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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)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue for FY2024 increased by approximately 15.4% to approximately RMB182.2 million from approximately RMB157.9 million for FY2023.
- The Group recorded a gross profit of approximately RMB77.3 million for FY2024, as compared with a gross profit of approximately RMB68.5 million for FY2023.
- Net profit for FY2024 was approximately RMB51.8 million, as compared with the Group's net profit amounting to approximately RMB49.2 million for FY2023.
- The Board does not recommend the payment of final dividends in respect of FY2024 (FY2023: nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Fujing Holdings Co., Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), is pleased to present the audited consolidated financial results of the Group for the year ended 31 December 2024 (the “**Reporting Period**” or “**FY2024**”), together with the comparative figures for the year ended 31 December 2023 (“**FY2023**”). The annual results of the Company for FY2024 had been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024			2023		
		Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Revenue	5	182,247	-	182,247	157,860	-	157,860
Cost of sales		<u>(101,540)</u>	<u>(3,375)</u>	<u>(104,915)</u>	<u>(86,794)</u>	<u>(2,532)</u>	<u>(89,326)</u>
Gross profit		80,707	(3,375)	77,332	71,066	(2,532)	68,534
Other income	6	1,366	-	1,366	1,175	-	1,175
Change in fair value of biological assets		-	1,899	1,899	-	3,375	3,375
Allowance for expected credit losses ("ECL") of trade and other receivables		(4,441)	-	(4,441)	(113)	-	(113)
Listing expenses		(8,401)	-	(8,401)	(9,590)	-	(9,590)
Selling and distribution expenses		(182)	-	(182)	(311)	-	(311)
Administrative and other expenses		<u>(14,599)</u>	<u>-</u>	<u>(14,599)</u>	<u>(12,968)</u>	<u>-</u>	<u>(12,968)</u>
Profit from operations		54,450	(1,476)	52,974	49,259	843	50,102
Finance costs	7	<u>(1,220)</u>	<u>-</u>	<u>(1,220)</u>	<u>(872)</u>	<u>-</u>	<u>(872)</u>
Profit before tax		53,230	(1,476)	51,754	48,387	843	49,230
Income tax expense	8	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the year	9	53,230	(1,476)	51,754	48,387	843	49,230

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2024

	2024			2023		
	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income/(loss) for the year, net of tax:						
<i>Item that may be reclassified to profit or loss:</i>						
Exchange differences on translating foreign operations	549	-	549	(3)	-	(3)
Total comprehensive income for the year	53,779	(1,476)	52,303	48,384	843	49,227
Earnings per share (RMB)						
Basic and diluted	<i>11</i>		0.11			0.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		192,080	162,330
Investment properties		16,749	17,723
Right-of-use assets		24,051	21,271
Intangible assets		–	–
Prepayments		–	3,500
		<u>232,880</u>	<u>204,824</u>
Current assets			
Biological assets		6,965	9,645
Inventories		92	1,741
Trade receivables	12	49,633	61,909
Prepayments and other receivables		76,922	9,009
Amount due from the ultimate holding company		–	6
Amounts due from shareholders		–	3
Bank and cash balances		226,129	89,429
		<u>359,741</u>	<u>171,742</u>
Current liabilities			
Trade payables	13	52,856	7,240
Accruals and other payables		14,512	5,921
Amount due to a director		30	30
Bank borrowings	14	35,000	19,995
Lease liabilities		382	107
Deferred income		227	227
		<u>103,007</u>	<u>33,520</u>
Net current assets		<u>256,734</u>	<u>138,222</u>
Total assets less current liabilities		<u>489,614</u>	<u>343,046</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Bank borrowings	<i>14</i>	5,000	–
Lease liabilities		3,827	347
Deferred income		2,820	3,046
		<u>11,647</u>	<u>3,393</u>
NET ASSETS		<u>477,967</u>	<u>339,653</u>
Capital and reserves			
Share capital	<i>15</i>	36,289	10
Reserves		441,678	339,643
		<u>477,967</u>	<u>339,653</u>
TOTAL EQUITY		<u>477,967</u>	<u>339,653</u>

NOTES

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 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, 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 have been listed and traded 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 the cultivation and sales of potted vegetables produce in the PRC, which are cultivated and sold in pots. Our potted vegetables 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”.

In the opinion of the directors of the Company, as at 31 December 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

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

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Application of new and amendments to HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

Adoption of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (collectively the “HKAS 1 Amendments”)

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Amendments to HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. The Group has not applied the following early, which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature – Dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. 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 potted vegetables.

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 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.

(a) Geographical information

Over 90% of the Group’s non-current assets and revenue are located and generated in the PRC for the years ended 31 December 2024 and 2023. Accordingly, no further geographical information of non-current assets and revenue was disclosed.

(b) Revenue from major customers

Revenue from customers in respect of sales of goods of the year contributing over 10% of the total revenue of the Group is as follows:

	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Sales of potted vegetables:		
Customer A	24,427	26,070
Customer B	22,319	20,908
Customer C	20,086	18,908
Customer D	28,080	26,271
	<u>28,080</u>	<u>26,271</u>

5. REVENUE

Revenue represents invoiced value of goods sold, after allowances for returns and discounts, during the year ended 31 December 2024 and is set out below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Products transferred at a point in time:		
– Sales to distributors	182,245	157,858
– Direct sales to end-user customers	<u>2</u>	<u>2</u>
	<u>182,247</u>	<u>157,860</u>

6. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income	21	44
Rental income	640	640
Net foreign exchange gains	–	8
Government grants (<i>note</i>)	226	227
Compensation received	9	256
Other income	<u>470</u>	<u>–</u>
	<u>1,366</u>	<u>1,175</u>

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.

7. FINANCE COSTS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	149	54
Interest on bank borrowings	1,071	818
	<u>1,220</u>	<u>872</u>

8. 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 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% (2023: 25%) for the year ended 31 December 2024. 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 the PRC EIT. 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**"), a 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 in the consolidated financial statements for Fujing Agriculture during the years ended 31 December 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) ("**Xinfujing**"), a wholly-owned subsidiary of the Company, in the consolidated financial statements as it has no assessable profits during the years ended 31 December 2024 and 2023.

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

9. PROFIT FOR THE YEAR

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Auditors' remuneration	937	1,478
Cost of inventories sold, before the biological assets fair value adjustments	101,540	86,794
Depreciation of property, plant and equipment (<i>note (i)</i>)	10,852	10,212
Depreciation of investment properties	974	634
Depreciation of right-of-use assets (<i>note (ii)</i>)	978	732
Biological assets fair value adjustments	1,476	(843)
Listing expenses	8,401	9,590
(Reversal of allowance)/allowance for ECL of trade receivables	(17)	113
Allowance for ECL of other receivables	4,458	–
Loss on write-off of property, plant and equipment	3	–
Expenses relating to short-term lease	33	33
	<hr/>	<hr/>
Staff costs (including directors' emoluments) (<i>note (iii)</i>)		
— Salaries, bonus, allowances, subcontracting fees and other benefits in kind	42,988	40,232
— Retirement benefits scheme contributions	595	611
	<hr/>	<hr/>
	43,583	40,843

Notes:

- (i) Depreciation of property, plant and equipment of approximately RMB6,564,000 (2023: RMB5,661,000) for the year ended 31 December 2024 is included in cost of sales.
- (ii) Depreciation of right-of-use assets of approximately RMB499,000 (2023: RMB269,000) for the year ended 31 December 2024 is included in cost of sales.
- (iii) Staff costs of approximately RMB40,581,000 (2023: RMB37,725,000) for the year ended 31 December 2024 are included in cost of sales.

10. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit for the year attributable to equity shareholder of the Company for the purpose of calculating basic and diluted earnings per share	<u>51,754</u>	<u>49,230</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>476,229,508</u>	<u>400,000,000</u>

The calculations of basic earnings per share for the years ended 31 December 2023 are based on the assumption that 400,000,000 shares of the Company are in issue and issuable, comprising 141,414 shares in issue and 399,858,586 shares to be issued under the capitalisation issue as if the shares were outstanding throughout the year ended 31 December 2023.

As there were no dilutive potential ordinary shares during the years ended 31 December 2024 and 2023, diluted earnings per share for the years ended 31 December 2024 and 2023 are the same as basic earnings per share.

12. TRADE RECEIVABLES

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	49,890	62,183
Allowance for ECL of trade receivables	(257)	(274)
	<u>49,633</u>	<u>61,909</u>

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 (2023: 60–120 days) and 180 days (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.

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:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0–90 days	37,568	36,567
91–180 days	8,868	24,934
181–365 days	3,197	408
	<u>49,633</u>	<u>61,909</u>

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

13. TRADE PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	<u>52,856</u>	<u>7,240</u>

The credit terms generally range from 15 days to 30 days (2023: 15 days to 30 days).

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0–90 days	21,114	7,049
91–180 days	18,381	150
181–365 days	13,146	–
Over 1 year	<u>215</u>	<u>41</u>
	<u>52,856</u>	<u>7,240</u>

The carrying amount of the Group's trade payables is denominated in RMB.

14. BANK BORROWINGS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank borrowings, secured		
Current portion	35,000	19,995
Non-current portion	<u>5,000</u>	<u>–</u>
	<u>40,000</u>	<u>19,995</u>

The analysis of the repayment schedule of bank borrowings is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within one year	35,000	19,995
More than one year, but not exceeding five years	<u>5,000</u>	<u>–</u>
	<u>40,000</u>	<u>19,995</u>

As at 31 December 2024 and 2023, the Group's bank borrowings were denominated in RMB.

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 were as follows:

	2024	2023
Bank borrowings	<u>3.28%-4.80%</u>	<u>3.45%-4.40%</u>

The Group's banking facilities as at 31 December 2024 were guaranteed by personal guarantee with aggregate amount of RMB11,000,000 provided by the director of the Company, Mr. Zhang.

The Group's banking facilities as at 31 December 2023 were guaranteed by 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; and were secured by (i) investment properties of the Group amounting to RMB17,723,000; and (ii) certain right-of-use assets of the Group amounting to RMB18,124,000.

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

The personal guarantees provided by Ms. Geng Juan and the Shareholder have been released subsequent to 31 December 2023 upon the Listing.

15. SHARE CAPITAL

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

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

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

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

Notes:

- (a) 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.
- (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 share offer (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 debit 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 RMB14,179,000, which was debited to share premium account.

16. CAPITAL COMMITMENTS

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Property, plant and equipment	<u>12,939</u>	<u>3,959</u>

17. RELATED PARTY TRANSACTIONS

Other than those balances with ultimate holding company and shareholders and a director, the Group had the following material transactions with its related parties during the years ended 31 December 2024 and 2023.

(a) Transactions with related party

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Rental payment paid to a related company in respect of a property	<u>33</u>	<u>33</u>

As at 31 December 2024, Ms. Geng Juan and Ms. Zhang Chunyan, who is the sister of Mr. Zhang, are the shareholders of the related company. As at 31 December 2023, 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 2024, Mr. Zhang (2023: Mr. Zhang and Ms. Geng Juan) had provided personal guarantees in favour of banking facilities granted to Fujing Agriculture, an indirect wholly-owned subsidiary of the Company.

(c) Key management compensation

Key management mainly represents the directors of the Company.

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”.

We sell our products primarily in Shandong province, and also in Xi’an, Shaanxi province, Dalian, Liaoning province and Beijing, with revenue contribution of approximately 90.9%, 3.6%, 4.7% and 0.8% in FY2024 respectively and approximately 91.4%, 3.7%, 4.9% and nil in FY2023 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 RMB157.9 million in FY2023 and approximately RMB182.2 million in FY2024, accounted for approximately 100.0% of our revenue for FY2023 and FY2024. As at 31 December 2024, we had four cultivation facilities in operation for cultivating our potted vegetable produce, namely (i) the Laixi facility in Laixi, Qingdao, Shandong province (the “**Laixi Facility**”); (ii) the Xi’an facility in Xi’an, Shaanxi province (the “**Xi’an Facility**”); (iii) the Dalian facility in Dalian, Liaoning province (the “**Dalian Facility**”); and (iv) the facility in Beijing (the “**Beijing Facility**”) which was set up in December 2024. We had 168 greenhouses (2023: 140) in operation with a total gross floor area of 182,867 sq.m. (2023: 155,401 sq.m.) as at 31 December 2024.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately RMB157.9 million in FY2023 to approximately RMB182.2 million in FY2024. 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 10.5 million pots in FY2023 to approximately 12.5 million pots in FY2024 due to (i) the increased overall utilisation rate of our three existing cultivation facilities namely (a) the Laixi Facility; (b) the Xi’an Facility; and (c) the Dalian Facility; and (ii) the deployment of 28 greenhouses in our new Beijing Facility in December 2024, both of which led to higher productivity. The average selling price per pot of our potted vegetable produce remained stable at approximately RMB15.1 in FY2023 and FY2024.

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 51.3% and 38.7% of our cost of sales in FY2024 respectively and approximately 48.2% and 42.2% of our cost of sales in FY2023 respectively. Our cost of sales increased from approximately RMB89.3 million for FY2023 to approximately RMB104.9 million for FY2024 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 FY2024.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB8.8 million (or 12.8%) from approximately RMB68.5 million in FY2023 to approximately RMB77.3 million in FY2024. 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 decreased slightly from approximately 43.4% in FY2023 to approximately 42.4% in FY2024 mainly because of the increase in our cost of sales by approximately RMB15.6 million (or 17.5%) from FY2023 to FY2024, which overwhelmed the increase in revenue from the sale of our potted vegetable produce by approximately RMB24.4 million (or 15.4%) during the same period.

Other income

Other income mainly consists of (i) interest income; (ii) rental income; and (iii) government grants. Our other income increased from approximately RMB1.2 million for FY2023 to approximately RMB1.4 million for FY2024. For more details, please refer to note 6 to the consolidated financial statements in this announcement.

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 each 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 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.

For FY2024, we recorded a gain from changes in fair value of biological assets less cost to sell of approximately RMB1.9 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 2024.

Allowance for expected credit losses (“ECL”) of trade and other receivables

Our allowance for ECL mainly represents the loss allowance of our trade and other receivables, net of reversal. We use provision matrix to calculate ECL of our trade receivables. The provision rates used in the provision matrix are based on our internal credit ratings as grouping of various debtors that have similar loss patterns. The provision matrix is based on our historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue cost or effort. For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for other receivables at an amount equal to 12-month ECL. The provision of ECL is sensitive to changes in estimates.

For FY2023, we recorded an allowance for ECL of trade and other receivables of approximately RMB0.1 million. For FY2024, the allowance for ECL of trade and other receivables increased significantly to approximately RMB4.4 million, mainly attributable to the significant increase in gross other receivables from approximately RMB0.8 million as at 31 December 2023 to approximately RMB56.0 million as at 31 December 2024.

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 RMB0.3 million and RMB0.2 million for FY2023 and FY2024 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 RMB13.0 million and RMB14.6 million for FY2023 and FY2024 respectively.

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 RMB9.6 million and RMB8.4 million for FY2023 and FY2024 respectively.

Income tax expense

Our income tax expense remained nil for FY2024 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 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 in the consolidated financial statements for Fujing Agriculture during the FY2024 and FY2023.

Profit for the year

Our profit for the year increased by approximately RMB2.6 million from approximately RMB49.2 million in FY2023 to approximately RMB51.8 million in FY2024, which mainly resulted from the increase in our revenue by approximately RMB24.4 million from FY2023 to FY2024 mainly attributable to the increase in our sales volume of our potted vegetable produce. Meanwhile, our net profit margin decreased from approximately 31.2% in FY2023 to approximately 28.4% in FY2024 mainly because (i) our gross profit margin decreased slightly from approximately 43.4% in FY2023 to approximately 42.4% in FY2024; and (ii) our allowance for ECL of trade and other receivables increased by approximately RMB4.3 million from FY2023 to FY2024.

Analysis of key items of financial position

Net current assets

Our net current assets improved from approximately RMB138.2 million as at 31 December 2023 to approximately RMB256.7 million as at 31 December 2024, with the bank and cash balances increased from approximately RMB89.4 million as at 31 December 2023 to approximately RMB226.1 million as at 31 December 2024. The improvement was mainly due to (i) the net cash generated from operating activities of approximately RMB72.2 million for FY2024; and (ii) the net proceeds of approximately RMB43.8 million raised during the Listing after deduction of listing expenses.

Biological assets

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

The fair value of our biological assets decreased from approximately RMB9.6 million as at 31 December 2023 to approximately RMB7.0 million as at 31 December 2024, primarily due to the lower volume of potted vegetable produce as at 31 December 2024.

Inventories

Our inventories primarily consist of agricultural materials which mainly include seeds, fertilisers and biopesticides which were not utilised at the end of each reporting period. Our inventories decreased from approximately RMB1.7 million as at 31 December 2023 to approximately RMB0.1 million as at 31 December 2024 because less agricultural materials reserve were kept for cultivation.

Trade receivables

Our trade receivables primarily consist of receivables associated with the sales of our potted vegetable produce to our customers. Our trade receivables decreased from approximately RMB61.9 million as at 31 December 2023 to approximately RMB49.6 million as at 31 December 2024 due to the Company seeks to maintain strict control over its outstanding trade receivables.

Prepayments and other receivables

Our prepayments and other receivables increased from approximately RMB12.5 million as at 31 December 2023 to RMB76.9 million as at 31 December 2024, which was mainly because of the payments for the construction of cultivation facilities and the procurement of organic substrates and peat during FY2024.

Trade payables

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

Our trade payables increased from approximately RMB7.2 million as at 31 December 2023 to approximately RMB52.9 million as at 31 December 2024, primarily due to extended payment cycle to suppliers.

Indebtedness

The following table sets forth a breakdown of our indebtedness as at the dates indicated:

	At 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current portion		
Amount due to a director	30	30
Bank borrowings	35,000	19,995
Lease liabilities	382	107
	<u>35,412</u>	<u>20,132</u>
Non-current portion		
Lease liabilities	3,827	347
Bank borrowings	5,000	–
	<u>44,239</u>	<u>20,479</u>

Our total outstanding balance of bank borrowings increased from approximately RMB20.0 million as at 31 December 2023 to approximately RMB40.0 million as at 31 December 2024.

Except as disclosed above, as at 31 December 2024, we did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees.

Key financial ratios

	As at/For the year ended	
	31 December	
	2024	2023
Profitability Ratios		
Revenue growth <i>(Note 1)</i>	15.4%	24.6%
Gross profit margin <i>(Note 2)</i>	42.4%	43.4%
Net profit growth <i>(Note 3)</i>	5.1%	54.8%
Net profit margin <i>(Note 4)</i>	28.4%	31.2%
Return on assets <i>(Notes 5&6)</i>	8.7%	13.1%
Return on equity <i>(Notes 6&7)</i>	10.8%	14.5%
Liquidity Ratios		
Current ratio <i>(Note 8)</i>	3.5 times	5.1 times
Quick ratio <i>(Note 9)</i>	3.5 times	5.1 times
Solvency Ratios		
Interest coverage ratio <i>(Note 10)</i>	43.4 times	57.5 times
Net debt to equity ratio <i>(Note 11)</i>	-38.1% <i>(Note 13)</i>	-20.4% <i>(Note 13)</i>
Gearing Ratio <i>(Note 12)</i>	9.2%	6.0%

Notes:

1. Revenue growth represents the difference between revenue for the current year and prior year, divided by the revenue for the prior year and multiplied by 100%.
2. The gross profit margin represents the gross profit divided by the revenue for the respective year multiplied by 100%.
3. Net profit growth represents the difference between net profit for the current year and prior year, divided by the net profit for the prior year and multiplied by 100%.
4. The net profit margin represents the net profit divided by the revenue for the respective year multiplied by 100%.
5. Return on assets represents net profit divided by total assets as at the respective year end and multiplied by 100%.
6. Return on equity and return on assets are calculated on a full year basis.
7. Return on equity represents net profit divided by total equity as at the respective year end and multiplied by 100%.

8. Current ratio represents total current assets divided by total current liabilities as at the respective year end.
9. Quick ratio represents total current assets less inventories divided by total current liabilities as at the respective year end.
10. Interest coverage ratio represents profit before income tax and interest expenses divided by interest expenses for the respective year.
11. Net debt to equity ratio represents net debt divided by total equity as at the respective year end. Net debt is calculated as the total interest-bearing debt including borrowings and lease liabilities less bank and cash balances.
12. Gearing ratio represents the total interest-bearing debt including borrowings and lease liabilities divided by total equity as at the respective year end multiplied by 100%.
13. We recorded a negative net debt to equity ratio for FY2024 and FY2023 as the Group is in a net cash position deriving the respective year end.

Revenue growth

Our revenue increased from approximately RMB157.9 million in FY2023 to approximately RMB182.2 million in FY2024, representing an increase of approximately RMB24.3 million or 15.4%. Please refer to the paragraph headed “Management Discussion and Analysis — Financial Review — Revenue” above in this section of this announcement for the reasons for the increase in our revenue.

Gross profit margin

Our gross profit margin decreased slightly from approximately 43.4% in FY2023 to approximately 42.4% in FY2024. Please refer to the paragraph headed “Management Discussion and Analysis — Financial Review — Gross profit and gross profit margin” above in this section of this announcement for the reasons for the changes in gross profit margin.

Net profit growth

Our profit for the year increased from approximately RMB49.2 million in FY2023 to approximately RMB51.8 million in FY2024, representing an increase of approximately RMB2.6 million or 5.1%. Please refer to the paragraph headed “Management Discussion and Analysis — Financial Review — Profit for the year” above in this section of this announcement for the reasons for the increase in our net profit.

Net profit margin

We have a net profit margin of approximately 28.4% in FY2024, which is lower than the net profit margin of approximately 31.2% in FY2023. Please refer to the paragraph headed “Management Discussion and Analysis — Financial Review — Profit for the year” above in this section of this announcement for the reasons for the decrease in our net profit margin.

Return on assets

Our return on assets for FY2024 was approximately 8.7%, which was lower than our return on assets of approximately 13.1% for FY2023, mainly because of the higher total assets principally arising from the significant increase in bank and cash balances due to (i) the net cash generated from operating activities of approximately RMB72.2 million for FY2024; and (ii) the net proceeds of approximately RMB43.8 million raised during the Listing after deduction of listing expenses.

Return on equity

Our return on equity for FY2024 was approximately 10.8%, which was lower than our return on equity of approximately 14.5% for FY2023, mainly because our equity base increased considerably from approximately RMB339.7 million as at 31 December 2023 to approximately RMB478.0 million as at 31 December 2024 due to the gross proceeds of approximately RMB100.2 million raised during the Listing.

Current ratio

Our current ratio decreased from approximately 5.1 times as at 31 December 2023 to approximately 3.5 times as at 31 December 2024, mainly because of the significant increase in bank and cash balances due to the net cash generated from operating activities of approximately RMB72.2 million for FY2024.

Quick ratio

Our quick ratio decreased from approximately 5.1 times as at 31 December 2023 to approximately 3.5 times as at 31 December 2024, mainly because of the significant increase in bank and cash balances due to the net cash generated from operating activities of approximately RMB72.2 million for FY2024.

Interest coverage ratio

Our interest coverage ratio decreased from approximately 57.5 times for FY2023 to approximately 43.4 times for FY2024 primarily due to the increase of our indebtedness and finance costs during FY2024.

Net debt to equity ratio

Net debt to equity ratio is not applicable to our Group as at 31 December 2023 and 31 December 2024 as our Group recorded net cash as at 31 December 2023 and 31 December 2024.

Gearing ratio

Our gearing ratio increased slightly from approximately 6.0% as at 31 December 2023 to approximately 9.2% as at 31 December 2024, which was primarily due to the increase of our indebtedness to finance our operations and expansions during FY2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company carried out the share offer (the “**Share Offer**”), comprising 100,000,000 shares of the Company (the “**Shares**”) at HK\$1.08 per Share and the Shares were listed on the Stock Exchange on 28 March 2024.

Our source of funds for our operations mainly comes from cash generated from our operations and bank borrowings. Since the Listing, our source of funds has been a combination of internal generated funds, bank borrowings as well as net proceeds from the Share Offer. As at 31 December 2024, we had cash and cash equivalents of approximately RMB226.1 million (2023: RMB89.4 million) and bank borrowings of approximately RMB40.0 million (2023: RMB20.0 million). As at 31 December 2024, the Group’s bank borrowings were denominated in RMB, approximately RMB35.0 million of which were due within one year and the remaining approximately RMB5.0 million were due between one to five years. Among the bank borrowings, approximately RMB35.0 million carried fixed interest rate and approximately RMB5.0 million carried floating rate as at 31 December 2024.

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

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.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL

The Group did not hold any significant investment nor did the Group carry out any material acquisition and disposal during the year.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had approximately RMB12.9 million (2023: RMB4.0 million) of capital commitments in respect of the acquisition of property, plant and equipment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 37 employees in the PRC and Hong Kong (2023: 32 employees). The total staff costs incurred by the Group for FY2024 was approximately RMB43.6 million compared to approximately RMB40.8 million for FY2023. The remuneration policy of our 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. We provide introductory training at the time when members of our staff first join us and thereafter regular on-the-job training, depending on his or her role. In addition, it is our policy to provide training to our staff on an as-needed basis to enhance their technical and industry knowledge.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 20 March 2024 (the “**Prospectus**”), as at the date of this announcement, the Group does not have other plans for material investments and capital assets.

CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, our Group did not have any contingent liabilities.

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 31 December 2024, approximately 95.6% (2023: 100%) of the Group’s bank and cash balances and approximately 100% (2023: 100%) of the Group’s bank borrowings were denominated in Renminbi. As at 31 December 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.

PLEDGE OF ASSETS

As at 31 December 2024, no investment properties or right-of-use assets was pledged as security for the bank borrowings (2023: RMB35,847,000).

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY’S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities for the Reporting Period since the Listing Date.

USE OF PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on the Listing Date. Net proceeds from the Listing were approximately HK\$48.2 million (approximately RMB43.8 million). The table below sets forth the allocation and status of utilisation of the net proceeds as of 31 December 2024 and the expected timeline of the use of the unutilised net proceeds:

	Intended use of proceeds (RMB'million)	Net proceeds utilised during 2024 (RMB'million)	Utilised amount up to 31 December 2024 (RMB'million)	Unutilised amount as at 31 December 2024 (RMB'million)	Estimated timeline for utilising the unutilised net proceeds
Expansion of our cultivation capacity					
– Improvement and expansion of cultivation facilities at existing geographical markets	24.4	9.3	9.3	15.1	Before December 2026
– Establishing new cultivation facilities in new geographical markets	9.5	9.5	9.5	–	Before December 2025
Setting up a dedicated organic substrates production facility	6.2	–	–	6.2	Before December 2025 (Note 1)
Strengthening our operating efficiency through upgrade of information technology system	3.7	–	–	3.7	Before December 2025 (Note 2)
Total	43.8	18.8	18.8	25.0	

Notes:

1. The expected timeline for the planned use of proceeds of RMB6.2 million for setting up a dedicated organic substrates production facility was postponed from December 2024 as originally disclosed in the Prospectus to December 2025. The delay was because the Group has not yet obtained the necessary raw materials from overseas, which are required for establishing the dedicated organic substrates production facility.
2. The expected timeline for the planned use of proceeds of RMB3.7 million for strengthening our operating efficiency through upgrade of information technology system was postponed from December 2024 as originally disclosed in the Prospectus to December 2025. The delay was because the Group is still searching for a suitable enterprise resource planning (ERP) system provider that aligns with its specific requirements.

Save for the aforesaid delays in expected timelines for certain planned use of proceeds, there are no other changes in the use of proceeds.

DIVIDEND

No dividends were paid or declared by the Company for FY2024 and FY2023. The Board did not recommend the payment of a final dividend for FY2024 (FY2023: nil).

SIGNIFICANT EVENT AFTER REPORTING PERIOD

Save as disclosed above and in the section headed “Management Discussion and Analysis” of this announcement, there was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after FY2024 and up to the date of this announcement.

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 shares of the Company have been listed on the Stock Exchange since the Listing Date. 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 to the Rules Governing the listing of securities on the Stock Exchange (“**Listing Rules**”). 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 applicable to the Company with effect from the Listing Date. Save as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code for 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 then 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company 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 code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Reporting Period since the Listing Date.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities throughout the Reporting Period since the Listing Date.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company maintained a sufficient amount of public float for its shares as required under the Listing Rules during FY2024 since the Listing Date and up to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business for FY2024 and up to the date of this announcement, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee assists the Board in reviewing and monitoring the external auditors' independence and objectivity and effectiveness of the audit process in accordance with the application standards, monitoring the integrity of the Group's consolidated financial statements and reviewing the Group's financial controls, and risks management and internal control systems. The annual results of the Group for FY2024 had been reviewed by the Audit Committee, which consists of three independent non-executive Directors of the Company, namely Mr. Lam Chik Tong, Dr. Li Junliang and Dr. Wang Wenyuan, with Mr. Lam Chik Tong as the chairman of the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosure has been made.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on 27 June 2025, the notice of which will be published and despatched to the Shareholders as soon as practicable in accordance with the Company's Articles of Association and the Listing Rules. For determining the entitlement to attend and vote at the forthcoming annual general meeting to be held on 27 June 2025, the register of members of the Company will be closed from 24 June 2025 to 27 June 2025, both days inclusive, during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Hong Kong Branch Share Registrar and Transfer Office at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on 23 June 2025.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks to take in achieving the Group's strategic objectives at least annually. The Group has not established a separate internal audit department; however, procedures are in place to provide adequate resources and qualified personnel to carry out the duties of the internal audit function, including annual review of the effectiveness of risk management and internal control. The Group has engaged an external independent internal control consultant to conduct a review on the internal control and risk management systems of the Group for the Listing and to report their findings to the Audit Committee and the Board. The scope of review covered overall management control, risk assessment and management, control procedures for revenue, purchasing, property, plant and equipment and human resource management. The period of internal control review covered full year for the financial year ended 31 December 2024.

Based on review and procedures conducted, the Board considers that the Group's risk management and internal control systems are effective and adequate. However, the risk management and internal control systems of the Group are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has received a confirmation from management on the effectiveness of the risk management and internal control systems.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2024. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on this annual results announcement.

PUBLICATION OF THE 2024 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.fujingnongye.com). The Company's annual report for FY2024 will be despatched to the Shareholders (if requested) and published on the websites of the Stock Exchange and the Company around late April 2025. Should the Shareholders have any difficulties in accessing the corporate communications electronically, please request the printed report, free of charge, at any time by writing to the Company or Tricor Investor Services Limited, the Company's Hong Kong Branch Share Registrar and Transfer Office.

By Order of the Board
Fujing Holdings Co., Limited
Zhang Yonggang
*Chairman, Chief Executive Officer
and Executive Director*

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises Mr. Zhang Yonggang (Chairman and Chief Executive Officer), Mr. Lyu Zhonghua, Mr. Cui Wei, Mr. Pang Jinhong and Ms. Geng Juan as executive Directors; and Mr. Lam Chik Tong, Dr. Li Junliang and Dr. Wang Wenyuan as independent non-executive Directors.

* *The English translations of terms or names in Chinese which are marked with "*" are for identification purpose only.*