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## DEKON FOOD AND AGRICULTURE GROUP

### 四川德康農牧食品集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2419)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

	For the year ended 31 December			
	2024		2023	
	Sales volume (heads)	Average selling price <sup>(2)</sup> (RMB)	Sales volume (heads)	Average selling price <sup>(2)</sup> (RMB)
Sales of pigs				
Market hogs	8,544,396 <sup>(1)</sup>	2,193	6,659,735	1,832
Breeding pigs	19,797	2,696	21,407	2,341
Market piglets	214,948	385	402,477	415
Sales of poultry	<i>(birds or eggs)</i>		<i>(birds or eggs)</i>	
Yellow-feathered broilers	88,120,210	36.1	88,733,327	36.6
Chicks and eggs	102,986,977	0.9	99,086,155	0.9

<b>Key financial data</b>	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue	<b>22,463,038</b>	16,155,412
<b>Profit/(loss) before taxation</b>	<b>4,201,795</b>	(1,991,781)
<i>Income tax</i>	<u>(88)</u>	<u>(355)</u>
<b>Profit/(loss) and total comprehensive income for the year</b>	<b><u>4,201,707</u></b>	<b><u>(1,992,136)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>4,101,559</b>	(1,775,126)
Non-controlling interests	<u>100,148</u>	<u>(217,010)</u>
<b>Profit/(loss) and total comprehensive income for the year</b>	<b><u>4,201,707</u></b>	<b><u>(1,992,136)</u></b>
<b>Earnings/(loss) per share<sup>(3)</sup></b>		
Basic and diluted ( <i>RMB</i> )	<b>10.55</b>	(4.88)
Profit/(loss) and total comprehensive income for the year before biological assets fair value adjustments <sup>(4)</sup>	<u>3,297,395</u>	<u>(1,278,520)</u>
Dividend per share ( <i>RMB</i> )	<u>0.90</u>	<u>—</u>
<i>Notes:</i>		
(1) In 2024, we sold 8,779,141 heads of pigs in total, among which 8,490,771 heads of pigs were sold to external customers, and 288,370 heads were first sold internally to our slaughterhouses for processing and then sold to external customers.		
(2) Average selling price represents the revenue for the year divided by the external sales volume of the product category for the respective year.		
(3) The earnings/(loss) per share represents the profit/(loss) attributable to the equity shareholders of the Company divided by the weighted average number of ordinary shares for the year.		
(4) The profit/(loss) and total comprehensive income for the year before biological assets fair value adjustments represents profit/(loss) and total comprehensive income net off changes in fair value of biological assets.		

The board (the “**Board**”) of directors (the “**Directors**”) of Dekon Food and Agriculture Group (the “**Company**”) is pleased to announce the consolidated results and the financial position of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”) prepared in accordance with IFRS, together with the consolidated results and financial position for the year ended 31 December 2023 for comparison. Unless otherwise defined, capitalised terms used herein shall have the same meanings as given to them in the prospectus dated 27 November 2023 issued by the Company (the “**Prospectus**”).

The audited financial statements of the Group as of 31 December 2024 have been agreed by the independent auditor of the Company, and have been reviewed by the Board and the audit committee of the Company.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

for the year ended 31 December 2024

(Expressed in Renminbi (“RMB”))

	<i>Note</i>	<b>2024</b> <b>RMB’000</b>	2023 <i>RMB’000</i>
Revenue	3	<b>22,463,038</b>	16,155,412
Cost of sales		<u><b>(17,597,747)</b></u>	<u>(16,035,739)</u>
<b>Gross profit</b>		<b>4,865,291</b>	119,673
Changes in fair value of biological assets		<b>904,312</b>	(713,616)
Gain arising from biological assets at fair value less costs to sell at the point of harvest		<b>123,259</b>	4,782
Other net income	4	<b>419,486</b>	454,299
Selling expense		<b>(101,455)</b>	(109,896)
Administrative expenses		<b>(1,583,960)</b>	(1,288,119)
Provision for expected credit loss of trade and other receivables		<u><b>(12,357)</b></u>	<u>(17,287)</u>
<b>Profit/(loss) from operations</b>		<b>4,614,576</b>	(1,550,164)
Finance cost	5(a)	<b>(411,846)</b>	(441,521)
Share of losses of associates		<b>(935)</b>	(96)
<b>Profit/(loss) before taxation</b>		<b>4,201,795</b>	(1,991,781)
Income tax	6	<u><b>(88)</b></u>	<u>(355)</u>
<b>Profit/(loss) and total comprehensive income for the year</b>		<u><b>4,201,707</b></u>	<u>(1,992,136)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>4,101,559</b>	(1,775,126)
Non-controlling interests		<u><b>100,148</b></u>	<u>(217,010)</u>
<b>Profit/(loss) and total comprehensive income for the year</b>		<u><b>4,201,707</b></u>	<u>(1,992,136)</u>
<b>Earnings/(loss) per share</b>	7		
Basic and diluted ( <i>RMB</i> )		<u><b>10.55</b></u>	<u>(4.88)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		9,914,484	9,687,160
Non-current biological assets		1,311,914	1,076,445
Intangible assets		6,027	2,918
Goodwill		14,730	14,730
Interests in associates		10,219	5,154
Deferred tax assets		4	14
Other non-current assets		33,409	21,211
		<u>11,290,787</u>	<u>10,807,632</u>
<b>Current assets</b>			
Inventories		750,064	706,532
Current biological assets		5,149,460	3,846,424
Trade receivables	8	11,421	7,304
Prepayments, deposits and other receivables	9	290,497	427,258
Financial assets at fair value through profit or loss ("FVPL")		741,648	665
Derivative financial instruments		94,951	93,793
Restricted deposits		235,270	499,794
Cash and cash equivalents		4,491,952	2,544,830
		<u>11,765,263</u>	<u>8,126,600</u>
<b>Current liabilities</b>			
Trade and bills payables		1,944,826	1,890,967
Accruals and other payables	10	4,697,276	3,802,249
Interest-bearing borrowings		2,272,589	3,891,422
Lease liabilities		125,037	95,235
Derivative financial instruments		22,934	10,028
Current taxation		687	719
		<u>9,063,349</u>	<u>9,690,620</u>
<b>Net current assets/(liabilities)</b>		<u>2,701,914</u>	<u>(1,564,020)</u>
<b>Total assets less current liabilities</b>		<u>13,992,701</u>	<u>9,243,612</u>

	<i>Note</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Interest-bearing borrowings		<b>2,013,318</b>	2,207,667
Lease liabilities		<b>2,569,441</b>	2,383,322
Deferred income		<b>824,601</b>	797,560
		<u><b>5,407,360</b></u>	<u>5,388,549</u>
<b>NET ASSETS</b>		<u><b>8,585,341</b></u>	<u>3,855,063</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	11	<b>388,876</b>	388,876
Reserves		<b>8,088,762</b>	3,562,732
<b>Total equity attributable to equity shareholders of the Company</b>		<b>8,477,638</b>	3,951,608
<b>Non-controlling interests</b>		<b>107,703</b>	(96,545)
<b>TOTAL EQUITY</b>		<u><b>8,585,341</b></u>	<u>3,855,063</u>

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB)

### 1 CORPORATE INFORMATION

四川德康農牧食品集團股份有限公司 (Dekon Food and Agriculture Group) (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on 11 April 2014 as a private-owned enterprise with limited liability. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 6 December 2023 (the “**Listing Date**”).

The Company and its subsidiaries are principally engaged in: (i) providing market hogs, breeding pigs, market piglets and boar semen (ii) providing yellow-feathered broilers, chicks and eggs; and (iii) providing ancillary products such as fresh meat, ingredients and others.

### 2 MATERIAL ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. The Group has adopted all applicable new and revised accounting standards except for any amendments that are not yet effective for the accounting period beginning on 1 January 2024.

#### (b) Basis of preparation of financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that those are stated at their fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3 REVENUE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by product line:		
Sales of pigs and related products	18,271,557	12,254,966
Sales of poultry and related products	3,275,810	3,332,979
Sales of ancillary products	<u>915,671</u>	<u>567,467</u>
	<u><u>22,463,038</u></u>	<u><u>16,155,412</u></u>

Revenue from contracts with customers is recognised at a point in time when the customers obtain control of promised goods. During the year ended 31 December 2024, no revenue from a single external customer accounts for 10% or more of the Group's revenue (2023: nil).

The Group's obligations to provide a refund for faulty products are under the standard warranty terms. Accumulated experience is used to estimate such returns at the time of sale. It is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, no refund liability for goods return was recognised.

The Group takes advantage of the practical expedient in paragraph 121 of International Financial Reporting Standard ("IFRS") 15 and does not disclose the remaining performance obligation as all of the Group's sales contracts have an original expected duration of less than one year.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component as the period between when the Group transfers a promised goods to a customer and when the customer pays for that goods will be one year or less.

#### 4 OTHER NET INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income	38,609	47,071
Government grants	117,508	82,265
Net gain on disposal of interests in associate	920	—
Loss on disposal of property, plant and equipment and intangible assets	(25,989)	(8,945)
Net gain on disposal of biological assets, net of insurance compensation recovered during the year	177,430	132,123
Change in fair value of financial assets at FVPL	12,522	6,751
Change in fair value of unlisted equity investments	(425)	(715)
Change in fair value of derivative financial instruments	89,894	196,962
Net foreign exchange gains	7,461	(2,344)
Others	1,556	1,131
	<u>419,486</u>	<u>454,299</u>

#### 5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

##### (a) Finance costs

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on interest-bearing borrowings	243,174	307,573
Interest on lease liabilities	189,055	160,566
	<u>432,229</u>	<u>468,139</u>
Less: interest expense capitalised*	<u>(20,383)</u>	<u>(26,618)</u>
	<u>411,846</u>	<u>441,521</u>

\* The borrowing costs have been capitalised at a rate of 3.9%–4.79% per annum in 2024 (2023: 4.00%–4.85%).



(b) Staff costs

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries, wages and other benefits	1,470,250	1,092,711
Contributions to defined contribution retirement plan	<u>88,976</u>	<u>81,532</u>
	<u><u>1,559,226</u></u>	<u><u>1,174,243</u></u>

The employees of the entities comprising the Group established in the PRC participate in a defined contribution retirement benefit scheme managed by the local government authority, whereby these entities are required to contribute to the scheme at a rate of 14%–16% of the minimum local base of retirement schemes. Employees of these entities are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above-mentioned retirement scheme at their normal retirement age.

Contributions to the retirement benefit scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution. The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Amortisation cost of intangible assets <sup>#</sup>	<u>1,039</u>	<u>1,877</u>
Depreciation charge <sup>#</sup>		
— owned property, plant and equipment	629,922	581,887
— right-of-use assets	<u>283,970</u>	<u>263,509</u>
	<u><u>913,892</u></u>	<u><u>845,396</u></u>
Listing expenses	—	37,707
Auditors' remuneration		
— audit services	3,600	3,600
— other services	2,020	11,950
Research and development expense	275,331	219,111
Cost of sale of biological assets <sup>#</sup>	16,610,178	15,454,004
Cost of inventories <sup>#</sup>	987,569	581,735

<sup>#</sup> Cost of sale of biological assets and inventories includes RMB1,477,753,000 (2023: RMB1,244,611,000) relating to staff costs, depreciation and amortisation expenses which are also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Current tax</b>		
Provision for the year	78	367
<b>Deferred tax</b>		
Origination and reversed of temporary differences	<u>10</u>	<u>(12)</u>
	<u><b>88</b></u>	<u><b>355</b></u>

*Notes:*

- (i) The Company and its subsidiaries established in the PRC are subject to PRC Corporate Income Tax rate of 25% during the years ended 31 December 2024 (2023: 25%).
- (ii) Pursuant to the article 27 of Law of the People's Republic of China on Enterprise Income Tax (No. 63 Order of the President of the People's Republic of China), certain subsidiaries are entitled to full income tax exemptions on their animal husbandry business. Effect of tax losses incurred for agricultural business is the tax losses for those subsidiaries which are entitled to full income tax exemptions.

## 7 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to equity shareholders of the Company of RMB4,101,559,000 for the year ended 31 December 2024 (2023: loss of RMB1,775,126,000) and the weighted average number of ordinary shares in issue during the year of 388,876,000 shares (2023: 363,881,000 shares).

### Weighted average number of ordinary shares

	2024 <i>'000</i>	2023 <i>'000</i>
Ordinary shares at 1 January	388,876	361,964
Effect of ordinary shares issued	<u>—</u>	<u>1,917</u>
Weighted average number of ordinary shares	<u><b>388,876</b></u>	<u><b>363,881</b></u>

The Company did not have any potential dilutive shares throughout the years ended 31 December 2024 and 2023. Accordingly, diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

## 8 TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables due from:		
— related parties	—	32
— third parties	<u>11,716</u>	<u>7,280</u>
	11,716	7,312
Less: expected credit loss	<u>(295)</u>	<u>(8)</u>
Total	<u><u>11,421</u></u>	<u><u>7,304</u></u>

All of the trade receivables, net of allowance for doubtful debts (if any), are expected to be recovered within one year.

All of the trade receivables were due upon issuing the invoices.

### Ageing analysis

As of the end of reporting period, the ageing analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	10,496	6,156
1 to 2 years	756	895
2 to 3 years	<u>169</u>	<u>253</u>
	<u><u>11,421</u></u>	<u><u>7,304</u></u>

## 9 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Advances to contract farmers	41,083	38,025
Deposits	14,533	57,250
Advances to local government	30,851	6,135
Prepayments for purchase of inventories	44,372	202,203
Prepaid expense	33,254	39,197
Value-added-tax recoverable	83,530	58,087
Others	42,874	26,361
	<u>290,497</u>	<u>427,258</u>

All of the prepayments and other receivables are expected to be recovered or recognised as expense within one year.

## 10 TRADE AND BILLS PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables due to:		
— related parties	15,795	45,749
— third parties	1,929,031	1,696,210
	<u>1,944,826</u>	1,741,959
Bills payables	—	149,008
	<u>1,944,826</u>	<u>1,890,967</u>

As of the end of reporting period, the ageing analysis of trade and bills payables of the Group, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	1,923,574	1,858,722
1–2 years	12,138	18,607
2–3 years	3,363	9,163
Over 3 years	5,751	4,475
	<u>1,944,826</u>	<u>1,890,967</u>

All of the trade and bills payables of the Group are or expected to be settled within one year or are payable on demand.

## 11 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year	<u>—</u>	<u>100,000</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB0.90 (2023: Nil) per share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

### (b) Share capital

	2024		2023	
	Number of ordinary shares '000	Amount <i>RMB'000</i>	Number of ordinary shares '000	Amount <i>RMB'000</i>
<b>Issued and fully paid:</b>				
At 1 January	388,876	388,876	361,964	361,964
Issuance of ordinary shares	<u>—</u>	<u>—</u>	<u>26,912</u>	<u>26,912</u>
At 31 December	<u>388,876</u>	<u>388,876</u>	<u>388,876</u>	<u>388,876</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Company Profile

#### *Company Introduction*

The Company is a leading and fast-growing livestock and poultry enterprise in China, specializing in breeding and raising of pigs and yellow-feathered broilers. The Company was listed on the main board of the Stock Exchange on 6 December 2023 (stock code: 2419).

Our business consists of three segments, namely pig, poultry and ancillary products, with the pig and poultry segments being our core business. Products of our pig segment mainly include market hogs, breeding pigs, market piglets and boar semen. Products of our poultry segment mainly include yellow-feathered broilers, chicks and eggs. Products of our ancillary segment mainly include fresh meat, feed ingredients and others. In addition to breeding and farming of pigs and yellow-feathered broilers at our own facilities, we also cooperate with farm owners in pig and poultry farming. Our vertically integrated business model of pigs and yellow-feathered broilers covers the industry value chain from feed production, breeding, multiplication, farming to sales, which gives us a high degree of control over food quality and safety.

#### *Segments Introduction*

##### *Pig Segment*

Our pig products mainly include market hogs, breeding pigs, market piglets and boar semen. Market hogs are pigs we hold primarily for sales and production of pork products. Our breeding pigs include purebred and crossbreeding pigs. Pigs that are not selected as breeding pig candidates will be raised and sold as market hogs and market piglets. As a result of our continuous effort to enhance our breeding stocks, the genetic performance of our breeding pigs has improved rapidly over the years. Boar semen is produced by breeding boars at our nucleus breeding farms. We produce boar semen for our internal pig breeding and production purposes and market piglets are mainly used for internal pig farming. We also sell excess boar semen and market piglets on the market.

Our pig farming is conducted under the No. 1 Family Farm, No. 2 Family Farm and Self-operated Farm models. No. 1 Family Farm model is a model under which farm owners fatten our weaned piglets. No. 2 Family Farm model is a model under which we cooperate with farm owners to raise sows, produce weaned and fatten piglets, and a small portion of piglets are fattened in the No. 1 Family Farms. The family farm models lower our overall capital investment and enhance our investment returns, thereby facilitating our scale expansion. Self-operated Farm model is a model under which we build the farm and employ labour force to carry out scaled

breeding, fattening and other related processes. This model has the advantage of high level centralisation and standardisation, which allows us to implement an efficient management system.

### *Poultry Segment*

The main products of our poultry segment include yellow-feathered broilers, chicks and eggs. We sell yellow-feathered broilers, which are mainly used for the production of chicken products. Our well-recognised brands mainly include “Lingnanhuang” (嶺南黃®), “Yupinfeng (御品鳳®)”, “Xiangyuema (香粵麻®)” and “Dexiang (德鄉®)”. Among others, our Lingnanhuang (嶺南黃®) chickens have been recognised by the Ministry of Agriculture and Rural Affairs of the People’s Republic of China (中華人民共和國農業農村部) as the National Agricultural Leading Variety (國家農業主導品種). Lingnanhuang No. 5 obtained national certificate for new breed (supporting lines) of livestock and poultry in 2024. In respect of yellow-feathered chicks, we sell parent stock day-old chick and commodity day-old chick, with wide range of varieties that allow us to satisfy the diversifying market demand.

We breed and select chicken breeders, and hatch fertile eggs in our own poultry farms and hatcheries. For broiler farming, we adopt the Poultry Family Farm model and Poultry Farming Base model. Poultry Family Farm model is a model under which family farms provide the land and facilities and raise the yellow-feathered broilers according to our standards, while we provide chicks, feed, medicines and technical support. Poultry Farming Base model is a model under which we build facilities by ourselves and lease the land and facilities to farm owners while the farm owners raise the yellow-feathered broilers.

### *Ancillary Products Segment*

Our ancillary products segment consists of livestock slaughtering business and sales of ancillary products that are generated in the course of our production, which mainly include fresh meat, feed ingredients and others. During the Reporting Period, our slaughterhouses, located in Yibin City and Meishan City of Sichuan Province, have officially commenced operations, and the sales volume of fresh meat produced therein were materialized. As a result, we successfully expanded our business into the production and sales of fresh meat. Our customers are mainly butchers in farmers’ markets, distributors of school meals, fresh supermarket distributors and food processing factories. Our customers for feed ingredients are mainly trading companies and feed manufacturers.

## II. Market Overview

### *Pig Industry*

As the world's largest producer and consumer of pork, China ranks third in the world in per capita pork consumption. In 2024, China's total meat production (including pork, beef, mutton and poultry) reached 96.63 million tons, an increase of 0.2% year on year. Pork remains the most consumed meat in China, with average annual per capita consumption of 28.1 kilograms. In recent years, overall hog production capacity has remained stable, with significant improvements in industry production efficiency, and pork production has recovered and maintained a high level. On 29 February 2024, the Ministry of Agriculture and Rural Affairs issued the "Implementation Plan for Pig Production Capacity Regulation (2024 Revision)", which clarifies regulatory indicators, strengthens the guidance mechanism and stabilizes related policies, emphasizing the importance of pork safety in ensuring people's well-being.

The industry concentration has increased significantly over the past decade and is projected to continue to rise in the next three years. For listed pig farming enterprises, the period of substantial capital expenditures has largely come to an end, and leading listed pig farming enterprises are currently focusing on optimizing breeding efficiency and improving capacity utilization to reduce breeding cost. Large-scale breeding companies with cost advantages and disease prevention capabilities are still expected to further increase their profit through increasing production capacity.

The continuing trend of the overall supply of market hogs being higher than the demand is witnessed since the beginning of 2025. However, the combination of depressed pig prices and rising breeding costs due to a significant increase in soybean meal prices may result in the fluctuation in the stock volume of breeding sows in upcoming 2025. Such fluctuation is expected to help alleviate the supply-demand imbalance in the subsequent period, enabling scaled and cost-efficient pig farming enterprises to remain profitability in 2025.

### *Poultry Industry*

Poultry is another commonly type of meat consumed. According to the data published by National Bureau of Statistics, in 2024, the number of poultry slaughtered nationwide was 17.34 billion, representing an increase of 3.1% from 2023, and an annual production of 26.6 million tons, representing an increase of 3.8% from 2023.



Yellow-feathered broiler is a major component of the domestic broiler market. The inventory of parent stock for yellow-feathered broilers has been on rise in 2024. Although it still remains at a relatively low level since 2018, the overall low supply of yellow-feathered broilers may also support an increase in chicken prices. The gradual implementation of policies aimed at stimulating consumption in 2025 is expected to progressively unlock consumer potential, thereby bolstering demand for yellow-feather broilers.

Considering the above factors, the yellow-feathered broiler industry is expected to be more profitable in recent years.

### **III. Results of Operation**

In 2024, our profit before biological assets fair value adjustments amounted to RMB3,297.4 million, as compared with a loss before biological assets fair value adjustments of RMB1,278.5 million in 2023, which was mainly due to an increase in sales price of pigs as compared to the previous year, as well as a significant decrease in the Company's production costs as compared to the previous year as a result of the continuous improvement in the management efficiency and production indicators, and the impact of the decrease in prices of feed and feed ingredients.

During the reporting period, we recorded a total net profit of RMB4,201.7 million after biological assets fair value adjustments, as compared with a total net loss of RMB1,992.1 million after biological assets fair value adjustments in 2023.

#### ***Pig Segment***

In 2024, our pig segment revenue reached RMB18,271.6 million, representing a year-on-year increase of 49.1%. Such business growth is primarily attributable to our continuous technological empowerment, efficient team management, consistent disease prevention and control efforts, and advanced yet sustainable breeding models.

*Strengthening advantages in breeding and nutritional technologies, with notable results in cost reduction and efficiency improvement*

Our breeding technology breaks the vicious cycle of “introduction — sustainment — degeneration — reintroduction”. Since the introduction of overseas quality breeding pigs to establish our own nucleus breeding herd in 2013, the performance of breeding pigs has been greatly improved.

As of 31 December 2024, we had two national-level core pig breeding farms. As of the same date, we had a nucleus herd of approximately 14,941 breeding pigs (including gilts and studs) and 140,729 purebred breeding pigs (including gilts and studs). According to the Annual Genetic Evaluation Report on National Core Pig Breeding Farms released by the National Pig Genetic Evaluation Center, our National Core Pig Breeding Farm ranked the first nationwide in growth performance indicators for Large White pig (Yorkshire) and Landrace pig among 92 national core breeding farms, while the Duroc pig ranked the second nationwide in growth performance indicators. Additionally, compared with market hogs produced by breeding LY sows (two-way crossbred sows) with commercially sourced semen, the supporting line market hogs produced from Dekon Series II pigs and LY sows showed a reduction of 12 days in rearing period (from 6kg to 135kg), with a feed conversion ratio reduced by 0.1. These breeds have become the Company's primary market hog varieties, with a coverage rate increased continuously among all our market hogs. Our ample stock of nucleus and multiplication herd provides adequate resources of piglets, which give us core cost competitiveness and enable us to increase profitability by swiftly ramping up production since the pork price started to rise this year.

#### *Precision Nutrition and Feed Technology*

We have established a dynamic raw material database, adopting different feed formulations tailored to the nutritional needs of pigs at various growth stages. We have also developed a comprehensive feed cost control technology system, equipped with raw material value assessment and value-based procurement technology, high-efficiency enzyme technology, low-protein diet technology, and low-corn/low-soybean meal diet technology. This enables us to swiftly adjust formulations and procurement strategies when the prices of major feed raw materials increase significantly, thereby facilitating efficient cost control.

#### *Management Team's Emphasis on Scientific Research Advancement, Talent Development, and Management Iteration*

Our visionary senior management team, with an average of over 10 years of industry experience, has navigated us on a path of rapid and steady development. We also have a strong R&D team of 186 members as of 31 December 2024, the background of whom covering multiple areas including breeding, feed, nutrition, and health management. Approximately 60.8% the R&D team members hold master's degrees or higher, including eight employees with doctoral degrees.

Our technical staff are characterized by their youth, professionalism, and strong self-motivation. We provide continuous training and a robust support system for farm owners. Specifically, we offer comprehensive training covering the entire production process, and require the farm owners to attend training on breeding

expertise and corporate culture. Dedicated technical personnel are assigned to regularly visit farm owners to address production-, operation- and management-related issues.

### *Health Management System Supported by the Effective Biosecurity Management System and Disease Eradication Technology*

When selecting sites for our pig farms, we place special emphasis on factors such as topography, separation of clean and contaminated access roads, and the direct distance from hazardous areas to ensure compliance with biosecurity standards. We implement strict disinfection measures both inside and outside the farms in production. Additionally, we monitor and investigate disease infection conditions within the farms and surrounding farms. To mitigate infection risks, we conduct virus testing on personnel, vehicles, and materials entering the farms, enabling comprehensive risk assessment and proactive disease prevention measures. We are also equipped with a biosecurity management system to prevent the occurrence and spread of major diseases such as African Swine Fever. We closely monitor animal disease outbreak on our farms and family farms and have developed various disease cleansing programmes in response to reports of disease outbreaks.

### *Light-Asset Farming Model*

The current farming model adopted by the Company eliminates the costs-bearing associated with land, labour and utilities related to sow breeding and farrowing. Consequently, we experience cost savings in breeding pig farming, rapid expansion of the breeding sow herd and production capacity, as well as better protection of breeding sow biological assets through decentralized farming. Simultaneously, the Company and farm owners benefit from this in depth collaboration, with profit-sharing serving as an incentive mechanism. This symbiotic relationship not only encourages existing farm owners to expand their operations but also attracts new participants, ensuring the proliferation of our business in rural Chinese regions.

### *Poultry Segment*

In 2024, our poultry segment revenue amounted to RMB3,275.8 million, representing a year-on-year decrease of 1.7%, which was attributable to the modest decrease in both the unit price and volume of poultry sold. We managed to maintain a stable revenue level by reducing production costs and improving production efficiency and capacity utilization. In 2023, we sold approximately 88.73 million yellow-feather broilers, ranking third in terms of market share nationwide. In 2024, the production capacity of yellow-feather broilers remained stable compared to the previous year, with a total of 88.12 million yellow-feather broilers sold.

The stability of our poultry production capacity is attributable, on one hand, to its strong research and development foundation in yellow-feathered broilers. Since the establishment and commissioning of the yellow-feathered broiler gene bank and breeding base in Yingde, Guangdong, in 2019, the Company has developed a National Spark Program Leading Enterprise Technology Innovation Center and a Key Laboratory for Poultry Genetic Breeding under the Ministry of Agriculture and Rural Affairs. Additionally, we have obtained multiple patents in poultry breeding, farming technologies, and management. On the other hand, we ensure poultry production capacity through a series of biosecurity management measures. In 2024, while ensuring the purification of key pathogenic sources, we investigated and analyzed disease prevalence patterns and tailored preventive measures accordingly. As a result, the incidence rate of major poultry diseases in 2024 decreased to a considerable extent, with significant improvements in biosecurity and disease prevention and control compared to 2023. Meanwhile, we implemented stringent controls on prescription issuance to prevent drug incompatibility and wastage.

### ***Ancillary Products Segment***

In 2024, our ancillary products segment revenue amounted to RMB915.7 million, which rose by 61.4% year-on-year driven by the increase in the slaughtering business. Two of our subsidiaries focusing slaughtering business, Sichuan Dekon Tönnies Food Co., Ltd. and Yibin Dekon Food Co., Ltd., have obtained certifications from third party authoritative institution since the commencement of operation. These two companies are also among the first batch of enterprises in Sichuan to pass the accreditation of pig slaughtering quality management specifications. Additionally, our fresh meat business has seen steady increase in 2024 with its scale of production expanded as we increase our market penetration.

## **IV. Financial Review**

### ***Revenue***

In 2024, our revenue was RMB22,463.0 million, representing an increase of 39.0% as compared with RMB16,155.4 million in 2023. It was mainly attributable to increase in revenue for our pig segment for reasons as described above.

### ***Cost of Sales***

In 2024, our cost of sales was RMB17,597.7 million, representing an increase of 9.7% as compared with RMB16,035.7 million in 2023. It was mainly attributable to the increase in the sales volume of pigs.

### ***Gross Profit Margin***

Our overall gross profit margin increased from 0.7% in 2023 to 21.7% in 2024. It was mainly attributable to the increase in the unit price of pigs and the Company's cost reduction and efficiency enhancement measures, which resulted in a decrease in the cost per unit for both pigs and poultry.

### ***Changes in Fair Value of Biological Assets***

In 2024, we recorded gains arising from changes in fair value of biological assets of RMB904.3 million as compared to losses of RMB713.6 million in 2023. The gains recorded were mainly attributable to the increase in pig prices at the end of 2024 as compared to the end of 2023.

### ***Other Net Income***

In 2024, our other net income was RMB419.5 million, representing a decrease of 7.7% as compared with RMB454.3 million in 2023. It was mainly attributable to the decrease in earnings from pig futures.

### ***Selling Expenses***

In 2024, our selling expenses amounted to RMB101.5 million, representing a decrease of 7.6% as compared with RMB109.9 million in 2023. It was mainly attributable to the reduction in delivery costs for trading companies.

### ***Administrative Expenses***

In 2024, our administrative expenses amounted to RMB1,584.0 million, representing an increase of 23.0% as compared with RMB1,288.1 million in 2023. It was mainly attributable to the increase in employee salaries and pig insurance premiums.

### ***Finance Costs***

In 2024, our finance costs amounted to RMB411.8 million, representing a decrease of 6.7% as compared with RMB441.5 million in 2023, mainly due to the decrease in loan interest rates.

### ***Profit/(loss) for the Year***

For the reasons above, we recorded a profit of RMB3,297.4 million before biological assets fair value adjustments in 2024, as compared with the loss of RMB1,278.5 million before biological assets fair value adjustments in 2023.

### ***Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures***

Save as disclosed in this announcement, the Group had neither any other significant investments nor significant acquisitions and disposals of the relevant subsidiaries, associates and joint ventures in 2024.

### ***Major Financial Ratios***

The financial ratios of the Group as of 31 December 2024 and 31 December 2023 are set forth below:

	<b>31 December 2024</b>	31 December 2023
Return on equity <sup>(1)</sup>	<b>48.9%</b>	(51.7)%
Return on total assets <sup>(2)</sup>	<b>18.2%</b>	(10.5)%
Current ratio <sup>(3)</sup>	<b>1.3</b>	0.8
Quick ratio <sup>(4)</sup>	<b>1.2</b>	0.8
Gearing ratio <sup>(5)</sup>	<b>81.3%</b>	222.5%
Debt-to-equity ratio <sup>(6)</sup>	<b>26.2%</b>	143.5%
Interest coverage <sup>(7)</sup>	<b>11.2</b>	(3.5)

*Notes:*

- (1) Equals profit/loss for the year divided by the closing balance of total equity as of the balance sheet date and multiplied by 100%.
- (2) Equals profit/loss for the year divided by the closing balance of total assets as of the balance sheet date and multiplied by 100%.
- (3) Equals current assets divided by current liabilities as of the balance sheet date.
- (4) Equals current assets minus inventories, then divided by current liabilities as of the balance sheet date.
- (5) Equals total interest-bearing borrowings plus lease liabilities, divided by total equity at the balance sheet date.
- (6) Equals net debts divided by total equity as of the balance sheet date and multiplied by 100%. The net debts are defined as the sum of interest-bearing borrowings and lease liabilities net of cash and cash equivalents.
- (7) Equals profit/loss before interest and tax divided by interest.

## ***Analysis on Capital Resources***

### ***Liquidity and Capital Resources***

Our principal sources of funds in the past have historically been our equity capital, cash generated from our operations and borrowings. Our primary liquidity requirements are to finance our working capital needs, and fund our capital expenditures and growth of our operations. Going forward, we expect these principal sources of liquidity to remain the same.

As of 31 December 2024, our cash and cash equivalents were approximately RMB4,492.0 million (31 December 2023: approximately RMB2,544.8 million). Such increase in cash and cash equivalents was primarily attributable to the increase in net profit in 2024.

As of 31 December 2024, our current ratio was 1.3 (31 December 2023: 0.8).

### ***EBITDA and Cash Flow***

Our operation capital mainly came from cash generated from operation activities, investing activities, bank borrowings and shareholders' capital contributions. Our cash demand was mainly borne on production and operation activities, capital expenditure, repayment of matured liabilities, repayment of lease rentals, interest payment and dividend payment.

In 2024, the EBITDA of the Group (before biological assets fair value adjustments)<sup>(1)</sup> was RMB4,624.3 million (2023: RMB9 million).

In 2024, net cash generated in our operating activities was RMB5,361.8 million (generated during 2023: RMB741.5 million). Net cash used in our investing activities was RMB1,557.3 million (used during 2023: RMB692.0 million), including RMB780.8 million for the purchase of property, plant and equipment (2023: RMB1,125.0 million). Net cash used in our financing activities was RMB1,864.8 million (used during 2023: RMB345.6 million). In summary, in 2024, our net increase in cash and cash equivalents was RMB1,939.7 million.

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*Note:*

- (1) The EBITDA of the Group (before biological assets fair value adjustments) refers to the aggregate amount of profit/loss for the period (before biological assets fair value adjustments), income tax expenses, finance costs and depreciation and amortisation, among which depreciation and amortisation refer to the total amount of depreciation of property, plant and equipment, depreciation of right-of-use assets, and amortisation of intangible assets.

### Capital Structure

As of 31 December 2024, the total number of issued shares of the Company is 388,875,636 Shares, including 260,811,451 Domestic Shares and 128,064,185 H Shares.

As of 31 December 2024, the Group had bank loans and other loans of approximately RMB4,285.9 million (31 December 2023: approximately RMB6,099.1 million). The annual interest rate on bank loans ranged from 2.55% to 5.39% (31 December 2023: from 2.85% to 5.70%). Most of the bank loans were based on variable interest rates.

The interests-bearing borrowings were repayable as follows:

	<b>31 December 2024</b>	31 December 2023
	<i>(RMB in million)</i>	<i>(RMB in million)</i>
Within 1 year	<b>2,273</b>	3,891
1 to 2 years	<b>519</b>	1,323
3 to 5 years	<b>1,403</b>	764
Over 5 years	<b>91</b>	121
<b>Total</b>	<b><u>4,286</u></b>	<b><u>6,099</u></b>

Details of the fixed-rate borrowings and variable-rate borrowings are as follows:

	<b>31 December 2024</b>	31 December 2023
	<i>(RMB in million)</i>	<i>(RMB in million)</i>
Fixed-rate borrowings	<b>1,517</b>	2,507
Variable-rate borrowings	<b>2,769</b>	3,592
<b>Total</b>	<b><u>4,286</u></b>	<b><u>6,099</u></b>

As of 31 December 2024, the Group had loans from related parties of approximately RMB14.0 million (31 December 2023: approximately RMB54.0 million).



As of 31 December, 2024, the Group had net assets of approximately RMB8,585.3 million (31 December 2023: net assets of approximately RMB3,855.1 million). Net debts<sup>(1)</sup> of the Group amounted to approximately RMB2,253.2 million (31 December 2023: approximately RMB5,533 million), while the net debt-to-equity ratio was approximately 26.2% (31 December 2023: approximately 143.5%).

#### *Pledge of Assets*

As of 31 December 2024, part of the Group's interest-bearing borrowings was secured by property, plant and equipment with book value of RMB251.8 million (31 December 2023: RMB265.0 million).

#### *Contingent Liabilities*

As of 31 December 2023 and 2024, the Group had no significant contingent liabilities.

#### *Capital Expenditure*

Our capital expenditure primarily comprised of expenditures for the construction and upgrades of our production and ancillary facilities. We funded our capital expenditures primarily with shareholders' capital contributions, borrowings and operating activities. In 2024, the Group's capital expenditure was RMB780.8 million (2023: RMB1,125.0 million). The following table sets forth our capital expenditure for the years indicated:

	<b>2024</b>	2023
	<i>(RMB in million)</i>	<i>(RMB in million)</i>
Payments for property, plant and equipment	<u>781</u>	<u>1,125</u>
<b>Total</b>	<b><u>781</u></b>	<b><u>1,125</u></b>

In 2024, our demand for capital expenditure mainly came from construction of the slaughterhouses for food business, construction of the feed mills and the project balance payable for breeding farms construction.

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#### *Note:*

- (1) The net debts are defined as the sum of interest-bearing borrowings and lease liabilities net of cash and cash equivalents. Debt to equity ratio is calculated as net debts divided by total equity as of the respective reporting dates.

### *Capital Commitment*

Capital commitment of the Group is mainly related to the purchase of property, plant and equipment in connection with our production. As of 31 December 2024, capital commitment of the Group was RMB862.5 million (31 December 2023: RMB308.4 million).

### *Biological Assets*

Biological assets of the Group primarily consist of commodity hogs, commodity chickens, chicken breeders and breeding pigs. The fair value of our biological assets was RMB6,461.4 million as of 31 December 2024 and RMB4,922.9 million as of 31 December 2023. Our results have been and are expected to be affected by changes in fair value of biological assets. The net effect of adjustment in fair value of biological assets on profit was a profit of RMB904.3 million in 2024 (2023: loss of RMB713.6 million).

### *Foreign Exchange Risks*

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not our functional currency.

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB.

The Group does not hedge against any fluctuation in foreign currencies in 2024.

## **V. Human Resources**

As of 31 December 2024, we had 10,475 employees (2023: 9,854 employees), all of which were located in the PRC. Remuneration for employees was determined based on their job nature, personal performance and the market trends. Our Remuneration Committee to establish and review the policy and structure of the remuneration of our employees, and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management in accordance with industry standards, job requirements, personal performance. None of our employees is paid below the minimum wage standard set forth by the government. In 2024, total remuneration of our employees amounted to approximately RMB1,559.2 million (2023: RMB1,174.2 million). The Group provides basic social insurance and housing accumulation fund for company employees as required by the PRC law.

We place a strong emphasis on talent team development, having brought in a professional consulting team to continuously empower the Company with systematic management transformation. During the Reporting Period, we benchmarked against international best practices and conducted training sessions, consistently enhancing the skills and competencies of our workforce. Additionally, we have refined our management mechanisms for executives, providing employees with more effective career promotion pathways and building a robust reserve of talent to comprehensively safeguard the our overall operational capabilities.

## **VI. Significant Risks and Uncertainties**

The results and business operations of the Group are affected by a number of risks and uncertainties directly or indirectly related to the business of the Group. Primary risk factors known to the Group are outlined as follows:

### ***Epidemic Risks***

The major threat to the development of animal husbandry is epidemic risks. We are subject to risks relating to our ability to maintain animal health and control diseases. An occurrence of swine diseases (such as African Swine Fever and PRRS, porcine circovirus, PED, pseudorabies, porcine parvovirus and porcine eperythrozoonosis), poultry diseases (such as avian influenza) or any outbreak of other serious animal diseases or epidemics, might adversely impact consumers' confidence in our production capabilities and facilities. Diseases affecting pigs can reduce the number of pigs produced, hamper the growth of pigs to finishing size, result in expensive medication and vaccination costs, require quarantine or disposal of infected pigs and, in extreme cases, cull large quantities of pigs and temporarily suspend our business operations in the affected facilities, any of which could adversely affect our production or our ability to sell our products. Diseases affecting poultry could also have a similar adverse impact on our poultry business.

To mitigate epidemic risks, the Group has developed and implemented strict biosecurity specifications for pig and chicken farm site selection, including terrain, separation of roads for entry and exit, and straight-line distance from dangerous areas (other farms, slaughter plants, biosafety disposal areas, garbage dumps, public roads). We formulate corresponding purification plans for our pig farms based on local epidemiological investigations, adopt strict biological safety measures, immune preventive measures, pathogenic testing, immune antibody monitoring, and achieve disease purification by weeding out infected animals and through separate breeding of separate herds. We comprehensively upgrade the environmental control equipment of the farm house to stabilise air quality and temperature in the farm house and reduce the risk of disease. We formulate immunisation procedures according to different seasons and regions and strictly manage immunisation operations to ensure that vaccine immunisation is in place. In 2024, we did not suffer from any material loss resulted from such diseases.

## ***Price Risks***

Our results of operations are substantially affected by cyclical fluctuations in the selling prices of pigs and poultry products, which affect our revenue, and by fluctuations in the purchase prices of feed and feed ingredients, which affect our costs. Pig and poultry product prices typically fluctuate cyclically, reflecting changes in market demand and supply. The central frozen pork reserve is a tool the government uses to stabilise pig prices. When the pig prices experience significant drop, whether due to oversupply or other market factors, the government will purchase frozen pork from the market, which increases demand and helps to stabilise prices by improving confidence in the pig market. Conversely, during periods of high pig prices, the government can release reserves to counter inflationary pressures and help manage the supply and demand balance in order to avoid excessive price increases. The fluctuations in pig prices are primarily influenced by market supply and demand dynamics, and government intervention serves as a stabilising mechanism to ensure price stability and support the interests of both producers and consumers. Any significant release of the central frozen pork reserves would increase the market supply of pig products, which would in turn decrease the selling prices of pigs, and our business, results of operations and financial condition may then be adversely affected.

## **VII. Outlook**

As we step into 2025, we remain steadfast in our commitment to innovation, sustainability, and excellence across our pig segment, poultry segment, and ancillary products segment. Leveraging the strong foundation laid in 2024, we are poised to achieve new milestones through strategic focus on efficiency, cost reduction and high-quality development. In 2025, we will closely manage various risks and continue to carry out the following work:

- 1) *Pig Segment* — We intend to take the following measures to ensure the health development of our pig segment.
  - First, we will closely monitor market dynamics, consumer trends, and policy directions to precisely manage our farming scale, optimize the pig slaughtering schedule, and ensure a balanced supply and demand.
  - Second, we will further strengthen our disease prevention and control system by increasing investments in biosecurity, enhancing farming environment standards, and implementing strict controls over personnel, vehicles, and materials to improve our ability to forecast and respond to disease outbreaks.

- Additionally, we will optimize internal management, enhance cost control and identify cost-saving opportunities across various aspects such as feed procurement, farming processes, and workforce allocation. We will remain committed to technological innovation, increase R&D investment to continuously refine our breeding techniques. By leveraging existing breeding resources and technology platforms, we aim to further improve pig growth performance, production efficiency, and overall hog quality.
  - Finally, we will continue to cultivate professional talent to build a team which is proficient in livestock farming, market analysis, and financial management to support the Company’s sustainable development.
- 2) *Poultry Segment* — We will commit to developing innovative and high-performing poultry breeds tailored to the Southwest China market, while strengthening our efforts to expand market presence and cultivate customer relationships in South China to sustain profitability. By refining breeding standards, implementing precision feeding practices, enhancing egg production efficiency, and strengthening disease prevention systems, we will ensure the consistent quality of day-old chicks. Additionally, we will drive further efficiency gains and cost reductions through strategic feed cost management, advancements in technology research and development, improvements in broiler breeder quality, and optimized feed utilization processes. To solidify our market position, we will continue to strengthen traditional distribution channels, establish direct sales stores, and foster product differentiation;
  - 3) *Ancillary Product Segment* — Chengdu, Meishan and Yibin will be the core grounds for our expansion of regional market shares and sales network in Sichuan and national market. Focusing on market, products and channels, we will build a service platform for high-quality meat products and a high-quality food ecosystem;
  - 4) We will fully leverage pig futures to hedge and mitigate operational risks; and
  - 5) We will continue to invest in ESG initiatives. Through the “Hundred Villages and Million Pigs (百村百萬)” project, we will follow the national action plan for fertiliser reduction, put into practice the cycling of planting and farming, promote rural revitalization and create a benchmark for sustainable agricultural development.

## **MATERIAL EVENTS AFTER THE REPORTING PERIOD**

The Group had no other material events during the period from 1 January 2025 to the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As of 31 December 2024, we had 10,475 employees, all of which are located in the PRC. Our success depends on our ability to attract, retain and motivate qualified employees. To this end, as part of our human resource strategy, we are committed to building a competitive talent team. We offer our employees competitive remuneration package. Employee remuneration package includes salary, bonus and allowance. In accordance with PRC laws and regulations, we participate in social insurance schemes operated by relevant local government authorities and maintain mandatory pension contribution schemes, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for employees. We also pay housing provident fund contributions for our employees. In addition, we provide continuous education and training courses to our employees to improve their skills and develop their potential. We have also adopted evaluation programmes based on which employees can receive feedback. We promote strong employee relationships by providing various employee benefits and personal development support.

## **OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

As of 31 December 2024, the Company had not entered into any off-balance sheet arrangements.

## **FINAL DIVIDEND**

The Board has resolved to recommend the payment of a final dividend for the year ended 31 December 2024 of RMB0.90 per share (for the year ended 31 December 2023: Nil), subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 22 April 2025. Such proposed dividend is expected to be distributed to the Shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 30 April 2025. If approved by the Shareholders, the final dividend is expected to be paid on 5 June 2025.

## USE OF PROCEEDS FROM THE LISTING

The Company's H Shares were listed on the Main Board of the Stock Exchange on 6 December 2023. The net proceeds from the Global Offering were approximately HK\$952.5 million after deducting underwriting commissions and offering expenses paid or payable. Since the Listing Date and as of 31 December 2024, the Group has utilised approximately HK\$696.8 million of the proceeds for various purposes as set out below. We have gradually utilised and intend to use the proceeds from the Global Offering according to the purposes and proportions disclosed in the Prospectus. See the table below for details:

Purpose	Approximate percentage of the total net proceeds (%)	Net proceeds from the Global Offering (HK\$ million)	Net proceeds utilised as of 31 December 2024 (HK\$ million)	Remaining net proceeds as of 31 December 2024 <sup>(1)</sup> (HK\$ million)	Expected timeline for fully utilising unutilised net amount
Expanding the existing pigs and yellow-feathered broilers farming business	50.00%	476.3	381.0	95.3	by end of 2026
Developing the food processing business	15.00%	142.9	142.9	0	by end of 2025
Investment in the R&D and information technology system	10.00%	95.3	62.0	33.3	by end of 2026
Strategic investments or potential acquisitions	10.00%	95.3	0	95.3	N/A
Repaying certain outstanding bank loans	5.00%	47.6	47.6	0	N/A
Working capital and general corporate purposes	10.00%	95.3	63.3	32.0	N/A
Total	100.00%	952.5	696.8	255.9	

*Note:*

- (1) Numbers have been subject to rounding. Any discrepancy between the total and the sum of the amounts listed is due to rounding.

## **OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Group's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations, to enhance the transparency of the Board, and to strengthen accountability to all shareholders. The Group's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Group has complied with the code provisions contained in the CG Code during the period during the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

### **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as a code of conduct for securities transactions by the directors and supervisors. The Company has made specific enquiries with each Director and Supervisor and each of them confirmed that he or she had complied with all required standards during the Reporting Period.

No incident of non-compliance of the Model Code by the employees was noted by the Company for the Reporting Period.

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **Sufficiency of public float**

The Stock Exchange has granted the Company a waiver from strict compliance with the requirement under Rule 8.08(1) of the Listing Rules to reduce the minimum public float of our Company to 17.00%.



On 19 December 2024, the Company has submitted an application to the CSRC in respect of the conversion of certain of its domestic shares (“**Domestic Shares**”) into H shares of the Company (“**H Shares**”). The details of the Company’s implementation plan of the Conversion and Listing have not been finalised, and the completion of the Conversion and Listing is subject to the performance of other relevant procedures required by the CSRC, the Stock Exchange and other relevant onshore and offshore regulatory authorities. For details, please refer to the announcement published by the Company on 20 December 2024.

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained the aforementioned minimum public float required by the Stock Exchange during the Reporting Period and as of the date of this announcement.

### **Audit Committee and Review of Financial Information**

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and the CG Code to assist the Board by providing independent views on the effectiveness of the financial reporting system, risk management and internal control system of the Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee consists of three members, namely Mr. Fung Che Wai, Anthony, Mr. Zhu Qing and Ms. Liu Shan. Mr. Fung Che Wai, Anthony has been appointed as the chairman of the Audit Committee and is our independent non-executive Director with the appropriate professional qualifications.

The Audit Committee has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2024 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and KPMG, the auditor of the Company (the “**Auditor**”).

### **Scope of Work of KPMG**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary results announcement have been agreed by the Group’s auditor, KPMG, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary results announcement.

## **Annual General Meeting**

The annual general meeting (the “AGM”) of the Company will be held on Tuesday, 22 April 2025. A notice convening the AGM will be published on the website of the Stock Exchange at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company at ([www.dekanggroup.com](http://www.dekanggroup.com)) in due course in the manner prescribed by the Listing Rules.

### **Closure of Register of Members for AGM**

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 15 April 2025 to Tuesday, 22 April 2025 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders should lodge all completed transfer documents accompanied by the relevant share certificates to the H Share Registrar of the Company at Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares), or to the Company’s registered office, at Unit 901–909, 9th Floor, Building 2, Chengdu East Aviation Centre, 32 Lingang Road, Shuangliu District, Chengdu, Sichuan Province, PRC (for holders of Domestic Shares) no later than 4:30 p.m. Monday, 14 April 2025 for handling registration procedures. The record date for determining the entitlement to attend and vote at the AGM will be Tuesday, 22 April 2025.

### **Closure of Register of Members for Final Dividend**

In order to determine the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 28 April 2025 to Wednesday, 30 April 2025 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares) for registration no later than 4:30 p.m. on Friday, 25 April 2025. The record date for determining the entitlement to the proposed final dividend will be Wednesday, 30 April 2025.

## **PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.dekanggroup.com](http://www.dekanggroup.com). The annual report of the Group for the year ended 31 December 2024 will be published on the aforesaid websites of the Stock Exchange and the Company in due course.

## APPRECIATION

The Board would like to express its gratitude to all of our customers, suppliers, and all Shareholders for their understanding, support and trust, with which all employees of the Group will continue to work diligently as one in the long run.

By order of the Board  
**Dekon Food and Agriculture Group**  
四川德康農牧食品集團股份有限公司  
**Wang Dehui**

*Chairman of the Board and Executive Director*

People's Republic of China, 11 March 2025

*As of the date of this announcement, the executive directors of the Company are Mr. Wang Dehui, Mr. Wang Degen, Mr. Yao Hailong, Mr. Hu Wei and Mr. Zeng Min; the non-executive director of the Company is Ms. Liu Shan; and the independent non-executive directors of the Company are Mr. Pan Ying, Mr. Zhu Qing and Mr. Fung Che Wai, Anthony.*