



富景農業

Fujing Holdings Co., Limited

富景中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2497

Interim Report 2024



CONTENTS

	Page
CORPORATE INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS	4
CORPORATE GOVERNANCE AND OTHER INFORMATION	9
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	15
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	16
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	18
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	19
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION	20



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Yonggang (“**Mr. Zhang**”)
(Chairman and Chief Executive Officer)
Mr. Lyu Zhonghua
Mr. Cui Wei
Ms. Guo Zeqing
Mr. Pang Jinhong

Independent Non-executive Directors

Mr. Lam Chik Tong
Dr. Li Junliang
Ms. Chow Wai Mee May

BOARD COMMITTEES

Audit Committee

Mr. Lam Chik Tong *(Chairman)*
Dr. Li Junliang
Ms. Chow Wai Mee May

Remuneration Committee

Ms. Chow Wai Mee May *(Chairlady)*
Mr. Lam Chik Tong
Dr. Li Junliang

Nomination Committee

Mr. Zhang Yonggang *(Chairman)*
Ms. Chow Wai Mee May
Mr. Lam Chik Tong
Dr. Li Junliang

Company Secretary

Mr. Au Yeung Min Yin Gordon

AUTHORISED REPRESENTATIVES

Mr. Zhang Yonggang
Mr. Au Yeung Min Yin Gordon

JOINT AUDITORS

McMillan Woods (Hong Kong) CPA Limited
24/F., Siu On Centre
188 Lockhart Road, Wan Chai
Hong Kong
(Certified Public Accountants, Registered Public Interest Entity Auditor)

Crowe (HK) CPA Limited
9/F, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong
(Certified Public Accountants, Registered Public Interest Entity Auditor)

COMPLIANCE ADVISER

Grande Capital Limited
Room 2701, 27/F
Tower One, Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAW

Hastings & Co.
11/F, Gloucester Tower
The Landmark
15 Queen’s Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 16, 28/F
One Midtown
11 Hoi Shing Road
Tsuen Wan, Hong Kong

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Huanhu North Road South
Nanbu Village South, Rizhuang Town
Laixi, Qingdao, Shandong Province
The PRC

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANK

Bank of China (Hong Kong) Limited

STOCK CODE

2497

COMPANY'S WEBSITE

www.fujingnongye.com

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Fujing Holdings Co., Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”), is pleased to present the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 (the “**Reporting Period**” or “**1H2024**”).

BUSINESS REVIEW AND OUTLOOK

The Group is 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, Frise’e, 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 the Reporting Period, the Company recorded a total revenue of approximately Renminbi (“**RMB**”) 75.0 million, which increased by approximately 5.2% as compared with approximately RMB71.3 million for the corresponding period of last year.

We sell our products primarily in Shandong province, and also in Xi’an, Shaanxi province and Dalian, Liaoning province, with revenue contribution of 92.0%, 3.8% and 4.2% in 1H2024 respectively and 92.3%, 3.7% and 4.0% in the six months ended 30 June 2023 (“**1H2023**”) 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. Our sales to distributors amounted to approximately RMB75.0 million and approximately RMB71.3 million, accounted for approximately 100.0% of our revenue for 1H2024 and 1H2023 respectively. As at 30 June 2024, we had three cultivation facilities in operation for cultivating its potted vegetable produce, namely (i) the Laixi facility in Laixi, Qingdao, Shandong province; (ii) the Xi’an facility in Xi’an, Shaanxi province; and (iii) the Dalian facility in Dalian, Liaoning province. We had 140 greenhouses in operation with a total gross floor area of 155,401 sq.m. as at 30 June 2024.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately RMB71.3 million in 1H2023 to approximately RMB75.0 million in 1H2024. 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 4.7 million pots in 1H2023 to approximately 5.0 million pots in 1H2024. The average selling price per pot of our potted vegetable produce remained stable at approximately RMB15.1 in 1H2023 and 1H2024.

Cost of Sales and Gross Profit

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). During the Reporting Period, the cost of sales of our operations increased from approximately RMB42.1 million for 1H2023 to approximately RMB46.5 million for 1H2024, representing an increase of 10.4%. The increase in the cost of sales was primarily due to the use of seedling with higher costs and shorter maturity cycle as compared to seed, combined with the effect of increase in revenue as above-mentioned during the Reporting Period.

During the Reporting Period, the Group recorded a gross profit of approximately RMB28.5 million, as compared with a gross profit of approximately RMB29.2 million for the corresponding period of last year. The decrease in gross profit was mainly due to the increase in cost of sales during the Reporting Period as above-mentioned.

Other Income

Other income mainly consists of (i) interest income; (ii) rental income; and (iii) government grants. Our other income remained stable at approximately RMB0.5 million for both 1H2023 and 1H2024.

Changes in fair value of biological assets less costs to sell

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

For 1H2023, we recorded a gain from changes in fair value of biological assets less costs to sell of approximately RMB3.2 million. The gain represents the difference between the fair value of the biological assets and the original cost of the biological assets as at 30 June 2023.

For 1H2024, we recorded a gain from changes in fair value of biological assets less costs to sell of approximately RMB1.8 million. The gain represents the difference between the fair value of the biological assets and the original cost of the biological assets as at 30 June 2024.

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses decreased slightly to approximately RMB0.1 million from approximately RMB0.2 million for 1H2023.

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 and other expenses. Our administrative and other expenses increased from approximately RMB4.7 million for 1H2023 to RMB6.9 million for 1H2024 mainly due to (i) the increase in depreciation of investment properties by approximately RMB0.3 million; (ii) the increase in insurance and other professional fee of approximately RMB0.6 million as a result of the listing status after 28 March 2024; (iii) the increase in repair and maintenance of approximately RMB0.5 million; and (iv) the increase in government levy of approximately RMB0.4 million.

Listing expenses

Listing expenses represented professional services fees incurred for the purpose of the listing of the shares of the Company (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 March 2024 (the “**Listing Date**”). Listing expenses amounted to approximately RMB2.2 million and RMB8.4 million for 1H2023 and 1H2024 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

Our income tax expense remained nil for 1H2024 and 1H2023. The Group is not subject to taxation in the Cayman Islands and the British Virgin Islands. No provision for Hong Kong Profits Tax is required since the Group has no assessable profits in Hong Kong.

According to the Article 27 of the Enterprise Income Tax Law and Article 86 of the Regulations of Enterprise Income Tax Law of the PRC, 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**”), our principal operating subsidiary in the PRC, from agriculture has been exempted from taxation for the period from 1 May 2010 to 1 May 2050. Accordingly, no PRC enterprise income tax has been provided for Fujing Agriculture for 1H2024 and 1H2023.

Profit for the Reporting Period

During the Reporting Period, our profit decreased by approximately RMB10.4 million from approximately RMB25.3 million in 1H2023 to approximately RMB14.9 million in 1H2024, which mainly resulted from (i) the increase in our listing expenses in connection with the Listing; and (ii) the increase in our administrative and other expenses. Meanwhile, our net profit margin decreased from approximately 35.5% in 1H2023 to approximately 19.8% in 1H2024 due to the same reason.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our capital expenditure, daily operations and investments are mainly funded by cash generated from its operations, bank borrowings and proceeds from the shares of the Company (the “**Shares**”) which were listed on the Stock Exchange on the Listing Date, comprising 100,000,000 new Shares issued at the offer price of HK\$1.08 per Share (the “**Share Offer**”). For details of the Share Offer, please refer to the prospectus of the Company dated 20 March 2024 (the “**Prospectus**”).

As at 30 June 2024, the Group had total cash and cash equivalents (including bank deposits and cash) of approximately RMB194.1 million (31 December 2023: RMB89.4 million), and total net current assets of approximately RMB238.0 million (31 December 2023: RMB138.2 million). As at 30 June 2024, our bank borrowings were denominated in RMB. All bank borrowings carried fixed interest rate as at 30 June 2024.

The Group monitors capital using a gearing ratio, which is total debt (of which debt is defined to be total interest-bearing debt including borrowings and lease liabilities) divided by total equity multiplied by 100% as at the date indicated. As at 30 June 2024, the gearing ratio of the Group was 3.5% (31 December 2023: 6.0%).

After taking into consideration the available financial resources, including cash flows from operating activities, the Group has enough working capital to meet the capital demand for its business development.

There has been no change in the capital structure of the Company since the Listing. As at the date of this report, the equity of the Company comprised mainly issued share capital and reserves.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2024, the Group's right-of-use assets with carrying amount of approximately RMB17,860,000 (31 December 2023: investment properties and right-of-use assets with aggregate carrying amount of approximately RMB35,847,000) had been pledged to secure the Group's borrowings.

As at 30 June 2024, the Group did not have material contingent liabilities (31 December 2023: nil).

FUNDING AND TREASURY POLICY

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

EMPLOYEES, REMUNERATION POLICY AND TRAINING

As at 30 June 2024, the Group had a total of 32 employees (excluding independent non-executive Directors) who are all located in the PRC.

The total staff costs incurred by the Group for 1H2024 was approximately RMB19.4 million compared to approximately RMB18.6 million for 1H2023. The remuneration policy of the Group to reward its employees is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprises salary, contribution to pension schemes and discretionary bonuses relating to the profit of the relevant company. The Group provides introductory training at the time when members of its staff first join the Group and thereafter regular on-the-job training, depending on his or her role. In addition, it is the Group's policy to provide training to its staff on an as-needed basis to enhance their technical and industry knowledge.

The Group believes that it maintains a positive working relationship with its employees.

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.

During 1H2023 and 1H2024, the Group had no forfeited contributions which may be used by the Group to reduce the existing level of contributions or the contributions payable in future years.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not hold any significant investments, nor did the Group carry out any material acquisitions or disposals during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus, as at the date of this report, the Group does not have other plans for material investments and capital assets.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group did not have capital commitment in respect of the acquisition of property, plant and equipment (31 December 2023: RMB4.0 million).

INTERIM DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period. The Board does not recommend the payment of an interim dividend for 1H2024 (1H2023: Nil).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group has minimal exposure to fluctuations in exchange rates as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group’s entities. As at 30 June 2024, approximately 67.0% (31 December 2023: 100.0%) of the Group’s bank and cash balances were denominated in RMB while approximately 33.0% (31 December 2023: 0%) of the Group’s bank and cash balances were denominated in Hong Kong dollars. In additions, 100% (31 December 2023: 100%) of the Group’s bank borrowings were denominated in RMB. As at 30 June 2024 and 2023, the Group has not entered into any foreign exchange contracts to hedge against the fluctuation in exchange rates and the Group did not have any foreign currency investments which have been hedged by currency borrowing and other hedging instruments. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

SIGNIFICANT LITIGATION

As at the date of this report, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

RISK MANAGEMENT

During the Reporting Period, the Group regularly reviewed the risk and credit control systems of its profit centers in order to improve the overall controlling system and mitigate credit risk.

This also ensures that the Group is capable of effectively conducting business operations and facilitates further development. There have been no significant changes in the Group’s risk management policy since 31 December 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period since the Listing Date, neither the Company nor its subsidiaries had purchased, sold or redeemed its listed securities.

FUTURE PLANS AND PROSPECTS

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, details of which are set out in the section headed “Business — Our Business Strategies” in the Prospectus.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company (the “**Shareholders**”) and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company’s corporate governance practices enabling its shareholders to evaluate, and the CG Code has been applied to the Company with effect from the Listing. Save as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code during the Reporting Period since the Listing Date.

Code Provision C.1.6 of part 2 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. The independent non-executive Director, Ms. Chow Wai Mee May, did not attend the annual general meeting of the Company held on 28 June 2024 due to other commitments.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, having considered the nature and extent of our operations, and Mr. Zhang’s familiarity with the operations of our Group, that all major decisions are made in consultation with members of our Board and relevant Board committees, and that there are three independent non-executive Directors on our Board offering independent perspectives, our Directors are therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between our Board and the management of our Company and that it is in the best interest of our Group to have Mr. Zhang taking up both roles notwithstanding the provision of C.2.1 of the CG Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the Directors’ securities transactions since the Listing Date. Having made specific enquiries, all Directors confirmed that they have fully complied with the Model Code throughout the Reporting Period since the Listing Date.

DIRECTORS’ RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors have confirmed their responsibility for preparing financial statements of the Company. The financial information set out in this report is unaudited.

PROCEEDS FROM THE LISTING

The Company has been listed on the Stock Exchange since the Listing Date. Net proceeds from the Listing were approximately HK\$48.2 million (approximately RMB43.8 million). The Company applied the proceeds from the Share Offer in accordance with the purposes as set out in the section headed “Future Plans and Use of Proceeds — Use of Proceeds” in the Prospectus which is also set out below. During 1H2024, net proceeds of approximately RMB6.9 million (equivalent to approximately HK\$7.5 million) were used. The following table sets out the breakdown of the use of proceeds from the Share Offer:

	Intended use of proceeds (RMB'million)	Net proceeds utilised during 1H2024 (RMB'million)	Utilised amount as at 30 June 2024 (RMB'million)	Unutilised amount as at 30 June 2024 (RMB'million)	Estimated timeline for utilising the net proceeds (Note)
Expansion of our cultivation capacity					
– Improvement and expansion of cultivation facilities at existing geographical markets	24.4	6.9	6.9	17.5	Before December 2026
– Establishing new cultivation facilities in new geographical markets	9.5	–	–	9.5	Before December 2025
Setting up a dedicated organic substrates production facility	6.2	–	–	6.2	Before December 2024
Strengthening our operating efficiency through upgrade of information technology system	3.7	–	–	3.7	Before December 2024
Total	43.8	6.9	6.9	36.9	

The Directors do not anticipate that there will be any material change to the proposed use of the net proceeds from the Listing.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2024, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interest in the Shares of the Company

Name of Directors	Nature of interest/capacity	As at 30 June 2024	
		Number of shares held (L) <small>(Note 1)</small>	Approximate percentage of shareholding
Mr. Zhang ^(Note 2)	Interest of a controlled corporation	273,636,275	54.73%
Mr. Cui Wei ^(Note 3)	Interest of a controlled corporation	9,900,010	1.92%

Notes:

1. The letter “L” denotes long position in our Shares.
2. Wider International Group Limited (“**Wider International**”) is wholly-owned by Mr. Zhang. Under the SFO, Mr. Zhang is deemed to be interested in all the Shares held by Wider International.
3. Caring Plentiful Holdings Limited is wholly-owned by Mr. Cui Wei. Under the SFO, Mr. Cui Wei is deemed to be interested in all the Shares held by Caring Plentiful Holdings Limited.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(CONTINUED)*

(ii) Interest in our Company's associated corporations

As at 30 June 2024				
Name of Directors	Nature of interest/capacity	Name of associated corporation	Number of shares held (L) <small>[Note]</small>	Approximate percentage of shareholding
Mr. Zhang	Beneficial owner	Wider International	1	100%
Mr. Cui Wei	Beneficial owner	Caring Plentiful Holdings Limited	1	100%

Note: The letter "L" denotes long position in the Shares of the Company.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2024, none of the Directors or the chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2024, so far as the Board are aware, the following persons/entities (other than the Directors or chief executive) had an interest or a short position in the Shares or the underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held <small>[note 1]</small>	Percentage of Interest
Wider International <small>[note 2]</small>	Beneficial Owner	273,636,275	54.73%
Beauty Sources Holdings Limited <small>[note 3]</small>	Beneficial Owner	74,878,018	14.98%
Ms. Geng Qi <small>[note 3]</small>	Interest in a controlled corporation	74,878,018	14.98%

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Notes:

1. All the above Shares are held in long position (as defined under Part XV of the SFO).
2. Wider International is wholly owned by Mr. Zhang, who is the chairman, chief executive officer and executive Director of our Group.
3. Beauty Sources Holdings Limited is owned as to 100% equity interest by Ms. Geng Qi, the sister of Ms. Geng Juan who is cohabiting with Mr. Zhang as his spouse.

Save as disclosed herein, as at 30 June 2024, the Board is not aware of any persons (other than the Directors or chief executive) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

SHARE SCHEME

The Share Scheme was conditionally adopted by the written resolutions of the Company's shareholders passed on 11 March 2024 (the "**Share Scheme**"). The principal terms of the Share Scheme are summarised in the paragraph headed "Share Scheme" in the report of the Directors in the annual report of the Company for the year ended 31 December 2023.

During the Reporting Period since the Listing Date, no options or awards were granted, exercised, cancelled or lapsed under the Share Scheme. As at 30 June 2024, there are no share options outstanding under the Share Scheme. The outstanding number of Shares which may be issued upon exercise of all options and awards that may be granted under the Share Scheme as at 30 June 2024 is 50,000,000 Shares, representing approximately 10% of the issued share capital of the Company, out of which the outstanding number of Shares which may be issued upon exercise of all options and awards that may be granted to persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group is 15,000,000 Shares, representing approximately 3% of the issued share capital of the Company.

Subject to early termination by the Company in general meeting or by the Board, the Share Scheme shall be valid and effective for a period of ten years from the Listing Date. The remaining life of the Share Scheme is approximately 9 years and 7 months.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW BY AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2024. The unaudited condensed consolidated interim financial information of the Group has not been audited or reviewed by the Company’s auditors. The Audit Committee is of the opinion that such financial information complies with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Lam Chik Tong (Chairman), Dr. Li Junliang and Ms. Chow Wai Mee May.

PUBLICATIONS OF INTERIM REPORT

This 2024 interim report is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.fujingnongye.com.

On behalf of the Board

Mr. Zhang Yonggang

Chairman, Chief Executive Officer and Executive Director

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	6	75,011	71,278
Cost of sales		(46,465)	(42,069)
Gross profit		28,546	29,209
Other income	7	453	465
Changes in fair value of biological assets		1,843	3,195
Allowance for expected credit losses of trade receivables		(251)	(72)
Listing expenses		(8,401)	(2,150)
Selling and distribution expenses		(98)	(180)
Administrative and other expenses		(6,898)	(4,704)
Profit from operations		15,194	25,763
Finance costs	8	(317)	(441)
Profit before tax	10	14,877	25,322
Income tax	9	—	—
Profit for the period attributable to owners of the Company		14,877	25,322
Other comprehensive loss for the period, net of tax:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(46)	(9)
Total comprehensive income for the period		14,831	25,313
Earnings per share (RMB cents)			
Basic and diluted	12	3.29	6.33

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	13	167,958	162,330
Investment properties		17,236	17,723
Right-of-use assets		20,927	21,271
Intangible assets		—	—
Prepayments		4,700	3,500
		210,821	204,824
Current assets			
Biological assets	14	8,182	9,645
Inventories		31	1,741
Trade receivables	15	66,720	61,909
Prepayments and other receivables		2,952	9,009
Amount due from the ultimate holding company		—	6
Amounts due from shareholders		—	3
Bank and cash balances		194,122	89,429
		272,007	171,742
Current liabilities			
Trade payables	16	21,715	7,240
Accruals and other payables		1,979	5,921
Amount due to a director		—	30
Bank borrowings	17	10,000	19,995
Lease liabilities		127	107
Deferred income		227	227
		34,048	33,520
Net current assets		237,959	138,222
Total assets less current liabilities		448,780	343,046

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		351	347
Deferred income		2,933	3,046
Bank borrowings	17	5,000	—
		8,284	3,393
NET ASSETS			
		440,496	339,653
Capital and reserves			
Share capital	18	36,289	10
Reserves		404,207	339,643
TOTAL EQUITY			
		440,496	339,653

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023 (Audited)	10	—	72,165	(3)	21,571	196,683	290,426
Profit for the period	—	—	—	—	—	25,322	25,322
Other comprehensive loss for the period, net of tax:							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Exchange differences on translating foreign operations	—	—	—	(9)	—	—	(9)
Total comprehensive (loss)/income for the period	—	—	—	(9)	—	25,322	25,313
Appropriations	—	—	—	—	2,498	(2,498)	—
Changes in equity for the period	—	—	—	(9)	2,498	22,824	25,313
At 30 June 2023 (Unaudited)	10	—	72,165	(12)	24,069	219,507	315,739
At 1 January 2024 (Audited)	10	—	72,165	(6)	26,500	240,984	339,653
Profit for the period	—	—	—	—	—	14,877	14,877
Other comprehensive loss for the period, net of tax:							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Exchange differences on translating foreign operations	—	—	—	(46)	—	—	(46)
Total comprehensive (loss)/income for the period	—	—	—	(46)	—	14,877	14,831
Capitalisation issue (note 18(b))	29,021	(29,021)	—	—	—	—	—
Issue of shares upon listing (note 18(c))	7,258	92,932	—	—	—	—	100,190
Transaction costs attributable to issue of shares upon listing (note 18(c))	—	(14,178)	—	—	—	—	(14,178)
Appropriations	—	—	—	—	2,389	(2,389)	—
Changes in equity for the period	36,279	49,733	—	(46)	2,389	12,488	100,843
At 30 June 2024 (Unaudited)	36,289	49,733	72,165	(52)	28,889	253,472	440,496

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash generated from operating activities	28,930	33,763
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(12,012)	(2,410)
Payments for investment properties	—	(12,222)
Interest received	20	43
Net cash used in investing activities	(11,992)	(14,589)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings raised	15,000	10,000
Repayments of bank borrowings	(19,995)	(10,000)
Proceeds from issue of shares upon listing	100,190	—
Payment of transaction costs attributable to the issue of shares upon listing	(7,918)	—
Interest paid	(294)	(412)
Interest on lease liabilities	(23)	(29)
Net cash generated from/(used in) financing activities	86,960	(441)
NET INCREASE IN CASH AND CASH EQUIVALENTS	103,898	18,733
Effect of foreign exchange rate changes	795	—
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	89,429	71,079
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	194,122	89,812
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	194,122	89,812

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL INFORMATION

Fujing Holdings Co., Limited (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. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 28 March 2024.

Pursuant to the reorganisation of the Group in connection with the listing of shares of the Company on the Main Board of the Stock Exchange (the “**Listing**”), the Company became the investment holding company of the Group on 8 February 2021 (the “**Group Reorganisation**”). Details of the Group Reorganisation were set out in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 20 March 2024 (the “**Prospectus**”).

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 (together with the Company collectively referred to as the “**Group**”) are engaged in growing, processing and selling of potted vegetable produce in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company, as at 30 June 2024, 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 unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated interim financial information has been prepared under the historical cost convention unless biological assets that are measured at fair value less costs to sell.

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

The unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include explanations of events and transactions that are significant to an understanding of the changes in consolidated financial position and consolidated financial performance of the Group since the consolidated financial statements of the Group for the year ended 31 December 2023. These unaudited condensed consolidated interim financial information and explanatory notes thereon do not include all of the information required for the preparation of full set of consolidated financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

2. BASIS OF PREPARATION *(CONTINUED)*

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 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 accounting policies and method of computation adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2023, except as described in note 3.

3. APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and Interpretation which are effective for the Group's financial year beginning 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

The application of the amendments to HKFRSs and Interpretation in the current interim period has had no material impact on the Group's consolidated financial positions and financial performance for the current and prior periods and/or on the disclosures set out in the unaudited condensed consolidated interim financial information.

4. 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 the transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Disclosures of level in fair value hierarchy:

Description	30 June 2024 (Unaudited)			
	Fair value measurements using:			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements				
Biological assets — potted vegetables	—	—	8,182	8,182

Description	31 December 2023 (Audited)			
	Fair value measurements using:			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements				
Biological assets — potted vegetables	—	—	9,645	9,645

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

	For the six months ended 30 June 2024 RMB'000 (Unaudited)	For the year ended 31 December 2023 RMB'000 (Audited)
Biological assets — potted vegetables:		
At the beginning of the reporting period	9,645	8,371
Increase due to plantation	43,159	87,225
Decrease due to sales, before the biological assets fair value adjustments	(43,090)	(86,794)
Biological assets fair value adjustments (note)	(1,532)	843
At the end of the reporting period	8,182	9,645
Note: Including gains arising from fair value adjustments of biological assets held at the end of the reporting period	1,843	3,375

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. FAIR VALUE MEASUREMENTS *(CONTINUED)*

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

The total gains or losses recognised in profit or loss including those for biological assets held at end of the reporting period are presented as a separate item in the condensed consolidated statement 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 both the current period and prior year.

(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 Group's 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.

Biological assets — potted vegetables:

Valuation technique	Unobservable inputs	Range		Effect on fair value for increase of inputs
		30 June 2024	31 December 2023	
Cost and market approach	Market price	Renminbi ("RMB") 15-RMB16 per pot	RMB15-RMB16 per pot	Increase
	Scrap rate	3.45%-4.76%	3.45%-4.76%	Decrease

Sensitivity analysis

The following tables 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 the biological assets increases when the market price increases, and decreases when the market price decreases.

Changes in market price	-30%	-15%	15%	30%
	(Decrease)/increase in fair value			
	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2024	(1,958)	(979)	979	1,958
31 December 2023	(2,542)	(1,271)	1,271	2,542

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. FAIR VALUE MEASUREMENTS *(CONTINUED)*

(d) Other risk exposure of the biological assets

The Group is also exposed to risks arising from (i) regulatory and environmental risks; (ii) climate and other risks; and (iii) price risk. Details of such risks have been disclosed in note 14.

5. SEGMENT INFORMATION

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

The directors of the Company, being the chief operating decision maker (the “CODM”), have determined that the Group has only one operating and reportable segment, being plantation and sales of vegetable.

Information reported to the CODM, for the purposes of resources allocation and assessment of segment performance focuses only on revenue analysis by nature and geographical location of customers.

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

(a) Geographical information

Over 90% of the Group’s non-current assets is located in the PRC as at 30 June 2024 and 31 December 2023. Also, over 90% of the Group’s revenue is generated in the PRC for the six months ended 30 June 2024 and 2023. Accordingly, no further geographical information of non-current assets and revenue is disclosed.

(b) Revenue from major customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of potted vegetables:		
Customer A	12,595	11,974
Customer B	10,996	11,884
Customer C	10,028	9,534
Customer D	9,065	8,651

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6. REVENUE

Revenue represents invoiced value of goods sold, after allowances for returns and discounts, during the six months ended 30 June 2024 and are set out below:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue recognised at a point in time:		
— Sales to distributors	75,009	71,276
— Direct sales to end-user customers	2	2
	<hr/> 75,011	<hr/> 71,278

There is 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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	20	43
Rental income	320	320
Net exchange gains	—	5
Government grants (note)	113	97
	<hr/> 453	<hr/> 465

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

8. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	23	29
Interest on bank borrowings	294	412
	317	441

9. INCOME TAX

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 six months ended 30 June 2024 and 2023.

The Group's subsidiaries established and operated in the PRC are subject to PRC Enterprise Income Tax ("EIT") at the rate of 25% for the six months ended 30 June 2024 and 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**"), an indirectly wholly-owned subsidiary of the Company, 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 for Fujing Agriculture during the six months ended 30 June 2024 and 2023. 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), an indirectly wholly-owned subsidiary of the Company, as it has no assessable profits during the six months ended 30 June 2024 and 2023.

* The English name is for identification purpose only.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

10. PROFIT BEFORE TAX

The profit before tax is stated after charging/(crediting) the followings:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold, before the biological assets fair value adjustments	43,090	39,537
Depreciation expense on property, plant and equipment	5,181	5,011
Depreciation expense on investment properties	487	147
Depreciation expense on right-of-use assets	344	347
Biological assets fair value adjustments	1,532	(663)
Listing expenses	8,401	2,150
<hr/>		
Staff costs (including directors' emoluments)		
— Salaries, bonuses, allowances, subcontracting fees and other benefits in kind	19,061	18,262
— Retirement benefit scheme contributions	301	312
<hr/>		
	19,362	18,574
<hr/>		

11. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	14,877	25,322

	For the six months ended 30 June	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	452,198	400,000

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share during the six months ended 30 June 2023 have been retrospectively adjusted for the effect of the capitalisation issue as stated in the note 18(b).

The diluted earnings per share is the same as the basic earnings per share as there are no dilutive potential ordinary shares outstanding during the six months ended 30 June 2024 and 2023.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, acquisition of property, plant and equipment of approximately RMB10,812,000 was made by the Group (2023: RMB2,410,000) for additions to property, plant and equipment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. BIOLOGICAL ASSETS

	For the six months ended 30 June 2024 RMB'000 (Unaudited)	For the year ended 31 December 2023 RMB'000 (Audited)
At the beginning of the reporting period	9,645	8,371
Increase due to plantation	43,159	87,225
Decrease due to sales, before the biological assets fair value adjustments	(43,090)	(86,794)
Biological assets fair value adjustments	(1,532)	843
	<hr/>	
At the end of the reporting period	8,182	9,645

Biological assets were potted vegetables and were stated at fair value less estimated costs to sell at the end of the reporting period. The fair value has been assessed with reference to market prices, scrap rate, species, growing conditions and cost incurred.

Market and cost approaches are adopted to estimate the fair value of the biological assets at the end of the 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 at the end of the 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 potted 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 4.

The Group had approximately 702,000 (31 December 2023: 772,000) pots of vegetables as at 30 June 2024 and approximately 4,976,000 (31 December 2023: 10,467,000) pots of vegetable were sold during the six months ended 30 June 2024. The total output of potted vegetables during the six months ended 30 June 2024 was approximately 5,157,000 (31 December 2023: 10,851,000) pots.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. BIOLOGICAL ASSETS *(CONTINUED)*

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 system in place is 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 risk 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.

15. TRADE RECEIVABLES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Trade receivables	67,245	62,183
Less: Allowance for expected credit losses ("ECL")	(525)	(274)
	66,720	61,909

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 (31 December 2023: 60-120 days) and 180 days (31 December 2023: 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

15. TRADE RECEIVABLES *(CONTINUED)*

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

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
0-90 days	43,061	36,567
91-180 days	17,189	24,934
181-365 days	6,470	408
	66,720	61,909

16. TRADE PAYABLES

	At 30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	21,715	7,240

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

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
0-90 days	17,280	7,049
91-180 days	4,229	150
181-365 days	165	—
Over 1 year	41	41
	21,715	7,240

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

17. BANK BORROWINGS

	At 30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bank borrowings, secured (note (a))	10,000	19,995
Bank borrowing, unsecured (note (b))	5,000	—
	15,000	19,995
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement)		
Within one year	10,000	19,995
After two years but within five years	5,000	—
	15,000	19,995
Amount shown under non-current liabilities	(5,000)	—
Amount shown under current liabilities	10,000	19,995

The effective interest rates of the Group's bank borrowings as at 30 June 2024 and 31 December 2023 were as follows:

	At 30 June 2024 (Unaudited)	31 December 2023 (Audited)
Bank borrowings	3.95%-4.20%	3.45%-4.40%

Notes:

(a) The secured bank borrowing as at 30 June 2024 was secured by certain right-of-use assets of the Group.

The secured bank borrowings as at 31 December 2023 were guaranteed by personal guarantee of RMB10,000,000 provided by Mr. Zhang and Ms. Geng Juan, who is cohabiting with Mr. Zhang as his spouse, and an independent third party of the Company, and secured by (i) investment properties of the Group; and (ii) certain right-of-use assets of the Group.

(b) The unsecured bank borrowing as at 30 June 2024 were borrowed by Fujing Agriculture and Mr. Zhang, being the co-borrower of the unsecured bank borrowing. There was no security and guarantee provided for such unsecured bank borrowing.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

18. SHARE CAPITAL

	Number of shares	Amount US\$'000	Equivalent to RMB'000
Authorised:			
Ordinary shares at US\$0.01 each			
At 1 January 2023 (Audited)	5,000,000	50	344
Increase in authorised share capital (note (a))	9,995,000,000	99,950	725,172
<hr/>			
At 31 December 2023 (Audited), 1 January 2024 (Audited) and 30 June 2024 (Unaudited)	10,000,000,000	100,000	725,516
<hr/>			
Issued and fully paid:			
Ordinary shares at US\$0.01 each			
At 1 January 2023 (Audited), 31 December 2023 (Audited) and 1 January 2024 (Audited)	141,414	1	10
Capitalisation issue (note (b))	399,858,586	3,999	29,021
Issue of shares upon the Listing (note (c))	100,000,000	1,000	7,258
<hr/>			
At 30 June 2024 (Unaudited)	500,000,000	5,000	36,289
<hr/>			

Notes:

- (a) On 16 November 2023, the Company resolved to increase its authorised share capital from United States dollars ("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.
- (b) Pursuant to the written resolutions of the shareholders of the Company passed on 11 March 2024, conditional upon the fulfillment or waiver of the conditions set out in the section headed "Structure and Conditions of the Share Offer" in the Prospectus and subject to the share premium account of our Company being credited as a result of the issue of the new shares under the issue of shares upon the Listing (note (c)), the directors of the Company are authorised to allot and issue a total of 399,858,586 ordinary shares of the Company, credited as fully paid at par to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 11 March 2024 in proportion to their respective shareholdings, by way of capitalisation of an amount of approximately US\$3,999,000, equivalent to approximately RMB29,021,000, standing to the credit of the share premium account of the Company (the "Capitalisation Issue").
- The Capitalisation Issue has been completed on 28 March 2024.
- (c) Immediately upon the Listing on 28 March 2024, 100,000,000 ordinary shares of the Company were issued by way of the placing and the public offer, both at a price of HK\$1.08 per share. The gross proceeds was HK\$108,000,000, equivalent to approximately RMB100,190,000, representing credit of share capital of approximately RMB7,258,000 and credit of share premium of approximately RMB92,932,000 before any deduction of transaction costs attributable to issue of shares of approximately RMB14,178,000, which was debited to share premium account.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19. LEASE COMMITMENTS

(a) The Group as lessee

The Group regularly enters into short-term leases for office and cultivation facilities. The outstanding lease commitments for the short-term lease are as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within one year	3	3

(b) The Group as lessor

Operating leases relate to investment properties owned by the Group with lease terms of 2 to 5 years (31 December 2023: 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.

Minimum lease payments receivable on leases are as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within one year	67	327

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

20. CAPITAL COMMITMENTS

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

	At 30 June 2024	At 31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property, plant and equipment	—	3,959

21. RELATED PARTY TRANSACTIONS

Other than those balances with related parties disclosed elsewhere in the unaudited condensed consolidated interim financial information, the Group had the following material transactions with its related parties during the six months ended 30 June 2024.

(a) Transactions with related party

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Rental payment paid to a related company in respect of a leased property	15	15

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.

(b) Guarantees

As at 31 December 2023, Mr. Zhang and Ms. Geng Juan had provided personal guarantees in favour of banking facilities granted to Fujing Agriculture.

Such personal guarantees have been released for the six months ended 30 June 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

21. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(c) Key management compensation

Key management mainly represents the directors of the Company and the compensation paid or payable to key management is shown below:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	548	298
Post-employment benefits	104	103
	<hr/>	<hr/>
	652	401
	<hr/>	<hr/>