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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 CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION AMENDMENTS TO THE CONTINUING CONNECTED TRANSACTIONS

*Independent Financial Adviser to the Independent Board Committee and
Independent Shareholders*



SOMERLEY CAPITAL LIMITED

AMENDMENTS TO CONTINUING CONNECTED TRANSACTIONS

References are made to the Prospectus and 2024 Annual Report in relation to (i) the Tequ Feed Supply Framework Agreement entered between the Company and Tequ Husbandry, (ii) the Wanqian Feed Supply Framework Agreements entered into between the Company and each of Guang'an Wanqian, Guigang Wanqian, Neijiang Wanqian and Xichang Wanqian, and (iii) the Xinjin Hope Feed Supply Framework Agreement entered into between the Company and Xinjin Hope.

With the continuing development of the Group and based on estimates of prevailing demand and operating conditions, the Company expects that the transaction amounts of the transactions under the Tequ Feed Supply Framework Agreement, the Wanqian Feed Supply Framework Agreements and the Xinjin Hope Feed Supply Framework Agreement for the year ending 31 December 2025 will exceed the existing annual caps. Accordingly, on 15 August 2025 (after trading hours), the Company and Tequ Husbandry entered into Supplemental Tequ Feed Supply Framework Agreement, pursuant to which the parties agreed to (i) an amendment of Original Annual Cap to RMB2,190 million for the year ending 31 December 2025, (ii) the renewal of the term of Tequ Feed Supply Framework Agreement for a year ending 31 December 2026 in compliance with the Listing Rules.

On 15 August 2025 (after trading hours), the Company and each of Guang'an Wanqian, Guigang Wanqian, Neijiang Wanqian, and Xichang Wanqian, the ultimate beneficial owner of which is Huaxi Hope, agreed to terminate the Wanqian Feed Supply Framework Agreements and entered into the 2025 Huaxi Hope Feed Supply Framework Agreement with Huaxi Hope, pursuant to which the Group agreed to purchase and Huaxi Hope agreed to sell feeds to the Group, for a period from the Effective Date to 31 December 2026 in compliance with the Listing Rules.

In addition, on 15 August 2025 (after trading hours), the Company and Xinjin Hope entered into a supplemental agreement to revise the annual cap under Xinjin Hope Feed Supply Framework Agreement for the year ending 31 December 2025 and to extend the Xinjin Hope Feed Supply Framework Agreement for an additional year ending 31 December 2026 in compliance with the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tequ Husbandry is owned as to 99.5% by Sichuan Tequ. Sichuan Tequ is owned as to 40.1% by Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) (“**Sichuan Puhua**”), 10.9% by Dekon Holding, and 49% by Chengdu Huaxi Hope Group Co., Ltd. (成都華西希望集團有限公司) (“**Huaxi Hope**”). Sichuan Puhua is owned as to 65.2% in aggregate by Mr. Wang Degen, his spouse, Ms. Zhang Qiang, and Chengdu Desheng Ronghe Enterprise Management Consulting Co., Ltd. (成都德盛榮和企業管理諮詢有限公司), which is in turn controlled by Wang Yizeng (王益增), son of Mr. Wang Degen and Ms. Zhang Qiang. Huaxi Hope is wholly-owned by Mr. Chen Yuxin (陳育新, “**Mr. Chen**”), one of our substantial shareholders, and his spouse Ms. Zhao Guiqin (趙桂琴, “**Ms. Zhao**”). Thus, Tequ Husbandry is an associate of each of Mr. Wang Degen and Mr. Chen and therefore a connected person of the Company.

As at the date of this announcement, Huaxi Hope is wholly-owned by Mr. Chen and Ms. Zhao and therefore a connected person of the Company.

As at the date of this announcement, Xinjin Hope is ultimately owned as to 24.39% by Mr. Chen and his spouse and 75.61% by Mr. Chen's relatives, and is accordingly an associate of Mr. Chen and a connected person of the Company.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the annual cap under the Supplemental Tequ Feed Supply Framework Agreements in each year ending 31 December 2025 and 2026 exceed 5%, such transaction is subject to the reporting, announcement, annual review, and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of each of (i) the 2025 Huaxi Hope Feed Supply Framework Agreement and (ii) the Supplemental Xinjin Hope Feed Supply Framework Agreement is 0.1% or more but less than 5%, transactions under these agreements are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

THE EGM

An EGM will be convened to, among other things, seek the approval of the Independent Shareholders with respect to the Supplemental Tequ Feed Supply Framework Agreement.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the Supplemental Tequ Feed Supply Framework Agreement. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Tequ Feed Supply Framework Agreement.

The Company will send a circular containing, among other things, a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders, a letter of recommendation from the Independent Board Committee to the Independent Shareholders and a notice of the EGM on or around 15 September 2025, as additional time is required to finalise the contents of the circular.

SUPPLEMENTAL TEQU FEED SUPPLY FRAMEWORK AGREEMENT

Background

References are made to the Prospectus and the 2024 Annual Report, which disclosed, among others, the continuing connected transaction under the Tequ Feed Supply Framework Agreement. With the business development and growth of the Group and based on estimates of prevailing demand and operating conditions, the Company expects that the transaction amounts of the transactions under the Tequ Feed Supply Framework Agreement for the year ending 31 December 2025 will exceed the existing annual caps. Accordingly, on 15 August 2025 (after trading hours), the Company and Tequ Husbandry entered into Supplemental Tequ Feed Supply Framework Agreement, pursuant to which the parties agreed to (i) an amendment of Original Annual Cap to RMB2,190 million for the year ending 31 December 2025 and (ii) the renewal of the term of Tequ Feed Supply Framework Agreement for up to the year ending 31 December 2026 in compliance with the Listing Rules.

Principal terms of the Tequ Feed Supply Framework Agreement (as amended by the Supplemental Tequ Feed Supply Framework Agreement)

Date

15 August 2025

Parties

- (a) the Company (as purchaser); and
- (b) Tequ Husbandry (as feed provider)

Term

The Supplemental Tequ Feed Supply Framework Agreement will, subject to compliance with the respective independent shareholders' approval requirements by the Company, be valid for a term from the Effective Date to 31 December 2026. Save for the revision of the existing annual caps and term of agreement, all other terms and conditions (including the pricing policy) under the Tequ Feed Supply Framework Agreement remain unchanged.

Reasons and Benefits

In order to satisfy the increased demand for the overall expansion of the Company's pig and poultry farming scale and with reference to the transaction amount for the seven months ended 31 July 2025, the Board envisages that the Original Annual Cap will not be

sufficient to fulfil the additional demand for feed under the Tequ Feed Supply Framework Agreement for the year ending 31 December 2025. The key reasons for such amendments are set out below:

- ***Increased Overall Feed Demand***

The Company's production and operational performance has significantly exceeded expectations. The estimated output volume of hogs is expected to increase from approximately 8.78 million heads in 2024 to approximately 11.00 million heads in 2025. Accordingly, the total feed demand is projected to reach 5.34 million metric tons by the end of 2025, representing a year-on-year increase of 27.75%. Additionally, output volume of hogs in the second half of the year is projected to be higher than that in the first half considering the coming festivals and cold weathers, and output volume of poultry is expected to experience a slight increase compared to 2024. The Company's key farming regions will see further growth in output volume of hogs in the second half of 2025, leading to increased regional feed demand.

- ***More Favourable Pricing***

Based on the Company's analysis and prevailing market quotations, the total cost (including ex-factory prices and transportation fees) of feed purchased from Tequ Husbandry is approximately 0.1%–5.5% lower than that offered by comparable independent third-party feed suppliers in the market whilst maintaining good quality feed standard.

- ***Insufficient Capacity of Self-operated Feed Mills***

While the Company's self-operated feed mills are currently operating at full capacity, expanding production scale through additional self-built feed mills is not economically viable at this stage. Therefore, the Company considers it more cost-effective to engage qualified external suppliers to meet the growing feed demand.

- ***Assured Biosecurity Controls by Connected Parties***

Compared to independent third-party suppliers, Tequ Husbandry is better positioned to comply with the Company's stringent biosecurity requirements. They have committed to refraining from using animal-derived ingredients in feed production, and their processes are more controllable, thereby safeguarding the biosecurity of the Company's biological assets. Specifically, Tequ Husbandry has implemented reforms in its feed technology in alignment with the Company's business development needs from January to April 2025. Such reform further reduced the average cost per ton of feed while enhancing its biosecurity standards.

- ***Geographical Proximity and Cost Efficiency***

The operations of Tequ Husbandry overlap with the Company's core farming regions in a relatively high degree, especially the locations of majority of Company's newly contracted farmers this year in Sichuan Province. This geographical alignment contributes to reduced transportation cost. Furthermore, Tequ Husbandry is able to tailor its raw material procurement in accordance with the Company's specific needs and forecasts, thereby enhancing the Group's ability to mitigate the impact of raw material price fluctuations on overall production costs.

- ***Assured Feed Quality and Cost Competitiveness***

Based on the Company's internal assessment of the biosecurity performance of externally sourced feed, the feed supplied by the Tequ Husbandry achieved consistently better results compared to other suppliers in the same region in terms of quality, biosecurity, and procurement costs.

Pricing Policy

The purchase price payable by our Group to Tequ Husbandry under the Tequ Feed Supply Framework Agreement will be determined (i) based on arm's length negotiations between Tequ Husbandry and our Group, and (ii) with reference to the market price for the same products that the Group purchases from Independent Third Parties in similar quantities in the open market.

Historical Transaction Amounts

The table below sets out the transaction amounts under the Tequ Feed Supply Framework Agreement and the historical amounts paid by the Group to Tequ Husbandry for the purchase of feeds:

| | Historical transaction amount | | |
|----------------|--------------------------------------|--------------------|---------------------------|
| | Year ended | Year ended | Seven months ended |
| | 31 December | 31 December | 31 July |
| | 2023 | 2024 | 2025 |
| | <i>RMB in</i> | <i>RMB in</i> | <i>RMB in</i> |
| | <i>million</i> | <i>million</i> | <i>million</i> |
| Tequ Husbandry | <u>482.7</u> | <u>758.5</u> | <u>775.4</u> |

As at the date of this announcement, the existing annual caps for the year ending 31 December 2025 under the Tequ Feed Supply Framework Agreement have not been exceeded.

Determining of Annual Caps

The Board has resolved to enter into Supplemental Tequ Feed Supply Framework Agreement for the years ending 31 December 2025 and 2026. Details of the annual caps are as follows:

| | For the year ending 31 December 2025 | | For the year ending 31 December 2026 |
|----------------|---|--|---|
| | Existing Annual Cap <i>RMB in million</i> | Revised Annual Cap <i>RMB in million</i> | Annual Cap <i>RMB in million</i> |
| Tequ Husbandry | <u>869.5</u> | <u>2,190.0⁽¹⁾</u> | <u>3,000.0</u> |

Note:

- (1) Such revised annual cap is calculated with the incurred transaction amount under the Tequ Feed Supply Framework Agreement for the seven months ended 31 July 2025 of RMB775.4 million and the expected transaction amount to be incurred under the Supplemental Tequ Feed Supply Framework Agreement for the twelve months ending 31 December 2025 of RMB2,190.0 million.

Basis for determining the revised annual caps

The proposed Annual Caps are determined based on the future development strategy and business plan of the Company with reference to (i) the historical transaction amounts paid by the Group for feed purchasing in the past two financial years and the seven months ended 31 July 2025 (As of 31 July 2025, the transaction amount under the Tequ Feed Supply Framework Agreement has already reached 89.2% of the existing annual cap); (ii) the expected utilisation rate of the existing annual cap for the year ending 31 December 2025, which will be over 200% of the Original Annual Caps based on the current estimation; (iii) the anticipated continuous increase in demand for feed to be provided to the Group, taking into account reasons set out above; and (iv) a reasonable buffer has been reserved for estimates of the demand for feed for the financial year ending 31 December 2025, to accommodate any unforeseen circumstances that may arise during this period.

Specifically, based on the projected output volume of hogs of approximately 11.00 million to be sold in 2025, the Company expects its total feed demand to be procured from Tequ Husbandry for 2025 to increase to approximately 730,000 tons with reference to the factors including (i) the number of newly contracted farmers in Sichuan Province in 2025, (ii) number of the current stock volume of the Company's breeding sows, and (iii) the projected number of piglets in 2025 with reference to a PSY of 28. The expected procurement volume has also taken into account the sampling inspection results of feed products conducted in the first half of 2025, which revealed non-compliance issues involving certain third-party feed suppliers. Some of the relevant suppliers are required to undertake rectification measures. We have also ceased procurement from some of suppliers due to their severe non-compliance issues. As a result, the Company expects to procure additional feed from Tequ Husbandry to ensure stable feed supply for the parts that were planned to be procured from suppliers the Company ceased to cooperate. Additionally, taking into account the historical market pattern where demand for hogs and poultry generally increases in the second half of the year, the Company anticipates the adjusted 2025 estimated annual feed procurement amount from Tequ Husbandry will enable the Company to better respond to potential market fluctuations.

The Group expects that the feed demand for 2026 will further increase in line with the projected business growth. After considering the factors and advantages of Tequ Husbandry mentioned above, the Company believes that Tequ Husbandry would be able to supply quality feed with better price in 2026 which is expected to be reduced from approximately RMB3,700 per ton to RMB3,000 per ton in accordance with market conditions. Therefore, it is expected that the feed to be procured from Tequ Husbandry in 2026 will be approximately 1,000,000 tons.

The Group expects that the transaction amount in 2025 under the Supplemental Tequ Feed Supply Framework Agreement will account for not more than 13.67% of total feed procurement amount of the Company for 2025.

Internal Control Procedures

The Company has adopted the following internal control and corporate governance measures to closely monitor connected transactions and ensure future compliance with the Listing Rules:

- (i) the Company has adopted and implemented a management system on connected transactions and the Board and various internal departments of the Company are responsible for the control and daily management in respect of the continuing connected transactions;

- (ii) the Board and various internal departments of the Company are jointly responsible for evaluating the terms of the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps (if applicable) under each transaction;
- (iii) the Board and various internal departments of the Company are regularly monitoring the connected transactions and will regularly review the pricing policies to ensure the connected transactions to be performed in accordance with the relevant agreements;
- (iv) the Company has engaged external independent auditor which will, and the independent non-executive Directors also will, conduct annual review on the continuing connected transactions to ensure that the transactions contemplated thereunder have been conducted pursuant to the requirements of the Listing Rules and have fulfilled the relevant disclosure requirements; and
- (v) the Company will continue to comply with the relevant requirements under Chapter 14A of the Listing Rules for the continuing connected transactions, and comply with the conditions prescribed under the waiver submitted to the Stock Exchange in connection with the continuing connected transactions in this regard.

2025 HUAXI HOPE FEED SUPPLY FRAMEWORK AGREEMENT

Background

References are made to the Prospectus, the Company's announcement dated 9 December 2024 (the "**2024 CCT Announcement**") and the 2024 Annual Report, which disclosed, among others, the continuing connected transaction under the Guang'an Wanqian Feed Supply Framework Agreement, the Guigang Wanqian Feed Supply Framework Agreement, Neijiang Wanqian Feed Supply Framework Agreement and Xichang Wanqian Feed Supply Framework Agreement (the "**Wanqian Feed Supply Framework Agreements**"). With the continuing development of the Group and based on estimates of prevailing demand and operating conditions, the Company expects that the transaction amounts of the transactions under the Wanqian Feed Supply Framework Agreements for the year ending 31 December 2025 will exceed the existing annual caps. Accordingly, on 15 August 2025 (after trading hours), the Company has entered into the 2025 Huaxi Hope Feed Supply Framework Agreement with Huaxi Hope, in replacement of the Wanqian Feed Supply Framework Agreements which is terminated on the same date, pursuant to which the Group agreed to purchase and Huaxi Hope agreed to sell feeds to the Group, for a period from the Effective Date to 31 December 2026 in compliance with the Listing Rules.

Principal Terms of the 2025 Huaxi Hope Feed Supply Framework Agreement

Date

15 August 2025

Parties

- (a) the Company (as purchaser); and
- (b) Huaxi Hope (as feed provider)

Term

The 2025 Huaxi Hope Feed Supply Framework Agreement will be valid for a term from the Effective Date to 31 December 2026.

Pricing Policy

The purchase price payable by our Group to Huaxi Hope under the 2025 Huaxi Hope Feed Supply Framework Agreement will be determined (i) based on arm's length negotiations between Huaxi Hope, its subsidiaries or its controlled entities and our Group, and (ii) with reference to the market price for the same products that the Group purchases from Independent Third Parties in similar quantities in the open market.

Historical Transaction Amounts

The table below sets out the transaction amounts under the Wanqian Feed Supply Framework Agreements and the historical amounts paid by the Group for the purchase of feeds thereunder:

| | For the year ended 31 December 2023 <i>RMB in million</i> | For the year ended 31 December 2024 <i>RMB in million</i> | For the seven months ended 31 July 2025 <i>RMB in million</i> |
|------------------|--|--|--|
| Guang'an Wanqian | 93.6 | 103.6 | 43.8 |
| Guigang Wanqian | 68.5 | 92.4 | 96.5 |
| Neijiang Wanqian | — | 3.4 | 8.0 |
| Xichang Wanqian | — | — | 2.0 |
| Total | <u>162.1</u> | <u>199.4</u> | <u>168.0</u> |

As at the date of this announcement, the existing annual caps for the year ending 31 December 2025 under each of the Wanqian Feed Supply Framework Agreements have not been exceeded.

Determining of Annual Caps

The table below sets out the existing annual caps under the Wanqian Feed Supply Framework Agreements and the revised annual caps under the 2025 Huaxi Hope Feed Supply Framework Agreement:

| | For the year ending 31 December 2025 | | For the year ending 31 December 2026 |
|------------------|---|--|---|
| | Existing Annual Cap RMB in million | Revised Annual Cap RMB in million | Annual Cap RMB in million |
| Guang'an Wanqian | 103.6 | — | — |
| Guigang Wanqian | 105.0 | — | — |
| Neijiang Wanqian | 30.0 | — | — |
| Xichang Wanqian | 45.0 | — | — |
| Huaxi Hope | — | 753.0 | 960.0 |
| Total | 283.6 | 753.0 | 960.0 |

Basis for Determining the Annual Caps

The revised annual caps were determined with reference to factors including:

- (i) **historical transaction amount** — the historical transaction amount for the seven months ended 31 July 2025 has reached 59.2% of the existing annual cap for the year ending 31 December 2025 under the Wanqian Feed Supply Framework Agreements.
- (ii) **increasing demand for feeds in relevant regions** — it is expected that the scale of our pig and poultry farms, especially in West Sichuan, Neizi and Guangxi, will continue to grow. During the first half of 2025, the Company temporarily reduced its procurement volume from connected persons due to the commencement of new projects involving biosafety testing and related rectification works. Despite the temporary reduction, the aggregate transaction amount in respect of the feeds procurement under Wanqian Feed Supply Framework Agreements has, as at 31 July 2025, already exceeded 59.2% of the existing annual cap. Considering the expected seasonal increase in market demand for pig and poultry in the second half of the year, the Company anticipates that the existing annual cap may not be sufficient.

- (iii) *development plan* — as our self-operated feed mill in Neijiang has reached full production capacity and we currently do not have any self-operated feed mill in Guangxi and Xichang, we would have to secure feeds from external suppliers in these regions.
- (iv) *estimated unit price* — in determining the annuals caps, the Company has taken into account the estimated unit prices of feeds of RMB3,000 per ton for 2025.

SUPPLEMENTAL XINJIN HOPE FEED SUPPLY FRAMEWORK AGREEMENT

Background

References are made to the 2024 CCT Announcement, which disclosed, among others, the continuing connected transaction under the Xinjin Hope Feed Supply Framework Agreement. With the continuing development of the Group and based on estimates of prevailing demand and operating conditions, the Company expects that the transaction amount of the transactions under the Xinjin Hope Feed Supply Framework Agreement for the year ending 31 December 2025 will exceed the existing annual caps. Therefore, on 15 August 2025, the Company entered into the Supplemental Xinjin Hope Feed Supply Framework Agreement with Xinjin Hope to revise the existing annual caps thereunder for the year ending 31 December 2025 and to extend the Xinjin Hope Feed Supply Framework Agreement for a period commencing from 1 January 2026 to 31 December 2026. Save for the revision of the existing annual caps and term of agreement, all other terms and conditions (including the pricing policy) under the Xinjin Hope Feed Supply Framework Agreements remain unchanged. The principal terms of these framework agreements are set out in the 2024 CCT Announcement.

Principal Terms

The Company has agreed to purchase feeds from Xinjin Hope. The Supplemental Xinjin Hope Feed Supply Framework Agreement will extend the term of Xinjin Hope Feed Supply Framework Agreement to 31 December 2026.

The pricing principle for the sale and purchase of feed shall be determined based on (i) arm's length negotiations between Xinjin Hope and our Group taking into account factors including the costs of raw materials and transportation and (ii) with reference to the market price for the equivalent products that the Group purchases from Independent Third Parties in similar quantities in the open market, and provided that it shall in principle not be higher than price offered by Independent Third Parties to our Group.

Historical Transaction Amounts

The table below sets out the historical amounts paid by the Group to Xinjin Hope for the purchase of feeds:

| | Historical transaction amount | |
|-------------|--------------------------------------|---------------------------|
| | Year ended | Seven months ended |
| | 31 December | 31 July |
| | 2024 | 2025 |
| | <i>RMB in million</i> | <i>RMB in million</i> |
| Xinjin Hope | <u>11.2</u> | <u>26.6</u> |

As at the date of this announcement, the existing annual caps for the year ending 31 December 2025 under each of the Xinjin Hope Feed Supply Framework Agreements have not been exceeded.

Determining of Annual Caps

The table below sets out the existing annual caps under the Xinjin Hope Feed Supply Framework Agreement and the revised annual caps under the Supplemental Xinjin Hope Feed Supply Framework Agreement:

| | For the year ending | | For the year ending |
|--------------|----------------------------|-----------------------|----------------------------|
| | 31 December 2025 | | 31 December 2026 |
| | Existing | Revised | |
| | Annual Cap | Annual Cap | Annual Cap |
| | <i>RMB in million</i> | <i>RMB in million</i> | <i>RMB in million</i> |
| Xinjin Hope | <u>30.0</u> | <u>75.0</u> | <u>90.0</u> |
| Total | <u>30.0</u> | <u>75.0</u> | <u>90.0</u> |

Basis for Determining the Annual Cap

The revised annual caps were determined with reference to factors including:

- (i) **historical transaction amount** — the historical transaction amount for the seven months ended 31 July 2025 has reached 88.5% of the existing annual cap for the year ending 31 December 2025 for the Xinjin Hope Feed Supply Framework Agreements.

- (ii) ***increasing demand for feeds in relevant regions*** — it is expected that the scale of our pig and poultry farms in Xinjin will continue to grow. The demand for feeds in the region is expected to reach approximately 28,000 tons in 2025.
- (iii) ***development plan*** — as currently our Group does not have any self-operated feed mill in Xinjin, we would have to secure feeds from external suppliers in the region, and approximately 80.00% of such feeds is expected to be procured from Xinjin Hope.
- (iv) ***estimated unit price*** — in determining the annuals caps, the Company has taken into account the estimated unit prices of feed of RMB3,000 per ton for 2025.

REASONS AND BENEFITS OF THE TRANSACTIONS UNDER 2025 HUAXI HOPE FEED SUPPLY FRAMEWORK AGREEMENT AND SUPPLEMENTAL XINJIN HOPE FEED SUPPLY FRAMEWORK AGREEMENT

As disclosed in the Prospectus and the 2024 CCT Announcement, the Company has purchased feeds from Guang'an Wanqian, Guigang Wanqian, Neijiang Wanqian, Xichang Wanqian and Xinjin Hope for the following reasons: (i) while our Group has planned to gradually increase our feed production, we have not built our own feed mills in certain regions as we consider it would not be cost-effective to do so and thus we have relied on external suppliers in these regions to meet our production demands; (ii) feed mills operated by them are close to our farms in the relevant regions, which enable us to reduce transportation costs arising from purchase of feed and lower the biosafety risk; (iii) most of the family farms are located in rural areas where the number of feed suppliers in the same region that can meet the Group's standard of production is limited; and (iv) suppliers who are associates of us are willing to invest in production improvement and technology upgrades and respond to our requests rapidly.

Our business, in particular the pig business, has grown in 2024 and the first six months of 2025, and is expected to continue to grow in the second half of 2025. According to the Group production plan for 2024 to 2026, our output volume of pigs is expected to continue to grow, including in our core farming regions, such as western Sichuan and Guangxi. Accordingly, our demand for feeds in these regions would increase. Currently, our self-operated feed mill in Neijiang has reached full production capacity, and we do not have self-operated feed mills in its vicinity. The Group would therefore need to secure feeds from external suppliers that could meet its production needs and standards.

In particular, feeds supplied by Tequ Husbandry, Huaxi Hope and Xinjin Hope had been proven to satisfy our biosecurity standards. For example, their feeds do not contain animal-based ingredients, which would help ensure the biosecurity of our pigs and therefore afford the Group a better control over relevant risks.

The Group expects that the transaction amount in 2025 under (i) the 2025 Huaxi Hope Feed Supply Framework Agreement and (ii) the Supplemental Xinjin Hope Feed Supply Framework Agreement will account for not more than 4.7% and 0.5%, respectively, of total feed procurement amount of the Company for 2025.

OPINION OF THE BOARD

The terms of Supplemental Tequ Feed Supply Framework Agreement, the 2025 Huaxi Hope Feed Supply Framework Agreement, and the Supplemental Xinjin Hope Feed Supply Framework Agreement were agreed after arm's length negotiations and were entered into in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) consider that the terms of Supplemental Tequ Feed Supply Framework Agreement, 2025 Wanqian Feed Supply Framework Agreement, and the Supplemental Xinjin Hope Feed Supply Framework Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable and are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole.

Tequ Husbandry is an associate of Mr. Wang Degen. Therefore, for good corporate governance, the Mr. Wang Degen and Mr. Wang Dehui have abstained from voting on the relevant resolutions of the Board in relation to the adoption of Supplemental Tequ Feed Supply Framework Agreement. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Directors had any material interest in the adoption of the revised annual caps and Supplemental Tequ Feed Supply Framework Agreement and are required to abstain from voting on the relevant Board resolutions.

None of the Directors has any material interest in the 2025 Huaxi Hope Feed Supply Framework Agreement, the Supplemental Xinjin Hope Feed Supply Framework Agreement and the transactions contemplated thereunder, and accordingly, none of the Director was required to abstain from voting on the board resolutions of the Company approving the same.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tequ Husbandry is owned as to 99.5% by Sichuan Tequ. Sichuan Tequ is owned as to 40.1% by Sichuan Puhua, 10.9% by Dekon Holding, and 49% by Huaxi Hope. Sichuan Puhua is owned as to 65.2% in aggregate by Mr. Wang Degen, his spouse, Ms. Zhang Qiang, and Chengdu Desheng Ronghe Enterprise Management Consulting Co., Ltd. (成都德盛榮和企業管理諮詢有限公司), which is in turn controlled by Wang Yizeng (王益增), son of Mr. Wang Degen and Ms. Zhang Qiang. Huaxi Hope is wholly-owned by Mr. Chen, one of our substantial shareholders, and his spouse. Thus, Tequ Husbandry is an associate of each of Mr. Wang Degen and Mr. Chen and therefore a connected person of the Company.

As at the date of this announcement, Huaxi Hope is wholly-owned by Mr. Chen and Ms. Zhao and therefore a connected person of the Company.

As at the date of this announcement, Xinjin Hope is ultimately owned as to 24.39% by Mr. Chen and his spouse and 75.61% by Mr. Chen's relatives, and is accordingly an associate of Mr. Chen and a connected person of the Company.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the annual cap in 2025 under Supplemental Tequ Feed Supply Framework Agreements in each year ending 31 December 2025 and 2026 exceed 5%, such transaction is subject to the reporting, announcement, annual review, and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of each of (i) the 2025 Huaxi Hope Feed Supply Framework Agreement and (ii) the Supplemental Xinjin Hope Feed Supply Framework Agreement is 0.1% or more but less than 5%, transactions under these agreements are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

GENERAL INFORMATION OF THE PARTIES

Information relating to the Group

The Company is a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange (stock code: 2419). The Group is principally engaged in breeding and farming of pigs and yellow-feathered broilers in the PRC.

Information relating to Tequ Husbandry

As of the date of this announcement, Tequ Husbandry is 99.5% owned by Sichuan Tequ Investment Group Limited. Sichuan Tequ is 40.1% owned by Sichuan Puhua Agricultural Technology Development Limited, 10.9% by Dekon Holding, and 49% by Chengdu Huaxi Hope Group. Sichuan Puhua is 65.2% owned by Mr. Wang Degen, his spouse, Ms. Zhang Qiang, and Chengdu Desheng Ronghe Enterprise Management Consulting Co., Ltd., controlled by Wang Yizeng. Huaxi Hope is wholly-owned by Mr. Chen.

Tequ Husbandry is principally engaged in the production and sale of feeds.

Information relating to Huaxi Hope

As of the date of this announcement, Huaxi Hope is wholly-owned by Mr. Chen and his spouse Ms. Zhao.

Huaxi Hope is principally engaged in the production and sale of feeds.

Information relating to Xinjin Hope

As of the date of this announcement, Xinjin Hope is ultimately owned as to 24.39% by Huaxi Hope Institute and 75.61% by relatives of Mr. Chen, respectively. Huaxi Hope Institute is wholly-owned by Huaxi Hope, which is in turn wholly-owned by Mr. Chen and his spouse.

Xinjin Hope is principally engaged in the production and sale of feeds.

THE EGM

An EGM will be convened to, among other things, seek the approval of the Independent Shareholders with respect to the adoption of the annual caps pursuant to Supplemental Tequ Feed Supply Framework Agreement.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the annual caps under Supplemental Tequ Feed Supply Framework Agreement. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the adoption of the annual caps for Supplemental Tequ Feed Supply Framework Agreement.

The Company will send a circular containing, among other things, a letter of advice from Somerley Capital Limited to both the Independent Board Committee and the Independent Shareholders, a letter of recommendation from the Independent Board Committee to the Independent Shareholders and a notice of the EGM on or around 26 August 2025, as additional time is required to finalise the contents of the circular.

DEFINITIONS

In this announcement, the following expressions shall have the meanings as follows unless the context requires otherwise:

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| 2024 Annual Report | the annual report of the Company for the year ended 31 December 2024 |
| 2025 Huaxi Hope Feed Supply Framework Agreement | the feed supply framework agreement between the Company and Huaxi Hope dated 15 August 2025 |
| associate(s) | has the meaning ascribed to it under the Listing Rules |
| Board | the board of Directors of the Company |
| China or PRC | the People's Republic of China, excluding Hong Kong, Macao SAR, and Taiwan |

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| Company | 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 under the laws of the PRC |
| connected person(s) | has the meaning ascribed to it under the Listing Rules |
| Controlling Shareholder(s) | has the meaning ascribed to it under the Listing Rules |
| Dekon Holding | Sichuan Dekon Holding Group Co., Ltd. (四川德康控股集團有限公司), one of our Controlling Shareholders and previously known as Sichuan Desheng Ronghe Group Co. Ltd. (四川德盛榮和實業集團有限公司) and Sichuan Desheng Ronghe Industrial Co. Ltd. (四川德盛榮和實業有限公司), a company established in the PRC on 8 June 2017, which is wholly owned by Mr. Wang Degen |
| Effective Date | the date on which the Supplemental Tequ Feed Supply Framework Agreement and 2025 Huaxi Hope Feed Supply Framework Agreement become effective upon approval by the Independent Shareholders at the EGM |
| EGM | the extraordinary general meeting of the Company to be held on or around Monday, 15 September 2025 |
| Group | the Company and its subsidiaries |
| Guang'an Wanqian | Guang'an Wanqian Group Co., Ltd. (廣安萬千集團有限公司), established on 18 October 2004 in the PRC with limited liability, owned 10% by Huaxi Hope and 90% by Neijiang Wanqian |
| Guang'an Wanqian Feed Supply Framework Agreement | the feed supply framework agreement between the Company and Guang'an Wanqian dated 13 September 2023 |
| Guigang Wanqian | Guigang Wanqian Feed Co., Ltd. (貴港市萬千飼料有限責任公司), established on 26 August 1998 in the PRC with limited liability, wholly-owned by Huaxi Hope Institute |
| Guigang Wanqian Feed Supply Framework Agreement | the feed supply framework agreement between the Company and Guigang Wanqian dated 3 September 2023 and supplemented on 9 December 2024 |

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| Huaxi Hope | Chengdu Huaxi Hope Group. Co., Ltd. (成都華西希望集團有限公司), established in the PRC on 1 September 1997, wholly owned by Mr. Chen and his spouse, and its subsidiaries and controlled entities |
| Huaxi Hope Investment | Chengdu Huaxi Hope Agriculture Science and Technology Institute Co., Ltd (成都華西希望農業科學技術研究所有限公司), established in the PRC on 21 December 2001, wholly owned by Huaxi Hope Investment Holdings Co., Ltd (華西希望投資控股有限公司) |
| Independent Board Committee | the independent committee of the Board, the members of which consist of the independent non-executive Directors, formed to advise all Independent Shareholders on the adoption of the annual caps under Supplemental Tequ Feed Supply Framework Agreement |
| Independent Financial Adviser | Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on Corporate Finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the adoption of the annual caps under Supplemental Tequ Feed Supply Framework Agreement |
| Independent Shareholders | shareholders other than the Controlling Shareholders of the Company and any other persons who are required to abstain from voting on resolutions to approve the adoption of the annual caps under Supplemental Tequ Feed Supply Framework Agreement at the EGM pursuant to the Listing Rules |
| Independent Third Party(ies) | an individual or company who, as far as the Directors are aware after reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules |
| Listing Rules | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited |
| Mr. Chen | Mr. Chen Yuxin (陳育新), a substantial shareholder of the Company |
| Neijiang Wanqian | Sichuan Neijiang Wanqian Feed Co., Ltd. (四川省內江萬千飼料有限公司), established in the PRC on 24 October 1997 with limited liability, owned 50% by Huaxi Hope and 50% by Ms. Zhao Guiqin |

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| Neijiang Wanqian Feed Supply Framework Agreement | the feed supply framework agreement dated 9 December 2024 between the Company and Neijiang Wanqian |
| Original Annual Cap(s) | the original aggregate maximum annual transaction amount to be paid by the Company and/or its associates to the Tequ Husbandry for the years ended 31 December 2023 and 31 December 2024, and the year ending 31 December 2025, as per the Tequ Feed Supply Framework Agreement |
| Prospectus | The prospectus of the Company dated 27 November 2023 |
| PSY | piglets weaned per sow per year, means the total number of piglets weaned in a given period, expressed on a yearly basis, divided by the average number of sows in this period |
| Shareholders | Holder(s) of our H Shares |
| Sichuan Tequ | Sichuan Tequ Investment Group Limited (四川特驅投資集團有限公司), formerly known as Sichuan Tequ Investment Limited (四川特驅投資有限公司), a company established in the PRC on 28 June 2005 with limited liability |
| Supplemental Tequ Feed Supply Framework Agreement | the feed supply framework agreement between the Company and Tequ Husbandry dated 15 August 2025 |
| Supplemental Xinjin Hope Feed Supply Framework Agreement | the supplemental feed supply framework agreement dated 15 August 2025 between the Company and Xinjin Hope to revise the Xinjin Hope Feed Supply Framework Agreement |
| Tequ Feed Supply Framework Agreement | the feed supply framework agreement between the Company and Tequ Husbandry dated 3 September 2023 |
| Tequ Husbandry | Sichuan Tequ Agriculture and Animal Husbandry Technology Group Co., Ltd. (四川特驅農牧科技集團有限公司) (formerly known as Sichuan Tequ Agriculture and Animal Husbandry Technology Group Co., Ltd. (四川特驅農牧科技有限公司)), a limited liability company established in the PRC on 28 April 2016 and a subsidiary of Sichuan Tequ, its subsidiaries and controlled entities |

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| Wanqian Feed Supply Framework Agreements | the Guang'an Wanqian Feed Supply Framework Agreement, the Guigang Wanqian Feed Supply Framework Agreement, the Neijiang Wanqian Feed Supply Framework Agreement, the Xichang Wanqian Feed Supply Framework Agreement |
| Xichang Wanqian | Xichang Wanqian Feed Co., Ltd. (西昌萬千飼料有限責任公司), established in the PRC on 18 November 2005 with limited liability, wholly-owned by Huaxi Hope Institute |
| Xichang Wanqian Feed Supply Framework Agreement | the feed supply framework agreement dated 9 December 2024 between the Company and Xichang Wanqian |
| Xinjin Hope | Chengdu Xinjin Hope Feedstuff Factory (成都市新津希望飼料廠), established in the PRC on 12 October 1996 with limited liability, owned 24.39% by Huaxi Hope Institute and 75.61% by relatives of Mr. Chen |
| Xinjin Hope Feed Supply Framework Agreement | the feed supply framework agreement dated 9 December 2024 between the Company and Xinjin Hope |

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 at 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.