



永豐牧業

LIAONING WELLHOPE AGRI-TECH JOINT STOCK CO., LTD.

2019 ANNUAL RESULTS

TO BECOME AN ENTERPRISE WITH LEADING-EDGE QUALITY AND EFFICIENCY
ACROSS AGRICULTURE, ANIMAL HUSBANDRY AND FOOD INDUSTRIES



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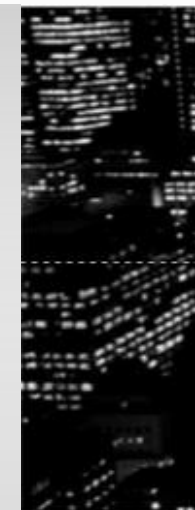
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PART ONE

ABOUT WELLHOPE



ABOUT WELLHOPE

Wellhope was initiated by Chairman Jin Weidong and other 6 founders in 1995.

Principal businesses of Wellhope consists of feed production and sale, feed raw materials trade, integrated broiler business and hog raising business, etc. At present, Wellhope has over 160 holding and associated companies, and its products cover the markets in 32 provinces across China and some regions abroad. Globally, Wellhope has also built plants in Nepal, Indonesia and the Philippines, etc.

In 2006, Royal De Heus Company, global top-15 feed supplier, became one of Wellhope's shareholders, Wellhope has turned into a Sino-Dutch joint venture.

Stock code: 603609

Listed on Shanghai Stock Exchange in 2014

FOUNDERS

Everything in the world could be divided into possible and impossible things, Wellhope is convinced that overcoming difficulties belongs to possible things.



鐵生 萬里金作岸
石成千仞 云為峰
後松枝頭鳳久立
濤聲依旧 彩梅紅

The seven founders received their higher education in the 1980s. With a dream of founding a Chinese feed brand, they sacrificed excellent salary and powerful position to establish Wellhope.

PARTNER-ROYAL DE HEUS FROM THE NETHERLANDS



Royal De Heus
global top-15 feed supplier

Founded in 1911

Designated "Royal" in 2011

Active in over 75 countries

PERFORMANCE SINCE GOING PUBLIC

YOY growth rate %	2019	2018	2017	2016	2015	2014
Operation revenue	12.96	15.00	15.38	22.42	6.09	7.20
Net profit attributable to shareholders	117.30	17.18	10.32	35.90	26.31	42.80
ROE	24.57	15.30	14.72	15.10	12.51	12.80
Dividend payout ratio	16.92	30.08	17.65	19.47	26.46	11.14

Operation revenue

CAGR
(2013-2019)
13%

Net profit to shareholder

CAGR
(2013-2019)
38%

Two key performance indicators continued to grow over the latest six years.
Only two listed companies in this industry realized this.

ROE

ROE has risen steadily, standing in the forefront among the companies that take feed as the firstly main business.

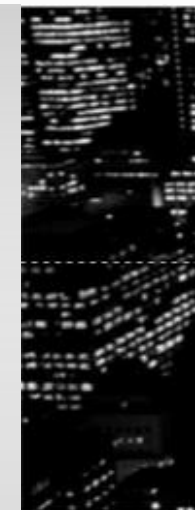
Dividend payout ratio

The average dividend payout ratio per year reaches 20%.
All the funds raised from IPO have been returned to investors.

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PART TWO

OPERATIONS PROGRESS IN 2019

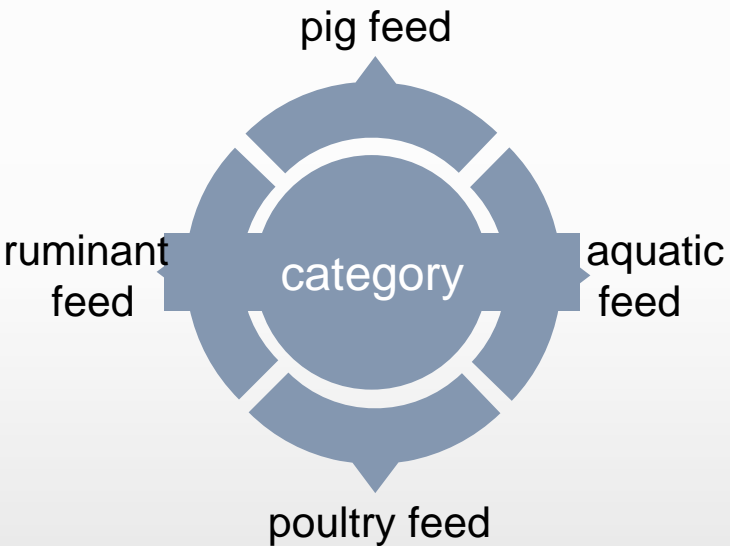


FINANCIAL HIGHLIGHTS IN 2019

Item	2019	2018	YOY Change
Operating revenue (RMB 100 million)	177.92	157.51	12.96%
Net profit attributable to shareholders (RMB 100 million)	11.99	5.52	117.30%
Net profit attributable to shareholders after deducting non-recurring gains and losses (RMB 100 million)	11.91	5.42	119.55%
Basic EPS (yuan per share)	1.34	0.66	103.03%
Weighted average ROE	24.57%	15.30%	Increase 9.27 percentage points
Net profit margin on sales	8.42%	3.84%	Increase 4.58 percentage points
Item	Dec. 31 2019	Dec. 31 2018	YOY Change
Debt to asset ratio	28.97%	38.45%	Decrease 9.48 percentage points

FEED BUSINESS

In 2019, both sales volume and gross margin of Wellhope's feed business realized growth. During the reporting period, Wellhope sold 2.62 million tons of commercial feed with a year-on-year growth rate of 11.29%. Meanwhile, feed business contributed operating revenue of RMB 7.786 billion with a year-on-year growth rate of 6.68%, the gross profit rate reached 12.52% by a growth of 0.51 percentage points.



1 Swine feed

Wellhope developed the line of products named “Wellhope Immune Nutrition” to improve animals’ immunity, which have received higher recognition by the market. Relying on the strengths of technology, brand, marketing and constant innovation of customer service, the sales volume of swine feed realized a year-on-year growth rate of 7.70% despite the negative influences of African Swine Fever.

2 Poultry feed

Besides broiler feed, Wellhope begins to explore egg production business and pullet rearing. In the future, Wellhope plans to gradually enter integrated layer business to rapidly expand layer feed business and increase the market share further .

3 Ruminant feed

While stabilizing its market share in dairy cattle feed, Wellhope has made great efforts to expand the market share in beef cattle and mutton sheep feed targeted at mid-high level markets. At present, beef cattle and mutton sheep feed have contributed the big part to the growth of Wellhope's ruminant feed.

4 Aquatic feed

According to the changes of domestic aquaculture situation, Wellhope has strategically optimized and adjusted product portfolios and increased the percentage of shrimp and crab feed.

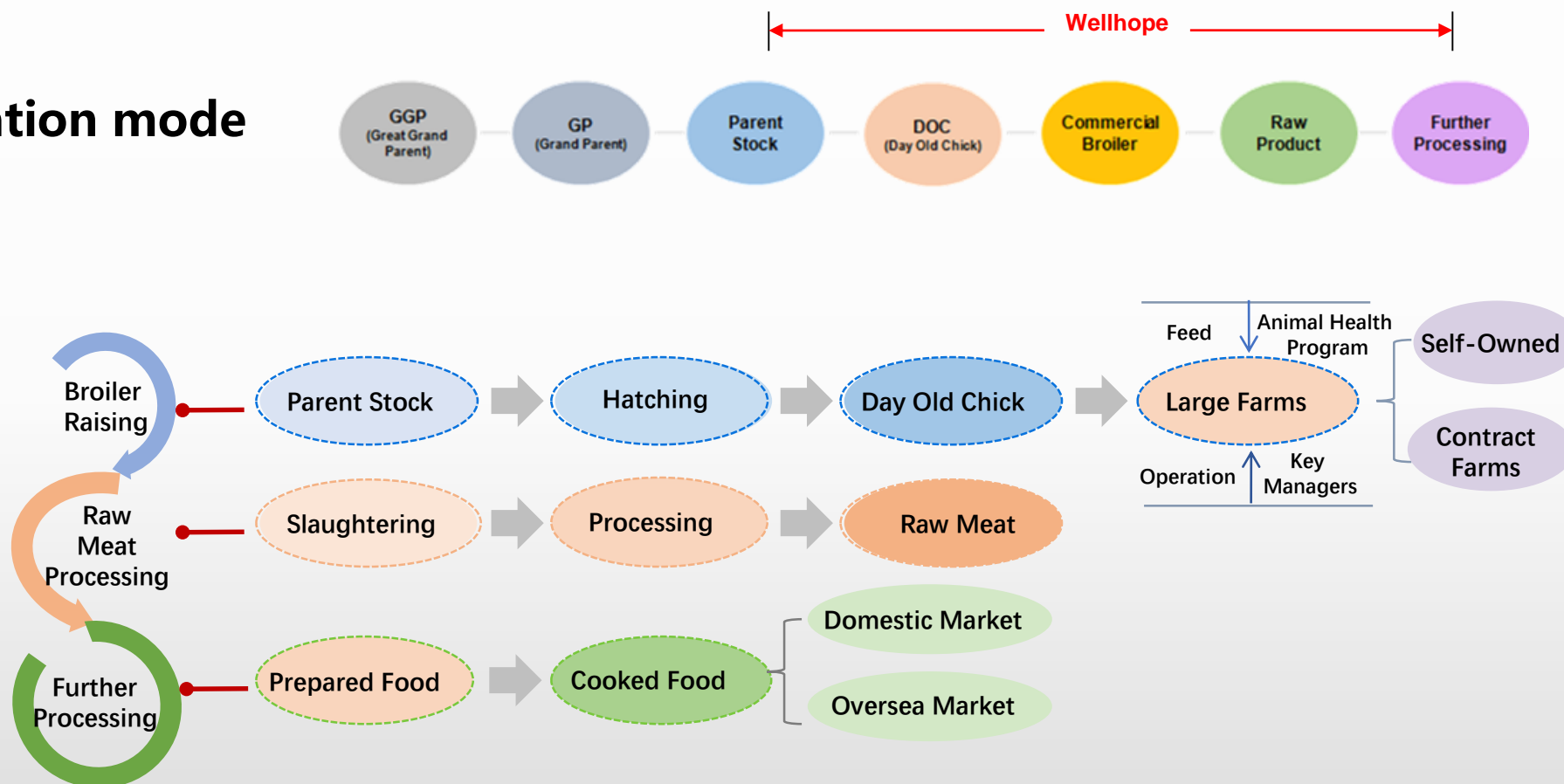
FEED BUSINESS

Commercial feed sold in 2019				
Category	2019 (10,000 tons)	2018 (10,000 tons)	YOY change	Average changes of the industry
Swine feed	90.91	84.41	7.70%	-26.60%
Layer feed	54.11	48.17	12.32%	9.60%
Broiler feed	52.56	45.21	16.22%	21.00%
Ruminant feed	44.80	40.29	11.18%	9.00%
Aquatic feed	15.77	14.64	7.71%	0.30%
Other	3.61	2.49	45.25%	-
Totalling	261.76	235.21	11.29%	-3.70%

The sales volume of Wellhope's swine feed grows against the negative influences of African swine fever.

INTEGRATED BROILER BUSINESS

Operation mode

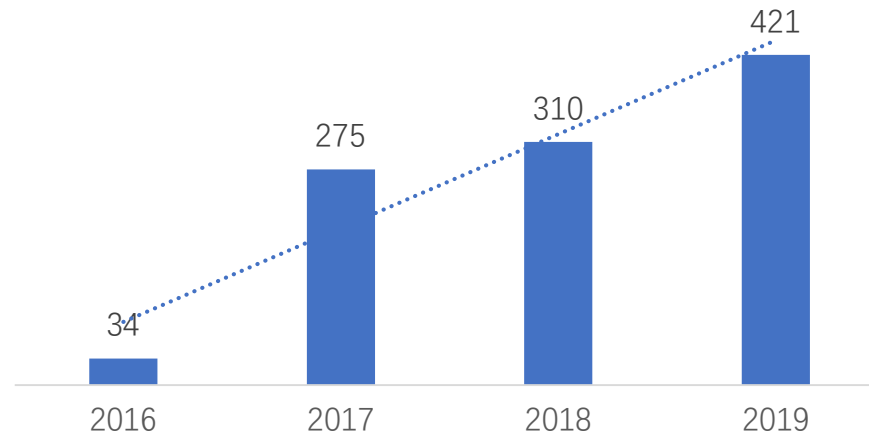


INTEGRATED BROILER BUSINESS

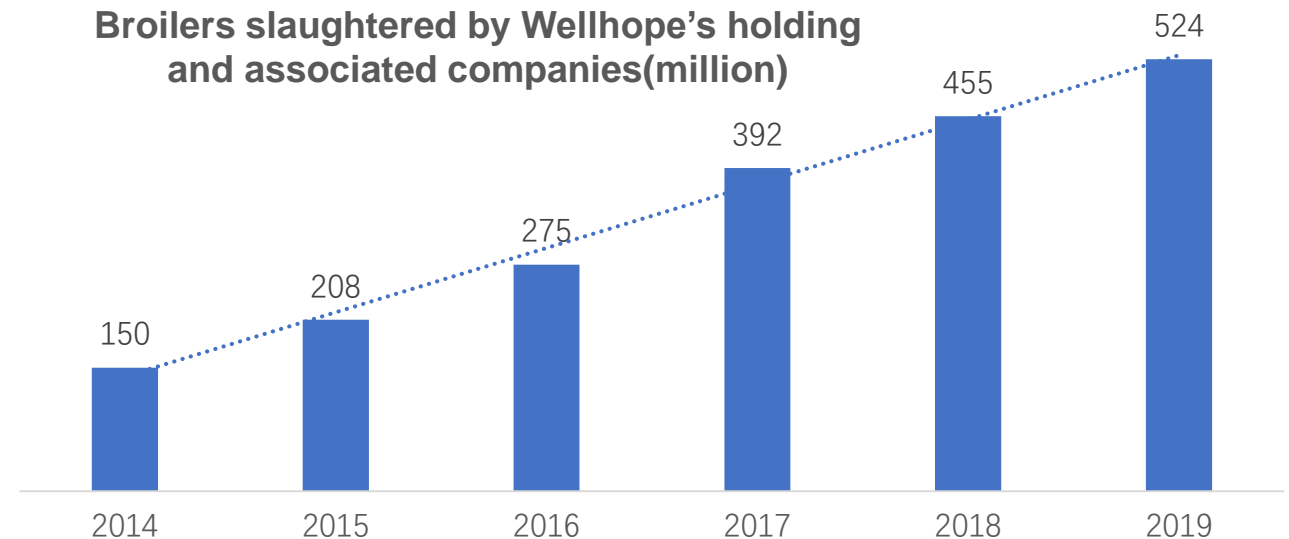
Operating performance in 2019(holding and associated companies)

Item	2019	2018	YOY change
Broiler reared (million)	421	310	36%
Broiler slaughtered (million)	524	455	15%
Broiler parts products (10,000 tons)	133.80	113	18%
Prepared food (10,000 tons)	1.50	0.99	52%

Broilers reared by Wellhope's holding and associated companies(million)



Broilers slaughtered by Wellhope's holding and associated companies(million)



INTEGRATED BROILER BUSINESS

Totaling of holding and associated companies	Broiler reared		Broiler slaughtered		Percentage of self-supplying broilers to totally slaughtered
	million	Wellhope's equity	million	Wellhope's equity	
2019	421	40%	524	50%	80.34%
Expectation in 2020	Exceed 460	Exceed 40%	Exceed 560	Exceed 50%	Exceed 82.14%

Further expand production capacity and business scale

Further heighten internal lean management

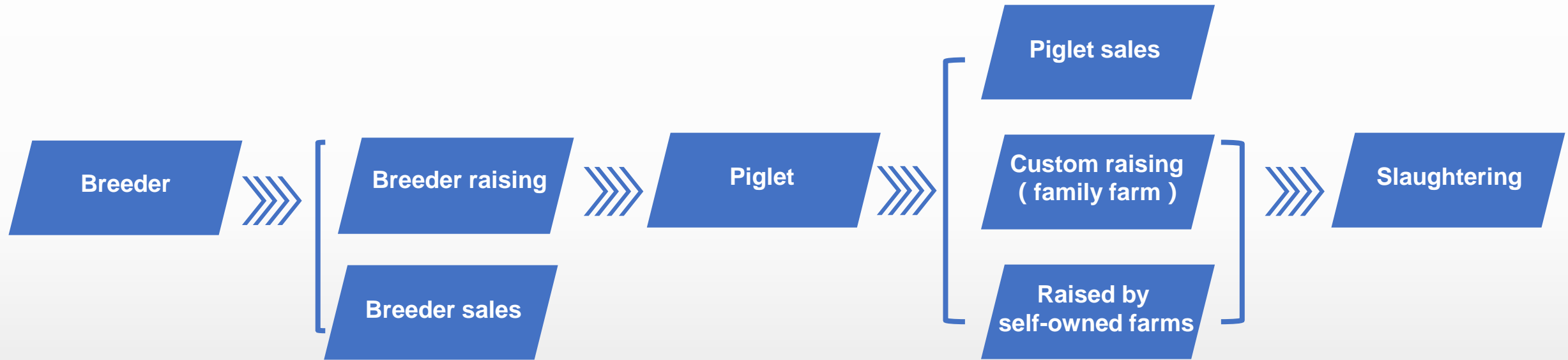
Further complete integration chain

Further innovate broiler parts products and beef up market promotion



To take 10 years to realize the goal of slaughtering 1 billion white feather broilers per year, providing each Chinese person per chicken per year.

HOG RAISING BUSINESS



HOG RAISING BUSINESS

Centering on the areas where are
suitable for hog raising



**Deliver 600,000
heads of hog
2020**

Wellhope is quickly expanding hog raising business despite the late entry. Along with the newly built projects putting into operation, the capacity will be gradually released.

RESPONSE TO AFRICAN SWINE FEVER

The bio-safety steering team of Wellhope's head office cooperates with the bio-safety departments in its subordinated farms to upgrade the solutions and programs to prevent African Swine Fever and implement comprehensive measures from R&D to farms in response to African Swine Fever.

Product R&D

- ✓Develop market-oriented products, quickly design feed for piglet in the nursery house and sow.
- ✓Put forward Wellhope immune nutrition products: Improve animal's immune response and resistance to disease by enhancing the daily intake of amino acids, etc.
- ✓Develop plasma-free starter feed: As African Swine Fever spreads, homologous raw materials are prohibited to be used in swine feed to ensure bio-safety of feed products, thereby ensure the safety of farm.

Feed supply

- ✓Strictly implement safe production to ensure the clean area of workshop.
- ✓All the packaging bags can not be reused, and it is not allowed to return feed to the plant after delivery.
- ✓High temperature pelleting to ensure safety, three minutes at 85 degrees Celsius.
- ✓Strictly carry out the physical protection standard of feed truck to prevent pollution.

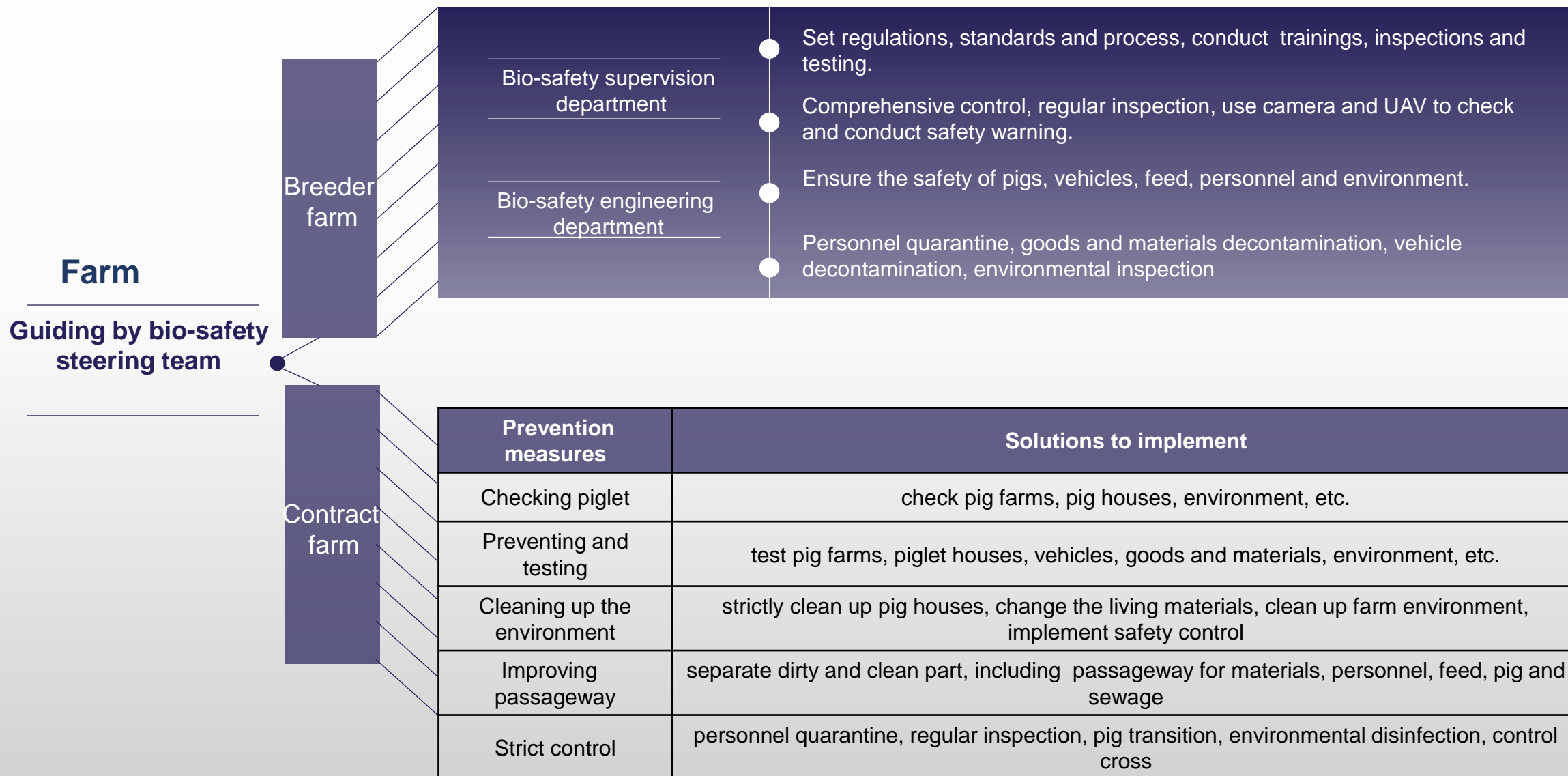
Training

- ✓Provide technical services and on-site guidance for customers via live broadcast, WeChat and other new media.
- ✓Holding live broadcast response to ASF: Chairman Jin and some experts invited to share solutions to ASF to help farms/farmers to tide over difficulties.
- ✓Design and organize bio-safety prevention training for farms.
- ✓Cultivate outstanding talents through training camp to reserve specialized talents for hog raising business.

Farm

- ✓Constantly upgrade the bio-safety prevention system for pig farms; adopt the principle of moderate scale for every single farm to reduce the scale, set up enough space barriers and safety passageway.
- ✓Decentralize production chain: decentralize core group, parent stock house and finisher house.
- ✓The bio-safety departments of the farms are responsible for monitoring, inspection, testing, prevention as well as other work to comprehensively guarantee safety production.

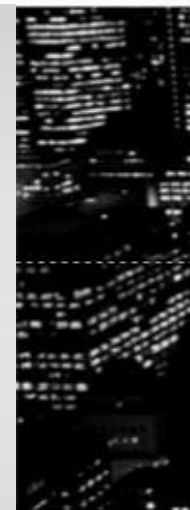
RESPONSE TO AFRICAN SWINE FEVER



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PART THREE

STRATEGIC PLAN



MEDIUM AND LONG-TERM PLAN

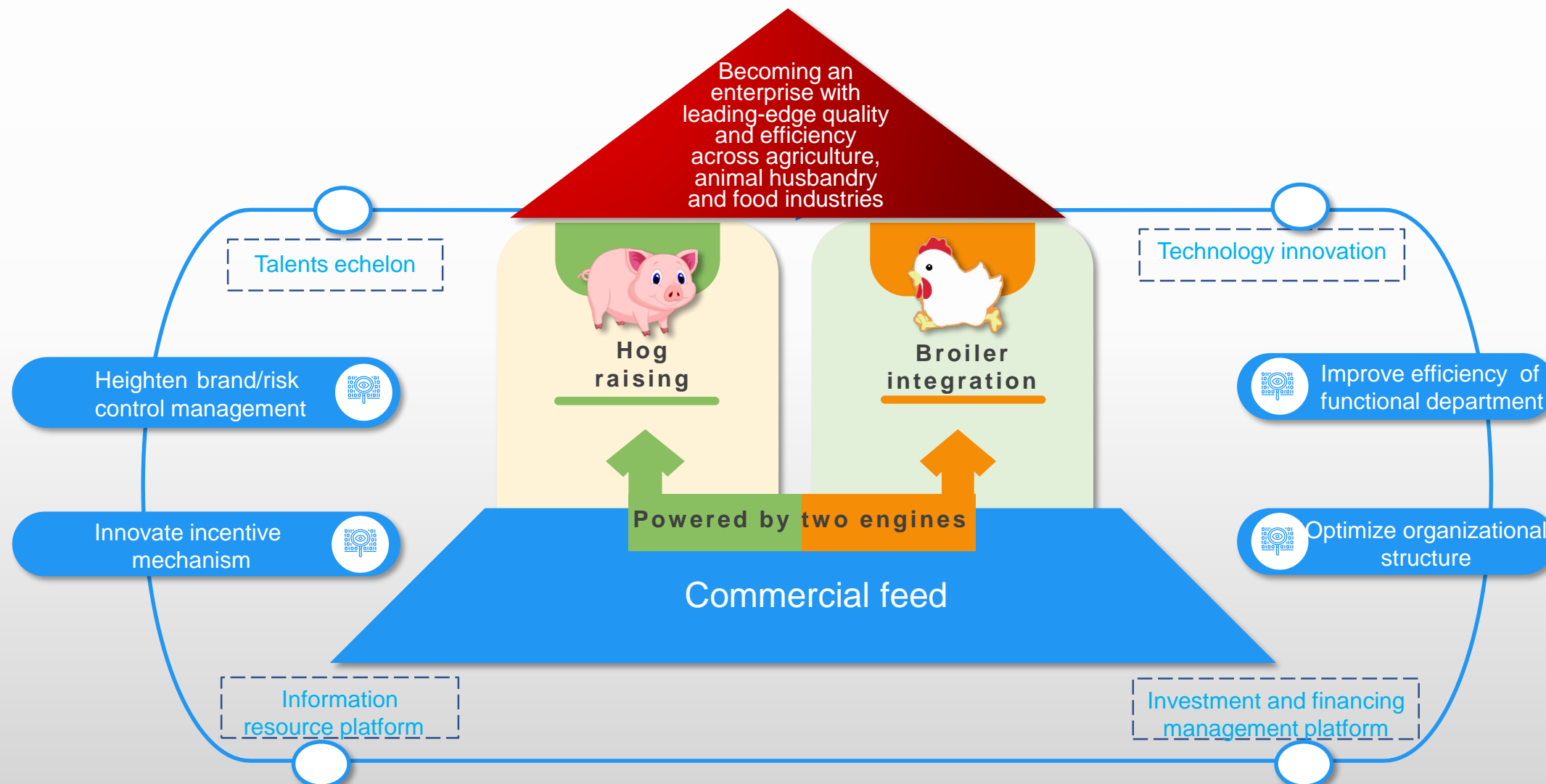
Three-years' goal

Steadily develop feed business, accelerate to enter integrated business in the whole chain, to become an enterprise with leading-edge quality and efficiency, realize the phased layout of food business, and forge the brand strength of food business in related regions.

Long-term goal

To become one of the world's top enterprises across agriculture, animal husbandry and food industries.

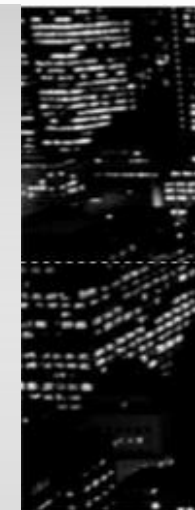
BUSINESS STRATEGY IN 2020



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PART FOUR

WELLHOPE CORE COMPETENCE



WELLHOPE'S STRENGTHS

Human resource

- Highly educated and united seven founders
- High-caliber, loyal and stable management team
- Continuous reserve of excellent young talents
- Constantly improved talents' selection and training as well as the incentive system

Powering technology

- Excellent R&D team with expertise of animal nutrition
- R&D cooperation with unique competitiveness
- Obtaining fruitful R&D achievements
- The first-class testing capability and database

Strategic layout

- Centering on agriculture and animal husbandry industries, actively conduct lengthwise and widthwise business layout
- Rational and prudent business philosophy and strict financial risk control
- Scientific and reasonable business distribution with obviously regional advantages

Brand value

- Relying on leading technology, high quality products and continuously improved customer service, the brand "Wellhope" has been widely accepted and trusted by customers
- Wellhope has always been adhering to the core values of "integrity, responsibility, win-win", the brand "Wellhope" has been highly recognized by partners

Corporate culture

- "Integrity, responsibility, win-win" are the core values that guide business development and shared by all Wellhope's staff
- "Innovation, efficiency and self-discipline" are the management cultures that are deeply rooted in all the staff's behavior
- Since the establishment of Wellhope, Wellhope Vision and Wellhope Mission had been put forward

WELLHOPE VISION(1995)

We are committed to becoming the most outstanding company in the entire feed industry. We apply the most advanced technologies and effective management systems. We also have a well-trained team and a strong desire to serve people. Hereby, we pledge to our customers and competitors that:

- **Wellhope will always put customers' needs first and work on new products.**
- **Wellhope will always conduct business honestly.**
- **Wellhope will always aim to provide value to our society and to maintain sustained growth through technology, innovation, and creative work.**

