

Stock Code: 603609

Stock Abbreviation (English): Wellhope

Liaoning Wellhope Agri-Tech Joint Stock Co., Ltd.
2020 Interim Report



禾豐牧業

August 2020

Important Statements

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

II. All the Directors attended the Board Meeting.

III. This interim report is unaudited.

IV. The Company'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 report.

V. In the reporting period, there has been no plan for dividend distribution or capital reserve converted into share capital.

VI. Risk Statement of Forward-looking Statements

The forward-looking descriptions in this report in terms of 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. Material Risk Warning

The Company details possible risks in this report. Please refer to "Possible Risks" in Section IV "Business Operations Analysis".

X. This interim 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 2020 Interim Report can be obtained at: www.sse.com.cn.

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Section I Glossary

CSRC	refers to	China Securities Regulatory Commission
SSE	refers to	Shanghai Stock Exchange
Wellhope, Liaoning Wellhope, the Company	refers to	Liaoning Wellhope Agri-Tech Joint Stock Co., Ltd.
Reporting Period	refers to	January 1, 2020-June 30, 2020
Wulian Heli	refers to	Wulian Heli Equity Investment Partnership (LP), one of the shareholders of Wellhope
Royal De Heus	refers to	Koninklijke De Heus B.V., the parent company of De Heus Mauritius Ltd., the biggest feed company in the Netherlands
Company Constitution	refers to	The Constitution of Liaoning Wellhope Agri-Tech Joint Stock Co., Ltd.
Shareholders' Meeting	refers to	The Shareholders' Meeting of Liaoning Wellhope Agri-Tech Joint Stock Co., Ltd.
Board of Directors	refers to	The Board of Directors of Liaoning Wellhope Agri-Tech Joint Stock Co., Ltd.
Supervisory Board	refers to	The Supervisory Board of Liaoning Wellhope Agri-Tech Joint Stock 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
Premix	refers to	Also known as additive premix, it is a well-proportioned mixture prepared by two or more than two kinds of feed additives and carrier or diluents according to appropriate proportion. It is a general name for compound premix, microelement premix and vitamin premix.
Concentrate Feed	refers to	It is a well-proportioned mixture consisted of protein feed, mineral feed and feed additives according to appropriate proportion, it can be made into compound feed by mixing with energy feed in a specified proportion.
Compound Feed	refers to	Based on the nutritional needs of animals, more feed raw materials and feed additives are industrially processed according to feed formula, it can be directly used for feeding animals.
Broiler Breeders	refers to	Broiler breeders lay eggs, the chicks hatched from eggs are the commercial broiler, which have good genetic characteristics for table purpose.
Commercial Broiler	refers to	Fattening from the chicks of commercial broilers.
Cage-reared	refers to	A method of farming as opposed to floor-reared, i.e., with the special cage as a symbol, a complete set of processes that compose of customized feed, artificial insemination, on-site management, etc.

Section II Company Profile and Key Financial Information

I. Company Information

Company name(English)	Liaoning Wellhope Agri-Tech Joint Stock Co., Ltd.
Abbreviation(English)	Wellhope
Company name(Chinese)	辽宁禾丰牧业股份有限公司
Abbreviation(Chinese)	禾丰牧业
Legal representative	Jin Weidong

II. Contact Person

	Secretary of the Board	Securities Affairs Representative
Name	Zhao Xin	Zhao Changqing
Address	No. 169, Huishan Street, Shenbei New District, Shenyang, Liaoning, P. R. of China	No. 169, Huishan Street, Shenbei New District, Shenyang, Liaoning, P. R. of 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, P. R. of China
Postal code	110164
Office address	No. 169, Huishan Street, Shenbei New District, Shenyang, Liaoning, P. R. of China
Postal code	110164
Company website	www.wellhope-ag.com
Email	hfmy@wellhope.co

IV. Place where the Company prepares information to disclose

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

V. Stock Information

Stock type	Stock exchange	Stock abbreviation	Stock code
A Share	Shanghai Stock Exchange	Wellhope(禾丰牧业)	603609

VI. Other Information

Not applicable

VII. Key Accounting Data and Financial Performance Indicators

1. Key Accounting Data

RMB

Item	January-June, 2020	January-June, 2019	Year-on-year change %
Operating revenue	9,848,379,852.28	7,727,400,004.75	27.45
Net profit attributable to the shareholders of the Company	606,015,736.01	359,008,639.18	68.80
Net profit attributable to the shareholders of the Company deducting non-recurring items	602,590,219.79	358,296,799.48	68.18
Net cash flow from operating activities	451,396,027.78	299,291,784.62	50.82
	June 30, 2020	December 31, 2019	Change compared with the end of prior year %
Net assets attributable to the shareholders of the Company	6,129,390,491.71	5,698,139,557.54	7.57
Total assets	10,447,642,061.07	9,149,772,043.85	14.18

2. Key Financial Performance Indicators

Item	January-June, 2020	January-June, 2019	Year-on-year change %
Basic earnings per share (RMB per share)	0.66	0.41	60.98
Diluted earnings per share (RMB per share)	0.66	0.41	60.98
Basic earnings per share deducting non-recurring items (RMB per share)	0.65	0.41	58.54
Weighted average return on equity (%)	10.16	8.37	Increased 1.79 percentage points
Weighted average return on equity deducting non-recurring items (%)	10.10	8.36	Increased 1.74 percentage points

VIII. Non-Recurring Items

RMB	
Item	Amount
Gains or losses on disposal of non-current assets	-567,086.15
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)	12,625,199.07
Gains or losses on fair value changes in holding the trading financial assets and liabilities as well as derivative financial assets and liabilities, and investment income from disposal of the 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)	-1,899,996.55
Non-operating income and expense other than those described above	-4,960,053.70
Non-controlling interests effects	-596,370.19
Income tax effects	-1,176,176.26
Total	3,425,516.22

Section III Business Overview

I. Principal Business, Operation Model and Circumstance of Related Industries in the Reporting Period

Principal businesses of Wellhope (hereinafter referred to as "the Company") primarily consist of feed production and sale, feed raw materials trade, broiler integration, hog raising and related businesses. Whilst further expanding feed business, the Company aims to take 5-8 years to vigorously boost broiler integration and hog raising businesses, forging an operation model fueled by broiler and hog integration businesses to further heighten its market power in animal husbandry industry.

1. Feed and feed raw materials trade

A. Industry overview

The gross production of China's commercial feed reached 229 million tons in the year of 2019, which exceeded its target of 220 million tons in advance, according to the 13th Five-Year Plan of the feed industry. Its gross output of more than 200 million tons for 5 years on end, has ranked top one for 9 consecutive years worldwide. It is expected that national feed production will achieve further breakthrough in 2020. At the beginning of this year, the spread of Coronavirus Disease 2019 (referred to as COVID-19 hereof) led to nationwide suspension and stoppage of production. In the initial stage of COVID-19, adverse factors such as transport restriction, rising freight rates, tight supply of raw materials and panicked market, etc., have caused definite impacts and influences on the feed industry. Based on the promulgated government policy of "fulfilling the responsibilities of safeguarding residents' vegetable and meat supply" and along with gradual stabilization of this pandemic, the production and supply of feed industry has gradually returned to normal level in the second quarter. The COVID-19 and African Swine Fever (referred to as ASF hereof) reset the trajectory of feed industry and accelerated the pace of consolidation, weeded out unqualified players. Against this backdrop, those large-scale enterprises with robust system capacity and competitiveness who have been still able to retain high-quality products and services during in the pandemic crisis, thus obtained greater development opportunities.

In the first half of 2020, rapid recovery of both hog and reproductive sow inventories in China pushed up the demand of swine feed. The national output of sow feed has realized

year-on-year growth for 5 consecutive months with a 54% increase in June. Statistics released by the Ministry of Agriculture and Rural Affairs indicated that beef and mutton production was up 3.4% over a year earlier, eggs and milk production have year-on-year growth rates of 7.1% and 7.9% respectively. This also led to an increasing demand within the poultry and ruminant industry. There were 76,000 new hog raising enterprises in China, with a growth rate of 109% compared with the same period of prior year. High hog raising enthusiasm driven by high profit has brought well-known real estate companies and internet giants stepping into this cross border business, also broadened opportunities for the feed industry.

In June 2020, China's gross feed production increased by 2.2% compared to the preceding month and 7.5% over a year earlier. Judging from the trend, the aggregate output of feed increased on a month-on-month basis in March, April and June. Despite a slight year-on-year decline in March, the output of all other months has gained year-on-year growth since February and reached a record high in June within the last three years. From the perspective of varieties, swine feed output in June increased by 9.3% over a year earlier, which has recorded positive growth again since October 2018. The production of layer, broiler and ruminant feed rose by 14.1%, 10.4% and 9.8% respectively, whilst aquatic feed fell by 11.6%. Overall, in the first half of 2020, the feed consumption was higher than market expectations with a remarkable recovery, which showed a booming trend in both production and marketing.

Note: Source of above-mentioned data—China Feed Industry Association

B. Business profile

The Company manufactures 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 plants in Nepal, Indonesia and the Philippines, etc. Driven by the principle of “constantly working on new products, never following the beaten path”, the Company always designs tailor-made products for animals in different growth stages and it is committed to offering farmers integrated services in terms of animal raising, disease prevention as well as operation management, helping them to achieve the best economic benefits.

The subsidiary trade companies mainly trade in feed raw materials in terms of fish meal,

soybean meal and co-products of corn, also engage in feed additives including amino acid, antioxidant, mold inhibitors and vitamin. In addition, the trade companies are the sales agents of animal health products such as vaccines and veterinary drug produced by global strategic suppliers. Meanwhile, the Company also launched pet clinics business. Now its trade business is active in the regions of Northeast, Northern, Eastern and Southwest China, Guangdong province and other areas, some products have been exported to Nepal, Mongolia and other countries.

2. Broiler integration business

A. Industry overview

The outbreak of COVID-19 in early 2020 had a huge impact on national economy and disrupted the original supply and demand pattern of white feather broiler industry.

Regarding supply, the overall supply of white feather broiler in China resumed year-on-year growth from January to June, yet the growth rate fell short of expectations. In terms of grandparent stock, the renewal in the first half year slightly changed in comparison to the same period of prior year, but decreased by about 36.8% compared with prior month, presenting a slower expansion of grandparent stock' production capacity. In terms of parent stock, the output of day old chick of parent stock realized an increase of approximately 30% over the same period prior year. However, under the impact of COVID-19, the market was mandated to cut production capability by forced molting and faster eliminating week-old broilers, making the inventories of forced molting broilers decline significantly. In terms of commercial broiler, COVID-19 impaired the production capability of white feather broilers in the first quarter, while along with gradually stabilized pandemic in April nationwide, thus the deliveries of commercial broiler stepwise recovered to a high level in May and June. Looking back the first half year, the deliveries of domestic commercial broiler increased by about 4% over a year earlier. Compared to that was expected before the COVID-19, the growth rate was lowered about 8 percentage points.

In regard of demand, chicken has still played the role of filling the gap in consumption caused by a severe shortage in China's pork supply. However, the increasing demand for chicken declined due to the outbreak of COVID-19, which led to dropped profits of related businesses in the industrial chain. In the first quarter, the COVID-19 influenced domestic

consumption relatively hard with a presence of the sharp decrease in catering and group meal. Affected by this, the overall consumption of chicken dropped off about 10% over the same period prior year, among which, chicken consumed by catering and group meal decreased by more than 30%. However, the demand has been recovered since the pandemic being stabilized in April. In May and June, positive factors, such as social contact basically resumed, some schools were reopened, a vast majority of enterprises were back to work, the sales channels of chicken hampered by the epidemic situation was recovered in succession, the supply of pork was lower still, etc., effectively boosted the recovery of chicken consumption. It is worth mentioning that COVID-19 has led to a temporary closure of social venues and home quarantine, which has directly altered the path for chicken consumption. Away-from-home consumption, such as catering and group meal, has shifted to at-home consumption, thus pushing chicken producers to change their marketing strategies and step up efforts to expand the consumer market.

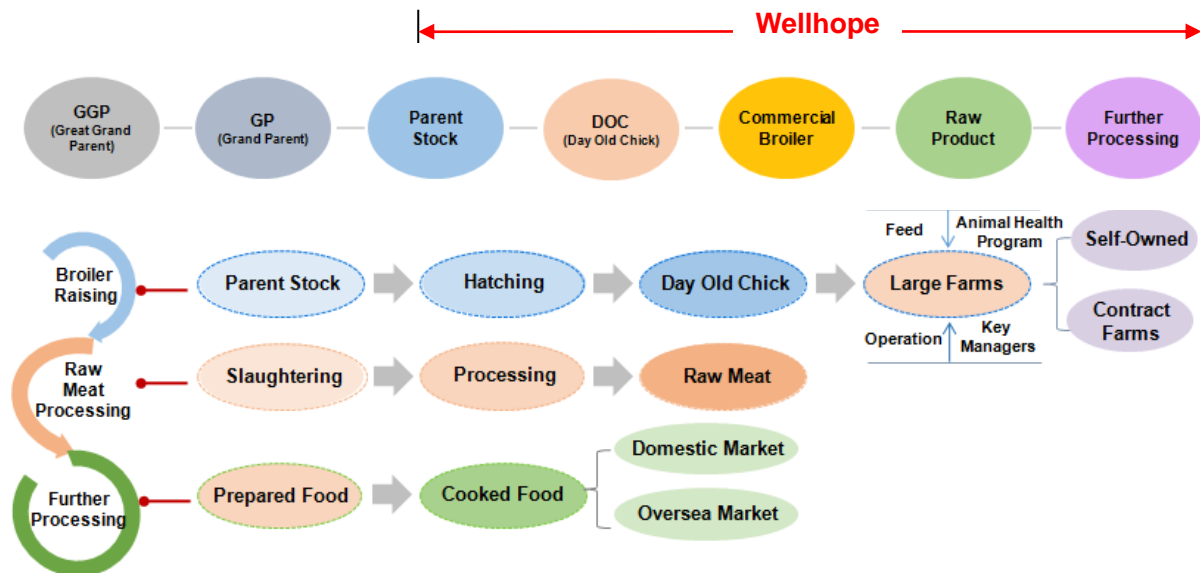
To conclude, in the first half of 2020, COVID-19 has broken the original expectations of “an increase both in production and sales, a bloom both in supply and demand” within white feather broiler industry. Instead, the growth rate of broiler supply was compressed, while the demand of chicken was changed from increase to decrease. In the second half year, chicken consumption demand is expected to rapidly rebound, while the import of meat products will slow down due to the impact of COVID-19. In addition, stocking density that limited by ASF will weigh on the recovery of domestic hog production capacity, yet the substitution demand caused by the shortage of pork will still be significant.

Note: Source of above-mentioned data—www.boyar.cn

B. Business profile

The Company's broiler integration business, with three business units in terms of broiler raising, raw meat processing and further processing, owns more than 40 holding and associated entities, which are mainly located in the provinces of Liaoning, Hebei, Henan, Jilin and Shandong, etc. Its value chain contains breeding, day old chick hatching, feed producing, commercial broiler raising, slaughtering and processing of raw meat, further processing of prepared and cooked food. The integrated operation can effectively ensure the production and supply of all operating segments and facilitate the Company to control food safety across the entire chain. Meanwhile, through standardized management and

streamline operation, the Company 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 plants, the Company has stepped into the first echelon of white feather broiler industry and become one of the leading suppliers of broiler products nationwide.



◆ **Broiler raising:** This unit covers breeder raising, day old chick hatching, commercial broiler rearing and feed production. By formulating scientific and rational feeding programs, light programs and disease prevention systems for breeders, the Company provides qualified eggs for the hatching farms. Meanwhile, it has established thorough management system in the hatching process and introduced intelligent facilities that are available for hatching in batches, also equipped high-efficient and energy-saving hatcher and micro-environment control system for supplying healthy day old chicks. Entering commercial broiler sector, the Company mainly raises broiler by own farms and contract(out-sourcing) farms under the pattern of unifying nine aspects, including unified site selection and planning, unified construction standards, unified day old chick supply, unified disease prevention, unified feed supply, unified drug supply, unified technological guidance, unified testing and unified slaughtering and processing. Guided by scientific raising standards, all the farms apply three-tier cage system and automate all the processes from feed intake, water temperature to moisture control, etc., meanwhile, the farms combine crop planting with animal raising to reduce manure pollution and promote resource recycling. The weight of the Company's commercial broiler has reached over 3.0

kg with the livability of over 95%, and the European production index exceeded 390, which have received wide recognition from the cooperative farms.

◆**Raw meat processing:** The Company has invested 16 holding and associated slaughtering and processing plants, which are equipped with domestically state-of-the-art production lines that are available to slaughter 650-750 million broilers per year. Driven by all-in and all-out inspection and quarantine, every single plant has established a total quality guarantee system and traceability system to monitor all the processes. Meanwhile, the Company constantly strengthens and improves 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 the Company'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, food service companies and other local fresh food markets, etc., in the meantime, related products have also been sold to the regions of Hong Kong and Macao, and exported to some countries in terms of Mongolia and Bahrain, etc.

◆**Further processing:** Relying on the advantage of integration, the Company uses high-quality chicken supplied by own slaughterhouses as raw materials and introduces 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 large restaurant chains, supermarkets, local markets, canteens of enterprises and schools. In terms of online marketing, Wellhope's flagship store of raw meat product has been launched on JDcom, whilst its official food store has been initiated on Taobao, some of independent-brand products of Wellhope's subordinated companies have also been entering e-commerce platforms of some residents' communities. Moreover, under the backdrop of continuous expansion of consumer demand, the Company has vigorously explored its food export business, now some products have entered the markets of Japan and South Korea.

3. Hog raising business

A. Industry overview

In the first half of the year, as hog supply fell into a sharp slump, recovering production capacity was still the central theme of hog industry, whilst the overlap of ASF and COVID-19 pandemics made the supply and demand pattern more complicated.

On the supply side, taking more commercial sows as breeders in the fourth quarter of 2019 has further widened the gap between pork supply and demand. In the first half of 2020, China's hog deliveries continued to decline and caused tight supply of pork. From January to June, hog deliveries fell by 49.89% on a year-on-year base, declined by 19.23% compared to the second half of 2019; pork production fell by 41.21% over a year earlier, went down 9.76% compared to the second half of 2019, whilst piglet supply decreased by 30.54% on a year-on-year base and dropped off 3.61% compared with the second half of 2019. Thereby, certain policies have been issued to stabilize hog production and ensure pork supply. Large-scale enterprises have been continuously expanding their businesses to capture market opportunities supported by their financing, technology, talents and other advantages. Some companies that fatten hog by own farms and contract farms also upgraded the selection criteria for cooperative farmers to stock more than 500 heads of hog, which quickened the process of large-scale raising, thus the decline of production capacity gradually slowed. The domestic sow inventories bottomed out in October 2019 and rebounded modestly. Coming to this year, the reproductive sow inventories increased by 13.65% on year-on-year base in the end of June, 16.41% higher than the end of 2019. However, it is remarkable that, as at the end of June, the percentage of commercial sows taken as breeders exceeded 60% of reproductive sows, which would bring great uncertainties in the production performance.

On the demand side, the COVID-19 has inflicted a rather big impact on national economy, the sales of high-priced pork became difficult under this backdrop. Away-from-home food consumption such as catering and group meal was hindered, which boosted the percentage of at-home consumption increasing. Driven by the increased pork consumption fueled by two festivals and the difficulties in purchasing hogs due to the obstructed logistics in the early stage of COVID-19, hog prices shocked up to RMB 38.0 per kg in January and February. Since March, a series of government policies were promulgated to stabilize production and maintain supply, whilst the decreased final

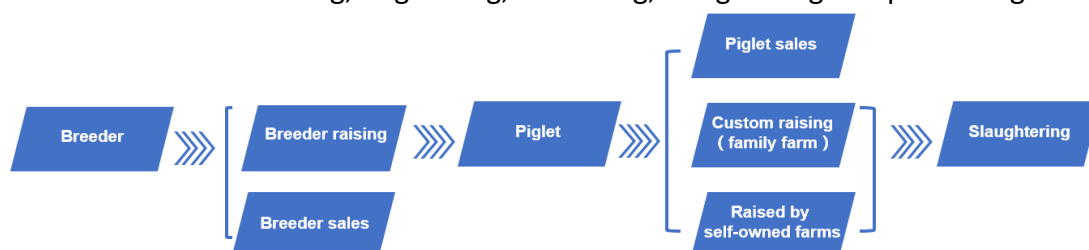
consumption led to declined hog prices, especially in May, the prices fell drastically to RMB 27.0 per kg caused by certain adverse factors, such as, the recovery of domestic consumption was lower than expectation, circumstances of COVID-19 abroad continuously worsened, market confidence weakened and farmers sold out hogs in a panic. Later, many large overseas meat processors shut down due to the pandemic, China also suspended pork import from infected enterprises. Meanwhile, the gap between pork supply and demand emerged again supported by gradual recovery of domestic consumption, hog prices bottomed out in late May and rose back to over RMB 35.0 per kg in June.

To conclude, hog market still showed strained supply--according to third-party research institutions, hog deliveries are expected to go down 30% compared to 2019, accompanied by a 20-25% decline of pork production. Besides, bio-safety has heightened the entry barriers of hog farming industry and the pace of consolidation has been constantly improving.

Note: Source of above-mentioned data—www.boyar.cn

B. Business profile

Through solely-invested and co-invested operations, the Company has actively built farms and expanded businesses in Liaoning, Jilin, Heilongjiang, Henan, Hebei, Anhui provinces and other areas suitable for hog raising. Among these projects, the farms located in Hebei and Heilongjiang provinces were jointly built by the Company and Hunan Jiahe Agriculture and Animal Husbandry Company, top-15 in hog raising industry nationwide, the farms located in Anhui province were jointly constructed with Anhui Haoxiang Agriculture and Animal Husbandry Company, a leading enterprise in agricultural integration in Anhui province and a member of the National Hog Joint Breeding Cooperative Group, other farms were invested by the Company solely. At present, the Company's hog raising business mainly adopts the operation model that composes of breeder raising and sales, commercial piglet sales, hog fattening via own farms and family farms(contract). At the same time, each sow farm has boar house to reserve excellent boars to maintain breeding advantage. Through establishing strict bio-safety system, advanced breeding system and scientific feeding management system, the Company is devoting to crafting an integrated chain that contains breeding, hog raising, marketing, slaughtering and processing.



a. Building farms with high-standard:

In compliance with the principle of moderate scale for every single farm along with the site planning of multi-point layout, the Company strictly controls bio-safety and dynamically combines hog raising with planting via eco-friendly technologies to protect environment. Driven by the goal of building first-rate modern farms, Fushun farm located in Liaoning province was jointly designed by well-known domestic experts and Architectural Design and Research Institute of Tsinghua University CO. LTD., breeder farm located in Jilin province introduced efficient Dutch farm management technology, whilst the farms located in Hebei and Henan provinces introduced Danish breeding management system. All newly-built and under-construction projects have been equipped with advanced production technique and equipment. In particular, the Company has carefully designed the bio-safety systems for farms. Through automatic and information-based means such as smart feeding system, environmental control equipment and production management software, the intelligent hog raising system has been established to realize a hog raising model based on equipment, environment and information, so as to create a comfortable growth environment for animals and improve production efficiency.

b. All-round operation:

In terms of genetic selection and breeding: The Company introduces high-quality breeders with French, American and Danish gene to match different business areas to provide parent stock with pure blood and clear pedigree, truly grasps the source to supply excellent breeders, commercial piglets and finishers to enhance the Company's core competitiveness in the field of hog raising, which is conducive to forge the synergy effect among hog raising business with feed and other businesses.

In terms of nutrition and supply: Relying on Europe's technical practices and self-accumulated experiences in swine feed technology and hog industry, the Company has launched a system-wide database to dynamically formulate nutrition for animals. The Company, according to data and conditions of raw materials and hog markets, timely and dynamically adjusts diet nutrition, feed processing technique and product portfolios to realize tailor-made nutrition, accurate production and precise feeding, as well as to reduce operating cost, improve production performance and provide marketable hogs. Moreover, the Company has established antibiotic-free nutrition system and successfully changed all

swine feed to antibiotic free (referred to as ABF hereof).

In terms of bio-safety prevention: Relying on well-designed bio-safety control system, all the Company's farms have been strictly equipped with bio-safety facilities and equipment, applied corresponding quarantine and blocking schemes for the areas with different safety level in the farm, meanwhile, all the farms are continuously optimizing and upgrading related facilities. Besides, a professional team has been set up outside each farm to conduct off-site bio-safety work, especially for breeder farm (there should be no other farms within at least 3 kilometers). In the meantime, the Company has established a diagnostic system for ASF by fluorogenic quantitative PCR and implemented monitoring and early warning of risk points through real-time patrol inspection by bio-safety supervision department and engineering department to ensure farm safety. In addition, the Company regularly trains the staff in the farms about bio-safety principles and daily operation details, and continuously improves the safety awareness of all staff via various means such as job rotation and inspection notification.

In terms of feeding management: The Company's farms adopt benchmarking management to enhance internal operation and reduce costs in the aspect of bio-safety prevention, production performance, equipment and facilities, etc. At the same time, the farms analyze key indicators related to production and other data through internal management system to immediately adjust diet, micro-environment control, immune health care and herd structure to ensure orderly feeding management.

II. Core Competitiveness Analysis within the Reporting Period

Core competitiveness of the Company lies in a highly educated, loyal and stable management team, rationally planned and steady-development based business strategy, increasingly matured and competitive business distribution, systematic, scientific and unceasingly innovated technology system, constantly enhanced and full-fledged Wellhope Brand, development-oriented and strongly rooted corporate culture.

1. Highly educated, loyal and stable management team

Talents are the primary resources and the core competitiveness of the Company. The management team, led by seven founders, are highly educated with professional background. They have deep insights into the Company's core value and corporate culture. They have been united, stable and always fighting in the front line of business operation

with strong cohesion. The seven founders, who are praised as "Seven Pioneers of the Industry", always hold together and fight together, the high solidarity of the start-up shareholders has become the Company's most significant competitiveness, whilst "Unity is Power" is also part of the core culture. Almost all the middle and senior managers are internally selected and cultivated by the Company, the core members have been granted with many forms of medium and long-term incentives, they have strong sense of ownership and devote themselves to the sustainable development of the Company. For the past 25 years, the management team has maintained high stability, almost none of the chief director and higher-level managers leave the Company. In regard of over 100 general managers, besides those who are adjusted due to substandard performance, few of them quit the job. 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, highly recognize the corporate culture and have become the backbone force of the management team. The Company also attaches great importance to the continuous learning and ability improvement of these managers, providing them with different training programs, including Executive Development Program, Leadership Training Camp, etc., which include strict training, appraisal rules and opportunities for managers to study from some leading companies at home and abroad so as to expand their horizons for further progress. The main reason that causes the failure of some domestic companies has been the "unstable and disunited management team". In contrast, the highly educated, loyal and stable management team is one of our core competitiveness, boost the Company's having confidence to move forward.

Continuous talent growth and supply can be attributed to the advanced human resource policy. In terms of talent introduction, the Company always adheres to the principle of high-standard recruitment and upholds the core culture of "knowledge is power, unity is strength". In terms of talent training, the Company formulates progressive and dual-channel training system according to its strategic goals and the needs of staff's career development to help them to grow. In terms of talent incentives, the Company continuously improves and optimizes the remuneration policy, providing a fair, just and merit-based environment for rewarding employees. It also conducts separate performance

appraisal system for the sales team and administrative departments to keep the team dynamic. At the same time, driven by the principle of "sharing bumper harvest", the Company shares its development achievements with managers in various ways, such as holding shares in parent company and subsidiaries, profit sharing and elasticity welfare. In 2018, the Company carried out share incentive program, where 372 core talents were granted restricted shares. Through this program, the interests of Company, shareholders and key-employees have been combined to ensure the sustainable and stable development of the Company and ultimately achieve mutual benefits for all. In the meantime, the Company has been echeloning its talents team based on corporation strategic to build a more competitive and sustainable team to realize its long-term goal.

2. Rationally planned and steady-development based business strategy

Based on in-depth understanding of domestic and global politics, economies and industries trends, the Company has always attached great importance to its sustainable development and risk control, focused on operation quality and investment return of new projects. Driven by a stable and conscientious attitude towards investment, the Company, with a goal of building to last, rationalizes its business layout and boosts expansion step by step instead of investing and expanding businesses rashly, to maintain the rationality and safety of industrial structures and to avoid all sorts of risks.

Rationally planned and steady-development based business strategy reflects in the following aspects:

a. Business divisions

Starting from premix business, the Company has been dedicated to expanding its feed business over the years, at present it has become one of the top 10 commercial feed producers nationwide. In 2008, the Company entered broiler integration business after strategic considerations. After 12 years of efforts, the number of broilers slaughtered by the Company's holding and associated entities has been standing in the forefront of the white feather broiler industry, with its management and key technical indicators ranking the top both at home and abroad. In 2018, under the considerations of seizing market opportunities and controlling operating risks, the Company decided to take hog raising as a strategic business after careful evaluations and investigations. Since then, it has been faster forming the core competitive of this business through talents cultivation, practice

accumulation and cooperating with leading companies. Meanwhile, in the year 2018, the Company further confirmed its development strategy in the next ten years, i.e., whilst unceasingly expanding feed business, it would further boost broiler and hog integration businesses to create an operation model powered by these two complementary engines. Such business layout with high risk hedging will not lead the Company to the woes and ebbs due to tremendous blow or sharp downturn suffered by one of the businesses.

b. Operation model

The Company has gradually formed a value chain with high competitiveness and capability of withstanding risk in the fields of feed production and selling, animal raising, slaughtering and further processing, which enables all business divisions to connect closely, 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 complicated and changing economy.

c. Market expansion

Instead of rapidly expanding nationwide markets supported by the success of feed business in Northeast regions and broiler integration business, the Company, with rich experiences in market expanding, insists on exploring new markets based on overall analysis and investigations, entering the markets step by step in Northeast, Northern China, Henan, Shandong provinces and other areas, always moves forward steadily and pursues asset-light operation, making much account of operation efficiency and returns on investment.

d. Product mix

The Company has a full range of feed products. The sales volume and development of swine, poultry, ruminant and aquatic feed products have achieved great achievements respectively, which could avoid operational risks caused by diseases in animals or other circumstances.

e. Financial risk control

The Company always attaches great importance to financial risk control. Since going public, it has gradually improved internal control system, regulated corporate governance and enhanced the awareness of risk control to avoid financial risks. The Company takes a vertical management in finance, managing loans, cashes and guarantee policies in a

centralized manner to improve capital usage efficiency, lower capital costs and ensure capital safety. Meanwhile, it effectively controls liabilities and financial costs according to economic circumstances, industry development and internal operations. The asset-to-liability ratio was 32.31% at the end of reporting period. Due to outstanding operating indicators and risk control, the Company was rated as one of the Top 50 Financial Health Companies listed on the main board market by the Data, a new media platform of China's Securities Times, only three enterprises involved in agriculture and animal husbandry industries were selected. Entering 2020, corporate risk control becomes critically important especially under the complicated political and economy caused by COVID-19. Thus, the Company will further improve its risk control whilst maintain stable operation.

3. Increasingly matured and competitive business distribution

The advantages of the Company's business distribution mainly reflect in geographical location and business portfolio.

a. Geographical location

The head office of the Company is located in Shenyang of Liaoning province, with its main businesses mainly distributing in Northern China, especially in the Northeast regions. Northeast China is a potential growth area for animal husbandry designated by the government, where is suitable for agricultural companies to expand business supported by its high-quality raw materials, mild climates, low raising density and relatively low human resource costs. For instance, corn produced by Northeast region, featured by high bulk density, low toxicity and low moisture, enables the Company to reduce purchasing costs whilst ensuring feed product quality. Meanwhile, white feather broiler production of Liaoning, Jilin, Henan, Hebei and Shandong provinces, where the Company's broiler integration business mainly distributed 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 good basis for broiler raising and more mature marketing system. Moreover, the Company actively explores overseas markets in answering the call of "the Belt and Road Initiative", building plants in the Philippines, Indonesia and Nepal, where animal husbandry develops well with high potential.

b. Business portfolio

Centered on agricultural and animal husbandry industries, the Company adopts the layout strategy of "diversification and integration" to constantly optimize its business portfolio, which has increasingly heightened its capacity of risk withstanding and sustained profitability. In terms of diversification, the Company has been further expanding its feed business, whilst vigorously promoting its broiler and hog integration businesses, aiming to build an operation model powered by these two integrated businesses. The staggered fluctuations in broiler and hog industries can effectively weaken risks from cyclical swing and promote information sharing and synergy effects among the Company's different business divisions. In terms of integration, both from seeing the history of companies in agriculture and animal husbandry industries in developed countries and seeing China's rapidly changing industrial landscape, the integrated business model is the inevitable direction for domestic companies that are active in these two industries. After years of development in the raw materials trading, feed, animal raising, slaughtering, further processing and food businesses, the Company has basically formed a value chain with competitiveness and risk prevention, meantime, it is gradually perfecting the supporting capability of each business segment in the chain, whilst constantly standardizing and optimizing know-how and operation system to further enhance the synergy effect among them.

4. Systematic, scientific and unceasingly innovative R&D system

The Company's R&D system always lives up to the mission of "using advanced technology, excellent service and outstanding products to promote the development of China's livestock industry, conserving resources, protecting the environment, providing food security and benefiting the society". Driven by the market-oriented and customer-oriented principle and the goals of "safe products, stable quality, tailor-made nutrition and powering business performance", the R&D team is constantly innovating technology and developing new products.

a. Excellent R&D team

Relying on a relatively complete industrial chain, the Company has built a R&D team specialized in animal raising, product formulating, manufacturing and other technologies in the fields of feed, poultry, hog, biological feed additive, etc. Assisted by more than one

hundred masters, doctors, professors and senior experts who have profound knowledge and experiences, the R&D team has applied cutting-edge technology into practice to boost the Company's know-how improvement. Relying on powerfully technical strength, the Company has received national and local level of accreditations and honors, including National-recognized Enterprise Technology Center, National and Local Collaborative Engineering Research Center for New Biological Feed, Branch Center of Feed Processing of National Agricultural Product Processing, Comprehensive Trial Farm for National Hog Raising Industry Technology System, 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, the Company partnered with Royal De Heus, a centurial-old Dutch company. By drawing on its global reach, advanced technical resources, leading know-how and a century of management experience, the Company has made breakthroughs in safe and high quality feed, precise and efficient nutrition as well as ABF technology. The R&D teams of the two sides have maintained high-frequency exchanges, which enables the Company to keep abreast of the world's latest technologies. Meanwhile, by combining own 25-year's technology with the latest technology in the industry, the Company is committed to providing customers with high quality products and technical service, it has also established technical cooperation and other cooperative projects such as "Academician Workstation" and "Official Research Base for Postdoctoral Fellows".

c. Fruitful research achievements

In the first half of 2020, the Company has initiated over 40 research projects. By far 70 patents have been authorized, including 47 patents for invention. It also received two National Science and Technology Progress Awards, one National Technological Invention Award and nearly 20 Science and Technology Awards at provincial-level and ministerial-level. In the first half of the year, the Company led and participated in more than 10 sci-tech projects and setting national standards and group standards, including formulating 7 group standards for Concentrate Supplement with Co-Fermented Bacteria and Enzyme for Lactating Cow organized by Beijing Bio-feed Industry Technology Innovation Strategic Alliance. As an organizer, the Company undertook the major sci-tech

project of Liaoning province- Feed Quality and Safety Control and Low Protein Feed in 2019 to 2021 with other 8 companies. Meanwhile, the Company participated in related projects, including Jointly Building Chicken Net Energy Nutrition Technology System chaired by Professor Guo Yuming from China Agricultural University, and the Application of Fermented Feed for Piglet under Antibiotic-free Farming together with Zhejiang University. As the leading organizer, the project of Research and Promotion of Energy-saving and Eco-friendly Animal Feed won the second prize of Science and Technology Award of Liaoning province, the project of the Establishment and Application of Swine Intestinal Homeostasis Nutrition Technology System cooperated with Professor Zheng Xin from Jilin Agricultural University, has been approved by the re-examination of the first prize of Jilin Province Science and Technology Progress Award. Moreover, the R & D team successfully screened and designed a series of high cost-effective antibiotic-free feed formula solutions, which had been fully applied before the end of June, showing stable performance in the farms and being well received by customers.

Along with continuously improved nutrition technologies and farming programs, related technologies in the field of broiler and hog integration businesses have been becoming increasingly mature. Through researches on nutrition strategy, feed processing and feeding program, the growth performance and slaughtering performance of animals have been further improved, which maximized the value of single animal.

d. Top-class testing ability and database

The Company's R&D and testing center has been accredited as National Laboratory by CNAS (China National Accreditation Service for Conformity Assessment), equipped with advanced testing equipment and composed of three types of testing rooms in terms of physics and chemistry, microbiology and precision instruments. From micro to macro, the testing center is able to secure quality in every step. The Company has become one of the first companies capable of testing prohibited additives. As a national key laboratory, its test results can be recognized in 60 countries or regions around the world. Meanwhile, the Company has established own raw material database and shares data resources of the Dutch partner, using regression equations to calculate the energy dynamics of raw material, whilst basing on animal's growth performance and feed intake to precisely formulate nutrition with lowest cost to achieve the best cost-effective.

5. Constantly enhanced and full-fledged Wellhope Brand

The Company has successfully established its product and corporate brand in domestic agriculture and animal husbandry industries over the past 25 years. As related industries keep evolving, its brand effect will be further highlighted.

a. Product brand

Over the years, relying on leading-edge technology, high quality products and continuously improved customer service, the Company's brand has been widely recognized and trusted by customers. With the outbreak of ASF, the demand of products with high nutrition and immunization rose, moreover, high pork price fueled the need of products with high yield and fast weight-gain. In the first half of 2020, the Company's swine feed realized a year-on-year growth rate of 61%, such explosive growth could prove the products' high quality, R&D strength and market recognition. Meanwhile, the brand "Wellhope" has been 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, etc. In 2019, the Company won the Liaoning Governor's Quality Award for its excellent business management and product strength.

b. Corporate brand

Driven by the core values of "Integrity, Responsibility, Win-Win", some of the Company's businesses are joint ventures with partners, it has been working together with many partners for more than 10 or even 20 years, including a 14-year's good relationship with Royal De Heus. These successful cases of cooperation can adequately prove that "Wellhope", as a corporate brand, has been well recognized and trusted by its partners. Meanwhile, the strength of the Company's brand can also be proved by long-term strategic partnerships with some multinational and domestic suppliers, by financial institutions granting loans on credit due to our good reputation. As an employer brand, "Wellhope" has been recognized and favored by employees as well as pursued by job seekers. In 2019, in the recommendation and selection of national model enterprise or industrial park with harmonious labor relations initiated by the Ministry of Human Resources and Social Security, the Company was awarded as "National Model Enterprise with Harmonious Labor Relations", commended by the National Tripartite Evaluation and

Commendation Office, it was also awarded as the "Best Employer" again by Zhaopin.com. Meanwhile, the Company's online recruitment and "Wellhope Cup" research paper contest held in the first half of 2020 displayed the strength of its employer brand.

6. Development-oriented and deeply rooted corporate culture

After 25 years of development, the Company has formed development-oriented and widely recognized corporate value, among which, the core value of "Integrity, Responsibility, Win-Win" and the management culture of "Innovation, Efficiency, Self-Discipline", have been deeply entrenched in the thinking and behaviors of employees. The core culture, represented by Wellhope Vision, declared at the very beginning of establishment, which is mainly described as "Always put customers' needs first and constantly work on new products, never follow the beaten path, always conduct business honestly, always aim to provide value to our society and to maintain sustained growth through technology, innovation and creative work", and by Wellhope Mission, described as "Save resources, protect the environment, provide food security and benefit the society", has become the basic principle of business operation of the Company and powers its further progresses.

In the aspect of publicizing and implementing corporate culture in 2020, the Company aims to further implement its culture into practice and combine the implementation with performance appraisal, making culture integrate with the operation of each business line. It is planned to hold 4 times of live streaming with the theme of "Telling Stories Experienced in Wellhope", 40 employees and managers have been invited to tell stories by their side. The first session attracted 110,000 viewers, which vigorously publicized Wellhope culture. Meanwhile, the Company ushers in its 25th anniversary in 2020, it will utilize this opportunity to carry out a number of culture promotion activities, including brand and marketing promotion competition, physical fitness programs involving all our people, job skill competition, essay writing, photography, calligraphy and painting activities, etc., to enrich staff's leisure life and display their strengths. Moreover, its Corporate Code of Conduct will be launched in the second half year, which will integrate the practice of core values with all staff's performance appraisal.

In the face of COVID-19 in 2020, the Company is one of the first agricultural enterprises to resume work. In order to maintain operations and meet customer's demand, many

managers and employees overcame difficulties to actively return to work, doing their best to organize production and ensure supply. Their devotions and passions touched our staff deeply. The Company, together with managers and employees, donated more than RMB 12 million of materials and money for pandemic control. All these stems from the strength of the Company's culture, the sense of mission and responsibility as well as the love for the Company. The history of the Company fully proves that each time when Wellhope faces difficulties and trials, the corporate culture assists it to defeat hard time and to soar to broader horizons.

Section IV Business Operations Analysis

I. Overview

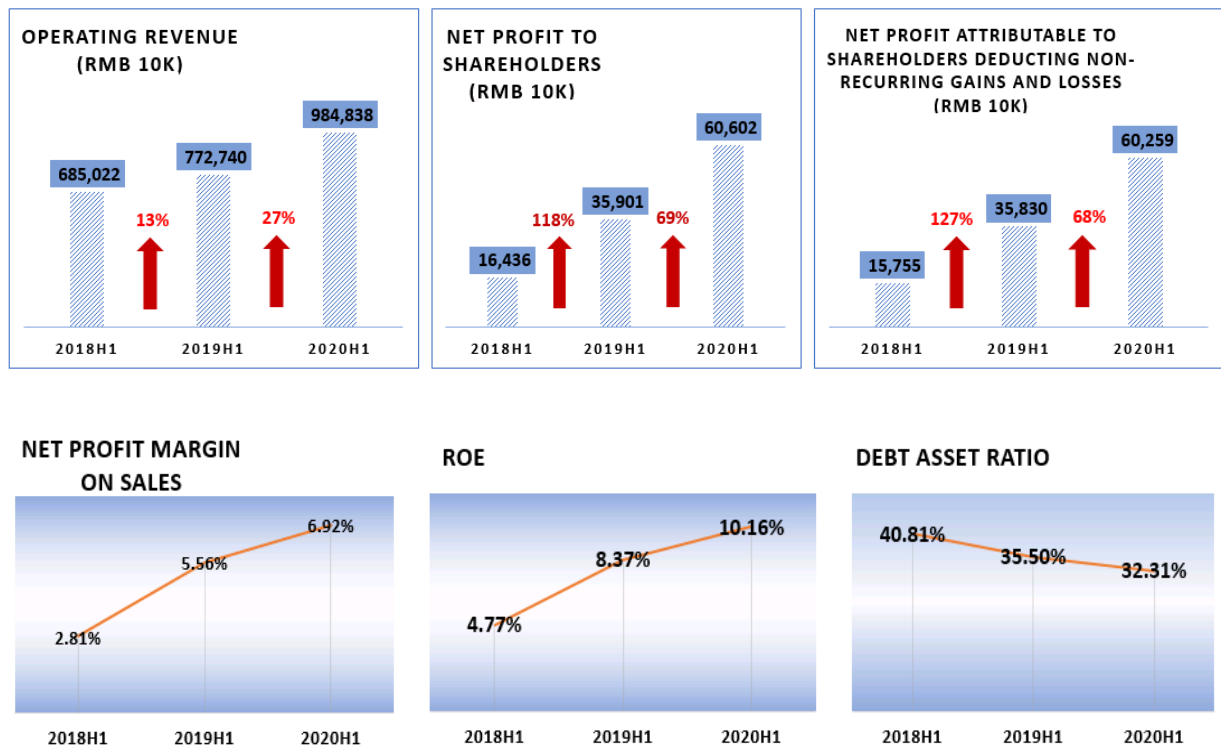
In the first half of 2020, worldwide spread of the COVID-19 pandemic has hit global economy particularly hard; the Sino-US relationship continued to deteriorate, whilst the political and economic situation became extremely complicated; the ASF situation remained severe due to the impact of heavy precipitation in the south China. Pressured by COVID-19, globally economic downturn and ASF, the Company did a good job in pandemic prevention and at the same time fully implemented its business strategy that focused on three pillar business divisions in terms of feed and feed raw materials trade, broiler integration and hog raising, fully captured market changes and opportunities. While expanding feed business, it vigorously promoted white feather broiler integration and hog raising businesses. Relying on fully leveraging its strengths including brand, technology, R&D, marketing innovation and other aspects, the Company achieved high-quality and fast development in all business divisions, showing strong profitability and capability of withstanding risk. The Company's operating revenue and net profit attributable to shareholders have continued to grow for six consecutive years with record highs, and it was shortlisted into the Fortune China 500 in 2020.

1. Business highlight

During the reporting period, the Company realized an operating revenue of RMB 9.848 billion with a year-on-year growth rate of 27.45%. Pre-tax profit reached RMB 762 million with a year-on-year growth rate of 65.25%, net profit attributable to the shareholders of the Company reached RMB 606 million, net profit attributable to the shareholders deducting non-recurring items reached RMB 603 million, respectively increased by 68.80% and 68.18% compared with the corresponding period of prior year. The weighted average return on equity reached 10.16%, net profit margin on sales reached 6.92% and comprehensive gross margin reached 10.58%, increased by 1.79 percentage points, 1.36 percentage points and 0.98 percentage points respectively over the same period prior year. Meanwhile, the period expense ratio decreased from 5.65% in the same period of prior year to current 4.15%. At the end of the reporting period, the Company's debt asset ratio was 32.31%, which has been lowered 40% since going public.

The main accounting data and financial indicators of the Company in the last three years

(2018-2020) from January to June present as follows:



2. Business review

A. Feed business

In the first half of 2020, the Company fully leveraged its strengths as a leading player in terms of brand image and technology advantages to increase market exploration and continuously improve online and offline services, which have significantly heightened customer stickiness and market reach. Meanwhile, by constantly improved production efficiency and operating costs, the period expense ratio decreased by nearly 3 percentage points. During the reporting period, the Company's feed business realized a sales revenue of RMB 5.074 billion with a year-on-year increase of 50%.

Feed sales volume of the Company amounted to 1.64 million tons, increased by 41.96% compared with the same period of prior year. From the perspective of varieties, swine feed increased by 61%, among which high gross margin products in terms of creep feed, piglet feed in the nursery period and sow feed in the lactation period grew 76%, weaning piglet feed rose 72%, the percentage of these two kinds of feed respectively accounted for 26% and 50% of swine feed. Poultry feed increased by 38.61%, whilst ruminant feed grew 25.41%, among which beef cattle and mutton sheep feed increased by 62%. Aquatic

products increased by 7.61%. From the perspective of categories, compound feed realized a year-on-year growth rate of 43% and concentrated feed increased by 39%. From the perspective of regions, sales volume contributed by the regions in Northeast China increased by 51%, swine feed of which grew 102%, whilst the sales volume contributed by the regions in East, North, Central, South, Southwest and Northwest China rose by 46%. Overall, the Company's feed business in the first half year showed explosive growth, all the feed varieties realized progresses, especially for swine feed, which achieved a growth rate far beyond the average level of the industry.

Feed sales volume in January-June 2020:

Item	Jan.-Jun. 2020 (10k tons)	Jan.-Jun. 2019 (10k tons)	Year-on-Year Change
Swine feed	61.23	38.03	61.00%
Poultry feed	69.36	50.04	38.61%
Ruminant feed	26.11	20.82	25.41%
Aquatic feed	6.22	5.78	7.61%
Other feed	1.17	0.93	25.81%
Total	164.09	115.59	41.96%

a. Technology powers progress deeply, researches on antibiotic-free early

Facing the changing market and the new era of ABF, the Company actively upgraded and innovated products to constantly meet market demand. In response to ASF, it has successfully developed the line of products named "Wellhope Immune Nutrition", which have received higher recognition by farmers, whilst under the backdrop of historically higher hog prices, the Company has launched high-yielding and fast-growing products, also developed extra-large swine feed to meet the demand of raising over 120kg hogs in some areas, as well as upgraded fermented feed, etc., these marketable high quality products has won the favor of customers and gained the increase of market share. In terms of antibiotic-free feed, relying on leading technical team and research strength as well as by absorbing practices of De Heus, the Company has conducted unceasing explorations and hundreds' times of trials regarding ABF, by the end of June 2020, all products have been upgraded to antibiotic-free feed, all ABF schemes have been stable and received good feedback, which have further enhanced product competence.

b. Implement precision marketing and innovate customer service system

The Company has always paid close attention to customers and markets, implemented precision marketing strategies to constantly meet customers' personalized demands on products and services, which have enhanced its service and brand influence and significantly strengthened customer stickiness. For example, through in-depth cooperation with hog farms, bio-tech companies, insurance companies and other third parties, the Company provided customers with "one-stop" services, also timely adjusted the organizational structure of sales system, upgraded terminal service and marketing system to center on the key market and large-scale customers, as well as increased the promotion of new products and high-margin products.....In addition to precision marketing, the Company constantly innovated its customer service by strengthening online marketing and customer service, actively promoted marketing and service via live streaming, short video, WeChat and other tools. In the meantime, the Company has built online service platforms, which guided farmers by launching market analysis, management skills and solutions to epidemic prevention as well as online Q&A. Furthermore, its experts' team also organized online trainings for end customers, which have gained good recognitions.

c. Guarantee production and supply and capture market opportunities

After the outbreak of COVID-19, although facing the pressures in terms of labor shortage, panic buying of feed, dramatic increase in orders and traffic control, etc., the Company's feed plants resumed work quickly and all staff were dedicated to guaranteeing product manufacture and supply. In terms of purchasing, the Company gave full play to its advantages of large-scale purchasing and strategic partnership with suppliers, overcame difficulties to retain stable supply of raw materials while obtaining more competitive purchasing costs.

d. Enlarge production capacity and quicken market layout

To seize market opportunities to improve market reach and further expand feed business, the Company has vigorously upgraded feed manufacture equipment and warehouses to enlarge production capacity, also launched some new feed projects distributed in the provinces of Hainan, Shanxi, Shandong, Jiangxi, Hunan and other regions through self-built, mergers and acquisitions, leasing and OEM to speed up production capacity and market distribution, which has laid foundation for the rapid expansion of feed business.

B. Broiler integration business

COVID-19 caused a sluggish domestic consumer demand that blocked sales channels, which greatly hit white feather broiler market. In respond to this, on the premise of ensuring the safety of employees, the Company resumed work quickly, steadily boosted business development. Although the operation performance of broiler integration business declined in the short term, it has been still one of the big contributors towards the Company's final profit, meanwhile, the core competence of broiler integration business has been constantly enhancing.

a. Accurately grasp market direction, scientifically and reasonably adjust production capacity

In the first half year, the production capacity of breeders was expanded rapidly, which made the inventories of grandparent and parent stocks rise to high levels. In view of this, the Company moderately slowed down the construction progress of breeder farms, whilst strengthened existing farms' inside operation and improved growth performance of breeders to ensure the quality of day old chicks. For commercial broiler raising and slaughtering businesses, the Company chased short-term profit and long-term planning, steadily expanded production capacity in the provinces of Henan, Hebei and Shandong, etc. For food processing business, it rapidly developed new products to increase the sales volume, whilst vigorously explored domestic and foreign markets to unswervingly expand production and supply. From January to June 2020, the Company's holding and associated entities raised 257 million broilers with a year-on-year growth rate of 35%, totally slaughtered 265 million broilers, increased by 18%; produced 0.71 million tons of broiler parts products and 7,659 tons of prepared and cooked food, respectively rose by 26% and 28%.

b. Continue to deepen lean management, focus on strengthening team building

In the context of the downturn of white feather broiler industry, the Company continuously deepened lean management in its broiler integration business, rationally reduced expenses and maintained efficient and smooth operation of each sector in the industrial chain. In terms of broiler raising, the Company took measures in certain aspects in terms of day old chick, feed production, animal health product and equipment to constantly improve the growth performance of commercial broiler and further heighten

automation. In terms of slaughtering, the Company continued to pay close attention to production efficiency to reduce operating costs and strengthen management quality, whilst it made efforts to improve the production capability of new projects to achieve profitability as soon as possible. In terms of finance, it strictly managed accounts receivable, reasonably arranged capital expenditure and quickened the inventory turnover to ensure enough cash flow. While strengthening internal management, the Company gave full play to its brand influence to actively absorb talents, optimized selection and training system, broadened talents reserve and echeloned talents team. As a result, the corporate culture has become increasingly rooted in staff's behaviors with continuously enhanced team cohesion.

c. Actively optimize marketing strategy, firmly promote food strategy

After the COVID-19 outbreak, domestic consumption was suppressed, whilst chicken demand fell. The Company responded quickly and courageously by vigorously expanding new sales channels to further explore domestic market, constantly optimizing product mix, developing new cost-effective product portfolio and persisting in cultivating excellent dealers and continuously improving their loyalty. At the same time, it continued to unswervingly promote food business strategy. Relying on the advantage of raw materials, utilizing multi-brand business model to rapidly develop domestic and foreign sales channels, expand sales volume and strive to improve the percentage of prepared food and high-value products as well as the export business, thus further improving the ecological niche. Influenced by the pandemic, foreign cooked food market also suffered great losses, the Company insisted on strict product quality, speeded up exploring foreign new customers and rapidly researched on new products according to new needs. Meanwhile, it dynamically adjusted production capacity and rapidly entered new channels to seize market share. From January to June 2020, the Company exported 1,442 tons of cooked food with a year-on-year growth rate of 83%.

C. Hog raising business

During the reporting period, each unit of the Company's hog raising business further strengthened prevention of ASF and COVID-19, seized market opportunities on the premise of ensuring safe production, took certain measures to constantly form the core competitiveness of hog raising business, including quickening business distribution,

attracting talents and heightening operation, etc.

a. Speed up hog raising strategy, all projects move forward together

In line with hog raising strategy, the Company, overcame many difficulties and captured market opportunities in terms of tight hog supply and higher hog prices to vigorously promote the increase of new production capacity contributed by existing hog projects, also strengthened internal operation to lower costs and increase efficiency. Meanwhile through constantly improved swinery structure and raising technology, some of its performance indicators, such as fattening period and feed-weight ratio, have reached advanced level nationwide. Meanwhile, the Company also made efforts to boost business in Central, East and North China, some newly-built projects located in the cities of Linzhou, Luoyang, Tongxu and Anhui province, etc., have been put into operation. Moreover, it quickened to increase production capacity by asset-light strategy in terms of cooperation, leasing and synchronizing breeder raising with farm construction. For the projects in Northeast China, the first phase of Fushun Shangnian breeder farm has been fully operated, its related production indexes have reached the first-class level in China; Fushun Guanmenshan breeder farm will sell piglets in August; Jilin Wellhope breeder base was rated as a Demonstration Farm of Jilin Modern Hog Industry by Jilin Animal Husbandry Bureau in March and began to sell piglets in July. In the first half year, hogs delivered by the Company's holding and associated entities amounted to 212,500 heads, including 63,200 heads of finisher, 114,900 heads of piglet (68,300 head sold inside the Company, 46,600 heads sold to the market) and 34,400 heads of breeders, increased by more than 30% over a year earlier. Benefiting from higher hog prices, hog raising business contributed a big part to the Company's profit.

Furthermore, the Company launched or planned breeder farms and finisher farms with different scales in Hebei, Henan, Southern Anhui, etc., also continuously developed suitable areas for hog raising during the reporting period. By doing this, the Company aims to rapidly increase the production capacity of breeders and enhance independent fattening. Besides, it also vigorously promoted the progress of new projects in Northeast China. Liaoning Lingyuan breeder farm began to construct in April, expected to be completed by the end of the year. New farms with different scales in Jilin province are expected to be put into use in the second half year. Hog integration project cooperated

with Aohan Banner people's government that will deliver 500,000 heads of hogs per year is expected to build in August this year. By the end of June, the Company's inventories of sow reached 54,000 heads, over 5 times increase compared with the same period of prior year, and it is expected to stock more than 60,000 heads of sows by the end of the year (holding and associated companies included).

b. Strictly prevent epidemics to ensure production safety

Along with doing good job of preventing epidemics, the Company increased input in bio-safety control, continuously upgraded equipment and facilities to further safeguard farms. All the farms optimized bio-safety control system and operation procedures as well as carried out all-round supervision through cameras, patrol inspection and other means. At the same time, the farm's decontamination centers strictly set up a three-level system to comprehensively clean vehicles and materials close to the farm, whilst the professional testing center conducted defensive tests inside and outside the farm to ensure production safety. The Company has also continuously improved its support for contract farms about epidemic prevention, provided them comprehensive guidance and services, such as equipment optimizing, safe material supply, herd management, feeding program, ASF monitoring and professional support teams, to support farmers raise hogs safely in closed environment.

c. Enter hog slaughtering and further processing to complete the value chain

Chifeng Wellhope Fuxinyuan Slaughtering Company, a holding entity of the Company, actively expanded distribution channels, its hog parts products have been mainly sold to different channels, universities, enterprises and first-tier cities, etc. Meanwhile, this company also has been storing national reserved meat. In addition, the Company has continuously broadened its value chain. It is going to build a hog slaughtering and further processing project in Anhui province, which is expected to start construction in August. Through entering slaughtering and food processing, the Company's hog integration chain will be further improved to heighten risk resistance and stabilize profit contribution.

d. Strengthen expertise improvement and talents reserve to promote the sustainable development

The Company further strengthened professional knowledge trainings in the field of bio-safety, breeding system and feeding program by video conference and external

exchanges. Meanwhile, based on breeder farms located in different areas, the Company cultivated talents to its hog farms also reserved excellent talents via internal selection and external recruitments, etc. In terms of talent incentive, it continued to optimize the performance appraisal mechanism and tried to innovate the incentive model of hog integration to attract and retain talents rapidly under the favorable situation of hog business.

D. Feed raw material trade

Benefited from market quotation and IT application, the Company's trade business achieved a substantial growth. Feed raw materials presented a short supply in the first half of this year caused by certain factors, such as, those raw material producers resumed work slowly, feed producers expanded production capacity, whilst imported raw materials represented by fish meal were lack of supply, etc. Together these reasons drove up the prices of raw materials. The Company seized these market opportunities and achieved a significant growth in feed raw materials trade business. In terms of animal health product, the Company, as the agent of top brand animal health products both domestic and overseas, realized a year-on-year growth rate of over 30% in this business supported by a high prosperous market of high-end animal health products in the first half year. While enjoying the favorable market, the Company leveraged the advantages of IT application platform to timely and accurately analyze data and research on market, conduct forward-looking analysis and accurate marketing management, which has made the operation of the Company's trading business safer and more efficient and further amplified the profitability.

3. Technology Innovation

In the first half of 2020, regardless of the pressures from market demands and competitions, such as the sporadic outbreak of ASF and ban of antibiotics in feed, the Company's R&D team has further enhanced the competitiveness of products and on-site farming technology by selecting new raw materials, applying new technologies and optimizing formulation. Meanwhile, the Company has proactively established a new antibiotic-free system and popularized the application of antibiotic-free achievements to strengthen marketing and create values.

A. Well prepared to step into the new era of antibiotic free confidently

Feed industry has been in the new era of antibiotic free since July 2020. By adhering to the mission of "protecting environment, providing food security and benefiting the society", the Company has been preparing and researching on antibiotic-free feed for a long time and carried out more than 100 experiments from 2013 and 2019 based on own technology accumulation and practices of the partner Royal De Heus.

Feeds for layers in laying period, ruminants, duck and aquaculture have been already antibiotic free for a time and feed for white feather broiler has realized antibiotic free for three years. Whilst in the past two years, the Company has done a lot of trials in order to guarantee the effectiveness of antibiotic-free feed for swine. For this purpose, it paid attention to the selectiveness of feedstuffs, feed formulation design, feed processing technology and evaluation of feed additives. In the first half of 2020, the R&D team actively transformed the achievements of ABF into the field of swine feed, established the Wellhope's technical system of "antibiotic-free nutrition", and made multiple technical schemes for cost-effective antibiotic-free feed formulation. The Company also applied related products in the trial farms and some regional markets, which have been proved to reach the goal of balanced nutrition, stability, easy digestibility, healthy animal bodies, strong immunity and anti-stress capacity, thus the Company has successfully achieved ABF for all series of swine feed products. By the end of June 2020, Wellhope has ungraded all products to ABF, which have realized constant growth performance and good customer feedback.

B. Dedicate to heightening R&D to improve products competitiveness

a. Swine feed: The Company strengthened those targeted products, such as fast-growing feed and extra-large swine feed (over 120kg), to meet the needs of customers quickly. At the same time, the new antibiotic-free products such as bio-fermented feed have been developed to facilitate the successfully transition of antibiotic-free feed on the farm and enhanced the health of herds; Meanwhile, the Company has established the nutrition standards and feeding strategies for swine with different strains and optimized the mix and quality of high value products, which boosted the significant growth of the sales volume of piglet feed in the nursery phase.

b. Broiler feed: The Company continued to increase the input in the researches on

broiler diet and nutrition selection, also boosted the application of feeding model as pellet-powder-pellet, focused on improving broiler's growth performance and slaughtering quality, which maintained the technical advantages of broiler feed.

c. Layer feed: The Company constantly improved the manufacturing technique and performance of fermented feed to further improve the economic benefits of farmers, also enlarged the development of fermented feed for quail and goose. Meanwhile, the Company has been dedicated to creating organic Wellhope brand eggs, at present, it has launched lutein eggs, selenium-enriched eggs, DHA eggs and other functional eggs, which laid a foundation for developing layer integration business.

d. Ruminant feed: The Company designed anti-stress solutions for lamb during the transition period, which helped the lambs more easily adapt to the mode of being fed ad libitum. This technology obviously prevented the occurrence of diarrhea and decreased the mortality and thus increased the profit of finishing lamb in general. Meanwhile the compound feeds for lambs and calves were also developed with the aim to better the performance of young animals. The occurrence of kidney stone in lamb finishing has been decreased to be lower than 1% by improving the compound through animal feeding experiments on farm. This was very helpful to gain more profit for lamb finishing. For dairy feed, the new compound was designed for the fresh cows according to the starch plus sugar concept, which was proved to increase the daily milk production by 1 to 2 kg and help to stabilize the rumen pH value by lower starch content and to improve the health of cows and as a result to longer the duration of lactation peak and milk production as well as height body health.

e. Aquatic feed: The Company developed high-quality fingerling fish feed and designed the programs of animal health products to improve the livability of fry and the economic benefits of aquaculture. At the same time, utilizing own technical advantages and applications in the fermented feed, the Company launched fermented aquatic feed to improve the intestinal health of animals and the water quality of the pond; it also upgraded special aquatic feeds continuously and determined the nutrition standard and formula model for different varieties under different farming modes, meanwhile, with the upgrading of equipment and technology, the difficulties in the growth, stimulating feeding and processing of special aquatic feeds have been solved.

C. Constantly upgrade raising techniques to strengthen the competitiveness of the Company

a. Broiler raising techniques

In the broiler farms, the Company continued to improve the nutrition programs for breeders and the bio-safety to comprehensively enhance the performance of commercial day old chicks. Through continuously improved on-site raising management and scientific feeding mode, feed conversion ratio and animal growth potentiality have effectively increased with reduced mortality and culling rate. Meanwhile, the Company has made dramatic breakthroughs in raising broilers via cage. The automatic micro-environmental control technology and the broiler growth performance have reached national top level; the original ventilation mode and solar energy technology reduced air pollution. In addition, the Company cooperated with numerous universities and research institutes. By means of the necropsy, laboratory diagnosis and drug sensitivity test, veterinarians can detect and treat diseases in time. Relying on the guideline of the complete bio-safety system, company-owned farms and contract farms have fulfilled strict measures in terms of disinfection, vaccination, quarantine, etc., to guarantee that the broilers can have a good performance.

b. Hog raising techniques

The Company has established a high-efficiency and dynamic management system for the whole process of hog raising, which integrated the dynamic formula nutrition technology, large-scale feeding technology and full-system database of hog raising. At present, it has created a "3-stage" gilt feeding mode and a "5430" high-efficient and grain-saving feeding mode for the sows and piglet, and "7-stage" feeding mode for growing-finishing hog, and continuously provided company-owned farms and contract farms with systematically nutritional management programs through data collection and analysis, effect tracking, etc. By far, the Company has established a database platform for fattening hogs, formed more than 20 standard documents, rules and regulations, management plans, etc., and formulated 3 corporate standards, 1 set of feed product manuals, 1 set of new processing technology and 2 sets of new feeding modes, launched a new product specialized for extra-large pigs (over 120kg), applied for 1 invention patent, 1 scientific research project and published 10 papers.

D. Attract and reserve technical talents via multiple ways to improve the overall competitiveness of the technical team

The Company has continued to strengthen the attraction and reserve of key technical talents through a variety of methods. In the first half of the year, it recruited nearly 20 doctors and masters through various channels, meanwhile, it further strengthened trainings for R&D team through internal training, external communication and high-frequency technical communication with Royal De Heus, which enabled the Company to always keep eyes on the world's latest technological trends, research results and maintain its leading position of know how. In addition, the Company held "Wellhope Cup" postgraduate research paper competition to discover talents and excellent research directions and ideas, also to build a bridge between theoretical research and practice, promoting technological innovation and breakthroughs in the agriculture and animal husbandry industries.

II. Analysis of primary business

1. Analysis of related items in the financial statements

RMB

Item	January-June, 2020	January-June, 2019	Change %
Operating revenue	9,848,379,852.28	7,727,400,004.75	27.45
Operating costs	8,806,688,412.71	6,985,820,614.94	26.07
Sales expenses	212,669,710.62	239,990,725.07	-11.38
Administrative expenses	134,081,626.60	126,915,965.17	5.65
Financial expenses	31,065,360.72	39,721,751.73	-21.79
R&D expenses	30,944,918.31	30,021,345.87	3.08
Net cash flow from operating activities	451,396,027.78	299,291,784.62	50.82
Net cash flow from investing activities	-611,726,432.66	-378,785,068.92	not applicable
Net cash flow from financing activities	261,794,505.53	679,776,007.24	-61.49

Explanation for the change of operating revenue: feed product sales revenue grew.

Explanation for the change of operating cost: feed product sales cost grew.

Explanation for the change of sales expenses: due to implement the new revenue standards, freight expenses of related products were adjusted to operating cost.

Explanation for the change of administrative expenses: the remuneration for managers grew.

Explanation for the change of financial expenses: interest on deposit increased and interest on borrowing decreased.

Explanation for the change of R&D expenses: expenses for R&D materials and instruments increased.

Explanation for the change of net cash flow from operating activities: cash received from sales of products increased compared to the same period of prior year.

Explanation for the change of net cash flow from investing activities: cash paid for investment and for acquiring and building fixed assets, intangible assets and other long-lived assets increased.

Explanation for the change of net cash flow from financing activities: cash paid for debt increased.

2. Assets and liabilities

RMB

Item	June 30, 2020	Percentage of total assets %	June 30, 2019	Percentage of total assets %	Year-on-year change %	Explanation
Trading financial assets	100,000,000.00	0.96	0.00	0.00	not applicable	purchases of structural deposits increased
Derivative financial assets	9,100,936.30	0.09	4,765,331.00	0.06	90.98	position of derivative financial assets increased
Long-term equity investment	2,214,383,039.93	21.20	1,540,743,547.03	18.52	43.72	investment for associated companies increase and the investment that calculated by equity method increased
Other equity instrument investment	12,949,647.74	0.12	4,547,809.52	0.05	184.74	Newly-increased other equity instrument investment in current period
Construction in progress	353,897,369.68	3.39	85,569,862.73	1.03	313.58	investment for swine and broiler houses increased
Biological assets	181,047,726.38	1.73	56,033,181.19	0.67	223.11	breeding swine increased
Other non-current assets	455,359,431.84	4.36	326,934,235.00	3.93	39.28	prepayment for long-lived assets and feeding fees of farmers increased
Payroll	57,573,512.62	0.55	39,828,932.27	0.48	44.55	employees' salary increased
Tax payable	58,151,031.99	0.56	30,041,321.29	0.36	93.57	corporate income tax payable increased
Non-current liabilities due within one year	93,200,042.05	0.89	56,374,186.31	0.68	65.32	long-term borrowings due within one year increased
Long-term borrowings	353,830,000.00	3.39	42,500,000.00	0.51	732.54	long-term borrowings increased
Long-term payables	66,953,833.28	0.64	16,845,833.40	0.20	297.45	finance lease increased
Deferred income	38,699,498.00	0.37	18,915,195.31	0.23	104.59	government grants related to assets increased
Deferred income tax liabilities	353,052.07	0.00	115,017.00	0.00	206.96	deferred income tax liabilities recognized on the basis of taxable temporary differences increased

3. Investment analysis

A. As at June 30, 2020, the balance of the Company's long-term equity investment recorded RMB 2.21 billion, increased by 6.97% compared with the end of prior year.

B. Financial assets measured at fair value

During the reporting period, the Company has financial assets that were measured at fair value and its changes recorded into current gains or losses. The income from the changes in fair value recorded RMB -1,265,439.00.

4. Main holding and associated companies

RMB 10k					
Company	Core business	Registered capital	Total assets	Net assets	Net profit
Shenyang Wellhope Ruminant Feed	Feed manufacture and selling	550.00	15,281.14	13,254.96	1,068.24
Beijing Sanyuan Wellhope Agri-Tech	Feed manufacture and selling	1,000.00	24,377.85	21,194.27	1,324.85
Dalian Heyuan Agri-Tech	Feed, breeding broiler, day old chick, broiler raising and slaughtering	10,000.00	144,444.39	83,682.88	5,546.01
Zhang Jiakou Jiahe Animal Husbandry	Hog raising, purchasing and selling	7,692.00	30,360.09	26,440.81	9,333.37
Anshan Jiuguhe Food	Broiler slaughtering, processing and selling	4,320.00	63,580.12	38,391.38	9,704.00
Beipiao Hongfa Food	Feed, breeding broiler, day old chick, broiler raising and slaughtering	3,000.00	176,942.95	139,549.12	13,222.08

III. Other Disclosures

1. 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 and storage and grants, exchange rate fluctuations, logistics costs, etc., may trigger 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 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 trade relations, international political and economic environment and other factors have also made the purchase price of raw materials more variable.

Solutions:

- a. The Company has established strategic partnerships with many top domestic and foreign raw material suppliers, and strategically reduced purchasing costs through three-level purchasing mode in terms of head office centralized purchasing, regions' price compare purchasing and local departments' purchasing of different varieties.
- b. IT 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, makes great efforts to reduce the purchasing price, such as uniformly managing different varieties, 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, which can further optimize purchasing costs.
- d. The Company 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, etc. 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. In terms of strategy, while steadily developing feed and feed raw materials trade businesses, the Company has increased its input in broiler integration business and quickened the expanding of hog raising business to create an operating model powered by broiler and hog integration businesses, which can effectively reduce the risks brought by the cyclic fluctuations in the industries.
- b. In terms of business, the Company's broiler integration business has established an industrial chain, whilst in 2019 it also extended hog raising business to the downstream industries, now the slaughtering business has been operated well. The continuously improved industrial chain structure enables the price fluctuation of each sector to be fully hedged, to maximize the price fluctuation of the whole industrial chain.
- c. In terms of management, the Company has always been committed to improving the production standard and operation model of each business sector, 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 improve the overall profitability when facing a booming market.

C. Risks of serious animal disease

Feed and animal raising are the Company's two core businesses. Disease outbreak is one of the main risks faced by animal raising companies. Once a disease happens, it will cause panic in the market, which will reduce the demands, then lessen the production and incomes as well as increase costs. 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 disease will undoubtedly have a strong impact on the Company's operations.

Solutions:

- a. The Company attaches great importance to regional distribution and business structure, which is the most direct way to divert the risk of epidemic.
- b. It 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. The Company has set an emergency command system for major epidemics to minimize losses when they occur.
- d. The Company has constantly strengthened the analysis and research capabilities for major epidemics, enhance animal's immunity from the perspective of animal nutrition and veterinary services.
- e. For ASF, the Company has formed a relatively complete prevention system from product researches to farm management. Specific prevention measures detailed in Section IV hereof-Hog 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. 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 reshuffle the industry.

Solutions:

During the start-up period, the Company had input "Save Resources, Committed to Environmental Protection" as part of its Vision. During the past 25 years, the Company has always considered saving resources and protecting the environment as its important mission, taken strict compliance with laws and regulations and implementation of environmental protection requirements as key performance appraisal indicators for managers.

- a. Regarding to raising and slaughtering, in the face of increasingly strict environmental

protection requirements, the Company have comprehensively identified environmental risk points and formulated emergency plan for environmental emergencies so as to maintain the stable operation. For the key pollutant discharge plants, the Company has developed a complete self-monitoring program, which can find problems to repair, eliminate hidden dangers in a timely manner. Meanwhile, it also deploys more resources and manpower to ensure these plants always complying with national standards.

b. Regarding to feed production, the Company has always implemented national environmental protection standards with the most rigorous attitude, established complete control measures for waste gas, noise, wastewater, solid waste and other pollution generated during the production process. Moreover, it uses eco-friendly raw materials and additives in feed formulations and continuously develops safe diet to reduce the emissions of heavy metals, nitrogen and phosphorus.

E. Risks of exchange rate fluctuations

The Company's international business started early and developed rapidly, the exchange rate fluctuations have released great influence on raw material purchasing, product export and overseas investment, presenting as follows: Firstly, international development has made the global purchasing of raw materials becoming normally, therefore, the risks of exchange rate fluctuations are particularly evident in the raw materials that are based on oversea supply. Secondly, the Company's export business of broiler parts products is 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. The Company closely focus 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. The Company continues to improve the bargaining power in foreign trade transaction by enhancing the competitiveness of products and using RMB for settlement, reduce the exchange rate risks by 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 (combination) 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", the Company reasonably matches 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 demand and affect the brand and performance of the enterprises.

Solutions:

a. Regarding to feed business, the Company has established a three-level quality management mechanism and testing system, which consists of headquarters, regions and local departments, adopted ISO 9001, ISO 22000, ISO-IEC 17025 and other international standards, thoroughly implemented a series of quality standards to realize the whole process control of products and established the traceability system. The Company works hard to popularize near-infrared detection technology to improve detection efficiency and share data in time, by doing this, it can quickly realize risk warning and monitor heavy metals, harmful microorganisms and mycotoxins, providing an important guarantee for feed products. In addition, by drawing on the experiences of European antibiotic-free feed, and basing on current situation in China, the Company has realized significant progresses in antibiotic alternatives, at present, all the Company's feed products have stepped into antibiotic free.

b. Regarding to broiler integration business, the integrated operation can ensure the ample supply of raw materials and strictly control the whole process from feed production, broiler rearing, slaughtering, raw meat and food processing. Through standardized management and streamline operation, it can integrate bio-safety, drug residue control and in-process hygiene to achieve food safety traceability.

Section V Important Disclosures**I. Shareholders' Meeting Convened during the Reporting Period**

Meeting	Date	Website designated for disclosing the resolution	Resolution disclosing date
2019 Annual Shareholders' Meeting	April 20, 2020	www.sse.com.cn	April 21, 2020

II. Plan of Dividend Distribution or Capital Reserve Converted into Share Capital in the First Half Year

Whether distribute dividend or convert capital reserve into share capital	No
Dividend per 10 shares (yuan, tax included)	0

III. 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 Liaoning Wellhope, if Liaoning 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 Liaoning Wellhope, if Liaoning 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	Liaoning 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	Dividend	Liaoning Wellhope	Liaoning Wellhope Three-Year's Shareholder Dividend Plan (2017-2019)	December 15, 2017, three years	yes	yes

IV. Accounting Firm Engaged by the Company

The Company did not change the accounting firm during the reporting period.

Suyajincheng CPA LLP undertakes the Company's auditing in 2020.

V. Major Litigation and Arbitration Matters

Non

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

During the reporting period, there has been no occurrence of the Company and 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.

VII. Employee's Equity Incentive Plan, Stock Ownership Plan or other Incentive Measures and Related Impacts

Overview	Query URLs
<p>On March 27, 2020, the board meeting approved the proposals of unlocking restricted common shares after achieving the performance objective disclosed in 2018 Restricted Stock Incentive Plan, adjusting the repurchase price of restricted shares and repurchasing and writing off part of locked restricted shares.</p> <p>A. In this year, 367 managers can totally unlock 4.233 million restricted shares.</p> <p>B. As the Company's dividend plan for 2018 had been implemented in June 13, 2019. According to 2018 Restricted Stock Incentive Plan, the Board adjusted the repurchase price of restricted shares as RMB 4.67 per share.</p> <p>C. Due to 5 individuals left the Company and 31 individuals' performance appraisal did not meet the standards to unlock all the restricted shares held by them, which had been disclosed in the 2018 Restricted Stock Incentive Plan, 244,500 shares held by these 36 individuals would be repurchased and written off by the Company.</p>	<p>See announcements disclosed on March 31, 2020 at www.sse.com.cn and designated media.</p>
<p>On April 3, 2020, the Company disclosed the announcement that 4.233 million restricted shares in the first lock-up period have been unlocked and can be traded in the capital market on April 9, 2020.</p>	<p>See announcements disclosed on March April 3, 2020 at www.sse.com.cn and designated media.</p>
<p>On May 15, 2020, the Company disclosed the announcement that it will repurchase and write off 244,500 shares held by 36 individuals on May 19, 2020.</p>	<p>See announcements disclosed on May 15, 2020 at www.sse.com.cn and designated media.</p>

VIII. Significant Related Party Transaction

Related party transactions in regard of day-to-day operations

RMB

Related party	Relationship	Transaction type	Transaction content	Pricing principle	Transaction amount	Settlement mode
Nepal Wellhope Agri-tech Pvt. Ltd.	Joint venture	Selling	Feed	Comparable uncontrolled price	11,852.89	Bank transfer
Linghai Jiuguhe Feed	Associated company	Selling	Broiler feed and raw materials	Comparable uncontrolled price	22,500,000.44	Bank transfer
Tai'an Jiuguhe Agriculture	Associated company	Selling	Broiler feed and raw materials	Comparable uncontrolled price	44,087,063.31	Bank transfer
Anshan Jiuguhe Food	Associated company	Selling	Broiler	Comparable uncontrolled price	55,674,764.24	Bank transfer
Qingdao Shenfeng Agri-Tech	Associated company	Selling	Swine feed, feed raw materials	Comparable uncontrolled price	22,166,911.48	Bank transfer
Huludao Jiuguhe Food	Associated company	Selling	Broiler parts product	Comparable uncontrolled price	591,354.13	Bank transfer
Dadong Chengsan Animal Husbandry	Associated company	Selling	Feed raw materials and feed	Comparable uncontrolled price	2,303,424.77	Bank transfer
Guangzhou Yikun Trading	Associated company	Selling	Feed raw materials	Comparable uncontrolled price	2,846,401.98	Bank transfer
Schippers(Beijing)	Associated company	Selling	Other	Comparable uncontrolled price	703,164.60	Bank transfer
Anshan Fengsheng Food	Associated company	Selling	Broiler	Comparable uncontrolled price	91,615,790.14	Bank transfer
Dalian Chengsan Animal Husbandry	Associated company	Selling	Feed raw materials	Comparable uncontrolled price	2,883,926.12	Bank transfer
Dalian Sida Food	Associated company	Selling	Broiler	Comparable uncontrolled price	90,753,520.15	Bank transfer
Anshan Jiuguhe Food	Associated company	Purchasing	Broiler parts product	Comparable uncontrolled price	19,601,413.70	Bank transfer
Huludao Jiuguhe Food	Associated company	Purchasing	Broiler parts product	Comparable uncontrolled price	255,807.60	Bank transfer
Guangzhou Yikun Trading	Associated company	Purchasing	Feed raw materials	Comparable uncontrolled price	1,089,320.00	Bank transfer

Jinzhou Jiufeng Food	Associated company	Purchasing	Broiler parts product	Comparable uncontrolled price	10,835,045.50	Bank transfer
Schippers(Beijing)	Associated company	Purchasing	Other	Comparable uncontrolled price	951,415.87	Bank transfer
Tai'an Jiuguhe Agriculture	Associated company	Purchasing	Feed	Comparable uncontrolled price	95,407,968.34	Bank transfer
Qingdao Shenfeng Agri-Tech	Associated company	Purchasing	Feed	Comparable uncontrolled price	12,456,335.41	Bank transfer
Dalian Chengsan Animal Husbandry	Associated company	Purchasing	Broiler	Comparable uncontrolled price	83,688,371.22	Bank transfer
Linghai Jiuguhe Feed	Associated company	Purchasing	Other	Comparable uncontrolled price	5,181,269.36	Bank transfer
Shenyang Zhongwenjie Bio-Tech	Associated company	Purchasing	Animal medicine and vaccine	Comparable uncontrolled price	15,000.00	Bank transfer
Total				/	565,620,121.25	/
Large amount sales return		non				
Explanation of related party transaction		The Company 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 the quality. 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 the Company'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.				

IX. Anti-poverty Project of the Company

1. Targeted poverty alleviation

The 19th National Congress of the Communist Party of China has put forward to take targeted poverty alleviation as one of the three major challenges that must be fought to secure a decisive victory in building a moderately prosperous society in all respects. The year 2020 will be a decisive year to win the battle against poverty and to finish building a moderately prosperous society in all respects. Driving by the principle of contributing to the society, the Company positively responded to the call and requirements of the Party Central Committee and the government at all levels to vigorously contribute to targeted poverty alleviation.

2. Overview of targeted poverty alleviation

In response to the call of Lankao County Party Committee and county government, Lankao Duck Company, one of the Company's associated companies, launched a duck integration project targeted poverty alleviation in Lankao County, which implements the operating model of rearing ducks by company and contract farms. In line with the principle of mutual benefit, Lankao Duck signs contracts with farmers and adopts unified supply of ducklings, feed, medicine, technical service and repurchasing, farmers are not required to prepare working capital. In the first half of 2020, Lankao Duck offered 784 contracts to local farmers and repurchased 8.57 million ducks with direct expenditure of RMB 5.11 million.

3. Figures of targeted poverty alleviation

RMB 10k

Index	Details
1. Overall	
including: funds for poverty alleviation	12.75
A. In details	
Targeted poverty alleviation	12.75

4. Progress of targeted poverty alleviation

In the first half of 2020, faced with the impact of COVID-19, Lankao Duck not only ensured the supply of materials, also heightened the service and support for farmers and provided comprehensive trainings and guidance to improve their breeding techniques. By the end of the reporting period, the farmers achieved an average profit of RMB 2.0 per duck, making good profits.

5. Follow-up targeted poverty alleviation

On June 16th, 2019, the Company signed a strategic cooperation agreement with Tai'qian County People's Government of Henan Province, one of the nationally designated poor counties. The two parties will build high-level production base of white feather broiler integration, the Company will also help farmers to relieve financial pressure and increase income according to local targeted poverty alleviation policies.

The Company will continue to focus on agriculture-related poverty alleviation projects, assist in cultivating talents, providing job opportunities and increasing income of farmers. Meanwhile, it will give full play to its advantages to integrate resources and contribute to the goal of building a moderately prosperous society in all respects.

X. Environmental Protection Policy

1. Information of pollution discharge

Puyang Wellhope Food Co., Ltd. (hereinafter referred to as "Puyang Wellhope"), one of the subsidiaries of the Company, has been listed as a company with sewage & gas waste emission of Puyang City, Dalian Zhongjia Wellhope Food Co., Ltd. (hereinafter referred to as "Zhongjia Food") and Dalian Huakang Xinxin Food Co., Ltd. (hereinafter referred to as "Huakang Food"), subsidiaries of the Company, have been listed as an entity with sewage & gas waste emission of Dalian City, Kaifeng Wellhope Meat Food Co., Ltd. (hereinafter referred to as "Kaifeng Wellhope"), one of the subsidiaries of the Company, has been listed as an entity with sewage waste emission of Kaifeng City. Shenyang Huakang Broiler Co., Ltd. (hereinafter referred to as "Shenyang Huakang"), one of the subsidiaries of the Company, has been listed as an entity with sewage waste emission of Shenyang City, Pingyuan Wellhope Food Processing Co., Ltd. (hereinafter referred to as "Pingyuan Wellhope"), one of the subsidiaries of the Company, has been listed as an entity with sewage & gas waste emission of Handan City, Changchun Wellhope Food Co., Ltd. (hereinafter referred to as "Changchun Wellhope"), one of the subsidiaries of the Company, has been listed as an entity with sewage & gas waste emission of Changchun City; Chifeng Wellhope Fuxinyuan Co., Ltd. (hereinafter referred to as "Chifeng Wellhope"), one of the subsidiaries of the Company, has been listed as an entity with sewage & gas waste emission of Chifeng City. Details are presented as follows:

Puyang Wellhope: The main pollutants include waste gas and waste water, among which

waste water mainly contains COD, ammonia nitrogen, total phosphorus, pH, suspended solids, biochemical oxygen requirement, animal and plant oil, total coliform and total nitrogen. The waste gas mainly contains SO₂, nitric oxide and particulate matter. Emission method: 1 waste water emission outlet for sewage treatment 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 plant. Puyang Wellhope strictly implements the Discharge Standard of Water Pollutants for Meat Processing Industry (GB 13457-1992) with the emission permit (9141092367412881xt001p) and the indirect emission limit in the water inflow agreement of Nanle County Sewage Treatment Co., Ltd, as well as follows the requirements of Boiler Air Pollutant Emission Standard and emission permit (9141092367412881xt001p). During the reporting period, the discharged pollutants amounted to 2.1756 tons of COD and 0.11254 tons of ammonia nitrogen controlled within the permitted scope, and the "three wastes" treatment met the requirements without exceeding the standards.

Kaifeng Wellhope: The main pollutant is waste water, which mainly contains COD, ammonia nitrogen, total phosphorus, pH, suspended solids, biochemical oxygen requirements, animal and plant oil, total coliform and total nitrogen. Emission method: 1 waste water emission outlet for sewage treatment located in the east corner of the plant. Kaifeng Wellhope strictly implements Level 2 standard of Discharge Standard of Water Pollutants for Meat Processing Industry (GB 13457-1992) with the emission permit (91410212MA4057G88A001R) and the sewage emission limit of No. 2501 Environmental Evaluation Criteria. During the reporting period, the discharged pollutants amounted to 3.52 tons of COD and 0.72 tons of ammonia nitrogen controlled within the permitted scope, and the "three wastes" treatment met the requirements without exceeding the standards.

Zhongjia Food: The main pollutants include waste gas and waste water, among which waste water mainly contains COD, ammonia nitrogen, total phosphorus, pH, suspended solids and total nitrogen. The waste gas mainly contains SO₂, nitric oxide and particulate matter. Emission method: 1 waste water emission outlet for sewage treatment located in the west side of the new sewage treatment workshop, 1 waste gas exhaust outlet distributed on the roof of the boiler room. Zhongjia Food strictly implements the local

level of Integrated Wastewater Discharge Standard of Liaoning Province, DB 21.1627-2008 and follows the Boiler Air Pollutant Emission Standard for waste gas emission (GB 13271-2014). During the reporting period, the discharged pollutants were controlled within the permitted scope, the government did not require the total amount of pollutant discharge of Zhongjia, its "three wastes" treatment met the requirements without exceeding the standards.

Shenyang Huakang: The main pollutant is waste water, which mainly contains COD, ammonia nitrogen, pH, suspended solids, total phosphorus and total nitrogen. Emission method: 1 waste water emission outlet for sewage treatment located in the northeast of the sewage treatment station. Shenyang Huakang strictly implements level 3 standard of Integrated Wastewater Discharge Standard of Liaoning Province and the gas emission follows Boiler Air Pollutant Emission Standard (GB13271-2014). During the reporting period, the "three wastes" treatment met the requirements without exceeding the standards.

Huakang Food: The main pollutants include waste gas and waste water, among which waste water mainly contains COD, ammonia nitrogen, total phosphorus, pH, suspended solids and total nitrogen, water gas mainly includes SO₂, nitric oxide and particulate matter. Emission method: 1 waste water emission outlet for sewage treatment located in the southeast corner of sewage treatment workshop and 1 waste gas exhaust outlet distributed on the roof of the boiler room. Huakang Food strictly implements the local level of Integrated Wastewater Discharge Standard of Liaoning Province, DB 21.1627-2008 and follows the Boiler Air Pollutant Emission Standard for waste gas emission (GB 13271-2014). During the reporting period, the discharged pollutants were controlled within the permitted scope, and the "three wastes" treatment met the requirements without exceeding the standard.

Pingyuan Wellhope: The main pollutants include waste gas and waste water, among which, the waste water mainly contains COD, ammonia nitrogen, suspended solids, BOD₅ and animal and plant oil, the waste gas mainly contains SO₂, nitrogen oxide and smoke. Emission method: 1 wastewater discharge outlet for sewage treatment distributed at the entrance of sewage monitoring station in the northeast corner of the plant, 3 waste gas exhaust outlets distributed in the east side of the boiler room. Pingyuan Wellhope strictly

implements the wastewater discharge standard of Meat Processing Industry (GB 13457-1992) and Level 2 Discharge Standard of Livestock and Poultry Slaughtering and Processing (emission permit 91130423MA07LFUD6B001Q) and inlet water quality requirements of Linzhang County. Exhaust gas emission implements the Boiler Air Pollutant Emission Standard (GB 13271-2014) with the emission permit (91130423MA07LFUD6B001Q). During the reporting period, the discharged pollutants were controlled within the permitted scope without exceeding the standards.

Changchun Wellhope: The main pollutant is waste water, mainly containing COD, ammonia nitrogen, total phosphorus, pH, suspended solids, biochemical oxygen demand, animal and plant oil, total coliform, total nitrogen. Emission method: 1 waste water discharge outlet for sewage treatment located at Xiajiadian Street, Dehui City. Changchun Wellhope strictly implements Level 2 standard of Pollution Discharge Standard of Meat Processing Industry (GB 13457-1992) with the emission permit (91220183MA13WF2K34001Y). During the reporting period, the discharged pollutants amounted to 3.52 tons of COD and 0.72 tons of ammonia nitrogen, both of which were controlled within the permitted scope and the treatment of "three wastes" met the requirements without exceeding the standards.

Chifeng Wellhope: The main pollutants include waste gas and waste water, among which waste water mainly contains COD, ammonia nitrogen, total phosphorus, pH, suspended solids, biochemical oxygen demand, animal and plant oil, total coliform group and total nitrogen. Emission method: equipped with wastewater outfalls located in the south of the company's sewage monitoring station. Chifeng Wellhope strictly implements the Discharge Standard of Water Pollutants for Meat Processing Industry (GB13457-1992). It also built a waste gas discharge outlet located in the harmless treatment workshop, which adopts the air pollutant emission standard GB16297-1996 and the odor pollutant emission standard GB14554-93. During the reporting period, the discharged pollutants amounted to 0.92 tons of COD emissions and 0.034 tons of ammonia nitrogen, both of which were controlled within the permitted range.

2. Circumstance of building and operating pollution control facilities

Puyang Wellhope:

a. Sewage treatment: Puyang Wellhope has a 2000-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 activated carbon adsorption and then discharged through the 15-meters-high chimney in accordance with related standard; the traditional coal-fired boilers are replaced by gas-fired boilers, and all kinds of pollutants meet the emission standards.

Kaifeng Wellhope:

Sewage treatment: Kaifeng Wellhope has a 1500-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.

Dalian Zhongjia:

a. Sewage treatment: Zhongjia Food has a 1200-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-meters-high chimney to has effectively met related standards.

Shenyang Huakang:

Sewage treatment: Shenyang Huakang has a 2220-tons-per-day sewage treatment station, which adopts the treatment process of "pretreatment- oil separation-A2O-disinfection" to treat wastewater. Its environmental protection facilities are running normally, and the pollutant emission indexes have reached all required standards.

Huakang Food:

a. Sewage treatment: Huakang Food has 900-tons-per-day and 300-tons-per-day sewage treatment stations that adopt the treatment process of "mechanical barrier-oil separator-regulation pool-air flotation- hydrolysis pool-A2O-sedimentation pool-advanced treatment -sand filter-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. Gas emission meet all required standards.

Pingyuan Wellhope:

- a. Sewage treatment: Pingyuan Wellhope has a 1000-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-meters-high chimney in accordance with related standard; the traditional coal-fired boilers are replaced by gas-fired boilers with low carbon, all kinds of pollutants meet the emission standards.

Changchun Wellhope:

Sewage treatment: Changchun Wellhope has a 1000-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.

Chifeng Wellhope:

- a. Wastewater treatment: At present, Chifeng Wellhope has invested RMB 20 million to build a sewage treatment plant that can treat 2,400 tons of wastewater per day, and invested RMB 34 million to construct biogas project with a daily output of 8000 m³, which can ferment waste water and manure, etc., produced biogas can be used for boiler production, biogas residue and slurry used as fertilizer to grain.
- b. Waste gas treatment: Chifeng Wellhope has taken certain measures to lessen the waste gas, such as, stop feeding hogs and broilers when enter the plant and slaughter the animals on the same day, wash the houses in time, build closed waiting houses and install fan exhaust to enhance ventilation.

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 plant 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-help capability 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.

Section VI Changes in Common Shares and Shareholder Information

I. Changes in Common Shares

1. Changes in shares

Unit: share

	Before changing		Increase/decrease in the reporting period		After changing	
	Shares	Percentage %	Other	Subtotal	Shares	Percentage %
1. Restricted shares	91,127,927	9.88	-73,375,136	-73,375,136	17,752,791	1.93
A. Shares held by the state						
B. Shares held by state-owned corporations						
C. Shares held by other domestic investors	88,831,340	9.63	-73,375,136	-73,375,136	15,456,204	1.68
including: Shares held by domestic non-state-owned corporations	54,133,857	5.87	-54,133,857	-54,133,857	0	
Shares held by domestic natural persons	34,697,483	3.76	-19,241,279	-19,241,279	15,456,204	1.68
D. Shares held by foreign investors	2,296,587	0.25			2,296,587	0.25
including: shares held by foreign corporations	2,296,587	0.25			2,296,587	0.25
Shares held by foreign natural persons						
2. Non-restricted shares	831,176,469	90.12	73,130,636	73,130,636	904,307,105	98.07
A. RMB common shares	831,176,469	90.12	73,130,636	73,130,636	904,307,105	98.07
3. Total shares	922,304,396	100.00	-244,500	-244,500	922,059,896	100.00

2. Explanation of changes in shares

The Company held the board meeting on March 27, 2020 and 2019 annual shareholders meeting on April 20, 2020, which approved the proposal of repurchasing and writing off part of locked restricted shares. On May 19, 2020, the Company repurchased and wrote off 244,500 shares held by 36 individuals. Total shares of the Company changed from 922,304,396 to 922,059,896.

3. Changes in restricted shares

Unit: share

Name of shareholder	Opening restricted shares	Number of unlocking shares in the reporting period	Increase of restricted shares in the reporting period	Restricted shares in the end of the reporting period	Reason for restriction	Date of removing restriction
Sinosafe Assets Management-Industrial and Commercial Bank of China-Stably Increasing Profit No. 12 Collective Asset Management Product	29,527,559	29,527,559		0	non-public issuing stock	April, 24, 2020
Shenzhen Galaxy Investment Co., Ltd.	4,921,259	4,921,259		0	non-public issuing stock	April, 24, 2020
Zhongyi Asset Management-China Minsheng Banking Corp-Zhongyi Asset-Non-public Offering Selection No. 103 Asset Management Product	19,685,039	19,685,039		0	non-public issuing stock	April, 24, 2020
Wu Ying	14,763,779	14,763,779		0	non-public issuing stock	April, 24, 2020
Employees who were granted restricted shares(totalling)	14,575,000	4,233,000	244,500	10,097,500	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	91,127,927	73,130,636	244,500	17,752,791	/	/

II. Shareholders

1. The number of shareholders

Total number of common shareholders as at June 30, 2020	25,102
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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	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	59,470,000	Domestic natural person
DE HEUS MAURITIUS		82,303,939	8.93	2,296,587		0	Foreign corporation
Ding Yunfeng		81,929,558	8.89	1,531,058	Pledged	47,620,000	Domestic natural person
Shao Caimei		49,773,878	5.40			0	Domestic natural person
Zhang Tiesheng		48,360,000	5.24		Pledged	6,600,000	Domestic natural person
Wulian Heli Equity Investment Partnership (LP)		48,360,000	5.24			0	
Wang Fengjiu	-1,181,600	47,964,602	5.20		Pledged	5,190,000	Domestic natural person
Wang Zhongtao		46,625,229	5.06	765,529		0	Domestic natural person
Sinosafe Assets Management-Industrial and Commercial Bank of China-Stably Increasing Profit No. 12 Collective Asset Management Product	-221,900	29,305,659	3.18		Unknown	0	Other
Zhongyi Asset Management- China Minsheng Banking Corp- Zhongyi Asset-Non-public Offering Selection No. 103 Asset Management Product		19,685,039	2.13		Unknown	0	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
Wulian Heli Equity Investment Partnership (LP)	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
Sinosafe Assets Management-Industrial and Commercial Bank of China-Stably Increasing Profit No. 12 Collective Asset Management Product	29,305,659	RMB common stock	29,305,659
Zhongyi Asset Management-China Minsheng Banking Corp-Zhongyi Asset-Non-public Offering Selection No. 103 Asset Management Product	19,685,039	RMB common stock	19,685,039
Relationship of above shareholders or statement made by the parties acting in concert	1. Jin Weidong, Ding Yunfeng, Wang Fengjiu, Shao Caimei and Wang Zhongtao act in concert. 2. Jin Weidong is the actual controller of Wulian Heli Equity Investment Partnership. 3. 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	Restricted shares available for transaction		Restriction condition
			Date available for transaction	Newly increased shares available for transaction	
1	Jin Weidong	3,062,117	April, 25, 2022		Restricted period-36 months
2	DE HEUS MAURITIUS	2,296,587	April, 25, 2022		Restricted period-36 months
3	Ding Yunfeng	1,531,058	April, 25, 2022		Restricted period-36 months
4	Wang Zhongtao	765,529	April, 25, 2022		Restricted 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.			

Section VII Preference Share

Not Applicable

Section VIII Directors, Supervisors and Senior Management

I. Changes in Shareholdings

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

Unit: share

Name	Office title	Opening shareholding (shares)	Closing shareholding (shares)	Changes in shareholding (shares)	Reason of Changing
Jin Weidong	Director	149,549,498	149,549,498		
Ding Yunfeng	Director	81,929,558	81,929,558		
Wang Fengjiu	Senior management	49,146,202	47,964,602	-1,181,600	Selling in the secondary market
Shao Caimei	Director	49,773,878	49,773,878		
Wang Zhongtao	Supervisor	46,625,229	46,625,229		
Wang Zhenyong	Senior management	9,800,000	9,800,000		
Zhang Wenliang	Director	8,565,100	8,565,100		
Zhao Xin	Director	4,470,160	4,470,160		
Qiu Jiahui	Senior management				
Hu Jianmin	Independent director				
Liu Huan	Independent director				
Wang Zhe	Independent director				
Jacobus Johannes de Heus	Director				
Marcus Leonardus van der Kwaak	Supervisor				
Yuan Minger	Supervisor				
Li Jun	Supervisor				
Ren Bingxin	Supervisor	5,429,500	5,429,500		

Section IX Corporate Bond

Not applicable

Section X Financial Statements

I. Auditing Report

Not applicable

II. Financial Statements

Consolidated Balance Sheet June 30, 2020

RMB

Item	June 30, 2020	December 31, 2019
Current assets:		
Monetary capital	1,622,191,216.53	1,554,781,324.13
Trading financial assets	100,000,000.00	40,000,000.00
Derivative financial assets	9,100,936.30	3,912,584.30
Notes receivable	2,205,961.50	3,696,180.25
Accounts receivable	576,179,529.39	362,060,802.38
Prepayments	263,956,886.28	222,064,368.55
Other receivables	107,578,908.70	85,600,811.75
including: dividends receivable	25,353,722.11	25,353,722.11
Inventory	1,734,856,819.92	1,568,373,133.15
Other current assets	105,151,422.67	121,711,175.93
Total current assets	4,521,221,681.29	3,962,200,380.44
Non-current assets:		
Long-term equity investment	2,214,383,039.93	2,070,047,882.51
Other equity instrument investment	12,949,647.74	5,760,839.23
Fixed assets	2,269,553,170.07	2,023,113,939.02
Construction in progress	353,897,369.68	240,012,874.86
Biological assets	181,047,726.38	94,826,312.88
Intangible assets	263,272,625.33	245,564,167.39
Goodwill	290,425.67	290,425.67
Long-term prepaid expenses	137,261,597.32	134,504,217.80
Deferred income tax assets	38,405,345.82	35,987,736.49
Other non-current assets	455,359,431.84	337,463,267.56
Total non-current assets	5,926,420,379.78	5,187,571,663.41
Total assets	10,447,642,061.07	9,149,772,043.85

Consolidated Balance Sheet(continue)
June 30, 2020

RMB

Item	June 30, 2020	December 31, 2019
Current liabilities:		
Short-term borrowing	1,223,388,823.53	1,050,878,205.81
Accounts payable	788,384,791.99	659,216,483.84
Advance receipt		209,529,248.68
Contract liability	324,131,304.96	
Payroll	57,573,512.62	62,549,364.12
Tax payable	58,151,031.99	37,680,953.84
Other payables	370,743,746.63	342,239,361.28
including: interest payable	1,347,819.06	1,528,201.39
dividends payable	17,135,207.06	1,434,027.14
Non-current liabilities due within one year	93,200,042.05	70,593,717.62
Total current liabilities	2,915,573,253.77	2,432,687,335.19
Non-current liabilities:		
Long-term borrowings	353,830,000.00	174,330,000.00
Long-term payables	66,953,833.28	11,025,000.09
Deferred income	38,699,498.00	31,841,250.00
Deferred income tax liabilities	353,052.07	396,995.58
Total non-current liabilities	459,836,383.35	217,593,245.67
Total liabilities	3,375,409,637.12	2,650,280,580.86
Owners' equity (or shareholders' equity):		
Paid-up capital (or share capital)	922,059,896.00	922,304,396.00
Capital reserve	883,434,543.97	882,723,066.29
deduct: treasury stock	45,695,815.00	70,688,750.00
Other comprehensive income	8,707,287.90	6,122,835.30
Surplus reserves	352,059,456.90	352,059,456.90
Undistributed profits	4,008,825,121.94	3,605,618,553.05
Total equity attributable to the owners of parent company	6,129,390,491.71	5,698,139,557.54
Non-controlling interests	942,841,932.24	801,351,905.45
Total owners' equity	7,072,232,423.95	6,499,491,462.99
Total liabilities and owners' equity	10,447,642,061.07	9,149,772,043.85

Consolidated Balance Sheet of Parent Company June 30, 2020

RMB

Item	June 30, 2020	December 31, 2019
Current assets:		
Monetary capital	1,284,747,992.64	1,039,575,222.99
Trading financial assets	100,000,000.00	40,000,000.00
Derivative financial assets	7,659,412.30	2,285,934.30
Accounts receivable	18,004,373.55	13,631,690.45
Prepayments	7,950,249.17	7,560,408.95
Other receivables	1,721,536,665.32	1,020,785,676.46
including: dividends receivable	33,977,209.35	33,977,209.35
Inventory	39,307,180.63	49,839,754.57
Total current assets	3,179,205,873.61	2,173,678,687.72
Non-current assets:		
Long-term equity investment	4,446,649,155.04	4,117,315,830.10
Other equity instrument investment	12,651,707.44	5,539,369.92
Fixed assets	130,448,074.15	132,106,337.38
Construction in progress	7,231,022.16	5,163,075.76
Intangible assets	14,991,204.37	15,425,425.33
Long-term prepaid expenses	1,377,004.80	797,929.30
Deferred income tax assets	11,215,144.37	10,699,738.59
Total non-current assets	4,624,563,312.33	4,287,047,706.38
Total assets	7,803,769,185.94	6,460,726,394.10
Current liabilities:		
Short-term borrowings	850,000,000.00	770,000,000.00
Accounts payable	29,022,790.01	34,960,859.00
Advance receipt		5,019,752.33
Contract liability	4,309,395.93	
Payroll	2,487,557.30	4,611,910.56
Tax payable	6,336,402.83	4,624,045.02
Other payables	2,109,225,807.91	1,109,464,926.75
including: Interest payable	1,250,350.00	1,261,159.72
Dividends payable		
Non-current liabilities due within one year	74,000,000.00	52,000,000.00
Total current liabilities	3,075,381,953.98	1,980,681,493.66
Non-current liabilities:		
Long-term borrowings	333,500,000.00	174,000,000.00
Deferred income	22,398,248.00	21,520,000.00
Deferred income tax liabilities		8,972.25
Total non-current liabilities	355,898,248.00	195,528,972.25
Total liabilities	3,431,280,201.98	2,176,210,465.91
Owners' equity(or shareholders' equity):		
Paid-up capital (or share capital)	922,059,896.00	922,304,396.00
Capital reserves	880,087,855.55	875,861,339.55
deduct: treasury stock	45,695,815.00	70,688,750.00
Other comprehensive income	8,999,487.92	5,621,991.32
Surplus reserves	352,059,456.90	352,059,456.90
Undistributed profits	2,254,978,102.59	2,199,357,494.42
Total owners' equity	4,372,488,983.96	4,284,515,928.19
Total liabilities and owners' equity (or shareholders' equity)	7,803,769,185.94	6,460,726,394.10

Consolidated Income Statement January-June, 2020

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
1. Total operating revenue	9,848,379,852.28	7,727,400,004.75
including: Operating revenue	9,848,379,852.28	7,727,400,004.75
2. Total operating costs	9,229,270,624.14	7,435,169,130.12
including: Operating costs	8,806,688,412.71	6,985,820,614.94
Taxes and surtaxes	13,820,595.18	12,698,727.34
Selling expenses	212,669,710.62	239,990,725.07
Administrative expenses	134,081,626.60	126,915,965.17
R&D expenses	30,944,918.31	30,021,345.87
Financial expenses	31,065,360.72	39,721,751.73
including: Interest expenses	37,905,838.10	40,211,708.70
Interest income	8,451,668.98	2,641,228.16
add: Other income	5,942,599.70	2,192,950.10
Income from investment	172,589,751.04	188,067,031.15
including: Income from investments in associated companies and joint ventures	171,299,774.34	186,195,941.85
Gain or loss from changes in fair value	-1,265,439.00	-169,200.00
Credit impairment loss	-24,175,313.93	-18,534,402.05
Assets impairment loss	-11,612,155.42	-269,072.43
Gain or loss from assets disposal	1,547,289.40	-45,359.23
3. Operating profit	762,135,959.93	463,472,822.17
add: Non-operating income	8,405,544.70	15,814,929.98
deduct: Non-operating expenditure	8,797,374.58	18,322,686.59
4. Pretax profit	761,744,130.05	460,965,065.56
deduct: Income tax expense	80,417,791.15	31,218,522.69
5. Net profit	681,326,338.90	429,746,542.87
Net profit from continuing operations	681,326,338.90	429,746,542.87
Net profit attributable to the shareholders of parent company	606,015,736.01	359,008,639.18
Non-controlling interests income	75,310,602.89	70,737,903.69
6. Other comprehensive income, net of tax	1,941,159.95	4,661,958.82
Attributable to owners of parent company	2,584,452.60	3,945,084.57
a. Other comprehensive income that cannot be reclassified into gains or losses	1,151,337.72	
(a) Remeasure changes in the defined benefit plan	1,151,337.72	
b. Other comprehensive income that will be reclassified into the gains or losses	1,433,114.88	3,945,084.57

(a) Other comprehensive income that can be transferred in gains or losses under the equity method	2,265,159.08	3,068,904.93
(b) Exchange differences on translation of foreign currency financial statements	-832,044.20	876,179.64
Attributable to non-controlling interests	-643,292.65	716,874.25
7. Total comprehensive income	683,267,498.85	434,408,501.69
Attributable to the owners of parent company	608,600,188.61	362,953,723.75
Attributable to non-controlling interests	74,667,310.24	71,454,777.94
8. EPS		
a. Basic earnings per share (yuan per share)	0.66	0.41
b. Diluted earnings per share (yuan per share)	0.66	0.41

Consolidated Income Statement of Parent Company
January-June, 2020

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
1. Total operating revenue	403,204,253.52	261,739,621.75
Deduct: Operating costs	284,216,147.10	174,051,955.80
Taxes and surtaxes	729,054.51	812,810.61
Selling expenses	7,007,016.91	7,251,239.85
Administrative expenses	13,711,867.99	16,505,456.93
R&D expenses	9,208,354.47	10,304,335.79
Financial expenses	9,638,501.76	14,964,973.60
including: Interest expenses	27,518,014.88	29,112,564.27
Interest income	18,057,715.35	14,292,833.82
add: Other income	3,173,127.63	123,750.00
Income from investment	191,028,157.67	202,720,334.91
including: Income from investments in associated companies and joint ventures	164,877,586.86	185,679,010.80
Gain or loss from changes in fair value	-1,257,795.00	766,780.00
Credit impairment loss	-1,620,607.54	-3,382,369.90
Assets impairment loss		
Gain or loss from assets disposal		-30,999.44
2. Operating profit	270,016,193.54	238,046,344.74
add: Non-operating income	21,550.00	10,628,520.00
deduct: Non-operating expenditure	899,558.51	1,326,100.00
3. Pretax profit	269,138,185.03	247,348,764.74
deduct: Income tax expense	10,708,409.74	4,335,646.14
4. Net profit	258,429,775.29	243,013,118.60
Net profit from continuing operations	258,429,775.29	243,013,118.60
5. Other comprehensive income, net of tax	3,377,496.60	3,068,904.93
a. Other comprehensive income that cannot be reclassified into gains or losses		
b. Other comprehensive income that will be reclassified into gains or losses	3,377,496.60	3,068,904.93
(a) Other comprehensive income that can be transferred in gains or losses under the equity method	3,377,496.60	3,068,904.93
6. Total comprehensive income	261,807,271.89	246,082,023.53

Consolidated Statement of Cash Flow
January-June, 2020

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
1. Cash flow from operating activities		
Cash received by selling commodities, providing labor services	9,791,553,393.03	7,948,606,132.70
Tax refunds	12,949,141.60	13,871,955.08
Cash received from other activities related to operating	34,403,326.39	38,922,770.34
Sub-total of cash inflow of operating activities	9,838,905,861.02	8,001,400,858.12
Cash paid for purchasing commodities and receiving labor services	8,596,311,820.04	6,996,689,336.06
Cash paid to and for employee	357,223,172.66	307,874,894.10
Tax payments	91,560,326.32	60,790,924.96
Cash paid to other activities related to operating	342,414,514.22	336,753,918.38
Sub-total of cash outflow of operating activities	9,387,509,833.24	7,702,109,073.50
Net cash flow from operating activities	451,396,027.78	299,291,784.62
2. Cash flow from investing activities		
Cash received from disinvestment	200,000,000.00	1,050,000.00
Cash received from return on investment	67,526,506.25	20,246,504.29
Net cash received from disposal of fixed assets, intangible assets and other long-lived assets	2,127,566.33	1,235,466.00
Cash received from other activities related to investment	31,847,479.40	2,377,932.15
Sub-total of cash inflow of investing activities	301,501,551.98	24,909,902.44
Cash paid for acquiring and building fixed assets, intangible assets and other long-lived assets	506,939,660.64	211,754,778.24
Cash paid for investments	366,288,324.00	39,435,378.79
Net cash paid for acquiring subsidiaries and other business units	40,000,000.00	113,573,868.96
Cash paid to other activities related to investment		38,930,945.37
Sub-total of cash outflow of investing activities	913,227,984.64	403,694,971.36
Net cash flow from investing activities	-611,726,432.66	-378,785,068.92
3. Cash flow from financing activities		
Cash received by absorbing investments	79,540,000.00	836,980,430.50
including: Capital contributed by non-controlling interests to subsidiaries	79,540,000.00	67,202,692.00
Cash received from borrowings	1,507,367,311.32	857,207,911.79
Cash received from other activities related to financing		640,000.00
Sub-total of cash inflow of financing activities	1,586,907,311.32	1,694,828,342.29
Repayments of borrowings	1,080,307,060.21	814,501,307.93
Cash paid for distributing dividends, profits, or paid for interests	243,619,920.58	194,694,461.11
including: Dividends or profits paid by subsidiaries to non-controlling interests	23,713,213.00	4,420,306.88
Cash paid to other activities related to financing activities	1,185,825.00	5,856,566.01
Sub-total of cash outflow of financing activities	1,325,112,805.79	1,015,052,335.05
Net cash flow from financing activities	261,794,505.53	679,776,007.24

4. Effect of foreign exchange rate fluctuations on cash and cash equivalents	10,149.73	-556,725.86
5. Net increase in cash and cash equivalents	101,474,250.38	599,725,997.08
add: Opening balance of cash and cash equivalents	1,508,390,481.68	889,204,873.97
6. Closing balance of cash and cash equivalents	1,609,864,732.06	1,488,930,871.05

Consolidated Statement of Cash Flow of Parent Company
January-June, 2020

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
1. Cash flow from operating activities		
Cash received by selling commodities, providing labor services	396,352,393.51	254,250,757.39
Cash received from other activities related to operating	131,580,659.38	201,186,908.54
Sub-total of cash inflow of operating activities	527,933,052.89	455,437,665.93
Cash paid for purchasing commodities and receiving labor services	276,419,081.91	155,902,826.52
Cash paid to and for employee	17,700,375.42	14,666,109.28
Tax payments	14,382,745.46	10,249,972.23
Cash paid to other activities related to operating	48,180,266.50	359,094,296.54
Sub-total of cash outflow of operating activities	356,682,469.29	539,913,204.57
Net cash flow from operating activities	171,250,583.60	-84,475,538.64
2. Cash flow from investing activities		
Cash received from disinvestment	200,000,000.00	1,050,000.00
Cash received from return on investment	91,481,906.25	38,866,504.29
Net cash received from disposal of fixed assets, intangible assets and other long-lived assets		34,000.00
Net cash received from disposal of subsidiaries and other business units		4,000,000.00
Cash received from other activities related to investment	6,650,208.44	
Sub-total of cash inflow of investing activities	298,132,114.69	43,950,504.29
Cash paid for acquiring and building fixed assets, intangible assets and other long-lived assets	4,040,756.40	7,169,414.68
Cash paid for investments	541,488,324.00	84,338,378.79
Cash paid to other activities related to investment	95,513,096.37	3,118,104.11
Sub-total of cash outflow of investing activities	641,042,176.77	94,625,897.58
Net cash flow from investing activities	-342,910,062.08	-50,675,393.29
3. Cash flow from financing activities		
Cash received by absorbing investments		769,777,738.50
Cash received from borrowings	1,100,000,000.00	695,000,000.00
Cash received from other activities related to financing	373,924,534.25	
Sub-total of cash inflow of financing activities	1,473,924,534.25	1,464,777,738.50
Repayments of borrowings	838,500,000.00	692,000,000.00
Cash paid for distributing dividends, profits, or paid for interests	210,756,346.10	180,476,138.26
Cash paid to other activities related to financing activities	1,185,825.00	
Sub-total of cash outflow of financing activities	1,050,442,171.10	872,476,138.26
Net cash flow from financing activities	423,482,363.15	592,301,600.24
4. Effect of foreign exchange rate fluctuations on cash and cash equivalents	93.42	6.56
5. Net increase in cash and cash equivalents	251,822,978.09	457,150,674.87
add: Opening balance of cash and cash equivalents	1,023,685,161.19	740,891,873.25
6. Closing balance of cash and cash equivalents	1,275,508,139.28	1,198,042,548.12

Change Statement of Owner's Equity January-June, 2020

RMB

Item	January-June, 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. Balance on Dec. 31, 2019	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									
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 in current period	-244,500.00	711,477.68	-24,992,935.00	2,584,452.60		403,206,568.89	431,250,934.17	141,490,026.79	572,740,960.96
A. Total comprehensive income				2,584,452.60		606,015,736.01	608,600,188.61	75,310,602.89	683,910,791.50
B. Capital contributed and reduced by owners	-244,500.00	711,477.68	-24,992,935.00				25,459,912.68	87,440,000.00	112,899,912.68
a. Common stock invested by owners								87,440,000.00	87,440,000.00
b. Capital contributed by other equity instrument holders									
c. Amount of share-based	-244,500.00	711,477.68	-24,992,935.00				25,459,912.68		25,459,912.68

payment included in the owner's equity									
d. Other									
C. Dividend distribution						-202,809,167.12	-202,809,167.12	-21,260,576.10	-224,069,743.22
a. Appropriation of surplus reserves									
b. Extraction of general risk provisions									
c. Dividend to owners (or shareholders)						-202,809,167.12	-202,809,167.12	-23,713,213.00	-226,522,380.12
4. Closing balance of current period	922,059,896.00	883,434,543.97	45,695,815.00	8,707,287.90	352,059,456.90	4,008,825,121.94	6,129,390,491.71	942,841,932.24	7,072,232,423.95

Item	January-June, 2019								
	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. Balance on Dec. 31, 2018	845,751,469.00	153,824,536.37	70,688,750.00	-1,316,942.00	272,882,920.19	2,651,462,525.08	3,851,915,758.64	414,072,220.38	4,265,987,979.02
add: changes in accounting policies				-481,544.75			-481,544.75	-645.73	-482,190.48
Other					-91,554.12	91,554.12			
2. Opening balance of current period	845,751,469.00	153,824,536.37	70,688,750.00	-1,798,486.75	272,791,366.07	2,651,554,079.20	3,851,434,213.89	414,071,574.65	4,265,505,788.54
3. Changes in current period	76,552,927.00	715,060,197.70		3,945,084.57		192,993,847.90	988,552,057.17	110,921,464.17	1,099,473,521.34
A. Total comprehensive				3,945,084.57		359,008,639.18	362,953,723.75	70,737,903.69	433,691,627.44

income									
B. Capital contributed and reduced by owners	76,552,927.00	715,060,197.70					791,613,124.70		791,613,124.70
a. Common stock invested by owners	76,552,927.00	708,730,862.57					785,283,789.57		785,283,789.57
b. Capital contributed by other equity instrument holders									
c. Amount of share-based payment included in the owner's equity		10,013,022.10					10,013,022.10		10,013,022.10
d. Other		-3,683,686.97					-3,683,686.97		-3,683,686.97
C. Dividend distribution						-166,014,791.28	-166,014,791.28	-7,655,875.72	-173,670,667.00
a. Appropriation of surplus reserves									
b. Extraction of general risk provisions									
c. Dividend to owners (or shareholders)						-166,014,791.28	-166,014,791.28	-7,655,875.72	-173,670,667.00
d. Other									
D. Internal carryover in the owner's equity								47,839,436.20	47,839,436.20
a. Other								47,839,436.20	47,839,436.20
4. Closing balance of current period	922,304,396.00	868,884,734.07	70,688,750.00	2,146,597.82	272,791,366.07	2,844,547,927.10	4,839,986,271.06	524,993,038.82	5,364,979,309.88

Change Statement of Owner's Equity of Parent Company January-June, 2020

RMB

Item	January-June, 2020						
	Share capital	Capital reserve	Deduct: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total owners' equity
1. Balance on Dec. 31, 2019	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							
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 in current period	-244,500.00	4,226,516.00	-24,992,935.00	3,377,496.60		55,620,608.17	87,973,055.77
A. Total comprehensive income				3,377,496.60		258,429,775.29	261,807,271.89
B. Capital contributed and reduced by owners	-244,500.00	4,226,516.00	-24,992,935.00				28,974,951.00
a. Common stock invested by owners							
b. Capital contributed by other equity instrument holders							
c. Amount of share-based payment included in the owner's equity	-244,500.00	4,226,516.00	-24,992,935.00				28,974,951.00
d. Other							
C. Dividend distribution						-202,809,167.12	-202,809,167.12
a. Appropriation of surplus reserves							
b. Dividend to owners (or shareholders)							
c. Other						-202,809,167.12	-202,809,167.12
4. Closing balance of current period	922,059,896.00	880,087,855.55	45,695,815.00	8,999,487.92	352,059,456.90	2,254,978,102.59	4,372,488,983.96

Item	January-June, 2019						
	Share capital	Capital reserve	Deduct: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total owners' equity
1. Balance on Dec. 31, 2018	845,751,469.00	160,705,065.92	70,688,750.00	-1,305,935.62	272,882,920.19	1,656,011,455.34	2,863,356,224.83
add: changes in accounting policies				-310,630.08			-310,630.08
2. Opening balance of current period	845,751,469.00	160,705,065.92	70,688,750.00	-1,616,565.70	272,882,920.19	1,656,011,455.34	2,863,045,594.75
3. Changes of current period	76,552,927.00	703,847,427.77		3,068,904.93		76,998,327.32	860,467,587.02
A. Total comprehensive income				3,068,904.93		243,013,118.60	246,082,023.53
B. Capital contributed and reduced by owners	76,552,927.00	703,847,427.77					780,400,354.77
a. Common stock invested by owners	76,552,927.00	692,373,258.57					768,926,185.57
b. Capital contributed by other equity instrument holders							
c. Amount of share-based payment included in the owner's equity		11,474,169.20					11,474,169.20
d. Other							
C. Dividend distribution						-166,014,791.28	-166,014,791.28
a. Appropriation of surplus reserves							
b. Dividend to owners (or shareholders)							
c. Other						-166,014,791.28	-166,014,791.28
4. Closing balance of current period	922,304,396.00	864,552,493.69	70,688,750.00	1,452,339.23	272,882,920.19	1,733,009,782.66	3,723,513,181.77

III. Basic Information of the Company

1. Overview of the Company

Approved by the People's Government of Liaoning Province, Liaoning Wellhope Agri-Tech Joint Stock Co., Ltd. (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 Liaoning Province Administrative Bureau of Industry and Commerce on March 27th, 2003. The head office of the Company locates Shenyang, currently it holds the business license with the number of 9121000074712989XU and the registered capital of RMB 922.06 million, registered address (headquarters address): No. 169, Huishan Street, Shenbei New District, Shenyang, Liaoning Province. Jin Weidong is the legal representative.

The Company's business scope covers feed and feed raw material trade, broiler integration, hog raising, etc. The 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 which need to be approved by the law, shall receive the approval of relevant authorities).

The financial statements have been approved to be disclosed by the 17th board meeting of the 6th Session of Board of Directors on August 5, 2020.

2. Scope of the Consolidated Financial Statements

The scope of 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 in the scope of consolidated financial statements are shown in the table below:

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

Company	Way of acquiring
Yangling Wellhope Agriculture and Animal Husbandry	Combined under different control
Luoyang Wellhope Agriculture and Animal Husbandry	Investment
Chifeng Wellhope Fuxinyuan Food	Investment
Shenyang Xiangmai E-commerce	Investment
Hebei Taihang Wellhope Food	Investment
Anyang Wellhope Agriculture and Animal Husbandry	Investment
Hebei Taihang Wellhope Agri-Tech	Investment
Dalian Hongtu Agri-Tech	Investment
Shandong Heyuan Agri-Tech	Investment
Tongxu Wellhope Agriculture and Animal Husbandry	Investment
Anhui Wellhope Haoxiang Hog Breeding	Investment
Gongzhuling Wellhope Hog Raising	Investment
Lishu Wellhope Ecological Hog Raising	Investment

IV.Basis of Preparing Financial Statements

1. Basis of preparing

The Company, on the basis of going concern operation, confirms and measures the transactions and activities actually occurred in accordance with the Accounting Standards for Business Enterprises -- Basic Standards and various specific accounting standards and other relevant provisions, and prepares financial statements on this basis.

2. Going concern

The Company has the ability of going concern within at least 12 months since the end of the reporting period, and there are no major issues affecting the ability of going concern.

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 not mentioned is subject to relevant accounting policies in 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 Company's 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. Changes of important accounting policies and estimates

Important accounting policies

Content and reason for the changes of accounting policies	Approval procedure	Note
On July 5, 2017, the Ministry of Finance issued the Accounting Standard for Business Enterprises No. 14 -- Revenue (2017 Revision), which required companies listed in China to implement the new revenue guidelines from January 1, 2020.	Board of Director	See below

Consolidated balance sheet

RMB

Item	December 31, 2019	January 1, 2020	Adjustment
Current Assets:			
Monetary capital	1,554,781,324.13	1,554,781,324.13	
Trading financial assets	40,000,000.00	40,000,000.00	
Derivative financial assets	3,912,584.30	3,912,584.30	
Notes receivable	3,696,180.25	3,696,180.25	
Accounts receivable	362,060,802.38	362,060,802.38	
Prepayments	222,064,368.55	222,064,368.55	
Other receivables	85,600,811.75	85,600,811.75	
including: Interest receivable			
Dividends receivable	25,353,722.11	25,353,722.11	
Inventory	1,568,373,133.15	1,568,373,133.15	
Other current assets	121,711,175.93	121,711,175.93	
Total current assets	3,962,200,380.44	3,962,200,380.44	
Non-current assets:			
Long-term equity investment	2,070,047,882.51	2,070,047,882.51	

Other equity instruments investment	5,760,839.23	5,760,839.23	
Fixed assets	2,023,113,939.02	2,023,113,939.02	
Construction in progress	240,012,874.86	240,012,874.86	
Biological assets	94,826,312.88	94,826,312.88	
Intangible assets	245,564,167.39	245,564,167.39	
Goodwill	290,425.67	290,425.67	
Long-term prepaid expenses	134,504,217.80	134,504,217.80	
Deferred income tax assets	35,987,736.49	35,987,736.49	
Other non-current assets	337,463,267.56	337,463,267.56	
Total non-current assets	5,187,571,663.41	5,187,571,663.41	
Total Assets	9,149,772,043.85	9,149,772,043.85	
Current liabilities:			
Short-term borrowings	1,050,878,205.81	1,050,878,205.81	
Accounts payable	659,216,483.84	659,216,483.84	
Advance receipt	209,529,248.68	0	-209,529,248.68
Contract liabilities	0	209,529,248.68	209,529,248.68
Payroll	62,549,364.12	62,549,364.12	
Taxes and surcharges payable	37,680,953.84	37,680,953.84	
Other payables	342,239,361.28	342,239,361.28	
including: Interest payable	1,528,201.39	1,528,201.39	
Dividends payable	1,434,027.14	1,434,027.14	
Non-current liabilities due within one year	70,593,717.62	70,593,717.62	
Total current liabilities	2,432,687,335.19	2,432,687,335.19	
Non-current Liabilities:			
Long-term borrowings	174,330,000.00	174,330,000.00	
Long-term payable	11,025,000.09	11,025,000.09	
Deferred income	31,841,250.00	31,841,250.00	
Deferred income tax liabilities	396,995.58	396,995.58	
Total Non-current liabilities	217,593,245.67	217,593,245.67	
Total Liabilities	2,650,280,580.86	2,650,280,580.86	
Owners' equity (or shareholders' equity):			
Paid-up capital (or share capital)	922,304,396.00	922,304,396.00	

Capital reserves	882,723,066.29	882,723,066.29	
deduct: Treasury stock	70,688,750.00	70,688,750.00	
Other comprehensive income	6,122,835.30	6,122,835.30	
Surplus reserves	352,059,456.90	352,059,456.90	
Undistributed profits	3,605,618,553.05	3,605,618,553.05	
Total Equity attributable to the owners of parent company	5,698,139,557.54	5,698,139,557.54	
Non-controlling interests	801,351,905.45	801,351,905.45	
Total owners' equity (or shareholders' equity)	6,499,491,462.99	6,499,491,462.99	
Total liabilities and owners' equity (or shareholders' equity)	9,149,772,043.85	9,149,772,043.85	

Consolidated balance sheet of parent company

RMB

Item	December 31, 2019	January 1, 2020	Adjustment
Current Assets:			
Monetary capital	1,039,575,222.99	1,039,575,222.99	
Trading financial assets	40,000,000.00	40,000,000.00	
Derivative financial assets	2,285,934.30	2,285,934.30	
Accounts receivable	13,631,690.45	13,631,690.45	
Prepayments	7,560,408.95	7,560,408.95	
Other receivables	1,020,785,676.46	1,020,785,676.46	
including: Interest receivable			
Dividends receivable	33,977,209.35	33,977,209.35	
Inventory	49,839,754.57	49,839,754.57	
Total current assets	2,173,678,687.72	2,173,678,687.72	
Non-current assets:			
Long-term equity investment	4,117,315,830.10	4,117,315,830.10	
Other equity instruments investment	5,539,369.92	5,539,369.92	
Fixed assets	132,106,337.38	132,106,337.38	
Construction in progress	5,163,075.76	5,163,075.76	
Intangible assets	15,425,425.33	15,425,425.33	
Long-term prepaid expenses	797,929.30	797,929.30	
Deferred income tax assets	10,699,738.59	10,699,738.59	

Total non-current assets	4,287,047,706.38	4,287,047,706.38	
Total Assets	6,460,726,394.10	6,460,726,394.10	
Current liabilities:			
Short-term borrowings	770,000,000.00	770,000,000.00	
Accounts payable	34,960,859.00	34,960,859.00	
Advance receipt	5,019,752.33		-5,019,752.33
Contract liabilities		5,019,752.33	5,019,752.33
Payroll	4,611,910.56	4,611,910.56	
Taxes and surcharges payable	4,624,045.02	4,624,045.02	
Other payables	1,109,464,926.75	1,109,464,926.75	
including: Interest payable	1,261,159.72	1,261,159.72	
Dividends payable			
Non-current liabilities due within one year	52,000,000.00	52,000,000.00	
Total current liabilities	1,980,681,493.66	1,980,681,493.66	
Non-current Liabilities:			
Long-term borrowings	174,000,000.00	174,000,000.00	
Deferred income	21,520,000.00	21,520,000.00	
Deferred income tax liabilities	8,972.25	8,972.25	
Total Non-current liabilities	195,528,972.25	195,528,972.25	
Total Liabilities	2,176,210,465.91	2,176,210,465.91	
Owners' equity (or shareholders' equity):			
Paid-up capital (or share capital)	922,304,396.00	922,304,396.00	
Capital reserves	875,861,339.55	875,861,339.55	
deduct: Treasury stock	70,688,750.00	70,688,750.00	
Other comprehensive income	5,621,991.32	5,621,991.32	
Surplus reserves	352,059,456.90	352,059,456.90	
Undistributed profits	2,199,357,494.42	2,199,357,494.42	
Total owners' equity (or shareholders' equity)	4,284,515,928.19	4,284,515,928.19	
Total liabilities and owners' equity (or shareholders' equity)	6,460,726,394.10	6,460,726,394.10	

VI.Tax

1. Categories of taxes and tax rate

Categories	Taxation basis	Tax rate
Value-added tax	Output VAT--deductable input VAT	1%,3%,6%,9%,10%,11%,13% (VAT on sales)
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%

VII.Notes to the Items of Consolidated Financial Statements

1. Monetary capital

RMB

Item	Closing balance	Opening balance
Cash on hand	1,578,403.58	693,912.75
Cash at bank	1,608,286,328.48	1,507,696,568.93
Other monetary capital	12,326,484.47	46,390,842.45
Total	1,622,191,216.53	1,554,781,324.13
including: total amount of funds deposited abroad	2,912,302.09	719,833.99

Other explanation:

Pledged deposits of letter of credit included in other monetary capital was RMB 1,141.97, futures margin was RMB 12,325,342.50 in the end of the period.

2. Trading financial assets

RMB

Item	Closing balance	Opening balance
Measured at fair value and whose changes are booked into current profits and losses	100,000,000.00	40,000,000.00
Wealth management products	100,000,000.00	40,000,000.00
Total	100,000,000.00	40,000,000.00

Other explanation:

On May 9, 2020, the Company bought the structural deposit of Shenyang Heping Branch of Shanghai Pudong Development Bank with a principal of MTB 50 million, which will be due on August 9, 2020 with an expected annualized return rate of 3.45%. On May 11, 2020, the Company bought the structural deposit of Shenyang Shenbei New District Branch of Shengjing Bank with a principal of RMB 50 million, which will be due on August 11, 2020

with an expected annualized yield of 3.70%.

3. Derivative financial assets

RMB

Item	Closing balance	Opening balance
Futures	9,100,936.30	3,912,584.30
Total	9,100,936.30	3,912,584.30

4. Notes receivable

RMB

Item	Closing balance	Opening balance
Bank's acceptance bill	2,095,361.50	3,696,180.25
Commercial acceptance bill	110,600.00	
Total	2,205,961.50	3,696,180.25

5. Accounts receivable

A. Categorized by aging

RMB

Aging	Closing book balance
Within 1 year	544,360,705.93
1-2 years	46,602,913.58
2-3 years	28,502,809.76
Over 3 years	88,368,393.12
Total	707,834,822.39

B. Categorized by bad debt accrual method

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	38,203,607.52	5.40	36,437,855.70	95.38	1,765,751.82	38,365,146.19	8.12	35,941,019.04	93.68	2,424,127.15
Accruing bad debt provision by grouping	669,631,214.87	94.60	95,217,437.30	14.24	574,413,777.57	434,053,298.76	91.88	74,416,623.53	17.14	359,636,675.23
Aging	669,631,214.87	94.60	95,217,437.30	14.24	574,413,777.57	434,053,298.76	91.88	74,416,623.53	17.14	359,636,675.23
Total	707,834,822.39	/	131,655,293.00	/	576,179,529.39	472,418,444.95	/	110,357,642.57	/	362,060,802.38

➤ Accruing bad debt provision individually

RMB

Name	Closing balance			
	Book balance	Bad debt provision	Accruing percentage %	Reason
Customer 1	4,734,285.00	4,734,285.00	100.00	Expected to be uncollectable
Customer 2	655,702.49	655,702.49	100.00	Expected to be uncollectable
Customer 3	807,150.00	807,150.00	100.00	Expected to be uncollectable
Customer 4	691,950.00	691,950.00	100.00	Expected to be uncollectable
Customer 5	434,825.00	434,825.00	100.00	Expected to be uncollectable
Customer 6	337,150.00	337,150.00	100.00	Expected to be uncollectable
Customer 7	219,425.00	219,425.00	100.00	Expected to be uncollectable
Customer 8	189,425.00	189,425.00	100.00	Expected to be uncollectable
Customer 9	157,125.00	157,125.00	100.00	Expected to be uncollectable
Customer 10	90,783.00	90,783.00	100.00	Expected to be uncollectable
Customer 11	106,384.00	106,384.00	100.00	Expected to be uncollectable
Customer 12	642,738.60	642,738.60	100.00	Expected to be uncollectable
Customer 13	56,000.00	56,000.00	100.00	Expected to be uncollectable
Customer 14	109,700.00	109,700.00	100.00	Expected to be uncollectable
Customer 15	256,166.38	256,166.38	100.00	Expected to be uncollectable
Customer 16	927,022.22	927,022.22	100.00	Expected to be uncollectable
Customer 17	2,942,919.70	1,177,167.88	40.00	Accrued according to expected loss
Customer 18	23,998,355.83	23,998,355.83	100.00	Expected to be uncollectable
Customer 19	183,899.57	183,899.57	100.00	Expected to be uncollectable
Customer 20	458,366.00	458,366.00	100.00	Expected to be uncollectable
Customer 21	52,102.80	52,102.80	100.00	Expected to be uncollectable
Customer 22	23,220.00	23,220.00	100.00	Expected to be uncollectable
Customer 23	54,180.60	54,180.60	100.00	Expected to be uncollectable
Customer 24	62,744.21	62,744.21	100.00	Expected to be uncollectable
Customer 25	11,987.12	11,987.12	100.00	Expected to be uncollectable
Total	38,203,607.52	36,437,855.70	95.38	/

➤ Accruing bad debt provision according to aging

RMB

Aging	Closing balance		
	Account receivable	Bad debt provision	Accruing percentage %
Within 1 year	544,360,705.93	27,225,484.73	5.00
1-2 years	46,602,913.58	4,660,291.35	10.00
2-3 years	25,559,890.06	10,223,956.02	40.00
Over 3 years	53,107,705.30	53,107,705.20	100.00
Total	669,631,214.87	95,217,437.30	/

C. Bad debt provision

RMB

Category	Opening balance	Changes in current period			Closing balance
		Accruing	Charge off or write-off	Other change	
Accounts receivable	110,357,642.57	22,313,507.73		1,015,857.30	131,655,293.00
Total	110,357,642.57	22,313,507.73		1,015,857.30	131,655,293.00

D. The actual write-off of accounts receivable in current period

RMB

Item	Write-off amount
Actual write-off of accounts receivable	1,015,857.30

Other important write-off of accounts receivable

RMB

Name	Nature	Write-off amount	Reason	Whether generated by related party transactions
Customer 1	Payment for products	360,000.00	Uncollectable after prosecuting	No
Total	/	360,000.00	/	/

E. Top 5 accounts receivable

RMB

Debtor	Closing balance	Percentage of the closing balance of total accounts receivable %	Bad debt provision
1	35,500,811.17	5.02	1,775,040.56
2	24,735,281.28	3.49	1,236,764.06
3	23,998,355.83	3.39	23,998,355.83
4	12,700,780.87	1.79	635,039.04
5	8,990,205.35	1.27	449,510.27
Total	105,925,434.50	14.96	28,094,709.76

6. Prepayments

A. Presenting by aging

RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage %	Amount	Percentage %
Within 1 year	261,927,528.27	99.23	217,146,116.15	97.79
Over 1 year	2,029,358.01	0.77	4,918,252.40	2.21
Total	263,956,886.28	100.00	222,064,368.55	100.00

B. Top 5 prepayments

Company	Closing balance	Percentage of the closing balance of total prepayments %
1	21,023,227.59	7.96
2	15,451,022.73	5.85
3	10,373,818.85	3.93
4	8,885,020.46	3.37
5	8,663,040.81	3.28
Total	64,396,130.44	24.40

7. Other receivables

RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable	25,353,722.11	25,353,722.11
Other receivables	82,225,186.59	60,247,089.64
Total	107,578,908.70	85,600,811.75

A. Dividends receivable

RMB

Item	Closing balance	Opening balance
Dividends from long-term investment under the equity method	25,353,722.11	25,353,722.11
Total	25,353,722.11	25,353,722.11

B. Other receivables

a. Presenting by aging

RMB

Aging	Closing book balance
Within 1 year	48,205,868.22
1-2 years	2,176,107.20
2-3 years	57,453,830.50
Over 3 years	7,698,087.60
Total	115,533,893.52

b. Presenting by nature

RMB

Nature	Closing book balance	Opening book balance
General operating receivables	66,991,402.22	48,549,112.40
Deposit and security	19,551,743.55	14,096,016.42
Export rebates receivable	518,947.75	37,833.46
Receivable from disposal of investment	28,471,800.00	28,471,800.00
Total	115,533,893.52	91,154,762.28

c. Accruing bad debt provision

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)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance on January 1, 2020	26,950,938.36		3,956,734.28	30,907,672.64
Accruing in the reporting period	1,861,806.20			1,861,806.20
Reversing back in the reporting period				
Other change			539,228.09	539,228.09
Balance on June 30, 2020	28,812,744.56		4,495,962.37	33,308,706.93

d. Bad debt provision

RMB

Category	Opening balance	Changes in current period				Closing balance
		Accruing	Collected or reversed	Charge off or write-off	Other change	
Other receivables	30,907,672.64	1,861,806.20			539,228.09	33,308,706.93
total	30,907,672.64	1,861,806.20			539,228.09	33,308,706.93

e. Top 5 other receivables

RMB

Company	Nature	Closing balance	Aging	Percentage of closing balance of total other receivables %	Closing balance of bad debt provision
1	Receivables arising from disposal of investment	28,471,800.00	2-3 years	24.64	11,388,720.00
2	Temporary debit	27,611,673.00	2-3 years	23.90	11,044,669.20
3	Security deposit	4,400,000.00	Within 1 year	3.81	220,000.00
4	Security deposit	3,900,000.00	Within 1 year	3.38	195,000.00
5	Commercial LC	3,426,860.90	Within 1 year	2.97	171,343.05
Total	/	67,810,333.90	/	58.70	23,019,732.25

8. Inventory

A. Category of inventory

RMB

Item	Closing balance			Opening balance		
	Book balance	Falling price reserve	Book value	Book balance	Falling price reserve	Book value
Raw material	683,645,657.84	2,774,564.29	680,811,727.92	651,999,952.04	2,852,699.42	649,147,252.62
Product in process	44,176,237.73	653,313.59	43,342,580.48	55,837,226.60	653,313.59	55,183,913.01
Finished product	585,184,153.78	6,391,166.19	579,033,776.88	585,118,896.60	2,650,729.76	582,468,166.84
Consumptive biological assets	427,885,766.09	26,054,133.72	401,831,632.37	274,774,516.57	26,670,559.74	248,103,956.83
Low priced and easily worn articles	14,818,723.46		14,817,643.46	13,182,022.60		13,182,022.60
Wrappage	8,868,837.53		8,868,837.53	15,557,821.25		15,557,821.25
Engineering construction	6,150,621.28		6,150,621.28	4,730,000.00		4,730,000.00
Total	1,770,729,997.71	35,873,177.79	1,734,856,819.92	1,601,200,435.66	32,827,302.51	1,568,373,133.15

B. Falling price reserves

RMB

Item	Opening balance	Increased amount		Reduced amount		Closing balance
		Accruing	Other	Reversing back or charging off	Other	
Raw material	2,852,699.42			78,135.13		2,774,564.29
Product in process	653,313.59					653,313.59
Finished product	2,650,729.76	11,612,155.42		7,871,718.99		6,391,166.19
Consumptive biological assets	26,670,559.74			616,426.02		26,054,133.72
Total	32,827,302.51	11,612,155.42		8,566,280.14		35,873,177.79

9. Other current assets

RMB

Item	Closing balance	Opening balance
Available for deducting VAT and prepaid tax	105,151,422.67	121,711,175.93
total	105,151,422.67	121,711,175.93

10. Long-term equity investment

RMB

Investee	Opening balance	Changes in the current period					Closing balance	Closing balance of impairment provision
		Additional investment	Decreased investment	Gains or losses on investments recognized under the equity method	Adjustment of other comprehensive income	Dividends or profits declared		
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
Qingdao Shenfeng	13,573,648.97			748,458.85			14,322,107.82	
Anshan Jiuguhe Food	152,438,428.77			40,248,068.41		33,242,400.00	159,444,097.18	
Tai'an Jiuguhe Agriculture	111,292,888.94			-24,036,930.68			87,255,958.26	
Linghai Jiuguhe Feed	62,403,210.81			-8,542,203.13			53,861,007.68	
Huludao Jiuguhe Food	70,721,671.34			17,004,977.98		13,300,000.00	74,426,649.32	
Dandong Wellhope Chengsan Food	52,614,814.23			10,083,391.76		2,000,000.00	60,698,205.99	
Dandong Wellhope Chengsan Agri-Tech	112,253,275.58			-293,948.88		2,000,000.00	109,959,326.70	
Haicheng New Hongzunda Agri-Tech	12,850,037.83			1,375,229.55		1,470,000.00	12,755,267.38	
Beipiao Hongfa Food	442,144,638.08			46,277,265.92			488,421,904.00	
Beijing Dahong Hengfeng	20,087,982.12			456,127.14			20,544,109.26	
Tai'an Jiufeng Agri-Tech	5,951,804.50	182,624.00		-1,153,694.01			4,980,734.49	

Schipper(Beijing)	1,270,877.77			212,349.05			1,483,226.82	
Shenyang Wenjie Bio-Tech	12,442,904.99			141,560.82			12,584,465.81	
Huludao Jiuguhe Feed	42,015,223.35			-10,077,547.46		13,300,000.00	18,637,675.89	
Jinzhou Jiufeng Food	48,476,492.49			19,329,815.40			67,806,307.89	
Zhangjiakou Jiahe Agriculture and Animal Husbandry	68,145,308.99			32,666,799.59			100,812,108.58	
Tai'an Fengjiu Agri-Tech	37,837,537.89			-476,164.49			37,361,373.40	
Anshan Fengsheng Food	30,430,304.76			13,159,004.46			43,589,309.22	
Dalian Chengsan Animal Husbandry	353,954,231.89			6,101,236.52			360,055,468.41	
Tailai Jiahe Agriculture and Animal Husbandry	27,134,553.62			17,849,560.97			44,984,114.59	
Gongzhuling Corn Purchasing and Storing	61,494,603.43			-1,526,619.80			59,967,983.63	
Lankao Skyland Duck	49,841,895.84			-6,112,003.85			43,729,891.99	
Hainan Nongken Wenfeng Wenchang Chicken	1,071,542.40	4,900,000.00		-165,429.32			5,806,113.08	
Dunhua Wellhope Agri-Tech	4,178,671.25			385,403.69			4,564,074.94	
Dunhua Fengda Agriculture and Animal Husbandry	2,986,597.14			4,994,971.77			7,981,568.91	
PT KARKA NUTRI INDUSTRI.	38,998,739.72			647,315.58	-57,328.83		39,588,726.47	
GOLDEN HARVEST INC.	104,931,225.82			1,680,750.70	2,945,569.11		109,557,545.63	
Guangrong Xinchuang	47,617,462.51			946,503.02	-623,081.20		47,940,884.33	
Shenyang Zhongwenjie Bio-Tech	4,060,534.77			533,672.62			4,594,207.39	

Shulan Fengtai Organic Fertilizer	1,500,000.00						1,500,000.00	
Weifang Wellhope Xinhesheng Feed	5,337,855.68			163,974.97			5,501,830.65	
Liaoning Mubang Animal Husbandry Equipment Manufacturing	1,791,476.38			2,626,742.47			4,418,218.85	
Anshan Yufeng Feed	-193,154.81			-314,363.36			-507,518.17	
Dalian Wellhope Fish Meal	5,724,448.41			704,167.72			6,428,616.13	
Liaoning Petmate Bio-Tech	5,576,080.92			-289,321.86			5,286,759.06	
Guangzhou Yikun Trading	108,257.73			1,189,819.53			1,298,077.26	
Jilin Hengfeng Animal Health Products	1,832,880.70			456,443.00			2,289,323.70	
Shenyang Wanlitan Agriculture and Animal Husbandry	2,247,702.24			610,988.76			2,858,691.00	
Daqing Supply and Marketing Wellhope Agri-Tech	3,527,190.48			508,337.18			4,035,527.66	
Heilongjiang Zhongyi Pasture Information Technology Service	442,305.46			-171,896.45			270,409.01	
Indonesia Max Livestock Technology	1,460,475.96						1,460,475.96	
Dalian Sida Food	35,802,062.02			5,328,523.40			41,130,585.42	
Shandong Fengkang Food		25,000,000.00		-1,914,873.80			23,085,126.20	
Dunhua Fengda Breeding Broiler		6,000,000.00		-56,689.40			5,943,310.60	
Subtotal	2,058,378,690.97	36,082,624.00		171,299,774.34	2,265,159.08	65,312,400.00	2,202,713,848.39	
Total	2,087,947,882.51	36,082,624.00		171,299,774.34	2,265,159.08	65,312,400.00	2,232,283,039.93	17,900,000.00

11. Other equity instruments Investment

A. Other equity instruments Investment

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	1,454,281.94	1,454,281.94
Xi'an Micro Monkey E-commerce		175,087.98
Jiayou Agriculture and Animal Husbandry in Xinji City	900,000.00	900,000.00
Jiahe Agriculture and Animal Husbandry in Shenze County	3,020,978.16	1,500,000.00
Dalian Xuelong Heniu Import and Export	7,266,447.34	1,500,000.00
Henan Shanghui Feed Development	127,230.32	127,230.32
Shenyang Bononveit Animal Health	138,167.76	61,696.77
Beijing Haobang Swine Artificial Insemination Service	32,542.22	32,542.22
Total	12,949,647.74	5,760,839.23

B. Non-transactional equity instrument investment

RMB

Item	Dividend income recognized in the current period	Cumulative gains	Cumulative losses
China-Russia Friendship Association of Liaoning Province			
Hengshui Hejia Agriculture and Animal Husbandry			145,718.06
Xi'an Micro Monkey E-commerce			340,000.00
Jiayou Agriculture and Animal Husbandry in Xinji City			
Jiahe Agriculture and Animal Husbandry in Shenze County		1,520,978.16	
Dalian Xuelong Heniu Import and Export			233,552.66
Henan Shanghui Feed Development			372,769.68
Shenyang Bononveit Animal Health		58,167.76	
Beijing Haobang Swine Artificial Insemination Service			67,457.78
Total		1,579,145.92	1,159,498.18

12. Fixed assets

RMB

Item	Closing balance	Opening balance
Fixed assets	2,269,553,170.07	2,023,113,939.02
Disposal of fixed assets		
Total	2,269,553,170.07	2,023,113,939.02

A. Circumstance of fixed assets

					RMB
Item	Buildings and structures	Machinery equipment	Transportation vehicle	Other equipment	Total
1. Original value					
A. Opening balance	1,717,146,763.14	1,231,747,402.79	107,927,235.19	73,745,481.56	3,130,566,882.68
B. Increased amount	203,046,790.27	199,349,729.48	10,220,858.32	7,267,408.85	419,884,786.92
a. Purchased	130,763,904.52	135,368,662.39	10,011,926.97	6,616,038.95	282,760,532.83
b. Construction in progress transferred in	34,213,999.67	44,851,669.65	53,097.35	276,169.00	79,394,935.67
c. Increased by business combination	38,068,886.08	19,129,397.44	155,834.00	375,200.90	57,729,318.42
C. Decreased amount	12,802,100.85	2,190,199.48	2,086,024.44	201,072.90	17,279,397.67
a. Disposed or scrapped	866,926.85	2,231,935.66	2,067,524.44	201,072.90	5,367,459.85
b. Other	11,935,174.00	-41,736.18	18,500.00		11,911,937.82
D. Closing balance	1,907,391,452.56	1,428,906,932.79	116,062,069.07	80,811,817.51	3,533,172,271.93
2. Accumulated depreciation					
A. Opening balance	370,740,456.95	501,199,843.43	80,296,331.86	51,738,432.70	1,003,975,064.94
B. Increased amount	62,385,081.12	86,899,462.05	6,011,863.30	5,360,944.51	160,657,350.98
a. Accruing	49,894,857.38	74,592,683.24	5,906,675.29	4,996,142.13	135,390,358.04
b. Other	12,490,223.74	12,306,778.81	105,188.01	364,802.38	25,266,992.94
C. Decreased amount	1,960,023.20	550,646.52	1,805,101.86	168,096.25	4,483,867.83
a. Disposed or scrapped	1,885,298.88	550,646.52	1,795,381.76	168,096.25	4,399,423.41
b. Other	74,724.32		9,720.10		84,444.42
D. Closing balance	431,165,514.87	587,548,658.96	84,503,093.30	56,931,280.96	1,160,148,548.09
3. Impairment provision					
A. Opening balance	59,961,322.75	42,904,539.70	204,388.73	407,627.54	103,477,878.72
B. Increased amount					
a. Accruing					
C. Decreased amount		6,093.60	1,218.00	13.35	7,324.95
a. Disposed or scrapped		6,093.60	1,218.00	13.35	7,324.95
D. Closing balance	59,961,322.75	42,898,446.10	203,170.73	407,614.19	103,470,553.77
4. Book value					
A. Closing book value	1,416,264,614.94	798,459,827.73	31,355,805.04	23,472,922.36	2,269,553,170.07
B. Opening book value	1,286,444,983.44	687,643,019.66	27,426,514.60	21,599,421.32	2,023,113,939.02

B. Fixed assets rented through finance lease

RMB

Item	Original book value	Accumulated depreciation	Opening balance
Manufacture equipment	92,352,635.00	8,838,713.00	83,513,922.00

C. Fixed assets leased out through operating lease

RMB

Item	Closing balance of book value
Buildings and structures	18,221,668.31

13. Construction in progress

RMB

Item	Closing balance	Opening balance
Construction in progress	353,897,369.68	240,012,874.86
Total	353,897,369.68	240,012,874.86

A. Circumstance of construction in progress

RMB

Item	Closing balance		Opening balance	
	Book balance	Book value	Book balance	Book value
Jilin Wellhope- sewage treatment and organic fertilizer	5,566,842.71	5,566,842.71	4,607,316.99	4,607,316.99
Dalian Zhongjia -workshop renovation	2,267,944.57	2,267,944.57	2,226,208.39	2,226,208.39
Shulan Fengtai-poultry house	32,559,390.57	32,559,390.57	55,672,411.04	55,672,411.04
Fushun Agriculture and Animal Husbandry-first phase of Shangnian pig farm	8,471,002.32	8,471,002.32	5,421,572.65	5,421,572.65
Fushun Agriculture and Animal Husbandry-Fushun Guanshan pig farm	109,687,007.48	109,687,007.48	76,160,733.62	76,160,733.62
Puyang Wellhope-broiler house	12,230.00	12,230.00	6,345,004.05	6,345,004.05
Shenyang Huakang-workshop renovation	1,936,318.45	1,936,318.45	8,929,925.91	8,929,925.91

Lankao Wellhope-premix project	11,029,778.36	11,029,778.36	8,510,622.36	8,510,622.36
Hainan Wellhope-feed production line with 200,000 tons per year	37,787,565.37	37,787,565.37	13,326,858.52	13,326,858.52
Pingyuan Food-second production line	3,329,853.44	3,329,853.44	1,723,490.95	1,723,490.95
Huakang Xinxin Food-refrigerated warehouse	185,891.50	185,891.50	3,660,000.00	3,660,000.00
Liaoning Wellhope-operation center	3,447,131.26	3,447,131.26	2,319,079.26	2,319,079.26
Gansu Wellhope-bulk feed workshop renovation			2,132,421.08	2,132,421.08
Anhui Wellhope-finished products workshop construction	2,004,000.00	2,004,000.00	2,004,000.00	2,004,000.00
Shenyang Wellhope-creep feed production line	1,119,600.00	1,119,600.00	1,119,600.00	1,119,600.00
Daqing Wellhope-livestock raising equipment			1,324,452.00	1,324,452.00
Liaoning Wellhope-office building decoration	2,768,656.50	2,768,656.50	2,518,656.50	2,518,656.50
Dalian Heyuan-Dayao hatching farm	43,947,768.53	43,947,768.53	28,067,787.50	28,067,787.50
Suizhong Renhe Fishery-fish meal production line	2,605,016.00	2,605,016.00		
Dalian Zhongjia-second phase project construction	4,597,303.01	4,597,303.01		
Dalian Zhongjia-workshop	632,004.94	632,004.94		
Shandong Heyuan Food-refrigeration and distribution room	25,855,457.44	25,855,457.44		
Changchun Wellhope-apartment building	31,509.43	31,509.43	31,509.43	31,509.43
Changchun Wellhope-refrigeration storage	14,264.15	14,264.15		
Anhui Haoxiang-sow farm equipment construction	3,230,000.00	3,230,000.00		
Nongda Wellhope-reconstructing pelleting line	2,423,330.00	2,423,330.00		

Tai'an Wellhope-small renovation projects	3,243,743.00	3,243,743.00		
Lingyuan Wellhope-pig farm	8,909,715.82	8,909,715.82	2,119,531.03	2,119,531.03
Lingyuan Wellhope-Lijiayingzi pig farm	9,901,000.00	9,901,000.00		
Hebei Taihang-main construction of workshop	1,848,779.99	1,848,779.99		
Other constructions	24,484,264.84	24,484,264.84	11,791,693.58	11,791,693.58
Total	353,897,369.68	353,897,369.68	240,012,874.86	240,012,874.86

B. Important constructions in progress

Project	Budget	Opening balance	Increased amount	Amount transferred in fixed assets	Other decreased amount	Closing balance	Percentage of accumulated input accounting for budget %	RMB	
								Construction progress %	Source of funds
Jilin Wellhope- sewage treatment and organic fertilizer	6,000,000.00	4,607,316.99	959,525.72			5,566,842.71	92.78	95.00%	Raised funds
Dalian Zhongjia -workshop	40,000,000.00	2,226,208.39	41,736.18			2,267,944.57	96.46	97.00%	Own funds
Shulan Fengtai-poultry house	67,256,185.00	55,672,411.04	3,706,882.86	26,819,903.33		32,559,390.57	88.00	75.00%	Own funds
Fushun Agriculture and Animal Husbandry-first phase of Shangnian pig farm	160,000,000.00	5,421,572.65	6,156,706.77	3,107,277.10		8,471,002.32	108.57	100.00%	Raised funds
Fushun Agriculture and Animal Husbandry-Fushun Guanshan pig farm	140,300,000.00	76,160,733.62	33,526,273.86			109,687,007.48	78.18	80.00%	Raised funds
Puyang Wellhope-broiler house	28,762,478.67	6,345,004.05	126,792.00	6,459,566.05		12,230.00	99.23	99.00%	Own funds
Shenyang Huakang-workshop renovation	12,741,491.00	8,929,925.91	5,071,392.03	12,064,999.49		1,936,318.45	109.89	94.00%	Own funds
Lankao Wellhope-premix project	23,800,000.00	8,510,622.36	2,519,156.00			11,029,778.36	46.34	70.00%	Own funds

Hainan Wellhope-feed production line with 200,000 tons per year	60,000,000.00	13,326,858.52	24,460,706.85			37,787,565.37	62.98	80.00%	Own funds
Pingyuan Food-second production line	4,000,000.00	1,723,490.95	1,606,362.49			3,329,853.44	83.25	85.00%	Own funds
Huakang Xinxin Food-refrigerated warehouse	4,300,000.00	3,660,000.00	500,000.00	3,913,343.05	60,765.45	185,891.50	100.00	96.00%	Own funds
Liaoning Wellhope-operation center	6,000,000.00	2,319,079.26	1,128,052.00			3,447,131.26	56.00	60.00%	Own funds
Gansu Wellhope-bulk feed workshop renovation	3,000,000.00	2,132,421.08	527,600.00	2,660,021.08			88.67	100.00%	Own funds
Anhui Wellhope-finished products workshop construction	2,800,000.00	2,004,000.00				2,004,000.00	71.57	72.00%	Own funds
Shenyang Wellhope-creep feed production line	1,399,500.00	1,119,600.00				1,119,600.00	80.00	80.00%	Own funds
Daqing Wellhope-livestock raising equipment	1,620,000.00	1,324,452.00	229,500.00	1,553,952.00			100.00	100.00%	Own funds
Liaoning Wellhope-office building decoration	3,100,000.00	2,518,656.50	250,000.00			2,768,656.50	89.31	90.00%	Own funds
Dalian Heyuan-Dayao hatching farm	60,000,000.00	28,067,787.50	27,409,981.03	11,530,000.00		43,947,768.53	70.00	80.00%	Own funds
Suizhong Renhe Fishery-fish meal production line	2,700,000.00		2,605,016.00			2,605,016.00	96.00	95.00%	Own funds
Dalian Zhongjia-second phase project construction	200,000,000.00		4,597,303.01			4,597,303.01	2.30	10.00%	Own funds
Dalian Zhongjia-workshop	15,000,000.00		632,004.94			632,004.94	4.20	20.00%	Own funds

Shandong Heyuan Food-refrigeration and distribution room	42,000,000.00		26,612,881.44		757,424.00	25,855,457.44	63.36	70.00%	Own funds
Changchun Wellhope-apartment building	5,200,000.00	31,509.43				31,509.43	0.61		Own funds
Changchun Wellhope-refrigeration storage	9,000,000.00		14,264.15			14,264.15	0.16		Own funds
Anhui Haoxiang-sow farm equipment construction	3,250,000.00		3,230,000.00			3,230,000.00	99.38	99.00%	Own funds
Nongda Wellhope-reconstructing pelleting line	3,000,000.00		2,423,330.00			2,423,330.00	80.78	80.00%	Own funds
Tai'an Wellhope-small renovation projects	4,000,000.00		3,768,690.00	524,947.00		3,243,743.00	94.22	95.00%	Own funds
Lingyuan Wellhope- pig farm	20,000,000.00	2,119,531.03	6,790,184.79			8,909,715.82	45.00	50.00%	Own funds
Lingyuan Wellhope-Lijiayingzi pig farm	50,000,000.00		9,901,000.00			9,901,000.00	19.80	25.00%	Raised funds
Hebei Taihang-main construction of workshop	50,000,000.00		1,848,779.99			1,848,779.99	26.00	30.00%	Own funds
Total	1,029,229,654.67	228,221,181.28	170,644,122.11	68,634,009.10	818,189.45	329,413,104.84	/	/	/

14. Biological asset

Productive biological assets using cost measurement model

RMB

Item	Animal husbandry		Total
	Breeder (broiler)	Breeder (swine)	
1. Original value			
A. Opening balance	52,264,742.77	67,953,454.22	120,218,196.99
B. Increased amount	49,353,239.87	146,143,687.88	195,496,927.75
a. Externally purchased	12,625,800.00	18,689,931.63	31,315,731.63
b. Raised by own farm	36,727,439.87	127,453,756.25	164,181,196.12
C. Decreased amount	42,491,398.30	68,962,388.34	111,453,786.64
a. Disposed	42,491,398.30	68,962,388.34	111,453,786.64
D. Closing balance	59,126,584.34	145,134,753.76	204,261,338.10
2. Accumulated depreciation			
A. Opening balance	22,090,264.89	3,301,619.22	25,391,884.11
B. Increased amount	15,986,768.66	6,816,304.86	22,803,073.52
a. Accruing	15,986,768.66	6,816,304.86	22,803,073.52
C. Decreased amount	23,730,681.96	1,250,663.95	24,981,345.91
a. Disposed	23,730,681.96	1,250,663.95	24,981,345.91
D. Closing balance	14,346,351.59	8,867,260.13	23,213,611.72
3. Impairment provision			
4. Book value			
A. Closing book value	44,780,232.75	136,267,493.63	181,047,726.38
B. Opening book value	30,174,477.88	64,651,835.00	94,826,312.88

15. Intangible assets

RMB

Item	Land use rights	Computer software and other	Total
1. Original value			
A. Opening balance	283,885,270.01	12,795,928.14	296,681,198.15
B. Increased amount	23,489,314.73	114,116.81	23,603,431.54
a. Purchased	12,874,127.02	114,116.81	12,988,243.83
b. Increased by business combination	10,615,187.71		10,615,187.71
C. Decreased amount			
a. Disposed			
b. Decreased by business combination			
D. Closing balance	307,374,584.74	12,910,044.95	320,284,629.69
2. Accumulated amortization			
A. Opening balance	45,817,866.76	5,299,164.00	51,117,030.76
B. Increased amount	5,172,504.75	722,468.85	5,894,973.60
a. Accruing	4,094,991.56	722,468.85	4,817,460.41
b. Increased by business combination	1,077,513.19		1,077,513.19
C. Decreased amount			
a. Disposed			
b. Decreased by business combination			

D. Closing balance	50,990,371.51	6,021,632.85	57,012,004.36
3. Impairment provision			
4. Book value			
A. Closing book value	256,384,213.23	6,888,412.10	263,272,625.33
B. Opening book value	238,067,403.25	7,496,764.14	245,564,167.39

16. Goodwill

Original value of goodwill

RMB

Invested entity or matters forming goodwill	Opening balance	Increased amount	Decreased amount	Closing balance
		Formed by business combination	Disposal	
Dalian Zhongjia Food Co., Ltd.	290,425.67			290,425.67
Total	290,425.67			290,425.67

17. Long-term prepaid expenses

RMB

Item	Opening balance	Increased amount	Amortized amount	Closing balance
Broiler cages	82,161,315.11	2,790,526.00	12,006,436.91	72,945,404.20
Land lease fee	30,526,112.57	11,839,355.85	4,479,187.83	37,886,280.59
Fixed assets improvement	16,377,506.34	4,196,616.75	2,059,599.29	18,514,523.80
Other	5,439,283.78	5,684,341.00	3,208,236.05	7,915,388.73
Total	134,504,217.80	24,510,839.60	21,753,460.08	137,261,597.32

18. Deferred income tax assets/deferred income tax liabilities

a. Deferred income tax assets that are not offset

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	166,517,761.35	32,490,192.58	156,147,402.07	30,646,841.04
Equity incentive expense	8,407,491.98	1,291,179.03	3,243,114.20	508,474.55
Changes in fair value	1,276,045.00	188,091.24	112,115.92	28,028.98
Unrealized profit of internal transaction	19,048,556.19	4,435,882.97	23,895,127.90	4,804,391.92
Total	195,249,854.52	38,405,345.82	183,397,760.09	35,987,736.49

b. Deferred income tax liabilities that are not offset

RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Book value of asset greater than the tax base	1,412,208.28	353,052.07	1,611,908.32	396,995.58
Total	1,412,208.28	353,052.07	1,611,908.32	396,995.58

c. Details of unrecognized deferred income tax asset

RMB

Item	Closing balance	Opening balance
Deductible temporary difference	43,738,446.96	51,189,855.72
Deductible losses	276,881,574.34	234,143,729.40
Total	320,620,021.30	285,333,585.12

d. The deductible losses of unrecognized deferred income tax assets that will be due in the following years

RMB

Year	Closing balance	Opening balance	Note
2020	32,419,997.44	26,306,707.29	
2021	32,093,129.73	37,833,545.02	
2022	47,622,896.40	38,752,564.40	
2023	48,973,249.20	40,585,903.64	
2024	75,245,555.11	77,825,369.67	
2025	21,775,079.73		
2026	611,959.34		
2027	4,420,084.90	2,082,969.89	
2028	8,255,571.42	6,715,140.33	
2029	4,278,584.71	4,041,529.16	
2030	1,185,466.36		
Total	276,881,574.34	234,143,729.40	

19. Other non-current assets

RMB

Item	Closing balance		Opening balance	
	Book balance	Book value	Book balance	Book value
Prepayments of long-lived assets	102,051,715.00	102,051,715.00	44,490,695.92	44,490,695.92
Prepayments of fees to contract farms	333,064,114.08	333,064,114.08	277,650,038.27	277,650,038.27
Prepayments of house rent	20,243,602.76	20,243,602.76	15,322,533.37	15,322,533.37
Total	455,359,431.84	455,359,431.84	337,463,267.56	337,463,267.56

20. Short-term borrowing

RMB

Item	Closing balance	Opening balance
Guaranteed loan	126,926,364.65	109,638,205.81
Credit loan	1,096,462,458.88	941,240,000.00
Total	1,223,388,823.53	1,050,878,205.81

Explanation: The guaranteed loans were bank loans of subsidiaries in terms of Lingyuan Wellhope, Liaoning Godaji E-commerce, Puyang Wellhope Food, Kaifeng Food and Liaoning Expert Trading, which were guaranteed by the Company.

21. Accounts payable

RMB

Item	Closing balance	Opening balance
Accounts payable related to purchasing and expenses	743,649,377.04	613,009,029.34
Accounts payable related to long-lived assets	44,735,414.95	46,207,454.50
Total	788,384,791.99	659,216,483.84

22. Contract liability

RMB

Item	Closing balance	Opening balance
Sales proceeds	324,131,304.96	209,529,248.68
Total	324,131,304.96	209,529,248.68

23. Payroll

a. Payroll

RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
1. Short-term benefits	61,001,277.97	324,661,345.87	328,444,438.03	57,218,185.81
2. Post-employment benefits-defined contribution plan	1,548,086.15	6,902,120.74	8,094,880.08	355,326.81
3. Termination benefits		124,580.05	124,580.05	
4. Other benefits due within one year				
Total	62,549,364.12	331,688,046.66	336,663,898.16	57,573,512.62

b. Short-term benefits

RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
1. Wages, bonuses, allowances and subsidies	59,658,147.63	286,870,724.12	291,907,928.94	54,620,942.81
2. Staff benefits expenses		22,449,300.36	21,506,977.87	942,322.49
3. Social insurance charges	454,499.01	9,058,334.48	9,005,720.86	507,112.63
including: Medical	375,466.19	8,171,521.96	8,075,902.93	471,085.22

insurance premiums				
Occupational injury insurance premium	52,072.13	346,234.04	385,668.69	12,637.48
Birth insurance premium	26,960.69	540,578.48	544,149.24	23,389.93
4. Housing provident fund	139,516.00	4,403,097.20	4,338,622.78	203,990.42
5. Employee labor union dues, employee education expense	749,115.33	1,879,889.71	1,685,187.58	943,817.46
6. Short-term paid absences				
7. Short-term profit sharing plan				
Total	61,001,277.97	324,661,345.87	328,444,438.03	57,218,185.81

c. Defined contribution plan

RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
Basic endowment insurance	1,499,516.44	6,681,964.04	7,834,902.03	346,578.45
Unemployment insurance expense	48,569.71	220,156.70	259,978.05	8,748.36
Enterprise annuity				
Total	1,548,086.15	6,902,120.74	8,094,880.08	355,326.81

24. Tax payable

RMB

Item	Closing balance	Opening balance
Value-added tax	1,505,188.31	1,351,995.42
Corporate income tax	51,416,303.18	32,731,646.44
Individual income tax	2,267,040.68	729,362.56
City maintenance and construction tax	105,778.15	109,286.49
Extra charges of education funds	68,326.62	74,513.94
House property tax	814,900.85	697,937.54
City and town land use tax	1,261,482.82	1,343,282.00
Stamp tax	354,685.67	462,741.13
Resource tax	117,698.60	
Other	239,627.11	180,188.32
Total	58,151,031.99	37,680,953.84

25. Other payables

RMB

Item	Closing balance	Opening balance
Interest payable	1,347,819.06	1,528,201.39
Dividends payable	17,135,207.06	1,434,027.14
Other payables	352,260,720.51	339,277,132.75
Total	370,743,746.63	342,239,361.28

A. Interest payable

RMB

Item	Closing balance	Opening balance
Interests of long-term loan that are paid periodically and repaid the principal due at maturity	514,237.02	237,583.33
Interest payable of short-term borrowing	833,582.04	1,290,618.06
Total	1,347,819.06	1,528,201.39

B. Dividends payable

RMB

Item	Closing balance	Opening balance
Common stock dividends	17,135,207.06	1,434,027.14
Total	17,135,207.06	1,434,027.14

C. Other payables

Other payables by nature

RMB

Item	Closing balance	Opening balance
Operating payables related to expenses and transactions	304,564,905.51	204,082,682.75
Payables related to investment	2,000,000.00	64,505,700.00
Obligation of repurchasing non-restricted stock	45,695,815.00	70,688,750.00
Total	352,260,720.51	339,277,132.75

26. Non-current liability due within 1 year

RMB

Item	Closing balance	Opening balance
Long-term borrowings due within 1 year	74,000,000.00	52,000,000.00
Long-term payables due within 1 year	19,200,042.05	18,593,717.62
Total	93,200,042.05	70,593,717.62

27. Long-term borrowing

RMB

Item	Closing balance	Opening balance
Credit loan	353,830,000.00	174,330,000.00
Total	353,830,000.00	174,330,000.00

List of long-term borrowing

RMB

Bank	Due date	Annual interest rate	Closing balance
Shenyang Heping Branch of Agricultural Bank of China	Oct. 28, 2022	4.80%	72,000,000.00
Shenyang Heping Branch of Agricultural Bank of China	Dec. 20, 2021	4.99%	14,000,000.00
Shenyang Hunnan Branch of China Construction Bank	Nov. 20, 2022	4.75%	50,000,000.00
Shenyang Lianhe Road Branch of China Minsheng Bank	Jan. 17, 2023	4.75%	148,500,000.00

Shenyang Lianhe Road Branch of China Minsheng Bank	Mar. 23, 2023	4.75%	49,000,000.00
Chongqing Rural Commercial Bank	Oct. 24, 2021	Interest-free	330,000.00
Linzhang Branch of Handan Bank	Apr. 20, 2023	4.75%	10,000,000.00
Handan Bank	Apr. 27, 2023	4.75%	10,000,000.00
Total			353,830,000.00

28. Long-term payable

RMB

Item	Closing balance	Opening balance
long-term payable	66,953,833.28	11,025,000.09
Total	66,953,833.28	11,025,000.09

A. Long-term payable by nature

RMB

Item	Opening balance	Closing balance
Financial lease outlay	66,953,833.28	11,025,000.09
Total	66,953,833.28	11,025,000.09

29. Deferred income

RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance	Reason
Government grant	31,841,250.00	10,020,000.00	3,161,752.00	38,699,498.00	
Total	31,841,250.00	10,020,000.00	3,161,752.00	38,699,498.00	

Projects receiving government grants:

RMB

Liability item	Opening balance	Amount of newly increased grant	Amount included in non-operating income	Amount included in other income	Closing balance	Related to assets/related to income
2019 provincial sci-tech major special project funds	2,180,000.00	3,220,000.00		1,350,000.00	4,050,000.00	Assets
Shenyang city central industrial transformation and upgrading funds	8,651,250.00			641,250.00	8,010,000.00	Assets
2020 Central Government's funds for high-quality development of manufacturing industry (green manufacturing)	8,100,000.00	2,700,000.00		405,000.00	10,395,000.00	Assets

Project funds related to benefit farming policy	4,310,000.00			215,502.00	4,094,498.00	Assets
Lingyuan Wellhope 50,000 tons of organic fertilizer project	2,700,000.00		150,000.00		2,550,000.00	Assets
Lingyuan Wellhope 100,000 tons of ruminant feed project	3,500,000.00		250,000.00		3,250,000.00	Assets
Lingyuan Wellhope corn purchasing and storage barn	2,400,000.00		150,000.00		2,250,000.00	Assets
Lingyuan Wellhope pig farm		4,100,000.00			4,100,000.00	Assets
Total	31,841,250.00	10,020,000.00	550,000.00	2,611,752.00	38,699,498.00	/

30. Share capital

RMB

	Opening balance	Changes(increase/decrease)		Closing balance
		Other	Subtotal	
Total shares	922,304,396.00	-244,500.00	-244,500.00	922,059,896.00

Explanation: According to the proposal of repurchasing and writing off part of locked restricted shares approved by the Board, 244,500 shares were repurchased and written off by the Company.

31. Capital reserve

RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
Capital premium (share capital premium)	853,610,605.56			853,610,605.56
Other capital reserves	29,112,460.73	711,477.68		29,823,938.41
Total	882,723,066.29	711,477.68		883,434,543.97

32. Treasury stock

RMB

Item	Opening balance	Increased amount	Decreased amount	Closing balance
Repurchase of restricted stock	70,688,750.00		24,992,935.00	45,695,815.00
Total	70,688,750.00		24,992,935.00	45,695,815.00

33. Other comprehensive income

RMB

Item	Opening balance	Amount in current period			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	-760,192.18	1,188,808.51	1,151,337.72	37,470.79	391,145.54
Changes in the fair value of other equity instruments	-760,192.18	1,188,808.51	1,151,337.72	37,470.79	391,145.54
2. Other comprehensive income that will be reclassified into gains or losses	6,883,027.48	752,351.44	1,433,114.88	-680,763.44	8,316,142.36
including: other comprehensive income that can be transferred in gains or losses under the equity method	5,932,621.40	2,265,159.08	2,265,159.08		8,197,780.48
Translation balance of foreign currency financial statements	950,406.08	-1,512,807.64	-832,044.20	-680,763.44	118,361.88
Total other comprehensive income	6,122,835.30	1,941,159.95	2,584,452.60	-643,292.65	8,707,287.90

34. Surplus reserve

RMB

Item	Opening balance	Increased amount	Dcreased amount	Closing balance
Statutory surplus reserve	352,059,456.90			352,059,456.90
Total	352,059,456.90			352,059,456.90

35. Undistributed profit

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Undistributed profit at the end of prior period before adjustment	3,605,618,553.05	2,651,462,525.08
Adjusting total undistributed profit at the beginning of current period		91,554.12

Undistributed profit at the beginning of current period after adjustment	3,605,618,553.05	2,651,554,079.20
add: Net profit attributable to the owners of parent company in current period	606,015,736.01	1,199,347,355.96
deduct: Extraction of statutory surplus reserve		79,268,090.83
Extraction of discretionary surplus reserve		
Extraction of general risk provisions		
Common stock dividends payable	202,809,167.12	166,014,791.28
Dividends of common stock transferred to share capital		
Undistributed profit at the end of current period	4,008,825,121.94	3,605,618,553.05

36. Operating revenue and cost

RMB

Item	Jan.-Jun. 2020		Jan.-Jun. 2019	
	Revenue	Cost	Revenue	Cost
Principal businesses	9,837,251,514.81	8,800,742,627.80	7,724,785,191.98	6,984,517,888.26
Other businesses	11,128,337.47	5,945,784.91	2,614,812.77	1,302,726.68
Total	9,848,379,852.28	8,806,688,412.71	7,727,400,004.75	6,985,820,614.94

37. Taxes and surtaxes

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
City maintenance and construction tax	491,979.35	546,650.44
Extra charges of education funds	354,066.13	391,249.47
Resources tax	219,195.48	232,741.90
House property tax	3,820,104.55	3,310,388.93
Land use tax	5,365,489.57	5,444,248.95
Vehicle and vessel use tax	29,187.49	61,315.46
Stamp tax	3,329,519.70	2,468,193.10
Other tax	211,052.91	243,939.09
Total	13,820,595.18	12,698,727.34

38. Sales expenses

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Payroll	100,686,134.89	94,456,490.48
Travel expense	49,642,745.40	53,709,554.31
Transportation and handling expenses		36,866,924.68
Handling expenses	2,373,443.63	
Business entertainment expenses	7,218,443.69	9,754,397.99
Business advertising expenses	16,289,097.01	12,600,876.75
Labor costs	8,155,988.35	7,946,172.09
Sales and service fees	3,699,097.44	2,327,406.82
Lease fee	4,868,178.14	3,495,494.43
Advertising expenses	478,345.34	259,264.00

Office and communication fee	2,811,315.18	1,790,211.67
Vehicle costs	2,782,992.72	2,662,500.16
Exhibition expenses	256,885.00	573,200.00
Meeting expenses	1,533,498.19	1,793,004.34
Stock incentive expenses	1,607,223.03	3,837,843.75
Subtotal of other items	10,266,322.61	7,917,383.60
Total	212,669,710.62	239,990,725.07

39. Administration expense

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Payroll	59,171,860.04	53,449,462.39
Depreciation	18,071,449.61	17,177,155.17
Office and communication fee	7,453,531.76	8,711,252.45
Travel expense	2,981,958.65	3,803,513.17
Repair charge	5,499,715.95	5,583,562.37
Lease fee	2,883,040.89	2,445,422.20
Heating fee	2,853,446.34	2,461,972.73
Vehicle costs	2,531,301.60	2,771,604.14
Amortization of intangible assets	4,109,442.11	3,309,384.57
Business entertainment expense	3,055,375.68	2,933,395.99
Water and electricity	2,328,956.48	1,996,702.31
Labor costs	7,360,317.40	4,241,165.89
Stock incentive expenses	3,197,302.35	6,498,748.75
Subtotal of other items	12,583,927.74	11,532,623.04
Total	134,081,626.60	126,915,965.17

40. R&D expenditure

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Payroll	9,952,417.43	12,633,422.19
Design and testing fee	12,542,467.62	9,813,339.68
Cost of materials and appliances	5,359,577.21	1,389,033.03
Travel expense	725,181.16	1,478,480.57
Depreciation and amortization charge	1,467,979.79	1,947,348.78
Stock incentive expenses	457,955.51	1,462,706.47
Subtotal of other items	439,339.59	1,297,015.15
Total	30,944,918.31	30,021,345.87

41. Financial expense

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Interest expenditure	37,905,838.10	40,211,708.70
deduct: Interest income	-8,451,668.98	-2,641,228.16
add: Exchange loss (deduct income)	132,321.39	428,228.68
Service charge	1,477,985.62	1,482,551.47
Other	884.59	240,491.04
Total	31,065,360.72	39,721,751.73

42. Other income

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Government grant	5,942,599.70	2,192,950.10
Total	5,942,599.70	2,192,950.10

Other explanation: Details are listed in "Government grants"

43. Income from investment

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Income from long-term equity investment measured by the equity method	171,299,774.34	186,195,941.85
Income from disposal of long-term equity investment		1,986,085.19
Income from disposal of financial assets that are measured at fair value and the changes included in current gains or losses	-634,557.55	-314,995.89
Investment income from holding the trading financial asset	1,924,534.25	
Dividend income from holding other equity instrument investment		100,000.00
Income from disposal of trading financial asset		
Income from disposal of other equity instrument investment		100,000.00
Total	172,589,751.04	188,067,031.15

44. Income from changes in fair value

RMB

Source of income that generates changes in fair value	Jan.-Jun. 2020	Jan.-Jun. 2019
Trading financial asset	-1,265,439.00	-169,200.00
Including: Income from fair value changes generated by derivative financial instruments	-1,265,439.00	-169,200.00
Total	-1,265,439.00	-169,200.00

45. Credit impairment loss

RMB

Source of income from changes in fair value	Jan.-Jun. 2020	Jan.-Jun. 2019
Bad debt loss of account receivables	-22,313,507.73	-16,610,388.27
Bad debt loss of other receivables	-1,861,806.20	-1,924,013.78
Total	-24,175,313.93	-18,534,402.05

46. Asset impairment loss

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
loss on inventory valuation and impairment loss of contract performance cost	-11,612,155.42	-269,072.43
Total	-11,612,155.42	-269,072.43

47. Income from assets disposal

RMB		
Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Gains or losses from disposal of fixed assets	875,330.03	1,104,606.81
Gains or losses from disposal of biological asset	671,959.37	-1,149,966.04
Total	1,547,289.40	-45,359.23

48. Non-operating Income

RMB			
Item	Jan.-Jun. 2020	Jan.-Jun. 2019	Amount recorded in current non-recurring items
Total gains or losses from disposal of non-current assets	605,704.68	172,530.64	605,704.68
including: Gains or losses from disposal of fixed assets	328,904.68	172,530.64	328,904.68
Gains from scrapped biological assets	276,800.00		276,800.00
Government grants	6,682,599.37	14,052,690.31	6,682,599.37
Other	1,117,240.65	1,589,709.03	1,117,240.65
Total	8,405,544.70	15,814,929.98	8,405,544.70

Government grants included in current gains and losses

RMB			
Item	Jan.-Jun. 2020	Jan.-Jun. 2019	Related to assets/related to income
Livestock and poultry manure and waste treatment and resource utilization project	2,000,000.00		income
Fixed assets investment projects	1,430,000.00		income
Award for production increment	500,000.00		income
Deferred income transferred	550,000.00	550,000.00	asset
Subtotal for other projects under RMB 500,000	2,202,599.37	2,149,390.31	income
2018 special fund for the development of Shenyang foreign trade and economic cooperation		3,884,800.00	income
Funds provided by Bureau of Finance of Shenyang city to benefit agricultural projects		4,310,000.00	income
Incentive fund for China's top 500 private enterprises		2,000,000.00	income
Special fund for air control and gas boiler		1,158,500.00	income
Total	6,682,599.37	14,052,690.31	/

49. Non-operating expenditure

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019	Amount included in current non-recurring items
Total losses from disposal of non-current assets	2,720,080.23	4,258,987.96	2,720,080.23
including: Losses from disposal of fixed assets	318,214.63	628,617.75	318,214.63
Losses from scrapped biological assets	2,401,865.60	3,630,370.21	2,401,865.60
Penalties and late fees	519,619.48	487,260.00	519,619.48
External donations	2,515,826.50	1,614,600.00	2,515,826.50
Extraordinary loss	2,953,879.98	11,864,684.29	2,953,879.98
Other	87,968.39	97,154.34	87,968.39
Total	8,797,374.58	18,322,686.59	8,797,374.58

50. Income tax expense

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Income tax expense	82,879,343.99	34,938,647.84
Deferred income tax expense	-2,461,552.84	-3,720,125.15
Total	80,417,791.15	31,218,522.69

Adjustment procedure for accounting profit and income tax expense

RMB

Item	Jan.-Jun. 2020
Total profit	761,744,130.05
Income tax expenses calculated at statutory or applicable tax rates	114,261,619.51
Effects of subsidiaries that are subject to different tax rates	-8,146,777.21
Effects of adjusting the income tax on previous periods	506,781.40
Effects of non-taxable income	-30,930,496.89
Effects of non-deductible costs, expenses and losses	4,252,755.40
Effects of using deductible losses of unrecognized deferred income tax assets of prior period	-3,559,697.88
Effects of deductible temporary difference or deductible losses of unrecognized deferred income tax assets of current period	5,069,546.70
Calculation and deduction of R&D expenditure	-1,035,939.88
Income tax expense	80,417,791.15

51. Other comprehensive income

See Note 33- Other comprehensive income

52. Items in cash flow statement

A. Cash received from other activities related to operating

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Government grants	19,483,447.07	14,907,868.31
Interest income	8,451,668.98	2,641,228.16
Subtotal of transactions and other	6,468,210.34	21,373,673.87
Total	34,403,326.39	38,922,770.34

B. Cash paid for other activities related to operating

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Travelling expense	52,624,704.05	57,513,067.48
Transportation and handling expense		36,866,924.68
R&D expenditure	19,066,565.58	15,440,574.90
Business entertainment expense	10,273,819.37	12,687,793.98
Office and communication fee	10,264,846.94	10,511,548.03
Labor cost	15,516,305.75	12,187,337.98
Other operating expenses	54,566,380.26	68,747,525.48
Transactions and other	180,101,892.27	122,799,145.85
Total	342,414,514.22	336,753,918.38

C. Cash received from other activities related to investment

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Futures margin	31,847,479.40	
Net cash received from the acquiring the shares of Suizhong Renhe Fishery		2,131,060.28
Net cash received from acquiring the shares of Harbin Baoweikang Bio-Technology		246,871.87
Total	31,847,479.40	2,377,932.15

D. Cash paid for other activities related to investment

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Futures margin		32,803,000.71
Net increase in financial assets held for trading purposes		2,722,803.40
Net cash from disposal of the shares of Weifang Wellhope Xinhesheng Feed		3,405,141.26
Total		38,930,945.37

E. Cash received from other activities related to financing

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Cash received from disposal of shares of subsidiaries		640,000.00
Total		640,000.00

F. Cash paid for other activities related to financing

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Cash paid for buying non-controlling interests of the subsidiaries		5,856,566.01
Repurchasing non-restricted shares	1,185,825.00	
Total	1,185,825.00	5,856,566.01

53. Supplementary information of cash flow statement

A. Supplementary information

RMB

Further information	Jan.-Jun. 2020	Jan.-Jun. 2019
1. Adjusting net profit to cash flow from operating activities		
Net profit	681,326,338.90	429,746,542.87
add: Assets impairment provision	35,787,469.35	18,803,474.48
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of biological assets	158,193,431.56	95,565,429.32
Amortization of intangible assets	4,817,460.41	3,243,055.48
Amortization of long-term prepaid expenses	21,753,460.08	23,316,678.76
Losses on disposal of fixed assets, intangible assets and other long-lived assets	-1,547,289.40	-45,359.23
Losses on retirement of fixed assets	2,114,375.55	4,086,457.32
Losses due to changes in fair value	1,265,439.00	169,200.00
Financial expense	38,038,159.49	40,742,726.29
Investment losses	-172,589,751.04	-188,067,031.15
Decrease of deferred income tax assets	-2,417,609.33	-3,835,142.15
Increase of deferred income tax liabilities	-43,943.51	115,017.00
Decrease of inventory	-122,846,851.71	22,960,735.22
Decrease of operating receivables	-329,377,056.30	-328,421,823.92
Increase of operating payables	136,922,394.73	180,911,824.33
Other		
Net cash flow from operating activities	451,396,027.78	299,291,784.62
2. Net changes in cash and cash equivalents		
Closing balance of cash	1,609,864,732.06	1,488,930,871.05
deduct: opening balance of cash	1,508,390,481.68	889,204,873.97
add: Closing balance of cash equivalent		
deduct: Opening balance of cash equivalent		
Net increase in cash and cash equivalents	101,474,250.38	599,725,997.08

B. Cash paid for acquiring subsidiaries

RMB

	Amount
Cash or cash equivalents paid for business combinations occurred in current period	40,000,000.00
including: Yangling Wellhope Agriculture and Animal Husbandry	40,000,000.00
Net cash paid for acquiring subsidiaries	40,000,000.00

C. Cash and cash equivalents

RMB

Item	Closing balance	Opening balance
1. Cash	1,609,864,732.06	1,508,390,481.68
including: Cash on hand	1,578,403.58	693,912.75
Bank deposits available for payment at any time	1,608,286,328.48	1,507,696,568.93
2. Closing balance of cash and cash equivalent	1,609,864,732.06	1,508,390,481.68

54. Assets in which ownership or use rights are restricted

RMB

Item	Closing book value	Reason for restriction
Monetary capital	1,141.97	L/C guarantee deposit
Monetary capital	12,325,342.50	Futures margin
Total	12,326,484.47	/

55. Foreign currency monetary items

A. Foreign currency monetary items

RMB

Item	Closing balance of foreign currency	Translating exchange rate	Closing balance translated into RMB
Monetary capital	-	-	13,946,709.94
including: US dollar	96,708.36	7.07950	684,646.83
Euro	82.90	7.96100	659.97
Hong Kong dollar	11,380,356.85	0.91344	10,395,273.16
Ruble	28,405,648.96	0.10090	2,866,129.98
Account receivable	-	-	18,116,295.79
including: US dollar	1,773,461.74	7.07950	12,555,222.37
Hong Kong dollar	6,088,055.50	0.91344	5,561,073.42
Accounts payable	-	-	1,970,919.89
including: Ruble	19,533,398.32	0.10090	1,970,919.89
Prepayment	-	-	973,590.81
including: Ruble	9,649,066.50	0.10090	973,590.81
Contract liability	-	-	104,165.65
including: Ruble	1,032,365.21	0.10090	104,165.65
Short-term borrowing	-	-	27,926,364.65
including: US dollar	3,944,680.37	7.07950	27,926,364.65

B. Explanation of overseas business entity

Name of overseas business entity	Business place abroad	Recording currency	Currency selection basis
Russia Wellhope Agri-Tech	Russia	Ruble	Local currency

56. Government grant

RMB			
Category	Amount	Present item	Amount recorded in current gains or losses
Award for green manufacturing demonstration	500,000.00	Other income	500,000.00
Livestock and poultry manure and waste treatment and resource utilization project	2,000,000.00	Non-operating income	2,000,000.00
Fixed assets investment projects	1,430,000.00	Non-operating income	1,430,000.00
Award for production increment	500,000.00	Non-operating income	500,000.00
Deferred income transferred	2,611,752.00	Other income	2,611,752.00
Deferred income transferred	550,000.00	Non-operating income	550,000.00
Subtotal for other projects under RMB 500,000	2,830,847.70	Other income	2,830,847.70
Subtotal for other projects under RMB 500,000	2,202,599.37	Non-operating income	2,202,599.37
Total	12,625,199.07	/	12,625,199.07

VIII.Change of consolidation scope

1. Business combination under different control

A. Business combination under different control occurred in current period

RMB								
Investee	Time point of acquiring	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
Yangling Wellhope Agriculture and Animal Husbandry	May 12, 2020	42,000,000	100	Cash investment	May 12, 2020	Control transfer	0.00	-199,657.94

B. Combined cost and goodwill

RMB	
Combined cost	Yangling Wellhope Agriculture and Animal Husbandry
Cash	42,000,000.00
Total combined costs	42,000,000.00
deduct: Fair value share of identifiable net assets obtained	42,000,000.00
Goodwill or combined cost is less than the amount of the fair value share of the identifiable net assets obtained	

C. Identifiable assets and liabilities of the investee on the acquisition date

RMB

	Yangling Wellhope Agriculture and Animal Husbandry	
	Fair value on acquisition date	Book value on acquisition date
Assets:	42,000,000.00	37,055,937.27
Fixed assets	32,462,325.48	32,462,325.48
Intangible assets	9,537,674.52	4,593,611.79
Liabilities:		
Accounts payable		
Net assets	42,000,000.00	37,055,937.27
deduct: Non-controlling interests		
Net assets acquired	42,000,000.00	37,055,937.27

2. Other reasons that generate changes in the consolidated scope

The Company invested some new companies, including, Luoyang Wellhope Agriculture and Animal Husbandry, holding 100.00% of shares; Chifeng Wellhope Fuxinyuan Food, holding 70.00% of shares; Shenyang Xiangmai E-Commerce, holding 80.00% of shares; Hebei Taihang Wellhope Food, holding 60.00% of shares; Anyang Wellhope Agriculture and Animal Husbandry, holding 100.00% of shares; Hebei Taihang Wellhope Agri-Tech, holding 62.00% of shares.

Dalian Heyuan Agri-Tech, a subsidiary of the Company, invested Dalian Hongtu Agri-Tech, holding 51.00% of shares; Shandong Heyuan Food, a subsidiary of the Company, invested Shandong Heyuan Agri-Tech, holding 100.00% of shares; Luoyang Wellhope Agriculture and Animal Husbandry, a subsidiary of the Company, invested Tonxu Wellhope Agriculture and Animal Husbandry, holding 100.00% of shares; Anhui Wellhope Agri-Tech, a subsidiary of the Company, invested Anhui Wellhope Haoxiang Hog Breeding, holding 100.00% of shares; Gongzhuling Wellhope Agri-Tech, a subsidiary of the Company, invested Gongzhuling Wellhope Hog Raising, holding 65.00% of shares, and Lishu Wellhope Ecological Breeding, holding 65.00% of shares. All these newly-established companies were included in the consolidated scope.

IX. Equity in other entities

1. Equity in subsidiaries

A. Composition of the Company

Subsidiary	Business site	Registered site	Business type	Shareholding %		Mode of acquisition
				Direct	Indirect	
Haicheng Xinzhongxin Wellhope Feed	Haicheng city	Haicheng city	production	51.00		investment
Dalian Huakang Xinxin Food	Dalian city	Dalian city	production	65.00		investment
Changchun Hengfeng Agriculture and Animal Husbandry	Changchun city	Changchun city	trading		51.00	investment
Jinan Xinweita Trading	Jinan city	Jinan city	trading		76.00	investment
Henan Wellhope Agri-Tech	Kaifeng city	Kaifeng city	production	100.00		investment
Zhengzhou Wellhope Agri-Tech	Zhengzhou city	Zhengzhou city	production	70.00		investment
Zhumadian Wellhope Agri-Tech	Zhumadian city	Zhumadian city	production	90.00		investment
Jiaozuo Wellhope Feed	Jiaozuo city	Jiaozuo city	production	98.30		investment
Nanyang Wellhope Feed	Nanyang city	Nanyang city	production	70.00		investment
Zhangwu Wellhope Agriculture Development	Zhangwu county	Zhangwu county	production	60.00		investment
Xifeng Qianyue Planting	Xifeng county	Xifeng county	production		100.00	investment
Sanjiang Wellhope Agri-Tech	Jixian county	Jixian county	production	100.00		investment
Jixian Expert Trading	Jixian county	Jixian county	trading		65.00	investment
Gongzhuling Wellhope Agri-Tech	Gongzhuling city	Gongzhuling city	production	100.00		investment
Shenyang Expert Trading	Shenyang city	Shenyang city	trading	100.00		investment
Liaoning Skyland Livestock Equipment	Shenyang city	Shenyang city	production	100.00		investment
Shenyang Wellhope Ruminant Feed	Shenyang city	Shenyang city	production	100.00		investment
Shenyang Wellhope Extruded Feed	Shenyang city	Shenyang city	production	100.00		investment
Shenyang Wellhope Aquatic Feed	Shenyang city	Shenyang city	production	100.00		investment
Shenyang Jiahe Tianfeng Commerce and Trade	Shenyang city	Shenyang city	trading	100.00		investment
Liaoning Wellhope Food	Beipiao city	Beipiao city	production	60.00		investment
Haicheng Wellhope Agri-Tech	Haicheng city	Haicheng city	production	100.00		investment
Tai'an Wellhope Feed	Tai'an county	Tai'an county	production	100.00		investment
Lingyuan Wellhope	Lingyuan	Lingyuan	production	90.50		investment

Agri-Tech	city	city				
Beijing Helai Sci-Tech	Beijing city	Beijing city	production	100.00		investment
Beijing Wellhope Agri-Tech	Beijing city	Beijing city	trading	100.00		investment
Beijing Sanyuan Wellhope Agri-Tech	Beijing city	Beijing city	production	70.00		investment
Jilin Wellhope Agri-Tech	Jilin city	Jilin city	production	100.00		investment
Jilin Hefeng Hog Breeding	Gongzhuling city	Gongzhuling city	production	100.00		investment
Harbin Weierhao Trading	Harbin city	Harbin city	trading	51.00		investment
Daqing Wellhope Bayi Nongda Animal Sci-Tech	Daqing city	Daqing city	production	70.00		investment
Mudanjiang Wellhope Agri-Tech	Mudanjiang city	Mudanjiang city	production	100.00		investment
Jinzhou Wellhope Agri-Tech	Jinzhou city	Jinzhou city	production	100.00		investment
Gongzhuling Wellhope Ruminant Feed	Gongzhuling city	Gongzhuling city	production	100.00		investment
Heilongjiang Wellhope Agri-Tech	Harbin city	Harbin city	production	100.00		investment
Tangshan Wellhope Feed	Tangshan city	Tangshan city	production	85.00		investment
Cangzhou Helai Sci-Tech	Cangzhou city	Cangzhou city	production	70.00		investment
Xi'an Wellhope Feed Sci-Tech	Xi'an city	Xi'an city	production	85.00		investment
Gansu Wellhope Agri-Tech	Wuwei city	Wuwei city	production	100.00		investment
Jining Wellhope Agri-Tech	Jining city	Jining city	production	70.00		investment
Shanghai Wellhope Feed	Shanghai city	Shanghai city	production	65.00		investment
Shanghai Hehong Trading	Shanghai city	Shanghai city	trading	32.00	42.00	investment
Zhejiang Pinghu Wellhope Agri-Tech	Pinghu city	Pinghu city	production	85.00		investment
Huai'an Wellhope Feed	Huai'an city	Huai'an city	production	100.00		investment
Qingdao Wellhope Agri-Tech	Pingdu city	Pingdu city	trading	95.00		investment
Guangzhou Xiangshun Livestock Equipment	Guangzhou city	Guangzhou city	production	56.00		investment
Hainan Wellhope Agri-Tech	Chengmai county	Chengmai county	production	60.00		investment
Fuyu Wellhope Agri-Tech	Fuyu city	Fuyu city	production	97.00		investment
Fuyu Wellhope Taolaizhao Poultry Raising	Fuyu city	Fuyu city	production	97.00		investment
Changchun Wellhope Feed	Nong'an county	Nong'an county	production	98.00		investment
Changtu Wellhope Feed	Changtu county	Changtu county	production	100.00		investment
Lankao Wellhope Agri-Tech	Lankao county	Lankao county	production	100.00		investment
Tongliao Wellhope Tianyi	Tongliao city	Tongliao city	production	51.00		investment

Prataculture						
Liaoning Wellhope Purchasing & Trading	Shenyang city	Shenyang city	trading	100.00		investment
Shenyang Wellhope Agri-Tech	Shenyang city	Shenyang city	production	100.00		investment
Shenyang Fame Bio-Tech	Shenyang city	Shenyang city	production	100.00		combined under the same control
Shenyang Pufeng Commerce and Trade	Shenyang city	Shenyang city	trading	100.00		combined under the same control
Shenyang Huawei Pharmaceutical	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	Puyang city	Puyang city	production	49.81		combined under different control
Jingzhou Wellhope Agricultural Sci-Tech	Jingzhou city	Jingzhou city	trading	86.00		investment
Dalian Heyuan Wellhope Agri-Tech	Dalian city	Dalian city	production	51.00		investment
Shenyang Nongda Wellhope Feed	Shenyang city	Shenyang city	production	100.00		investment
Dalian Wellhope Feed	Dalian city	Dalian city	production	100.00		investment
Xingcheng Wellhope Feed	Xingcheng city	Xingcheng city	production	100.00		investment
Yunnan Wellhope Feed	Kunming city	Kunming city	production	97.00		investment
Liaoning Godaji E-commerce	Shenyang city	Shenyang city	trading	100.00		investment
Anhui Wellhope Agri-Tech	Haozhou city	Haozhou city	production	70.00		investment
Shanxi Wellhope Agri-Tech	Yuanping city	Yuanping city	production	100.00		investment
Pingyuan Wellhope Food	Handan city	Handan city	production	100.00		investment
Shenyang Huaweida Animal Health Product	Shenyang city	Shenyang city	trading		100.00	investment
Dalian Zhongjia Food	Dalian city	Dalian city	production		100.00	combined under different control
Wellhope Food(Shenyang)	Shenyang city	Shenyang city	production	100.00		investment
Changchun Wellhope	Changchun	Changchun	production	85.00		investment

Food	city	city				
Pingyuan Wellhope Agri-Tech	Handan city	Handan city	production		100.00	investment
Puyang Wellhope Agri-Tech	Puyang city	Puyang city	production		100.00	investment
Chongqing Dahong Agriculture and Animal Husbandry Equipment	Chongqing city	Chongqing city	production		50.00	combined under different control
Beijing Brilliant Dragon Commerce and Trade	Beijing city	Beijing city	trading		51.00	investment
Tangshan Hejia Agriculture and Animal Husbandry	Tangshan city	Tangshan city	production	65.00		investment
Tangshan Wellhope Sci-Tech	Tangshan city	Tangshan city	production	70.00		combined under different control
Shenyang Huakang Xinxin Food	Shenyang city	Shenyang city	production	85.00		investment
Kaifeng Wellhope Food	Kaifeng city	Kaifeng city	production	100.00		investment
Shenyang Huakang Broiler	Shenyang city	Shenyang city	production	85.00		investment
Kaifeng Wellhope Agriculture and Animal Husbandry	Kaifeng city	Kaifeng city	production		100.00	investment
Fushun Wellhope Agriculture and Animal Husbandry	Fushun city	Fushun city	production		100.00	investment
Shenyang Wellhope Poultry	Shenyang city	Shenyang city	production		100.00	investment
Shenyang Huakang Agriculture and Animal Husbandry	Shenyang city y	Shenyang city y	production		100.00	investment
Dehui Wellhope Agri-Tech	Dehui city	Dehui city	production		100.00	investment
Shenyang Tianjingde Trading	Shenyang city	Shenyang city	trading		100.00	investment
Chongqing Wellhope Agri-Tech	Chongqing city		production	65.00		investment
Dahong Agriculture and Animal Husbandry Technology Research Institute Chongqing Branch	Chongqing city		production		100.00	investment
Russia Wellhope Agri-Tech			production	55.00		investment
Suizhong Renhe Fishery	Suizhong county	Suizhong county	production		95.00	combined under different control
Harbin Baoweikang Bio-Tech	Harbin city	Harbin city	production		100.00	combined under

						different control
Shulan Fengtai Agriculture and Animal Husbandry	Shulan city	Shulan city	production	60.00		investment
Shulan Fengtai Farming	Shulan city	Shulan city	production	51.00		investment
Xi'an Linfeng Shengyi Trading	Xi'an city	Xi'an city	trading	100.00		investment
Linxi Helai Agri-Tech	Linxi city	Linxi city	production	100.00		investment
Nanchang Wellhope Agri-Tech	Nanchang city	Nanchang city	production	65.00		investment
Hengyang Wellhope Agri-Sci-Tech	Hengyang city	Hengyang city	production	78.50		investment
Anhui Wellhope Haoxiang Agricultural Development	Lixin county	Lixin county	production		100.00	investment
Lixin Xiangfeng Agriculture and Animal Husbandry	Lixin county	Lixin county	production		100.00	investment
Lixin Hongfeng Agriculture and Animal Husbandry	Lixin county	Lixin county	production		100.00	investment
Guangzhou Dashang Trading	Guangzhou city	Guangzhou city	trading		51.00	investment
Shandong Heyuan Food	Weihai city	Weihai city	production		65.00	investment
Wafangdian Yifeng Agri-Tech	Wafangdian city	Wafangdian city	production		51.00	investment
Hebei Deheng Farming	Handan city	Handan city	production		100.00	combined under different control
Dahongda Chongqing Construction Engineering	Chongqing city	Chongqing city	production		100.00	investment
Zhangwu Jiufeng Trading	Zhangwu city	Zhangwu city	trading		100.00	investment
Shandong Heyuan Agri-Tech	Weihai city	Weihai city	production		100.00	investment
Yangling Wellhope Agriculture and Animal Husbandry	Xianyang city	Xianyang city	production		100.00	combined under different control
Anhui Wellhope Haoxiang Hog Breeding	Lixin county	Lixin county	production		100.00	investment
Luoyang Wellhope Agriculture and Animal Husbandry	Mengjin county	Mengjin county	production	100.00		investment
Dalian Hongtu Agri-Tech	Zhuanghe city	Zhuanghe city	production		51.00	investment
Gongzhuling Wellhope Hog Raising	Gongzhuling city	Gongzhuling city	production		65.00	investment
Anyang Wellhope Agriculture and Animal Husbandry	Anyang city	Anyang city	production	100		investment

Lishu Wellhope Ecological Raising	Siping city	Siping city	production		65.00	investment
Tongxu Wellhope Agriculture and Animal Husbandry	Tongxu county	Tongxu county	production		100.00	investment
Chifeng Wellhope Fuxinyuan Food	Chifeng city	Chifeng city	production	70.00		investment
Shenyang Xiangmai E-Commerce	Shenyang city	Shenyang city	trading	80.00		investment
Hebei Taihang Wellhope Food	Baoding city	Baoding city	production	60.00		investment
Hebei Taihang Wellhope Agri-Tech	Baoding city	Baoding city	production	62.00		investment

B. Important non-wholly owned subsidiary

RMB

Subsidiary	Shareholding of non-controlling interests %	Gain or losses attributable to non-controlling interests	Declared dividends to non-controlling interests	Closing balance of non-controlling interests
Dalian Heyuan Agri-Tech	49.00	28,972,010.70	15,300,000.00	403,717,778.65
Xi'an Wellhope Feed Sci-Tech	15.00	3,990,273.80		24,388,917.10
Beijing Sanyuan Wellhope Agri-Tech	30.00	3,974,554.72		63,582,801.89
Anhui Wellhope Agri-Tech	30.00	14,082,671.99		60,848,973.82

C. Financial figures of important non-wholly owned subsidiary

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	756,953,254.85	687,490,631.52	1,444,443,886.37	549,320,532.08	58,294,583.28	607,615,115.36	647,431,144.31	566,852,586.60	1,214,283,730.91	406,157,814.72	24,986,023.48	431,143,838.20
Xi'an Wellhope Feed Sci-Tech	110,453,709.28	81,539,735.41	191,993,444.69	29,400,664.00		29,400,664.00	120,990,215.88	40,503,567.21	161,493,783.09	25,655,577.75		25,655,577.75
Beijing Sanyuan Wellhope Agri-Tech	220,126,311.21	23,652,177.71	243,778,488.92	31,835,815.95		31,835,815.95	203,102,041.98	25,669,497.12	228,771,539.10	30,470,419.37		30,470,419.37
Anhui Wellhope Agri-Tech	254,118,681.23	157,584,312.79	411,702,994.02	208,873,081.26		208,873,081.26	231,529,237.37	127,328,236.82	358,857,474.19	262,977,525.56		262,977,525.56

Subsidiary	Jan.-Jun. 2020				Jan.-Jun. 2019			
	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	1,642,200,981.97	55,460,057.05	55,460,057.05	77,608,652.38	1,327,581,618.96	145,237,370.67	145,237,370.67	116,800,316.66
Xi'an Wellhope Feed Sci-Tech	322,102,441.12	26,601,825.36	26,601,825.36	326,690,752.66	196,827,616.01	15,463,928.29	15,463,928.29	25,075,637.85
Beijing Sanyuan Wellhope Agri-Tech	239,405,340.68	13,248,515.73	13,248,515.73	220,684,395.62	151,971,609.85	3,106,944.82	3,106,944.82	14,575,623.74
Anhui Wellhope Agri-Tech	166,956,108.19	46,942,239.95	46,942,239.95	-30,522,617.73	70,174,789.94	-23,646,624.05	-23,646,624.05	73,822,452.16

2. Equity in joint ventures or associated companies

A. Important joint ventures or associated companies

RMB

Company name	Business site	Registered site	Business type	Shareholding %		Accounting treatment methods
				Direct	Indirect	
Beipiao Hongfa Food	Beipiao city	Beipiao city	production	35.00		equity method
Anshan Jiuguhe Food	Tai'an county	Tai'an county	production	41.55		equity method
Tai'an Jiuguhe Agriculture	Tai'an county	Tai'an county	production	41.55		equity method
Dalian Chengsan Animal Husbandry	Dalian city	Dalian city	production	20.00		equity method

B. Financial figures of important joint ventures or associated companies

RMB

	Jan.-Jun. 2020				Jan.-Jun. 2019			
	Beipiao Hongfa Food	Anshan Jiuguhe Food	Tai'an Jiuguhe Agriculture	Dalian Chengsan Animal Husbandry	Beipiao Hongfa Food	Anshan Jiuguhe Food	Tai'an Jiuguhe Agriculture	Dalian Chengsan Animal Husbandry
Current assets	1,147,405,469.42	530,758,988.89	211,652,137.16	1,596,129,746.15	808,320,727.52	433,236,440.94	225,516,906.39	1,467,906,023.75
Non-current assets	622,024,017.06	105,042,161.91	189,055,765.31	412,638,710.46	720,803,998.40	102,408,547.67	191,500,344.01	448,345,020.68
Total assets	1,769,429,486.48	635,801,150.80	400,707,902.47	2,008,768,456.61	1,529,124,725.92	535,644,988.61	417,017,250.40	1,916,251,044.43
Current liabilities	301,136,624.81	250,705,156.99	190,106,596.18	542,982,195.71	242,424,331.42	162,491,901.70	148,906,962.33	498,609,123.11
Non-current liabilities	72,801,707.40	1,182,232.98	599,000.00	2,032,614.19	23,430,000.00	2,313,480.78	256,500.00	5,851,807.11
Total liabilities	373,938,332.21	251,887,389.97	190,705,596.18	545,014,809.90	265,854,331.42	164,805,382.48	149,163,462.33	504,460,930.22
Non-controlling interests				246,321,862.76				224,864,512.85
Equity attributable to shareholders of parent company	1,395,491,154.27	383,913,760.83	210,002,306.29	1,217,431,783.95	1,263,270,394.50	370,839,606.13	267,853,788.07	1,186,925,601.36
Share of net assets calculated by shareholdings	488,421,904.00	159,516,167.63	87,255,958.26	243,486,356.79	442,144,638.08	154,083,856.35	111,293,248.94	237,385,120.27

Adjustment		-72,070.45		116,569,111.62		-1,645,427.58	-360.00	116,569,111.62
--Goodwill				116,569,111.62				116,569,111.62
--Unrealized profit of internal transaction		-72,070.45				-1,645,427.58		
--Other							-360.00	
Book value of equity investment in joint venture	488,421,904.00	159,444,097.18	87,255,958.26	360,055,468.41	442,144,638.08	152,438,428.77	111,292,888.94	353,954,231.89
Operating revenue	1,017,764,224.81	935,284,890.12	909,978,727.89	1,622,600,997.70	1,604,376,361.57	1,040,530,464.64	847,585,511.99	1,369,798,572.24
Net profit	132,220,759.76	97,040,045.38	-57,850,615.35	46,425,641.86	235,991,846.09	45,632,783.22	29,077,153.72	239,504,463.51
Total comprehensive income	132,220,759.76	97,040,045.38	-57,850,615.35	46,425,641.86	235,991,846.09	45,632,783.22	29,077,153.72	203,610,336.32
Dividends received from associated companies		33,242,400.00				4,986,360.00	4,986,360.00	

C. Financial information of unimportant joint ventures and associated companies

RMB

	Jan.-Jun. 2020	Jan.-Jun. 2019
Joint venture:		
Book value of investment	11,669,191.54	11,669,191.54
Items calculated according to the shareholdings		
--Net profit	8,094,994.12	6,432,233.24
--Other comprehensive income	-1,854,393.45	465,443.74
--Total comprehensive income	6,240,600.67	6,897,676.98
Associated company:		
Book value of investment	1,107,536,420.55	998,548,503.29
Items calculated according to the shareholdings		
--Net profit	102,710,134.18	31,834,749.66
--Other comprehensive income	2,265,159.08	3,068,904.93
--Total comprehensive income	104,975,293.26	34,903,654.59

X.Risks Related to Financial Instruments

The Company's main financial instruments include equity investment, borrowing, accounts receivable and accounts payable. Detailed descriptions of various financial instruments can be found in the relevant items in Note V. The Company manages and monitors these risk exposures to ensure to control the risks above in the limited scope.

The Company's objective in risk management is to strike a balance between risks and return, minimize the negative impact of risk on the Company's operating results, and maximize the benefits of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Company's risk management is to identify and evaluate various risks of the Company, set up appropriate limit of risk tolerance, conduct risk management, and supervise various risks in a timely and reliable way to control risks within the limited range.

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 confirmed 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

RMB

Item	Closing fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
Continuous fair value measurement				
1. Trading financial assets			100,000,000.00	100,000,000.00
Financial assets measured at fair value and changes recorded into current gains or losses			100,000,000.00	100,000,000.00
2. Other equity instrument investment			12,949,647.74	12,949,647.74
3. Derivative financial assets	9,100,936.30			9,100,936.30
Total assets continuously measured at fair value	9,100,936.30		112,949,647.74	122,050,584.04

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 reporting period.

Company	Relationship
Unphung Joint Venture Company	joint venture
Nepal Wellhope Agri-tech Pvt. Ltd.	joint venture
Anshan Fengsheng Food	associated company
Anshan Jiuguhe Food	associated company
Beipiao Hongfa Food	associated company
Dalian Chengsan Animal Husbandry	associated company
Dalian Wellhope Fish Meal	associated company
Daqing Supply and Marketing Wellhope Agri-Tech	associated company
Dandong Wellhope Chengsan Agri-Tech	associated company
Dunhua Wellhope Agri-Tech	associated company
Gongzhuling Corn Purchasing and Storing	associated company
Guangzhou Yikun Trading	associated company
Haicheng New Hongzunda Agri-Tech	associated company
Huluodao Jiuguhe Food	associated company
Huluodao Jiuguhe Feed	associated company
Jinzhou Jiufeng Food	associated company
Lankao Skyland Duck	associated company
Linghai Jiuguhe Feed	associated company
Qingdao Shenfeng Agri-Tech	associated company
Shenyang Wenjie Bio-Tech	associated company
Schipper(Beijing)	associated company
Tai'an Fengjiu Agri-Tech	associated company
Tai'an Jiufeng Agri-Tech	associated company
Tai'an Jiuguhe Agriculture Development	associated company
Tailai Jiahe Agriculture and Animal Husbandry	associated company
Zhangjiakou Jiahe Agriculture and Animal Husbandry	associated company
Beijing Dahong Hengfeng Agri-Tech	associated company
Shenyang Zhongwenjie Bio-Tech	associated company
Liaoning Mubang Animal Husbandry Equipment Manufacturing	associated company
Dunhua Fengda Agriculture and Animal Husbandry Development	associated company
Heilongjiang Zhongyi Pasture Information Technology Service	associated company
Dalian Sida Food	associated company
Dunhua Fengda Agriculture and Animal Husbandry	associated company
Weifang Wellhope Xinhesheng Feed	associated company

2. Snapshot of other related party

Related party	Relationship
Wulian Heli Equity Investment Partnership (Limited Partnership)	Other
DE HEUS MAURITIUS	Other
Jin Weidong	Other
Ding Yunfeng	Other
Shao Caimei	Other
Wang Fengjiu	Other
Wang Zhongtao	Other
Zhang Tiesheng	Other
Wang Zhenyong	Other
Zhang Wenliang	Other

Ren Bingxin	Other
Zhao Xin	Other
Qiu Jiahui	Other
Yuan Minger	Other
Li Jun	Other
Jacobus Johannes de Heus	Other
Marcus Leonardus van der Kwaak	Other
Hu Jianmin	Other
Liu Huan	Other
Wang Zhe	Other

Wulian Heli Equity Investment Partnership and DE HEUS MAURITIUS are the shareholders that hold more than 5% shares of the Company; Jin Weidong is the actual controller and Chairman; Ding Yunfeng, Wang Fengjiu, Shao Caimei and Wang Zhongtao are the shareholders who hold more than 5% shares of the Company and they are senior managers; Zhang Tiesheng holds more than 5% shares of the Company; the rest persons are the board directors, supervisory board directors and senior managers of the Company.

3. Snapshot of related party transaction

A. Purchasing and selling products, providing and accepting labor service

RMB			
Relate party	Transaction	Jan.-Jun. 2020	Jan.-Jun. 2019
Dalian Wellhope Fish Meal	feed raw materials	11,796,237.45	12,756,733.30
Anshan Jiuguhe Food	broiler parts product	19,601,413.70	4,515,828.00
Huludao Jiuguhe Food	broiler parts product	255,807.60	2,246,232.09
Guangzhou Yikun Trade	feed raw materials	1,089,320.00	711,590.00
Tai'an Jiufeng Agri-Tech	day old chick	12,429,129.72	5,654,998.00
Jinzhou Jiufeng Food	broiler parts product	10,835,045.50	781,273.00
Zhangjiakou Jiahe Agriculture and Animal Husbandry	piglet	45,239,123.40	3,714,472.60
Haicheng New Hongzunda Agri-Tech	feed	379,075.00	658,306.00
Schipper(Beijing)	other	951,415.87	503,416.69
Shenyang Wenjie Bio-Tech	animal medicine and vaccine	4,908,387.91	5,605,041.28
Daqing Supply and Marketing Wellhope Agri-Tech	feed raw materials	22,752,377.16	5,739,474.44
Tai'an Jiuguhe Agriculture Development	feed	95,407,968.34	9,754,694.20
Qingdao Shenfeng Agri-Tech	feed	12,456,335.41	92,099.79
Dalian Chengsan Animal Husbandry	broiler	83,688,371.22	75,100,013.71
Linghai Jiuguhe Feed	other	5,181,269.36	
Lankao Skyland Duck	feed	56,935.50	
Dunhua Wellhope Agri-Tech	feed	9,284,127.90	
Shenyang Zhongwenjie Bio-Tech	animal medicine and vaccine	15,000.00	
Total		336,327,341.04	127,834,173.10

Selling products or providing labor service

RMB

Relate party	Transaction	Jan.-Jun. 2020	Jan.-Jun. 2019
Nepal Wellhope Agri-tech Pvt. Ltd.	feed	11,852.89	
Linghai Jiuguhe Feed	boiler feed and feed raw materials	22,500,000.44	22,683,324.09
Tai'an Jiuguhe Agriculture Development	boiler feed and feed raw materials	44,087,063.31	40,091,071.76
Anshan Jiuguhe Food	broiler	55,674,764.24	114,520,526.72
Qingdao Shenfeng Agri-Tech	swine feed and feed raw materials	22,166,911.48	8,794,272.38
Huludao Jiuguhe Feed	feed and feed raw materials	12,396,491.62	11,960,328.36
Huludao Jiuguhe Food	broiler parts product	591,354.13	481,301.83
Haicheng New Hongzunda Agri-Tech	boiler feed and feed raw materials	46,024,776.68	9,590,723.57
Dandong Wellhope Chengsan Agri-Tech	feed and feed raw materials	2,303,424.77	1,185,476.03
Tai'an Jiufeng Agri-Tech	boiler feed and feed raw materials		469,518.62
Guangzhou Yikun Trade	feed raw materials	2,846,401.98	67,067,284.33
Beipiao Hongfa Food	feed raw materials		2,706,690.47
Zhangjiakou Jiahe Agriculture and Animal Husbandry	feed	11,206,804.83	13,243,528.88
Weifang Wellhope Xinhesheng Feed	feed raw materials		270,959.95
Schipper(Beijing)	other	703,164.60	199,007.12
Jinzhou Jiufeng Food	broiler		3,002,040.00
Anshan Fengsheng Food	broiler	91,615,790.14	84,921,882.44
Dalian Chengsan Animal Husbandry	feed raw materials	2,883,926.12	2,399,275.86
Tailai Jiahe Agriculture and Animal Husbandry	feed	14,054,459.60	10,638,112.31
Daqing Supply and Marketing Wellhope Agri-Tech	feed raw materials	22,602,220.10	17,730,092.13
Dunhua Wellhope Agri-Tech	feed	4,308,633.39	1,943,276.42
Dalian Wellhope Fish Meal	feed raw materials		28,620.69
Tai'an Jiufeng Agri-Tech	feed raw materials	714,618.19	
Lankao Skyland Duck	feed raw materials	16,800.00	
Dunhua Fengda Agriculture and Animal Husbandry	broiler	20,048,327.62	
Dalian Sida Food	broiler	90,753,520.15	
Total		467,511,306.28	413,927,313.96

B. Related party guarantee

The Company acted as guarantor

RMB

Guaranteed party	Amount of guarantee	Guarantee date	Guarantee maturity date	Whether the guarantee has been fulfilled
Lingyuan Wellhope Agri-Tech	20,000,000.00	Jun. 1, 2020	May 25, 2021	No
Puyang Wellhope Food	49,000,000.00	Mar. 21, 2020	Mar. 21, 2021	No
Kaifeng Wellhope Food	30,000,000.00	Mar. 24, 2020	Mar. 24, 2021	No
Liaoning Expert Trading	17,362,496.97	May 21, 2020	May 20, 2021	No
Liaoning Expert Trading	6,549,036.78	Feb. 24, 2020	Feb. 21, 2021	No
Liaoning Godaji E-Commerce	4,014,830.90	Mar. 23, 2020	Jun. 30, 2021	No

C. Borrowings to related party

RMB

Related party	Borrowings	Starting date	Due date	Note
Lankao Skyland Duck	27,067,493.00			After transferring part of the equity, it became an associated company of the Company

D. Remuneration for key management

RMB 10k

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Remuneration for key management	241.48	231.57

4. Related party receivables and payables

A. Receivables

RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Dandong Wellhope Chengsan Agri-Tech	842,830.00	42,141.50		
Accounts receivable	Anshan Jiuguhe Food	24,735,281.28	1,236,764.06	21,356,822.76	1,067,841.14
Accounts receivable	Zhangjiakou Jiahe Agriculture and Animal Husbandry	3,459,809.60	172,990.48	3,618,629.61	180,931.48
Accounts receivable	Guangzhou Yikun Trade	2,549,120.90	127,456.05	24,042,357.79	1,202,117.89
Accounts receivable	Anshan Fengsheng Food	4,648,572.36	232,428.62	6,249,082.04	312,454.10
Accounts receivable	Dalian Chengsan Animal Husbandry	868,300.00	43,415.00	523,200.00	26,160.00
Accounts receivable	Tailai Jiahe Agriculture and Animal Husbandry	5,234,853.16	261,742.66	2,695,169.64	134,758.48
Accounts receivable	Daqing Supply and Marketing Wellhope Agri-Tech	2,177,415.54	108,870.78	525,195.44	26,259.77
Accounts receivable	Haicheng New Hongzunda Agri-Tech	3,188,793.54	159,439.68	234,200.00	11,710.00
Accounts receivable	Tai'an Jiufeng Agri-tech			218,159.00	10,907.95
Accounts receivable	Heilongjiang Zhongyi Pasture Information Technology Service			43,174.50	2,158.73
Accounts receivable	Nepal Wellhope Agri-tech Pvt. Ltd.	90,802.75	4,540.14		
Accounts receivable	Linghai Jiuguhe Feed	1,500,000.00	75,000.00		
Accounts receivable	Tai'an Jiuguhe Agriculture Development	411,000.00	20,550.00		
Accounts receivable	Qingdao Shenfeng Agri-Tech	48,000.00	2,400.00		

Accounts receivable	Huludao Jiuguhe Food	644,576.00	32,228.80		
Accounts receivable	Schipper(Beijing)	309,188.00	15,459.40		
Accounts receivable	Huludao Jiuguhe Feed	1,500,000.00	75,000.00		
Accounts receivable	Lankao Skyland Duck	16,800.00	840.00		
Accounts receivable	Dalian Sida Food	7,867,453.46	393,372.67		
Other receivables	Lankao Skyland Duck	27,611,673.00	11,044,669.20	27,067,493.00	10,826,997.20
Other receivables	Weifeng Wellhope Xinhesheng			3,035,880.00	151,794.00
Prepayment	Dunhua Fengda Agriculture and Animal Husbandry	5,000,000.00		5,000,000.00	
Prepayment	Dalian Wellhope Fish Meal			914,705.00	
Prepayment	Gongzhuling Corn Purchasing and Storing	738,630.00			
Prepayment	Liaoning Mubang Animal Husbandry Equipment Manufacturing	514,333.00		7,624,669.60	
Prepayment	Guangzhou Yikun Trade			4,997,400.00	
Prepayment	Tai'an Jiuguhe Agriculture Development	10,373,818.85			
Dividends receivable	Linghai Jiuguhe Feed	3,800,000.00			
Dividends receivable	Tai'an Jiuguhe Agriculture Development	328,178.76			
Dividends receivable	Anshan Jiuguhe Food	4,965,543.35			
Dividends receivable	Huludao Jiuguhe Food	14,060,000.00			
Dividends receivable	Huludao Jiuguhe Feed	2,200,000.00			

B. Payables

RMB

Item	Related party	Closing book balance	Opening book balance
Accounts payable	Dalian Wellhope Fish Meal		2,716,351.95
Accounts payable	Anshan Jiuguhe Food	2,369,800.00	1,049,646.00
Accounts payable	Tai'an Jiuguhe Agriculture Development		7,077,312.65
Accounts payable	Shenyang Wenjie Bio-Tech	1,335,174.65	2,593,516.64
Accounts payable	Dalian Chengsan Animal Husbandry		4,749,094.21
Accounts payable	Tai'an Fengjiu Agri-Tech		138,708.74
Accounts payable	Jingzhou Jiufeng Food	3,850,650.00	1,617,740.00
Accounts payable	Liaoning Mubang Animal Husbandry Equipment Manufacturing		11,284,184.00
Accounts payable	Shenyang Zhongwenjie Bio-Tech		18,000.00
Accounts payable	Daqing Supply and Marketing Wellhope Agri-Tech	49,228.00	457,060.50
Accounts payable	Qingdao Shenfeng Agri-Tech	1,570,924.91	
Accounts payable	Zhangjiakou Jiahe Agriculture and Animal Husbandry	14,312,881.60	

Accounts payable	Dunhua Wellhope Agri-Tech	60,164.96	
Contract liability	Linghai Jiuguhe Feed		7,860.00
Contract liability	Huludao Jiuguhe Feed		564,892.50
Contract liability	Nepal Wellhope Agri-tech Pvt. Ltd.	38,700.00	38,700.00
Contract liability	Tai'an Jiuguhe Agriculture Development	1,263,596.30	281,300.00
Contract liability	Dunhua Wellhope Agri-Tech		323,000.00
Contract liability	Qingdao Shenfeng Agri-Tech	30,916.00	
Contract liability	Haicheng New Hongzunda Agri-Tec	442,525.00	
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
Other payables	Liaoning Mubang Animal Husbandry Equipment Manufacturing		5,932,500.00
Other payables	Tai'an Jiufeng Agri-Tech	688.00	

XIII.Share-based payment

1. Circumstance of share-based payment

	RMB
Total amount of equity instrument granted by the Company during current period	0
Total amount of exercised equity instruments	4,233,000
Total amount of all invalid equity instruments	244,500

Note:

In accordance with the approved resolutions--Liaoning 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 removed trading restrictions 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, distributing share dividends, etc., should be simultaneously locked according to the incentive plan. After the expiration of restricted period, the Company shall handle related matters, such as removing trading restrictions, whilst the restricted shares held by the incentive objects who could not meet the conditions of removing restriction, 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 removing trading restrictions	Time of removing trading restrictions	Percentage of unrestricted shares
First unlocked 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%
Second unlocked 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%
Third unlocked 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 meeting approved the proposal of unlocking restricted common shares after achieving the performance objective disclosed in 2018 Restricted Stock Incentive Plan, 367 managers have been qualified to unlock their restricted shares held in the first lock-up period. 4.233 million restricted shares in the first lock-up period could be traded in the capital market on April 9, 2020.

2. Equity-settled share-based payment

RMB

Confirmation 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 the conditions can be met and all the granted objects can exercise the equity
Accumulated amount of equity-settled share-based payment that recorded into capital reserve	29,948,845.58
Total expense recognized by equity-settled share-based payment	5,167,841.00

XIV. Notes to major items of the parent company's financial statements**4. Account receivable****A. Categorized by aging**

RMB

Aging	Closing book balance
Within 1 year	12,039,998.18
1-2 years	4,924,493.48
2-3 years	3,317,998.70
Over 3 years	28,985,790.90
Total	49,268,281.26

B. Categorized by bad debt provision method

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 by grouping including:	49,268,281.26	100.00	31,263,907.71	63.46	18,004,373.55	43,173,647.52	100.00	29,541,957.07	68.43	13,631,690.45
Aging	46,397,642.70	94.17	31,263,907.71	67.38	15,133,734.99	43,173,647.52	100.00	29,541,957.07	68.43	13,631,690.45
Other	2,870,638.56	5.83			2,870,638.56					
Total	49,268,281.26	/	31,263,907.71	/	18,004,373.55	43,173,647.52	/	29,541,957.07	/	13,631,690.45

Accruing bad debt provision according to aging

RMB

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Accruing percentage %
Within 1 year	9,169,359.62	458,467.98	5.00
1 -2 year	4,924,493.48	492,449.35	10.00
2-3 years	3,317,998.70	1,327,199.48	40.00
Over 3 years	28,985,790.90	28,985,790.90	100.00
Total	46,397,642.70	31,263,907.71	/

C. Bad debt provision

RMB

Category	Opening balance	Changes in current period	Closing balance
		Accruing	
Aging	29,541,957.07	1,721,950.64	31,263,907.71
total	29,541,957.07	1,721,950.64	31,263,907.71

D. Top 5 accounts receivable

RMB

Debtor	Nature	Closing balance	Percentage of total accounts receivable %	Bad debt provision
1	Non related party	8,293,237.00	16.83	7,197,379.00
2	Non related party	7,350,329.71	14.92	7,350,329.71
3	Non related party	7,053,335.00	14.32	7,053,335.00
4	Non related party	3,082,405.25	6.26	282,195.53
5	Non related party	2,997,425.00	6.08	982,385.63
Total	/	28,776,731.96	58.41	22,865,624.87

5. Other receivable

RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable	33,977,209.35	33,977,209.35
Other receivables	1,687,559,455.97	986,808,467.11
Total	1,721,536,665.32	1,020,785,676.46

A. Dividends receivable

RMB

Item	Closing balance	Opening balance
Dividends from long-term investment under cost method	8,623,487.24	8,623,487.24
Dividends from long-term investment under equity method	25,353,722.11	25,353,722.11
Total	33,977,209.35	33,977,209.35

B. Other receivable

a. Categorized by aging

RMB

Aging	Closing book balance
Within 1 year	
Subtotal	1,653,840,572.87
1-2 years	101,436.00
2-3 years	56,178,845.00
Over 3 years	259,254.66
Total	1,710,380,108.53

b. Categorized by nature

RMB

Nature	Closing book balance	Opening book balance
Operating receivable	1,052,303.66	665,830.66
Cash pledge and guarantee deposit	261,200.00	259,200.00
Related party- fund transaction	1,680,594,804.87	980,333,632.11
Receivables from disposal of investment	28,471,800.00	28,471,800.00
Total	1,710,380,108.53	1,009,730,462.77

c. Bad debt provision accruing

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)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance on January 1, 2020	22,921,995.66			22,921,995.66
Accruing in the reporting period	-101,343.10			-101,343.10
Balance on June 30, 2020	22,820,652.56			22,820,652.56

d. Bad debt provision

RMB

Category	Opening balance	Changes in current period			Closing balance
		Accruing	Collected or reversed	Charge off or write-off	
Aging	22,921,995.66	-101,343.10			22,820,652.56
total	22,921,995.66	-101,343.10			22,820,652.56

e. Top 5 other receivables

RMB

Company	Type	Closing balance	Aging	% of closing balance of total other receivables	Closing balance of bad debt provision
1	Subsidiary	297,000,000.00	Within 1 year	10.34	
2	Subsidiary	97,507,148.20	Within 1 year	7.20	
3	Subsidiary	87,531,310.00	Within 1 year	7.13	
4	Subsidiary	83,591,501.52	Within 1 year	6.15	
5	Subsidiary	83,351,016.00	Within 1 year	5.80	
Total	/	648,980,975.72	/	36.62	

6. Long-term equity investment

RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	2,330,344,891.04		2,330,344,891.04	2,113,924,536.04		2,113,924,536.04
Investment in associates and joint ventures	2,134,204,264.00	17,900,000.00	2,116,304,264.00	2,021,291,294.06	17,900,000.00	2,003,391,294.06
Total	4,464,549,155.04	17,900,000.00	4,446,649,155.04	4,135,215,830.10	17,900,000.00	4,117,315,830.10

A. Investment in subsidiaries

RMB

Company	Opening balance	Increase in current period	Closing balance
Haicheng Wellhope Feed	12,620,515.83	22,912.00	12,643,427.83
Tai'an Wellhope Feed	33,059,905.41	9,546.00	33,069,451.41
Shenyang Wellhope Ruminant Feed	6,050,115.42	120,292.00	6,170,407.42
Liaoning Wellhope Agriculture and Animal Husbandry	47,541,089.95	106,926.00	47,648,015.95
Shenyang Nongda Wellhope Feed	44,593,664.17	61,534.00	44,655,198.17
Xingcheng Wellhope Feed	82,799,527.09	66,828.00	82,866,355.09
Dalian Wellhope Feed	42,390,969.16	64,920.00	42,455,889.16
Jinzhou Wellhope Agri-Tecj	17,265,295.42	59,190.00	17,324,485.42
Changtu Wellhope Feed	3,000,000.00		3,000,000.00
Shenyang Wellhope Extruded Feed	33,042,789.58	9,546.00	33,052,335.58
Shenyang Wellhope Aquatic Feed	15,290,969.17	64,918.00	15,355,887.17
Shenyang Wellhope Agri-Tech	83,036,592.50	206,214.00	83,242,806.50
Shenyang Wellhope Poultry	68,463.33	15,276.00	83,739.33

Gongzhuling Wellhope Agri-Tech	35,513,807.92	113,088.00	35,626,895.92
Jilin Wellhope Agri-Tech	16,248,947.92	28,446.00	16,277,393.92
Gongzhuling Wellhope Ruminant Feed	5,085,579.17	19,094.00	5,104,673.17
Sanjiang Wellhope Agri-Tech	21,214,420.81	3,190.00	21,217,610.81
Mudanjiang Wellhope Agri-Tech	23,286,612.96	7,638.00	23,294,250.96
Heilongjiang Wellhope Agri-Tech	120,876,334.58	194,758.00	121,071,092.58
Beijing Helai Sci-Tech	25,473,427.09	105,016.00	25,578,443.09
Beijing Wellhope Agri-Tech	5,094,470.00		5,094,470.00
Huai'an Wellhope Feed	30,265,295.42	32,118.00	30,297,413.42
Gansu Wellhope Agri-Tech	40,117,754.58	26,732.00	40,144,486.58
Henan Wellhope Agri-Tech	52,849,621.66	77,658.00	52,927,279.66
Lankao Wellhope Agri-Tech	43,085,579.17	19,094.00	43,104,673.17
Kaifeng Branch of Henan Wellhope Agri-Tech	193,757.50	36,930.00	230,687.50
Shenyang Huaweida Animal Health Product	77,021.25	-59,837.24	17,184.01
Jilin Wellhope Hog Breeding	15,000,000.00		15,000,000.00
Shenyang Expert Trading	30,000,000.00		30,000,000.00
Shenyang Jiahe Tianfeng Commerce and Trade	10,146,170.00	32,460.00	10,178,630.00
Liaoning Expert Trading	73,899,932.50	158,212.68	74,058,145.18
Shenyang Pufeng Commerce and Trade	15,499,788.72		15,499,788.72
Liaoning Wellhope Purchasing & Trading	30,282,411.25	7,174.00	30,289,585.25
Liaoning Skyland Livestock Equipment	28,669,810.83	14,888.00	28,684,698.83
Shenyang Fame Bio-Tech	20,500,521.85	84,012.00	20,584,533.85
Pingyuan Wellhope Food	147,540,969.17	64,918.00	147,605,887.17
Pingyuan Wellhope Agri-Tech	273,853.33	61,100.00	334,953.33
Kaifeng Wellhope Food	100,000,000.00		100,000,000.00
Wellhope Food (Shenyang)	5,160,191.67		5,160,191.67
Liaoning Godaji E-Commerce	10,497,690.83	118,384.00	10,616,074.83
Linxi Helai Agri-Tech	9,023,617.50	1,021,004.00	10,044,621.50
Xi'an Linfeng Shengyi Trading	2,000,000.00		2,000,000.00
Luoyang Wellhope Agriculture and Animal Husbandry		45,200,000.00	45,200,000.00
Lingyuan Wellhope Agri-Tech	16,915,295.41	59,192.00	16,974,487.41
Haicheng Xinzhongxin Feed	6,004,151.48	24,822.00	6,028,973.48
Fuyu Wellhope Agri-Tech	46,602,789.58	9,546.00	46,612,335.58
Changchun Wellhope Feed	84,604,867.91	70,648.00	84,675,515.91
Daqing Wellhope Bayi Nongda Animal Sci-Tech	13,896,289.17	40,096.00	13,936,385.17
Beijing Sanyuan Wellhope Agri-Tech	8,808,814.58	393,037.51	9,201,852.09
Tangshan Wellhope Feed	43,441,837.54	32,062.30	43,473,899.84
Cangzhou Helai Sci-Tech	3,533,898.75	5,728.00	3,539,626.75

Shanxi Wellhope Agri-Tech	40,042,789.58	9,546.00	40,052,335.58
Tangshan Hejia Agriculture and Animal Husbandry	19,636,926.67	30,550.00	19,667,476.67
Tangshan Wellhope Sci-Tech	21,034,231.67	7,638.00	21,041,869.67
Shanghai Wellhope Feed	2,302,930.84	71,151.75	2,374,082.59
Pinghu Wellhope Agri-Tech	1,029,716.25	40,096.00	1,069,812.25
Anhui Wellhope Agri-Tech	70,165,675.08	42,022,912.00	112,188,587.08
Anhui Wellhope Haoxiang Agriculture Development		15,276.00	15,276.00
Xi'an Wellhope Feed	4,962,363.33	152,750.00	5,115,113.33
Zhengzhou Wellhope Agri-Tech	4,044,926.67	28,012.00	4,072,938.67
Zhumadian Wellhope Agri-Tech	9,061,961.67	13,366.00	9,075,327.67
Nanyang Wellhope Feed	11,125,637.39	21,004.00	11,146,641.39
Jiaozuo Wellhope Feed	49,209,905.42	13,366.00	49,223,271.42
Jingzhou Wellhope Agri-Sci-Tech	21,443,959.42	58,802.00	21,502,761.42
Qingdao Wellhope Agri-Tech	28,893,664.16	87,832.00	28,981,496.16
Jining Wellhope Agri-Tech	19,751,300.83	19,094.00	19,770,394.83
Yunnan Wellhope Feed	24,284,231.67	13,366.00	24,297,597.67
Fuyu Wellhope Taolaizhao Poultry Raising	5,660,231.67	4,254.00	5,664,485.67
Harbin Weierhao Trading	3,970,817.50	29,292.00	4,000,109.50
Changchun Hengfeng Agriculture and Animal Husbandry Equipment	239,621.66	53,464.00	293,085.66
Beijing Brilliant Dragon Commerce and Trade	222,505.83	27,648.00	250,153.83
Shanghai Hehong Trading	1,191,063.75	13,482.00	1,204,545.75
Jinan Xinweita Trading	171,158.33	21,268.00	192,426.33
Zhangwu Wellhope Agriculture	1,800,000.00		1,800,000.00
Tongliao Wellhope Tianyi Prataculture	10,200,000.00		10,200,000.00
Chongqing Dahong Agriculture and Animal Husbandry Equipment	119,810.83	26,732.00	146,542.83
Guangzhou Xiangshun Livestock Equipment	3,001,347.50	11,456.00	3,012,803.50
Dalian Huakang Xinxin Food	11,709,361.25	292,134.00	12,001,495.25
Dalian Heyuan Agri-Tech	51,710,307.08	158,478.00	51,868,785.08
Dalian Zhongjia Food	196,832.08	43,916.00	240,748.08
Shenyang Huakang Broiler	2,152,531.67	126,018.00	2,278,549.67
Shenyang Huakang Xinxin Food	1,973,853.33	61,100.00	2,034,953.33
Shenyang Huakang Agriculture and Animal Husbandry	770,212.50	171,844.00	942,056.50
Changchun Wellhope Food	8,671,158.33	38,188.00	8,709,346.33
Dehui Wellhope Agri-Tech	51,347.50	11,456.00	62,803.50
Puyang Wellhope Food	20,213,947.92	47,734.00	20,261,681.92

Puyang Wellhope Agri-Tech	51,347.50	11,456.00	62,803.50
Kaifeng Wellhope Agriculture and Animal Husbandry	51,347.50	11,456.00	62,803.50
Liaoning Wellhope Food	30,045,198.33	45,826.00	30,091,024.33
Chongqing Wellhope Agri-Tech	1,500,000.00	-14,286.00	1,485,714.00
Nanchang Wellhope Agri-Tech	3,250,000.00		3,250,000.00
Hengyang Wellhope Agri-Sci-Tech	4,600,000.00		4,600,000.00
Shulan Fengtai Agriculture and Animal Husbandry	6,000,000.00	13,366.00	6,013,366.00
Shulan Fengtai Raising	5,100,000.00		5,100,000.00
Hainan Wellhope Agri-Tech	38,164,884.20	9,000,000.00	47,164,884.20
Russia Wellhope Agri-Tech	11,700,000.00		11,700,000.00
Chifeng Wellhope Fuxinyuan Food		105,000,000.00	105,000,000.00
Shenyang Xiangmai E-Commerce		800,000.00	800,000.00
Hebei Taihang Wellhope Food		9,000,000.00	9,000,000.00
Total	2,113,924,536.04	216,420,355.00	2,330,344,891.04

B. Investment in associates and joint ventures

RMB

Company	Opening balance	Increase or decrease in current period				Closing balance	Closing balance of impairment provision
		Additional investment	Gains or losses on investments recognized under equity method	Adjustment of other comprehensive income	Declaring of paying dividend or profit		
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							
Dunhua Wellhope Agri-Tech	4,178,671.25		385,403.69			4,564,074.94	
Dunhua Fengda Agriculture and Animal Husbandry Development	2,986,597.14		4,994,971.77			7,981,568.91	
Qingdao Shenfeng	13,573,648.97		748,458.85			14,322,107.82	
Zhangjiakou Jiahe Agriculture and Animal Husbandry	68,145,308.99		32,666,799.59			100,812,108.58	
Tailai Jiahe Agriculture and Animal Husbandry	27,134,553.62		17,849,560.97			44,984,114.59	
Gongzhuling Corn Purchasing and Storing	49,602,919.46		-1,526,619.80			48,076,299.66	

Beijing Dahong Hengfeng Agri-Tech	20,087,982.12		456,127.14			20,544,109.26	
Schipper(Beijing)	1,270,877.77		212,349.05			1,483,226.82	
GOLDEN HARVEST INC.	104,931,225.82		1,680,750.70	2,945,569.11		109,557,545.63	
PT KARKA NUTRI INDUSTRI.	38,998,739.72		647,315.58	-57,328.83		39,588,726.47	
Hainan Nongken Wenfeng Wenchang Chicken	1,071,542.40	4,900,000.00	-165,429.32			5,806,113.08	
Tai'an Jiuguhe Agriculture	111,292,888.94		-24,036,930.68			87,255,958.26	
Linghai Jiuguhe Feed	62,403,210.81		-8,542,203.13			53,861,007.68	
Dandong Wellhope Chengsan Food	52,614,814.23		10,083,391.76		2,000,000.00	60,698,205.99	
Anshan Jiuguhe Food	152,438,428.77		40,248,068.41		33,242,400.00	159,444,097.18	
Beipiao Hongfa Food	442,144,638.08		46,277,265.92			488,421,904.00	
Haicheng New Hongzunda Agri-Tech	12,850,037.83		1,375,229.55		1,470,000.00	12,755,267.38	
Huludao Jiuguhe Food	70,721,671.34		17,004,977.98		13,300,000.00	74,426,649.32	
Dandong Wellhope Chengsan Agri-Tech	112,253,275.58		-293,948.88		2,000,000.00	109,959,326.70	
Tai'an Jiufeng Agri-Tech	5,951,804.50	182,624.00	-1,153,694.01			4,980,734.49	
Shenyang Wenjie Bio-Tech	12,442,904.99		141,560.82			12,584,465.81	
Shenyang Zhongwenjie Bio-Tech	4,060,534.77		533,672.62			4,594,207.39	
Huluodao Jiuguhe Feed	42,015,223.35		-10,077,547.46		13,300,000.00	18,637,675.89	
Jinzhou Jiufeng Food	48,476,492.49		19,329,815.40			67,806,307.89	
Dalian Chengsan Animal Husbandry	353,954,231.89		6,101,236.52			360,055,468.41	
Tai'an Fengjiu Agri-Tech	37,837,537.89		-476,164.49			37,361,373.40	
Anshan Fengsheng Food	30,430,304.76		13,159,004.46			43,589,309.22	
Lankao Skyland Duck	52,618,773.55		-6,112,003.85			46,506,769.70	
Guangrong Xinchuang	47,617,462.51		946,503.02	-623,081.20		47,940,884.33	

Shulan Fengtai Organic Fertilizer	1,500,000.00					1,500,000.00	
Weifang Wellhope Xinhesheng Feed	4,517,477.41		163,974.97			4,681,452.38	
Liaoning Mubang Animal Husbandry Equipment Manufacturing	1,791,476.38		2,626,742.47			4,418,218.85	
Anshan Yufeng Feed	-193,154.81		-314,363.36			-507,518.17	
Dunhua Fengda Broiler Breeding		6,000,000.00	-56,689.40			5,943,310.60	
subtotal	1,991,722,102.52	11,082,624.00	164,877,586.86	2,265,159.08	65,312,400.00	2,104,635,072.46	
Total	2,021,291,294.06	11,082,624.00	164,877,586.86	2,265,159.08	65,312,400.00	2,134,204,264.00	17,900,000.00

7. Operating revenue and cost

RMB

Item	Jan.-Jun. 2020		Jan.-Jun. 2019	
	Revenue	Cost	Revenue	Cost
Revenue from principal businesses	402,473,395.82	283,945,280.55	261,094,599.13	173,755,790.76
Revenue from other businesses	730,857.70	270,866.55	645,022.62	296,165.04
Total	403,204,253.52	284,216,147.10	261,739,621.75	174,051,955.80

8. Return on investment

RMB

Item	Jan.-Jun. 2020	Jan.-Jun. 2019
Income from long-term equity investments under cost method	24,244,972.00	17,600,000.00
Income from long-term equity investments under equity method	164,877,586.86	185,679,010.80
Income from holding trading financial assets	1,924,534.25	
Income from disposal of other equity instrument investments		100,000.00
Income from disposal of financial assets that are measured at fair value and its changes are recorded in current gains and losses	-18,935.44	-658,675.89
Total	191,028,157.67	202,720,334.91

XV. Supplementary Information

1. Non-recurring items in current period

RMB

Item	Amount	Note
Gains or losses from disposal of non-current assets	-567,086.15	
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 policies)	12,625,199.07	
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)	-1,899,996.55	
Non-operating income and expense other than those described above	-4,960,053.70	
Income tax effects	-1,176,176.26	
Non-controlling interests effects	-596,370.19	
Total	3,425,516.22	

2. Return on equity and earnings per share

Profit in Jan.-Jun. 2020	Weighted average ROE %	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to common shareholders of the Company	10.16	0.66	0.66
Net profit attributable to common shareholders of the Company deducting non-recurring items	10.10	0.65	0.65

Section XI Reference

Reference file directory	Financial statements with the signature and seal of the legal representative, the person in charge of the accounting work and the person in charge of the accounting department.
Reference file directory	During the reporting period, all the original documents and original announcements of the Company that have been publicly disclosed in the newspapers designated by the CSRC.

Chairman of the Board of Directors: Jin Weidong

The submission date approved by the Board of Directors: August 7, 2020