



禾豐股份

WELLHOPE FOODS CO., LTD.

2021 INTERIM RESULTS

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

DISCLAIMER

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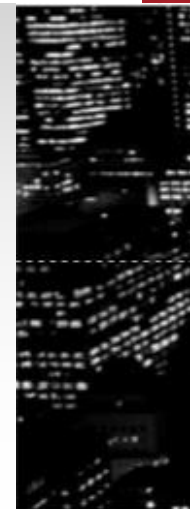
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PART ONE



ABOUT WELLHOPE & FINANCIAL FIGURES



ABOUT WELLHOPE

Founded by Chairman Weidong Jin together with other 6 founders in 1995, Wellhope originally initiated from animal feed business and raw material trade, now it has stepped into broiler and swine integration, also involved in smart farming equipment manufacturing, meat processing, pet clinic, etc. Wellhope's products are marketed in 32 provinces across China and regions abroad. Globally, Wellhope has set up 11 feed mills in 7 countries, such as Nepal, the Philippines, Indonesia and Russia, etc.

In 2006, Royal De Heus Company, global top-12 feed supplier, became one of Wellhope's shareholders, Wellhope has turned into a Sino-Dutch joint venture.



Stock code: 603609

Listed on Shanghai Stock Exchange in 2014

FOUNDERS

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



铁生 万里金作岸
石成千仞 云为峰
俊松 枝头凤久立
涛声依旧 彩梅红

The seven founders received their higher education in the 1980s. With an ambition of contributing to China's animal husbandry industry, they sacrificed excellent salary and powerful position to establish Wellhope.

PARTNER-ROYAL DE HEUS FROM THE NETHERLANDS



Royal De Heus
global top-12 feed supplier

Founded in 1911

Designated "Royal" in 2011

Active in over 83 countries

FINANCIAL FIGURES IN FIRST HALF OF 2021



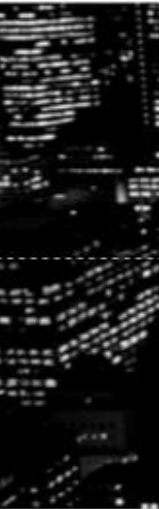
Item	2021 H1	2020 H1	YOY change
Operating revenue (RMB billion)	13.64	9.85	38.53%
Net profit attributable to shareholders (RMB million)	251.35	606.02	-58.52%
Feed sales volume (10k tons)	205.03	164.09	25%
including: swine feed (10k tons)	95.00	61.23	55%
poultry feed(10k tons)	69.55	69.36	0%
ruminant feed(10k tons)	33.01	26.11	26%
Broilers slaughtered by holding and associated companies (million)	326	265	23%
Hogs delivered by holding and associated companies(10k heads)	54.6	21.25	157%

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PART TWO



OPERATIONS PROGRESS IN FIRST HALF OF 2021



OVERALL CIRCUMSTANCES IN THE FIRST HALF OF 2021

Overall Circumstance

In the first half of 2021, the development of Wellhope was under great pressures, including, the cost of feed raw materials increasing significantly, leading the gross margin of feed business decreasing, the cost of day old chicks and broiler feed rising sharply, coupled with unsatisfactory consumption, making the profit of white-feather broiler integration business decline remarkably, as well as pig price dropping substantially, pushing swine raising industry facing greater pressure.

Measures taken by Wellhope

In the face of all these unfavorable factors, Wellhope speeded up the pace of internal change, intensified the efforts to introduce key talents, and strengthened the coordination among purchasing, technology, market and production, as well as heightened benchmarking and reanalyzing management. In the meantime, it relationally arranged capital expenditures, and quickened inventory turnover, making great efforts to guarantee the healthy and orderly development and operation under the backdrop of the downward industry.

FEED BUSINESS

In the first half of 2021, the price of feed raw materials remained high and fluctuated, the market of downstream animal raising industries was complex and volatile, feed industry has been accelerating the transformation and upgrading, and the polarization was increasingly apparent. Under such stage of opportunity and risk coexisting, Wellhope, as one of the industry leaders, gave full play its advantages such as brand and technology, speeded up the pace of reform regarding feed business, including exploiting new markets, refining integral operations, to improve the core competencies.



FEED BUSINESS

Item	Sales volume Jan.-Jun.2021 (10k tons)	% of total sales volume	Sales volume Jan.-Jun.2020 (10k tons)	YoY change	YOY change of national feed production
Pig feed	95.00	46%	61.23	55%	71%
Poultry feed	69.55	34%	69.36	0%	-6%
Ruminant feed	33.01	16%	26.11	26%	18%
Other feed	7.47	4%	7.39	1%	—
Total	205.03	100%	164.09	25%	21%

The growth of poultry and ruminant feed sales volume were significantly better than the industry average increase. For swine feed, which focused on the north of China as the main sales area, still maintained a 50% increase, despite swine re-breeding basically ended in these areas. Overall, the feed sales volume of Wellhope recorded a new high of year-on-year increase of 25% in the first half year, exceeding the sales target set at the beginning of the year.



INTEGRATED BROILER BUSINESS

In the first half of 2021, Wellhope's broiler integration business, has taken "controlling the expansion pace, adjusting product structure, ensuring the safety of operation, improving efficiency and increasing benefit" as the core guiding ideology. Relying on the cost efficiency advantage formed over the years, Wellhope methodically pushed forward the business plan formulated at the beginning of the year. During the reporting period, Wellhope's holding and associated companies totally slaughtered 326 million broilers were, up 23% year on year, and the ratio of broilers raised by Wellhope to broilers slaughtered by Wellhope exceeded 90%. Meanwhile, Wellhope totally produced 12,900 tons of prepared products and cooked food, up 68% year-on-year.

Operating performance in the first half of 2021(holding and associated companies)

Item	2021 H1	2020 H1	YOY change
Broilers slaughtered (million)	326	265	23%
Prepared and cooked food (tons)	12,900	7,659	68%

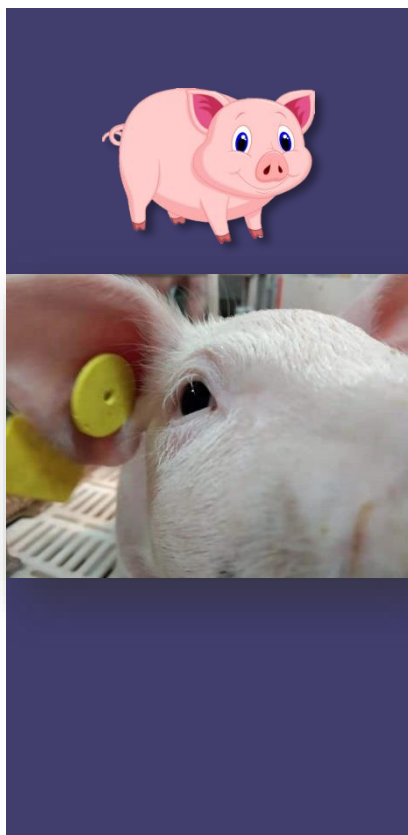
HOG RAISING BUSINESS



In the first half of 2021, the continuous recovery of swine production capacity made pig price fall sharply, and the industry entering a downward cycle. Wellhope entered swine raising business later than competitors, with small scale. During the reporting period, Wellhope developed pig breeder, piglet and finisher businesses with a stable pace, its holding and associated companies totally sold 0.54 million heads of swine with a year-on-year growth of 157%.

In the case of market mutation, Wellhope adjusted operation strategy quickly according to the market situation, such as reducing external purchasing of piglets when the price of piglets falling, controlling the pace of raising swine via contract farms, and slowing down some projects. In the meantime, cost and efficiency management is critical to the sustainable development of pig farms as the industry entering a downward cycle. Wellhope constantly improved efficiency, reduced cost to heighten operation quality, also strengthened bio-safety system to ensure the healthy operation of production. Besides, it quickened the construction of slaughtered project in Anhui province.

HOG RAISING BUSINESS



Operating performance in the first half of 2021(holding and associated companies)

Item	2021 H1	YOY change
Hogs delivered (10k heads)	54.6	157%
including: Finisher (10k heads)	22.7	-
Piglet (10k heads)	28.1 (18.4 sold inside Wellhope's holding companies, 9.7 sold to the market)	-
Breeders (10k heads)	3.8	-
Inventories of sow (10k heads)	7.9	-

HONORS RECEIVED IN THE FIRST HALF OF 2021

- ◆ Fortune China 500(five years--2015, 2016, 2017, 2020, 2021), ranking 409, up 91 places
- ◆ Being selected as the first batch of Demonstration Enterprises regarding National Supply Chain Innovation and Application
- ◆ Top 100 Sci-tech Enterprises in China's Light Industry, ranking 9
- ◆ Top 50 Enterprises in the Food Industry of China's Light Industry, ranking 11
- ◆ Top 200 Enterprises in China's Light Industry, ranking 28
- ◆ Being awarded as "Dedication Medal of Red Cross Society of China"

Brand Influence Has Been further Enhanced

FRUITFUL R&D ACHIEVEMENTS

In the first half of 2021, under the backdrop of African Swine Fever, big bulge in the price of feed raw materials, etc., Wellhope increased input in research and development to continuously focus on the development of feed products, raw materials alternation, technology optimization of antibiotic-free feed, and transformation of animal raising programs, etc.

The R&D expenditures increased by **40.97%** compared with the same period of prior year.

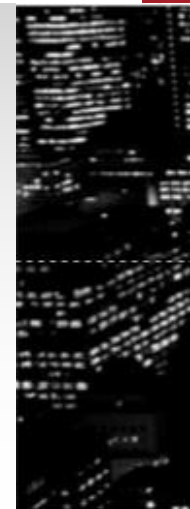
By the end of June 2021, Wellhope has **163** authorized patents, including **55** patents for invention.

Meanwhile, Wellhope won **2** National Science and Technology Progress Awards, **1** National Technology Invention Award and nearly **20** provincial-level science and technology awards.

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PART THREE

STRATEGIC PLAN



MEDIUM AND LONG-TERM PLAN



Three-years' goal

In the next three years, Wellhope will vigorously develop feed business, accelerate the operation mode of industrial integration, complete the phased layout of food business to form a regional food brand, and finally become an enterprise with leading-edge quality and efficiency across agriculture, animal husbandry and food industries (2021-2023).

Long-term goal

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

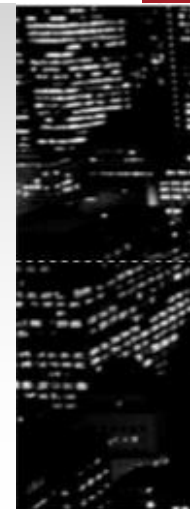
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PART FOUR



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WELLHOPE CORE COMPETENCE



WELLHOPE'S STRENGTHS

Human resource

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

Powering technology

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

Strategic layout

- Centering on agriculture and animal husbandry industries to actively conduct horizontally diversified business expansion and vertically integrated business model
- Rational and prudent business philosophy and strict financial risk control
- Scientific and reasonable business distribution with obviously regional advantages

Brand value

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

Corporate culture

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