

Stock Code: 002714 Stock Abbreviation: Muyuan Foods Announcement No.: 2024-024
 Bond Code: 127045 Bond Abbreviation: Muyuan
 Convertible Bond

Summary of 2023 Annual Report of Muyuan Foods Co., Ltd.

I. Important Notes

This summary is abstracted from the 2023 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"). All directors attended the board meeting on which this report was reviewed.

Notes on non-standard audit opinion

Applicable Not Applicable

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

Applicable Not Applicable

The Company plans no cash dividend distribution, bonus issue, or converting capital reserve into share capital.

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	
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E-Mail	myzqb@muyuanfoods.com	myzqb@muyuanfoods.com	

2. Main Business or Products Introduction during the Reporting Period

(I) Summary of the Company's Operation

In 2023, the Company sold 63.816 million pigs, including 62.267 million commercial pigs (of which, 13.266 million were sold to the wholly-owned subsidiary Muyuan Meat Co., Ltd. and its subsidiaries), 1.367 million piglets, and 181 thousand breeding pigs. And totally, 13.260 million pigs were slaughtered and 1.405 million tons of fresh and frozen pork products were sold in 2023.

As a result, the Company achieved an operating revenue of RMB 110.86 billion yuan in 2023, showing a YOY decrease of 11.19%. Among the total revenue, the revenue attributable to slaughter and meat processing is RMB 21.86 billion yuan, representing a YOY increase of 48.54%. The net profit was RMB -4.17 billion yuan, representing a YOY decrease of 127.91%.

In 2023, the Company made continuous efforts in refined management to enhance pig health and production management and improved pig farming results. In 2023, the Company improved its major production indicators, and the annual average full cost of raising a commercial pig was around 15 yuan per kilogram. In the coming years, the Company will continue to make smooth the technical path and optimize production management. With better herd health level, various production indicators are expected to be further improved.

In 2023, the Company made continuous efforts in improving the efficiency of slaughterhouses that are in operation, expanding meat sales markets and channels, optimizing client structure and improving operating results. As a results, the capacity utilization rate of the slaughtering and meat processing division increased to 46% in 2023 from the 25% in 2022 and the loss per pig reduced significantly. In 2024, the slaughtering and meat processing division will strive to make more progress in the development of markets, channels, and customer demands, and make better internal production management to enhance its comprehensive operational capability and profitability, so as to supply high-quality pork products to customers across the country.

The year 2023 witnessed the Company's further transformation from a high-speed development to a high-quality and stable development. The Company continuously promoted the construction of supporting facilities for planned pig farms, improved the biosecurity infrastructures, and strengthened the cost-control ability of pig farming. It also expanded to the upstream and downstream of the industrial chain. A subsidiary of grain trading was established to lower purchase costs. And slaughter

business was distributed to match the existing pig production capacity to provide more high-quality pork foods to the public. As of the end of 2023, the Company had 308 wholly-owned and holding subsidiaries in 25 provincial-level administrative regions across China.

In 2023, the Company explored the potential of nutrition technology and developed and applied low-soybean diets to continuously reduce the proportion of soybean usage. In 2022, the proportion of soybean meal in the Company's feed consumption was only 7.3%, which is about half of the industry average level 14.5%. In 2023, the proportion was further decreased to 5.7%. In recent years, the Ministry of Agriculture and Rural Affairs (MARA) of the People's Republic of China vigorously promoted the reduction and substitution of soybean consumption in animal feeds. These actions were aimed to improve feed efficiency while reducing soybean consumption and broaden sources of alternative ingredients for soybean, where efforts had been made in the demand end to reduce soybean usage and in the supply end to supply more alternative resources. In response, the Company actively shared its core technology with the industry to promote low-soybean diets. As a result, soybean meal usage in feed formulas in China reduced to 13% in 2023, a YOY reduction of 1.5 percentage points.

In 2023, the Company worked with the Westlake University in the field of synthetic biology and carried out R&D in related cutting-edge science and technology. It also cooperated with Mint BioTech (Hangzhou) Co., Ltd (元素驱动 (杭州) 生物科技有限公司) to establish the Henan Muyuan Anliang Synthetic Biology Technology Co., Ltd (河南牧元安粮合成生物技术有限公司) for the consumption reduction and substitution of soybean meal and the development of other bio-based products. The Company will continue to use advanced synthetic biology technologies to explore the low-soybean diet technology.

Changzhou Qianhong Biopharma Co., Ltd (常州千红生化制药股份有限公司) boasts its professional manufacture technologies of and quality management experiences in crude products, bulk drugs, and preparations of heparin sodium. In 2023, the Company co-established the Henan Qianmu Biopharma Co., Ltd (河南千牧生物制药有限公司) with Changzhou Qianhong to build a world-class biopharmaceutical base with leading traceability for producing heparin sodium crude products, heparin sodium, low molecular heparin sodium and other related products from pig by-products such as small intestines, leveraging the Company's resource advantages in pig farming and slaughtering. Joint venture projects related to this are expected to further expand the Company's

industrial chain and enhance its comprehensive profitability. These projects are currently under construction and are expected to begin trial production by the end of 2024.

In 2023, the Company took active actions such as reducing fossil energy consumption and developing new energies like solar photovoltaic (PV) power to promote energy structure transformation and achieve peak carbon and neutrality goals. In the reporting period, the Company established unified management for affairs related to new energy. New energy companies were established as project construction and operation entities in counties where PV projects were proposed to be launched. On the premise of not affecting the main business and not causing biosafety management risks, internal teams planned and designed to utilize the roofs of farms and slaughterhouses to construct distributed PV facilities. Where the power demand of each farm or slaughterhouse was satisfied, the extra power was supplied to the grid. Through the development and utilization of green energy, the production cost was reduced. In 2023, the Company's PV facilities generated 36.88 million kW·h. Later, the Company will determine the feasibility of modes such as roof renting and cooperation with electric power companies, further optimize its energy structure, increase the usage of green power, and achieve low-carbon production and sustainable development.

In 2023, the Company optimized its organizational management structure. Three business divisions (feed, pig production, and pig slaughtering) and eight functional platforms were set up to improve operation and management efficiency and reduce management costs. To build a talent team that is younger, more international, and more professional, the HR Department of the Company carried out various activities to attract college graduates and launched several overseas special recruitment activities to engage international students. It established well an assessment mechanism to select and position talents and a cultivation mechanism for talents in the pool to empower them precisely and improve their professional competence and qualities continuously. Through enhanced performance management, the salary and remuneration mechanism was optimized to give outstanding employees higher rewards and motivate employees to be more proactive. Through the personnel administration mechanism, employees were made clear about their promotion channels. By doing so, talents were matched with suitable positions and have given full play on their role while the talent needs of the Company's high-quality development were met.

(II) Main business, products, and their uses

The Company's main business is the farming, sales, and slaughter of pigs. Its main products include commercial pigs, piglets, and breeding pigs, as well as pork products such as pork carcasses and finely cut pork. As of the end of 2023, the Company's annual pig farming capacity was about 80 million heads, and 10 slaughterhouses were put into operation, with an annual pig slaughter capacity of 29 million heads.

(III) Business model

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

The Company has its own feed mills to independently develop nutrition formulas and produce feeds to meet the needs of pigs of all stages, where feed formulas can be adjusted timely in accordance with the changes in the raw grain market. Low-soybean diet technology has been applied to reduce the usage of soybean meals to control the feeding costs.

The Company adopts the two-breed rotational crossbreeding system to select continuously and independently and build its own nucleus herds, which is helpful to reduce the production costs and disease risks. At the same time, the Company's breeding pigs can satisfy both breeding needs and production needs, in terms of reproductive performance, growth rate, lean meat percentage, and carcass quality, laying a foundation for the rapid development of the Company.

The Company attaches great importance to R&D innovations and the application of smart equipment. It has independently developed a 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.

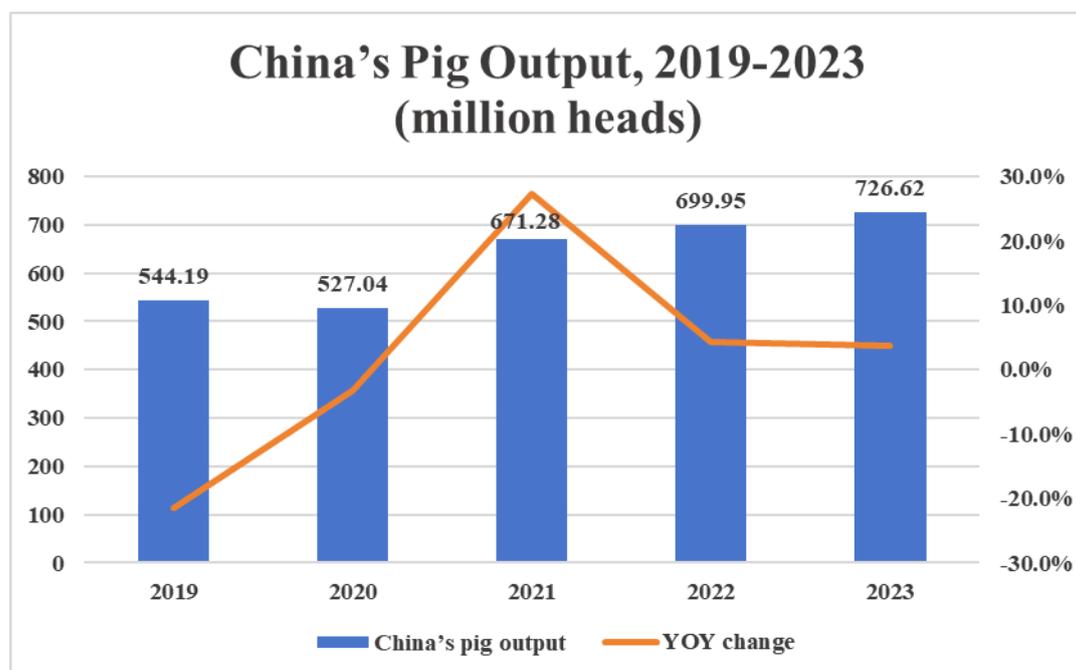
In 2023, the Company stuck to the business model of independent pig farming and slaughter. The whole production process was made transparent, controllable and traceable, food quality and safety was ensured, and more high-quality pork products were provided to customers.

By the end of 2023, the Company had set up 26 slaughtering subsidiaries across China, with all slaughtered pigs supplied from its own farms. The Company has been expanding its pork sales network in China. By the end of 2023, more than 60 service stations in 20 provincial-level administrative regions across China had been set up for the Company's slaughtering and meat business.

(IV) Industry development

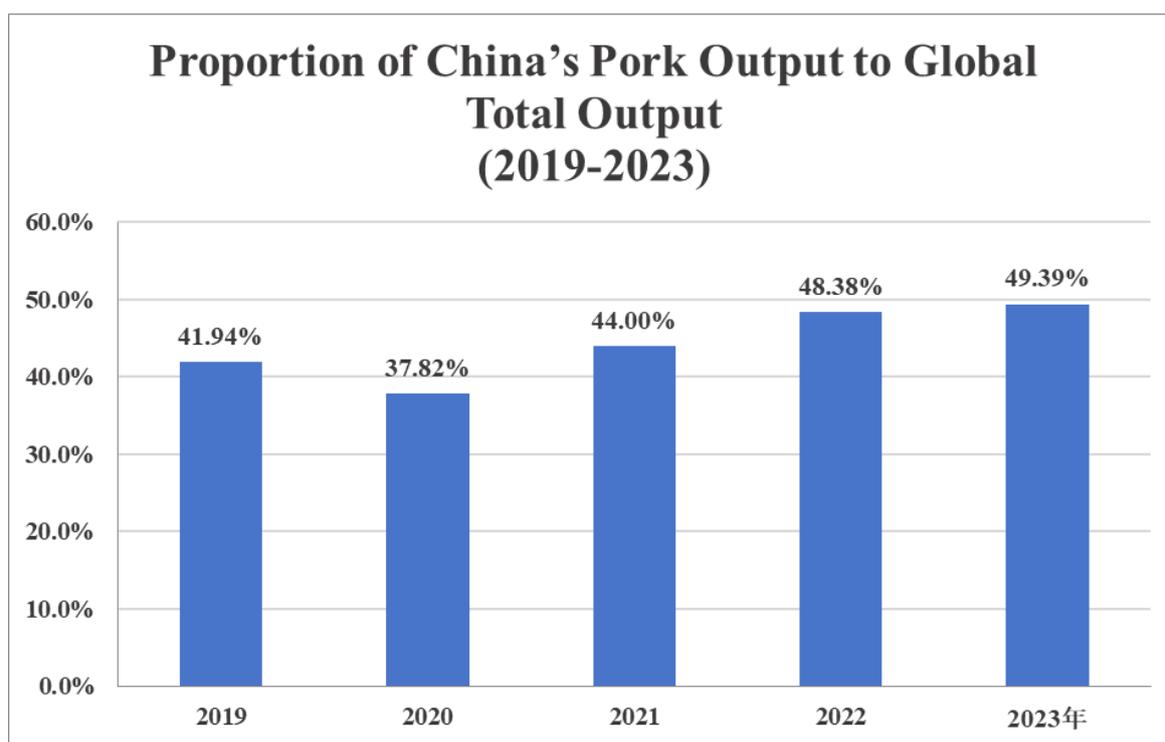
1. China as the world's largest pork production and consumption country

Data from the National Bureau of Statistics of China (NBSC) shows that 726.62 million pigs were marketed in China in 2023, an increase of 3.8% over the previous year. As of the end of 2023, the national inventory of reproductive sows and live pigs were 41.42 million and 434.22 million, an decrease of 5.7% and 4.1% over the previous year, respectively.



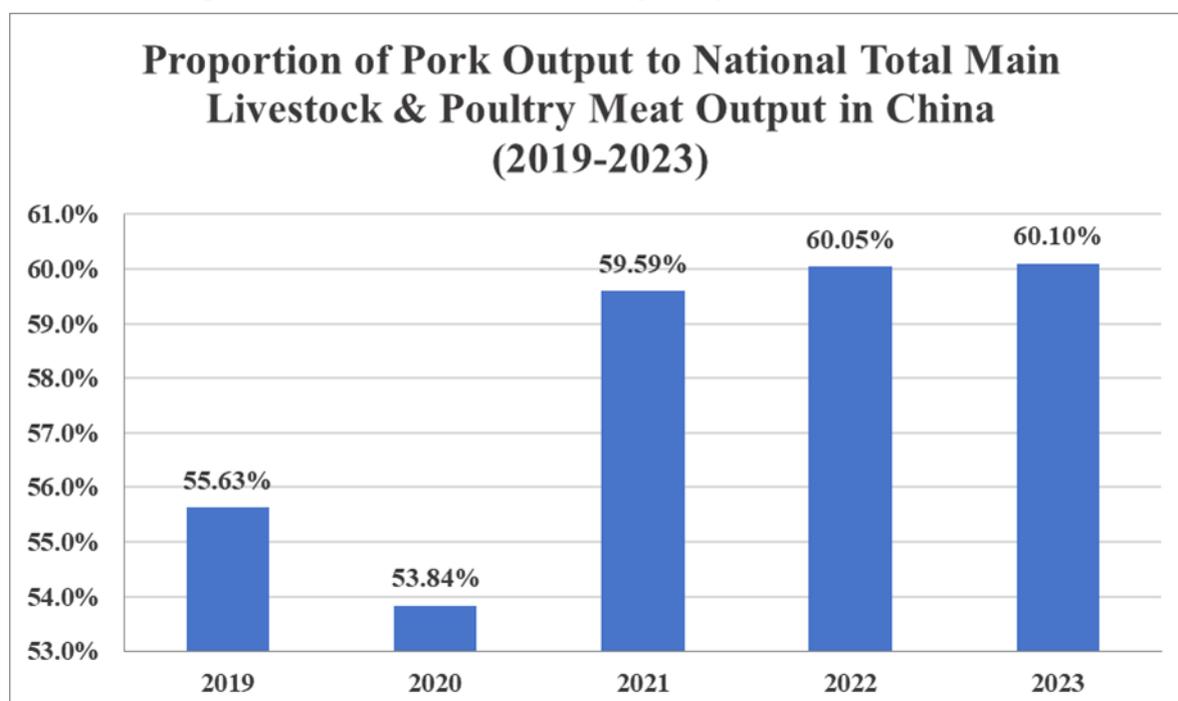
(Data source: NBSC)

China currently 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 2023 accounted for 49.39% of global production, ranking first in the world.



(Data source: USDA)

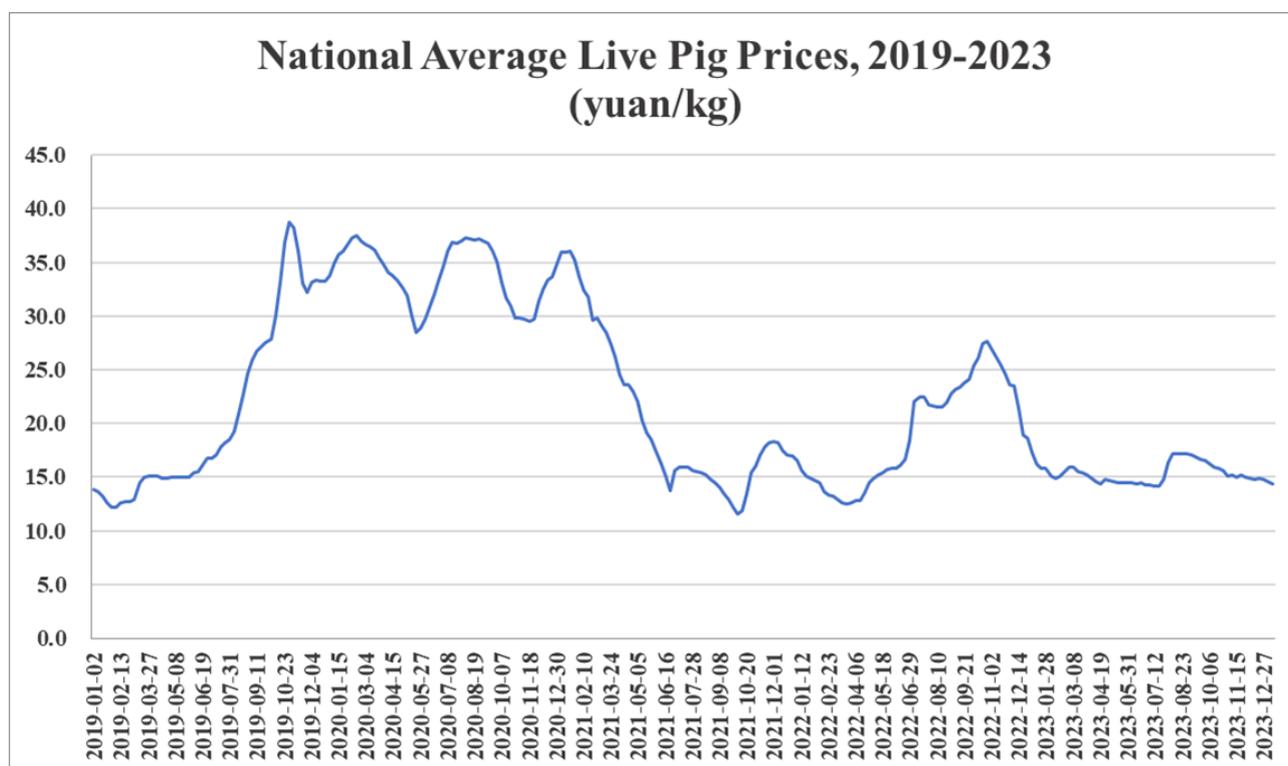
China is also the largest pork consumption country in the world. Pork is the most important source of animal protein for Chinese people, and has long been dominant in meat consumption in China. According to NBSC, China's pork production in 2023 was 57.94 million tons, accounting for 60.10% of the meat production of main livestock and poultry.



(Data source: NBSC)

2. Pig price trend

China's pig market is characterized by significant cyclicality. The fluctuation of pig supply is the main factor affecting pig price. Data from the NBSC shows that 726.62 million pigs were marketed in China in 2023, an increase of 3.8% over the previous year. Pork output saw a YOY increase of 4.6%, standing at its highest-recorded volume since 2015, at 57.94 million tons. Large pig output and obviously increased pork output are the main reasons behind the low pig price in 2023. Live pig prices started to decrease in December 2022. In 2023, pig prices generally remained low, with only a temporary rebound in Q3.



(Data source: MARA)

3. Continuously improved pig farming scale

In China, small-scale pig farming has long been the main pattern in the pig industry, leading to a low industry concentration. There is a large number of backyard farming households and small- to medium-sized farms. In recent years, intensive pig farming and the industry concentration ratio in China have been in the rise. The industry is moving towards high-quality development to better satisfy people's increasing demands for high-quality pork. According to statistics from the Ministry of Agriculture and Rural Affairs (MARA) of the People's Republic of China, the proportion of intensive pig farming by the end of 2023 was estimated to reach about 68%, an increase of around 3 percentage

points over 2022. According to public data, China's top 10 listed pig farming companies sold about 149.15 million heads of pigs in total in 2023, accounting for 20.53% of the total national output, showing an increase over 2022.

3. Main accounting data and financial indicators

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

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

Yes No

Unit: yuan

	End of 2023	End of 2022	YOY change	End of 2021
Total assets	195,404,553,902.24	192,947,611,799.00	1.27%	177,265,759,187.58
Net assets attributable to shareholders of the Company	62,828,051,373.10	71,783,350,329.31	-12.48%	54,351,768,519.36
	2023	2022	YOY change	2021
Operating revenue	110,860,727,714.40	124,826,212,177.74	-11.19%	78,889,870,566.40
Net profits attributable to shareholders of the Company	-4,263,280,820.31	13,266,156,512.39	-132.14%	6,903,777,691.92
Net profits attributable to shareholders of the Company after deduction of non-recurring profit or loss	-4,026,262,919.48	13,029,323,049.56	-130.90%	6,785,021,475.69
Net cash flow from operations	9,892,816,863.72	23,010,550,801.93	-57.01%	16,295,026,813.82
Basic EPS (yuan / share)	-0.79	2.49	-131.73%	1.28
Diluted EPS (yuan / share)	-0.79	2.45	-132.24%	1.28
Weighted average ROE	-6.38%	21.01%	Declined by 27.39 percentage points	12.91%

(2) Main accounting data by quarter

Unit: yuan

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	24,198,301,291.41	27,670,673,174.68	31,099,681,034.63	27,892,072,213.68
Net profits attributable to shareholders of the Company	-1,198,054,174.39	-1,581,163,482.85	936,888,334.97	-2,420,951,498.04
Net profits attributable to shareholders of the Company after deduction of non-recurring profit or loss	-1,252,147,469.20	-1,533,995,805.80	1,070,560,056.56	-2,310,679,701.04
Net cash flow from operations	-3,853,793,609.91	2,809,751,622.26	7,732,067,647.65	3,204,791,203.72

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	261,828	Total number of common shareholders at the end of the month before the disclosure date of the annual report	233,988	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 (excluding shares lent through refinancing)							
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	38.17%	2,086,287,906	1,564,715,929	Pledged	293,940,000
Muyuan Industrial Group Co., Ltd.	Domestic non-state-owned corporation	15.28%	834,925,406	150,112,584	Pledged	270,039,400
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas corporation	2.66%	145,301,988	0	Not Applicable	0
Sun Huigang	Domestic natural person	1.57%	85,683,509	0	Not Applicable	0
Qian Ying	Domestic natural person	1.18%	64,445,240	48,333,929	Not Applicable	0
Muyuan Foods Co., Ltd. – Phase II Employee Stock Ownership Plan	Others	1.03%	56,443,800	0	Not Applicable	0
China Securities Co., Ltd.	Domestic non-state-owned corporation	0.70%	38,222,432	0	Not Applicable	0
Cai Min	Domestic natural person	0.54%	29,352,500	0	Not Applicable	0
Qian Yunpeng	Domestic natural person	0.43%	23,573,397	0	Not Applicable	0
Industrial and Commercial Bank of China Limited -- Huatai-Pinebridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund	Others	0.37%	20,408,581	0	Not Applicable	0
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 54.63% equity of the Company directly and indirectly. Qian Yunpeng is the elder brother of Qian Ying. It is unknown whether other shareholders have affiliated relations or act in concert.					
Description of shareholders participating in Securities	Sun Huigang holds 6,000,000 shares of the Company through his common securities account, and 79,683,509 shares through his collateral securities					

Margin Trading (if any)	account for margin trading, representing a total holding of 85,683,509 shares. Cai Min holds 3,602,500 shares of the Company through her common securities account, and 25,750,000 shares through her collateral securities account for margin trading, representing a total holding of 29,352,500 shares.
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Participation of top 10 shareholders in share lending for refinancing

Applicable Not Applicable

Unit: share

Participation of top 10 shareholders in share lending for refinancing								
Shareholder name (full name)	Shares held through common accounts and credit accounts at the beginning of the period		Shares lent for refinancing but not yet returned at the beginning of the period		Share held through common accounts and credit accounts at the end of the period		Shares lent for refinancing but not yet returned at the end of the period	
	Total	Proportion to total share capital	Total	Proportion to total share capital	Total	Proportion to total share capital	Total	Proportion to total share capital
Industrial and Commercial Bank of China Limited -- Huatai-Pinebridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund	9,814,181	0.18%	1,091,000	0.02%	20,408,581	0.37%	14,200	0.00%

Changes in top 10 shareholders compared to the previous period

Applicable Not Applicable

Unit: share

Changes in top 10 shareholders compared to the end of the previous period					
Shareholder name (full name)	Joined/exited during this reporting period	Shares lent for refinancing but not yet returned at the end of the period		Shares held through common accounts and credit accounts & lent for refinancing but not yet returned at the end of the period	
		Total	Proportion to	Total	Proportion to

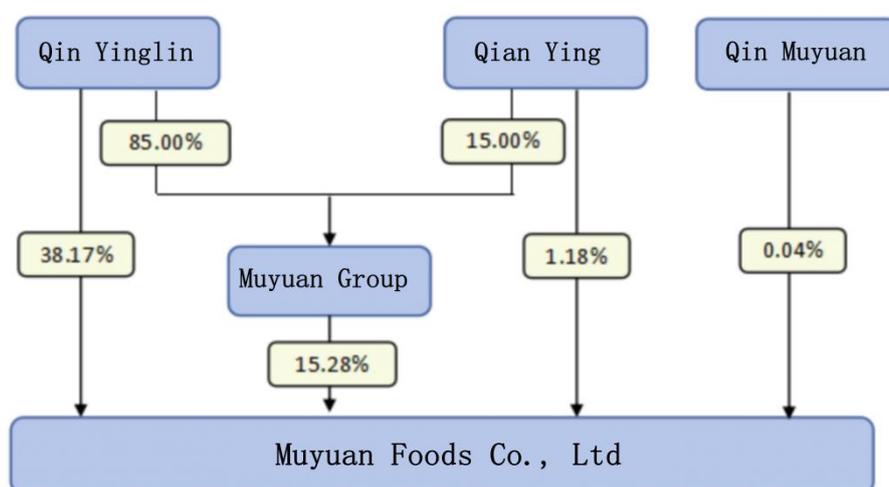
			total share capital		total share capital
Qian Yunpeng	Joined	0	0.00%	23,573,397	0.43%
Industrial and Commercial Bank of China Limited -- Huatai-Pinebridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund	Joined	14,200	0.00%	20,422,781	0.37%
Hainan Hongbao Investment Co., Ltd.	Exited	0	0.00%	14,600,000	0.27%
Li Yanyan	Exited	0	0.00%	6,321,610	0.12%

(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 (10,000 yuan)	Interest Rate
Convertible Bond of Muyuan Foods Co., Ltd.	Muyuan Convertible Bond	127045	August 16, 2021	August 15, 2027	954,355.49	1st year: 0.20%; 2nd year: 0.40%; 3rd year: 0.80%; 4th year: 1.20%; 5th year: 1.50%; and 6th year: 2.00%.
Interest payment and cashing of corporate bonds during the reporting period		Muyuan Convertible Bond paid the 2nd-year interest at par on August 16, 2023 for the period from August 16, 2022 to August 15, 2023, with a coupon rate of 0.40% and the interest was RMB 4 (including tax) for every 10 Muyuan Convertible Bonds (par value RMB 1,000).				

(2) Latest tracking bond ratings and changes

During the reporting period, China Chengxin International Credit Rating Co., Ltd. (CCXI) issued the 2023 Tracking and Rating Report on Muyuan Foods Co., Ltd. on June 27, 2023. It maintained the Company's main credit rating as AA+, adjusted the rating outlook to Stable from Negative, and maintained the credit rating of "Muyuan Convertible Bond" as AA+. For more details, please see www.cninfo.com.cn.

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

Unit: 10,000 yuan

Item	2023	2022	YOY change
Liabilities to assets ratio	62.11%	54.36%	7.75%
Net profit after deduction of non-recurring profit or loss	-402,626.29	1,302,932.30	-130.90%
EBITDA/Total Debt ratio	15.02%	44.02%	-29.00%
Interest coverage ratio	-0.29	6.12	-104.74%

III. Significant Matters

None

Qin Yinglin, Chairman
Muyuan Foods Co., Ltd

April 25, 2024