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APPENDIX III

**UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

*The following is the preliminary financial information of our Group as of and for the year ended 31 December 2023 (the “**2023 Preliminary Financial Information**”), together with comparative financial information as of and for the year ended 31 December 2022 and a discussion of changes in our financial status and results of operations between the two periods. The 2023 Preliminary Financial Information does not constitute the consolidated financial statements of the Group for the year ended 31 December 2023 but is extracted from those financial statements. The 2023 Preliminary Financial Information was not audited. [REDACTED] should bear in mind that the 2023 Preliminary Financial Information in this appendix may be subject to adjustments.*

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UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023

2023 PRELIMINARY FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2022		2023		
Notes	Results before biological assets fair value adjustments RMB'000	Biological assets fair value adjustments RMB'000	Results before biological assets fair value adjustments RMB'000 (Unaudited)	Biological assets fair value adjustments RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	126,694	—	157,860	—	157,860
Cost of sales	(70,804)	(3,351)	(86,794)	(2,532)	(89,326)
Gross profit	55,890	(3,351)	71,066	(2,532)	68,534
Other income	887	—	1,175	—	1,175
Changes in fair value of biological assets	—	(2,053)	—	3,375	3,375
Allowance for expected credit losses (“ECL”) of trade receivables	(160)	—	(113)	—	(113)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Selling and distribution expenses	(420)	—	(311)	—	(311)
Administrative and other expenses	(12,354)	—	(12,968)	—	(12,968)
Profit from operations	38,116	(5,404)	49,259	843	50,102
Finance costs	(900)	—	(872)	—	(872)
Profit before tax	37,216	(5,404)	48,387	843	49,230
Income tax expense	—	—	—	—	—
Profit for the year	37,216	(5,404)	48,387	843	49,230
Other comprehensive loss for the year, net of tax:					
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations	(3)	—	(3)	—	(3)
Total comprehensive income for the year	37,213	(5,404)	48,384	843	49,227
Earnings per share (RMB)					
Basic and diluted		0.08			0.12

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i> (Unaudited)
Non-current assets			
Property, plant and equipment		162,756	162,330
Investment properties		6,135	17,723
Right-of-use assets		22,003	21,271
Intangible assets		—	—
Prepayments		—	3,500
		<u>190,894</u>	<u>204,824</u>
Current assets			
Biological assets	13	8,371	9,645
Inventories		1,557	1,741
Trade receivables	14	53,444	61,909
Prepayments and other receivables		6,252	9,009
Amount due from the ultimate holding company		6	6
Amounts due from shareholders		3	3
Bank and cash balances		<u>71,079</u>	<u>89,429</u>
		<u>140,712</u>	<u>171,742</u>
Current liabilities			
Trade payables	15	15,552	7,240
Accruals and other payables		1,546	5,921
Amount due to a director		30	30
Bank borrowings	16	20,000	19,995
Lease liabilities		98	107
Deferred income		<u>227</u>	<u>227</u>
		<u>37,453</u>	<u>33,520</u>
Net current assets		<u>103,259</u>	<u>138,222</u>
Total assets less current liabilities		<u>294,153</u>	<u>343,046</u>
Non-current liabilities			
Lease liabilities		454	347
Deferred income		<u>3,273</u>	<u>3,046</u>
		<u>3,727</u>	<u>3,393</u>
NET ASSETS		<u><u>290,426</u></u>	<u><u>339,653</u></u>
Capital and reserves			
Share capital	17	10	10
Reserves		<u>290,416</u>	<u>339,643</u>
TOTAL EQUITY		<u><u>290,426</u></u>	<u><u>339,653</u></u>

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**UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. GENERAL INFORMATION

The 2023 Preliminary Financial Information does not constitute the consolidated financial statements of Fijing Holdings Co., Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023 but is extracted from those consolidated financial statements.

The Company was incorporated and registered 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 and the Company’s principal place of business in Hong Kong is Unit 16, 28/F, One Midtown, 11 Hoi Shing Road, Tsuen Wan, Hong Kong.

Pursuant to the reorganisation of the Group (the “**Group Reorganisation**”) in connection with the [REDACTED] of shares of the Company on the Main Board of the Stock Exchange, the Company became the investment holding company of the Group on 8 February 2021. Details of the Group Reorganisation were set out in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” to this Document.

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 the Group are growing, processing and selling of potted vegetables in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company, as at 31 December 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**”), the director of the Company, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

The Group’s consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The Group’s consolidated financial statements also comply with the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with the disclosure requirements of the Hong Kong Companies Ordinance.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

(a) Application of new and amendments to HKFRSs

All of the new and amendments to HKFRSs that are effective on 1 January 2023 have been early adopted by the Group prior to the annual periods beginning after 1 January 2023.

(b) Amendments to HKFRSs in issue but not yet effective

Up to the date of issue of the Group’s consolidated financial statements, the HKICPA has issued the following amendments to HKFRSs which are not yet effective for its accounting period beginning on or after 1 January 2023 and which have not been adopted in the Group’s consolidated financial statements.

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Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback 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 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of these amendments to HKFRSs will not have material impact on the Group’s financial performance and financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Group’s consolidated financial statements have been prepared under the historical cost convention unless mentioned otherwise in the material accounting information policy as described in the Group’s consolidated financial statements (e.g. biological assets that are measured at fair value less cost to sell).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of the Group’s consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group’s consolidated financial statements are disclosed in the Group’s consolidated financial statements.

The material accounting policy information applied in the preparation of the Group’s consolidated financial statements are set out in the Group’s consolidated financial statements.

5. SEGMENT INFORMATION

The Group identifies reportable segments according to the types of products 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.

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(a) 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.

(b) Revenue from major customers

	2022 <i>RMB’000</i>	2023 <i>RMB’000</i> (Unaudited)
Sales of potted vegetables:		
Customer B	20,729	26,070
Customer D	16,164	20,908
Customer F	15,054	18,908
Customer G	<u>20,914</u>	<u>26,271</u>

6. REVENUE

Revenue represents invoiced value of goods sold, after allowances for returns and discounts, during the year ended 31 December 2023 and is set out below:

	2022 <i>RMB’000</i>	2023 <i>RMB’000</i> (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Products transferred at a point in time:		
—Sales to distributors	126,692	157,858
—Direct sales to end-user customers	<u>2</u>	<u>2</u>
	<u>126,694</u>	<u>157,860</u>

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

7. OTHER INCOME

	2022 <i>RMB’000</i>	2023 <i>RMB’000</i> (Unaudited)
Interest income	17	44
Rental income	640	640
Net foreign exchange gains	3	8
Government grants (<i>note</i>)	227	227
Compensation received	<u>—</u>	<u>256</u>
	<u>887</u>	<u>1,175</u>

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Note: The government grants represent subsidies received from government for agricultural development and greening purposes and such government grants are recognised as income on a systematic basis over the periods which the Group recognised related costs as expenses for which the government grants are intended to compensate. There are no unfulfilled conditions and other contingencies attaching to them.

8. FINANCE COSTS

	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)
Interest on lease liabilities	64	54
Interest on bank borrowings	<u>836</u>	<u>818</u>
	<u>900</u>	<u>872</u>

9. 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 years ended 31 December 2023 and 2022.

The Group's subsidiaries established and operated in the PRC are subject to PRC Enterprise Income Tax (“EIT”) at the rate of 25% (2022: 25%) for the year ended 31 December 2023. 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, enterprise income generated by Qingdao Fujing Agriculture Development Company Limited* (青島富景農業開發有限公司) (“**Fujing Agriculture**”) 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 Group's consolidated financial statements for Fujing Agriculture during the years ended 31 December 2023 and 2022. No provision for the PRC EIT has been made for Qingdao Xinfujing Technology Company Limited* (青島鑫富景科技有限公司) in the Group's consolidated financial statements as it has no assessable profits during the years ended 31 December 2023 and 2022.

* *The English name is for identification purpose only.*

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10. PROFIT FOR THE YEAR

The Group’s profit for the year is stated after charging/(crediting) the following:

	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>
		(Unaudited)
Auditors’ remuneration	41	1,478
Cost of inventories sold, before the biological assets fair value adjustments	70,804	86,794
Depreciation of property, plant and equipment	10,034	10,212
Depreciation of investment properties	295	634
Depreciation of right-of-use assets	765	732
Loss on disposal of property, plant and equipment	214	—
Biological assets fair value adjustments	5,404	(843)
[REDACTED]	[REDACTED]	[REDACTED]
Loss on write-off of property, plant and equipment	382	—
Allowance for ECL of trade receivables	160	113
	<u>35,410</u>	<u>40,843</u>
Staff costs (including directors’ emoluments)		
—Salaries, bonus, allowances, subcontracting fees and other benefits in kind	34,750	40,232
—Retirement benefits scheme contributions	660	611
	<u>35,410</u>	<u>40,843</u>

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

12. EARNINGS PER SHARE

The calculation of basic earnings per share for the years ended 31 December 2023 and 2022 are based on the consolidated profit of the Group attributable to equity holders of the Company for the years ended 31 December 2023 and 2022 and based on the assumption that **[REDACTED]** shares of the Company are in issue and issuable, comprising 141,414 shares in issue and **[REDACTED]** shares to be issued under 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 years ended 31 December 2023 and 2022.

As there were no dilutive potential ordinary shares during the years ended 31 December 2023 and 2022, diluted earnings per share for the years ended 31 December 2023 and 2022 are the same as basic earnings per share.

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13. BIOLOGICAL ASSETS

	2022 <i>RMB'000</i>	2023 <i>RMB'000</i> (Unaudited)
At 1 January	9,781	8,371
Increase due to plantation	74,798	87,225
Decrease due to sales, before the biological assets fair value adjustments	(70,804)	(86,794)
Biological assets fair value adjustments (<i>Note</i>)	<u>(5,404)</u>	<u>843</u>
At 31 December	<u><u>8,371</u></u>	<u><u>9,645</u></u>

Note: Included in biological assets fair value adjustments was 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.

14. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2023 <i>RMB'000</i> (Unaudited)
Trade receivables	53,605	62,183
Allowance for ECL	<u>(161)</u>	<u>(274)</u>
	<u><u>53,444</u></u>	<u><u>61,909</u></u>

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

	2022 <i>RMB'000</i>	2023 <i>RMB'000</i> (Unaudited)
0–90 days	37,550	36,567
91–180 days	15,894	24,934
181–365 days	<u>—</u>	<u>408</u>
	<u><u>53,444</u></u>	<u><u>61,909</u></u>

15. TRADE PAYABLES

	2022 <i>RMB'000</i>	2023 <i>RMB'000</i> (Unaudited)
Trade payables	<u><u>15,552</u></u>	<u><u>7,240</u></u>

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

	2022 <i>RMB’000</i>	2023 <i>RMB’000</i> (Unaudited)
0–90 days	13,139	7,049
91–180 days	2,372	150
Over 1 year	<u>41</u>	<u>41</u>
	<u><u>15,552</u></u>	<u><u>7,240</u></u>

16. BANK BORROWINGS

	2022 <i>RMB’000</i>	2023 <i>RMB’000</i> (Unaudited)
Bank borrowings, secured	<u>20,000</u>	<u>19,995</u>

As at 31 December 2023 and 2022, the Group’s bank borrowings were denominated in RMB and were due within one year.

Certain 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 2023 were as follows:

	2022	2023 (Unaudited)
Bank borrowings	<u>3.75%-4.55%</u>	<u>3.45%-4.40%</u>

The Group’s banking facilities as at 31 December 2023 were secured by (i) personal guarantee with aggregate amount of RMB10,000,000 provided by the director of the Company, Mr. Zhang, and Ms. Geng Juan, who is cohabiting with Mr. Zhang as his spouse, and an independent third party of the Company; (ii) investment properties of the Group with carrying amount of approximately RMB17,723,000 (unaudited); and (iii) certain right-of-use assets of the Group with carrying amount of approximately RMB18,124,000 (unaudited).

The Group’s banking facilities as at 31 December 2022 were secured by (i) personal guarantee with aggregate amount of RMB10,000,000 provided by the director of the Company, Mr. Zhang, and Ms. Geng Juan, who is cohabiting with Mr. Zhang as his spouse; (ii) investment properties of the Group with carrying amount of approximately RMB6,135,000; and (iii) certain right-of-use assets of the Group with carrying amount of approximately RMB18,651,000.

The personal guarantee provided by an independent third party of the Company as at 31 December 2023 has been released subsequent to the end of the reporting period and replaced by the personal guarantee provided by Ms. Geng Qi, sister of Ms. Geng Juan and a shareholder of the Company.

The personal guarantees provided by Mr. Zhang, Ms. Geng Juan and Ms. Geng Qi will be released subsequent to 31 December 2023 upon the [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited.

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17. SHARE CAPITAL

	Number of shares	Amount US\$'000	Equivalent to RMB'000
Authorised:			
Ordinary shares at US\$0.01 each			
At 1 January 2022, 31 December 2022 and 1 January 2023	5,000,000	50	344
Increase in authorised share capital (<i>Note</i>)	<u>9,995,000,000</u>	<u>99,950</u>	<u>725,172</u>
At 31 December 2023	<u><u>10,000,000,000</u></u>	<u><u>100,000</u></u>	<u><u>725,516</u></u>
Issued and fully paid:			
Ordinary shares at US\$0.01 each			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>141,414</u>	<u>1</u>	<u>10</u>

Note: On 16 November 2023, the Company resolved to increase its authorised share capital from US\$50,000 divided into 5,000,000 shares of US\$0.01 each to US\$100,000,000 divided into 10,000,000,000 shares of US\$0.01 each by the creation of 9,995,000,000 additional shares, each ranking *pari passu* with the shares then in issue in all respects.

18. CAPITAL COMMITMENTS

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

	2022 RMB'000	2023 RMB'000 (Unaudited)
Property, plant and equipment	<u>—</u>	<u>3,959</u>

19. EVENTS AFTER THE REPORTING PERIOD

- (a) On 11 March 2024, a written resolution of the shareholders of the Company was passed to approve the matters set out in the paragraph headed “Written Resolutions of our Shareholders passed on 16 November 2023 and 11 March 2024” in Appendix VI to this Document.
- (b) Subsequent to 31 December 2023 and as set out in note 16 in this appendix, the personal guarantee provided by an independent third party to the Group has been replaced by the personal guarantee provided by Ms. Geng Qi.
- (c) Subsequent to 31 December 2023 and as set out in note 16 in this appendix, the personal guarantee provided by Mr. Zhang, Ms. Geng Juan and Ms. Geng Qi will be released upon the [REDACTED] of the Company’s shares on the Main Board of the Stock Exchange.
- (d) The audit committee has established and come into operation with effect from 26 February 2024, in compliance with the Corporate Governance Code. Each of the members of the audit committee has reviewed the 2023 Preliminary Financial Information as set out in this appendix.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

We are principally engaged in the cultivation and sales of potted vegetable produce in the PRC, which are cultivated and sold in pots. Our potted vegetable produce was mainly leafy vegetable species, such as crown daisy, rapeseed, Frisée, Indian lettuce, pak choi, lettuce, Chinese celery and tatsoi. Our products are offered in the market primarily under our brand “富景農業”.

During FY2022 and FY2023, we sold our products primarily in Shandong province, and also in Xi’an, Shaanxi province and Dalian, Liaoning province, with revenue contribution of 91.4%, 3.7% and 4.9% in FY2023 respectively and 90.3%, 4.2% and 5.5% in FY2022 respectively. We sell our potted vegetable produce primarily through a network of distributors in the PRC, which then on-sell our products to end-user customers, the majority of which are hotels and restaurants in the PRC. During FY2022 and FY2023, we had 12 distributors. Our sales to distributors amounted to RMB126.7 million and RMB157.9 million, accounted for approximately 100.0% and 100.0% of our revenue for FY2022 and FY2023 respectively. As at 31 December 2023, we had three cultivation facilities in operation for cultivating our potted vegetable produce, namely (i) the Laixi Facility; (ii) the Xi’an Facility; and (iii) the Dalian Facility. We had 140 greenhouses in operation with a total gross floor area of 155,401 sq.m. as at 31 December 2023.

We intend to achieve sustainable growth in sales and profit and further strengthen our leading position in the potted vegetable produce industry in the PRC by implementing the following strategies: (i) to expand our cultivation capacity; (ii) to establish a new cultivation facility in new geographical market; (iii) to set up a designated organic substrates preparation facility; and (iv) to strengthen our operational efficiency through upgrade of our information technology system. For details, please refer to the paragraph headed “Business — Our business strategies” in this document.

Subsequent to 31 December 2023 and up to the Latest Practicable Date, there had not been any material changes to our principal business. Our Directors confirm that, up to the date of this document, there has been no material change in our financial and trading position since 31 December 2023.

Analysis of key items of results of operations

Revenue

Our revenue increased from approximately RMB126.7 million in FY2022 to approximately RMB157.9 million in FY2023. Such increase in revenue in the said period was primarily attributable to the increase in the sales volume of our potted vegetable produce from approximately 8.4 million pots in FY2022 to approximately 10.5 million pots in FY2023 as our business operation was no longer affected by COVID-19 epidemic in FY2023. The average selling price per pot of our potted vegetable produce remained stable at approximately RMB15.1 in FY2022 and FY2023.

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Cost of sales

Our cost of sales primarily consists of raw materials, subcontracting labour cost and cultivation overheads. Our raw materials primarily include (i) components of organic substrates; (ii) seeds; and (iii) fertilisers (such as foliar fertilisers) and biopesticides (such as matrine). Our raw materials and subcontracting labour cost accounted for approximately 48.2% and 42.2% of our cost of sales in FY2023 respectively and 47.2% and 40.9% of our cost of sales in FY2022 respectively. Our cost of sales increased from approximately RMB74.2 million for FY2022 to approximately RMB89.3 million for FY2023 in line with the revenue growth.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB16.0 million (or 30.4%) from approximately RMB52.5 million in FY2022 to approximately RMB68.5 million in FY2023. Such increase was primarily the result of the increase in our revenue in the corresponding period, mainly attributable to the increase in the sales volume of our potted vegetable produce. Our gross profit margin increased from approximately 41.5% in FY2022 to approximately 43.4% in FY2023 mainly because of the increase in revenue from the sale of our potted vegetable produce by approximately RMB31.2 million (or 24.6%) from FY2022 to FY2023, which overwhelmed the increase in our cost of sales by approximately RMB15.2 million (or 20.5%) during the same period. Moreover, due to the temporary suspension of business activities of our Laixi Facility and Dalian Facility during the lockdown period between March and April 2022, our revenue decreased significantly during the said period, leading to a lower gross profit margin for FY2022.

Other income

Other income consists of (i) interest income; (ii) rental income; (iii) government grants; and (iv) compensation received. Our other income increased slightly from approximately RMB0.9 million for FY2022 to approximately RMB1.2 million for FY2023 mainly due to compensation received in FY2023.

Changes in fair value of biological assets less cost to sell

Our biological assets consist of potted vegetable produce held by us and stated at fair value less estimated cost to sell as at the end of reporting period. The fair value of our biological assets was assessed at each reporting date. The resultant gain or loss arising from the changes in the fair value adjustment between each reporting period are recognised in our consolidated statements of profit or loss.

For FY2022, we recorded a loss from changes in fair value of biological assets less cost to sell of approximately RMB2.1 million. In FY2022, our changes in fair value of biological assets included the unsold vegetable produce of approximately RMB4.6 million as a result of the temporary suspension of our facilities due to the outbreak of COVID-19 epidemic

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from March 2022 to April 2022. The remaining gain of approximately RMB2.5 million represents the difference between the fair value of the biological assets and the original cost of the biological assets as at 31 December 2022.

For FY2023, we recorded a gain from changes in fair value of biological assets less cost to sell of approximately RMB3.4 million. The gain represents the difference between the fair value of the biological assets and the original cost of the biological assets as at 31 December 2023.

Selling and distribution expenses

Selling and distribution expenses consist of salary, depreciation, office expenses, advertising fees, motor vehicles expenses and other expenses. Our selling and distribution expenses remained stable at approximately RMB0.4 million and RMB0.3 million for FY2022 and FY2023 respectively.

Administrative and other expenses

Administrative and other expenses consist of salary, legal, professional and auditing fees, depreciation of property, plant and equipment, depreciation of investment properties, depreciation of right-of-use assets, entertainment and travelling expenses, write-off of property, plant and equipment and other expenses. Our administrative and other expenses remained stable at approximately RMB12.4 million and RMB13.0 million for FY2022 and FY2023 respectively.

[REDACTED]

[REDACTED] amounted to approximately RMB[REDACTED] and RMB[REDACTED] for FY2022 and FY2023 respectively. The change in our [REDACTED] reflects the phase of work of the professional parties engaged for the purpose of our application for [REDACTED] in the corresponding periods.

Income tax expense

Our income tax expense remained nil for FY2022 and FY2023.

We are not subject to taxation in the Cayman Islands and the British Virgin Islands. No provision for Hong Kong Profits Tax is required since we have no assessable profits in Hong Kong.

According to the Article 27 of the EIT Law and Article 86 of the Regulations of Enterprise Income Tax 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 taxation for the period from 1 May 2010 to 1 May 2050.

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Profit for the year

Our profit for the year increased by approximately RMB17.4 million from approximately RMB31.8 million in FY2022 to approximately RMB49.2 million in FY2023, which mainly resulted from the increase in our revenue by approximately RMB31.2 million from FY2022 to FY2023 mainly attributable to the increase in our sales volume of our potted vegetable produce as our business operation was no longer affected by COVID-19 epidemic in FY2023. Our revenue and sales volume for FY2022 was significantly lower due to the temporary suspension of our Laixi Facility and Dalian Facility as a result of the resurgence of COVID-19 cases and the lockdown measures during March and April 2022. Meanwhile, our net profit margin increased from approximately 25.1% in FY2022 to approximately 31.2% in FY2023 as our business operation was no longer affected by COVID-19 epidemic in FY2023.

Analysis of key items of financial position

Net current assets

Our net current assets improved from approximately RMB103.3 million as at 31 December 2022 to approximately RMB138.2 million as at 31 December 2023, with the bank and cash balances increased from approximately RMB71.1 million as at 31 December 2022 to approximately RMB89.4 million as at 31 December 2023. The improvement was mainly because our revenue grew by approximately 24.6% during FY2023, leading to higher bank balances and trade receivables balances as at 31 December 2023.

Biological assets

Our biological assets represent the potted vegetable produce stated at fair value less estimated cost to sell as at the end of reporting period.

The fair value of our biological assets increased from approximately RMB8.4 million as at 31 December 2022 to approximately RMB9.6 million as at 31 December 2023, primarily due to the increase in the number of our potted vegetable produce in our cultivation facilities as at 31 December 2023.

Inventories

Our 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. Our inventories increased slightly from approximately RMB1.6 million as at 31 December 2022 to approximately RMB1.7 million as at 31 December 2023 due to purchase of raw materials.

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Trade receivables

Our trade receivables primarily consist of receivables associated with the sales of our potted vegetable produce to our customers. Our trade receivables increased from approximately RMB53.4 million as at 31 December 2022 to approximately RMB61.9 million as at 31 December 2023 in line with the revenue growth during FY2023.

Trade payables

Our trade payables primarily relate to our subcontracting labour cost and purchase of raw materials from our suppliers.

Our trade payables decreased from approximately RMB15.6 million as at 31 December 2022 to approximately RMB7.2 million as at 31 December 2023, primarily due to our faster settlement of trade payables for FY2023.

Bank borrowings

Our total outstanding balance of bank loans remained stable at approximately RMB20.0 million as at 31 December 2022 and 31 December 2023.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

Please refer to the paragraph headed “Business — Risk management and internal control” in this document for further information.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet [REDACTED] on the Stock Exchange in FY2023, the Corporate Governance Code as set out in Appendix C1 to the Listing Rules was not applicable to us during such period under review. After the [REDACTED], we will comply with all the code provisions set forth in the Corporate Governance Code. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code for each financial year and comply with the “comply or explain” principle in our corporate governance report, which will be included in our annual reports subsequent to the [REDACTED].

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

We have established an audit committee, which came into operation with effect from 26 February 2024, in compliance with the Corporate Governance Code. Each of the members of the audit committee has reviewed the 2023 Preliminary Financial Information as set out in this appendix.

The unaudited preliminary financial information in respect of our consolidated statement of financial position as at 31 December 2023, consolidated statement of comprehensive income and the related notes thereto FY2023 as set out in our 2023 Preliminary Financial Information above has been agreed by the Reporting Accountants to

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the amounts set out in the Group’s unaudited consolidated financial statements for FY2023 following their work under Practice Note 730 (Revised) “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the HKICPA. The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Reporting Accountants on the 2023 Preliminary Financial Information.

PURCHASE, SALES OR REDEMPTION OF OUR SHARES

Since we were not yet [REDACTED] on the Stock Exchange in FY2023, this disclosure requirement is not applicable to us.