



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah, The Most Gracious, The Most Merciful

28 November 2023 | 15 Jml. I 1445 AH

SHARIAH STATUS FOR INITIAL PUBLIC OFFERING (IPO) OF DEKON FOOD AND AGRICULTURE GROUP (2419)

We, Sharlife Sdn Bhd, a Registered Shariah Advisers (Corporation) under the Securities Commission Malaysia, focusing on Islamic Capital Market products, alternative assets as well as Islamic Social Finance, we hereby acknowledge as follows:

- Name: Dekon Food and Agriculture Group
- Stock Code: 2419
- IPO: Global Offering
- Exchange: Hong Kong Exchange
- Financial Statement Year Ended: 2022

We have conducted a comprehensive Shariah Screening of Dekon Food and Agriculture Group to determine the Shariah Status of its IPO. Due to the absence of a localized Shariah Screening Methodology in the region, we have adopted the Shariah Screening Methodology of the Shariah Advisory Council of the Securities Commission Malaysia which adopts a two-tier quantitative approach, which applies the business activity benchmarks and financial ratio benchmarks.

Based on our assessment conducted on the publicly available prospectus and to the best of our knowledge, we are of the opinion that the IPO of **Dekan Food and Agriculture Group (2419)** is **Non-Compliance with Shariah**.

Details of our assessment can be reviewed in **Appendix I**.

والله أعلم

Issued by,
Sharlife Sdn. Bhd.

A handwritten signature in black ink, appearing to read 'Arham', is written over a horizontal line.

Ustaz Arham Merican
Shariah Officer

Business Activity Benchmark Assessment

The contribution of Shariah non-compliant (SNC) activities to the Group revenue before taxation of the company will be computed and compared against the relevant business activity benchmarks.

Dekon Food and Agriculture Group is a rapidly growing livestock and poultry breeding and farming enterprise in China. They focus on the breeding and farming of pigs and yellow feathered broilers, with a vertically integrated industry chain that includes feed production.

Operating Revenue

Segment	Segment Revenue (RMB '000)	SNC Revenue	% SNC	Classification	Results
Sales of pigs	11,745,056	11,745,056	100.0%	Include market hogs, breeding pigs, market piglets and boar semen - subject to 5% benchmark	Failed
Sales of poultry	3,215,336	0	0.00%	Include yellow-feathered broilers and chicks	Passed
Sales of ancillary products	76,635	0	0.00%	Including sale of feed ingredients and others	Passed
TOTAL	15,037,0277	11,745,056	78.11%	Farming enterprise	Failed

Non-Operating Revenue

Segment	Segment Revenue (RMB '000)	SNC Revenue	% SNC	Classification	Results
Interest income	30,455	30,455	100.0%	Subject to 5% benchmark	Failed
Government grants	74,042	0	0.0%	N/A	Passed
Net/(loss) on disposal of interests in subsidiaries	66,274	0	0.0%	N/A	Passed
Change in fair value of financial assets	6,063	6,063	100.0%	Subject to 5% benchmark	Failed
TOTAL	176,834	36,518	20.7%	-	Failed

Revenue Classification	SNC Revenue
SNC Operating Revenue	11,821,691
SNC Non-operating Revenue	30,455
Total SNC Revenue	11,852,146
Total Revenue (Gross)	15,213,861
% SNC Revenue	77.9%
STATUS	FAILED

Financial Ratio Benchmark Assessment

Cash over total assets: Cash in Conventional Account or any prohibited Financial Instrument

Segment	Segment Amount (RMB '000)	Total Assets	% Ratio	Result
Cash and cash equivalents	2,843,255	19,300,457	16.9%	Within 33% limits
Restricted deposits	421,853			
Financial asset at FVPL	352,721			
TOTAL	3,265,108			PASSED

Debt over total assets: Interest-Bearing Debt

Segment	Segment Amount (RMB '000)	Total Assets	% Ratio	Result
Borrowings	6,895,781	19,300,457	46.7%	Within 33% limits
Lease liabilities	2,123,975			
Derivative financial instruments	2,485			
TOTAL	9,019,756			FAILED

IPO Shariah Status

Segment		Status
Business Activity Benchmark		FAILED
Financial Ratio Benchmark	Cash	PASSED
	Debt	FAILED
Result		FAILED

Disclosure

This research is free to our clients and is grounded in presently available public information that we deem reliable. It is crucial to note that this research does not constitute an offer to sell or a solicitation of an offer to buy any security, particularly in jurisdictions where such actions would be considered illegal. Furthermore, it does not serve as a personalized recommendation and does not consider the individual investment objectives, financial situations, or needs of specific clients.

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