

Beijing Dabeinong Technology Group Co., Ltd

19th Floor, Zhongguancun Building, 27 Zhongguancun Street,

Haidian District, Beijing



# 2022 Annual Report Summary

April 2023

## I Important Notices

This summary is published in both Chinese and English. In case of any ambiguity, inconsistency or conflict between the two version, the Chinese version shall prevail.

This Summary is based on the full annual report. Investors are kindly reminded to read the completed version of the aforesaid report on the media designated by the China Securities Regulatory Commission (CSCR) to get complete information about the Company's business results, financial situation, and future development plans.

All directors have attended the Board meeting for the review of this annual report.

Notice of non-standard auditors' opinions

Applicable       Not applicable

A proposed profit distribution plan or a proposed plan on the conversion of capital reserves into share capital during the reporting period was reviewed and approved by the Board

Applicable       Not applicable

Conversion of capital reserves into share capital

Yes       No

The proposed profit distribution plan approved by the Board is to be based on 4,137,906,853, distribute a cash dividend of RMB 0.5 (including tax) for every 10 shares to all shareholders, issue 0 bonus shares (including tax), and not convert capital reserves into share capital.

The proposed profit distribution plan for preferred shares reviewed and approved by the Board during this reporting period

Applicable       Not applicable

## II Basic Information of DBN

### 1. Company Profile

Stock abbreviation	DBN	Stock code	002385
Stock exchange for stock listing	Shenzhen Stock Exchange		
Abbreviation of the stock before alteration	Not applicable		
Contact person and contact information	Board Secretary	Securities affairs representative	
Name	Yin Wei	Lei Zeli	
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## 2. Introduction to Main Businesses or Products during the Reporting Period

The company's vision is to create a world-class agricultural technology and service company, based on agricultural high-tech enterprises, with industrial layout covering multiple fields such as feed technology, pig farming technology, crop technology, vaccine and animal protection technology and etc. The feed technology industry is a leading domestic manufacturer of premix, educational trough feed, nursery feed, sow feed, and ruminant feed. The pig breeding technology industry relies on a good industrial foundation and regional layout, promoting the "company+ecological farm" and "integrated" breeding model, and creating a unique joint pig breeding development model. The crop technology industry adheres to the direction of technological innovation driven development, with the goal of "creating world-class crop technology companies", focusing on the R&D and promotion of crop seed industries, including biotechnology, corn seed industry, rice seed industry, soybean seed industry, and economic seed industry.

### (1) Main businesses

During the reporting period, DBN achieved an operating revenue of RMB 32,396.746 million yuan with a year-on-year increase of 3.41%, an operating profit of RMB 376.2072 million yuan with a YOY increase of 154.61%, a total profit of 317.5578 million yuan with a YOY increase of 143.16%, and net profit attributable to shareholders of DBN 55.6018 million yuan with a YOY increase of 112.63%.

The company's main business income mainly comes from feed technology and pig farming technology. Throughout 2022, the proportion of feed business revenue to main business revenue was 69.01%, that of pig farming business was 16.92%, that of seed business was 2.91%, and that of veterinary drug and vaccine business was 0.89%.

### Feed business

With the continuous expansion of China's feed industry, DBN has gained a leading position in market competition with advantages in scale, market coverage, technical services, and other aspects. At present, the standardized development of the industry in China continuously improves the level of feed formula, with an accelerating penetration and promotion trend of antibiotic alternatives. The industry has mostly achieved feed formulas meeting different animal nutritional needs and physiological characteristics and is moving towards precise feeding. Meanwhile, the high-tech and specialized characteristics of the feed industry have become apparent and are continuing to develop.

During the reporting period, the company's feed sales revenue was RMB 22,289.9899 million yuan with a YOY decrease of 1.78%, and feed revenue accounted for 69.01% of the main business revenue. The sales volume of feed was 5.315 million tons with a YOY decrease of 9.85%, among which, 4.0858 million tons of pig feed with a YOY decrease of 10.71%, 0.43 million tons of aquatic feed with a YOY increase of 1.14%, and 0.6355 million tons of ruminant feed with a YOY increase of 10.61%. Excluding the impact of changes in the scope of consolidated statements, the sales volume decreased by 5.33% YOY, and that for pig feed decreased by 4.84% YOY. The company's sales volume to jointly operated pig farms was 0.2515 million tons. Excluding the sales volume to jointly operated pig farms, the external sales volume was 5.0635 million tons with a YOY decrease of 3.35%.

### **Pig farming business**

Pig farming is a traditional industry in China. Since the reform and opening up, on one hand, China's pig industry has been strongly driven by the demand caused by continuous and rapid economic growth, rising income levels of urban and rural residents, and upgrading food consumption structure, on the other hand, it has been strongly promoted by the government because the pig industry has become an important source of income for rural residents and an important part of the shopping basket program for urban residents, to maintain a rapid growth momentum in China's pig production for a long time. In 2022, China's pig production continued to increase, with a total of 699.95 million pigs sold nationwide, an increase of 4.3%; The production of pork reached 55.41 million tons, a YOY increase of 4.6%.

During the reporting period, the holding subsidiary's revenue from pig sales was RMB 5466.675 million yuan, a YOY increase of 16.34%. The holding subsidiary of the company has a total of 1.9021 million pigs on hand, a YOY increase of 38.09%. Among them, there are 157600 sows (excluding 49300 backup sows) on hand, a YOY increase of 42.65%.

### **Seed business**

The "No. 1 central document" for 2022 emphasizes the vigorous promotion of breakthroughs on core and key agricultural technologies such as seed resources, comprehensively implementing seed industry revitalization action plan, and promoting the construction of national major innovation platforms in the seed industry, providing continuous, comprehensive, and strong policy support and direction guidance for China's seed industry revitalization. On March 1, 2022, the new *Seed Law* was officially implemented and focused on expanding the protection scope and links of the property rights for new varieties of plants, adding an Essentially Derived Variety (EDV) system, increasing efforts to crack down on fake or substandard seeds, improving the infringement compensation system, strengthening the protection of germplasm resources, etc. The formal implementation of the law marks a new era in the protection of intellectual property rights in China's seed industry.

In August 2022, the General Office of the Ministry of Agriculture and Rural Affairs issued a notice on assisting in the development of the national seed industry matrix to support key superior enterprises to become stronger, better, and larger. According to the *List of National Seed Industry Matrix*, DBN was listed in the live swine "shoring-up weakness" formation, the subsidiary Yunnan Datian Seed Co., Ltd. was listed in the corn "shoring-up weakness" formation, Beijing Jinse Nonghua Seed Industry Technology Co., Ltd. was listed in the rice "enhancing advantages" formation, and Heilongjiang Longke Seed Industry Group Co, Ltd., whose shares are partially owned by DBN, was listed in the soybean "shoring-up weakness" formation and the japonica rice "enhancing advantages" formation .

During the reporting period, the proportion of the company's seed business revenue to its main business revenue was 2.91% and the sales volume of seeds was 41.8334 million kilograms with a YOY increase of 74.75%. The sales revenue was 944.2962 million yuan with a YOY increase of 68.44%. Among them, the sales revenue of rice seeds was 35.40133 million yuan with a YOY increase of 12.08%. The sales revenue of corn seeds was 564.7226 million yuan with a YOY increase of 146.9%. Excluding the influence of Yunnan Datian, the sales revenue of corn seeds reached 313.7822 million yuan, a YOY increase of 37.2%.

### **(2) Research and experimental development**

DBN adheres to the principle of "Innovation-oriented Technology Strategy". In 2022, DBN has 5 national R&D platforms with 2,822

R&D personnel. As of the end of 2022, a total of 2,503 patent applications has been made public, and 1,896 patents have been authorized. In November 2022, the genetically modified insect-resistant soybean transgenic event DBN8002 (DBN-Ø8ØØ2-3), developed by the controlling subsidiary Beijing Dabeinong Biotechnology Co., Ltd., passed the safety evaluation and officially obtained the planting license from the Argentine government. At the same time, the company attaches great importance to the construction of talent echelons and increases the talents attraction. In 2022, there were 2 High-end Talent Accumulation Program specialists, 1 Overseas Talent Accumulation Program specialist, 10 corn breeding experts such as special academicians, 5 rice breeding experts, and 7 soybean breeding experts.

### (3) The business model of animal farming business

DBN's pig farming model mainly include the "self-breeding and self-raising" and the "company + eco-farm". The former adopts the self-raising method throughout the entire industrial chain of pig breeding, feed production, piglet production, and pig fattening, allows the production and operation of each farming industry chain to be carried out by the company, and has significant advantages in achieving economies of scale, reducing production costs, and improving operational efficiency. The latter refers to the cooperation between the company and eco-farms through entrusted breeding based on DBN's resource allocation in the farming industry chain. DBN provides farming materials such as pig house design, piglets, feed, drugs, and vaccines to ecological farmers, as well as feeding pigs according to the company's farming standards, and uniformly takes back and sells pigs and pays proxy costs for farming to farmers after reaching the number of days to put on the market. The latter disperses large pig herds to help rationally use idle land resources and effectively alleviate land pressure. Meanwhile, there is a small amount of pollution discharge per farm for scattered small-scale ones, which facilitates the harmless treatment of manure, greatly promotes environmentally friendly and green farming, drives local employment, and has a positive social impact.

## 3. Main Accounting Data and Financial Indicators

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

Whether the company needs to retroactively adjust or restate the accounting data counting data

Yes  No

Unit: RMB

Project	December 31,2022	December 31, 2021	Change of 31 December 2022 over 31 December 2021	December 31, 2020
Total assets	31,174,429,135.15	26,894,815,883.44	15.91%	24,041,748,998.06
Net assets attributable to shareholders of the Company	10,752,974,607.43	10,737,179,620.57	0.15%	11,015,444,461.02
	2022	2021	2022-over-2021 change	2020
Operating revenue	32,396,746,022.43	31,328,078,121.44	3.41%	22,813,861,332.61
Net profits attributable to shareholders of the Company	55,601,766.41	-440,340,985.21	112.63%	1,955,722,850.86
Net profits attributable to shareholders of the Company after deducting of non-	91,336,448.59	-856,670,138.08	110.66%	1,593,201,607.70

recurring profit or loss				
Net cash flow generated from operating activities	1,432,351,027.90	1,148,769,576.72	24.69%	1,856,435,731.39
Basic earnings per share (RMB/share)	0.01	-0.11	109.09%	0.48
Diluted earnings per share (RMB/share)	0.01	-0.11	109.09%	0.48
Weighted average return on equity	0.52%	-4.05%	4.57%	18.70%

**(2) Main accounting data by quarters**

Unit: RMB

Project	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Operating revenue	6,459,940,820.51	6,933,188,431.62	8,701,286,613.33	10,302,330,156.97
Net profits attributable to shareholders of the Company	-232,567,144.99	-277,946,971.98	181,891,288.40	384,224,594.98
Net profits attributable to shareholders of the Company after deducting of non-recurring profit or loss	-271,579,564.70	-296,432,018.45	166,259,745.48	493,088,286.26
Net cash flow generated from operating activities	-950,214,637.51	302,065,985.85	1,251,696,236.23	828,803,443.33

A significant difference between the above financial indicators or their total amount and the financial indicators related to the disclosed quarterly and semi-annual reports of the Company

Yes  No

**4. Share Capital and Shareholder Information****(1) Table of the number of common shareholders and preferred shareholders with restored voting rights and the shareholding of the top 10 shareholders**

Unit: Shares

Total number of common shareholders at the end of the reporting period	164,130	Total number of common shareholders at the end of the month prior to the disclosure date of the annual report	243,284	Total number of preferred shareholders with restored voting rights at the end of the reporting period	0	Total number of preferred shareholders with restored voting rights at the end of the month prior to the disclosure date of the annual report	0
Shareholding of the top 10 shareholders							
Name of shareholders	Nature of shareholders	Shareholding ratio	Number of shares held	Number of shares with trading limited conditions held	Pledged, marked or frozen shares		
					Share status	Number	
Shao Genhuo	Domestic natural person	24.49%	1,014,200,026	775,206,942	Pledged	404,223,000	
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	4.08%	169,060,186	0			
Agricultural Bank of China Limited - E Fund Consumer Fund	Others	1.34%	55,645,273				

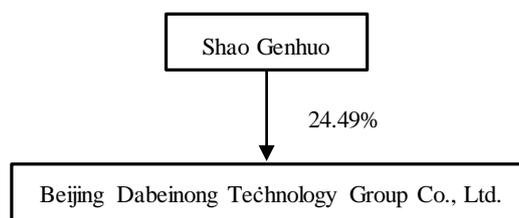
Zhao Yanqing	Domestic natural person	1.30%	53,760,182			
Qiu Yuwen	Domestic natural person	1.23%	51,120,917			
Li Fengqin	Domestic natural person	1.05%	43,278,414			
China Zheshang Bank Co., Ltd. - Guotai CSI Livestock Breeding ETF	Others	0.74%	30,631,582			
China Construction Bank Corporation - Jiashi Agricultural Equity Securities Investment Fund	Others	0.74%	30,540,640			
Agricultural Bank of China Limited – China Southern CSI 500 Index ETF	Others	0.65%	27,107,029			
Zhen Guozhen	Domestic natural person	0.65%	27,017,998			
Related relationship or concerted action among the above shareholders	The Company does not know whether there is a related relationship among the above shareholders, nor does it know whether they belong to the concerted action persons specified in the <i>Management Administration of Disclosure of Information on the Change of Shareholdings in Listed Companies Procedures</i> .					
Participation of shareholders in margin trading and short selling business (if any)	1. At the end of the reporting period, Li Fengqin held 0 shares of the Company in the common securities account and 43,278,414 shares in the credit securities account, totaling 43,278,414 shares; 2. At the end of the reporting period, Zhen Guozhen held 4,566,398 shares of the Company in the common securities account and 22,451,600 shares in the credit securities account, totaling 27,017,998 shares.					

**(2) Table of the number of preferred shareholders and the shareholding of the top 10 shareholders**

Applicable       Not applicable

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

**(3) Block diagram of the disclose of the property rights and control relationship between the Company and the actual controller**



**5. Bonds in existence as of the Approval Date of the Annual Report**

Applicable       Not applicable

**III Matters of Significance**

None.