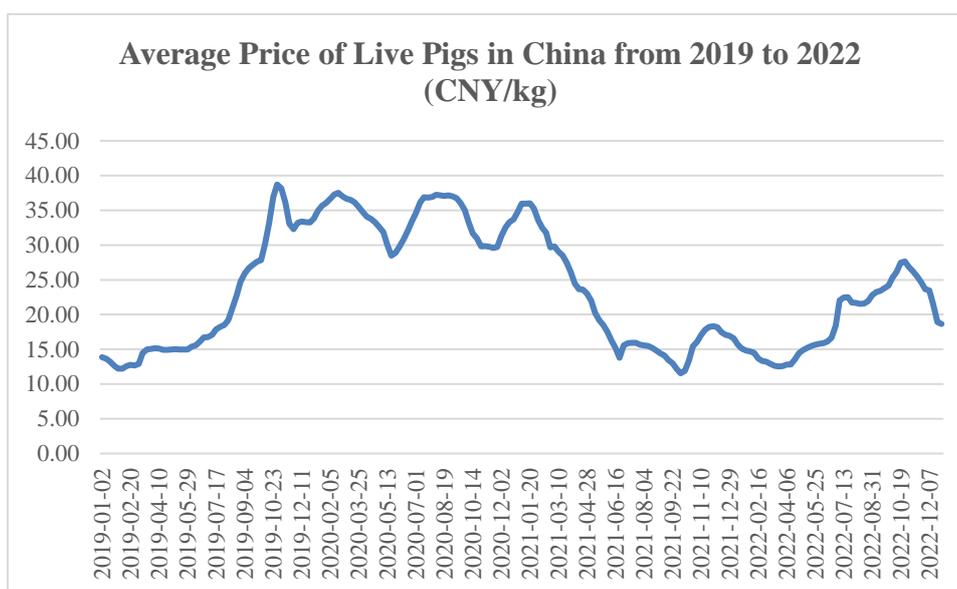


(Data source: NBSC)

2. Pig price trend

China's pig market is characterized by significant cyclicality. In the cycle from 2019 to 2022, due to the superimposed effects of factors including African Swine Fever (ASF), the number of

live pigs for market dropped in 2019, and the pig price turned to high from a low position at the beginning. The annual average price increased significantly year-on-year. In 2020, the industry's production capacity showed a gradual recovery trend, but due to the large reduction in the early stage, live pigs were still in short supply, and the price of live pigs was generally maintained at a high level. In 2021, the industry's production capacity basically recovered, the market supply rebounded significantly, and the price of live pigs showed a downward trend. In 2022, the production capacity of the industry fully recovered. The pig price turned to high from a low position at the beginning of the year, with a large fluctuation.



(Data source: MARA, China)

3. Continuously improved pig farming scale

China's pig farming industry has long been dominated by scatter feeding production, with a low industry concentration. There are a large number of backyard households and small- and medium-sized farms. According to the statistics of the China Animal Husbandry and Veterinary Yearbook, there were 554 farms/households with an annual production of more than 50,000 live pigs for market in 2020, accounting for only 0.0027% of the total number of farms/households, which increased a little bit but is still a very low proportion.

In recent years, affected by factors such as the tightening of environmental protection policies, scarcity of pig farming land, frequent outbreaks of African Swine Fever and other epidemics, drastic fluctuations in pig prices, and accelerated improvement of food safety, the backyard households have withdrawn significantly, further accelerating the process of standardization, scale and modernization of pig farming in China. According to industry bodies,

China's top 10 pig farming companies sold 141.92 million heads of pigs in total in 2022, accounting for 20.28% of the total output in China, an increase over 2021. The concentration of China's pig farming industry has shown a continuous upward trend in recent years, but the overall level of large-scale production in the industry remains relatively low compared with other countries with more mature industrial development.

3. Main accounting data and financial indicators

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

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

Yes No

Unit : CNY

	End of 2022	End of 2021	YOY change	End of 2020
Total assets	192,947,611,799.00	177,265,759,187.58	8.85%	122,627,256,969.07
Net assets attributable to shareholders of the Company	71,783,350,329.31	54,351,768,519.36	32.07%	50,406,879,150.81
	2022	2021	YOY change	2020
Operating revenue	124,826,212,177.74	78,889,870,566.40	58.23%	56,277,065,607.85
Net profits attributable to shareholders of the Company	13,266,156,512.39	6,903,777,691.92	92.16%	27,451,421,940.73
Net profits attributable to shareholders of the Company after deduction of non-recurring profit or loss	13,029,323,049.56	6,785,021,475.69	92.03%	27,326,977,374.14
Net cash flow from operations	23,010,550,801.93	16,295,026,813.82	41.21%	23,185,751,195.99
Basic EPS (CNY/share)	2.49	1.28	94.53%	5.33
Diluted EPS (CNY/share)	2.45	1.28	91.41%	5.28
Weighted average ROE	21.01%	12.91%	8.10 percentage points up	74.43%

(2) Main accounting data by quarter

Unit : CNY

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	18,277,656,240.56	25,989,992,497.48	36,505,891,324.79	44,052,672,114.91

Net profits attributable to shareholders of the Company	-5,180,230,377.25	-1,503,365,518.96	8,195,894,873.60	11,753,857,535.00
Net profits attributable to shareholders of the Company after deduction of non-recurring profit or loss	-5,240,714,569.53	-1,629,883,347.28	8,170,525,359.31	11,729,395,607.06
Net cash flow from operations	-58,213,007.43	248,631,593.59	9,669,009,021.89	13,151,123,193.88

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

Yes No

4. Share Capital and Shareholders

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

Unit: share

Total number of common shareholders at the end of the reporting period	273,151	Total number of common shareholders at the end of the month before the disclosure date of the annual report	280,808	Total number of preferred shareholders with resumed voting rights at the end of the reporting period	0	Total number of preferred shareholders with resumed voting rights at the end of the month before the disclosure date of the annual report	0
Shareholding of the top 10 shareholders							
Shareholder name	Shareholder nature	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged, marked or frozen shares		
					Share status	Quantity	
Qin Yinglin	Domestic natural person	38.12%	2,086,287,906	1,564,715,929	Pledged	293,258,000	
Muyuan Industrial Group Co., Ltd.	Domestic non-state-owned corporation	15.26%	834,925,406	150,112,584	Pledged	243,727,400	
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas corporation	2.94%	161,071,025				
Qian Ying	Domestic natural person	1.18%	64,445,240	48,333,929			
Sun Huigang	Domestic natural person	1.14%	62,443,706				
Muyuan Foods Co., Ltd. – Phase II Employee Stock Ownership Plan	Other	1.03%	56,443,800				
China Securities Co., Ltd.	State-owned corporation	0.70%	38,254,883				
Hainan Hongbao	Domestic non-	0.69%	37,510,929				

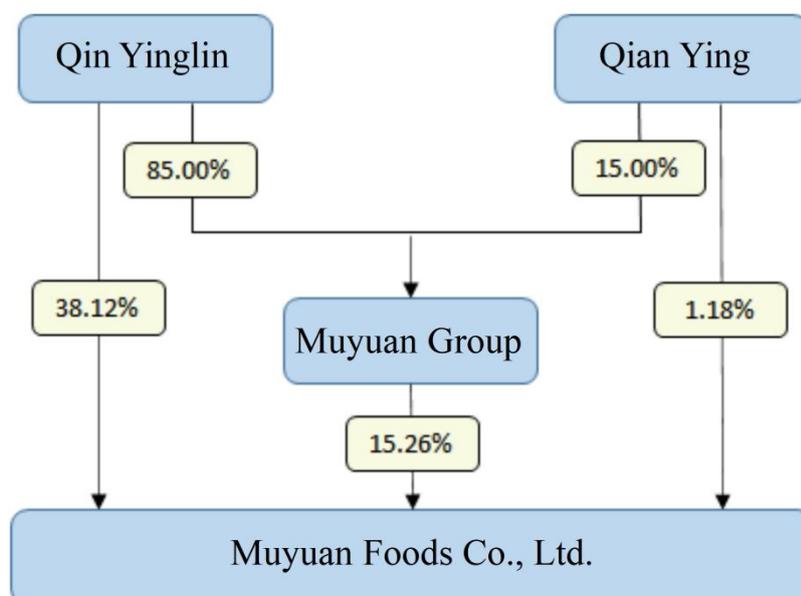
Investment Co., Ltd.	state-owned corporation					
Li Yanyan	Domestic natural person	0.61%	33,392,930			
Cai Min	Domestic natural person	0.55%	29,967,793			
Description of affiliated relations or concerted actions among the above shareholders	Mr. Qin Yinglin and Mrs. Qian Ying are the actual controllers of the Company. Mr. Qin Yinglin and Mrs. Qian Ying jointly hold 100% equity of Muyuan Group and hold 54.56% equity of the Company directly and indirectly. It is unknown whether other shareholders have affiliated relations or act in concert.					
Description of shareholders participating in Securities Margin Trading (if any)	Sun Huigang holds 9,129,100 shares of the Company through his common securities account, and 53,314,606 shares through his collateral securities account for margin trading, representing a total holding of 62,443,706 shares. Hainan Hongbao Investment Co., Ltd. holds 7,865,669 shares of the Company through its common securities account and 29,645,260 shares through its collateral securities account for margin trading, representing a total holding of 37,510,929 shares. Li Yanyan holds 5,207,990 shares of the Company through her common securities account, and 28,184,940 shares through her collateral securities account for margin trading, representing a total holding of 33,392,930 shares. Cai Min holds 2,068,500 shares of the Company through her common securities account, and 27,899,293 shares through her collateral securities account for margin trading, representing a total holding of 29,967,793 shares.					

(2) Total number of preferred shareholders and the shareholdings of the top 10 preferred shareholders of the Company

Applicable Not Applicable

There were no preferred shareholders holding shares of the Company during the reporting period.

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



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

Applicable Not Applicable

(1) Basic information of bonds

Bond Name	Bond Abbreviation	Bond Code	Issue Date	Due Date	Bond Balance (CNY 10,000)	Interest Rate
Convertible Bond of Muyuan Foods Co., Ltd.	Muyuan Convertible Bond	127045	August 16, 2021	August 15, 2027	954,390.91	0.20%
Interest payment and cashing of corporate bonds during the reporting period	Muyuan Convertible Bond paid the first-year interest at par on August 16, 2022 for the period from August 16, 2021 to August 15, 2022, with a coupon rate of 0.20% and the interest was CNY 2 (tax included) for every 10 Muyuan Convertible Bonds (par value CNY 1,000).					

(2) Latest tracking bond ratings and changes

During the reporting period, China Chengxin International Credit Rating Co., Ltd. (CCXI) issued the 2022 Tracking and Rating Report on the Public Issuance of Convertible Bonds by Muyuan Foods Co., Ltd. on June 28, 2022. It decided to maintain the Company's AA+ main credit rating, adjust the rating outlook to negative, and maintain the AA+ credit rating of "Muyuan Convertible Bond". Please refer to the relevant announcements on the website of CNINFO on June 29, 2022, for details.

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

Unit: CNY 10,000

Item	2022	2021	YOY change
Liabilities to assets ratio	54.36%	61.30%	-6.94%
Net profit after deduction of non-recurring profit or loss	1,302,932.3	678,502.15	92.03%
EBITDA/Total Debt ratio	44.02%	28.97%	15.05%
Interest coverage ratio	6.12	4.37	40.05%

III. Significant Events

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

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

(2) The Company held the 15th Meeting of the Fourth Board of Directors on December 12, 2022 and the 3rd Extraordinary General Meeting of 2022 on December 28, 2022, during which the Proposal on the Issuance of GDRs and Listing on the SIX Swiss Exchange and Transforming into an Overseas-Offering Limited Company and other related proposals were approved. It was agreed the Company issue GDRs on the SIX Swiss Exchange; the new underlying A shares represented by the GDRs issued shall not exceed 250 million shares, including the securities issued upon the exercise of any over-allotment option (if any), and shall not exceed 4.37% of the total ordinary share capital of the Company upon completion of the issuance.

As of the date of this report, the Company has been granted conditional approval from the SIX Exchange Regulation AG for issuing GDRs and listing on the SIX Swiss Exchange. The SIX Swiss Exchange Regulation AG has agreed to list the GDRs issued by the Company, subject to the satisfaction of customary conditions, on the SIX Swiss Exchange. For the issuance and listing, the approval of the China Securities Regulatory Commission (CSRC) is required. And several prerequisites, including but not limited to the approval of the Prospectus Office of the SIX Swiss Exchange Regulation AG on the Company's prospectus and the final confirmation of the listing timing by the SIX Swiss Exchange, still need to be satisfied. These matters are subject to certain uncertainties.

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

Muyuan Foods Co., Ltd.

Chairman: Qin Yinglin

April 26, 2023