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DEKON FOOD AND AGRICULTURE GROUP

四川德康農牧食品集團股份有限公司

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

(Stock Code: 2419)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

Key operating data	For the year ended 31 December			
	2025	Average selling price ⁽²⁾	2024	Average selling price ⁽²⁾
	Sales volume (heads)	(RMB)	Sales volume (heads)	(RMB)
Sales of pigs				
Market hogs	10,224,443 ⁽¹⁾	1,851	8,544,396	2,193
Breeding pigs	11,022	4,119	19,797	2,696
Market piglets	592,517	355	214,948	385
Sales of poultry	(birds or eggs)		(birds or eggs)	
Yellow-feathered broilers	88,136,896	32.4	88,120,210	36.1
Chicks and eggs	115,472,229	0.6	102,986,977	0.9

Key financial data	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Operating income	23,159,024	22,464,030
Total profit	1,422,309	3,269,015
<i>Income tax</i>	(698)	(88)
Net profit	<u>1,421,611</u>	<u>3,268,927</u>
Attributable to:		
Equity shareholders of the Company	1,433,249	3,159,890
Non-controlling interests	(11,638)	109,037
Other comprehensive income	(169)	—
Total comprehensive income	<u>1,421,442</u>	<u>3,268,927</u>
Earnings per share⁽³⁾		
Basic and diluted (<i>RMB</i>)	3.69	8.13
Dividend per share (<i>RMB</i>)	—	0.90
<i>Notes:</i>		
(1) In 2025, we sold 10,827,982 heads of pigs in total, among which 10,599,814 heads of pigs were sold to external customers, and 228,168 heads were first sold internally to our slaughterhouses for processing and then sold to external customers.		
(2) Average selling price represents the revenue for the year divided by the external sales volume of the product category for the respective year.		
(3) The earnings per share represents the profit attributable to the equity shareholders of the Company divided by the weighted average number of ordinary shares for the year.		

The board (the “**Board**”) of directors (the “**Directors**”) of Dekon Food and Agriculture Group (the “**Company**”) is pleased to announce the consolidated results and the financial position of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”) prepared in accordance with China Accounting Standards for Business Enterprises, together with the consolidated results and financial position for the year ended 31 December 2024 for comparison. Unless otherwise defined, capitalised terms used herein shall have the same meanings as given to them in the prospectus dated 27 November 2023 issued by the Company (the “**Prospectus**”).

The audited financial statements of the Group as of 31 December 2025 have been reviewed by the independent auditor, the Board and the audit committee of the Company.

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

*for the year ended 31 December 2025
(Expressed in Renminbi (“RMB”))*

	2025	2024
I. Revenue	23,159,023,899.39	22,464,030,444.32
Less: Cost of sales	19,976,478,805.93	17,292,457,846.75
Taxes and surcharges	38,979,443.06	31,464,309.88
Selling expenses	103,384,930.54	101,454,961.37
Administrative expenses	1,307,907,424.55	1,268,488,595.51
Research and development expenses	277,215,161.25	275,331,422.26
Finance costs	204,635,011.55	371,989,602.40
Add: Other gains	101,657,004.41	122,255,416.93
Investment income	192,101,800.75	109,941,639.29
Losses from changes in fair value	(47,089,018.35)	(6,621,904.77)
Reversal of credit impairment/(credit impairment losses)	4,604,266.08	(12,357,413.06)
Asset impairment losses	(33,940,099.58)	(1,994,190.26)
Gains from asset disposal	533,477.04	431,723.67
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II. Operating profit	1,468,290,552.86	3,334,498,977.95
Add: Non-operating income	9,716,146.33	13,500,598.28
Less: Non-operating expenses	55,697,260.00	78,984,341.16
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III. Total profit	1,422,309,439.19	3,269,015,235.07
Less: Income tax expenses	697,916.77	88,288.28
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IV. Net profit	1,421,611,522.42	3,268,926,946.79
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Classified by ownership:		
(1) Net profit attributable to shareholders of the parent company	1,433,249,355.02	3,159,889,896.08
(2) Profit or loss attributable to minority interests	(11,637,832.60)	109,037,050.71

	2025	2024
V. Other comprehensive income, net of tax	(169,302.68)	—
(1) Other comprehensive income attributable to shareholders of the parent company, net of tax	(169,302.68)	—
1. Other comprehensive income to be reclassified to profit or loss		
(1) Translation differences of foreign currency financial statements	(169,302.68)	—
(2) Other comprehensive income attributable to minority interests, net of tax	—	—
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VI. Total comprehensive income	<u>1,421,442,219.74</u>	<u>3,268,926,946.79</u>
(1) Total comprehensive income attributable to shareholders of the parent company	1,433,080,052.34	3,159,889,896.08
(2) Total comprehensive income attributable to minority interests	(11,637,832.60)	109,037,050.71
VII. Earnings per share:		
(1) Basic earnings per share	3.69	8.13
(2) Diluted earnings per share	3.69	8.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in RMB)

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	4,589,389,894.60	4,727,221,757.59
Trading financial assets	151,208,630.14	741,647,837.75
Derivative financial assets	51,970,039.34	94,950,800.00
Trade receivables	44,019,055.29	11,420,800.66
Prepayments	234,391,549.69	77,626,312.01
Other receivables	158,672,749.88	129,337,691.75
Inventories	6,178,111,170.60	5,448,264,795.56
Other current assets	120,533,401.47	83,529,831.02
Total current assets	11,528,296,491.01	11,313,999,826.34
Non-current assets:		
Long-term equity investments	33,303,813.83	10,219,410.00
Fixed assets	7,047,533,438.27	6,791,229,999.62
Construction in progress	632,184,957.67	614,693,027.10
Productive biological assets	1,484,116,469.79	1,172,733,103.33
Right-of-use assets	2,240,615,346.05	2,182,092,760.63
Intangible assets	282,022,348.35	273,300,665.18
Goodwill	14,729,743.72	14,729,743.72
Long-term deferred expense	63,580,813.83	62,647,700.30
Deferred income tax assets	18,967.40	3,947.20
Other non-current assets	128,074,640.13	33,408,936.27
Total non-current assets	11,926,180,539.04	11,155,059,293.35
Total assets	23,454,477,030.05	22,469,059,119.69

	2025	2024
Liabilities and shareholders' equity		
Current liabilities:		
Short-term borrowings	480,000,000.00	1,099,208,325.00
Derivative financial liabilities	23,442,923.01	22,933,605.53
Trade payables	2,507,237,897.07	1,944,826,361.47
Contract liabilities	105,034,041.70	83,966,177.28
Payroll payable	347,541,521.89	382,554,985.30
Taxes payable	11,210,979.23	10,265,498.17
Other payables	4,370,889,026.20	4,221,172,934.36
Non-current liabilities due within one year	<u>503,822,772.11</u>	<u>1,298,418,068.57</u>
Total current liabilities	<u>8,349,179,161.21</u>	<u>9,063,345,955.68</u>
Non-current liabilities:		
Long-term borrowings	2,585,692,361.13	1,893,927,910.51
Lease liabilities	2,757,096,229.15	2,569,441,411.31
Long-term payables	9,376,579.27	119,390,053.32
Deferred income	<u>825,521,354.99</u>	<u>824,600,734.60</u>
Total non-current liabilities	<u>6,177,686,524.54</u>	<u>5,407,360,109.74</u>
Total liabilities	<u><u>14,526,865,685.75</u></u>	<u><u>14,470,706,065.42</u></u>

	2025	2024
Shareholders' equity:		
Share capital	388,875,636.00	388,875,636.00
Capital reserve	2,245,986,442.45	2,245,558,795.97
Less: Treasury shares	108,110,464.50	—
Other comprehensive income	(169,302.68)	—
Retained earnings	162,910,245.33	162,910,245.33
Undistributed profits	<u>6,165,280,077.84</u>	<u>5,082,018,795.22</u>
Total equity attributable to owners of the parent	8,854,772,634.44	7,879,363,472.52
Minority interests	<u>72,838,709.86</u>	<u>118,989,581.75</u>
Total shareholders' equity	<u>8,927,611,344.30</u>	<u>7,998,353,054.27</u>
Total liabilities and shareholders' equity	<u><u>23,454,477,030.05</u></u>	<u><u>22,469,059,119.69</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB)

I. BASIC INFORMATION OF THE COMPANY

The Company is a joint stock company established in Chengdu, Sichuan Province, with its headquarters located in Chengdu, Sichuan Province. The Company's parent company and ultimate holding company is 四川德康控股集團有限公司 (Sichuan Dekon Holding Group Co., Ltd.), and its ultimate actual controller is Mr. Wang Degen.

The Company and its subsidiaries are principally engaged in the breeding and sale of market hogs, breeding pigs, market piglets and boar semen; breeding and sale of yellow-feathered broilers, chicks and eggs; and providing ancillary products such as fresh meat, ingredients and others.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company prepared its financial statements on a going concern basis.

1. Trade receivables

	2025	2024
Receivables from related companies	3,504,954.78	—
Receivables from third-party companies	41,241,759.24	11,715,382.04
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Subtotal	44,746,714.02	11,715,382.04
Less: Provision for bad debts	727,658.73	294,581.38
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Total	44,019,055.29	11,420,800.66
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The analysis of trade receivables by ageing is as follows:

	2025	2024
Within 1 year (including 1 year)	43,523,282.41	10,546,004.50
1 to 2 years (including 2 years)	221,515.31	779,075.81
2 to 3 years (including 3 years)	764,747.23	241,727.07
Over 3 years	237,169.07	148,574.66
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Subtotal	44,746,714.02	11,715,382.04
Less: Provision for bad debts	727,658.73	294,581.38
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Total	44,019,055.29	11,420,800.66
	<hr/> <hr/>	<hr/> <hr/>
2. Prepayments		
	2025	2024
Advances to suppliers	162,246,931.10	44,372,584.23
Other expenses	72,144,618.59	33,253,727.78
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Total	234,391,549.69	77,626,312.01
	<hr/> <hr/>	<hr/> <hr/>
3. Other receivables		
	2025	2024
Interest receivable	71,404,609.46	17,718,157.24
Other	87,268,140.42	111,619,534.51
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Total	158,672,749.88	129,337,691.75
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4. Other current assets		
	2025	2024
Deductible input tax	120,533,401.47	83,529,831.02
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5. Trade payables		
	2025	2024
Purchase payments	1,329,957,864.77	1,061,747,587.45
Farming fees	1,165,309,292.17	866,797,402.50
Others	11,970,740.13	16,281,371.52
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Total	2,507,237,897.07	1,944,826,361.47
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Trade payables are presented by age as follows:

	2025	2024
Within 1 year (including 1 year)	2,481,287,994.03	1,923,575,067.26
1 to 2 years (including 2 years)	12,454,715.57	12,137,521.49
2 to 3 years (including 3 years)	6,616,824.18	3,363,235.70
Over 3 years	6,878,363.29	5,750,537.02
Total	<u>2,507,237,897.07</u>	<u>1,944,826,361.47</u>

6. Payroll payable

	2025	2024
Short-term remuneration	347,429,135.40	382,442,959.69
Post-employment benefits — Defined contribution scheme	112,386.49	112,025.61
Total	<u>347,541,521.89</u>	<u>382,554,985.30</u>

7. Share capital

	2025	2024
Total number of shares	<u>388,875,636.00</u>	<u>388,875,636.00</u>

8. Profit distribution and undistributed profit at the end of the year

Cash profits distributed during the year:

On 22 April 2025, a dividend for the year ended 31 December 2024 totalling RMB349,988,072.40, equivalent to RMB0.9 per share (2024: RMB nil) was approved by shareholders at the Company's annual general meeting.

9. Operating revenue and operating cost

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Principal business	23,114,598,559.57	19,963,964,310.98	22,437,479,948.11	17,278,821,029.32
Other businesses	44,425,339.82	12,514,494.95	26,550,496.21	13,636,817.43
Total	<u>23,159,023,899.39</u>	<u>19,976,478,805.93</u>	<u>22,464,030,444.32</u>	<u>17,292,457,846.75</u>
Including: Revenue arising from contracts	23,159,023,899.39	19,976,478,805.93	22,464,030,444.32	17,292,457,846.75

10. Management fees

	2025	2024
Employee compensation	566,968,719.05	519,020,764.70
Insurance premiums	378,261,816.91	342,317,383.76
Depreciation and amortisation	118,590,447.46	142,420,026.82
Material costs	63,004,649.01	66,010,493.25
Agency service fees	30,545,885.12	46,574,034.21
Vehicle expenses	24,919,675.06	26,647,755.39
Travel expenses	23,018,620.36	21,177,589.30
External labour costs	17,353,223.31	19,176,726.21
Office expenses	13,906,608.87	11,525,787.92
Others	71,337,779.40	73,618,033.95
Total	<u>1,307,907,424.55</u>	<u>1,268,488,595.51</u>

The Group's audit fees for the consolidated financial statements in 2025 amounted to RMB3,600,000.00 (2024: RMB3,600,000.00), with fees for the interim review, audit of subsidiaries' financial statements, and ESG advisory services in 2025 amounting to RMB2,320,000.00 (2024: RMB2,020,000.00).

11. Financial expenses

	2025	2024
Interest expense on borrowings	111,695,675.80	232,751,019.11
Interest expense on lease liabilities	169,246,394.47	189,055,060.14
Less: Interest expense capitalised	<u>3,179,229.36</u>	<u>20,382,585.37</u>
Net interest expense	277,762,840.91	401,423,493.88
Interest income	(81,402,906.53)	(38,609,623.59)
Net exchange losses/(gains)	12,300.53	(7,460,724.44)
Other financial expenses	<u>8,262,776.64</u>	<u>16,636,456.55</u>
Total	<u>204,635,011.55</u>	<u>371,989,602.40</u>

12. Income tax expenses

	2025	2024
Income tax for the year	712,936.97	77,938.04
Changes in deferred income tax	<u>(15,020.20)</u>	<u>10,350.24</u>
Total	<u>697,916.77</u>	<u>88,288.28</u>

13. Basic earnings per share

	2025	2024
Consolidated net profit attributable to ordinary shareholders of the Company	1,433,249,355.02	3,159,889,896.08
Weighted average number of ordinary shares outstanding of the Company	<u>388,750,223.00</u>	<u>388,875,636.00</u>
Basic earnings per share (RMB/per share)	3.69	8.13

MANAGEMENT DISCUSSION AND ANALYSIS

I. Company Profile

Company Introduction

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

Our business consists of three segments, namely pig, poultry and ancillary products, with the pig and poultry segments being our core business. Products of our pig segment mainly include market hogs, breeding pigs, market piglets and boar semen. Products of our poultry segment mainly include yellow-feathered broilers, chicks and eggs. Products of our ancillary products segment mainly include fresh meat, feed ingredients and others. In addition to breeding and farming of pigs and yellow-feathered broilers at our own facilities, in line with the Group'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, achieving efficient 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 farms by ourselves and employ personnel 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 centrally provide chicks, feed, medicines and technical support; Poultry Farming Base model is a model under which we build farming facilities by ourselves and introduce farm owners to conduct operations 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. The primary customers of our slaughtered products are butchers in farmers' markets, distributors of school meals, fresh supermarket distributors and food processing factories.

II. Market Overview

Pig Industry

In 2025, the pig industry was in the stage of bottoming out during the cycle. The market overall presented a high-supply situation. According to data from the National Bureau of Statistics, the total number of slaughtered pigs in 2025 reached 719.73 million, an increase of 17.16 million from 2024, representing a year-on-year growth of 2.4%. At the end of the year, the pig inventory stood at 429.67 million, an increase of 2.24 million from the end of the previous year, representing an increase of 0.5% from the end of the previous year. Among this, the inventory of breeding sows was 39.61 million, a year-on-year decrease of 2.9%, yet it remained at 101.6% of the normal inventory level. Pork consumption remained generally stable, with seasonal fluctuations having a limited effect on price support. Affected by the supply-demand pattern, pig prices fluctuated and trended downward throughout the year, with the industry being in a loss-making state for most of the time. Entities with higher costs accelerated their exit, driving a further increase in industry concentration. At the policy level, the orientation was to guide capacity optimisation and the healthy development of the industry. Against this backdrop, significant differences emerged in cost control capabilities within the industry. Enterprises with ample cash flow and asset-light operations demonstrated greater resilience in adapting to industry cycle fluctuations, laying the foundation for the subsequent adjustments in this cycle.

Yellow-Feathered Broiler Industry

In 2025, the yellow-feathered broiler industry exhibited a growth trajectory of “first suppression and then recovery”. The first half of the year was characterised by weak performance in the end-consumer market, attributable to the macroeconomic environment and a slower-than-anticipated consumption recovery. Coupled with breeding stock capacity remaining at historically high levels, this led to temporary oversupply, keeping prices persistently low and pushing the breeding segment broadly into loss-making territory. From August onwards, prices gradually rebounded, driven by the progress in capacity reduction and an increase in seasonal demand. The market structure continued to evolve, with the development trend of intensification and standardization persisting. Small and medium-sized independent farms continued to exit the market. Leading enterprises further capitalised on their advantages in biosecurity control, breeding efficiency, and cost management. The industry’s “the strong get stronger” dynamic became further entrenched and the market share of leading players is expected to continue expanding.

Slaughtering and Processing Industry

The year 2025 marked a critical period for the transformation and upgrading of the slaughtering and processing industry, with market scale growing steadily. Profitability in the slaughtering segment rebounded to multi-year highs, incentivising leading enterprises to accelerate their capacity expansion. The industry as a whole accelerated its transformation towards larger scale, intelligence, and standardisation. Increasingly stringent environmental protection and food safety policies further raised the barriers to entry, creating a competitive landscape characterised by “coexistence of overall overcapacity and improved capacity utilisation among leading players”.

III. Operating Results

In 2025, supported by the four foundational pillars of systems, organisation, talent, and culture, the Group achieved steady operational development amidst cyclical fluctuations in the livestock and poultry breeding industry and intensifying market competition through initiatives including strengthening lean management, achieving core breakthroughs in independent breeding, upgrading disease control management, and pursuing synergistic development via the asset-light operation model. The pig segment demonstrated industry-leading performance in scale, cost, profitability, and cash flow. Notable results were also achieved in empowering farmers and assisting them in increasing income. The poultry segment bottomed out and showed a positive recovery trend, while the slaughtering and food segment expanded steadily with enhanced value creation. The Group’s overall risk resilience and capacity for sustainable development were further strengthened, laying a solid foundation for continued high-quality growth and sustaining its momentum in deeply uniting with and supporting farmers, thereby contributing to rural revitalisation.

(I) Pig Segment

During the Reporting Period, the pig segment remained the Group's primary source of revenue and profit, accounting for 81.2% of total revenue and serving as the core growth engine. Annual revenue from pig segment amounted to RMB18,807.49 million, representing a year-on-year increase of 2.9%. Annual hog sales volume reached 10,827.98 thousand heads, representing a year-on-year increase of 23.3%. The average selling price of commercial pigs was RMB13.74 per kilogram, representing a year-on-year decrease of 17.7%, primarily due to the persistently depressed hog market conditions. Despite these challenges, the Company successfully navigated the adverse environment by fully leveraging a series of initiatives, including lean management, the effective translation of breeding achievements, and the operation of its asset-light model, to achieve substantial cost reduction. During the Reporting Period, the fully loaded cost of hogs continued to optimise with profit per head and profitability efficiency remaining industry-leading. Supported by strong cash flow, the Group's ability to navigate cyclical downturns was further enhanced.

1. Lean Management Achieves Significant Cost Reduction

Faced with market challenges, the Group has integrated lean management throughout its entire operation chain and established a full-value-chain cost control system covering frontline production to functional back offices. On the production side, by strengthening basic feeding management, improving labor efficiency, and achieving significant improvements in key technical indicators such as PSY (piglets weaned per sow per year) and MSY (market hogs per sow per year), the Group has substantially reduced the cost of weaned piglets and the full cost of fattening. On the management side, the Group has fully implemented a special campaign for refined expense control and imposed rigid budget constraints, achieving systematic reductions in non-productive costs. Driven by the dual engines of "production cost reduction" and "management expense control", the Group successfully achieved significant cost optimization during the industry downturn.

2. Continuous Strengthening of Core Barriers in Independent Breeding

Relying on two national core pig breeding farms, the Group has upgraded its whole-genome selective breeding technology. Key production performance indicators of the core herd have steadily improved, with continuous optimization in growth efficiency, feed conversion rate and health level, providing solid germplasm support for breeding cost control and production efficiency improvement at the source. During the Reporting Period, the average total litter size of the Group's independently bred Dekon II maternal line reached 18.5 piglets. The adjusted age of terminal

sires at 100kg was within 123 days. The annual efficiency increase per parent sow reached RMB2,000, with an annual feed reduction of 92kg per head. This has significantly lowered breeding costs at the source.

3. Leading Disease Eradication Management in the Industry

Disease eradication and biosafety control have become important guarantees for the steady operation of the pig sector. During the Reporting Period, all core breeding farms and boar stations of the Group achieved double-negative PRRS eradication, ranking first in the industry in terms of the number of disease-free farms. All core farms and multiplier farms have completed the eradication of pseudorabies and classical swine fever. By eradicating sources of infection and cutting off transmission routes, the Group has safeguarded the health of its pig herds, reducing the incidence of illness and disease. This has significantly lowered disease loss rates, building a solid safety barrier for improving breeding efficiency and achieving significant cost optimization.

4. Sustained Release of Social and Economic Benefits from Uniting with and Supporting Farmers

The Group has continued to deepen the cooperation mechanism of “uniting with and supporting farmers”, empowering farmers with technologies across the entire breeding process, and realizing efficient replication at an appropriate scale with low capital input and high asset turnover. In particular, the Group’s unique No. 2 Farm Model, which “teaches farmers to raise sows”, builds in-depth interest linkage through technology output, joint standard establishment and risk sharing. It is highly consistent with the No. 1 Central Document. During the Reporting Period, the number of farmers cooperating in the No. 2 Farm Model, absolute slaughter volume and average agency feeding fee recorded notable increases, laying a foundation for medium- and long-term large-scale and standardized development.

5. Building a Solid Talent Foundation through the Training System

The Group is dedicated to cultivating new types of agricultural business entities and stimulating the vitality of rural talent, thereby injecting fresh energy into sustainable rural development and building a reserve of key personnel. Through management and technology empowerment, the Group strives to transform traditional farmers into new-type professional farmers equipped with technical and managerial skills. During the Reporting Period, the Group’s farming team conducted specialized training for cooperative farmers, reaching over 82,000 participants. Over the past three years, the cumulative training attendance has exceeded 210,000, effectively improving

farmers' breeding efficiency and reducing breeding risks. Additionally, the Group's training base for the "Hundred Villages and Million Pigs (百村百萬)" project officially put into operation at the end of the Reporting Period, which has the capacity to cultivate more than 300 new-type farm owners annually. This initiative plays a significant role in increasing farmers' income and achieving industrial revitalization.

(II) Poultry Segment

During the Reporting Period, the Group's poultry segment generated revenue of RMB2,929.96 million, representing a year-on-year decrease of 10.6%. Sales volume reached 88,136.9 thousand birds, remaining essentially flat year-on-year. The average selling price was RMB13.66/kg, representing a year-on-year decrease of 12.2%, primarily due to industry supply-demand imbalance and low product prices.

In response to the industry downturn, the Group proactively sought changes. First, the Group comprehensively strengthened refined operations and upgraded its production management system, strictly controlling losses and expenses at each aspect to achieve significant cost reduction and efficiency improvement. Meanwhile, the Group precisely capitalized on market recovery windows during traditional festivals such as the Mid-Autumn Festival, National Day, and the Spring Festival. Second, the Group flexibly adjusted its product structure. While stabilizing its high-end core business, it developed cost-effective products tailored to mass consumption, accelerated the expansion of diversified sales channels, and adopted an order-driven production model. Third, the Group solidified its quality moat by deepening its core breeding technology and continuously improving premium varieties, so as to ensure the core competitiveness of its products in the high-end market.

Benefiting from the synergistic effects of these multi-faceted measures, the segment's operational performance demonstrated a positive momentum of "quarter-by-quarter improvement", and recorded profit in the fourth quarter, effectively offsetting the pressure from losses in the first three quarters. As a result, the full-year loss narrowed significantly, and the operational resilience was continuously strengthened.

(III) Ancillary Products Segment

During the Reporting Period, revenue from the ancillary products segment amounted to RMB1.422 billion, representing a year-on-year increase of 55.25%, primarily driven by growth in the slaughtering business. In 2025, the slaughtering volume amounted to 844 thousand heads, representing a year-on-year increase of 93%.

In 2025, the slaughtering business focused on enhancing both operational quality and efficiency. First, it adhered to a production model driven by sales orders, achieving a breakthrough improvement in capacity utilization. Second, it comprehensively implemented lean management, exercising refined control over production costs, labor efficiency, and energy consumption. Through these internal and external efforts, the segment achieved significant loss reduction, with the loss margin continuously narrowing, accelerating its progress towards the breakeven point. Although the slaughtering and fresh food business is still in a strategic investment phase, its strategic value as a key link in the entire industrial chain has begun to increasingly manifest.

IV. Financial Review

Since its listing, the Company has been preparing its financial statements and conducting information disclosure in accordance with the International Financial Reporting Standards (“IFRS”), which are generally adopted in Hong Kong. Pursuant to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” published by the Stock Exchange in December 2010, issuers incorporated in Chinese Mainland and listed in Hong Kong may prepare their financial statements in accordance with the China Accounting Standards for Business Enterprises.

Based on the above policy provisions, and with reference to the common practices of comparable listed companies in the same industry that have adopted the China Accounting Standards for Business Enterprises, considering that the Company primarily conducts its business in Chinese Mainland, and in order to enhance work efficiency, the preparation of the Company’s financial statements has been reviewed and approved at the first extraordinary general meeting of 2026 held on 11 February 2026 to adopt the China Accounting Standards for Business Enterprises and relevant regulations promulgated by the Ministry of Finance of China, commencing from the year ended 31 December 2025.

Due to differences in certain accounting policies and recognition and measurement methods between the China Accounting Standards for Business Enterprises and IFRS, the effects of the transition from IFRS to the China Accounting Standards on the Group’s net profit and shareholders’ equity are as follows:

Unit: RMB

	Net profit		Net assets	
	2025	2024	2025	2024
Calculated under the China Accounting Standards	1,421,611,522.42	3,268,926,946.79	8,927,611,344.30	7,998,353,054.27
Calculated under the IFRS	531,708,704.81	4,201,707,319.48	8,624,696,328.39	8,585,340,855.96
Differences	889,902,817.61	(932,780,372.69)	302,915,015.91	(586,987,801.69)

The above discrepancies are mainly attributable to the differences between the Chinese Accounting Standards for Business Enterprises and the IFRS in certain accounting treatments, which are primarily related to the fair value measurement of biological assets and the associated accounting treatments. Overall, no material and substantive changes have occurred to the Group's financial position and results of operations as a result of the change in accounting standards.

Revenue

In 2025, our revenue was RMB23,159.0 million, representing an increase of 3.1% as compared with RMB22,464.0 million in 2024. It was mainly attributable to increase in revenue for our pig segment.

Cost of Sales

In 2025, our cost of sales was RMB19,976.5 million, representing an increase of 15.5% as compared with RMB17,292.5 million in 2024. It was mainly attributable to the increase in the sales volume of market hogs and poultry during the year.

Gross Profit Margin

Our overall gross profit margin decreased from 23.0% in 2024 to 13.7% in 2025. It was mainly attributable to a decrease in the average selling price of market hogs from RMB16.70 per kilogram in 2024 to RMB13.74 per kilogram in 2025, representing a decrease of approximately 17.7%, and a decrease in the average selling price of market broilers of approximately 12.2% compared to 2024.

Selling Expenses

In 2025, our selling expenses amounted to RMB103.4 million, representing an increase of 1.9% as compared with RMB101.5 million in 2024. It was mainly attributable to the increase in remuneration for sales staff.

Administrative Expenses

In 2025, our administrative expenses amounted to RMB1,307.9 million, representing an increase of 3.1% as compared with RMB1,268.5 million in 2024. It was mainly attributable to the rise in remuneration for management personnel and the increase in insurance expenses driven by business expansion.

Finance Costs

In 2025, our finance costs amounted to RMB204.6 million, representing a decrease of 45.0% as compared with RMB372.0 million in 2024, mainly due to the reduction in interest expenses on bank loans, resulting from a decrease in total loan amount and a cut in interest rates, and the increase in interest income from bank deposits, driven by a rise in deposit size.

Other Gains

In 2025, our other gains were RMB101.7 million, representing a decrease of 16.8% as compared with RMB122.3 million in 2024. It was mainly attributable to the recognition of more government grants related to income in 2024.

Profit for the Year

For the reasons above, we recorded a profit of RMB1,421.6 million in 2025, as compared with a profit of RMB3,268.9 million in 2024.

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

Save as disclosed in this announcement, the Group had neither any other significant investments nor significant acquisitions and disposals of the relevant subsidiaries, associates and joint ventures in 2025.

Major Financial Ratios

The financial ratios of the Group as of 31 December 2025 and 31 December 2024 are set forth below:

	31 December 2025	31 December 2024
Return on equity ⁽¹⁾	15.9%	40.9%
Return on total assets ⁽²⁾	6.1%	14.5%
Current ratio ⁽³⁾	1.4	1.2
Quick ratio ⁽⁴⁾	0.64	0.65
Gearing ratio ⁽⁵⁾	71.0%	87.3%
Debt-to-equity ratio ⁽⁶⁾	22.4%	31.1%
Interest coverage ⁽⁷⁾	8.0	9.8

Notes:

- (1) Equals profit/loss for the year divided by the closing balance of total equity as of the balance sheet date and multiplied by 100%.

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

Analysis on Capital Resources

Liquidity and Capital Resources

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

As of 31 December 2025, our cash and cash equivalents were approximately RMB4,333.5 million (31 December 2024: approximately RMB4,492.0 million). Such decrease in cash and cash equivalents was primarily attributable to the repayment of some loans.

As of 31 December 2025, our current ratio was 1.4 (31 December 2024: 1.2).

As of 31 December 2025, our unused bank facility was RMB5,383.8 million.

EBITDA and Cash Flow

Our operation capital mainly came from cash generated from operation activities, investing activities and bank borrowings. 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 2025, the EBITDA of the Group was RMB2,513.7 million (2024: RMB4,552.5 million).

In 2025, net cash generated in our operating activities was RMB2,530.7 million (generated during 2024: RMB5,361.8 million). Net cash used in our investing activities was RMB966.9 million (used during 2024: RMB1,557.3 million), including RMB1,752.7 million for the purchase and construction of fixed assets, intangible assets, bearer biological assets, and other long-term assets (2024: RMB935.4 million). Net cash used in our financing activities was RMB1,721.7 million (used during 2024: RMB1,864.8 million). In summary, in 2025, our net decrease in cash and cash equivalents was RMB158.4 million.

Capital Structure

As of 31 December 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 31 December 2025, the Group had bank loans and other loans balance of approximately RMB3,450.6 million (31 December 2024: approximately RMB4,285.9 million). The annual interest rate on bank loans ranged from 2.16% to 3.70% (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:

	31 December 2025	31 December 2024
	<i>(RMB in million)</i>	<i>(RMB in million)</i>
Within 1 year	856	2,273
1 to 2 years	1,755	519
2 to 5 years	733	1,403
Over 5 years	107	91
Total	3,451	4,286

Note:

1. The EBITDA of the Group refers to the aggregate amount of profit/loss for the period, 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.

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

	31 December 2025	31 December 2024
	<i>(RMB in million)</i>	<i>(RMB in million)</i>
Fixed-rate borrowings	378	1,517
Variable-rate borrowings	<u>3,073</u>	<u>2,769</u>
Total	<u>3,451</u>	<u>4,286</u>

As of 31 December, 2025, the Group had net assets of approximately RMB8,927.6 million (31 December 2024: net assets of approximately RMB7,998.4 million). Net debts¹ of the Group amounted to approximately RMB2,002.4 million (31 December 2024: approximately RMB2,488.4 million), while the net debt-to-equity ratio was approximately 22.4% (31 December 2024: approximately 31.1%).

Pledge of Assets

As of 31 December 2025, part of the Group's interest-bearing borrowings was secured by property, plant and equipment with book value of RMB238.5 million (31 December 2024: RMB251.8 million).

Contingent Liabilities

As of 31 December 2024 and 2025, the Group had no significant contingent liabilities.

Note:

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

Capital Expenditure

Our capital expenditure primarily comprised of expenditures for the construction and upgrades of our production and ancillary facilities. We funded our capital expenditures primarily with borrowings and operating activities. In 2025, the Group's capital expenditure was RMB1,752.7 million (2024: RMB935.4 million). The following table sets forth our capital expenditure for the years indicated:

	2025	2024
	<i>(RMB in million)</i>	<i>(RMB in million)</i>
Purchase and construction of fixed assets, intangible assets, productive biological assets and other long-term assets	<u>1,753</u>	<u>935</u>
Total	<u>1,753</u>	<u>935</u>

In 2025, our demand for capital expenditure mainly came from expenses related to the acquisition and self-cultivation of productive biological assets, and project payables arising from the construction of slaughterhouses, feed mills and breeding farms for food business.

Capital Commitment

Capital commitment of the Group is mainly related to the purchase of property, plant and equipment in connection with our production. As of 31 December 2025, capital commitment of the Group was RMB898.6 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 book value of our biological assets was RMB6,899.9 million as of 31 December 2025 and RMB5,870.9 million as of 31 December 2024.

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. As at 31 December 2025, the Group's bank deposits from the public offer amounted to HK\$207.1 million.

The Group does not hedge against any fluctuation in foreign currencies in 2025.

V. Human Resources and Organizational Development

1. Overview of Employees

As of 31 December 2025, the Group had a total of 11,363 employees (2024: 10,475 employees), most of whom were located in Chinese Mainland. During the Reporting Period, the total number of employees increased by 8.5% year-on-year, primarily due to the expansion of the core business team and the introduction of digital intelligence professionals. We continued to optimize our talent structure by focusing on increasing the proportion of highly skilled professionals and R&D technical personnel to support the collaborative development strategy of the entire industrial chain.

2. Remuneration and Incentive System

The Company implements a performance-oriented comprehensive remuneration strategy, with remuneration levels comprehensively considering job value, individual performance, industry benchmarks and the Company's operational results. Incentive mechanism: An incentive matrix combining short, medium and long-term plans has been established, including an annual profit-sharing plan and an equity incentive plan, ensuring alignment of the core team's long-term interests with the Company's. Governance supervision: The Remuneration Committee regularly reviews the strategic alignment of the remuneration structure and, based on market standards and performance evaluation results, proposes recommendations to the Board regarding the remuneration of Directors and senior management. Compliance assurance: The Company strictly adheres to national labor laws and regulations, contributes to social insurance and housing provident funds for all employees, and provides supplementary commercial insurance to effectively manage labor compliance risks.

Total remuneration: In 2025, the total employee remuneration amounted to approximately RMB1,705.4 million (2024: RMB1,559.2 million).

3. *Talent Development and Organizational Effectiveness*

In response to industry cycle fluctuations and technological changes, the Company adheres to a dual-wheel drive strategy of “internal cultivation + external talent acquisition”: Talent pipeline development: The Company deepens the “management + professional” dual-channel development mechanism and implements a leadership succession plan to ensure a stable supply of talent for key positions. Practical empowerment: Focusing on business pain points, the Company promotes a “training + combat” integrated development model. In 2025, the cumulative number of participants in employee training sessions exceeded 310,000, significantly enhancing the professional skills and personnel efficiency of frontline teams. Digital and intelligent transformation: The Company introduces specialized AI and systematic management experts to drive the “AI + management” transformation. Through digital tools, the Company has achieved iterative upgrades in management processes, significantly improving organizational decision-making efficiency and responsiveness, thereby providing a solid organizational foundation for the implementation of the Company’s long-term strategy.

VI. Significant Risks and Uncertainties

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

1. *Price Volatility Risk*

Risk description: The Group’s operating results are highly dependent on the selling prices of pig and poultry products, which are influenced by multiple factors such as supply and demand dynamics, feed costs, macroeconomic conditions and consumption cycles, and therefore exhibit significant cyclical and periodic fluctuations. In 2025, the pig industry was in a volatile downward cycle, with eased supply and demand conditions putting downward pressure on prices. In the poultry industry, the phased release of production capacity resulted in mild price fluctuations and a narrowing of breeding profit margins. If the industry cycle continues to decline in the future, or if market prices of the Group’s products remain depressed, the Group may face risks such as a decline in sales revenue, deterioration in operating results or even losses. In addition, corn and soybean meal, which are key feed raw materials, are subject to significant price fluctuations due to uncontrollable factors such as output levels, weather conditions and volatility in international markets. Such fluctuations may directly affect the profitability of the Group’s breeding operations.

Mitigation measures: to address price volatility, the Group has adopted a multi-dimensional risk management strategy:

Operational efficiency enhancement and financial hedging: the Group continuously improves operational efficiency to lower cost, while moderately utilising financial derivatives to hedge against fluctuations in pig selling prices and raw material prices.

Feed cost control system: the Group has established a comprehensive technical system for feed cost control and implements a value-based raw material procurement strategy. By promoting the use of high-efficiency enzyme preparations, low-protein diet technology, and low-corn/low-soybean meal diet technology, the Group is able to quickly and flexibly adjust its formulation structures and procurement strategies in response to significant increases in raw material prices, thereby effectively mitigating the impact of cost fluctuations on profitability.

2. *Animal Epidemic Risk*

Risk description: Animal epidemics represent a major threat to the livestock and poultry breeding industry. Although the Group has established a stringent biosecurity system, the risk of disease outbreaks cannot be completely eliminated. In the hog breeding segment, African swine fever remains sporadic and regionally distributed, while diseases such as porcine reproductive and respiratory syndrome (PRRS), porcine circovirus and porcine epidemic diarrhoea (PED) may also occur occasionally. In the poultry breeding segment, diseases such as highly pathogenic avian influenza and Newcastle disease are characterised by rapid transmission and high mortality rates. If a serious epidemic were to occur at the Group's breeding bases, it could directly lead to a reduction in stock volume and slaughter volumes, resulting in substantial costs associated with disease prevention and control, culling and harmless disposal, and potentially affect product sales due to consumer panic in the market. Although the Group did not incur any material losses due to animal epidemics during the Reporting Period, the sudden and contagious nature of such diseases may still pose potential adverse impacts on the Group's production and operations.

Mitigation measures: The Group has established a comprehensive disease prevention and control barrier:

Physical barriers and site selection standards: We strictly enforce biosecurity protocols for farm site selection. We build a robust physical defense line for epidemic prevention through measures such as optimizing topography and terrain, implementing separation of clean and contaminated roads, and maintaining safe distances.

Differentiated eradication and monitoring: We formulate differentiated eradication plans based on the epidemiological characteristics of different diseases. We implement rigorous immune prevention, pathogenic testing, and antibody monitoring mechanisms. We achieve disease eradication through measures such as weeding out infected animals and through separate breeding of separate herds.

Environmental control and scientific immunisation: We comprehensively upgrade the environmental control equipment of the farm house to stabilise air quality and temperature and humidity in the farm houses and reduce the disease triggers. We formulate scientific immunisation procedures according to different seasonal and regional characteristics and strictly adhere to operation standard to ensure that vaccine immunisation is fully in place.

3. *Food Safety Risks*

Risk description: Food safety is the lifeline of the food industry and is highly sensitive to regulation and public attention. The Group has an extensive industrial chain, encompassing multiple segments such as breeding, feed, slaughtering, processing, and distribution. Lapses in control at any point can trigger food safety risks. Furthermore, food safety incidents are sudden and highly contagious; even industry-wide negative events or incidents not directly caused by the Group can have a knock-on effect on the Group's reputation and operations. With tightening regulatory standards, heightened consumer awareness, and changes in the public opinion environment, the complexity and uncertainty of food safety compliance management are increasing.

Mitigation measures: The Group has established and continuously improves a whole-chain food safety management system:

Full-Process control: The management system covers key segments including raw material procurement, production processing, storage, and transportation. Regular internal audits and risk assessments are conducted to ensure all business units strictly adhere to unified food safety standards.

Personnel empowerment and traceability mechanism: We strengthen training and assessment of frontline employees to enhance awareness of standardized operations and emergency response capabilities. We establish a robust product traceability mechanism to ensure rapid identification and effective handling of abnormal situations.

Compliance and collaboration: We actively respond to government regulatory requirements, participate in the formulation of and exchange on industry standards, and continuously enhance overall risk control capabilities and public credibility.

VII. Outlook

I. Directors' Assessment of the Market Environment and the Company's Position

1. Assessment of the Market Environment and Trends

The Board anticipates that in 2026, the pig industry will remain in a phase characterized by both cyclical bottom volatility and structural adjustment.

Cost pressures: Prices of feed, influenced by global supply chains, are expected to remain volatile at high levels, placing extremely high demands on enterprises' procurement coordination and feed formulation technologies. Normalization of animal diseases: The prevention and control of major animal diseases have entered a normalized phase; the robustness of biosecurity systems directly determines an enterprise's viability. Demand segmentation: Consumer demand is exhibiting clear stratification, with the mass market prioritizing cost-effectiveness, while the premium market shows a significantly increased willingness to pay for food safety, meat quality and flavor, and brand premiums.

Against this backdrop, the industry's competitive focus has shifted from simple scale expansion to a deep-seated contest of "cost control capabilities" and "whole-industry-chain coordination efficiency."

2. The Company's Strengths, Resources, and Market Position

Core strengths: The Group possesses an industry-leading proprietary intelligent breeding platform, a mature asset-light model that "uniting with and supporting farmers" and a digital management system covering the entire chain.

Resource endowment: We have accumulated production big data on a ten-million-unit scale, boast an experienced team of technical experts, and have established stable benefit-sharing mechanisms with a broad base of farmers.

Market position: As one of the industry leaders, we are in the top tier for pig production efficiency and cost control, demonstrating the resilience to navigate through market cycles.

3. Constraints, Challenges, and Risks Faced

Despite the aforementioned strengths, the Board is also keenly aware that in its pursuit of high-quality development, the Company still faces risks related to market price fluctuations, major animal diseases, raw material price volatility, and food safety and quality control.

Based on this, the Company's core strategic focus for 2026 is defined as "lean operations and quality-first." We will ensure the Company's stable operation and sustainable development in a complex market environment through measures such as aggressive cost reduction, business model innovation, technological innovation, and ecosystem collaboration.

II. Business Plans by Segment

(1) Pig Segment: Building Dual Advantages in Cost Leadership and Model Upgrading

The Group will build a technology-driven, lean-operated modern farming system through genetic breeding optimization, refined management, and model innovation, thereby consolidating its leading market position.

1. Production efficiency improvement and cost control

- Breakthrough in reproductive performance: Leveraging our proprietary intelligent breeding platform and genetic health purification program, we plan to elevate the number of piglets born per litter and the number of weaned piglets per litter to new heights. This will effectively reduce production costs at the source.
- Optimization of weaned piglet costs: By strengthening refined management in farrowing houses and significantly improving key indicators such as the weaning survival rate, we aim to reduce the cost per weaned piglet by approximately 15% compared to current levels, further solidifying our profitability foundation.
- Fattening efficiency breakthrough: We will comprehensively promote low-protein diets and dynamic precision feeding technologies, effectively optimising the fattening feed conversion ratio and improving the fattening marketability rate. This will minimise ineffective losses and enhance output profitability.
- Comprehensive cost target: Through the aforementioned extreme cost reduction across the entire chain, coupled with the reduction in feed unit costs achieved via procurement synergies, the Group is committed to controlling the fully loaded cost of hog sales at a level with industry-leading competitiveness. This ensures a sufficient safety margin even and profit potential at the bottom of the cycle.

2. Model leadership and asset-light development

- Deeply engaging in uniting with and supporting farmers: We will deeply practice our social responsibility, intensify the “Hundred Villages and Million Pigs” project, and comprehensively promote the standardised paradigm of “No. 2 Farms”.
- Empowering farmer transformation: Through technological empowerment, we will assist traditional farmers in transitioning into modern professional farmers equipped with technical knowledge and business acumen, achieving simultaneous enhancement of scaled development and standardised operations.
- Asset-light effect: Through the rapid replication of the asset-light model, we will further leverage economies of scale, significantly alleviate capital expenditure, and guide partners towards high-quality development.

3. Digital and intelligent transformation and risk hedging

- Management restructuring: Relying on the construction of smart pig farms and IT system upgrades, we will reshape our management digital intelligence system. This will propel a leap from “experience-driven” to “data decision” in breeding management, enabling precise cost control and real-time early warning across the entire chain.
- Futures-spot linkage: We will flexibly utilise financial derivative instruments such as hog futures to establish a scientific hedging mechanism. This will effectively hedge against the volatility risks of the hog cycle, smooth profit curves, and ensure operational stability.

(II) Poultry Segment: Structural Optimisation and Profit Breakthroughs

The Group will continue to focus on three key directions: “optimising structure, strengthening breeding, and reducing costs while improving quality”. We will adhere to a dual-track approach of low-cost, high-efficiency and high-quality premium.

- Performance indicator challenge: Through precision nutrition and formula optimisation, we will effectively drive down feed costs and significantly enhance cost competitiveness.

- High-value market breakthrough: We will focus on the layout of mid-to-high-end channels to increase market share in high-value products segments. Through product differentiation and value-added services, we will significantly enhance brand premium capacity, effectively offsetting the competitive impact from low-end products in the red-ocean market.
- Lean operations: We will fully implement a process management mechanism. Throughout the year, we plan to implement biosecurity technical transformation measures and improve breeding management standard operating procedures (SOPs). Through “multi-skilled personnel” optimisation, we will significantly reduce period expenses.

(III) Ancillary Products Segment: Whole Industry Chain Closure and Loss Reduction & Efficiency Enhancement

This segment will adhere to the principle of “increasing scale, reducing losses, training the team, and building the system”, accelerating the construction of a closed-loop whole industry chain of “hog breeding — slaughtering — deep processing”.

- With the substantial growth in slaughter volume and breakthrough in sales revenue, we will significantly enhance capacity utilisation.
- With the full commissioning of the 60,000-tonne food deep processing production line in Yibin, we will optimise product portfolios such as “Dezhen” and “Dewei” and increase the proportion of high-margin deep-processed products, thereby fully leveraging the strategic value of the industry chain regulator.

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 issued by 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) on 9 May 2025. On 23 May 2025, the Stock Exchange granted approval for the listing of and permission to deal in such H Shares. On 13 June 2025, the conversion of relevant Domestic Shares into H Shares was completed, and listing of such Shares on the Stock Exchange officially commenced on 16 June 2025. On 10 November 2025, the Company submitted another application to the CSRC in respect of the conversion of another batch of Domestic Shares into H shares. This batch of conversion is still subject to approvals from the CSRC, the Stock Exchange and other regulatory authorities. The exact number of shares and the listing arrangements have not been finalised. The Company will make further announcements in accordance with the

Listing Rules upon completion of the relevant approval procedures. For details, please refer to the Company's announcements dated 20 December 2024, 16 May 2025, 26 May 2025, 13 June 2025 and 10 November 2025.

For the period from 1 January 2026 to the approval date of the consolidated financial statements by the Board on 20 March 2026, there were no significant events that occurred in the Group.

EMPLOYEE

As at 31 December 2025, we had 11,363 employees (2024: 10,475 employees), all of whom were based in the PRC. Our success depends on our ability to attract, retain and motivate qualified employees. To this end, as part of our human resource strategy, we are committed to building a competitive talent team. We offer our employees competitive remuneration packages. Employee remuneration packages include salary, bonus and allowance. In accordance with PRC laws and regulations, we participate in social insurance schemes operated by relevant local government authorities and maintain mandatory pension contribution schemes, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for employees. We also pay housing provident fund contributions for our employees. In addition, we provide continuous education and training courses to our employees to improve their skills and develop their potential. We have also adopted evaluation programmes based under which employees can receive feedback. We promote strong employee relationships by providing various employee benefits and personal development support.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of 31 December 2025, the Company had not entered into any off-balance sheet arrangements.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2025 (2024: RMB0.9/share).

USE OF PROCEEDS FROM THE LISTING

The Company's H Shares were listed on the Main Board of the Stock Exchange on 6 December 2023. The net proceeds from the Global Offering were approximately HK\$952.5 million after deducting underwriting commissions and offering expenses paid or payable. Since the Listing Date up to 31 December 2025, the Group has utilised approximately HK\$745.6 million of the proceeds for the purposes set forth below:

Purpose	Allocation of net proceeds as stated in the Prospectus		Remaining net proceeds as of 31 December 2024	Revised allocation of net proceeds ⁽²⁾		Net proceeds utilised for the year ended 31 December 2025	Net proceeds utilised as at 31 December 2025	Remaining net proceeds as of 31 December 2025 ⁽¹⁾	Expected timeline for fully utilising unutilised net amount ⁽³⁾
	(%)	(HK\$ million)	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
Expanding the existing pigs and yellow-feathered broilers farming business	50.00%	476.3	95.3	40.00%	381	0	381	0 ⁽²⁾	N/A
Developing the food processing business	15.00%	142.9	0	25.00%	238.2	0	142.9	95.3 ⁽²⁾	by end of 2027
Investment in the R&D and information technology system	10.00%	95.3	33.3	10.00%	95.3	33.3	95.3	0	by end of 2026
Strategic investments or potential acquisitions	10.00%	95.3	95.3	10.00%	95.3	0	0	95.3	N/A
Repaying certain outstanding bank loans	5.00%	47.6	0	5.00%	47.6	0	47.6	0	N/A
Working capital and general corporate purposes	10.00%	95.3	32.0	10.00%	95.3	15.5	78.8	16.5	N/A
Total	100.00%	952.5	255.9	100.00%	952.5	48.8	745.6	207.1	

Note:

- (1) Numbers have been subject to rounding. Any discrepancy between the total and the sum of the amounts listed is due to rounding.
- (2) 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 Group'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 Group 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 Group, 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 proceeds and enhancing financial efficiency, on 29 September 2025, the Company resolved to reallocate the unutilised net proceeds of HK\$95.3

million (originally designated for the construction of the pig fattening farm in Chongqing) under the expansion of existing pigs and yellow-feathered broiler farming businesses as at 29 September 2025 to the expansion of the food processing business, for the following specific projects:

- (a) Construction of a 5,000-tonne cold storage facility and a fresh meat production line, with funding of HK\$39.4 million, expected to be utilised by the end of 2026.
 - (b) Construction of a comprehensive pig slaughtering and processing workshop and cold chain logistics facilities, with funding of HK\$55.9 million, expected to be utilised by the end of 2027.
- (3) Save for the proceeds from the Global Offering that have been utilised and reallocated as described above, the Company expects that the remaining unutilised net proceeds will continue to support the Group's business development plans and will be utilised gradually in accordance with the previously disclosed purposes and expected timetable. Such proceeds are currently fully deposited in the special fund-raising account opened by the Company.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Group's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations, to enhance the transparency of the Board, and to strengthen accountability to all shareholders.

The Group's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

On 6 October 2025, the Company announced the resignation of Ms. Liu Shan, a non-executive Director. Following Ms. Liu Shan's resignation, the composition of the Board and certain Board committees of the Company will temporarily fail to fully comply with the requirements of the Listing Rules and the terms of reference of the Audit Committee and Nomination Committee. Specifically, (1) the number of members of the Audit Committee will temporarily fall below the requirement under Rule 5.28 of the Listing Rules; (2) the Nomination Committee will temporarily fail to include a director of a different gender as required under code provision B.3.5 of the CG Code. In light of the above, Ms. Liu Shan will remain as a non-executive Director and the member of each of the Audit Committee and Nomination Committee until a suitable candidate can fill the vacancy. For further details, please refer to the announcement of the Company dated 6 October 2025.

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

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

Model Code for Securities Transactions

During the Reporting Period, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Supervisors, and the Group’s employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company’s securities. Specific enquiries have been made to all Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the Model Code during the Reporting Period.

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

Purchase, Sale or Redemption of the Listed Securities

A share repurchase mandate was approved at the annual general meeting of the Company held on 22 April 2025, and the repurchase announcement was issued on 29 September 2025, proposing to repurchase H shares at a cost of not more than HK\$500 million for the employee stock ownership plans and other purposes.

During the Reporting Period, the Company repurchased a total of 1,628,500 H Shares of the Company in issue on the Stock Exchange through open market transactions at an aggregate consideration of HK\$118,699,865.00 (equivalent to approximately RMB108,110,464.50) (excluding transaction costs), with prices ranging from HK\$67.95 to HK\$76.15 per Share. The total number of H Shares repurchased during the period represented approximately 1.271628% of the H Shares of the Company in issue as at the date of the passing of the share repurchase mandate at the annual general meeting held on 22 April 2025. All Shares repurchased during the Reporting Period are held as treasury shares. The repurchased H Shares will primarily be used for employee stock ownership plans or equity incentives, or for other purposes permitted by laws and administrative regulations. The Board believes that the share repurchases are conducive to the Company’s long-term development. On one hand, they serve to better incentivise employees; on the other hand, conducting share repurchases under the current market conditions demonstrates the Company’s confidence in its business development and prospects, ultimately benefiting the Company and creating value for shareholders.

Month of repurchase	Number of shares repurchased	Purchase price per share		Total price paid <i>HK\$</i>
		Highest price paid <i>HK\$</i>	Lowest price paid <i>HK\$</i>	
November	797,600	76.15	71.50	59,063,755.00
December	<u>830,900</u>	75.30	67.95	<u>59,636,110.00</u>
Total:	<u><u>1,628,500</u></u>			<u><u>118,699,865.00</u></u>

Save as disclosed above, during the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. Furthermore, as at 31 December 2025, the Company held 1,628,500 treasury shares. These treasury shares are intended for future potential share award schemes or equity incentive plans, or for cancellation at an appropriate time, subject to market conditions and the Company's capital management strategy. During the year ended 31 December 2025, the Company did not sell any treasury shares.

Minimum 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 annual results announcement.

Audit Committee and Review of Financial Information

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

The Audit Committee has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2025 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and KPMG Huazhen LLP, the auditor of the Company (“**KPMG Huazhen**”).

Scope of Work of KPMG Huazhen

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary results announcement have been agreed by the Group’s auditor, KPMG Huazhen, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by KPMG Huazhen in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG Huazhen on the preliminary results announcement.

Annual General Meeting

The 2025 annual general meeting (the “**AGM**”) of the Company will be held on Wednesday, 15 April 2026. A notice convening the AGM will be published on the website of the Stock Exchange at (www.hkexnews.hk) and the website of the Company at (www.dekanggroup.com) in due course in the manner prescribed by the Listing Rules.

Closure of Register of Members

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 10 April 2026 and Wednesday, 15 April 2026 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders should lodge all completed transfer documents accompanied by the relevant share certificates to the H Share Registrar of the Company at Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares), or to the Company’s registered office, at Unit 901–909, 9th Floor, Building 2, Chengdu East Aviation Centre, 32 Lingang Road, Shuangliu District, Chengdu, Sichuan Province, PRC (for holders of Domestic Shares) no later than 4:30 p.m. Thursday, 9 April 2026 for handling registration procedures. The record date for determining the entitlement to attend and vote at the AGM will be Wednesday, 15 April 2026.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.dekanggroup.com. The annual report of the Group for the year ended 31 December 2025 will be published on the aforesaid websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Wang Degen
Chairman of the Board and Executive Director

People's Republic of China, 20 March 2026

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. Chan Yuk Tong, Mr. Pan Ying and Mr. Zhu Qing.