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DEKON FOOD AND AGRICULTURE GROUP
四川德康農牧食品集團股份有限公司

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

(Stock Code: 2419)

ANNOUNCEMENT ON CHANGE IN USE OF PROCEEDS FROM THE H SHARES OFFERING

References are made to (i) the prospectus of Dekon Food and Agriculture Group (四川德康農牧食品集團股份有限公司) (the "**Company**"), together with its subsidiaries, the "**Group**") dated 27 November 2023 (the "**Prospectus**") in relation to the net proceeds from global offering of the Company (the "**Global Offering**" or "**H Shares Offering**"); (ii) the announcement of the Company dated 5 December 2023 in relation to the offer price and allotment results of the Global Offering (the "**Announcement**"); and (iii) the annual report of the Company for the year ended 31 December 2024 (the "**Annual Report**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Prospectus and the Annual Report.

USE OF PROCEEDS FROM THE LISTING

From the Listing Date to the date of this announcement, the Group has gradually used the proceeds from the initial public offering for the intended purposes set out in the Prospectus.

As disclosed in (i) the section headed "Future Plans and Use of Proceeds" in the Prospectus and (ii) Annual Report, the net proceeds were intended to be used for the following purposes:

- approximately 50% of the net proceeds is expected to be used for expanding the existing pigs and yellow-feathered broilers farming business;
- approximately 15% of the net proceeds is expected to be used for developing the food processing business;

- approximately 10% of the net proceeds is expected to be used for investment in the R&D and information technology system;
- approximately 10% of the net proceeds is expected to be used for strategic investments or potential acquisitions;
- approximately 5% of the net proceeds is expected to be used for repaying certain outstanding bank loan;
- approximately 10% of the net proceeds is expected to be used for working capital and general corporate uses.

The net proceeds from the Global Offering were approximately HK$952.5 million after deducting underwriting commissions and offering expenses paid or payable.

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the unutilised net proceeds amounted to approximately HK$225.1 million. On September 29, 2025, the Board resolved to change the use of the unutilised net proceeds partially from pig fattening farm to food processing business. An analysis of the utilisation of the net proceeds as at the date of this announcement and the proposed change in the use of the unutilised net proceeds is set out as below:

Purpose

	Net proceeds from the Listing	Actual net amount utilised as at the date of this announcement	Unused net proceeds as at the date of this announcement	Revised allocation of the unutilised net proceeds	Revised expected timeline for utilising unutilised net proceeds
		(HK$ million)			
Expanding the existing pigs and yellow-feathered broilers farming business	476.3	381.0	95.3	0	N/A
Developing the food processing business	142.9	142.9	0	95.3	By end of 2027
Investment in the R&D and information technology system	95.3	92.3	3.0	3.0	by end of 2026
Strategic investments or potential acquisitions	95.3	0	95.3	95.3	N/A
Repaying certain outstanding bank loans	47.6	47.6	0	0	N/A
Working capital and general corporate purposes	95.3	63.8	31.5	31.5	N/A
Total	**952.5**	**727.6**	**225.1**	**225.1**	

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

The unutilised net proceeds are expected to be utilised for expanding the Company's food processing business. The timing for utilising such net proceeds is extended to the end of 2027. See "Reasons for and Benefits of Further Change in Use of Net Proceeds from the H Shares Offering" below for further details.

Save for the aforesaid changes, there is no other change in the use of the net proceeds.

REASONS FOR AND BENEFITS OF FURTHER CHANGE IN USE OF NET PROCEEDS FROM THE H SHARES OFFERING

According to the section "Future Plans and Use of Proceeds" in the Prospectus, approximately 50.0% of the net proceeds from the Global Offering were intended to be used over the next three years since Listing to expand the Company's existing pigs and yellow-feathered broiler farming businesses. Among these, approximately 10.0% of the net proceeds from the Global Offering, or HK$78.8 million, was originally estimated to be invested in the construction of self-operated pig farms, primarily for land acquisition and other fixed asset investments related to farm development in Southwest China. Based on the final Offer Price of the Global Offering, the amount available from the net proceeds from the Global Offering of the Company for such investment is HK$95.3 million.

The Company has experienced strong growth in its pig and poultry business, particularly through its "Company + Family Farm" model, which has been effectively supported by favourable government policies. The proceeds were originally intended for the construction of pig fattening farm in Chongqing. However, as a result of the local government's involvement in constructing and leasing the fattening farm to the Company, the need for the originally planned investment in this area has been eliminated.

In light of this development, and with the aim of optimizing the use of raised funds and enhancing financial efficiency, the Company proposes to reallocate the funds originally designated for the Chongqing fattening farm towards expanding its food processing business, which is aligned with the Group's strategic plans and operational needs. The revised allocation plan is as follows:

1. **Cold Storage and Fresh Meat Production Line Project — Sichuan Dekon-Tönnies Premium Food Co., Ltd.**

   HK$39.4 million of the net proceeds will be used for the construction of a 5,000-tonne cold storage facility and a fresh meat production line. This project is expected to significantly enhance the Group's food processing and cold chain capabilities, while improving efficiency in product storage, handling, and distribution. The funds are expected to be utilised by the end of 2026.

2. **Meat Processing and Cold Chain Logistics Project — Jiangsu Dekon Food Technology Co., Ltd.**

   HK$55.9 million of the net proceeds will be used to build a comprehensive pig slaughtering and processing workshop, a business complex, and supporting cold chain logistics facilities. Upon completion, the facility is expected to process approximately 257,400 tonnes of carcass meat and 74,700 tonnes of by-products annually. The funds are expected to be utilised by the end of 2027.

In recent years, the Company has seen strong growth in its pig businesses, with continuous expansion in the ancillary products in parallel. The Company plans to further develop its food processing, slaughtering, and cold chain infrastructure to continue enhancing the operational efficiency of our slaughtering business and better meet market demands.

By reallocating the funds to these strategic projects, the Company aims to achieve several key benefits:

- Enhanced Capital Efficiency: The reallocation will enable more effective use of the raised funds, increasing overall fund utilization efficiency.

- Improved Operational Integration: These investments will help the Company integrate its upstream and downstream operations more effectively, creating efficiencies and optimizing the entire supply chain.

- Increased Profitability: By strengthening the construction of food processing infrastructure, the Company expects to be able to safeguard and enhance the supply of high-quality food products, thereby helping to improve its profitability.

- Sustainable Long-term Growth: The expansion of the food processing and cold chain logistics capabilities will strengthen the Company's competitive position, enhance market responsiveness, and ensure the sustainability of the long-term business model.

The Board confirms that there is no material change in the nature of the Group's business as set out in the Prospectus. The proposed change in the use of proceeds is fair and reasonable, and will enable the Company to deploy its financial resources more effectively to expand its business and enhance profitability. The Board believes that the change is in the interests of the Group and its shareholders as a whole, and does not involve any misappropriation of funds or any material deviation from the business nature disclosed in the Prospectus. It will not prejudice the interests of shareholders, including minority shareholders.

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

Sichuan, People's Republic of China, 29 September 2025

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