The following is the text of a report, set out on pages [I-1] to [I-60], received from the Company's independent joint reporting accountants, Crowe (HK) CPA Limited and McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Crowe

McMillanWoods
Professionalism at the forefront

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FUJING HOLDINGS CO., LIMITED AND GRANDE CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of Fujing Holdings Co., Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages [I-4] to [I-60], which comprises the consolidated statements of financial position as at 31 December 2020, 2021 and 2022 and 30 September 2023 and the statements of financial position of the Company as at 31 December 2020, 2021 and 2022 and 30 September 2023 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023 (the "Track Record Period") and a summary of material accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-4] to [I-60] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "Document") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's consolidated financial position as at 31 December 2020, 2021 and 2022 and 30 September 2023, of the Company's financial position as at 31 December 2020, 2021 and 2022 and 30 September 2023 and of the Group's consolidated financial performance and consolidated cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Group comprising the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the

Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of the accountants' report, is not prepared, in all material aspects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

ADJUSTMENTS

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

DIVIDENDS

We refer to note 15 to the Historical Financial Information which states that no dividend has been paid by the group entities comprising the Group in respect of the Track Record Period.

NO STATUTORY FINANCIAL STATEMENTS FOR THE COMPANY

No statutory financial statements have been prepared for the Company since its date of incorporation.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, **[REDACTED]**

Chung Wai Chuen Alfred
Audit Engagement Director
Practising Certificate Number: P05444

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Hong Kong, **[REDACTED]**

Lo Ka Ki
Audit Engagement Director
Practising Certificate Number: P06633

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were prepared by the directors of the Company in accordance with accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and were audited by Crowe (HK) CPA Limited and McMillan Woods (Hong Kong) CPA Limited under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December									Nine months ended 30 September					
		2020			2021			2022			2022			2023		
	Notes	Results before biological assets fair value adjustments *RMB'000*	Biological assets fair value adjustments *RMB'000*	Total *RMB'000*	Results before biological assets fair value adjustments *RMB'000*	Biological assets fair value adjustments *RMB'000*	Total *RMB'000*	Results before biological assets fair value adjustments *RMB'000*	Biological assets fair value adjustments *RMB'000*	Total *RMB'000*	Results before biological assets fair value adjustments *RMB'000* (Unaudited)	Biological assets fair value adjustments *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)	Results before biological assets fair value adjustments *RMB'000*	Biological assets fair value adjustments *RMB'000*	Total *RMB'000*
Revenue	9	121,405	—	121,405	154,946	—	154,946	126,694	—	126,694	88,626	—	88,626	121,294	—	121,294
Cost of sales		(65,828)	(2,119)	(67,947)	(85,999)	(3,174)	(89,173)	(70,804)	(3,351)	(74,155)	(49,920)	(3,351)	(53,271)	(66,785)	(2,532)	(69,317)
Gross profit		55,577	(2,119)	53,458	68,947	(3,174)	65,773	55,890	(3,351)	52,539	38,706	(3,351)	35,355	54,509	(2,532)	51,977
Other income	10	4,590	—	4,590	1,222	—	1,222	887	—	887	672	—	672	718	—	718
Changes in fair value of biological assets		—	3,174	3,174	—	3,351	3,351	—	(2,053)	(2,053)	—	(1,570)	(1,570)	—	3,299	3,299
(Allowance)/reversal of allowance for expected credit losses ("**ECL**") of trade receivables	6(b)	(118)	—	(118)	(140)	—	(140)	(160)	—	(160)	(10)	—	(10)	61	—	61
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Selling and distribution expenses		(500)	—	(500)	(457)	—	(457)	(420)	—	(420)	(307)	—	(307)	(241)	—	(241)
Administrative and other expenses		(11,583)	—	(11,583)	(13,924)	—	(13,924)	(12,354)	—	(12,354)	(9,436)	—	(9,436)	(8,019)	—	(8,019)
Profit from operations		43,906	1,055	44,961	48,023	177	48,200	38,116	(5,404)	32,712	25,310	(4,921)	20,389	41,012	767	41,779
Finance costs	11	(1,183)	—	(1,183)	(897)	—	(897)	(900)	—	(900)	(688)	—	(688)	(662)	—	(662)
Profit before tax		42,723	1,055	43,778	47,126	177	47,303	37,216	(5,404)	31,812	24,622	(4,921)	19,701	40,350	767	41,117
Income tax expense	12	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Profit for the year/period	13	42,723	1,055	43,778	47,126	177	47,303	37,216	(5,404)	31,812	24,622	(4,921)	19,701	40,350	767	41,117
Other comprehensive (loss)/income for the year/period, net of tax:																
Item that may be reclassified to profit or loss:																
Exchange differences on translating foreign operations		(1)	—	(1)	1	—	1	(3)	—	(3)	(5)	—	(5)	(6)	—	(6)
Total comprehensive income for the year/period		42,722	1,055	43,777	47,127	177	47,304	37,213	(5,404)	31,809	24,617	(4,921)	19,696	40,344	767	41,111
Earnings per share *(RMB)*																
Basic and diluted	16			0.11			0.12			0.08			0.05			0.10

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 September
		2020	**2021**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*18*	167,631	172,278	162,756	159,890
Investment properties	*19*	6,725	6,430	6,135	17,966
Right-of-use assets	*20*	23,519	22,768	22,003	21,453
Intangible assets	*21*	—	—	—	—
Prepayments	*26*	—	—	—	6,000
		197,875	201,476	190,894	205,309
Current assets					
Biological assets	*23*	9,395	9,781	8,371	8,876
Inventories	*24*	31	199	1,557	1,331
Trade receivables	*25*	31,121	46,590	53,444	58,376
Prepayments and other receivables	*26*	3,052	9,075	6,252	6,701
Amount due from the ultimate holding company	*27*	6	6	6	6
Amounts due from shareholders	*27*	3	3	3	3
Bank and cash balances	*28*	6,968	22,963	71,079	89,595
		50,576	88,617	140,712	164,888
Current liabilities					
Trade payables	*29*	9,149	5,323	15,552	12,177
Accruals and other payables	*30*	3,295	1,719	1,546	2,628
Amount due to a director	*27*	20	30	30	30
Bank borrowings	*31*	20,000	20,000	20,000	19,995
Lease liabilities	*32*	80	124	98	106
Deferred income	*33*	227	227	227	227
		32,771	27,423	37,453	35,163
Net current assets		17,805	61,194	103,259	129,725
Total assets less current liabilities		215,680	262,670	294,153	335,034
Non-current liabilities					
Lease liabilities	*32*	641	553	454	394
Deferred income	*33*	3,726	3,500	3,273	3,103
		4,367	4,053	3,727	3,497
NET ASSETS		211,313	258,617	290,426	331,537
Capital and reserves					
Share capital	*35*	10	10	10	10
Reserves	*36(a)*	211,303	258,607	290,416	331,527
TOTAL EQUITY		211,313	258,617	290,426	331,537

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December			At 30 September
		2020	**2021**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-currents asset					
Investments in subsidiaries	*22*	—*	—*	—*	—*
Current assets					
Amount due from the ultimate holding company	*27*	6	6	6	6
Amounts due from shareholders	*27*	3	3	3	3
Bank and cash balances	*28*	—	1	3	1
		9	10	12	10
Current liability					
Amount due to a subsidiary	*27*	—*	2	7	7
Net current assets		9	8	5	3
Total assets less current liabilities		9	8	5	3
NET ASSETS		9	8	5	3
Capital and reserves					
Share capital	*35*	10	10	10	10
Reserves	*36(b)*	(1)	(2)	(5)	(7)
TOTAL EQUITY		9	8	5	3

* *Represents amount less than RMB1,000.*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *(note 35)* *RMB'000*	Share premium *(note 36(c)(i))* *RMB'000*	Merger reserve *(note 36(c)(ii))* *RMB'000*	Foreign currency translation reserve *(note 36(c)(iii))* *RMB'000*	Statutory reserve *(note 36(c)(iv))* *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2020 *(note 35(a))*	70,000	397	—	—	9,266	86,095	165,758
Issue of shares *(note 35(c))*	10	—	—	—	—	—	10
Contribution from a pre-**[REDACTED]** investor	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Group reorganisation *(note 2)*	(71,768)	(397)	72,165	—	—	—	—
Total comprehensive income for the year	—	—	—	(1)	—	43,778	43,777
Appropriations	—	—	—	—	4,378	(4,378)	—
Changes in equity for the year	(69,990)	(397)	72,165	(1)	4,378	39,400	45,555
At 31 December 2020 and 1 January 2021	10	—	72,165	(1)	13,644	125,495	211,313
Issue of shares *(note 35(d))*	—*	—	—	—	—	—	—*
Total comprehensive income for the year	—	—	—	1	—	47,303	47,304
Appropriations	—	—	—	—	4,738	(4,738)	—
Changes in equity for the year	—*	—	—	1	4,738	42,565	47,304
At 31 December 2021 and 1 January 2022	10	—	72,165	—	18,382	168,060	258,617
Total comprehensive income for the year	—	—	—	(3)	—	31,812	31,809
Appropriations	—	—	—	—	3,189	(3,189)	—
Changes in equity for the year	—	—	—	(3)	3,189	28,623	31,809
At 31 December 2022 and 1 January 2023	10	—	72,165	(3)	21,571	196,683	290,426
Total comprehensive income for the period	—	—	—	(6)	—	41,117	41,111
Appropriations	—	—	—	—	4,115	(4,115)	—
Changes in equity for the period	—	—	—	(6)	4,115	37,002	41,111
At 30 September 2023	10	—	72,165	(9)	25,686	233,685	331,537
At 1 January 2022	10	—	72,165	—	18,382	168,060	258,617
Total comprehensive income for the period (unaudited)	—	—	—	(5)	—	19,701	19,696
Appropriations (unaudited)	—	—	—	—	1,975	(1,975)	—
Changes in equity for the period (unaudited)	—	—	—	(5)	1,975	17,726	19,696
At 30 September 2022 (unaudited)	10	—	72,165	(5)	20,357	185,786	278,313

* *Represents amount less than RMB1,000.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Nine months ended 30 September	
		2020	2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		43,778	47,303	31,812	19,701	41,117
Adjustments for:						
Interest income		(19)	(8)	(17)	(17)	(44)
Depreciation of property, plant and equipment		7,932	9,740	10,034	7,507	7,653
Depreciation of investment properties		295	295	295	221	391
Depreciation of right-of-use assets		860	822	765	574	550
Finance costs		1,183	897	900	688	662
Biological assets fair value adjustments		(1,055)	(177)	5,404	4,921	(767)
Allowance/(reversal of allowance) for ECL of trade receivables		118	140	160	10	(61)
Loss on disposal of property, plant and equipment		—	—	214	214	—
Loss on write-off of property, plant and equipment		—	33	382	382	—
Operating profit before working capital changes		53,092	59,045	49,949	34,201	49,501
(Increase)/decrease in biological assets		(1,616)	(209)	(3,994)	(4,202)	262
Decrease/(increase) in inventories		153	(168)	(1,358)	(1,323)	226
Decrease/(increase) in trade receivables		1,143	(15,609)	(7,014)	2,295	(4,871)
(Increase)/decrease in prepayments and other receivables		(1,119)	(6,023)	2,823	2,719	(449)
Increase in amount due from the ultimate holding company		(7)	—	—	—	—
Increase in amounts due from shareholders		(3)	—	—	—	—
Increase/(decrease) in trade payables		1,121	(3,826)	10,229	8,267	(3,375)
(Decrease)/increase in accruals and other payables		(1,130)	824	(173)	1,172	1,076
Decrease in deferred income		(42)	(226)	(227)	(170)	(170)
Increase in amount due to a director		20	10	—	—	—
Net cash generated from operating activities		51,612	33,818	50,235	42,959	42,200
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for investment properties		—	—	—	—	(12,222)
Payments for property, plant and equipment		(55,056)	(16,820)	(1,522)	(1,522)	(10,787)
Payments for right-of-use assets		(185)	—	—	—	—
Proceeds from disposal of property, plant and equipment		—	—	414	414	—
Interest received		19	8	17	17	44
Net cash used in investing activities		(55,222)	(16,812)	(1,091)	(1,091)	(22,965)
CASH FLOWS FROM FINANCING ACTIVITIES						
Bank borrowings raised		20,000	20,000	10,000	10,000	19,995
Repayments of bank borrowings		(15,000)	(20,000)	(10,000)	(10,000)	(20,000)
Principal elements of lease liabilities		(100)	(115)	(125)	(82)	(52)
Contribution from a pre-**[REDACTED]** investor		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest paid		(1,130)	(824)	(836)	(639)	(620)
Interest on lease liabilities		(53)	(73)	(64)	(49)	(42)
Issue of shares		10	—	—	—	—
Net cash generated from/(used in) financing activities		5,495	(1,012)	(1,025)	(770)	(719)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,885	15,994	48,119	41,098	18,516
Effect of foreign exchange rate changes		—	1	(3)	(3)	—
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD		5,083	6,968	22,963	22,963	71,079
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD		6,968	22,963	71,079	64,058	89,595
ANALYSIS OF CASH AND CASH EQUIVALENTS						
Bank and cash balances	*28*	6,968	22,963	71,079	64,058	89,595

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands on 23 July 2019. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and has not carried out any business operations since the date of its incorporation. The principal activities of its subsidiaries are set out in note 22 to the Historical Financial Information.

In the opinion of the directors of the Company, as at 30 September 2023, Wider International Group Limited, a company incorporated in the British Virgin Islands (the "BVI"), is the immediate and ultimate parent of the Company and Mr. Zhang Yonggang ("Mr. Zhang"), a director of the Company, is the ultimate controlling party of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION

Pursuant to the Group reorganisation (the "Group Reorganisation") as more fully explained in the paragraph headed "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" to this Document, the Company became the holding company of the companies now comprising the Group on 8 February 2021. The companies now comprising the Group has been under the common control of Mr. Zhang immediately prior to and after the Group Reorganisation. The Group now comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity. The Group Reorganisation did not result in any change in economic substance and control of the Group. In substance, there is no real change in the control of the Group before and after the completion of the Group Reorganisation, and accordingly the Historical Financial Information for the Track Record Period has been prepared as a continuation of the existing companies using principles of merger accounting. The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows are prepared as if the current group structure had been existence throughout the Track Record Period. The consolidated statements of financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 September 2023 presented the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates. The consolidated statements of financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 September 2023 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Group Reorganisation. All intra-group transactions and balances have been eliminated in full on combination.

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKASs"); and Interpretations. The Historical Financial Information also complies with the applicable disclosures required by the Listing Rules and with the disclosure requirements of the Hong Kong Companies Ordinance.

The Stub Period Comparative Financial Information has been prepared in accordance with same basis and accounting policies adopted in respect of the Historical Financial Information.

As at the date of this report, the Company had direct and indirect interests in the following subsidiaries now comprising the Group:

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Particulars of issued/paid-up capital	Percentage of ownership interest/voting power/profit sharing					Principal activities/ place of operation
				At 31 December			At 30 September	At the date of this report	
				2020	2021	2022	2023		
Directly held:									
Glory Team International Group Limited ("Glory Team")	8 August 2019	BVI	United State dollar ("US$") US$1	100%	100%	100%	100%	100%	Investment holding, Hong Kong
Prosperity Plentiful Holdings Limited ("Prosperity Plentiful (BVI)")	16 May 2019	BVI	US$1	100%	100%	100%	100%	100%	Investment holding, Hong Kong
Indirectly held:									
Fujing Holdings (Hong Kong) Co., Limited ("Fujing Holdings (HK)")	9 October 2019	Hong Kong	Hong Kong dollars ("HK$") HK$1	100%	100%	100%	100%	100%	Investment holding, Hong Kong
Prosperity Plentiful Holdings (Hong Kong) Co., Limited ("Prosperity Plentiful (HK)")	6 June 2019	Hong Kong	HK$1	100%	100%	100%	100%	100%	Investment holding, Hong Kong
Qingdao Xinfujing Technology Company Limited* (青島鑫富景科技有限公司) ("Xinfujing")	6 May 2020	The People's Republic of China (the "PRC")	—	100%	100%	100%	100%	100%	Investment holding, the PRC
Qingdao Fujing Agriculture Development Company Limited* (青島富景農業開發有限公司) ("Fujing Agriculture")	4 December 2006	The PRC	RMB70,707,080	100%	100%	100%	100%	100%	Growing, processing and selling of potted vegetables, the PRC

* *English name is for identification purpose only*

All subsidiaries of the Group have adopted 31 December as their financial year end date.

No audited statutory financial statements have been prepared for Glory Team and Prosperity Plentiful (BVI) since their respective dates of incorporation as they are incorporated in jurisdictions where there are no statutory requirements.

The statutory audited financial statements of Prosperity Plentiful (HK) and Fujing Holdings (HK) for the years ended 31 December 2020, 2021 and 2022 have been prepared in accordance with HKFRSs issued by the HKICPA and was audited by Choi Mei Bik, Certified Public Accountant (Practising), certified public accountants registered in Hong Kong.

The statutory audited financial statements of Fujing Agriculture for the years ended 31 December 2020, 2021 and 2022 have been prepared in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC and were audited by 青島信通有限責任會計師事務所 and 青島茂生會計師事務所, certified public accountants registered in the PRC.

No statutory audited financial statements have been prepared for Xinfujing since its date of incorporation.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has early adopted all the new and revised HKFRSs issued by the HKICPA that are effective for its accounting period beginning on 1 January 2023, together with the relevant transitional provision, throughout the Track Record Period.

(b) Revised HKFRSs in issue but not yet effective

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments to HKFRSs which are not yet effective for its accounting period beginning on 1 January 2023 and which have not been adopted in these financial statements. These amendments include the following which may be relevant to the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

The directors of the Company anticipate that the application of these revised HKFRSs will not have material impact on the Group's consolidated financial performance and financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. biological assets that are measured at fair value less cost to sell).

The preparation of the Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in note 5.

The material accounting policy information applied in the preparation of the Historical Financial Information is set out below.

(a) Consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries made up to 31 December/30 September. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Merger accounting for business combination under common control

This Historical Financial Information includes the financial statements of the entities now comprising the Group for the Track Record Period. As explained in note 2 to the Historical Financial Information, the acquisition of subsidiaries and business under common control has been accounted for using merger accounting.

The merger accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the Group structure had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in RMB, which is different from the Company's functional currency, HK$. As the major revenue and assets of the Group are derived from operations in the PRC, RMB is chosen as the presentation currency to present the Historical Financial Information.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rate for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

(d) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in the profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment, other than construction in progress, is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Infrastructure	30 years
Buildings	10–15 years
Plant and equipment	5–10 years
Motor vehicles	5 years
Office equipment and others	3–5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents infrastructure and buildings under construction and is stated at cost less impairment losses, if any. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Investment properties

Investment properties are land and buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses, if any. The depreciation is calculated using the straight line basis to allocate the cost to the residual value over its estimated useful life of 30 years.

(f) Intangible assets

Computer software are stated at cost less subsequent accumulated amortisation and subsequent impairment losses, if any. Amortisation is calculated on a straight-line basis over their estimated useful lives of 5 years.

(g) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

The lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and

- makes adjustments specific to the lease, such as term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, if any.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group presents right-of-use assets, that do not meet the definition of investment properties, and lease liabilities separately in the consolidated statements of financial position.

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(h) Biological assets

Biological assets are measured at fair value less cost to sell. Cost to sell include the incremental selling costs directly attributable to the disposals of assets, estimated costs of transport to the market but excludes finance costs and income taxes. The fair value of biological assets is determined based on their present locations and conditions and is determined by the directors of the Company with the assistance of an independent professional valuer.

Changes in fair value less cost to sell of biological assets are recognised in profit or loss.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis and comprised all costs of purchase and, where applicable, cost conversion and other costs that have been incurred in bringing the inventories to their present locations and conditions. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised in profit or loss in the period of write-down or loss occurs. The amount of any reversal of write-down of inventories is recognised as an increment in the amount of inventories and recognised in the profit or loss in the period in which the reversal occurs.

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(k) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The accounting policies adopted for specific financial assets are set out below.

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for ECL.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of each reporting period.

(p) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(r) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of vegetable is recognised when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income is recognised as it accrues using the effective interest method.

Rental income is recognised on a straight-line basis over the lease term.

(s) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefits scheme contributions charged to profit or loss represents contributions payable by the Group to the funds.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that, at the time of the transaction, affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of each reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with the lease liabilities and the right-of-use assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(w) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the Group's parent.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group which it is a part, provides key management personnel services to the Group or to the Group's parent.

(x) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount of non-financial assets, other than goodwill, caused by changes in estimates are credited to profit or loss to the extent that as if no impairment had been recognised for the assets in prior years.

(y) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and other receivables. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of each reporting period.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of each reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— significant increases in credit risk on other financial instruments of the same debtor; or

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of each reporting period. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default;

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

— the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are due over two years, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of each reporting period.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(z) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors of the Company have made the following judgement that has the most significant effect on the amounts recognised in the Historical Financial Information (apart from those involving estimations, which are dealt with below).

(a) Lease term determination

In determining the lease term at the commencement date for leases that include termination options exercisable by the Group, the Group evaluates the likelihood of exercising the termination options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the Track Record Period, no lease term has been reassessed.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of property, plant and equipment, investment properties and right-of-use assets

Property, plant and equipment, investment properties and right-of-use assets are stated at costs less accumulated depreciation and impairment losses, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

The carrying amounts of property, plant and equipment were approximately RMB167,631,000, RMB172,278,000, RMB162,756,000 and RMB159,890,000 as at 31 December 2020, 2021 and 2022 and 30 September 2023 respectively. The carrying amounts of investment properties were approximately RMB6,725,000, RMB6,430,000, RMB6,135,000, and RMB17,966,000 as at 31 December 2020, 2021 and 2022 and 30 September 2023 respectively. The carrying amounts of right-of-use assets were approximately RMB23,519,000, RMB22,768,000, RMB22,003,000 and RMB21,453,000 as at 31 December 2020, 2021 and 2022 and 30 September 2023 respectively.

(b) Fair value measurement of biological assets — potted vegetables

The Group's biological assets are measured at fair value less costs to sell at the end of each reporting period. The Group uses valuation techniques that include inputs that are not based on market observable data to estimate the fair value of biological assets. For potted vegetables, the fair value is determined by using the cost and market approach method with key inputs including market price and scrap rate. Any changes in the inputs may affect the fair value of the Group's biological assets significantly.

The carrying amounts of biological assets were approximately RMB9,395,000, RMB9,781,000, RMB8,371,000 and RMB8,876,000 as at 31 December 2020, 2021 and 2022 and 30 September 2023 respectively.

(c) Allowance for ECL of trade receivables

The management of the Group estimates the amount of allowance for ECL on trade receivables based on the credit risk of trade receivables. The amount of the allowance based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contracts and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or revised downward due to changes in facts and circumstances, a material allowance may arise.

The carrying amount of trade receivables were approximately RMB31,121,000 (net of allowance for ECL of approximately RMB1,218,000), RMB46,590,000 (net of allowance for ECL of approximately RMB1,000), RMB53,444,000 (net of allowance for ECL of approximately RMB161,000) and RMB58,376,000 (net of allowance for ECL of approximately RMB100,000) as at 31 December 2020, 2021 and 2022 and 30 September 2023 respectively.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. Thus, no sensitivity analysis is presented. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

As at 31 December 2020, 2021, 2022 and 30 September 2023, the Group has concentration of credit risk as 14.0%, 18.1%, 18.6% and 21.9% of the total gross trade receivables were due from the Group's largest customer respectively.

As at 31 December 2020, 2021, 2022 and 30 September 2023, the Group has concentration of credit risk as 58.8%, 63.1%, 69.1% and 69.2% of the total gross trade receivables were due from the Group's five largest customers respectively.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The credit periods granted to the distributors and end-users customers are generally 60-120 days and 180 days respectively. Debtors with balances that are more than 60 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience indicate significantly different loss patterns for different customer segments, the loss allowance based on invoice date is distinguished between the Group's different customer bases into two major groups, namely distributors and end-user customers. Certain debtors have been assessed individually as the Group considers the balances due from these debtors have been credit-impaired.

Allowance for ECL

	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-credit impaired	646	1	161	100
Credit impaired	572	—	—	—
	1,218	1	161	100

The following table of ageing analysis, based on invoice date, provides information about the Group's exposure to credit risk and ECL for trade receivables (non-credit impaired):

	At 31 December 2020				
	0–90 days	**91–180 days**	**181–365 days**	**Over 1 year**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Distributors					
Expected loss rate	0%	0%	5%	90%	
Gross carrying amount	30,498	354	—	—	30,852
Loss allowance	—	—	—	—	—
Net carrying amount	30,498	354	—	—	30,852
End-user customers					
Expected loss rate	8%	8%	24%	100%	
Gross carrying amount	46	32	259	578	915
Loss allowance	(4)	(3)	(61)	(578)	(646)
Net carrying amount	42	29	198	—	269
Total					
Gross carrying amount	30,544	386	259	578	31,767
Loss allowance	(4)	(3)	(61)	(578)	(646)
Net carrying amount	30,540	383	198	—	31,121

	At 31 December 2021				
	0–90 days	**91–180 days**	**181–365 days**	**Over 1 year**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Distributors					
Expected loss rate	0%	0%	5%	90%	
Gross carrying amount	36,608	9,981	—	—	46,589
Loss allowance	—	—	—	—	—
Net carrying amount	36,608	9,981	—	—	46,589
End-user customers					
Expected loss rate	13%	13%	34%	100%	
Gross carrying amount	1	1	—	—	2
Loss allowance	—	(1)	—	—	(1)
Net carrying amount	1	—	—	—	1
Total					
Gross carrying amount	36,609	9,982	—	—	46,591
Loss allowance	—	(1)	—	—	(1)
Net carrying amount	36,609	9,981	—	—	46,590

	At 31 December 2022				
	0–90 days	**91–180 days**	**181–365 days**	**Over 1 year**	**Total**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
Distributors					
Expected loss rate	0%	1%	5%	90%	
Gross carrying amount	37,550	16,055	—	—	53,605
Loss allowance	—	(161)	—	—	(161)
Net carrying amount	37,550	15,894	—	—	53,444
End-user customers					
Expected loss rate	13%	13%	34%	100%	
Gross carrying amount	—	—	—	—	—
Loss allowance	—	—	—	—	—
Net carrying amount	—	—	—	—	—
Total					
Gross carrying amount	37,550	16,055	—	—	53,605
Loss allowance	—	(161)	—	—	(161)
Net carrying amount	37,550	15,894	—	—	53,444

	At 30 September 2023				
	0–90 days	**91–180 days**	**181–365 days**	**Over 1 year**	**Total**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
Distributors					
Expected loss rate	0%	1%	5%	90%	
Gross carrying amount	48,558	9,918	—	—	58,476
Loss allowance	—	(100)	—	—	(100)
Net carrying amount	48,558	9,818	—	—	58,376
End-user customers					
Expected loss rate	13%	13%	34%	100%	
Gross carrying amount	—	—	—	—	—
Loss allowance	—	—	—	—	—
Net carrying amount	—	—	—	—	—
Total					
Gross carrying amount	48,558	9,918	—	—	58,476
Loss allowance	—	(100)	—	—	(100)
Net carrying amount	48,558	9,818	—	—	58,376

The above expected loss rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

For the purpose of determining the expected loss rates of distributors and end-user customers during the Track Record Period, the historical rates of loss from sales records starting in 2016 are considered. As there is no material change in the historical loss rates considered in determining expected loss rates of distributors as at 31 December 2020 and 2021 and 30 September 2023, and end-user customers as at 31 December 2022 and 30 September 2023 respectively, the expected loss rate for trade receivables for distributors as at 31 December 2020 and 2021 and 30 September 2023 and expected loss rate for trade receivables for end-user customers as at 31 December 2021 and 2022 and 30 September 2023 remained the same.

For trade receivables which the Group considers are credit-impaired, the Group's exposure to credit risk and ECL is as follows:

	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross carrying amount	572	—	—	—
Loss allowance	(572)	—	—	—
Net carrying amount	—	—	—	—

Movement in the loss allowance for ECL in respect of trade receivables during the year/period is as follows:

	For the year ended 31 December			Nine months ended 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	1,100	1,218	1	161
Allowance/(reversal of allowance) for ECL of trade receivables	118	140	160	(61)
Write-off	—	(1,357)	—	—
At the end of the year/period	1,218	1	161	100

During the year ended 31 December 2021, in view of prolonged outstanding, the management considered that no reasonable expectation of recovering the trade receivables and an amount of approximately RMB1,357,000 has been written off.

For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for other receivables at an amount equal to 12-month ECL. The Group has assessed that the ECL of other receivables is insignificant at the end of each reporting period under 12-month ECL model and therefore, in the opinion of directors of the Company, no loss allowance was recognised.

(c) Interest rate risk

The Group's exposure to cash flow interest rate risk arises from its bank deposits and certain bank borrowings. These bank deposits and certain bank borrowings bear interests at floating rates that varied with the then prevailing market condition.

The Group's exposure to fair value interest rate risk arises from certain bank borrowings at fixed interest rates.

Except as stated above, the Group has no other significant interest-bearing assets and liabilities during the Track Record Period, its income and operating cash flows are substantially independent of changes in market interest rates.

No sensitivity analysis is presented since the directors of the Company consider that the exposure of cash flow interest rate risk arising from bank deposits and borrowings with floating interest rates is limited due to their short maturities or the insignificant amounts involved.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's and the Company's non-derivative financial liabilities is as follows:

	The Group					
	At 31 December 2020					
	Less than 1 year or on demand	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual undiscounted cash flows**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	9,149	—	—	—	9,149	9,149
Accruals and other payables	3,295	—	—	—	3,295	3,295
Amount due to a director	20	—	—	—	20	20
Bank borrowings	20,403	—	—	—	20,403	20,000
Lease liabilities	153	153	412	330	1,048	721

	The Group					
	At 31 December 2021					
	Less than 1 year or on demand	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual undiscounted cash flows**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	5,323	—	—	—	5,323	5,323
Accruals and other payables	1,719	—	—	—	1,719	1,719
Amount due to a director	30	—	—	—	30	30
Bank borrowings	20,410	—	—	—	20,410	20,000
Lease liabilities	189	153	367	222	931	677

	The Group					
	At 31 December 2022					
	Less than 1 year or on demand	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	15,552	—	—	—	15,552	15,552
Accruals and other payables	1,546	—	—	—	1,546	1,546
Amount due to a director	30	—	—	—	30	30
Bank borrowings	20,455	—	—	—	20,455	20,000
Lease liabilities	152	152	323	115	742	552

	The Group					
	At 30 September 2023					
	Less than 1 year or on demand	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	12,177	—	—	—	12,177	12,177
Accruals and other payables	2,628	—	—	—	2,628	2,628
Amount due to a director	30	—	—	—	30	30
Bank borrowings	20,301	—	—	—	20,301	19,995
Lease liabilities	152	108	273	115	648	500

	The Company					
	At 31 December 2021					
	Less than 1 year or on demand	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to a subsidiary	2	—	—	—	2	2

	The Company					
	At 31 December 2022					
	Less than 1 year or on demand	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual undiscounted cash flows**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to a subsidiary	7	—	—	—	7	7

	The Company					
	At 30 September 2023					
	Less than 1 year or on demand	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual undiscounted cash flows**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to a subsidiary	7	—	—	—	7	7

(e) Categories of financial instruments

	The Group			
	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets at amortised cost	39,044	70,052	125,038	148,611
Financial liabilities:				
Financial liabilities at amortised cost	32,464	27,072	37,128	34,830

	The Company			
	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets at amortised cost	9	10	12	10
Financial liability:				
Financial liability at amortised cost	—*	2	7	7

* *Represents amount less than RMB1,000.*

(f) Fair values

The carrying amounts of the Group's and the Company's financial assets and financial liabilities at amortised cost as reflected in the Group's consolidated and Company's statements of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

	At 31 December 2020 Fair value measurements using:			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements				
Biological assets — potted vegetables	—	—	9,395	9,395

	At 31 December 2021 Fair value measurements using:			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements				
Biological assets — potted vegetables	—	—	9,781	9,781

	At 31 December 2022 Fair value measurements using:			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements				
Biological assets — potted vegetables	—	—	8,371	8,371

	At 30 September 2023 Fair value measurements using:			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements				
Biological assets — potted vegetables	—	—	8,876	8,876

(b) Reconciliation of assets measured at fair value based on Level 3:

	For the year ended 31 December			Nine months ended 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Biological assets:				
At the beginning of the year/period	6,724	9,395	9,781	8,371
Increase due to plantation	67,444	86,208	74,798	66,523
Decrease due to sales, before the biological assets fair value adjustments	(65,828)	(85,999)	(70,804)	(66,785)
Biological assets fair value adjustments[(#)]	1,055	177	(5,404)	767
At the end of the year/period	9,395	9,781	8,371	8,876
[(#)]including gains arising from fair value adjustments of biological assets held at the end of the reporting period	3,174	3,351	2,532	3,299

In estimating the fair value of the biological assets, the highest and best use of the biological assets is their current use.

The total gains or losses recognised in profit or loss including those for assets held at end of the reporting period are presented as a separate item in the consolidated statements of profit or loss and other comprehensive income.

There were no transfers in the fair value hierarchy between Level 1, Level 2 and Level 3 during the Track Record Period.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including Level 3 fair value measurements. The financial controller reports directly to the board of directors of the Company for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the board of directors of the Company.

For Level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

The valuation techniques and the key unobservable inputs to the Level 3 fair value measurements are set out below:

Biological assets — potted vegetables:

Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of unobservable inputs
Cost and market approach	Market price	31 December 2020: RMB15–RMB16 per pot 31 December 2021: RMB15–RMB16 per pot 31 December 2022: RMB15–RMB16 per pot 30 September 2023: RMB15–RMB16 per pot	Increase
	Scrap rate	31 December 2020: 3.21%–4.6% 31 December 2021: 3.11%–4.21% 31 December 2022: 3.46%–4.45% 30 September 2023: 3.41%–4.21%	Decrease

Sensitivity analysis

The following table illustrates the sensitivity of the fair value of our biological assets that would arise if the market price of potted vegetable produce had changed during the periods indicated, assuming all other variables remained constant. The fair value of our biological assets increases when the market price increases, and decreases when the market price decreases.

Change in market price	–30%	–15%	15%	30%
	(Decrease)/increase in fair value			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2020	(2,477)	(1,239)	1,239	2,477
For the year ended 31 December 2021	(2,537)	(1,268)	1,268	2,537
For the year ended 31 December 2022	(2,018)	(1,009)	1,009	2,018
For the nine months ended 30 September 2023	(2,345)	(1,172)	1,172	2,345

8. SEGMENT INFORMATION

The Group identifies reportable segments according to the types of products and services they offer.

The directors of the Company have determined that the Group has only one operating and reportable segment, being plantation and sales of vegetable.

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses only on revenue analysis by nature of revenue and geographical location of customers.

Since this is the only one operating segment of the Group, no segment information is presented other than entity-wide disclosures.

Geographical information

Over 90% of the Group's non-current assets and revenue are located and generated in the PRC. Accordingly, no further geographical information of non-current assets and revenue was disclosed.

Revenue from major customers:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Sales of potted vegetables:					
Customer B	18,608	25,068	20,729	14,522	20,077
Customer D	14,486	19,482	16,164	11,196	16,103
Customer F	13,631	17,807	15,054	10,562	14,569
Customer G	N/A*	25,288	20,914	14,658	20,234

* *Less than 10% of the Group's revenue in the respective year.*

9. REVENUE

Revenue represents invoiced value of goods sold, after allowances for returns and discounts, during the Track Record Period and is set out below:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15:					
Products transferred at a point in time:					
— Sales to distributors	121,028	154,937	126,692	88,624	121,292
— Direct sales to end-user customers	377	9	2	2	2
	121,405	154,946	126,694	88,626	121,294

There are no transaction price allocated to the performance obligations that are unsatisfied and required to be disclosed in accordance with HKFRS 15.120.

10. OTHER INCOME

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest income	19	8	17	17	44
Rental income	640	640	640	480	480
Net foreign exchange gains	—	—	3	5	6
Government grants	3,627	544	227	170	170
Compensation received	304	30	—	—	18
	4,590	1,222	887	672	718

The government grants represent subsidies received from government (i) for agricultural development and greening purposes; and (ii) for reimbursement of the **[REDACTED]**. There are no unfulfilled conditions and other contingencies attaching to them.

11. FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest expenses on lease liabilities	53	73	64	49	42
Interest on bank borrowings	1,130	824	836	639	620
	1,183	897	900	688	662

12. INCOME TAX EXPENSE

The Group is not subject to taxation in the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits arose in Hong Kong for the Track Record Period.

The Group's subsidiaries established and operating in the PRC are subject to PRC Enterprise Income Tax ("EIT") at the rate of 25% for the Track Record Period. According to the Article 27 of the EIT Law and Article 86 of the Regulations of the EIT Law, enterprise income from agriculture, forestry, husbandry and fishery projects may be reduced or exempted from taxation. Pursuant to the abovementioned provisions and with the approval of Dianbu Branch of the State Taxation Bureau of Laixi City, Fujing Agriculture's enterprise income from agriculture has been exempted from the PRC EIT for the period from 1 May 2010 to 1 May 2050. Accordingly, no PRC EIT has been provided in the Historical Financial Information for Fujing Agriculture during the Track Record Period. No provision for the PRC EIT has been made for Xinfujing in the Historical Financial Information as it has no assessable profits during the Track Record Period.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the applicable tax rate in the tax jurisdictions of the Group is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before tax	43,778	47,303	31,812	19,701	41,117
Tax at applicable tax rate	10,948	11,828	7,959	4,929	10,282
Tax effect of expenses that are not deductible	11	4	12	9	6
Tax effect of tax exemption	(10,959)	(11,832)	(7,971)	(4,938)	(10,288)
Income tax expense	—	—	—	—	—

13. PROFIT FOR THE YEAR/PERIOD

The Group's profit for the year/period is stated after charging/(crediting) the followings:

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Auditors' remuneration	52	34	41	37	14
Cost of inventories sold, before the biological assets fair value adjustments	65,828	85,999	70,804	49,920	66,785
Depreciation of property, plant and equipment	7,932	9,740	10,034	7,507	7,653
Depreciation of investment properties	295	295	295	221	391
Depreciation of right-of-use assets	860	822	765	574	550
Loss on disposal of property, plant and equipment	—	—	214	214	—
Biological assets fair value adjustments	(1,055)	(177)	5,404	4,921	(767)
Net foreign exchange losses/(gains)	2	1	(3)	(5)	(6)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Loss on write-off of property, plant and equipment	—	33	382	382	—
Allowance/(reversal of allowance) for ECL of trade receivables	118	140	160	10	(61)
Staff costs (including directors' emoluments)					
— Salaries, bonus, allowances, subcontracting fees and other benefits in kind	31,646	40,095	34,750	25,106	30,729
— Retirement benefits scheme contributions	268	638	660	498	463
	31,914	40,733	35,410	25,604	31,192

Notes:

(a) Depreciation of property, plant and equipment of approximately RMB3,686,000, RMB5,670,000, RMB5,565,000, RMB4,277,000 and RMB4,413,000 for the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2022 (unaudited) and 2023 respectively are included in cost of sales.

(b) Depreciation of right-of-use assets of approximately RMB382,000, RMB341,000, RMB273,000, RMB213,000 and RMB212,000 for the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2022 (unaudited) and 2023 respectively are included in cost of sales.

(c) Staff costs of approximately RMB28,286,000, RMB37,168,000, RMB32,260,000, RMB23,183,000 and RMB28,999,000 for the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2022 (unaudited) and 2023 respectively are included in cost of sales.

14. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES

(a) The emoluments paid or payable to each of the director of the Company

The Company was incorporated in the Cayman Islands on 23 July 2019 and at the date of its incorporation, Mr. Zhang was appointed as an executive director of the Company. On 27 May 2020, Mr. Lyu Zhonghua, Mr. Cui Wei, Ms. Guo Zeqing and Mr. Pang Jinhong were appointed as executive directors of the Company.

Dr. Li Junliang, Mr. Lam Chik Tong and Ms. Chow Wai Mee May were appointed on 16 November 2023 as independent non-executive directors of the Company with effect upon the **[REDACTED]**. During the Track Record Period and prior to their appointment, the independent non-executive directors did not receive any remuneration in their capacity as the Company's directors.

Certain of the directors of the Company received remuneration from the subsidiaries now comprising the Group during the Track Record Period for the appointment as directors or officers of these subsidiaries. The aggregate amounts of remuneration received or receivable by the directors of the Company during the Track Record Period is set out below.

For the year ended 31 December 2020

	Fees	Salaries and allowances	Other benefits in kind	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhang	—	240	—	34	274
Mr. Lyu Zhonghua	—	51	—	9	60
Mr. Cui Wei	—	46	—	8	54
Ms. Guo Zeqing	—	64	—	11	75
Mr. Pang Jinhong	—	30	—	5	35
	—	431	—	67	498

For the year ended 31 December 2021

	Fees	Salaries and allowances	Other benefits in kind	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhang	—	240	—	82	322
Mr. Lyu Zhonghua	—	89	—	32	121
Mr. Cui Wei	—	79	—	28	107
Ms. Guo Zeqing	—	136	—	39	175
Mr. Pang Jinhong	—	53	—	19	72
	—	597	—	200	797

For the year ended 31 December 2022

	Fees	Salaries and allowances	Other benefits in kind	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhang	—	240	—	83	323
Mr. Lyu Zhonghua	—	90	—	32	122
Mr. Cui Wei	—	80	—	28	108
Ms. Guo Zeqing	—	144	—	39	183
Mr. Pang Jinhong	—	54	—	19	73
	—	608	—	201	809

For the nine months ended 30 September 2022 (unaudited)

	Fees	Salaries and allowances	Other benefits in kind	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhang	—	180	—	62	242
Mr. Lyu Zhonghua	—	68	—	24	92
Mr. Cui Wei	—	60	—	19	79
Ms. Guo Zeqing	—	102	—	29	131
Mr. Pang Jinhong	—	40	—	14	54
	—	450	—	148	598

For the nine months ended 30 September 2023

	Fees	Salaries and allowances	Other benefits in kind	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhang	—	180	—	64	244
Mr. Lyu Zhonghua	—	68	—	24	92
Mr. Cui Wei	—	60	—	22	82
Ms. Guo Zeqing	—	93	—	29	122
Mr. Pang Jinhong	—	40	—	14	54
	—	441	—	153	594

During the Track Record Period, no emolument was paid by the Group to any of these directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which any of these directors waived or agreed to waive any emoluments during the Track Record Period.

The emoluments of executive directors shown above were mainly for their services in connection with the management of affairs of the Company and the Group.

(b) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 40(a) to the Historical Financial Information, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of each reporting period or at any time during the Track Record Period.

(c) Five highest paid individuals

The five highest paid individuals in the Group during the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2022 (unaudited) and 2023 included 3, 3, 2, 2 and 3 directors respectively whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 2, 2, 3, 3 and 2 individuals are set out below respectively:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Basic salaries and allowances	234	235	332	248	178
Retirement benefits scheme contributions	26	63	62	46	47
	260	298	394	294	225

The emoluments fell within the following band:

	Number of individuals				
	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
				(Unaudited)	
Nil to HK$1,000,000	2	2	3	3	2

During the Track Record Period, no emolument was paid by the Group to any of these highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which any of these highest paid individuals waived or agreed to waive any emoluments during the Track Record Period.

15. DIVIDENDS

No dividend has been declared or paid by the companies now comprising the Group during the Track Record Period.

[Subsequent to the end of the Track Record Period, on [Date] 2024, a special dividend of RMB15,000,000 has been declared by the directors of the Company.]

16. EARNINGS PER SHARE

The calculation of basic earnings per share for the Track Record Period is based on the consolidated profit of the Group for each year/period attributable to equity holders of the Company for the Track Record Period and based on the assumption that **[REDACTED]** shares of the Company are in issue and issuable, comprising 141,414 shares in issue at the date of the Document and **[REDACTED]** shares to be issued pursuant to the **[REDACTED]** as set out in paragraphs headed "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" of this Document as if the shares were outstanding throughout the entire Track Record Period.

As there were no dilutive potential ordinary shares during the Track Record Period, diluted earnings per share for the Track Record Period are the same as basic earnings per share.

17. RETIREMENT BENEFIT SCHEMES

As stipulated under the relevant rules and regulations in the PRC, the employees of the Group's subsidiaries established in the PRC are members of central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

18. PROPERTY, PLANT AND EQUIPMENT

	Infrastructure *RMB'000*	Buildings *RMB'000*	Plant and equipment *RMB'000*	Motor vehicles *RMB'000*	Office equipment and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost							
At 1 January 2020	99,166	28,887	3,812	2,469	8,798	4,776	147,908
Additions	—	3,015	52	83	2,457	38,747	44,354
Transfer	23,617	19,586	—	—	—	(43,203)	—
At 31 December 2020 and 1 January 2021	122,783	51,488	3,864	2,552	11,255	320	192,262
Additions	—	—	4	—	10	14,406	14,420
Transfer	10,892	3,409	—	—	—	(14,301)	—
Write-off	—	(80)	—	—	—	—	(80)
At 31 December 2021 and 1 January 2022	133,675	54,817	3,868	2,552	11,265	425	206,602
Additions	—	—	13	—	1,509	—	1,522
Disposal	—	(728)	—	—	—	—	(728)
Write-off	—	—	—	—	(2,993)	—	(2,993)
At 31 December 2022 and 1 January 2023	133,675	54,089	3,881	2,552	9,781	425	204,403
Additions	—	—	—	—	275	4,512	4,787
Write-off	—	—	—	—	(3,512)	—	(3,512)
At 30 September 2023	133,675	54,089	3,881	2,552	6,544	4,937	205,678
Accumulated depreciation							
At 1 January 2020	5,682	3,111	1,947	1,399	4,560	—	16,699
Charge for the year	3,036	2,488	358	247	1,803	—	7,932
At 31 December 2020 and 1 January 2021	8,718	5,599	2,305	1,646	6,363	—	24,631
Charge for the year	3,581	3,841	278	214	1,826	—	9,740
Write-off	—	(47)	—	—	—	—	(47)
At 31 December 2021 and 1 January 2022	12,299	9,393	2,583	1,860	8,189	—	34,324
Charge for the year	4,113	3,966	211	214	1,530	—	10,034
Disposal	—	(100)	—	—	—	—	(100)
Write-off	—	—	—	—	(2,611)	—	(2,611)
At 31 December 2022 and 1 January 2023	16,412	13,259	2,794	2,074	7,108	—	41,647
Charge for the period	3,082	2,949	149	156	1,317	—	7,653
Write-off	—	—	—	—	(3,512)	—	(3,512)
At 30 September 2023	19,494	16,208	2,943	2,230	4,913	—	45,788
Carrying amount							
At 31 December 2020	114,065	45,889	1,559	906	4,892	320	167,631
At 31 December 2021	121,376	45,424	1,285	692	3,076	425	172,278
At 31 December 2022	117,263	40,830	1,087	478	2,673	425	162,756
At 30 September 2023	114,181	37,881	938	322	1,631	4,937	159,890

19. INVESTMENT PROPERTIES

	Properties
	RMB'000
Cost	
At 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023	9,450
Additions	12,222
At 30 September 2023	21,672
Accumulated depreciation	
At 1 January 2020	2,430
Charge for the year	295
At 31 December 2020 and 1 January 2021	2,725
Charge for the year	295
At 31 December 2021 and 1 January 2022	3,020
Charge for the year	295
At 31 December 2022 and 1 January 2023	3,315
Charge for the period	391
At 30 September 2023	3,706
Carrying amount	
At 31 December 2020	6,725
At 31 December 2021	6,430
At 31 December 2022	6,135
At 30 September 2023	17,966

The Group let out its investment properties under operating leases with monthly rental under lease terms of 2 to 5 years. The Group is not exposed to foreign currency risk as a result of the lease arrangement, as the leases are denominated in the functional currency of the Group's entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

At 31 December 2020, 2021 and 2022 and 30 September 2023, the carrying amounts of investment properties as security for the Group's bank borrowings amounted to approximately RMB6,725,000, RMB6,430,000, RMB6,135,000 and RMB17,966,000 respectively (note 31).

At 31 December 2020, 2021 and 2022 and 30 September 2023, the fair value of investment properties were approximately RMB11,800,000, RMB12,600,000, RMB12,100,000 and RMB23,700,000 respectively. These fair values are determined by the directors of the Company mainly with reference to the valuation, which is performed by an independent qualified professional valuer, using depreciation replacement cost approach and investment approach (Level 3 fair value measurements). The valuation was determined by reference to the unobservable inputs, recent rentals and estimated cost for replacement, in the similar locations and conditions. There has been no change from the valuation technique used in the Track Record Period. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There were no transfers between levels of fair value hierarchy during the Track Record Period.

20. RIGHT-OF-USE ASSETS

	Office and cultivation facilities			
	For the year ended 31 December			For the nine months ended 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	23,633	23,519	22,768	22,003
Additions	746	71	—	—
Depreciation	(860)	(822)	(765)	(550)
At the end of the year/period	23,519	22,768	22,003	21,453

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation expenses on right-of-use assets	860	822	765	574	550
Interest expense on lease liabilities (included in finance costs)	53	73	64	49	42
Expenses relating to short-term lease (included in cost of sales and administrative and other expenses)	59	4	—	—	24

The Group leases office and cultivation facilities for its operations. Lease contracts are entered into for fixed term of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns certain buildings where its office and cultivation facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land component of these owned properties is presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for office and cultivation facilities. As at 31 December 2020, 2021 and 2022 and 30 September 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense is disclosed above.

Some leases include an option to terminate the lease. The Group reassesses whether it is reasonably certain not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the Track Record Period, there is no such triggering event. The Group does not expect to exercise such option.

As at 31 December 2020, 2021 and 2022 and 30 September 2023, all of the Group's leases did not have extension option.

As 31 December 2020, 2021 and 2022 and 30 September 2023, the Group's right-of-use assets with carrying amount of approximately RMB19,706,000, RMB19,179,000, RMB18,651,000 and RMB[18,256,000] had been pledged to secure the Group's borrowings (note 31).

Details of total cash outflows for leases is set out in note 41 to the Historical Financial Information.

21. INTANGIBLE ASSETS

	Computer software *RMB'000*
Cost	
At 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 30 September 2023	63
Accumulated amortisation	
At 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 30 September 2023	63
Carrying amount	
At 31 December 2020, 31 December 2021, 31 December 2022 and 30 September 2023	—

22. INVESTMENTS IN SUBSIDIARIES

	The Company			
	At 31 December			At 30 September
	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*
Unlisted investments, at cost	—*	—*	—*	—*

* *Represents amount less than RMB1,000.*

Particulars of the subsidiaries of the Company during the Track Record Period and at the date of this report are set out below:

Name	Date of incorporation/ establishment	Place of incorporation/ establishment	Particulars of issued/paid-up capital	Percentage of ownership interest/voting power/profit sharing					Principal activities/ place of operation
				At 31 December 2020	2021	2022	At 30 September 2023	At the date of this report	
Directly held:									
Glory Team	8 August 2019	BVI	US$1	100%	100%	100%	100%	100%	Investment holding, Hong Kong
Prosperity Plentiful (BVI)	16 May 2019	BVI	US$1	100%	100%	100%	100%	100%	Investment holding, Hong Kong
Indirectly held:									
Fujing Holdings (HK)	9 October 2019	Hong Kong	HK$1	100%	100%	100%	100%	100%	Investment holding, Hong Kong
Prosperity Plentiful (HK)	6 June 2019	Hong Kong	HK$1	100%	100%	100%	100%	100%	Investment holding, Hong Kong
Xinfujing	6 May 2020	The PRC	—	100%	100%	100%	100%	100%	Investment holding, the PRC
Fujing Agriculture	4 December 2006	The PRC	RMB70,707,080	100%	100%	100%	100%	100%	Growing, processing and selling of potted vegetables, the PRC

Xinfujing and Fujing Agriculture are established in the PRC with limited liability.

None of the subsidiaries of the Company had issued any debt securities at the end of each reporting period.

Details of the restriction on conversion of RMB into foreign currencies for the subsidiaries established in the PRC are set out in note 28 to the Historical Financial Information.

23. BIOLOGICAL ASSETS

	For the year ended 31 December			Nine months ended 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	6,724	9,395	9,781	8,371
Increase due to plantation	67,444	86,208	74,798	66,523
Decrease due to sales, before the biological assets fair value adjustments	(65,828)	(85,999)	(70,804)	(66,785)
Biological assets fair value adjustments *(note)*	1,055	177	(5,404)	767
At the end of the year/period	9,395	9,781	8,371	8,876

Biological assets were potted vegetables and were stated at fair value less estimated costs to sell as at the end of each reporting period. The fair value has been assessed by an independent valuer, Savills Valuation and Professional Services Limited, with reference to market prices, scrap rate, species, growing conditions and cost incurred.

Market and cost approaches are adopted to value the biological assets as at the end of each reporting period. For the newly planted vegetables, cost approach is adopted. The costs of direct raw materials, direct labour, cultivation overheads have been considered in the calculation of the fair values for the newly planted vegetables and these costs are approximately to their fair values. For the growing immature vegetables and mature vegetables, market approach is adopted. Therefore, the fair values of the biological assets as at the end of each reporting period are calculated to be the product of market price and estimated number of pots of vegetables after deducting the reasonable cost related to selling.

The fair value measurement of the vegetables is categorised as Level 3 fair value measurement within the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". Details of the fair value measurement are set out in note 7 to the Historical Financial Information.

The Group had approximately 760,000, 788,000, 721,000 and 704,000 pots of vegetables as at 31 December 2020, 2021 and 2022 and 30 September 2023 respectively and approximately 8,022,000, 10,273,000, 8,395,000 and 8,044,000 pots of vegetable were sold during the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023 respectively. The total output of potted vegetables during the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023 were approximately 8,338,000, 10,692,000, 9,283,000, 8,339,000 pots respectively.

Note: Included in biological assets fair value adjustments is losses arising from unsold vegetable produce of approximately RMB4,585,000 for the year ended 31 December 2022 as a result of temporary suspension during the outbreak of COVID-19 epidemic from March to April 2022.

The Group is exposed to a number of risks related to its plantation:

(a) Regulatory and environmental risks

The Group is subject to laws and regulations in the jurisdiction in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

(b) Climate and other risks

The Group's vegetable plantations are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed to minimise those risks, including regular vegetable health inspections and industry pest and disease surveys.

(c) Price risk

The Group is exposed to price risks arising from changes in vegetable prices. The Group does not anticipate that vegetable prices will decline significantly in the foreseeable future. The Group reviews its outlook for vegetable prices regularly in considering the need for active price risk management.

24. INVENTORIES

	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pots and agricultural materials	31	199	1,557	1,331

As at 31 December 2020, 2021 and 2022 and 30 September 2023, the Group's inventories were stated at cost.

The Group's inventories primarily consist of pots and agricultural materials which mainly include seeds, fertilisers and biopesticides which were not utilised at the end of each reporting period.

25. TRADE RECEIVABLES

	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	32,339	46,591	53,605	58,476
Allowance for ECL *(note 6(b))*	(1,218)	(1)	(161)	(100)
	31,121	46,590	53,444	58,376

As at 1 January 2020, trade receivables amounted to approximately RMB32,382,000 (net of allowance for doubtful debts of approximately RMB1,100,000).

The Group's trading terms with customers are mainly on credit. The credit periods granted to the distributors and end-user customers are generally 60-120 days and 180 days respectively. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors of the Company.

An ageing analysis of trade receivables at the end of each reporting period, based on the invoice date, and net of allowance for ECL, is as follows:

	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0–90 days	30,540	36,609	37,550	48,558
91–180 days	383	9,981	15,894	9,818
181–365 days	198	—	—	—
	31,121	46,590	53,444	58,376

The carrying amounts of the Group's trade receivables are denominated in RMB.

Details of the credit risk of trade receivables of the Group and its impairment assessment under HKFRS 9 as at 31 December 2020, 2021 and 2022 and 30 September 2023 are set out in note 6(b) to the Historical Financial Information.

26. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for renovation of property, plant and equipment	—	—	—	6,000
Prepaid **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other prepayments	434	4,503	334	690
Other receivables	946	490	506	631
	[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Analysed as:				
Current assets	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Non-current assets	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Details of impairment assessment of other receivables under HKFRS 9 as at 31 December 2020, 2021 and 2022 and 30 September 2023 are set out in note 6(b) to the Historical Financial Information.

27. AMOUNTS DUE FROM/(TO) THE ULTIMATE HOLDING COMPANY/SHAREHOLDERS/A DIRECTOR/A SUBSIDIARY (THE GROUP AND THE COMPANY)

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand.

The amounts due from the ultimate holding company and shareholders and amount due to a director will be settled prior to the **[REDACTED]**.

28. BANK AND CASH BALANCES

At the end of each reporting period, the Group's and the Company's bank and cash balances are denominated in the following currencies:

	The Group			
		At 31 December		At 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
HK$	16	19	6	1
RMB	6,952	22,944	71,073	89,594
Total	6,968	22,963	71,079	89,595

	The Company			
		At 31 December		At 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
HK$	—	1	3	1

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. However, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

29. TRADE PAYABLES

		At 31 December		At 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	9,149	5,323	15,552	12,177

An ageing analysis of the Group's trade payables at the end of each reporting period, based on invoice date, is as follows:

		At 31 December		At 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0–90 days	8,333	5,282	13,139	11,969
91–180 days	797	—	2,372	167
181–365 days	3	22	—	—
Over 1 year	16	19	41	41
	9,149	5,323	15,552	12,177

The carrying amounts of the Group's trade payables are denominated in RMB.

30. ACCRUALS AND OTHER PAYABLES

	At 31 December			At 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	391	412	512	492
Other payables	2,904	1,307	1,034	2,136
	3,295	1,719	1,546	2,628

31. BANK BORROWINGS

	At 31 December			At 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings, secured	20,000	20,000	20,000	19,995

As at 31 December 2020, 2021 and 2022 and 30 September 2023, the Group's bank borrowings were denominated in RMB and were due within one year.

The bank borrowings of the Group are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. The interest rates of the Group's bank borrowings as at 31 December 2020, 2021 and 2022 and 30 September 2023 were as follows:

	At 31 December			At 30 September
	2020	2021	2022	2023
Bank borrowings	3.85%–4.55%	3.95%–4.55%	3.75%–4.55%	3.45%–4.40%

The Group's banking facilities are secured by:

(a) personal guarantee of RMB10,000,000, RMB10,000,000, RMB10,000,000 and RMB[9,995,000] provided by directors, Mr. Zhang and Ms. Geng Juan, who is cohabiting with Mr. Zhang as his spouse, as at 31 December 2020, 2021 and 2022 and 30 September 2023 respectively. The guarantee will be released upon the **[REDACTED]**;

(b) the investment properties of the Group as at 31 December 2020, 2021 and 2022 and 30 September 2023 *(note 19)*; and

(c) certain right-of-use assets of the Group as at 31 December 2020, 2021 and 2022 and 30 September 2023 *(note 20)*.

32. LEASE LIABILITIES

	Present value of minimum lease payments			
	At 31 December			At 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	80	124	98	106
In the second year	86	96	107	72
In the third to fifth years, inclusive	283	266	247	215
After five years	272	191	100	107
Present value of lease obligations	721	677	552	500
Less: Amount due for settlement within 12 months (shown under current liabilities)	(80)	(124)	(98)	(106)
Amount due for settlement after 12 months	641	553	454	394

	Minimum lease payments			
	At 31 December			At 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	153	189	152	152
In the second year	153	153	152	108
In the third to fifth years, inclusive	412	367	323	273
After five years	330	222	115	115
	1,048	931	742	648
Less: Future finance charges	(327)	(254)	(190)	(148)
Present value of lease obligations	721	677	552	500

All lease liabilities are denominated in RMB.

33. DEFERRED INCOME

	For the year ended 31 December			Nine months ended 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants:				
At the beginning of the year/period	3,995	3,953	3,727	3,500
Additions	3,585	318	—	—
Amortisation	(3,627)	(544)	(227)	(170)
At the end of the year/period	3,953	3,727	3,500	3,330
Less: current portion	(227)	(227)	(227)	(227)
Non-current portion	3,726	3,500	3,273	3,103

The government grants regarding subsidies of agricultural development and greening purpose are deferred and credited to profit or loss on a systematic basis over the periods in which the Group recognises the related costs as expenses for which the grants are intended to compensate.

34. DEFERRED TAX

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% and may be reduced to 5% if certain criteria could be met under the Double Taxation Arrangement (Hong Kong). The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As at 31 December 2020, 2021 and 2022 and 30 September 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors of the Company, [except for the special dividend declared subsequent to the Track Record Period on [Date] as disclosed in note 15,] it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised as at 31 December 2020, 2021 and 2022 and at 30 September 2023 totalled approximately RMB125,546,000, RMB168,140,000, RMB196,837,000 and RMB233,873,000 respectively.

35. SHARE CAPITAL

	Notes	**Number of shares**	**Amount** *US$'000*	**Equivalent to** *RMB'000*
Authorised:				
Ordinary shares at US$1.00 each				
At 1 January 2020		50,000	50	344
Subdivision of shares	*(c)*	4,950,000	—	—
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 30 September 2023 at US$0.01 each		5,000,000	50	344
Issued and fully paid:				
Ordinary shares				
At 1 January 2020 at US$1.00 each		1	—*	—*
Subdivision of shares	*(c)*	99	—*	—*
Issue of shares at US$0.01 each	*(c)*	139,900	1	10
At 31 December 2020 and 1 January 2021 at US$0.01 each		140,000	1	10
Issue of shares at US$0.01 each	*(d)*	1,414	—*	—*
At 31 December 2021, 1 January 2022 and 31 December 2022, 1 January 2023 and 30 September 2023 at US$0.01 each		141,414	1	10

* *Represents amount less than RMB1,000 or US$1,000.*

Notes:

(a) For the purpose of the Historical Financial Information, the share capital as at 1 January 2020 represented combined share capital of the Company and Fujing Agriculture.

(b) On 23 July 2019, the Company was incorporated in Cayman Islands as an exempted company with limited liability under the Companies Act, Chapter 22 (Act 3 of 1961, as consolidated and revised) of Cayman Islands with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. At the date of the incorporation, one fully paid share of US$1 was issued at par.

(c) Pursuant to the resolutions passed on 24 March 2020, the authorised share capital of the Company was sub-divided from US$50,000 divided into 50,000 shares of a par value of US$1 each to US$50,000 divided into 5,000,000 shares of a nominal value of US$0.01 each. Accordingly, the one issued and fully paid share was sub-divided into 100 shares of a par value of US$0.01 each. On the same day, the Company allotted and issued 139,900 shares as fully paid at par to shareholders.

(d) Pursuant to an agreement dated 8 February 2021 entered into between the Company and Mr. Xie Xing, the Company acquired the entire issued share capital of Prosperity Plentiful (BVI) from Mr. Xie Xing, in exchange of which, the Company allotted and issued 1,414 shares, representing approximately 1% of the enlarged share capital of the Company, to Mr. Xie Xing.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The capital structure of the Group comprises all components of shareholders' equity.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

The Group is not subject to any externally imposed capital requirements.

36. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and the consolidated statements of changes in equity.

(b) The Company

The Company's reserves and movements are analysed as follows:

	Foreign currency translation reserve *(note 36(c)(iii))* *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2020	—*	—	—*
Total comprehensive loss for the year	(1)	—	(1)
At 31 December 2020 and 1 January 2021	(1)	—	(1)
Total comprehensive loss for the year	—	(1)	(1)
At 31 December 2021 and 1 January 2022	(1)	(1)	(2)
Total comprehensive loss for the year	1	(4)	(3)
At 31 December 2022 and 1 January 2023	—	(5)	(5)
Total comprehensive loss for the period	—	(2)	(2)
At 30 September 2023	—	(7)	(7)

* *The amount is less than RMB1,000.*

(c) Nature and purpose of reserves

(i) Share premium

Prior to the Group Reorganisation, share premium represents premium arising from the issue of shares of the subsidiaries at prices in excess of their par value per share.

(ii) Merger reserve

Merger reserve represents the difference between the nominal value of shares issued by the Company and the aggregate fully paid registered capital and share premium of the PRC subsidiaries being acquired pursuant to the Group Reorganisation.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c) to the Historical Financial Information.

(iv) Statutory reserve

In accordance with the PRC Company Law and the Group's PRC subsidiaries' articles of association, the Group's PRC subsidiaries are required to allocate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to the PRC companies to the statutory reserve until such reserve reaches 50% of the registered capital. The appropriation to the reserve must be made before any distribution of dividends to equity holders. The statutory reserve can be used to offset previous years' losses, if any, and part of the statutory reserve can be capitalised as paid-in capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the paid-in capital of the Group's subsidiaries.

37. OPERATING LEASE COMMITMENTS

(a) The Group as lessee

The Group regularly enters into short-term leases for office and cultivation facilities. The portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 20.

The outstanding lease commitments for the short-term lease are as follows:

	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	4	—	—	12

(b) The Group as lessor

Operating leases relate to investment properties owned by the Group with lease terms of 2 to 5 years. The lessee does not have options to extend the lease term and to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the least 5 years. The Group did not identify any indications that this situation will change.

Minimum lease payments receivable on leases are as follows:

	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	640	507	640	487
In the second year	507	240	327	—
In the third year	240	60	—	—
In the fourth year	60	—	—	—
	1,447	807	967	487

The following table presents the amounts reported in the consolidated statements of profit or loss and other comprehensive income:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Rental income under operating leases	640	640	640	480	480

38. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of each reporting period but not yet incurred are as follows:

	At 31 December			At 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	—	—	—	6,458

39. CONTINGENT LIABILITIES

At 31 December 2020, 2021 and 2022 and 30 September 2023, the Group did not have any contingent liabilities.

40. RELATED PARTY TRANSACTIONS

Other than those balances with related parties disclosed in note 27 to the Historical Financial Information, the Group had the following material transactions with its related parties during the Track Record Period.

(a) Transactions with related party

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Rental payment paid to a related company in respect of a property	36	36	36	27	27

As Mr. Zhang and Ms. Geng Juan are beneficial owners and directors of the related company and the Group, the above transactions constitute related party transactions.

In February 2019 and 2020, the Group entered into a one-year lease in respect of a leasehold property from Mr. Zhang for its own office use. The amount of rent payable by the Group under the lease is RMB36,000 per annum. On the date of adoption of HKFRS 16, the Group elected not to apply the requirements of HKFRS 16 in respect of short-term leases that have a lease term of 12 months or less.

In February 2021, the Group entered into a two-year lease in respect of the same leasehold property mentioned above. The amount of rent payable by the Group under the lease is RMB36,000 per annum. At the date of lease remeasurement of the lease, the Group recognised a right-of-use asset and a lease liability of RMB71,000 under HKFRS 16. In February 2023, the lease was renewed a year to February 2024.

(b) Guarantee

As at 31 December 2020, 2021 and 2022 and 30 September 2023, Mr. Zhang and Ms. Geng Juan had provided personal guarantees in favour of banking facilities granted to a subsidiary of the Group. These guarantees will be released upon the **[REDACTED]**.

Details of the above guarantees are set out in note 31 to the Historical Financial Information.

(c) Key management compensation

Key management mainly represents the Company's directors. Their remunerations have been disclosed in note 14(a) to the Historical Financial Information.

41. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank borrowings	**Lease liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020	15,000	260	15,260
Cash flows, net	3,870	(153)	3,717
Interest expenses	1,130	53	1,183
Commencement of new leases	—	561	561
At 31 December 2020 and 1 January 2021	20,000	721	20,721
Cash flows, net	(824)	(188)	(1,012)
Interest expenses	824	73	897
Commencement of new leases	—	71	71
At 31 December 2021 and 1 January 2022	20,000	677	20,677
Cash flows, net	(836)	(189)	(1,025)
Interest expenses	836	64	900
At 31 December 2022 and 1 January 2023	20,000	552	20,552
Cash flows, net	(625)	(94)	(719)
Interest expenses	620	42	662
At 30 September 2023	19,995	500	20,495
At 1 January 2022	20,000	677	20,677
Cash flows, net (unaudited)	(639)	(131)	(770)
Interest expenses (unaudited)	639	49	688
At 30 September 2022 (unaudited)	20,000	595	20,595

(b) Total cash flows for bank borrowings

Net cash inflows/(outflows) included in the consolidated statements of cash flows for bank borrowings comprise the followings:

	Year ended 31 December			**Nine months ended 30 September**	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Within financing cash flows	3,870	(824)	(836)	(639)	(625)

(c) Total cash outflows for leases

Net cash outflows included in the consolidated statements of cash flows for leases comprise the followings:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Within operating cash flows	(59)	(4)	—	—	(24)
Within financing cash flows	(153)	(188)	(189)	(131)	(94)
	(212)	(192)	(189)	(131)	(118)

These amounts relate to the followings:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Total cash outflows of leases	212	192	189	131	118

(d) Major non-cash transactions

During the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2022 (unaudited) and 2023, the Group entered into new lease agreements resulting an increase of right-of-use assets and lease liabilities by approximately RMB561,000, RMB71,000, Nil, Nil and Nil respectively.

42. EVENTS AFTER THE REPORTING PERIOD

(a) On [•] 2023, written resolutions of the shareholders of the Company were passed to approve the matters set out in the paragraph headed "Written resolutions of our Shareholders passed on [•] 2023" in Appendix VI to this Document.

(b) A share scheme has been conditionally approved and adopted by the Company on [•] 2023, the principal terms of which are summarised in the paragraphs headed "D. Share Scheme" in Appendix VI to this Document.

(c) [As disclosed in note 15, a special dividend of RMB15,000,000 has been declared by the directors of the Company.]

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2023.