

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

	For the six months ended 30 June			
	2025		2024	
	Sales volume (heads)	Average selling price ⁽²⁾ (RMB)	Sales volume (heads)	Average selling price ⁽²⁾ (RMB)
Sales of pigs				
Market hogs	4,843,040 ⁽¹⁾	2,032.7	3,925,495	1,964.1
Breeding pigs	6,944	4,530.0	10,917	2,362.3
Market piglets	267,382	475.5	89,725	426.8
Sales of poultry	(birds or eggs)		(birds or eggs)	
Yellow-feathered broilers	42,703,302	30.5	39,839,536	37.7
Chicks and eggs	57,422,159	0.6	51,619,494	0.8

Notes:

- (1) In the first six months of 2025, we sold 5,117,366 heads of pigs in total, among which 5,044,348 heads were sold to external customers, and 73,018 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 period divided by the external sales volume of the product category for the respective period.

Key financial data	For the six months ended	
	30 June	
	2025	2024
	RMB'000	RMB'000
Revenue	11,695,381	9,407,081
Profit before taxation	1,360,479	1,791,714
<i>Income tax</i>	<u>(5)</u>	<u>(333)</u>
Other comprehensive income	<u>(107)</u>	<u>—</u>
Profit and total comprehensive income for the period	<u>1,360,367</u>	<u>1,791,381</u>
Attributable to:		
Equity shareholders of the Company	1,292,387	1,766,453
Non-controlling interests	<u>67,980</u>	<u>24,928</u>
Profit and total comprehensive income for the period	<u>1,360,367</u>	<u>1,791,381</u>
Earnings per share⁽³⁾		
Basic and diluted (<i>RMB</i>)	3.32	4.54
Profit and total comprehensive income for the period before biological assets fair value adjustments ⁽⁴⁾	<u>1,273,072</u>	<u>363,125</u>

The board (the “**Board**”) of directors (the “**Directors**”) of Dekon Food and Agriculture Group (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the first six months ended 30 June 2025 (the “**Reporting Period**”), together with the unaudited figures for the six months ended 30 June 2024 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**”).

Notes:

- (3) The earnings per share represents the profit attributable to the equity shareholders of the Company divided by the weighted average number of ordinary shares for the period.
- (4) The profit and total comprehensive income for the period before biological assets fair value adjustments represents profit and total comprehensive income net of changes in fair value of biological assets.

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

*for the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi (“RMB”))*

		Six months ended 30 June	
		2025	2024
	<i>Note</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	4	11,695,381	9,407,081
Cost of sales		(9,666,196)	(8,241,133)
Gross profit		2,029,185	1,165,948
Changes in fair value of biological assets		87,295	1,428,256
Gain arising from biological assets at fair value less costs to sell at the point of harvest		25,467	40,473
Other net income	5	223,978	133,726
Selling expense		(45,402)	(47,441)
Administrative expenses		(804,663)	(699,347)
Reversal of/(provision) for expected credit loss of trade and other receivables		2,531	(6,347)
Profit from operations		1,518,391	2,015,268
Finance cost	6(a)	(151,233)	(223,155)
Share of losses of associates		(6,679)	(399)
Profit before taxation		1,360,479	1,791,714
Income tax	7	(5)	(333)
Profit for the period		1,360,474	1,791,381
Attributable to:			
Equity shareholders of the Company		1,292,494	1,766,453
Non-controlling interests		67,980	24,928
Profit for the period		1,360,474	1,791,381
Earnings per share	8		
Basic and diluted (RMB)		3.32	4.54

	Six months ended 30 June	
	2025	2024
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	<u>1,360,474</u>	<u>1,791,381</u>
Other comprehensive income for the period:		
Item that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(107)</u>	<u>—</u>
Other comprehensive income for the period	<u>(107)</u>	<u>—</u>
Total comprehensive income for the period	<u>1,360,367</u>	<u>1,791,381</u>
Attributable to:		
Equity shareholders of the Company	1,292,387	1,766,453
Non-controlling interests	<u>67,980</u>	<u>24,928</u>
Profit and total comprehensive income for the period	<u>1,360,367</u>	<u>1,791,381</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2025 — unaudited

(Expressed in RMB)

		At 30 June 2025	At 31 December 2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		9,950,820	9,914,484
Non-current biological assets		1,637,540	1,311,914
Intangible assets		5,301	6,027
Goodwill		14,730	14,730
Interests in associates		32,190	10,219
Deferred tax assets		173	4
Other non-current assets		38,584	33,409
		<u>11,679,338</u>	<u>11,290,787</u>
Current assets			
Inventories		675,904	750,064
Current biological assets		5,198,870	5,149,460
Trade receivables	9	35,488	11,421
Prepayments, deposits and other receivables	10	483,141	290,497
Financial assets measured at fair value through profit or loss (“FVPL”)		523,319	741,648
Derivative financial instruments		46,629	94,951
Restricted deposits		202,700	235,270
Cash and cash equivalents		5,055,223	4,491,952
		<u>12,221,274</u>	<u>11,765,263</u>
Current liabilities			
Trade and bills payables	11	2,172,072	1,944,826
Accruals and other payables		4,607,990	4,697,276
Interest-bearing borrowings		1,963,139	2,272,589
Lease liabilities		123,324	125,037
Derivative financial instruments		11,532	22,934
Current taxation		625	687
		<u>8,878,682</u>	<u>9,063,349</u>
Net current assets		<u>3,342,592</u>	<u>2,701,914</u>
Total assets less current liabilities		<u>15,021,930</u>	<u>13,992,701</u>

		At 30 June 2025	At 31 December 2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Interest-bearing borrowings		2,079,000	2,013,318
Lease liabilities		2,542,891	2,569,441
Deferred income		806,204	824,601
		<u>5,428,095</u>	<u>5,407,360</u>
NET ASSETS		<u>9,593,835</u>	<u>8,585,341</u>
CAPITAL AND RESERVES			
Share capital	12	388,876	388,876
Reserves		<u>9,031,589</u>	<u>8,088,762</u>
Total equity attributable to equity shareholders of the Company		<u>9,420,465</u>	<u>8,477,638</u>
Non-controlling interests		<u>173,370</u>	<u>107,703</u>
TOTAL EQUITY		<u>9,593,835</u>	<u>8,585,341</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

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 Company and its subsidiaries (the “**Group**”) 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, feed ingredients and others.

2 BASIS OF PREPARATION

The interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (“**IAS**”) 34 *Interim financial reporting* as issued by the International Accounting Standards Board (the “**IASB**”). It was authorised for issue on 15 August 2025.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standard (“**IFRS**”) Accounting Standards issued by the IASB.

The interim financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new or revised standard that is not yet effective for the current accounting period.

4 REVENUE

Revenue

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by product line:		
— Sales of pigs and related products	9,878,752	7,449,257
— Sales of poultry and related products	1,335,498	1,543,403
— Sales of ancillary products	481,131	414,421
	<u>11,695,381</u>	<u>9,407,081</u>

Revenue from contracts with customers is recognised at a point in time when the customers obtain control of promised goods. For the six months ended 30 June 2025, no revenue from a single external customer accounts for 10% or more of the Group's revenue (six months ended 30 June 2024: 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.

5 OTHER NET INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Interest income	12,685	21,436
Government grants	47,995	61,009
(Loss)/gain on disposal of property, plant and equipment	(1,783)	665
Net gain on disposal of biological assets, net of insurance compensation recovered during the period	122,261	77,580
Change in fair value of financial assets measured at FVPL	13,644	1,255
Change in fair value of unlisted equity investments	(240)	(363)
Change in fair value of derivative financial instruments	23,493	(37,479)
Net foreign exchange gain	497	7,420
Others	5,426	2,203
	<u>223,978</u>	<u>133,726</u>

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Interest on interest-bearing borrowings	65,849	138,463
Interest on lease liabilities	86,940	92,691
	<u>152,789</u>	<u>231,154</u>
Less: interest expense capitalised*	<u>(1,556)</u>	<u>(7,999)</u>
	<u>151,233</u>	<u>223,155</u>

* The borrowing costs had been capitalised at a rate of 3.5%–4.05% per annum for the six months ended 30 June 2025 (six months ended 30 June 2024: 3.9%–4.1%).

(b) Staff costs

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	741,486	629,375
Contributions to defined contribution retirement plan	49,321	46,563
	790,807	675,938

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation cost of intangible assets	988	1,122
Depreciation charge		
— owned property, plant and equipment	321,649	284,000
— right-of-use assets	130,901	161,840
Research and development expense	120,701	111,760
Cost of sale of biological assets [#]	9,152,237	7,805,937
Cost of inventories [#]	513,959	435,196

[#] Cost of sale of biological assets and inventories relating to staff costs and depreciation are also included in the respective total amounts disclosed separately above.

7 INCOME TAX

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current taxation:		
— Provision for the period	174	324
Deferred taxation:		
— Origination and reversed of temporary differences	<u>(169)</u>	<u>9</u>
	<u>5</u>	<u>333</u>

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,292,494,000 for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB1,766,453,000) and the weighted average number of ordinary shares in issue for the six months ended 30 June 2025 of 388,876,000 shares (six months ended 30 June 2024: 388,876,000 shares).

The Company did not have any potential dilutive shares for the six months ended 30 June 2025 and 2024. Accordingly, diluted earnings per share is the same as basic earnings per share.

9 TRADE RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade receivables due from:		
— related parties	16,958	—
— third parties	<u>18,553</u>	<u>11,716</u>
	35,511	11,716
Less: expected credit loss	<u>(23)</u>	<u>(295)</u>
Total	<u>35,488</u>	<u>11,421</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:

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Within 1 year	34,247	10,496
1 to 2 years	740	756
2 to 3 years	501	169
	<u>35,488</u>	<u>11,421</u>

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Advances to contract farmers	54,664	41,083
Deposits	33,120	14,533
Loans and advances to local government	74,615	30,851
Prepayments for purchase of inventories	94,938	44,372
Prepaid expense	64,013	33,254
Value-added-tax recoverable	108,754	83,530
Others	53,037	42,874
Total	<u>483,141</u>	<u>290,497</u>

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

11 TRADE AND BILLS PAYABLES

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Trade payables due to:		
— related parties	82,837	15,795
— third parties	2,089,235	1,929,031
	<u>2,172,072</u>	<u>1,944,826</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:

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Within 1 year	2,151,228	1,923,574
1–2 years	9,164	12,138
2–3 years	5,864	3,363
Over 3 years	5,816	5,751
	<u>2,172,072</u>	<u>1,944,826</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.

12 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2025		At 31 December 2024	
	Number of ordinary shares '000	Amount <i>RMB'000</i>	Number of ordinary shares '000	Amount <i>RMB'000</i>
Issued and fully paid:				
At 1 January, 30 June/ 31 December	<u>388,876</u>	<u>388,876</u>	<u>388,876</u>	<u>388,876</u>

(b) Dividends

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

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the interim period	<u>349,988</u>	<u>—</u>

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB Nil).

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 include market hogs, breeding pigs, market piglets and boar semen. Products of our poultry segment include yellow-feathered broilers, chicks and eggs. Products of our ancillary segment include fresh meat, feed ingredients and others. In addition to breeding and farming of pigs and yellow-feathered broilers at our own facilities, in line with the Company's longstanding commitment to supporting and developing agriculture, we continue to strengthen collaboration with farm owners in pig and poultry farming based on our family farm models. Our vertically integrated business model covers the industry value chain from feed production, breeding, multiplication, farming to sales of pigs and yellow-feathered broilers, which gives us a high degree of control over food quality and safety.

During the Reporting Period, there were no significant changes in our principal business.

Segments Introduction

Pig Segment

Our pig products are mainly market hogs, a small number of market piglets, breeding pigs, and boar semen. Our pig farming is conducted under the traditional family farms, new-type family farms (hereinafter referred to collectively as “**Family Farms**” with traditional family farms) and Self-operated Farm models, and is primarily operated under the Family Farms model. The traditional family farm model is a model under which farm owners fatten our weaned piglets through cooperation; the new-type family farm model is a model under which farm owners are responsible for raising our sows, producing weaned piglets, and fattening; the 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.

Poultry Segment

The main products of our poultry segment are yellow-feathered broilers, a small quantity of chicks and eggs. For yellow-feathered broiler farming, we adopt the Poultry Family Farm model and Poultry Farming Base model. Poultry Family Farm model is a model under which farm owners 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 to farm owners while the farm owners raise the yellow-feathered broilers.

Ancillary Products Segment

Our ancillary products segment consists of pig slaughtering and fresh meat selling, as well as the sale of a small number of feed ingredients and other products. During the Reporting Period, we have materialized the mass production and sales of fresh meat, the primary customers of which are butchers in farmers' markets, distributors of school meals, fresh supermarket distributors and food processing factories.

II. Market Overview

Pig Industry

Since early 2025, hog prices have consistently traded above breakeven levels, sustaining robust profitability across the industry. The breeding sow inventory began recovering in April 2025, reaching 40.43 million heads by late June — moderately exceeding China's normal carrying capacity benchmark of 39 million heads. From mid-2025 onward, relevant departments such as the Ministry of Agriculture and Rural Affairs (MARA) and National Development and Reform Commission (NDRC) have guided supply-side adjustments through measures including strategic slaughter weight reductions and restrictions on secondary fattening sales. These calibrated supply management initiatives are projected to significantly rebalance hog market dynamics by 2026, advancing high-quality development across the swine sector.

Compared to overseas productivity leaders, China's swine farming sector still exhibits substantial efficiency optimization potential. The value-chain optimization initiatives led by industry frontrunners will likely entail multi-year execution cycles. Anchored by national macro-policy frameworks, premium enterprises demonstrating sustainable cost leadership are positioned to accumulate durable profitability, propelling the swine farming sector's transition toward a quality-driven growth phase.

Poultry Industry

In recent years, China's yellow-feathered broiler production has increasingly concentrated toward scaled industry frontrunners, with listed companies expanding their market presence and driving continuous industry consolidation. Compared to fragmented smallholders and small- and medium-sized farming enterprises, large-scale farming enterprises demonstrate pronounced advantages in biosecurity prevention, operational efficiency, and cost control, solidifying their market dominance. Leading companies are positioned to further expand market share. However, during the Reporting Period, subdued domestic consumption especially dining expenses amid macroeconomic headwinds created supply-demand imbalances, driving an overall decline in poultry prices. Notably, the average selling price of high quality day-old yellow-feathered broiler with higher price fell significantly period to period. We project a material operational performance rebound of yellow-feathered broilers in the second half of year, fueled by demand recovery during the Mid-Autumn Festival and National Day festive periods.

Looking ahead, gradual implementing of policy boosting consumption, rising living standards and deepening health consciousness among Chinese consumers position yellow-feathered broilers — with its better flavour and quality, nutritional profile of low-fat content and lean protein — as an optimal fit for health-driven consumption patterns. This alignment is poised to underpin sustained expansion in domestic chicken consumption volumes.

III. Results of Operation

During the Reporting Period, the Company's sales volume of hogs was 5,117.4 thousand heads, representing a period-to-period increase of 27.1%; the sales volume of yellow-feathered broilers was 42,703.3 thousand birds, representing a period-to-period increase of 7.2%; the number of slaughtered hogs was 249.0 thousand heads, representing a period-to-period increase of 18.5%.

During the Reporting Period, the Company generated an aggregate of operating income of RMB11,695.4 million, representing a period-to-period increase of 24.3%. Our profit before biological assets fair value adjustments amounted to RMB1,273.1 million, representing a period-to-period increase of 250.6%.

Pig Segment

During the Reporting Period, our pig segment revenue reached RMB9,878.8 million, representing a period-to-period increase of 32.6%. The sales volume of pigs was 5,117.4 thousand heads, representing a period-to-period increase of 27.1%. The selling price of commodity hogs was RMB2,032.7/head, representing a period-to-period increase of 3.5%. Such business growth is primarily attributable to our advanced yet sustainable proprietary breeding system, comprehensive precision nutrition and feed formulation technology, continuous technological empowerment, efficient team management and consistent disease prevention and control efforts. Amid intensifying competition in the pig industry, the synergy of our breeding technologies, management practices, and disease prevention measures allows us to possess significant counter-cyclical capacity.

1. Strengthening Technical Driver to Facilitate Cost Reduction and Efficiency Improvement

1.1 Transformation of technological achievements of high-quality breeding pigs

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, after more than a decade of hard work, Dekon has been among the “first echelon” in the breeding field in China. The performance of breeding pigs has been improving.

The supporting line II independently developed by the Company shows outstanding performance, excellent market benefits and high competitiveness. As compare with DLY, a supporting line currently popular in the market, the revenue per head may increase by more than RMB100. Riding the Company’s production and supply system, this supporting line enables farmers and their partners to achieve improved variety, with an increase of over RMB2,000 recorded in total revenue per sow each year.

1.2 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. For sow feeding, we utilise dynamic data-driven body condition scoring and feed adjustment technology, achieving a reduction of over 47 kilograms in annual feed consumption per sow each year.

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 controlling costs in an effective manner. Currently, the usage of soybean meal has been reduced to less than 3%.

1.3 Biosecurity, disease prevention and health management

The Company emphasizes the health management philosophy of “supervision over rearing, rearing over prevention, and prevention over treatment”. By implementing systematic and comprehensive measures across environmental control, nutritional supply, biosecurity, and herd healthcare, the Company ensures the holistic health of its swine herds. Significant progress has been made in the Company’s PRRS purification, where all core breeding farms and boar stations have achieved dual-negative PRRS status, while the majority of breeding stock farms maintain vaccination-backed disease-free status. During the Reporting Period, more than 20 pig farms were certified as disease-free zones with 18 as pseudorabies-free farms. In addition, we implement disease monitoring, cleaning and disinfection, and zone control measures to ensure overall health of our poultry and livestock. Our chicken breeders have consistently tested negative for avian leukosis across multiple breeds for four consecutive years. Concurrently, by integrating vaccination technologies, we maintain long-term colonization rates exceeding 95% for mycoplasma synoviae vaccine strains in chicken breeders, effectively preventing vertical transmission of pathogens.

2. *Strengthening Talent Team Development to Promote Continuous Improvement in Management*

Technology and talent are the “moat” for our sustainable development. During the Reporting Period, by improving employee career promotion pathways, reward and penalty mechanisms and mentorship programs, we implemented the management philosophy of “empathy, consensus and joint action”, significantly enhancing employees’ loyalty and sense of fulfilment. Additionally, we extend our talent development initiatives to collaborating farm owners. We provide farm owners with ongoing training and a robust support system. Specifically, we offer comprehensive training covering the entire production process and require farm owners to participate in months-long breeding technology and corporate culture training. We assign professional technical staff to visit farm owners regularly to address issues related to production, operations, and management.

The Company actively cultivates a knowledge-progression culture, consistently learning from international best practices while adapting them to national conditions and local characteristics through continuous refinement. It has supported approximately 200 employee deployments to technologically advanced livestock nations (e.g., the Netherlands) for technical and experiential exchanges related to business operations and invited Dutch experts to Dekon Family Farms to conduct on-site training for farmers, so as to build a dedicated professional team.

3. Prioritizing Developing the “Working with Farmers, for Farmers” Business Model to Cultivate New Growth Engines

Since 2015, the Company has developed the “New-Type Family Farms” model, becoming the first to empower farmers with technology-enabled sow farming. During the Reporting Period, the average contract farming income per New-Type Farm household reached RMB800,000, representing a 15.5% period-to-period increase. The PSY (piglets weaned per sow per year) rose to 27, surpassing industry benchmarks in breeding efficiency.

During the Reporting Period, we persistently developed the “Hundred Villages and Million Pigs” project linking farmers in Yibin, so as to forge a “government-coordinated, enterprise leading, farmer participating, bank supported and insurance covered” new pattern featured integrative development. Meanwhile, we invested RMB50.0 million in building a center providing training on pig breeding technology, and engage experts from the Northern Europe to provide technical training for farmers, so as to assist them to improve their breeding skills, thus cultivating them into new professional farmers with “skilled technology and rich experience in operation”. In the future, we will continue to expand the coverage of this project, in order to share the benefits of industrial development with more farmers while cultivating new growth engines for the Company.

Poultry Segment

During the Reporting Period, our poultry segment generated revenue of RMB1,335.5 million, representing a period-to-period decrease of 13.5%. Sales volume reached 42,703.3 thousand birds, representing a period-to-period increase of 7.2%, with an average selling price of RMB12.88 per kilogram, representing a period-to-period decrease of 20.9%. The overall price of yellow chickens remained under pressure in the first half of the year, primarily due to the sluggish consumption in the catering industry.

Our poultry product structure is dominated by high-end varieties, which are characterized by high costs and high prices. Therefore, it is more susceptible to pronounced impacts during temporary cyclical consumption downgrading phases. Looking ahead, as the relevant policies to boost consumption are implemented in depth, the catering industry is expected to emerge from its slump, driving a recovery in yellow chicken prices. We will continue to strive to reduce the average cost of yellow-feathered broilers and strengthen our existing yellow chicken business. Specific measures include but are not limited to strengthening refined management, expanding sales channels and optimizing breed structure.

Ancillary Products Segment

During the Reporting Period, our ancillary product segment generated revenue of RMB481.1 million, representing a period-to-period increase of 16.1%, with a slaughter volume of 249.0 thousand heads, representing a period-to-period increase of 18.5%. We have two subsidiaries focusing on slaughtering business, namely Sichuan Dekon Tönnies Food Co., Ltd. and Yibin Dekon Food Co., Ltd. (the first companies in Sichuan Province to obtain certification under the 2024 Swine Slaughtering Quality Management Standards (生豬屠宰質量管理規範)). Slaughtering is a core component of food safety assurance, a decisive factor in product quality, and a critical link in our expansion into downstream high-end food products. Recently, the Company has been approved by the General Administration of Customs of China upon examination for the registration as an export food production enterprise. We will continue to advance the establishment of China-specific slaughtering, food processing, process grading, and high-quality, delicious food standards, leading the industry chain in the right direction.

IV. Financial Review

Revenue

In the first half of 2025, our revenue was RMB11,695.4 million, representing an increase of 24.3% as compared with RMB9,407.1 million for the first half of 2024. It was mainly attributable to increase in revenue for our pig segment as described above.

Cost of Sales

In the first half of 2025, our cost of sales was RMB9,666.2 million, representing an increase of 17.3% as compared with RMB8,241.1 million for the first half of 2024. It was mainly attributable to the increase in sales of pigs.

Gross Profit Margin

Our overall gross profit margin increased from 12.4% for the first half of 2024 to 17.4% for the first half of 2025. It was mainly attributable to the expansion of our new-type family farm, the continuous improvement of management efficiency and production indicators, as well as the decline in feed and feed raw material prices which contributed to significantly reduced production costs of the Company as compared to the first half of 2024.

Changes in Fair Value of Biological Assets

In the first half of 2025, we recorded gains arising from changes in fair value of biological assets of RMB87.3 million as compared to RMB1,428.3 million for the first half of 2024. The gains recorded were mainly attributable to the expansion of our stock size, optimization of our production capacity and improvement of our production efficiency, even though the drop of market price of pigs. These factors were fully reflected in the fair value assessment of biological assets, effectively neutralizing the negative impact of the decline in pig market prices.

Other Net Income

In the first half of 2025, our other net income was RMB224.0 million, representing an increase of 67.5% as compared with RMB133.7 million for the first half of 2024. It was mainly attributable to the increase in the Company's feeding scale and the number of insured pigs, which contributed to the increase in pig insurance compensation.

Selling Expenses

In the first half of 2025, our selling expenses amounted to RMB45.4 million, representing a decrease of 4.2% as compared with RMB47.4 million for the first half of 2024. It was mainly attributable to further optimized regional management which leads to the slightly decrease in transportation expenses.

Administrative Expenses

In the first half of 2025, our administrative expenses amounted to RMB804.7 million, representing an increase of 15.1% as compared with RMB699.3 million for the first half of 2024. It was mainly attributable to the increases in (i) remuneration of employees due to increase in headcounts; and (ii) insurance fees due to increased pig feeding scale.

Finance Costs

In the first half of 2025, our finance costs amounted to RMB151.2 million, representing a decrease of 32.3% as compared with RMB223.2 million for the first half of 2024, mainly due to a decrease in bank borrowing interest rates and a reduction in loans.

Profit for the Reporting Period

For the reasons above, we recorded a profit of RMB1,273.1 million before biological assets fair value adjustments for the first half of 2025, as compared with a profit of RMB363.1 million before biological assets fair value adjustments for the first half of 2024.

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 the first half of 2025.

Major Financial Ratios

The financial ratios of the Group as of 30 June 2025 and 30 June 2024 are set forth below:

	30 June 2025	30 June 2024
Return on equity ⁽¹⁾	14.2%	31.7%
Return on total assets ⁽²⁾	5.7%	8.2%
Current ratio ⁽³⁾	1.4	1.0
Quick ratio ⁽⁴⁾	1.3	0.9
Gearing ratio ⁽⁵⁾	69.9%	163.9%
Debt-to-equity ratio ⁽⁶⁾	15.1%	91.9%
Interest coverage ⁽⁷⁾	10.0	9.0

Notes:

- (1) Equals profit for the period divided by the closing balance of total equity as of the balance sheet date and multiplied by 100%.
- (2) Equals profit for the period 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 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 30 June 2025, our cash and cash equivalents were approximately RMB5,055.2 million (31 December 2024: approximately RMB4,492.0 million). Such increase in cash and cash equivalents was primarily attributable to our sustained profitability for the first half of 2025.

As of 30 June 2025, our current ratio was 1.4 (31 December 2024: 1.3).

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 the first half of 2025, the EBITDA of the Group (before biological assets fair value adjustments)¹ was RMB1,878.0 million (the first half of 2024: RMB1,033.6 million).

Note:

- (1) The EBITDA of the Group (before biological assets fair value adjustments) refers to the aggregate amount of profit 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.

In the first half of 2025, net cash generated from our operating activities was RMB1,738.9 million (generated during the first half of 2024: RMB1,512.7 million). Net cash used in our investing activities was RMB433.7 million (used during the first half of 2024: RMB260.5 million), including RMB556.6 million for the purchase of property, plant and equipment (the first half of 2024: RMB259.4 million). Net cash used in our financing activities was RMB742.3 million (used during the first half of 2024: RMB314.9 million). In summary, in the first half of 2025, our net increase in cash and cash equivalents was RMB562.9 million.

Capital Structure

As of 30 June 2025, the total number of issued shares of the Company was 388,875,636 Shares, including 231,287,182 Domestic Shares and 157,588,454 H Shares.

As of 30 June 2025, the Group had bank loans and other loans of approximately RMB4,042.1 million (31 December 2024: approximately RMB4,285.9 million). The annual interest rate on bank loans ranged from 1.05% to 4.05% (31 December 2024: from 2.55% to 5.39%). Most of the bank loans were based on variable interest rates.

The interests-bearing borrowings were repayable as follows:

	30 June 2025	31 December 2024
	<i>(RMB in million)</i>	<i>(RMB in million)</i>
	(Unaudited)	(Audited)
Within 1 year	1,963	2,273
1 to 2 years	578	519
3 to 5 years	1,395	1,403
Over 5 years	106	91
	<hr/>	<hr/>
Total	4,042	4,286
	<hr/> <hr/>	<hr/> <hr/>

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

	30 June 2025 <i>(RMB in million)</i> (Unaudited)	31 December 2024 <i>(RMB in million)</i> (Audited)
Fixed-rate borrowings	1,027	1,517
Variable-rate borrowings	3,015	2,769
Total	4,042	4,286

As of 30 June 2025, the Group had loans from related parties of approximately RMB2.0 million (31 December 2024: approximately RMB14.0 million).

As of 30 June 2025, the Group had net assets of approximately RMB9,593.8 million (31 December 2024: net assets of approximately RMB8,585.3 million). Net debts¹ of the Group amounted to approximately RMB1,450.4 million (31 December 2024: approximately RMB2,253.2 million), while the net debt-to-equity ratio was approximately 15.1% (31 December 2024: approximately 26.2%).

Pledge of Assets

As of 30 June 2025, part of the Group's interest-bearing borrowings was secured by property, plant and equipment with book value of RMB245.1 million (31 December 2024: RMB251.8 million).

Contingent Liabilities

As of 30 June 2025, the Group had no significant contingent liabilities.

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 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 the first half of 2025, the Group's capital expenditure was RMB556.6 million (for the first half of 2024: RMB259.4 million). The following table sets forth our capital expenditure for the periods indicated:

	For the six months ended 30 June 2025 (RMB in million) (Unaudited)	For the six months ended 30 June 2024 (RMB in million) (Unaudited)
Payments for property, plant and equipment	<u>557</u>	<u>259</u>
Total	<u>557</u>	<u>259</u>

In the first half of 2025, our demand for capital expenditure mainly came from technical upgrades of farms, construction of new feed mills, new breeding farms and food projects, and investment in information technology construction.

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 30 June 2025, capital commitment of the Group was RMB820.7 million (31 December 2024: RMB862.5 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 RMB6,836.4 million as at 30 June 2025 and RMB6,461.4 million as at 31 December 2024. 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 RMB87.3 million in the first half of 2025 (for the first half of 2024: profit of RMB1,428.3 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 during the Reporting Period.

V. Human Resources

As of 30 June 2025, we had 10,904 employees (for the first half in 2024: 9,978 employees), all of which were located in the PRC. The Company has established a scientific and standardized remuneration system, with employee remuneration levels determined by comprehensively considering factors such as job nature, individual performance, and market remuneration trends. To ensure the rationality and strategic nature of the remuneration policy, the Company has established the Remuneration Committee, whose core responsibilities include: comprehensively reviewing the Company's overall remuneration policy and structure design; based on industry standards, job requirements, and individual performance evaluation results, providing professional recommendations to the Board of Directors regarding remuneration packages, bonus distributions, and other compensation terms for Directors and other senior management. During the Reporting Period, all employee remuneration strictly adhered to relevant national regulations, with no instances of remuneration falling below the minimum wage standard. At the same time, we pay basic social insurance and housing accumulation fund in full for all employees in strict accordance with requirement of the PRC laws, effectively protecting the legitimate rights and interests of our employees.

In respect of talent team development, we prioritise “internal growth” by continuously enhancing our capabilities to build a sustainable talent pipeline to ensure cultural continuity and team stability, supplemented by “external growth” by attracting talents precisely to address critical shortcomings and stimulate organisational vitality. We have gradually established a future-oriented talent pipeline and “talent pool”, ensuring the continuity and high quality of talent supply for key positions and business development. Additionally, the professional consulting team we have introduced continues to empower the Company’s “artificial intelligence + systematic management transformation” initiative, enabling iterative management upgrades to keep pace with the Company’s business development. During the Reporting Period, we benchmarked against international best practices to design and deliver multidimensional training programs, accumulating over 350,000 participations. These structured capability enhancement initiatives continuously elevate employees’ professional competencies and holistic aptitudes. Concurrently, we continuously improved our management mechanisms for cadres, optimized talent development pathways, provided employees with clearer and more efficient promotion channels, strengthened the construction of reserve talent pools, and established a comprehensive talent support system. These efforts have laid a solid talent foundation for enhancing the Company’s overall operational efficiency and ensuring its long-term development.

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 risks 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. During the Reporting Period, we did not suffer from any material loss resulted from such diseases. 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.

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.

Price Risks

Our results of operations are substantially affected by cyclical fluctuations in the selling prices of pigs and poultry products. This is due to the large number of participants in the livestock and poultry farming industry. Small and medium-sized farmers tend to be irrational as they usually “enter at high prices and exit at low prices”, which disrupts market supply stability and leads to price fluctuations, hence the so-called “chicken cycle” and “pig cycle” in the industry. If the “chicken cycle” and “pig cycle” enter a downturn in the future, resulting in a decline in market prices, the Company may face the risk of reduced sales revenue, potentially leading to a decline or loss in operating performance. Besides, in the livestock and poultry farming industry, there is a huge demand for the procurement of feed raw materials, and fluctuations in feed raw material prices directly impact the procurement costs in the industry. If feed raw material prices experience significant fluctuations in the future due to uncontrollable factors such as production volume, natural weather conditions, and market circumstances, this will also affect the Company’s procurement costs and, consequently, its profitability.

We will mitigate the risk of fluctuations in pork prices by continuously improving operational capabilities and utilising financial derivatives. Besides, 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 mitigating raw material price risks in an effective manner.

VII. Outlook

In the second half of 2025, we will 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 the first half of 2025, we are poised to achieve new milestones through strategic focus on efficiency, cost reduction and high-quality development. In the second half of the year, we will closely manage various risks and continue to carry out the following work:

- 1) *Pig Segment* — We will continue to persist in implementing the “leading enterprises driving small-to-medium entities” approach, deeply empowering farmers to increase their incomes. We will explore integrated planting-farming ecological circular agriculture models, building synergistic planting-farming ecosystems. Leveraging production advantages and resource endowments, we will intensify support for family farms and advance rural revitalization. We will continue to promote the recognition of our employees’ corporate culture, enhance their skills and overall quality, improve their proficiency, and maintain staff stability. We will maintain our strategic focus on emerging markets in Southwest China, capitalising on government support to expand our market share, optimise cost efficiency and strengthen operational effectiveness. By enhancing farmer engagement and fostering greater acceptance of our initiatives, we aim to solidify our brand influence and establish ourselves as a market leader standard-setter in the industry;
- 2) *Poultry Segment* — In line with the seasonal trends of the industry, market demand for poultry is expected to increase in the second half of the year. We will continue to enhance farming efficiency in the Southwestern and South of the PRC, our principal area of development, and increase market supply to expand our market share. We will continue to uphold our consistently high breeding standards and implement refined farming practices. enhance workplace egg production efficiency, and strengthen disease prevention systems to 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 optimised feed utilisation 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* — We will continue to improve the operational efficiency of our slaughtering business. With measures such as maximizing capacity utilization, we will enhance the profitability of our slaughtering business and deep processing business, and continue to establish a quality control system covering the entire industry chain to produce high-quality, safe and traceable pork and meat products. Meanwhile, we will take Chengdu, Meishan and Yibin as the core grounds for our expansion of regional market shares and sales network in Sichuan and national market, and focus on low-temperature and cured products, aiming to 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, to explore and establish combined ecological cycling agricultural technology model, build the ecological chain of planting and farming, continue to strengthen food safety control and production safety, and create a benchmark for sustainable agricultural development.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Group had no other material events during the period from 30 June 2025 to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2025, we had 10,904 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, we offer our employees competitive remuneration packages, comprising salaries, bonuses and allowances. During the Reporting Period, total remuneration of the Company amounted to approximately RMB790.8 million (same period in 2024: approximately RMB675.9 million). Meanwhile, in strict compliance with the relevant laws and regulations of the PRC, we make contributions to social insurance schemes for all employees, including pension, medical, work-related injury, unemployment and maternity insurance, as well as housing provident funds.

We have brought in a first-class management team to enhance operational efficiency. We also provide our employees with continuous training programmes to strengthen their competitiveness and job capabilities.

We have adopted performance appraisal schemes to ensure timely and effective feedback on employees’ performance. In addition, we promote employee relations by offering a variety of staff benefits and personal development support.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of 30 June 2025, the Company had not entered into any off-balance sheet arrangements.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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 for. Since the Listing Date and as of 30 June 2025, the Group had utilised approximately HK\$727.1 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)	Remaining net proceeds as of 31 December 2024 (HK\$ million)	Net proceeds utilised as of 30 June 2025 (HK\$ million)	Net proceeds	Remaining net proceeds as of 30 June 2025 ⁽¹⁾ (HK\$ million)	Expected timeline for fully utilising unutilised net amount
					utilised for the six months ended 30 June 2025 (HK\$ million)		
Expanding the existing pigs and yellow-feathered broilers farming business	50.00%	476.3	95.3	381.0	0	95.3	by end of 2026
Developing the food processing business	15.00%	142.9	0	142.9	0	0	N/A
Investment in the R&D and information technology system	10.00%	95.3	33.3	92.3	30.3	3.0	by end of 2026
Strategic investments or potential acquisitions	10.00%	95.3	95.3	0	0	95.3	N/A
Repaying certain outstanding bank loans	5.00%	47.6	0	47.6	0	0	N/A
Working capital and general corporate purposes	10.00%	95.3	32.0	63.3	0	32.0	N/A
Total	100.00%	952.5	255.9	727.1	30.3	225.6	

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 had complied with the code provisions contained in the CG Code 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 (including treasury shares). As of 30 June 2025, the Company did not hold any treasury share.

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 had 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**“), and the Company received a filing notice (the “**Filing Notice**”) issued by the CSRC regarding the Company’s proposed implementation of the H share full circulation on 9 May 2025. According to the Filing Notice, the Company had completed the filing with the CSRC in respect of the conversion of no more than 29,524,269 Domestic Shares (representing approximately 7.59% of the total issued share capital of the Company) into H shares which would be listed and traded on the Stock Exchange. On 23 May 2025, the Stock Exchange granted approval for the listing of and permission to deal in 29,524,269 H Shares, representing the maximum number of Domestic Shares to be converted to H Shares. On 13 June 2025, the conversion of 29,524,269 Domestic Shares into H Shares had been completed, and listing of such Shares on the Stock Exchange commenced on 16 June 2025. For more related details, please refer to the Company’s announcements dated 20 December 2024, 16 May 2025, 26 May 2025 and 13 June 2025.

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 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 unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members.

Review of interim results by KPMG

The interim financial results have been extracted from the unaudited interim financial report for the six months ended 30 June 2025 which have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to Shareholders.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.dekanggroup.com. The interim report of the Group for the six months ended 30 June 2025 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 Degen

Chairman of the Board and Executive Director

People’s Republic of China, 15 August 2025

As of the date of this announcement, the executive directors of the Company are Mr. Wang Degen, Mr. Wang Dehui, 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.