



四川德康農牧食品集團股份有限公司

DEKON FOOD AND AGRICULTURE GROUP

(於中華人民共和國註冊成立的股份有限公司)

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

股份代號 STOCK CODE : 2419



2025

INTERIM REPORT

中期報告

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CORPORATE INFORMATION

LEGAL NAME OF THE COMPANY:

Dekon Food and Agriculture Group

PLACE OF LISTING:

Main Board of the Stock Exchange

STOCK CODE:

2419

COMPANY WEBSITE:

www.dekanggroup.com

DIRECTORS:**Executive Directors:**

Mr. Wang Degen (*Chairman*)

Mr. Wang Dehui (*Deputy Chairman*)

Mr. Yao Hailong

Mr. Hu Wei

Mr. Zeng Min

Non-executive Director:

Ms. Liu Shan

Independent Non-executive Directors:

Mr. Pan Ying

Mr. Zhu Qing

Mr. Fung Che Wai, Anthony

SUPERVISORS:

Ms. Zhu Hui

Ms. Gong Shuang

Ms. Zhou Zhexu

JOINT COMPANY SECRETARIES:

Mr. Zeng Min

Mr. Li Kin Wai

AUTHORISED REPRESENTATIVES:

Mr. Zeng Min

Mr. Li Kin Wai

AUDIT COMMITTEE:

Mr. Fung Che Wai, Anthony (*Chairman*)

Mr. Zhu Qing

Ms. Liu Shan

REMUNERATION COMMITTEE:

Mr. Pan Ying (*Chairman*)

Mr. Wang Degen

Mr. Fung Che Wai, Anthony

NOMINATION COMMITTEE:

Mr. Zhu Qing (*Chairman*)

Mr. Pan Ying

Ms. Liu Shan (*appointed on 15 August 2025*)

Mr. Wang Dehui (*resigned on 15 August 2025*)

**HEAD OFFICE AND PRINCIPLE PLACE
OF BUSINESS IN THE PRC:**

Unit 901–909, 9th Floor, Building 2

Chengdu East Aviation Centre

32 Lingang Road

Shuangliu District

Chengdu, Sichuan Province

PRC

**PRINCIPAL PLACE OF BUSINESS
IN HONG KONG:**

Room 1918, 19/F, Lee Garden One

33 Hysan Avenue, Causeway Bay

Hong Kong

H SHARE REGISTRAR:

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

AUDITOR:

KPMG

Certified Public Accountants

*Public Interest Entity Auditor registered in accordance with
the Accounting Financial Reporting Council Ordinance*

8/F, Prince's Building

10 Chater Road

Central

Hong Kong

HONG KONG LEGAL ADVISER:

Herbert Smith Freehills Kramer

23rd Floor, Gloucester Tower

15 Queen's Road Central

Hong Kong

COMPLIANCE ADVISER:

Maxa Capital Limited

Unit 2602, 26/F, Golden Centre

188 Des Voeux Road Central

Sheung Wan

Hong Kong

PRINCIPAL BANK:

Bank of China Limited, Pengzhou branch

China Industrial Bank Limited, Chengdu branch

Agricultural Bank of China Limited,

Chengdu Jincheng branch

FINANCIAL HIGHLIGHTS

	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
Income tax	(5)	(333)
Other comprehensive income	(107)	—
Profit and total comprehensive income for the period	1,360,367	1,791,381
Attributable to:		
Equity shareholders of the Company	1,292,387	1,766,453
Non-controlling interests	67,980	24,928
Profit and total comprehensive income for the period	1,360,367	1,791,381
Earnings per share ⁽¹⁾		
Basic and diluted (RMB)	3.32	4.54
Profit and total comprehensive income for the period before biological assets fair value adjustments ⁽²⁾	1,273,072	363,125

Notes:

- (1) 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.
- (2) 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.

CHAIRMAN'S WORDS

— Co-creating an Ecological Platform to Empower Rural Revitalization

Dear Investors and Partners,

Hello everyone! For over a decade, Dekon has been deeply rooted in the agriculture and animal husbandry industry. We have always remained true to our original aspiration of “serving the three rural issues and linking farmers and supporting farmers.” Actively responding to national policy directives, we have continuously achieved breakthroughs in technology leadership, model innovation, and the construction of an industrial ecosystem, vigorously promoting the high-quality development of our enterprise.

In the past three years, our pig sales volume has ranked fourth among all listed swine enterprises in the country, and our yellow-feathered broiler sales volume has ranked third nationwide. During the reporting period, the Company achieved a revenue of RMB11.695 billion, a year-on-year increase of 24.3%; and a profit before biological assets fair value adjustments of RMB1.273 billion, a year-on-year increase of 250.6%. The performance of our pig segment has been particularly outstanding, with key indicators such as total cost and profit per head consistently leading the industry, making it the “core engine” of the Company’s performance growth. Our poultry segment and slaughtering and food segment experienced minor losses due to factors such as relatively sluggish market conditions and capacity utilization being in a ramp-up phase, with economic benefits yet to be fully realized. However, we have made significant progress in product structure optimization and market development, laying a solid foundation for future growth in both volume and profit. This achievement belongs to every colleague who has dedicated their heart and soul to Dekon’s development.

I. INNOVATING THE “LINKING FARMERS AND SUPPORTING FARMERS” MODEL AND CULTIVATING NEW FARMERS TO ASSIST IN RURAL REVITALIZATION

I grew up in the countryside. After graduating, I returned to my rural hometown to start a business. The enterprise I am part of has been dedicated to the agricultural and food sectors for many years. Throughout this journey, I have come to deeply understand the hardships of farmers, the problems in rural areas, and the pain points of agriculture. We have always put the interests of farmers first. Through the innovation of our “Company + Family Farm” model, we became the first company in the industry to empower farmers to successfully raise sows through technology. This model possesses the advantages of being light-asset, low-cost, high-efficiency, and promoting shared prosperity. While linking with and supporting farmers, it also contributes to rural revitalization, demonstrating the unique value of the Dekon model.

We hope that the farmers who partner with Dekon can lead better lives. We are committed to increasing the income of our partner farmers while balancing the interests of all parties, so that they can trust us, rely on us, and have hope for the future. In the first half of 2025, the average farming fee per household under this business model reached RMB800,000, a year-on-year increase of 15.5%. The PSY (Piglets-per-Sow-per-Year) of our partner farmers increased to 27, with farming efficiency leading the industry.

Recently, many friends who follow us have asked why Dekon adopts such a model. It is because we have always believed that China’s agriculture will transition from being a large agricultural country to a strong one. In this process of industrialization, our company should bear the responsibility of “learning from the advanced and localizing the application.” Over the past year, Dekon has sent hundreds of personnel to Europe for in-depth study of advanced pig farming experience. We not only saw the gaps and the room for improvement, but also saw hope: China’s pig farming industry will one day surpass European levels. We have the world’s largest market for pigs, and the Chinese people are sufficiently diligent. Once we solve pain points such as “insufficient per capita resource ownership, insufficient time for technological capability accumulation, and a relatively inadequate farmer training system,” there is no reason why China’s pig farming industry should not become a global benchmark. Therefore, we have always insisted on benchmarking against the Danish model, creating a full industry chain of “planting-farming-food,” establishing breeding and training systems, and leading farmers to engage in higher value-added segments. Tempered by various animal diseases and price fluctuations, China’s pig farmers are

gradually transforming into modern farm owners. Their average scale exceeds 2,000 heads per year, and they already possess the conditions to transition from simple laborers to skilled technicians. Dekon did not just start on this path today; rather, the changes in the industry today have given our persistence positive feedback.

We are deeply aware that small and medium-sized farmers are a vital force for rural revitalization, and the pig industry is one of their most important sources of income. To cultivate new farmers more quickly, we have launched the Dekon “Hundred Villages and Million Pigs” project in Yibin City, using the “Thousand-Village Project” as a blueprint. We have deeply integrated the modern farming model of Denmark — a global leader in pig farming — and combined it with China’s national conditions to create this unique project for linking with and supporting farmers. This has built a new pattern of integrated development featuring “government coordination, corporate leadership, farmer participation, bank support, and insurance guarantees.” To help farmers improve their farming technology, we invested RMB50 million in Yibin to build a practical training center for pig farming technology. We have hired European experts to provide technical training for farmers, aiming to cultivate a new type of professional farmer who “understands technology and knows how to manage.” In the future, we will continue to expand the coverage of this project, allowing more farmers to share in the dividends of industrial development.

II. TECHNOLOGICAL INDEPENDENCE AND FORGING A “CHINA CHIP” FOR THE SWINE BREEDING INDUSTRY

For a long time, China’s swine breeding was constrained by the vicious cycle of “introduction — sustainment — degeneration — reintroduction.” This not only restricted the industry’s development but also affected farmers’ incomes. If our country’s average farming efficiency could reach the Danish level of PSY 35, corresponding to an annual output of 700 million market hogs, we could raise approximately 18 million fewer sows each year. This would save 18 million tons of grain and reduce emissions by about 110 million tons. If the comprehensive feed-to-meat ratio for fattening is reduced by 0.3, it would decrease feed consumption by about 36 kg per head, directly reducing grain consumption by approximately 25 million tons and cutting emissions by about 80 million tons. Together, these two improvements would save 43 million tons of grain and reduce emissions by approximately 190 million tons, conserving both land and grain.

Since entering the breeding field in 2013, Dekon has dedicated over a decade of unremitting effort and has now built a complete breeding system covering “breeding-multiplication-commercial.” The production performance of our core breeding pigs has improved for ten consecutive years, and the growth performance indicators of our national core breeding farms have repeatedly ranked first in the industry. Our independently developed ELY supporting line can be sent to market more than 10 days earlier than the mainstream DLY supporting line, increasing revenue by over RMB100 per market hog. Through our semen production and supply system, we help farmers achieve high-quality breeding in their pig production, increasing efficiency by more than RMB2,000 per sow annually. In the future, Dekon will continue to promote the iteration of breeding technology and expand its market application, striving tirelessly to forge a “China Chip” for the swine breeding industry.

III. SYNERGISTIC CHAIN DEVELOPMENT AND CONTRIBUTING DEKON’S STRENGTH TO THE “THREE RURAL ISSUES”

Focusing on the industry, we deeply recognize problems such as “industry overcapacity, farmers’ income not increasing with profits, and numerous environmental and food safety challenges.” From the early days of our company’s development, we have anchored our core business model as “technology and service-oriented,” continuously increasing investment in technology and services. Thanks to this, we have not only reduced our dependence on capital expenditure but have also mobilized the enthusiasm of a vast number of farmers through a mutually beneficial and win-win model. We have created the most competitive and forward-looking technology service platform for “linking with and supporting farmers” in China’s agriculture and animal husbandry industry, leading the high-quality development of the sector.

CHAIRMAN'S WORDS

With “tackling the difficult is what we do” as our core value, Dekon is committed to developing the enterprise into a “technology-driven + service-oriented” ecological platform company. Through efficient farming management, leading breeding technology, and a light-asset operational model, we organically combine existing resources in the industry — such as government policies supporting agriculture, continuously iterated advanced technology, and cost advantages from large-scale procurement — to build a multi-party win-win industrial ecosystem. In the future, through professional technical services and organizational model innovation, we will serve the 17 million small and medium-sized farmers — the largest, least efficient, and most vulnerable group facing the greatest survival pressure in the industry. We are dedicated to helping these small and medium-sized farmers become modern farm owners with advanced technology and management capabilities, assisting them in improving farming efficiency by RMB400–600 per head. This will achieve the mutual and healthy development of both the enterprise and the farmers, contributing Dekon’s strength to solving the nation’s “three rural issues.”

IV. FEEDBACK FROM OUR FARM OWNERS MAKES OUR PERSISTENCE MORE MEANINGFUL

In practicing our original aspiration and advancing the Dekon model, we have heard many voices like these from the farmers: “Partnering with Dekon gives you peace of mind and is worry-free. The farming fee settlement arrives in just over a week, and fewer pigs die.” “Dekon’s technical team makes my life so much easier. They guided me from being a newcomer from another field to a skilled pig farmer, and we have very few disease outbreaks.” “The service is guaranteed, the piglets are high-quality, and we also have access to local resources.” “The days ahead are long; following Dekon feels secure.” “My new-style family farm receives a farming fee settlement every month, just like getting a salary from a job. It’s very stable.” “If I raise my sows well and they produce more piglets, I can earn a higher income myself. Just five extra piglets can increase my income by more than RMB2,000.” “I brought my whole family into pig farming.” “With guidance from Dekon’s specialists, just listen and do as they say. It’s the best thing to do.” “I especially agree with the company’s management model and business philosophy from the bottom of my heart. Working with the company is definitely reliable. I specifically asked other farm owners, and the feedback was all consistent. Even during an industry downturn, the company has never been vague about settlements.” And so on. These sincere and simple words are not only an affirmation of our corporate value of “tackling the difficult is what we do,” but also a recognition of our years of persistence with the “Dekon model.” More importantly, they are a powerful driving force for us to unswervingly serve farmers and empower the industry’s upgrade in the future.

CONCLUSION

Dear Shareholders, Dekon’s growth stems from its adherence to the essence of agriculture — “not to compete with farmers for profit, but to win together with the times.”

We are deeply aware that small and medium-sized farmers are the foundation of rural revitalization, and that technology and ecology are the keys to activating this fertile land. In the future, Dekon will persist in empowering with technology and resources. “What farmers can do, we are determined to empower them to do well; what farmers cannot do, the enterprise will do.” We will continue to use technology as our bow and ecology as our string to penetrate the fog of industry cycles, ensuring that every pig, every grain of food, and every farmer becomes a solid footprint on the path to common prosperity. We will empower farmers to stay in their rural homelands with confidence and security, creating happy and fulfilling lives.

This year marks a critical period for Dekon’s strategic upgrade to a “Platform + Ecosystem.” Thank you for walking alongside Dekon. May we create a better future together!

Sincerely,

Wang Degen

Founder/Chairman of Dekon Food and Agriculture Group

DEFINITIONS

In this interim report, the following expressions shall have the following meanings unless the context otherwise requires:

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the Audit Committee of the Board
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Company” or “our Company” or “the 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
“Company Law”	the Company Law of the People’s Republic of China
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wang Degen and Dekon Holding
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix C1 of 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
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Global Offering”	the offer of Shares for subscription as described in the Prospectus
“HK\$, “HKD” or “Hong Kong dollars” or “HK dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“H Share(s)”	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and subscribed for and traded in HK dollars
“Independent Third Party(ies)”	an individual or a company who, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Listing Date”	the date on which the dealing in the Shares first commences on the Stock Exchange, being 6 December 2023

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MARA”	the Ministry of Agriculture and Rural Affairs of the People’s Republic of China (中華人民共和國農業農村部)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“Nomination Committee”	the Nomination Committee of the Board
“Prospectus”	the prospectus of the Company dated 27 November 2023 in connection with the Global Offering
“Remuneration Committee”	the Remuneration Committee of the Board
“Reporting Period”	the six months ended 30 June 2025
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	shares in the capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of our Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Tongchuang Deheng”	Chengdu Tongchuang Deheng Enterprise Management Centre (Limited Partnership) (成都同創德恒企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on 13 December 2019, the general partner of which is Dinghui Ronghe, which is wholly-owned by Mr. Wang Dehui and an employee shareholding platform of the Company
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules
“Zhongcheng Jingyi”	Chengdu Zhongcheng Jinyi Enterprise Management Centre (Limited Partnership) (成都眾誠金宜企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on 18 April 2019, the general partner of which is Sichuan Dinghui Ronghe Enterprise Management Co., Ltd. (四川鼎輝榮和企業管理有限公司), which is wholly-owned by Mr. Wang Dehui and an employee shareholding platform of the Company

GLOSSARY AND TECHNICAL TERMS

“DOC(s)”	day-old chick(s)
“New-Type Family Farm(s)”	farms operated under the model where owners are responsible for raising our sows, producing weaned piglets, and fattening
“PED”	porcine epidemic diarrhoea, which causes diarrhoea and vomiting in pigs
“Poultry Family Farms”	farms operated under the model where we provide the farm(s) with chicks, feed, vaccine and veterinary medicine. Such farm(s) will raise those chicks into broilers and return the broilers to us for an agreed fee
“Poultry Farming Base”	farms operated under the model where we build the farms and lease to farm owners for yellow-feathered broiler farming. Farm owners will raise chicks into broilers and return the broilers to us for an agreed fee
“PRRS”	porcine reproductive and respiratory syndrome, a disease that causes a decrease in reproductive performance in breeding animals and respiratory disease in pigs
“R&D”	research and development
“Self-operated Farms”	farms operated under the model where our Group build farms and employ labour force to carry out scaled farming, and are responsible for breeding, fattening, farming and other related process

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 dinning 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%.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 interim report, 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.

Future Plans for Material Investments or Acquisition of Capital Assets

As at 30 June 2025 and up to the date of this interim report, the Group does not have detailed future plans for material investments or acquisition of capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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).

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 (RMB in million) (Unaudited)	31 December 2024 (RMB in million) (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
Total	4,042	4,286

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2025 (RMB in million) (Unaudited)	31 December 2024 (RMB in million) (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%).

The Company has also established relevant internal control policies and procedures for cash and treasury management and financial reporting and disclosure control, which have been operating effectively. All audit data, internal control review reports including findings and recommendations for improvement have been presented and expressed to the Board and the Audit Committee.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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	557	259
Total	557	259

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the first half of 2025, total remuneration of our employees amounted to approximately RMB790.8 million (the first half of 2024: approximately RMB675.9 million).

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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;

MANAGEMENT DISCUSSION AND ANALYSIS

- 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders of the Company, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices.

The Board is of the view that during the Reporting Period, the Company has complied with all the applicable code provisions as set out in the CG Code. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted 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 under the Model Code during the Reporting Period and up to the date of this interim report.

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

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

H Share Full Circulation

On 19 December 2024, the Company submitted an application to the CSRC in respect of the conversion of certain of its Domestic Shares into 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 (the "H Share Full Circulation"). 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.

Save as disclosed above and as of the date of this interim report, there are no other significant subsequent events after the Reporting Period.

Amendments to Continuing Connected Transactions

Reference is made to the announcement of the Company dated 15 August 2025 (the "CCT Announcement"). Unless otherwise defined herein, capitalised terms in this section shall have the same meanings as those defined in the CCT Announcement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

With the continuing development of the Group and based on estimates of prevailing demand and operating conditions, 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. The Supplemental Tequ Feed Supply Framework Agreement is subject to approval by Shareholders.

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.

For more related details, please refer to the CCT Announcement.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors, Supervisors and chief executives in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or to be entered in the register to be kept pursuant to section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules are as follows:

Name of Directors/ Supervisors	Nature of interest	Description of Shares	Number of Shares held ⁽¹⁾	Approximate	Approximate
				percentage of shareholding in the relevant share capital of our Company	percentage of shareholding in the total share capital of our Company
Mr. Wang Degen	Beneficial owner	Domestic Shares	11,915,198 (L)	5.15	3.06
	Interests of controlled corporations	Domestic Shares	119,400,900 (L)	51.62	30.70
		H Shares	11,666,269 (L)	7.40	3.00
Mr. Wang Dehui ⁽⁴⁾	Beneficial owner	Domestic Shares	5,957,599 (L)	2.58	1.53
	Interests of controlled corporations	Domestic Shares	5,596,242 (L)	2.42	1.44
		H Shares	5,596,243 (L)	3.55	1.44
Mr. Yao Hailong ⁽⁵⁾	Beneficial owner	Domestic Shares	2,978,799 (L)	1.29	0.77
	Interests in the Employee	Domestic Shares	977,879 (L)	0.42	0.25
	Shareholding Platforms	H Shares	977,879 (L)	0.62	0.25

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Directors/ Supervisors	Nature of interest	Description of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the relevant Shares (%) ⁽²⁾	Approximate percentage of shareholding in the total share capital of our Company (%) ⁽³⁾
Mr. Hu Wei	Beneficial owner	Domestic Shares	8,936,398 (L)	3.86	2.30
Mr. Zeng Min ⁽⁵⁾	Interests in the Employee Shareholding Platforms	Domestic Shares H Shares	105,184 (L) 105,185 (L)	0.05 0.07	0.03 0.03
Ms. Zhu Hui ⁽⁵⁾	Interests in the Employee Shareholding Platforms	Domestic Shares H Shares	46,748 (L) 46,749 (L)	0.02 0.03	0.01 0.01
Ms. Gong Shuang ⁽⁵⁾	Interests in the Employee Shareholding Platforms	Domestic Shares H Shares	99,648 (L) 99,649 (L)	0.04 0.06	0.03 0.03
Ms. Zhou Zhexu ⁽⁵⁾	Interests in the Employee Shareholding Platforms	Domestic Shares H Shares	55,360 (L) 55,361 (L)	0.02 0.04	0.01 0.01
Mr. Wu Chengli ⁽⁵⁾	Interests in the Employee Shareholding Platforms	Domestic Shares H Shares	234,973 (L) 234,974 (L)	0.10 0.15	0.06 0.06
Mr. Jiang Yongjun ⁽⁵⁾	Interests in the Employee Shareholding Platforms	Domestic Shares H Shares	124,868 (L) 124,868 (L)	0.05 0.08	0.03 0.03

Notes:

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

(1) The letter “L” denotes the person’s long position in our Shares.

(2) The calculation is based on the percentage of shareholding in the relevant Shares as at 30 June 2025.

(3) The calculation is based on the total number of 388,875,636 Shares in issue as at 30 June 2025.

(4) Sichuan Dinghui Ronghe Enterprise Management Co., Ltd. (四川鼎輝榮和企業管理有限公司), which is wholly-owned by Mr. Wang Dehui, is the general partner of the Employee Shareholding Platforms Zhongcheng Jinyi and Tongchuang Deheng, which held 9,469,072 Shares and 1,723,413 Shares, respectively, as at 30 June 2025, and he exercises his voting rights uniformly to exercise the voting rights of the shares of the Company.

(5) Mr. Yao Hailong, Mr. Zeng Min, Ms. Zhu Hui, Ms. Gong Shuang, Ms. Zhou Zhexu, Mr. Wu Chengli and Mr. Jiang Yongjun held economic interest in the Employee Shareholding Platforms, Zhongcheng Jinyi and/or Tongchuang Deheng. They are deemed to be interested in the issued share capital of the Company for the Shares underlying the awards which have been granted to them pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2025, none of the Directors, Supervisors or chief executives or their associates have or are deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, required to be entered in the register referred therein, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

To the best knowledge of the Company, as of 30 June 2025, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares of our Company which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or interests or short positions which are required to be entered in the register pursuant to Section 336 of SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of any class of our share capital:

Shareholder	Nature of interest	Description of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the relevant Shares (%) ⁽²⁾	Approximate percentage of shareholding in the total share capital of our Company (%) ⁽³⁾
Dekon Holding ⁽⁴⁾	Beneficial owner	Domestic Shares	119,400,900 (L)	51.62	30.70
		H Shares	11,666,269 (L)	7.40	3.00
Ms. Zhang Qiang ⁽⁵⁾	Interest of spouse	Domestic Shares	131,316,098 (L)	56.78	33.77
		H Shares	11,666,269 (L)	7.40	3.00
Mr. Chen Yuxin	Beneficial owner	H Shares	44,626,889 (L)	28.32	11.48
Ms. Zhao Guiqin ⁽⁶⁾	Interest of spouse	H Shares	44,626,889 (L)	28.32	11.48
CEL Maiming (光控麥鳴) ⁽⁷⁾⁽⁹⁾	Beneficial owner	Domestic Shares	23,412,754 (L)	10.12	6.02
CEL Huiling Investment (Shanghai) Limited (光控匯領投資(上海) 有限公司) ("CEL Huiling") ⁽⁷⁾	Interest of controlled corporations	Domestic Shares	26,119,521 (L)	11.30	6.72
CEL Venture Capital (Shenzhen) Limited ("CEL Shenzhen") ⁽⁷⁾	Interest of controlled corporations	Domestic Shares	38,398,864 (L)	16.60	9.87
China Everbright Limited ("CEL") ⁽⁷⁾⁽⁸⁾	Interest of controlled corporations	Domestic Shares	38,398,864 (L)	16.60	9.87
Honorich Holdings Limited ("Honorich") ⁽⁸⁾	Interest of controlled corporations	Domestic Shares	38,398,864 (L)	16.60	9.87
China Everbright Holdings Company Limited (中國光大集團有限公司) ("CE Hong Kong") ⁽⁸⁾	Interest of controlled corporations	Domestic Shares	38,398,864 (L)	16.60	9.87
China Everbright Group Ltd. ("China Everbright Group") ⁽⁸⁾	Interest of controlled corporations	Domestic Shares	38,398,864 (L)	16.60	9.87
Central Huijin Investment Ltd. ("Huijin") ⁽⁸⁾	Interest of controlled corporations	Domestic Shares	38,398,864 (L)	16.60	9.87

CORPORATE GOVERNANCE AND OTHER INFORMATION

Shareholder	Nature of interest	Description of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the relevant Shares (%) ⁽²⁾	Approximate percentage of shareholding in the total share capital of our Company (%) ⁽³⁾
Beijing CEL Anya Investment Centre (Limited Partnership) (北京光控安雅投資中心(有限合夥)) ("CEL Anya") ⁽⁹⁾	Interest of controlled corporations	Domestic Shares	23,412,754 (L)	10.12	6.02
Shanghai CEL Jiaxin Equity Investment Management Limited (上海光控嘉鑫股權投資管理有限公司) ("Shanghai CEL") ⁽⁹⁾	Interest of controlled corporations	Domestic Shares	23,412,754 (L)	10.12	6.02
CEL Capital Prestige Asset Management Co., Ltd. (首譽光控資產管理有限公司) ("CEL Capital") ⁽⁹⁾	Investment manager	Domestic Shares	23,412,754 (L)	10.12	6.02
Chongqing CEL Equity Investment Management Limited (重慶光控企業管理諮詢有限公司(前稱: 重慶光控股權投資管理有限公司)) ("Chongqing CEL") ⁽⁹⁾	Interest of controlled corporations	Domestic Shares	23,412,754 (L)	10.12	6.02
Yixing CEL ⁽⁷⁾⁽⁹⁾	Beneficial owner	Domestic Shares	12,279,343 (L)	5.31	3.16
	Interest of controlled corporations	Domestic Shares	23,412,754 (L)	10.12	6.02
Ms. Liu Yuanfeng	Beneficial owner	Domestic Shares	14,158,119 (L)	6.12	3.64
Peng Benping	Beneficial owner	H Shares	9,667,597 (L)	6.13	2.49

Notes:

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

(1) The letter "L" denotes the person's long position in our Shares.

(2) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares respectively as at 30 June 2025.

(3) The calculation is based on the total number of 388,875,636 Shares in issue as at 30 June 2025.

(4) Dekon Holding is wholly-owned by Mr. Wang Degen. By virtue of the SFO, Mr. Wang Degen is deemed to be interested in the Shares held by Dekon Holding.

(5) Ms. Zhang Qiang (張強) is the spouse of Mr. Wang Degen. By virtue of the SFO, Ms. Zhang Qiang is deemed to be interested in the same number of Shares held by Mr. Wang Degen.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (6) Ms. Zhao Guiqin (趙桂琴) is the spouse of Mr. Chen Yuxin (陳育新). By virtue of the SFO, Ms. Zhao Guiqin (趙桂琴) is deemed to be interested in the same number of Shares held by Mr. Chen Yuxin (陳育新).
- (7) CEL Huiling is the general partner of CEL Maiming and the general partner of Changzhou Mailun, which held 2,706,767 shares, representing approximately 0.70% of the issued share capital of the Company. CEL Huiling was wholly-owned by CEL Shenzhen, which was in turn wholly-owned by CEL. Yixing CEL, which held 12,279,343 Shares, representing approximately 3.16% of the issued share capital of the Company, was wholly-owned by CEL Shenzhen, which was in turn wholly-owned by CEL. Accordingly, CEL Huiling is deemed to be interested in the Shares held by each of CEL Maiming and Changzhou Mailun, whereas each of CEL Shenzhen and CEL is deemed to be interested in the Shares held by each of CEL Maiming, Yixing CEL and Changzhou Mailun under the SFO.
- (8) CEL was owned as to approximately 49.38% by Honorich and 0.36% by Everbright Investment & Management Limited, which were in turn wholly-owned by CE Hong Kong. As such, CEL was owned as to approximately 49.74% by CE Hong Kong, which was in turn wholly-owned by China Everbright Group. China Everbright Group was owned as to approximately 63.16% by Huijin, which was indirectly wholly-owned by the State Council of the People's Republic of China. Accordingly, each of CEL, Honorich, CE Hong Kong, China Everbright Group and Huijin is deemed to be interested in the Shares held by each of related controlled corporation under the SFO.
- (9) CEL Anya is a limited partnership holding approximately 40.82% of the limited partnership interest in CEL Maiming. The general partner of CEL Anya is Shanghai CEL, holding approximately 0.02% of the interest. CEL Capital is a special asset management company and a limited partner of CEL Anya, holding approximately 99.98% of its limited partnership interest. Shanghai CEL was wholly-owned by Chongqing CEL, which was in turn wholly-owned by Yixing CEL. Accordingly, each of CEL Anya, CEL Capital, Shanghai CEL, Chongqing CEL and Yixing CEL is deemed to be interested in the Shares held by CEL Maiming under the SFO.

Save as disclosed above, as at 30 June 2025, the Company has not been notified by any persons who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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 sale of treasury shares). During the Reporting Period, the Company did not hold any of treasury shares.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

The Company established the Audit Committee with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and the CG Code. As at the date of this interim report, the Audit Committee comprises three members, namely Mr. Fung Che Wai, Anthony, Ms. Liu Shan and Mr. Zhu Qing. The Audit Committee consists of two independent non-executive Directors, namely Mr. Fung Che Wai, Anthony and Mr. Zhu Qing, and one non-executive Director, namely Ms. Liu Shan. Mr. Fung Che Wai, Anthony is the chairman of the Audit Committee.

The Audit Committee has reviewed the Company's unaudited condensed consolidated interim results for the six months ended 30 June 2025, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The interim financial report for the six months ended 30 June 2025 is unaudited, but has been reviewed by KPMG, the independent auditors of the Company, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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%.

Pursuant to the completion of the H Share Full Circulation on 13 June 2025 and 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 since the Listing Date and as of the date of this interim report.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The changes in information of Directors, Supervisors and senior management since the date of the Company's 2024 annual report are set out below:

1. Mr. Hu Wei transitioned his responsibilities from strategy, marketing, investment and development, procurement, and pig business of our Group to strategy, investment, pig, and food business of our Group since 27 February 2025.
2. Mr. Zeng Min ceased to be the head of the president's office of the Group on 27 February 2025.
3. Mr. Wang Degen started to be our chairman of the Board on 22 April 2025.
4. Mr. Wang Dehui ceased to be the chairman of the Board on 22 April 2025. He has been serving as the Deputy Chairman of the Company since the same date.
5. Ms. Liu Shan has been appointed as a member of Nomination Committee with effect from 15 August 2025. Mr. Wang Dehui ceased to be a member of Nomination Committee on the same date.

Save as disclosed in this interim report, there were no changes in information of Directors, Supervisors and senior management of the Company that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 utilised for the six months ended 30 June 2025 (HK\$ million)	Remaining net proceeds as of 30 June 2025 ⁽¹⁾ (HK\$ million)	Expected timeline for fully utilising unutilised net amount
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.

INDEPENDENT REVIEW REPORT



Review report to the Board of Directors of
Dekon Food and Agriculture Group
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 33 to 60 which comprises the consolidated statement of financial position of Dekon Food and Agriculture Group (“the Company”) and its subsidiaries (together, “the Group”) as of 30 June 2025 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

INDEPENDENT REVIEW REPORT

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

15 August 2025

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	
	Note	2025 RMB'000	2024 RMB'000
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	10	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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025 — UNAUDITED (EXPRESSED IN RENMINBI (“RMB”))

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Profit for the period		1,360,474	1,791,381
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		(107)	—
Other comprehensive income for the period		(107)	—
Total comprehensive income for the period		1,360,367	1,791,381
Attributable to:			
Equity shareholders of the Company		1,292,387	1,766,453
Non-controlling interests		67,980	24,928
Profit and total comprehensive income for the period		1,360,367	1,791,381

The notes on pages 40 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025 — UNAUDITED (EXPRESSED IN RMB)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	9	9,950,820	9,914,484
Non-current biological assets	10	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	20	173	4
Other non-current assets		38,584	33,409
		<u>11,679,338</u>	<u>11,290,787</u>
Current assets			
Inventories	11	675,904	750,064
Current biological assets	10	5,198,870	5,149,460
Trade receivables	12	35,488	11,421
Prepayments, deposits and other receivables	13	483,141	290,497
Financial assets measured at fair value through profit or loss ("FVPL")		523,319	741,648
Derivative financial instruments	14	46,629	94,951
Restricted deposits		202,700	235,270
Cash and cash equivalents	15	5,055,223	4,491,952
		<u>12,221,274</u>	<u>11,765,263</u>
Current liabilities			
Trade and bills payables	16	2,172,072	1,944,826
Accruals and other payables	17	4,607,990	4,697,276
Interest-bearing borrowings	18	1,963,139	2,272,589
Lease liabilities	19	123,324	125,037
Derivative financial instruments	14	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>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025 — UNAUDITED (EXPRESSED IN RMB)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current liabilities			
Interest-bearing borrowings	18	2,079,000	2,013,318
Lease liabilities	19	2,542,891	2,569,441
Deferred income	21	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	22	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>

Approved and authorised for issue by the board of directors on 15 August 2025.

Wang Degen
Director

Yao Hailong
Director

The notes on pages 40 to 60 form part of this interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025 — UNAUDITED (EXPRESSED IN RMB)

Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	PRC statutory reserve	Other reserve	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	388,876	1,813,109	135,135	7,977	1,606,511	3,951,608	(96,545)	3,855,063
Changes in equity for the six months ended 30 June 2024:								
Profit and total comprehensive income for the period	—	—	—	—	1,766,453	1,766,453	24,928	1,791,381
Capital contribution from non-controlling interests	—	—	—	—	—	—	3,500	3,500
Balance at 30 June 2024 and 1 July 2024	388,876	1,813,109	135,135	7,977	3,372,964	5,718,061	(68,117)	5,649,944
Changes in equity for the six months ended 31 December 2024:								
Profit and total comprehensive income for the period	—	—	—	—	2,335,106	2,335,106	75,220	2,410,326
Capital contribution from non-controlling interests	—	—	—	422,118	—	422,118	124,882	547,000
Appropriation to reserve	—	—	27,776	—	(27,776)	—	—	—
Deemed disposal of interests in subsidiaries	—	—	—	(152)	—	(152)	152	—
Acquisition of non-controlling interests	—	—	—	2,505	—	2,505	(24,434)	(21,929)
Balance at 31 December 2024	388,876	1,813,109	162,911	432,448	5,680,294	8,477,638	107,703	8,585,341

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025 — UNAUDITED (EXPRESSED IN RMB)

	Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
		Share capital	Capital reserve	PRC statutory reserve	Other reserve	Retained earnings	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025		388,876	1,813,109	162,911	432,448	5,680,294	8,477,638	107,703	8,585,341
Changes in equity for the six months ended 30 June 2025:									
Profit for the period		—	—	—	—	1,292,494	1,292,494	67,980	1,360,474
Other comprehensive income		—	—	—	(107)	—	(107)	—	(107)
Capital contribution from non-controlling interests		—	—	—	—	—	—	500	500
Acquisition of non-controlling interests		—	—	—	428	—	428	(2,813)	(2,385)
Dividends declared during the period	22(b)	—	—	—	—	(349,988)	(349,988)	—	(349,988)
Balance at 30 June 2025		388,876	1,813,109	162,911	432,769	6,622,800	9,420,465	173,370	9,593,835

The notes on pages 40 to 60 form part of this interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2025 — UNAUDITED (EXPRESSED IN RMB)

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations		1,739,147	1,512,794
Tax paid		(236)	(119)
Net cash generated from operating activities		1,738,911	1,512,675
Investing activities			
Payment for the purchase of property, plant and equipment		(556,588)	(259,356)
Payment for purchase of breeding livestock		(109,938)	(89,746)
Payment for purchase of intangible assets		(262)	(3,211)
Government grants received		29,598	119,289
Proceeds from disposal of property, plant and equipment		412	1,319
Investments in associates		(28,650)	—
Payment for the purchase of financial assets measured at FVPL		(5,780,000)	(780,000)
Proceeds from disposal of financial assets measured at FVPL		6,011,733	751,243
Net cash used in investing activities		(433,695)	(260,462)
Financing activities			
Proceeds from interest-bearing borrowings		3,876,503	3,148,535
Repayment of interest-bearing borrowings		(4,120,271)	(2,848,253)
Decrease/(increase) in restricted deposits		77,100	(300,000)
Capital contribution from non-controlling equity owners of subsidiaries		500	3,500
Acquisition of non-controlling interests		(2,385)	—
Capital element of lease rentals paid		(70,286)	(86,934)
Interest element of lease rentals paid		(86,940)	(92,691)
Other interests paid		(66,568)	(139,075)
Dividends paid	22(b)	(349,988)	—
Net cash used in financing activities		(742,335)	(314,918)
Net increase in cash and cash equivalents		562,881	937,295
Cash and cash equivalents at 1 January	15	4,491,952	2,544,830
Effect of foreign exchange rate changes		390	7,420
Cash and cash equivalents at 30 June	15	5,055,223	3,489,545

The notes on pages 40 to 60 form part of this interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

1 CORPORATE INFORMATION

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

The 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

This interim financial report 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 report 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 report 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.

This interim financial report 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 report 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”). KPMG’s independent review report to the Board of Directors is included on pages 31 to 32.

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

4 REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

The principal activities of the Group are (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 ingredients, fresh meat and others. Further details regarding the Group's principal activities are disclosed in Note 4(b).

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 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.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Sales of pigs: sales of market hogs, breeding pigs, market piglets and boar semen;
- Sales of poultry: sales of yellow-feathered broilers, chicks and eggs;
- Sales of ancillary products: sales of ingredients, fresh meat and others.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

4 REVENUE AND SEGMENT REPORTING — *continued*

(b) Segment reporting — *continued*

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

The Group's other operating income and expenses, such as other income and selling and administrative expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below.

	Six months ended 30 June 2025			
	Sales of pigs RMB'000	Sales of poultry RMB'000	Sales of ancillary products RMB'000	Total RMB'000
Revenue from external customers	9,878,752	1,335,498	481,131	11,695,381
Inter-segment revenue	143,656	136	2,516,793	2,660,585
Reportable segment revenue	<u>10,022,408</u>	<u>1,335,634</u>	<u>2,997,924</u>	<u>14,355,966</u>
Reportable segment gross profit/(loss)	<u>2,130,305</u>	<u>(56,657)</u>	<u>19,289</u>	<u>2,092,937</u>

	Six months ended 30 June 2024			
	Sales of pigs RMB'000	Sales of poultry RMB'000	Sales of ancillary products RMB'000	Total RMB'000
Revenue from external customers	7,449,257	1,543,403	414,421	9,407,081
Inter-segment revenue	346,260	28	2,611,505	2,957,793
Reportable segment revenue	<u>7,795,517</u>	<u>1,543,431</u>	<u>3,025,926</u>	<u>12,364,874</u>
Reportable segment gross profit	<u>1,023,486</u>	<u>192,100</u>	<u>41,394</u>	<u>1,256,980</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

4 REVENUE AND SEGMENT REPORTING — *continued*

(b) Segment reporting — *continued*

(ii) Reconciliations of reportable profit before taxation

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Revenue		
Reportable segment revenue	14,355,966	12,364,874
Elimination of inter-segment revenue	(2,660,585)	(2,957,793)
Consolidated revenue (Note 4(a))	<u>11,695,381</u>	<u>9,407,081</u>
Profit		
Reportable segment profit	2,092,937	1,256,980
Elimination of inter-segment loss before taxation	(63,752)	(91,032)
Reportable segment profit derived from Group's external customers	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	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)
Finance cost	(151,233)	(223,155)
Share of losses of associates	(6,679)	(399)
Consolidated profit before taxation	<u>1,360,479</u>	<u>1,791,714</u>

The Group's revenue is substantially generated from the sales of pigs, chicken and ancillary products in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

5 OTHER NET INCOME

	Six months ended 30 June	
	2025 RMB'000	2024 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 RMB'000	2024 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 have 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%).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

6 PROFIT BEFORE TAXATION — *continued*

(b) Staff costs

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

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

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

(c) Other items

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

7 INCOME TAX

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current taxation:		
— Provision for the period	174	324
Deferred taxation:		
— Origination and reversed of temporary differences	(169)	9
	<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 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group entered into a number of lease agreements for land, farms and machinery, and therefore recognised the additions to right-of-use assets of RMB148,945,000 (six months ended 30 June 2024: RMB476,099,000).

During the six months ended 30 June 2025, the Group acquired other property, plant and equipment with a cost of RMB496,930,000 (six months ended 30 June 2024: RMB223,603,000). Items of property, plant and equipment with net book value of RMB156,989,000 were disposed of for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB3,224,000), resulting in a loss on disposal of RMB1,783,000 (six months ended 30 June 2024: gain on disposal of RMB665,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

10 BIOLOGICAL ASSETS

	Breeding stocks — Hog breeders RMB'000	Breeding stocks — Chicken breeders RMB'000	Commodity stocks — Live swine RMB'000	Commodity stocks — Broilers and broiler eggs RMB'000	Total RMB'000
At 1 January 2024	1,076,445	73,652	3,392,180	380,592	4,922,869
Increase due to purchasing/raising/ transfer	1,430,603	144,036	14,504,485	3,694,270	19,773,394
Decrease due to sales/disposal/transfer/ harvest	(1,396,661)	(150,199)	(13,985,769)	(3,606,572)	(19,139,201)
Changes in fair value	201,527	(913)	726,014	(22,316)	904,312
At 31 December 2024 and 1 January 2025	1,311,914	66,576	4,636,910	445,974	6,461,374
Increase due to purchasing/raising/ transfer	833,681	85,105	8,455,023	1,658,365	11,032,174
Decrease due to sales/disposal/transfer/ harvest	(757,188)	(75,763)	(8,265,765)	(1,645,717)	(10,744,433)
Changes in fair value	249,133	(7,020)	(55,752)	(99,066)	87,295
At 30 June 2025	1,637,540	68,898	4,770,416	359,556	6,836,410

Notes:

- (i) Breeding stocks represent hogs and chicken of required qualities that are selected as breeding stock held for own use, including boars, sows, gilts, studs, immature and mature chicken breeders. Boars are male hogs for mating purpose, sows are female hogs which have farrowed and mature chicken breeders are chicken which have mated. Boars, sows and mature chicken breeders held for the production of piglets and eggs for sale and/or further raising to become swine parent stock/chicken breeders or market hogs/chicken. Gilts, studs and immature chicken breeders are pigs/chicken that are selected to be transferred into boars, sows and mature chicken breeders but have not been mated or farrowed. Since there was no active market for boars, sows, immature and mature chicken breeders at specific age, the replacement cost approach has been adopted. Market prices for different species of boars, sows, immature and mature chicken breeders have been obtained as a basis for the replacement cost, and adjusted for the reduction/consumption of economic useful life by applying the respective metrics to estimate the fair value of breeding stock in different species. The fair value of the gilts and studs were derived by multiplying the market prices of the gilts and studs for different species by their corresponding quantities.

Breeding stocks may be transferred to commodity stocks when the pigs/chicken held for own use were expected to be sold as market hogs/chicken.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

10 BIOLOGICAL ASSETS — *continued*

Notes: — *continued*

- (ii) Commodity stocks include pigs (piglets, nursery pigs, growers) and chickens (eggs, commodity chicks and broilers). Piglets are new born pigs between birth and weaning between zero to three weeks of age. Nursery pigs are young hogs of around 22–73 days old that have been weaned off and consuming feeding stuff. Growers are hogs that age around 74 to 183 days. Eggs are the fertile eggs laid by chicken breeders which are incubated for around 21 days and hatched into chicken breeds, chicken breeds will be raised for around 90–120 days to broilers or chicken breeders.

The replacement cost approach was adopted for valuing piglets as they are only around three-week old and there is insignificant biological transformation that takes place since the initial cost incurrence.

Nursery pigs, growers, eggs, chicken breeds, broilers were assumed to (1) be sold live or slaughtered when they become mature, or (2) become breeding stock. The fair value of nursery pigs, growers, fertile eggs, chicken breeds and broilers is derived by assuming the market prices of the commodity stocks, fertile eggs or broilers as the estimated price receivable upon sale or slaughtering, multiplying the unit price for different categories or species by the corresponding quantities, less the expected costs required to raise the hogs or chickens, adjusting with mortality rate and the respective profit margin.

Commodity stocks may be transferred to breeding stocks, when the pigs/chickens are selected as breeding stock held for own use after growers.

- (iii) The quantities of biological assets owned by the Group at the end of the reporting period are as follows:

		At 30 June 2025 (Units)	At 31 December 2024 (Units)
Breeding stock, replacement studs and gilts	(Heads)	600,320	532,977
Breeding stocks — Poultry			
— Mature breeders	(Birds)	968,051	941,619
— Immature breeders	(Birds)	712,437	832,377
Commodity stocks — Hogs			
— Piglets	(Heads)	880,163	695,882
— Nursery pigs and Growers	(Heads)	4,901,320	4,575,868
Commodity stocks — Poultry			
— Eggs	(Pieces)	12,163,060	11,512,998
— Broilers	(Birds)	28,622,999	27,379,272

- (iv) Fair value measurement of biological assets

Fair value hierarchy

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair value measurements of biological assets fall into level 3 of the fair value hierarchy.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

10 BIOLOGICAL ASSETS — *continued*

Notes: — *continued*

(iv) Fair value measurement of biological assets — *continued*

For the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period and in which they occur.

The valuations of the Group's biological assets as at 30 June 2025 and 31 December 2024 were carried out by Jones Lang LaSalle (Beijing) Consultants, Inc. ("JLL"). The Group's finance manager and the chief financial officer have discussion with the valuers on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting period.

Information about Level 3 fair value measurements

	Significant unobservable inputs	30 June 2025	31 December 2024
Breeding stocks			
— Sows and boars	Replacement cost	RMB2,700 to RMB11,204 per head	RMB2,850 to RMB13,951 per head
— Gilts and studs	Market price	RMB1,400 to RMB8,100 per head	RMB1,400 to RMB9,000 per head
— Mature breeders	Replacement cost	RMB11.82 to RMB78.64 per bird	RMB24 to RMB74 per bird
— Immature breeders	Replacement cost	RMB3.29 to RMB75.14 per bird	RMB3.35 to RMB69.70 per bird
Commodity stocks			
— Piglets	Replacement cost	RMB217 to RMB308 per head	RMB218 to RMB318 per head
— Nursery pigs and growers	Market price	RMB14 to RMB16 per kilogram	RMB15 to RMB17 per kilogram
— Fertile eggs	Market price	RMB1.40 per piece	RMB1.38 per piece
— Broilers	Market price	RMB8.82 to RMB16.41 per kilogram	RMB10.05 to RMB18.30 per kilogram

A significant increase/decrease in the estimated market price and replacement cost in isolation would result in a significant increase/decrease in the fair value of the biological assets.

As at 30 June 2025, if market price of nursery pigs, growers, gilts, studs, eggs, commodity chicks and broilers and replacement cost of piglets, sows, boars, mature and immature chicken breeders held for own use increases by 10%, the estimated fair value of biological assets would have increased RMB667,832,000 (31 December 2024: RMB649,362,000) and if market price and replacement cost decreases by 10%, the estimated fair value of biological assets would have decreased by RMB711,310,000 (31 December 2024: RMB690,137,000).

Changes in fair value of biological assets are presented separately in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

11 INVENTORIES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Raw materials	556,076	636,939
Finished goods	53,948	29,440
Spare parts and consumables	65,880	83,685
	<u>675,904</u>	<u>750,064</u>

12 TRADE RECEIVABLES

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

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 RMB'000	At 31 December 2024 RMB'000
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>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
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	483,141	290,497

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

14 DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Derivative financial assets		
Commodity futures contracts	46,067	94,951
Options contracts	562	—
Total	46,629	94,951
Derivative financial liabilities		
Commodity futures contracts	(4,911)	(495)
Options contracts	(6,621)	(22,439)
Total	(11,532)	(22,934)

The Group has entered into live hog, soybean meal and corn future contracts and options contracts to manage the future price. These futures and options contracts are measured at FVPL.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

15 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Cash at bank	5,257,923	4,727,222
Less: restricted deposits	202,700	235,270
Cash and cash equivalents in the statement of financial position and cash flow statement	5,055,223	4,491,952

16 TRADE AND BILLS PAYABLES

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

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 RMB'000	At 31 December 2024 RMB'000
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
	2,172,072	1,944,826

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

17 ACCRUALS AND OTHER PAYABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Payables for staff related cost	203,392	382,555
Deposits received	4,134,321	3,933,704
Other taxes payable	11,487	9,578
Interest payable	4,532	5,251
Payables relating to purchase of property, plant and equipment	105,496	161,170
Contract liabilities	83,052	83,966
Others	65,710	121,052
Total	4,607,990	4,697,276

Notes:

- (a) All of the accruals and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.
- (b) Movements in contract liabilities

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
At 1 January	83,966	58,610
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the period	(83,966)	(58,610)
Increase in contract liabilities as a result of receipt in advance of transferring goods	83,052	83,966
At 30 June/31 December	83,052	83,966

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

18 INTEREST-BEARING BORROWINGS

(a) The interest-bearing borrowings comprise:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank loans		
— Secured by property, plant and equipment	236,150	237,866
— Unsecured and unguaranteed	3,019,038	3,142,591
Total bank loans	3,255,188	3,380,457
Government loan		
— Unsecured and unguaranteed	15,300	15,300
Loans from discounted bills		
— Unsecured and unguaranteed	590,000	547,000
Loans from other financial institutions		
— Unsecured and unguaranteed	179,651	329,150
Loans from non-controlling shareholders of subsidiaries		
— Unsecured and unguaranteed	2,000	14,000
Total other loans	786,951	905,450
	4,042,139	4,285,907

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

18 INTEREST-BEARING BORROWINGS — *continued*

(b) The interest-bearing borrowings were repayable as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year or on demand	1,963,139	2,272,589
After 1 year but within 2 years	577,823	518,920
After 2 years but within 5 years	1,394,597	1,403,449
After 5 years	106,580	90,949
Total non-current loans	2,079,000	2,013,318
	4,042,139	4,285,907

(c) The interest-bearing borrowings were secured by assets of the Group as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Property, plant and equipment	245,137	251,762

19 LEASE LIABILITIES

The lease liabilities of the Group were repayable as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year	123,324	125,037
After 1 year but within 2 years	109,870	103,674
After 2 years but within 5 years	266,596	259,456
After 5 years	2,166,425	2,206,311
	2,542,891	2,569,441
	2,666,215	2,694,478

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

20 DEFERRED TAX ASSETS AND LIABILITIES

Movement of deferred tax assets and liabilities

Deferred tax arising from:	Right-of-use assets RMB'000	Lease liabilities RMB'000	Credit loss allowance RMB'000	Total RMB'000
At 1 January 2024	(2,092)	2,092	14	14
Charge/(credited) to profit or loss	413	(413)	(10)	(10)
At 31 December 2024 and 1 January 2025	(1,679)	1,679	4	4
Charge/(credited) to profit or loss	(851)	851	169	169
At 30 June 2025	(2,530)	2,530	173	173

21 DEFERRED INCOME

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
At 1 January	824,601	797,560
New grant	29,598	144,549
Credit to profit or loss	(47,995)	(117,508)
At 30 June/31 December	806,204	824,601

Deferred income mainly represents government grants relating to construction of property, plant and equipment, which are recognised as income on a straight-line basis over the expected useful life of relevant assets.

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

22 CAPITAL, RESERVES AND DIVIDENDS — *continued*

(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 RMB'000	At 31 December 2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the interim period	349,988	—

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).

23 FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The fair value measurement of derivative financial instruments fall into level 1 of the fair value hierarchy and the fair values of derivative financial instruments are determined by quoted prices in active markets. The fair value measurement of RMB wealth management products and unlisted equity investment fall into level 3 of the fair value hierarchy.

For the six months ended 30 June 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair value of RMB wealth management products is determined by calculating based on the discounted cash flow method. The main level 3 inputs used by the Group for RMB wealth management products are the expected rates of return. At 30 June 2025, if the expected rate of return of the investment in RMB wealth management products held by the Group had been one percentage point higher/lower, the Group's profit for the year and retained profits would have been RMB1,779,000 higher/lower.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

23 FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS — *continued*

(a) Financial assets and liabilities measured at fair value — *continued*

Fair value hierarchy — continued

Information about Level 3 fair value measurements — continued

The movements during the period in the balance of Level 3 fair value measurements are as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
RMB wealth management products:		
At 1 January	741,408	—
Additions in investments	5,780,000	780,000
Change in fair value recognised in profit or loss during the period	13,644	1,255
Disposal of financial assets	(6,011,733)	(751,243)
At 30 June	523,319	30,012

The Group's change in the fair value of the unlisted equity investment held is measured on the basis of the profit and loss and shareholding ratio of the investee company's financial statements.

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Unlisted equity investment:		
At 1 January	240	665
Change in fair value recognised in profit or loss during the period	(240)	(363)
At 30 June	—	302

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2025 and 2024.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

24 COMMITMENTS

Commitments outstanding at 30 June 2025 not provided for in the interim financial report were as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Contracted for	820,696	862,470

25 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, representing the amounts paid to the Company's directors and supervisors is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Directors' fees	180	180
Salaries and other emoluments	10,158	3,219
Discretionary bonuses	3,528	1,954
Retirement scheme contributions	162	160
	14,028	5,513

(b) Significant transactions with related parties

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Sales of goods to a company controlled by one of the shareholders	5,683	1,949
Sales of goods to an associate	33,352	286
Purchase of goods from companies controlled by one of the shareholders	804,797	390,970
Purchase of goods from an associate	3,859	—
Repayments of interest-bearing borrowing from non-controlling shareholder of a subsidiary	12,000	—
Interest payables to non-controlling shareholders of subsidiaries	85	1,495

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN RMB UNLESS OTHERWISE INDICATED)

25 MATERIAL RELATED PARTY TRANSACTIONS — *continued*

(c) Balances with related parties

The balances with related parties as at the end of each reporting period are as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade in nature:		
— Trade receivables	16,958	—
— Trade and bills payables	82,837	15,795
Non-trade in nature:		
— Accruals and other payables	2,918	—
Interest-bearing borrowings from certain non-controlling shareholders of subsidiaries*	2,000	14,000

* The interest-bearing borrowings from certain non-controlling shareholders of subsidiaries are repayable on demand and will be settled on receiving repayment notice from non-controlling shareholders.



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DEKON FOOD AND AGRICULTURE GROUP