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Dear Sirs,

VALUATION OF BIOLOGICAL ASSETS HELD BY QINGDAO FUJING AGRICULTURE DEVELOPMENT CO., LTD.

In accordance with your instructions, we have undertaken a valuation on behalf of Qingdao Fujing Agriculture Development Co., Ltd (the "Company" or "Fujing") to determine the Fair Value (to be defined as below) of biological assets held by the Company ("Biological Assets") as at 31 December 2020 (the "Valuation Date").

PURPOSE OF VALUATION AND STANDARD OF VALUE

The purpose of this valuation is to express an independent opinion on the Fair Value of Biological Assets as at the Valuation Date stated above for financial reporting purpose.

According to Hong Kong Financial Reporting Standard 13 ("HKFRS13"), Fair Value ("FV") is defined as "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".

BRIEF DESCRIPTION OF THE COMPANY

The Company is a limited company incorporated in the People's Republic of China and is specialized in growing, storing and selling potted vegetable produce. The main product is potted vegetable produce. The planted potted vegetable produce varieties include cabbage, leaf lettuce and spinach etc.

BRIEF DESCRIPTION OF THE BIOLOGICAL ASSETS

Biological Assets in the valuation scope consist of 20 kinds of potted vegetable produce being planted in different dates, including 小白菜 (Pak choi), 茼蒿 (Crown daisy), 苦菊 (Frisée), 油菜 (Rapeseed), 生菜 (Lettuce), 油麦菜 (Indian lettuce), 菠菜 (Spinach), 山芹 (Chinese celery), 茴香 (Fennel), 紫生菜 (Purple lettuce), 紫油菜 (Purple rapeseed), 乌塌菜 (Tatsoi), 苔菜 (Tai cai), 绿罗马生菜 (Romaine lettuce), 鸡毛菜 (Ji mao cai), 紫罗马生菜 (Purple Romaine lettuce), 奶白菜 (Nai Bai), 木耳菜 (Malabar spinach), 田七 (Panax notoginseng) and 水萝卜 (Radish)¹. As at date of 31 December 2020, the Company had three bases in total across China which are Qingdao (Rizhuang) Base, Xi'an Base and Dalian Base. For details, please see Appendix 1.

Mature Biological Assets are transported from planting operation of the Company and then sold as fresh vegetable produce in pots. Majority of the Biological Assets is sold to third party distributors, followed by hotels and restaurants, with some small portion sold to individual consumers directly.

According to the Company, the Company considered seasonality and market intelligence from its marketing department and customer preferences in selecting the species of potted vegetable produce to be planted. Based on the data provided by the Company, labour cost, compost and seed comprise the largest cost components in the Biological Assets.

SITE INSPECTIONS

We have performed site inspections of the Biological Assets in 3 planting bases located in Qingdao (Rizhuang), Xi'an and Dalian on 31 December 2020, 7 January 2021 and 9 March 2021² respectively ("Inspection Dates"). Please refer to Appendix 2 for the photos of planting bases taken during our site inspections.

Our site inspection work included:

- Obtaining the stock records of the potted vegetable produce as at the respective Inspection Dates;
- Stock-taking of potted vegetable produce by using the random sampling method, and checking our stock-taking results against the quantities and species recorded by the Company in each base;
- Inspecting the environment of the planting bases and its control; and
- Interviewing management of the planting bases to understand the species of potted vegetable produce, planting process, human resource allocation, daily work flow of the workers, stock take process and frequency, and the disease prevention and control of the planting bases.

¹ English translation are for reference only. Please refer to the Chinese name for the species in accordance with Company's record

² Site inspection of the planting base in Dalian near the Valuation Date was not possible due to the Novel Coronavirus (COVID-19) outbreak in the region where lockdown was imposed with other pandemic control procedures by the government.

No exception was noted in our site inspections as to the quantity and species of the Biological Assets sampled by us. While we are satisfied with the quality of the Biological Assets upon our visual inspection, we however have not conducted any detailed test to the quality and potential chemical residual left on the Biological Assets, if any.

VALUATION METHODOLOGY AND BASIS

In conducting the valuation, we have considered three generally accepted approaches, including income approach, market approach and cost approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation and the commonly adopted practice.

According to the fair value hierarchy within the Hong Kong Financial Reporting Standard 13 (HKFRS 13) Fair Value Measurement, we have adopted market approach as the primary approach to estimate the Fair Value of the Biological Assets as market price must be used if it is available. If there is no active market for a specific type of Biological Assets, Level 2 or Level 3 inputs as stated in HKFRS 13 to determine the Fair Value. Cost approach is used when no data is available for us to perform valuation under market approach.

Based on the characteristics of the Biological Assets and discussion with you, we divided each species of potted vegetable produce into three categories according to the potted vegetable produce growing life cycle, Company's management process and the biological transformation, namely:

1. Newly planted potted vegetable produce ("New Vegetables"): Potted vegetable produce is planted for less than 1 week prior to the Valuation Date. Potted vegetable produce typically does not yet sprout and does not have observable significant biological transformation above the organic substrate;
2. Growing immature potted vegetable produce ("Growing Vegetables"): Potted vegetable produce is planted for 1 week or above prior to the Valuation Date, but less than 4 weeks and not yet reached the mature saleable state. Potted vegetable produce typically has observable significant biological transformation since planting with sprout and leaves visible above the organic substrate; and
3. Mature potted vegetable produce ("Mature Vegetables"): Potted vegetable produce is planted for 4 weeks or above prior to the Valuation Date and reached the saleable state. Potted vegetable produce is mature biologically and ready for consumption and sale.

We adopted cost approach for the New Vegetables since their biological transformation is not considered significant given the short time from planting. Market approach is adopted for Growing Vegetables and Mature Vegetables on the Valuation Date since observable biological transformation has taken place.

While market price for different species of Mature Vegetables are available from the Company based on transactions with independent third parties at and near the Valuation Date, there was no active market for Growing Vegetables. We have obtained the market prices (actual selling price, i.e. Level 1 input) at and near the Valuation Date for each species of Mature Vegetables from the Company and cross checked with market data available from other sources when applicable.

As there is no active market for the Growing Vegetables, we have adopted the market prices of Mature Vegetables, a Level 1 input, as the estimated price upon completion of growing cycle, less cost of completion and selling expenses, adjusted with survival rate, profit margin attributed to the growing activity and risk in price uncertainty upon completion. The survival rate is estimated based on the statistic provided by the Company for respective location and category of potted vegetable produce as at Valuation Date. Cost of completion and selling expenses are based on historical data provided by the Company as at the Valuation Date. Profit margin is estimated based on the selling price and cost of the Mature Vegetables. As the time to maturity is relative short (2-4 weeks for Growing Vegetables), time value of money is considered negligible and we have not applied any discounting in estimating the Fair Value of Biological Assets in this category.

RISK FACTORS

We have identified several key risk factors in the valuation for the Biological Assets that may affect the valuation:

- **Disasters and Diseases:** Condition of Biological Assets is heavily affected by the growing environment. While the Biological Assets held by the Company are grown under controlled environment, extreme weather may damage or even destroy structure on the planting base, which may then affect the conditions or even the survival of the Biological Assets. Other natural disasters and diseases may also affect the conditions of the Biological Assets directly or indirectly subsequent to the Valuation Date. Disaster or pandemic control procedures may also suspend operation or access to the planting base for a prolonged period temporarily which affect both sales of goods and purchase of supplies.
- **Government policy:** Government has played an important role in setting policies for the potted vegetable produce and agricultural industry. Policies are important for the development of an industry and cost level in growing potted vegetable produce through regulation and financial incentive. We understand from the industry consultant engaged by the Company that currently there are no relevant government policies for potted vegetable produce industry in China. Any change in regulatory policies may have unforeseeable impact to China's potted vegetable produce industry and the Company.
- **Market supply and demand:** Compared to traditional vegetable produce that is sold in harvested state, potted vegetable produce has the advantage of being perceived as fresher and healthier, despite their disadvantages of being bulkier and more expensive. According to the industry consultant engaged by the Company, expanding variety of potted vegetable produce is likely to drive the further development of the market. Entrance of new competitors may increase supply, or any decline of demand from shift of taste may also drive down price realizable by the Company.

- Growing cost:** Labour cost is one major cost for the vegetable produce and potted vegetable produce markets and the Company as both planting and field management require experienced and skilled manpower to ensure successful production. However, in line with the growing economy and increasing living standards, the average annual salary of employees in agriculture, forestry, animal husbandry and fishery in China has increased over years. In addition, there's a decreasing labour supply in the vegetable produce and potted vegetable produce markets. Hence, the increasing labour cost and shortage of labour are likely to be a challenge for China's vegetable produce and potted vegetable produce markets.

The above list of risk factors is not intended to be exhaustive and other abrupt changes in macro-economic or micro-economic factors may also affect the value of the Biological Assets.

SENSITIVITY ANALYSIS

We have performed a sensitivity analysis on the change in Biological Assets valuation from the change in weighted average market price as at the Valuation Date. The results are tabulated below:

(RMB'000)	Change in weighted average market price				
	-30%	-15%	0%	15%	30%
Fair Value as at 31 December 2020	6,918	8,156	9,395	10,634	11,872

The Biological Assets valued using market approach are sensitive to the change in market price.

REMARKS

Unless otherwise stated, all monetary amounts are stated in Renminbi ("RMB").

We have been provided with extracts of copies of relevant documents and financial information relating to the Company and Biological Assets. We have relied upon the aforesaid information and certain data from various data in forming our opinion of the Fair Value. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. Our work does not constitute an audit and no assurance is given by us to the information supplied to us. We have no responsibility to doubt the truthfulness and accuracy of the said information which is material to the valuation. We have also been confirmed by the Company that no material facts related to this valuation have been omitted from the information provided. We have also made relevant inquiries and obtained further information as required for the purpose of this valuation.

We hereby confirm that we have neither present nor prospective interests in the Company and their respective holding companies, subsidiaries and associated companies, or the value reported herein.

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This report is issued subject to our Assumptions and Limiting Conditions as attached.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Furthermore, the assumptions adopted are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and us.

Market price of the biological assets can be volatile and seasonal depending on the supply and demand. Price at the time of disposal of the potted vegetable produce may be different from the price prevailing at the Valuation Date.

We have conducted site inspections to selected locations which are considered major production planting bases in terms of the Biological Assets. Our site inspections were not on any of the Valuation Date, we also did not visit all sites, nor had we conducted a full count in the site we inspected. We have relied to a considerable extent to the Company's internal financial and operational records in determining the quantity and quality of the Biological Assets as at the Valuation Date.

OPINION OF VALUE

Based on our analysis and method employed, we are of the opinion that the Fair Value of the Biological Assets as at the Valuation Date are as below:

Valuation Date	Fair Value (in RMB'000)
31 December 2020	9,395

Detailed breakdown by category and location are shown in appendix 1.

The outbreak of the COVID-19, declared by the World Health Organisation as a 'Global Pandemic' on the 11 March 2020, has impacted many aspects of daily life and the global economy. Given the unknown future impact that COVID-19 might have on the financial market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuation contained within this report under frequent review.

Our opinion of value is made as at the Valuation Date only. Any value changes subsequent to the Valuation Date could be material depending on facts and circumstances.

In particular, impact from the outbreak of COVID-19 for biological assets may be reflected from multiple aspects, including but not limited to disturbance to timely, adequate and efficient supply of fertilizers, labour and logistic service in terms of the farming operation, and/or reduction of demand from the reduction of travel, business and social activities. The valuation of the Biological Assets is heavily dependent on adequate supervision and care at a reasonable cost, as such the outbreak of COVID-19 may have an adverse impact to the valuation of the Biological Assets subsequent to 31 December 2020 if mitigating action was not adequate.

According to the Company's information, due to the outbreak of COVID-19 epidemic in Dalian ("Dalian Outbreak") between December 2020 and January 2021, the Dalian government had implemented lockdown measures between 22 December 2020 and 15 January 2021. The Company's sales of potted vegetable produce in Dalian were temporarily suspended during the lockdown period. Such lockdown caused suspension of its sales activities in Dalian which resulted in a loss of approximately 15,000 pots of unsold vegetable produces during the period. Suppliers outside of the Dalian had difficulties reaching its Dalian Facility. Thus, the COVID-19 epidemic limited the operation of its Dalian Facility during the period. However, its subcontractors are not affected as their labour are from the neighbourhood in close proximity to the Dalian Facility. Accordingly, the operation of its Dalian Facility was affected during the said period and it resumed normal operation after 15 January 2021.

Save for the Dalian Outbreak, the Company's directors confirmed that there was no material adverse impact on its operation, its sales to customers, its suppliers and its subcontractors in relation to its business due to the COVID-19 epidemic during the Track Record Period and up to the Latest Practicable Date.

Yours faithfully,
For and on behalf of

Savills Valuation and Professional Services Limited



Anthony C.K. Lau
MRICS MHKIS RPS(GP)
Director



Wiley W.F. Pun
HKICPA CICPA(non-practising) PRM
Director

Encl.

ASSUMPTIONS

A number of assumptions have been made in the preparation of the reported figures. The assumptions are:

- As at the Valuation Date, lockdown in Dalian has made the ordinary market of the relevant Biological Assets inaccessible temporarily. The Fair Value of the Biological Assets, in particular the Mature Vegetables, is calculated assuming the existence of a hypothetical market for orderly transaction between potential market participants as defined on HKFRS13;
- Accounting and operating records at the Company are accurate. Cost, quality and quantity of the Biological Assets are properly reflected in the information kept and provided by the Company;
- In accordance with HKFRS13, potential blockage discount due to the volume of potted vegetable produce held by the Company is not considered as it is the characteristics of the holding rather than the characteristics of the Biological Assets;
- In the absence of a future or forward market of potted vegetable produce as confirmed by the Company, prevailing market prices for the Mature Vegetables based on transaction with independent third parties at and near the Valuation Date is considered the best estimate of price receivable when the Biological Assets are sold upon maturity;
- Costs to be incurred in completing the planting cycle for the Growing Vegetables will not deviate significantly from that of the Mature Vegetables as at the Valuation Date;
- The Biological Assets are properly planted by appropriate methods and are properly cultured under appropriate environment such that they will grow in a normal condition and meet the relevant quality requirements;
- There will be no major changes in existing political, legal, technological, tax, fiscal or economic conditions in the country or district where the business is in operation;
- The long term inflation rate, interest rates and currency exchange rate will not differ materially from those then prevailing as at the Valuation Date;
- The Company will retain sufficient management and technical personnel to maintain their ongoing operations;
- There will be no major business disruptions through diseases, riots, international crisis, industrial disputes, industrial accidents or severe weather conditions, other than those prevailing as at the valuation dates, that will significantly affect the Biological Assets;

- The Company's businesses are unaffected by any statutory notice and the operation of the business gives, or will give, no rise to a contravention of any statutory requirements. All applicable laws and regulations were and will be complied with;
- The business is not and will not be subject to any unusual or onerous restrictions or encumbrances which may render the Company defaulted against its outstanding commitment or obligations; and
- Any potential bad debt of the Company will not materially significantly affect value of the Biological Assets.

LIMITING CONDITIONS

Our work has relied to a considerable extent on the information provided by the Company. We are not in a position to, nor have been instructed to, comment on the lawfulness of the businesses and the Company's possession of the assets. In the course of our valuation, we have assumed that the assets have obtained all required registration and are freely transferable in the market without any significant obstacles.

While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the business, economic environment, competitive uncertainties or any other abrupt alternations of external factors.

We must emphasise that the realisation of any prospective financial information set out within our report is dependent on the continuing validity of the assumptions on which it is based. We accept no responsibility for the realisation of any prospective financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

Details of our principal information sources are set out in the report and we have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work. We however cannot guarantee the reliability or accuracy of the information sources.

In accordance with our standard practice, we must state that this report and valuation is for financial reporting purpose and the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Neither the whole, nor any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement without our written approval of the form and context in which it will appear.

We shall be under no obligation to update our report in respect of events or information which come to our attention subsequent to the date of this report. Notwithstanding this, we reserve the right, should we consider it necessary, to revise our valuation in light of any information which existed at the Valuation Date but which becomes known to us subsequent to the date of this report.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this report and our calculation has been sent to management of the Company. They have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

APPENDIX 1 – Valuation Summary and Cost Breakdown

Rizhuang Planting Base

No.	Category	Rizhuang Planting Base		
		Number of pots	Fair value	Fair value per pot (RMB / pot)
Pak choi 小白菜	Newly planted vegetables	9,743	65,457	6.72
	Growing immature vegetables	23,374	308,880	13.21
	Mature vegetables	25,577	382,081	14.94
Crown daisy 茼蒿	Newly planted vegetables	11,372	76,615	6.74
	Growing immature vegetables	18,857	248,989	13.20
	Mature vegetables	27,188	406,147	14.94
Frie'e 苦菊	Newly planted vegetables	7,415	50,702	6.84
	Growing immature vegetables	17,843	234,961	13.17
	Mature vegetables	19,035	284,354	14.94
Rapeseed 油菜	Newly planted vegetables	8,165	54,958	6.73
	Growing immature vegetables	27,016	357,080	13.22
	Mature vegetables	19,668	293,810	14.94
Lettuce 生菜	Newly planted vegetables	20,300	142,980	7.04
	Growing immature vegetables	25,042	326,335	13.03
	Mature vegetables	11,910	177,917	14.94
Indian lettuce 油麦菜	Newly planted vegetables	9,671	65,784	6.80
	Growing immature vegetables	27,347	358,674	13.12
	Mature vegetables	15,046	224,764	14.94
Spinach 菠菜	Newly planted vegetables	12,253	87,644	7.15
	Growing immature vegetables	22,278	287,703	12.91
	Mature vegetables	7,999	119,493	14.94
Chinese Celery 山芹	Newly planted vegetables	25,234	183,528	7.27
	Growing immature vegetables	20,099	256,986	12.79
	Mature vegetables	4,957	74,050	14.94
Fennel 茴香	Newly planted vegetables	160	1,139	7.12
	Growing immature vegetables	5,040	67,470	13.39
	Mature vegetables	-	-	-
Purple Lettuce 紫生菜	Newly planted vegetables	3,920	27,484	7.01
	Growing immature vegetables	24,223	321,071	13.25
	Mature vegetables	19,728	294,706	14.94
Purple rapeseed 紫油菜	Newly planted vegetables	11,319	77,726	6.87
	Growing immature vegetables	15,399	203,182	13.19
	Mature vegetables	25,589	382,261	14.94
Tatsoi 乌塌菜	Newly planted vegetables	3,595	24,211	6.73
	Growing immature vegetables	25,496	336,669	13.20
	Mature vegetables	21,069	314,739	14.94
Tai cai 苔菜	Newly planted vegetables	6,749	45,879	6.80
	Growing immature vegetables	19,164	253,349	13.22
	Mature vegetables	18,994	283,741	14.94
Romaine lettuce 绿罗马生菜	Newly planted vegetables	18,676	129,037	6.91
	Growing immature vegetables	12,511	163,575	13.07
	Mature vegetables	16,737	250,025	14.94
Ji mao cai 鸡毛菜	Newly planted vegetables	-	-	-
	Growing immature vegetables	-	-	-
	Mature vegetables	-	-	-
Purple Romaine Lettuce 紫罗马生菜	Newly planted vegetables	6,661	45,644	6.85
	Growing immature vegetables	27,545	361,439	13.12
	Mature vegetables	11,901	177,783	14.94
Nai Bai 奶白菜	Newly planted vegetables	-	-	-
	Growing immature vegetables	-	-	-
	Mature vegetables	-	-	-
Malabar spinach 木耳菜	Newly planted vegetables	-	-	-
	Growing immature vegetables	-	-	-
	Mature vegetables	-	-	-
Radish 水萝卜	Newly planted vegetables	-	-	-
	Growing immature vegetables	-	-	-
	Mature vegetables	-	-	-
Panax notoginseng 田七	Newly planted vegetables	-	-	-
	Growing immature vegetables	-	-	-
	Mature vegetables	1,111	16,597	14.94
Total	Newly planted vegetables	155,233	1,078,790	6.95
	Growing immature vegetables	311,234	4,086,362	13.13
	Mature vegetables	246,509	3,682,467	14.94
	Total	712,976	8,847,619	12.41

Xi'an Planting Base and Dalian Planting Base

No.	Category	Xi'an Planting Base			Dalian Planting Base		
		Number of pots	Fair value	Fair value per pot (RMB / pot)	Number of pots	Fair value	Fair value per pot (RMB / pot)
Pak choi 小白菜	Newly planted vegetables	823	5,524	6.71	40	251	6.28
	Growing immature vegetables	1,279	17,831	13.94	1,000	11,530	11.53
	Mature vegetables	530	8,358	15.77	200	3,096	15.48
Crown daisy 茼蒿	Newly planted vegetables	467	3,130	6.70	400	2,572	6.43
	Growing immature vegetables	459	6,424	14.00	900	7,637	8.49
	Mature vegetables	415	6,545	15.77	200	3,096	15.48
Fri e' e 苦菊	Newly planted vegetables	-	-	-	-	-	-
	Growing immature vegetables	-	-	-	-	-	-
	Mature vegetables	-	-	-	-	-	-
Rapeseed 油菜	Newly planted vegetables	-	-	-	-	-	-
	Growing immature vegetables	-	-	-	1,040	7,529	7.24
	Mature vegetables	-	-	-	460	7,122	15.48
Lettuce 生菜	Newly planted vegetables	-	-	-	-	-	-
	Growing immature vegetables	-	-	-	260	1,906	7.33
	Mature vegetables	-	-	-	543	8,407	15.48
Indian lettuce 油麦菜	Newly planted vegetables	923	6,265	6.79	140	878	6.27
	Growing immature vegetables	1,501	20,832	13.88	900	9,024	10.03
	Mature vegetables	213	3,359	15.77	460	7,122	15.48
Spinach 菠菜	Newly planted vegetables	-	-	-	-	-	-
	Growing immature vegetables	-	-	-	520	4,710	9.06
	Mature vegetables	-	-	-	448	6,936	15.48
Chinese Celery 山芹	Newly planted vegetables	-	-	-	500	3,266	6.53
	Growing immature vegetables	-	-	-	2,360	28,556	12.10
	Mature vegetables	-	-	-	251	3,886	15.48
Fennel 茴香	Newly planted vegetables	-	-	-	-	-	-
	Growing immature vegetables	-	-	-	-	-	-
	Mature vegetables	-	-	-	-	-	-
Purple Lettuce 紫生菜	Newly planted vegetables	247	1,758	7.12	50	329	6.58
	Growing immature vegetables	575	8,000	13.91	600	5,336	8.89
	Mature vegetables	-	-	-	244	3,778	15.48
Purple rapeseed 紫油菜	Newly planted vegetables	-	-	-	200	1,279	6.40
	Growing immature vegetables	-	-	-	1,360	15,654	11.51
	Mature vegetables	-	-	-	243	3,762	15.48
Tatsoi 乌塌菜	Newly planted vegetables	1,509	9,999	6.63	160	1,013	6.33
	Growing immature vegetables	3,018	42,393	14.05	2,700	26,206	9.71
	Mature vegetables	2,034	32,076	15.77	440	6,812	15.48
Tai cai 苔菜	Newly planted vegetables	-	-	-	-	-	-
	Growing immature vegetables	-	-	-	-	-	-
	Mature vegetables	-	-	-	-	-	-
Romaine lettuce 绿罗马生菜	Newly planted vegetables	606	4,066	6.71	160	1,026	6.41
	Growing immature vegetables	1,211	17,015	14.05	2,700	25,389	9.40
	Mature vegetables	816	12,868	15.77	440	6,812	15.48
Ji mao cai 鸡毛菜	Newly planted vegetables	630	4,270	6.78	-	-	-
	Growing immature vegetables	1,422	19,835	13.95	-	-	-
	Mature vegetables	592	9,336	15.77	-	-	-
Purple Romaine Lettuce 紫罗马生菜	Newly planted vegetables	-	-	-	300	1,912	6.37
	Growing immature vegetables	-	-	-	1,520	14,796	9.73
	Mature vegetables	-	-	-	526	8,143	15.48
Nai Bai 奶白菜	Newly planted vegetables	780	5,250	6.73	180	1,321	7.34
	Growing immature vegetables	1,592	22,187	13.94	600	5,434	9.06
	Mature vegetables	265	4,179	15.77	484	7,493	15.48
Malabar spinach 木耳菜	Newly planted vegetables	-	-	-	520	3,606	6.94
	Growing immature vegetables	-	-	-	-	-	-
	Mature vegetables	-	-	-	447	6,920	15.48
Radish 水萝卜	Newly planted vegetables	-	-	-	80	608	7.60
	Growing immature vegetables	-	-	-	700	6,920	9.89
	Mature vegetables	-	-	-	249	3,855	15.48
Panax notoginseng 田七	Newly planted vegetables	-	-	-	-	-	-
	Growing immature vegetables	-	-	-	-	-	-
	Mature vegetables	-	-	-	-	-	-
Total	Newly planted vegetables	5,985	40,262	6.73	2,730	18,061	6.62
	Growing immature vegetables	11,057	154,518	13.97	17,160	170,629	9.94
	Mature vegetables	4,865	76,721	15.77	5,635	87,239	15.48
	Total	21,907	271,502	12.39	25,525	275,929	10.81

Appendix 2 – Selected Photos of Planting Bases

Qingdao (Rizhuang) Planting Base







Source: Savills, taken on 31 December 2020

Xi'an Planting Base





Source: Savills, taken on 7 January 2021

Dalian Planting Base





Source: Savills, taken on 9 March 2021



Qingdao Fujing Agriculture Development Co., Ltd
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Attention: Mr. Zhang Yonggang

14 April 2022

Our Ref: HK/2019/VPS/18999(q)/AL/WP/TT/JL/ck

Dear Sirs,

VALUATION OF BIOLOGICAL ASSETS HELD BY QINGDAO FUJING AGRICULTURE DEVELOPMENT CO., LTD.

In accordance with your instructions, we have undertaken a valuation on behalf of Qingdao Fujing Agriculture Development Co., Ltd (the "Company" or "Fujing") to determine the Fair Value (to be defined as below) of biological assets held by the Company ("Biological Assets") as at 31 December 2021 (the "Valuation Date").

PURPOSE OF VALUATION AND STANDARD OF VALUE

The purpose of this valuation is to express an independent opinion on the Fair Value of Biological Assets as at the Valuation Date stated above for financial reporting purpose.

According to Hong Kong Financial Reporting Standard 13 ("HKFRS13"), Fair Value ("FV") is defined as "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".

BRIEF DESCRIPTION OF THE COMPANY

The Company is a limited company incorporated in the People's Republic of China and is specialized in growing, storing and selling potted vegetable produce. The main product is potted vegetable produce. The planted potted vegetable produce varieties include cabbage, leaf lettuce and spinach etc.

BRIEF DESCRIPTION OF THE BIOLOGICAL ASSETS

Biological Assets in the valuation scope consist of various kinds of potted vegetable produce being planted in different dates, including 小白菜 (Pak choi), 茼蒿 (Crown daisy), 苦菊 (Frisée), 油菜 (Rapeseed), 生菜 (Lettuce), 油麦菜 (Indian lettuce), 菠菜 (Spinach), 山芹 (Chinese celery), 紫生菜 (Purple lettuce), 紫油菜 (Purple rapeseed), 乌塌菜 (Tatsoi), 苔菜 (Tai cai), 绿罗马生菜 (Romaine lettuce), 鸡毛菜 (Ji mao cai), 紫罗马生菜 (Purple Romaine lettuce), 奶白菜 (Nai Bai), 养心菜 (Sedum aizoon L), 木耳菜 (Malabar spinach), 茴香 (Fennel), 水萝卜 (Radish), 大头菜 (Kohlrabi), 蒜苗 (Garlic bolt), 空心菜 (Water spinach), 田七 (Panax notoginseng) and 苋菜 (Amaranth)

¹. As at 31 December 2021, the Company had three bases in total across China which are Qingdao (Rizhuang) Base, Xi'an Base and Dalian Base. For details, please see Appendix 1.

Mature Biological Assets are transported from planting operation of the Company and then sold as fresh vegetable produce in pots. Majority of the Biological Assets is sold to third party distributors, followed by hotels and restaurants, with some small portion sold to individual consumers directly.

According to the Company, the Company considered seasonality and market intelligence from its marketing department and customer preferences in selecting the species of potted vegetable produce to be planted. Based on the data provided by the Company, labour cost, compost and seed comprise the largest cost components in the Biological Assets.

SITE INSPECTIONS

We have performed site inspections of the Biological Assets in 3 planting bases located in Qingdao (Rizhuang), Xi'an and Dalian on 4 January 2022, 12 February 2022 and 8 January 2022 respectively ("Inspection Dates"). Please refer to Appendix 2 for the photos of planting bases taken during our site inspections.

Our site inspection work included:

- Obtaining the stock records of the potted vegetable produce as at the respective Inspection Dates;
- Stock-taking of potted vegetable produce by using the random sampling method, and checking our stock-taking results against the quantities and species recorded by the Company in each base;
- Inspecting the environment of the planting bases and its control; and
- Interviewing management of the planting bases to understand the species of potted vegetable produce, planting process, human resource allocation, daily work flow of the workers, stock take process and frequency, and the disease prevention and control of the planting bases.

¹ English translation is for reference only. Please refer to the Chinese name for the species in accordance with Company's record

No exception was noted in our site inspections as to the quantity and species of the Biological Assets sampled by us. While we are satisfied with the quality of the Biological Assets upon our visual inspection, we however have not conducted any detailed test to the quality and potential chemical residual left on the Biological Assets, if any.

VALUATION METHODOLOGY AND BASIS

In conducting the valuation, we have considered three generally accepted approaches, including income approach, market approach and cost approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation and the commonly adopted practice.

According to the fair value hierarchy within the Hong Kong Financial Reporting Standard 13 (HKFRS 13) Fair Value Measurement, we have adopted market approach as the primary approach to estimate the Fair Value of the Biological Assets as market price must be used if it is available. If there is no active market for a specific type of Biological Assets, Level 2 or Level 3 inputs as stated in HKFRS 13 to determine the Fair Value. Cost approach is used when no data is available for us to perform valuation under market approach.

Based on the characteristics of the Biological Assets and discussion with you, we divided each species of potted vegetable produce into three categories according to the potted vegetable produce growing life cycle, Company's management process and the biological transformation, namely:

1. Newly planted potted vegetable produce ("New Vegetables"): Potted vegetable produce is planted for less than 1 week prior to the Valuation Date. Potted vegetable produce typically does not yet sprout and does not have observable significant biological transformation above the organic substrate;
2. Growing immature potted vegetable produce ("Growing Vegetables"): Potted vegetable produce is planted for 1 week or above prior to the Valuation Date, but less than 4 weeks and not yet reached the mature saleable state. Potted vegetable produce typically has observable significant biological transformation since planting with sprout and leaves visible above the organic substrate; and
3. Mature potted vegetable produce ("Mature Vegetables"): Potted vegetable produce is planted for 4 weeks or above prior to the Valuation Date and reached the saleable state. Potted vegetable produce is mature biologically and ready for consumption and sale.

We adopted cost approach for the New Vegetables since their biological transformation is not considered significant given the short time from planting. Market approach is adopted for Growing Vegetables and Mature Vegetables on the Valuation Date since observable biological transformation has taken place.

While market price for different species of Mature Vegetables are available from the Company based on transactions with independent third parties at and near the Valuation Date, there was no active market for Growing Vegetables. We have obtained the market prices (actual selling price, i.e. Level 1 input) at and near the Valuation Date for each species of Mature Vegetables from the Company and cross checked with market data available from other sources when applicable.

As there is no active market for the Growing Vegetables, we have adopted the market prices of Mature Vegetables, a Level 1 input, as the estimated price upon completion of growing cycle, less cost of completion and selling expenses, adjusted with survival rate, profit margin attributed to the growing activity and risk in price uncertainty upon completion. The survival rate is estimated based on the statistic provided by the Company for respective location and category of potted vegetable produce as at Valuation Date. Cost of completion and selling expenses are based on historical data provided by the Company as at the Valuation Date. Profit margin is estimated based on the selling price and cost of the Mature Vegetables. As the time to maturity is relative short (2-4 weeks for Growing Vegetables), time value of money is considered negligible and we have not applied any discounting in estimating the Fair Value of Biological Assets in this category.

In mid December 2021, several cases of COVID-19 have been discovered Xi'an where the Company has operation. The government had imposed lockdown and travel restrictions in certain areas of Xi'an between 23 December 2021 and 24 January 2022. Based on the discussion with the Company, sales of vegetable produce in Xi'an were temporarily suspended during the lockdown period. Such impact has already been considered in our valuation, being a condition prevailing as at the Valuation Date.

RISK FACTORS

We have identified several key risk factors in the valuation for the Biological Assets that may affect the valuation:

- **Disasters and Diseases:** Condition of Biological Assets is heavily affected by the growing environment. While the Biological Assets held by the Company are grown under controlled environment, extreme weather may damage or even destroy structure on the planting base, which may then affect the conditions or even the survival of the Biological Assets. Other natural disasters and diseases may also affect the conditions of the Biological Assets directly or indirectly subsequent to the Valuation Date. Disaster or pandemic control procedures may also suspend operation or access to the planting base for a prolonged period temporarily which affect both sales of goods and purchase of supplies.
- **Government policy:** Government has played an important role in setting policies for the potted vegetable produce and agricultural industry. Policies are important for the development of an industry and cost level in growing potted vegetable produce through regulation and financial incentive. We understand from the industry consultant engaged by the Company that currently there are no relevant government policies for potted vegetable produce industry in China. Any change in regulatory policies may have unforeseeable impact to China's potted vegetable produce industry and the Company.

- **Market supply and demand:** Compared to traditional vegetable produce that is sold in harvested state, potted vegetable produce has the advantage of being perceived as fresher and healthier, despite their disadvantages of being bulkier and more expensive. According to the industry consultant engaged by the Company, expanding variety of potted vegetable produce is likely to drive the further development of the market. Entrance of new competitors may increase supply, or any decline of demand from shift of taste may also drive down price realizable by the Company.
- **Growing cost:** Labour cost is one major cost for the vegetable produce and potted vegetable produce markets and the Company as both planting and field management require experienced and skilled manpower to ensure successful production. However, in line with the growing economy and increasing living standards, the average annual salary of employees in agriculture, forestry, animal husbandry and fishery in China has increased over years. In addition, there's a decreasing labour supply in the vegetable produce and potted vegetable produce markets. Hence, the increasing labour cost and shortage of labour are likely to be a challenge for China's vegetable produce and potted vegetable produce markets.

The above list of risk factors is not intended to be exhaustive and other abrupt changes in macro-economic or micro-economic factors may also affect the value of the Biological Assets.

SENSITIVITY ANALYSIS

We have performed a sensitivity analysis on the change in Biological Assets valuation from the change in weighted average market price as at the Valuation Date. The results are tabulated below:

(RMB'000)	-30%	-15%	0%	15%	30%
Fair Value as at 31 December 2021	7,244	8,513	9,781	11,049	12,317

The Biological Assets valued using market approach are sensitive to the change in market price.

REMARKS

Unless otherwise stated, all monetary amounts are stated in Renminbi ("RMB").

We have been provided with extracts of copies of relevant documents and financial information relating to the Company and Biological Assets. We have relied upon the aforesaid information and certain data from various data in forming our opinion of the Fair Value. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. Our work does not constitute an audit and no assurance is given by us to the information supplied to us. We have no responsibility to doubt the truthfulness and accuracy of the said information which is material to the valuation. We have also been confirmed by the Company that no material facts related to this valuation have been omitted from the information provided. We have also made relevant inquiries and obtained further information as required for the purpose of this valuation.

We hereby confirm that we have neither present nor prospective interests in the Company and their respective holding companies, subsidiaries and associated companies, or the value reported herein.

This report is issued subject to our Assumptions and Limiting Conditions as attached.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Furthermore, the assumptions adopted are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and us.

Market price of the biological assets can be volatile and seasonal depending on the supply and demand. Price at the time of disposal of the potted vegetable produce may be different from the price prevailing at the Valuation Date.

We have conducted site inspections to selected locations which are considered major production planting bases in terms of the Biological Assets. Our site inspections were not on any of the Valuation Date, we also did not visit all sites, nor had we conducted a full count in the site we inspected. We have relied to a considerable extent to the Company's internal financial and operational records in determining the quantity and quality of the Biological Assets as at the Valuation Date.

OPINION OF VALUE

Based on our analysis and method employed, we are of the opinion that the Fair Value of the Biological Assets as at the Valuation Date are as below:

Valuation Date	Fair Value (in RMB'000)
31 December 2021	9,781

Detailed breakdown by category and location are shown in appendix 1.

The outbreak of the COVID-19, declared by the World Health Organisation as a 'Global Pandemic' on the 11 March 2020, has impacted many aspects of daily life and the global economy. Given the unknown future impact that COVID-19 might have on the financial market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuation contained within this report under frequent review.

Our opinion of value is made as at the Valuation Date only. Any value changes subsequent to the Valuation Date could be material depending on facts and circumstances.

In particular, impact from the outbreak of COVID-19 for biological assets may be reflected from multiple aspects, including but not limited to disturbance to timely, adequate and efficient supply of fertilizers, labour and logistic service in terms of the farming operation, and/or reduction of demand from the reduction of travel, business and social activities. The valuation of the Biological Assets is heavily dependent on adequate supervision and care at a reasonable cost, as such the outbreak of COVID-19 may have an adverse impact to the valuation of the Biological Assets subsequent to 31 December 2021 if mitigating action was not adequate.

Yours faithfully,

For and on behalf of

Savills Valuation and Professional Services Limited



Wiley W.F. Pun
HKICPA CICPA (non-practising) PRM
Director



Tony W.H. Tung
HKICPA CFA FRM
Valuation Manager

Encl.

ASSUMPTIONS

A number of assumptions have been made in the preparation of the reported figures. The assumptions are:

- Accounting and operating records at the Company are accurate. Cost, quality and quantity of the Biological Assets are properly reflected in the information kept and provided by the Company;
- In accordance with HKFRS13, potential blockage discount due to the volume of potted vegetable produce held by the Company is not considered as it is the characteristics of the holding rather than the characteristics of the Biological Assets;
- In the absence of a future or forward market of potted vegetable produce as confirmed by the Company, prevailing market prices for the Mature Vegetables based on transaction with independent third parties at and near the Valuation Date is considered the best estimate of price receivable when the Biological Assets are sold upon maturity;
- Costs to be incurred in completing the planting cycle for the Growing Vegetables will not deviate significantly from that of the Mature Vegetables as at the Valuation Date;
- The Biological Assets are properly planted by appropriate methods and are properly cultured under appropriate environment such that they will grow in a normal condition and meet the relevant quality requirements;
- There will be no major changes in existing political, legal, technological, tax, fiscal or economic conditions in the country or district where the business is in operation;
- The long term inflation rate, interest rates and currency exchange rate will not differ materially from those then prevailing as at the Valuation Date;
- The Company will retain sufficient management and technical personnel to maintain their ongoing operations;
- There will be no major business disruptions through diseases, riots, international crisis, industrial disputes, industrial accidents or severe weather conditions, other than those prevailing as at the Valuation Date, that will significantly affect the Biological Assets;
- The Company's businesses are unaffected by any statutory notice and the operation of the business gives, or will give, no rise to a contravention of any statutory requirements. All applicable laws and regulations were and will be complied with;
- The business is not and will not be subject to any unusual or onerous restrictions or encumbrances which may render the Company defaulted against its outstanding commitment or obligations; and
- Any potential bad debt of the Company will not materially significantly affect value of the Biological Assets.

LIMITING CONDITIONS

Our work has relied to a considerable extent on the information provided by the Company. We are not in a position to, nor have been instructed to, comment on the lawfulness of the businesses and the Company's possession of the assets. In the course of our valuation, we have assumed that the assets have obtained all required registration and are freely transferable in the market without any significant obstacles.

While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the business, economic environment, competitive uncertainties or any other abrupt alternations of external factors.

We must emphasise that the realisation of any prospective financial information set out within our report is dependent on the continuing validity of the assumptions on which it is based. We accept no responsibility for the realisation of any prospective financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

Details of our principal information sources are set out in the report and we have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work. We however cannot guarantee the reliability or accuracy of the information sources.

In accordance with our standard practice, we must state that this report and valuation is for financial reporting purpose and the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Neither the whole, nor any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement without our written approval of the form and context in which it will appear.

We shall be under no obligation to update our report in respect of events or information which come to our attention subsequent to the date of this report. Notwithstanding this, we reserve the right, should we consider it necessary, to revise our valuation in light of any information which existed at the Valuation Date but which becomes known to us subsequent to the date of this report.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this report and our calculation has been sent to management of the Company. They have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

APPENDIX 1 – Valuation Summary and Cost Breakdown

Rizhuang Planting Base

No.	Category	Rizhuang Planting Base		
		Number of pots	Fair value	Fair value per pot (RMB / pot)
Pak choi 小白菜	Newly planted vegetables	3,827	25,366	6.63
	Growing immature vegetables	29,908	386,302	12.92
	Mature vegetables	38,559	576,749	14.96
Crown daisy 茼蒿	Newly planted vegetables	15,778	108,591	6.88
	Growing immature vegetables	11,599	140,567	12.12
	Mature vegetables	13,455	201,254	14.96
Frie'e 莴笋	Newly planted vegetables	24,444	174,799	7.15
	Growing immature vegetables	1,756	22,350	12.73
	Mature vegetables	10,558	157,922	14.96
Rapeseed 油菜	Newly planted vegetables	1,619	10,703	6.61
	Growing immature vegetables	34,456	458,132	13.30
	Mature vegetables	55,909	836,262	14.96
Lettuce 生菜	Newly planted vegetables	3,962	26,501	6.69
	Growing immature vegetables	9,091	119,143	13.11
	Mature vegetables	29,897	447,186	14.96
Indian lettuce 油麦菜	Newly planted vegetables	27,168	194,089	7.14
	Growing immature vegetables	3,495	40,005	11.45
	Mature vegetables	9,176	137,251	14.96
Spinach 菠菜	Newly planted vegetables	108	738	6.84
	Growing immature vegetables	67,437	896,043	13.29
	Mature vegetables	13,970	208,957	14.96
Chinese Celery 山芹	Newly planted vegetables	7,882	53,337	6.77
	Growing immature vegetables	8,332	103,095	12.37
	Mature vegetables	32,740	489,711	14.96
莴苣	Newly planted vegetables	-	-	-
	Growing immature vegetables	290	3,610	12.45
	Mature vegetables	-	-	-
Purple Lettuce 紫生菜	Newly planted vegetables	9,969	72,915	7.31
	Growing immature vegetables	296	3,455	11.67
	Mature vegetables	5,230	78,228	14.96
Purple rapeseed 紫油菜	Newly planted vegetables	11,181	75,595	6.76
	Growing immature vegetables	1,779	22,546	12.67
	Mature vegetables	30,085	449,998	14.96
Tatsoi 塌棵菜	Newly planted vegetables	13,702	94,273	6.88
	Growing immature vegetables	22,798	270,372	11.86
	Mature vegetables	13,550	202,675	14.96
Tai cai 苔菜	Newly planted vegetables	12,060	81,879	6.79
	Growing immature vegetables	13,165	168,040	12.76
	Mature vegetables	24,884	372,204	14.96
Romaine lettuce 绿萼生菜	Newly planted vegetables	44,100	317,248	7.19
	Growing immature vegetables	3,388	43,919	12.96
	Mature vegetables	14,511	217,049	14.96
Purple Romaine Lettuce 紫萼生菜	Newly planted vegetables	-	-	-
	Growing immature vegetables	-	-	-
	Mature vegetables	2,468	36,915	14.96
Sedum aizoon L 养心菜	Newly planted vegetables	1,292	9,484	7.34
	Growing immature vegetables	1,789	20,736	11.59
	Mature vegetables	-	-	-
Kohlrabi 大头菜	Newly planted vegetables	-	-	-
	Growing immature vegetables	33,538	463,489	13.82
	Mature vegetables	6,604	98,780	14.96
Panax notoginseng 三七	Newly planted vegetables	1,994	14,436	7.24
	Growing immature vegetables	527	6,002	11.39
	Mature vegetables	561	8,391	14.96
Amaranth 莧菜	Newly planted vegetables	-	-	-
	Growing immature vegetables	-	-	-
	Mature vegetables	952	14,240	14.96
Garlic bolt 蒜苗	Newly planted vegetables	1,777	12,538	7.06
	Growing immature vegetables	10,377	143,297	13.81
	Mature vegetables	1,256	18,787	14.96
Total	Newly planted vegetables	180,863	1,272,495	7.04
	Growing immature vegetables	254,021	3,311,103	13.03
	Mature vegetables	304,365	4,552,558	14.96
	Total	739,249	9,136,156	12.36

Xi'an Planting Base and Dalian Planting Base

No.	Category	Xi'an Planting Base			Dalian Planting Base		
		Number of pots	Fair value	Fair value per pot (RMB / pot)	Number of pots	Fair value	Fair value per pot (RMB / pot)
Pak choi 小白菜	Newly planted vegetables	754	4,951	6.57	543	3,379	6.22
	Growing immature vegetables	2,103	25,292	12.03	754	9,802	13.00
	Mature vegetables	1,582	24,956	15.77	1,224	19,065	15.58
Rapeseed 油菜	Newly planted vegetables	-	-	-	511	3,240	6.34
	Growing immature vegetables	-	-	-	1,354	17,490	12.92
	Mature vegetables	-	-	-	658	10,249	15.58
Indian lettuce 油麦菜	Newly planted vegetables	699	4,633	6.63	-	-	-
	Growing immature vegetables	2,101	28,405	13.52	670	8,915	13.31
	Mature vegetables	1,202	18,961	15.77	1,665	25,934	15.58
Chinese Celery 山芹	Newly planted vegetables	-	-	-	616	3,869	6.28
	Growing immature vegetables	-	-	-	546	7,579	13.88
	Mature vegetables	30	473	15.77	1,939	30,202	15.58
Purple Lettuce 紫生菜	Newly planted vegetables	-	-	-	161	1,047	6.50
	Growing immature vegetables	-	-	-	-	-	-
	Mature vegetables	-	-	-	339	5,280	15.58
Purple rapeseed 紫油菜	Newly planted vegetables	-	-	-	200	1,254	6.27
	Growing immature vegetables	-	-	-	700	9,356	13.37
	Mature vegetables	39	615	15.77	1,602	24,953	15.58
Tatsoi 乌塌菜	Newly planted vegetables	978	6,933	7.09	720	4,470	6.21
	Growing immature vegetables	1,708	22,551	13.20	816	10,629	13.03
	Mature vegetables	1,324	20,886	15.77	1,613	25,124	15.58
Romaine lettuce 绿罗马生菜	Newly planted vegetables	527	3,503	6.65	557	3,483	6.25
	Growing immature vegetables	1,525	20,363	13.35	937	12,758	13.62
	Mature vegetables	1,221	19,261	15.77	1,648	25,670	15.58
Ji mao cai 鸡毛菜	Newly planted vegetables	751	5,030	6.70	-	-	-
	Growing immature vegetables	2,095	28,738	13.72	-	-	-
	Mature vegetables	1,031	16,264	15.77	-	-	-
Purple Romaine Lettuce 紫罗马生菜	Newly planted vegetables	-	-	-	310	1,925	6.21
	Growing immature vegetables	-	-	-	345	4,578	13.27
	Mature vegetables	-	-	-	1,842	28,691	15.58
Nai Bai 奶白菜	Newly planted vegetables	866	5,713	6.60	-	-	-
	Growing immature vegetables	2,189	31,016	14.17	259	3,681	14.21
	Mature vegetables	1,348	21,265	15.77	1,300	20,249	15.58
Malabar spinach 木耳菜	Newly planted vegetables	-	-	-	-	-	-
	Growing immature vegetables	-	-	-	-	-	-
	Mature vegetables	93	1,467	15.77	-	-	-
Radish 水萝卜	Newly planted vegetables	-	-	-	128	820	6.40
	Growing immature vegetables	-	-	-	331	4,848	14.65
	Mature vegetables	-	-	-	300	4,673	15.58
Total	Newly planted vegetables	4,575	30,763	6.72	3,746	23,486	6.27
	Growing immature vegetables	11,721	156,365	13.34	6,712	89,635	13.35
	Mature vegetables	7,870	124,149	15.77	14,130	220,091	15.58
	Total	24,166	311,277	12.88	24,588	333,212	13.55

Appendix 2 – Selected Photos of Planting Bases

Qingdao (Rizhuang) Planting Base



Source: Savills, taken on 4 January 2022

Xi'an Planting Base



Source: Savills, taken on 12 February 2022

Dalian Planting Base



Source: Savills, taken on 8 January 2022



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Attention: Mr. Zhang Yonggang

17 April 2023

Our Ref: HK/2019/VPS/18999(t)/WP/TT

Dear Sirs,

VALUATION OF BIOLOGICAL ASSETS HELD BY QINGDAO FUJING AGRICULTURE DEVELOPMENT CO., LTD.

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The Company is a limited company incorporated in the People's Republic of China and is specialized in growing, storing and selling potted vegetable produce. The main product is potted vegetable produce. The planted potted vegetable produce varieties include cabbage, leaf lettuce and spinach etc.

BRIEF DESCRIPTION OF THE BIOLOGICAL ASSETS

Biological Assets in the valuation scope consist of various kinds of potted vegetable produce being planted in different dates, including 小白菜 (Pak choi), 茼蒿 (Crown daisy), 苦菊 (Frisée), 油菜 (Rapeseed), 生菜 (Lettuce), 油麦菜 (Indian lettuce), 菠菜 (Spinach), 山芹 (Chinese celery), 紫生菜 (Purple Lettuce), 紫油菜 (Purple rapeseed), 乌塌菜 (Tatsoi), 苔菜 (Tai cai), 绿罗马生菜 (Romaine lettuce), 紫罗马生菜 (Purple Romaine lettuce), 养心菜 (Sedum aizoon L), 水萝卜 (Radish), 大头菜 (Kohlrabi), 田七 (Panax notoginseng), 香菜 (Coriander) and 菜心 (Choy sum)¹. As at 31 December 2022, the Company had three bases in total across China which are Qingdao (Rizhuang) Base, Xi'an Base and Dalian Base. For details, please see Appendix 1.

Mature Biological Assets are transported from planting operation of the Company and then sold as fresh vegetable produce in pots. Majority of the Biological Assets is sold to third party distributors.

According to the Company, the Company considered seasonality and market intelligence from its marketing department and customer preferences in selecting the species of potted vegetable produce to be planted. Based on the data provided by the Company, labour cost, compost and seed comprise the largest cost components in the Biological Assets.

SITE INSPECTIONS

We have performed site inspections of the Biological Assets in 3 planting bases located in Qingdao (Rizhuang), Xi'an and Dalian on 9 January 2023, 7 January 2023 and 5 January 2023 respectively ("Inspection Dates"). Please refer to Appendix 2 for the photos of planting bases taken during our site inspections.

Our site inspection work included:

- Obtaining the stock records of the potted vegetable produce as at the respective Inspection Dates;
- Stock-taking of potted vegetable produce by using the random sampling method, and checking our stock-taking results against the quantities and species recorded by the Company in each base;
- Inspecting the environment of the planting bases and its control; and

¹ English translation is for reference only. Please refer to the Chinese name for the species in accordance with Company's record

- Interviewing management of the planting bases to understand the species of potted vegetable produce, planting process, human resource allocation, daily work flow of the workers, stock take process and frequency, and the disease prevention and control of the planting bases.

No exception was noted in our site inspections as to the quantity and species of the Biological Assets sampled by us. While we are satisfied with the quality of the Biological Assets upon our visual inspection, we however have not conducted any detailed test to the quality and potential chemical residual left on the Biological Assets, if any.

VALUATION METHODOLOGY AND BASIS

In conducting the valuation, we have considered three generally accepted approaches, including income approach, market approach and cost approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation and the commonly adopted practice.

According to the fair value hierarchy within HKFRS 13 Fair Value Measurement, we have adopted market approach as the primary approach to estimate the Fair Value of the Biological Assets as market price must be used if it is available. If there is no active market for a specific type of Biological Assets, Level 2 or Level 3 inputs as stated in HKFRS 13 to determine the Fair Value. Cost approach is used when no data is available for us to perform valuation under market approach.

Based on the characteristics of the Biological Assets and discussion with you, we divided each species of potted vegetable produce into three categories according to the potted vegetable produce growing life cycle, Company's management process and the biological transformation, namely:

1. Newly planted potted vegetable produce ("New Vegetables"): Potted vegetable produce is planted for less than 1 week prior to the Valuation Date. Potted vegetable produce typically does not yet sprout and does not have observable significant biological transformation above the organic substrate;
2. Growing immature potted vegetable produce ("Growing Vegetables"): Potted vegetable produce is planted for 1 week or above prior to the Valuation Date, but less than 4 weeks and not yet reached the mature saleable state. Potted vegetable produce typically has observable significant biological transformation since planting with sprout and leaves visible above the organic substrate; and

3. Mature potted vegetable produce ("Mature Vegetables"): Potted vegetable produce is planted for 4 weeks or above prior to the Valuation Date and reached the saleable state. Potted vegetable produce is mature biologically and ready for consumption and sale.

We adopted cost approach for the New Vegetables since their biological transformation is not considered significant given the short time from planting. Market approach is adopted for Growing Vegetables and Mature Vegetables on the Valuation Date since observable biological transformation has taken place.

While market price for different species of Mature Vegetables are available from the Company based on transactions with independent third parties at and near the Valuation Date, there was no active market for Growing Vegetables. We have obtained the market prices (actual selling price, i.e. Level 1 input) at and near the Valuation Date for each species of Mature Vegetables from the Company and cross checked with market data available from other sources when applicable.

As there is no active market for the Growing Vegetables, we have adopted the market prices of Mature Vegetables, a Level 1 input, as the estimated price upon completion of growing cycle, less cost of completion and selling expenses, adjusted with survival rate, profit margin attributed to the growing activity and risk in price uncertainty upon completion. The survival rate is estimated based on the statistic provided by the Company for respective location and category of potted vegetable produce as at Valuation Date. Cost of completion and selling expenses are based on historical data provided by the Company as at the Valuation Date. Profit margin is estimated based on the selling price and cost of the Mature Vegetables. As the time to maturity is relative short (2-4 weeks for Growing Vegetables), time value of money is considered negligible and we have not applied any discounting in estimating the Fair Value of Biological Assets in this category.

RISK FACTORS

We have identified several key risk factors in the valuation for the Biological Assets that may affect the valuation:

- **Disasters and Diseases:** Condition of Biological Assets is heavily affected by the growing environment. While the Biological Assets held by the Company are grown under controlled environment, extreme weather may damage or even destroy structure on the planting base, which may then affect the conditions or even the survival of the Biological Assets. Other natural disasters and diseases may also affect the conditions of the Biological Assets directly or indirectly subsequent to the Valuation Date. Disaster or pandemic control procedures may also suspend operation or access to the planting base for a prolonged period temporarily which affect both sales of goods and purchase of supplies.

- **Government policy:** Government has played an important role in setting policies for the potted vegetable produce and agricultural industry. Policies are important for the development of an industry and cost level in growing potted vegetable produce through regulation and financial incentive. We understand from the industry consultant engaged by the Company that currently there are no relevant government policies for potted vegetable produce industry in China. Any change in regulatory policies may have unforeseeable impact to China's potted vegetable produce industry and the Company.
- **Market supply and demand:** Compared to traditional vegetable produce that is sold in harvested state, potted vegetable produce has the advantage of being perceived as fresher and healthier, despite their disadvantages of being bulkier and more expensive. According to the industry consultant engaged by the Company, expanding variety of potted vegetable produce is likely to drive the further development of the market. Entrance of new competitors may increase supply, or any decline of demand from shift of taste may also drive down price realizable by the Company.
- **Growing cost:** Labour cost is one major cost for the vegetable produce and potted vegetable produce markets and the Company as both planting and field management require experienced and skilled manpower to ensure successful production. However, in line with the growing economy and increasing living standards, the average annual salary of employees in agriculture, forestry, animal husbandry and fishery in China has increased over years. In addition, there's a decreasing labour supply in the vegetable produce and potted vegetable produce markets. Hence, the increasing labour cost and shortage of labour are likely to be a challenge for China's vegetable produce and potted vegetable produce markets.

The above list of risk factors is not intended to be exhaustive and other abrupt changes in macro-economic or micro-economic factors may also affect the value of the Biological Assets.

SENSITIVITY ANALYSIS

We have performed a sensitivity analysis on the change in Biological Assets valuation from the change in weighted average market price as at the Valuation Date. The results are tabulated below:

(RMB'000)	-30%	-15%	0%	15%	30%
Fair Value as at 31 December 2022	6,353	7,362	8,371	9,380	10,389

The Biological Assets valued using market approach are sensitive to the change in market price.

REMARKS

Unless otherwise stated, all monetary amounts are stated in Renminbi ("RMB").

We have been provided with extracts of copies of relevant documents and financial information relating to the Company and Biological Assets. We have relied upon the aforesaid information and certain data from various data in forming our opinion of the Fair Value. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. Our work does not constitute an audit and no assurance is given by us to the information supplied to us. We have no responsibility to doubt the truthfulness and accuracy of the said information which is material to the valuation. We have also been confirmed by the Company that no material facts related to this valuation have been omitted from the information provided. We have also made relevant inquiries and obtained further information as required for the purpose of this valuation.

We hereby confirm that we have neither present nor prospective interests in the Company and their respective holding companies, subsidiaries and associated companies, or the value reported herein.

This report is issued subject to our Assumptions and Limiting Conditions as attached.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Furthermore, the assumptions adopted are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and us.

Market price of the biological assets can be volatile and seasonal depending on the supply and demand. Price at the time of disposal of the potted vegetable produce may be different from the price prevailing at the Valuation Date.

We have conducted site inspections to selected locations which are considered major production planting bases in terms of the Biological Assets. Our site inspections were not on the Valuation Date, we did not conduct a full count in the site we inspected. We have relied to a considerable extent to the Company's internal financial and operational records in determining the quantity and quality of the Biological Assets as at the Valuation Date.

OPINION OF VALUE

Based on our analysis and method employed, we are of the opinion that the Fair Value of the Biological Assets as at the Valuation Date are as below:

Valuation Date	Fair Value (in RMB'000)
31 December 2022	8,371

Detailed breakdown by category and location are shown in appendix 1.

Our opinion of value is made as at the Valuation Date only. Any value changes subsequent to the Valuation Date could be material depending on facts and circumstances.

Yours faithfully,

For and on behalf of

Savills Valuation and Professional Services Limited



Wiley W.F. Pun
HKICPA CICPA (non-practising) PRM
Director



Tony W.H. Tung
HKICPA CFA FRM
Valuation Manager

Encl.

ASSUMPTIONS

A number of assumptions have been made in the preparation of the reported figures. The assumptions are:

- Accounting and operating records at the Company are accurate. Cost, quality and quantity of the Biological Assets are properly reflected in the information kept and provided by the Company;
- In accordance with HKFRS 13, potential blockage discount due to the volume of potted vegetable produce held by the Company is not considered as it is the characteristics of the holding rather than the characteristics of the Biological Assets;
- In the absence of a future or forward market of potted vegetable produce as confirmed by the Company, prevailing market prices for the Mature Vegetables based on transaction with independent third parties at and near the Valuation Date is considered the best estimate of price receivable when the Biological Assets are sold upon maturity;
- Costs to be incurred in completing the planting cycle for the Growing Vegetables will not deviate significantly from that of the Mature Vegetables as at the Valuation Date;
- The Biological Assets are properly planted by appropriate methods and are properly cultured under appropriate environment such that they will grow in a normal condition and meet the relevant quality requirements;
- There will be no major changes in existing political, legal, technological, tax, fiscal or economic conditions in the country or district where the business is in operation;
- The long term inflation rate, interest rates and currency exchange rate will not differ materially from those then prevailing as at the Valuation Date;
- The Company will retain sufficient management and technical personnel to maintain their ongoing operations;
- There will be no major business disruptions through diseases, riots, international crisis, industrial disputes, industrial accidents or severe weather conditions, other than those prevailing as at the Valuation Date, that will significantly affect the Biological Assets;
- The Company's businesses are unaffected by any statutory notice and the operation of the business gives, or will give, no rise to a contravention of any statutory requirements. All applicable laws and regulations were and will be complied with;
- The business is not and will not be subject to any unusual or onerous restrictions or encumbrances which may render the Company defaulted against its outstanding commitment or obligations; and
- Any potential bad debt of the Company will not materially significantly affect value of the Biological Assets.

LIMITING CONDITIONS

Our work has relied to a considerable extent on the information provided by the Company. We are not in a position to, nor have been instructed to, comment on the lawfulness of the businesses and the Company's possession of the assets. In the course of our valuation, we have assumed that the assets have obtained all required registration and are freely transferable in the market without any significant obstacles.

While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the business, economic environment, competitive uncertainties or any other abrupt alternations of external factors.

We must emphasise that the realisation of any prospective financial information set out within our report is dependent on the continuing validity of the assumptions on which it is based. We accept no responsibility for the realisation of any prospective financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

Details of our principal information sources are set out in the report and we have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work. We however cannot guarantee the reliability or accuracy of the information sources.

In accordance with our standard practice, we must state that this report and valuation is for financial reporting purpose and the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Neither the whole, nor any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement without our written approval of the form and context in which it will appear.

We shall be under no obligation to update our report in respect of events or information which come to our attention subsequent to the date of this report. Notwithstanding this, we reserve the right, should we consider it necessary, to revise our valuation in light of any information which existed at the Valuation Date but which becomes known to us subsequent to the date of this report.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this report and our calculation has been sent to management of the Company. They have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

APPENDIX 1 – Valuation Summary and Cost Breakdown

Rizhuang Planting Base

No.	Category	Rizhuang Planting Base		
		Number of pots	Fair value	Fair value per pot (RMB / pot)
Pak choi 小白菜	Newly planted vegetables	25,840	175,835	6.80
	Growing immature vegetables	75,609	973,200	12.87
	Mature vegetables	10,318	154,244	14.95
Crown daisy 茼蒿	Newly planted vegetables	10,083	71,845	7.13
	Growing immature vegetables	20,707	240,087	11.59
	Mature vegetables	410	6,129	14.95
Frisée 苦菊	Newly planted vegetables	-	-	-
	Growing immature vegetables	234	3,177	13.58
	Mature vegetables	25,766	385,176	14.95
Rapeseed 油菜	Newly planted vegetables	32,396	221,248	6.83
	Growing immature vegetables	39,627	495,899	12.51
	Mature vegetables	31,977	478,024	14.95
Lettuce 生菜	Newly planted vegetables	8,545	59,026	6.91
	Growing immature vegetables	21,393	280,608	13.12
	Mature vegetables	1,240	18,537	14.95
Indian lettuce 油麦菜	Newly planted vegetables	364	2,391	6.57
	Growing immature vegetables	4,851	60,982	12.57
	Mature vegetables	20,808	311,059	14.95
Spinach 菠菜	Newly planted vegetables	42,080	313,557	7.45
	Growing immature vegetables	854	10,114	11.84
	Mature vegetables	9,066	135,528	14.95
Chinese Celery 山芹	Newly planted vegetables	14,685	101,072	6.88
	Growing immature vegetables	45,401	602,240	13.26
	Mature vegetables	4,886	73,041	14.95
Purple Lettuce 紫生菜	Newly planted vegetables	2,780	19,069	6.86
	Growing immature vegetables	-	-	-
	Mature vegetables	23,268	347,833	14.95
Purple rapeseed 紫油菜	Newly planted vegetables	216	1,454	6.73
	Growing immature vegetables	10,081	126,414	12.54
	Mature vegetables	15,732	235,177	14.95
Tatsoi 乌塌菜	Newly planted vegetables	52,146	384,214	7.37
	Growing immature vegetables	8,167	100,692	12.33
	Mature vegetables	4,656	69,602	14.95
Tai cai 苔菜	Newly planted vegetables	8,508	57,124	6.71
	Growing immature vegetables	7,116	95,387	13.40
	Mature vegetables	23,356	349,149	14.95
Romaine lettuce 绿罗马生菜	Newly planted vegetables	9,282	62,705	6.76
	Growing immature vegetables	36	484	13.45
	Mature vegetables	16,665	249,125	14.95
Sedum aizoon L 养心菜	Newly planted vegetables	1,776	12,322	6.94
	Growing immature vegetables	-	-	-
	Mature vegetables	1,357	20,286	14.95
Kohlrabi 大头菜	Newly planted vegetables	-	-	-
	Growing immature vegetables	12,151	152,654	12.56
	Mature vegetables	49	733	14.95
Panax notoginseng 田七	Newly planted vegetables	-	-	-
	Growing immature vegetables	660	8,923	13.52
	Mature vegetables	1,945	29,076	14.95
Coriander 香菜	Newly planted vegetables	14,704	104,346	7.10
	Growing immature vegetables	7,772	101,495	13.06
	Mature vegetables	3,511	52,486	14.95
Total	Newly planted vegetables	223,405	1,586,207	7.10
	Growing immature vegetables	254,659	3,252,357	12.77
	Mature vegetables	195,010	2,915,202	14.95
	Total	673,074	7,753,767	11.52

Xi'an Planting Base and Dalian Planting Base

No.	Category	Xi'an Planting Base			Dalian Planting Base		
		Number of pots	Fair value	Fair value per pot (RMB / pot)	Number of pots	Fair value	Fair value per pot (RMB / pot)
Pak choi 小白菜	Newly planted vegetables	723	4,786	6.62	-	-	-
	Growing immature vegetables	2,964	40,013	13.50	-	-	-
	Mature vegetables	993	15,680	15.79	-	-	-
Rapeseed 油菜	Newly planted vegetables	823	5,488	6.67	196	1,217	6.21
	Growing immature vegetables	2,900	38,963	13.44	1,113	15,514	13.94
	Mature vegetables	957	15,111	15.79	801	12,558	15.68
Indian lettuce 油麦菜	Newly planted vegetables	-	-	-	522	3,271	6.27
	Growing immature vegetables	-	-	-	698	9,573	13.72
	Mature vegetables	-	-	-	580	9,093	15.68
Spinach 菠菜	Newly planted vegetables	592	4,092	6.91	264	1,692	6.41
	Growing immature vegetables	1,704	22,237	13.05	431	5,795	13.45
	Mature vegetables	304	4,800	15.79	605	9,485	15.68
Chinese Celery 山芹	Newly planted vegetables	508	3,457	6.80	1,122	7,158	6.38
	Growing immature vegetables	2,916	38,574	13.23	2,385	32,122	13.47
	Mature vegetables	476	7,516	15.79	1,719	26,950	15.68
Purple rapeseed 紫油菜	Newly planted vegetables	-	-	-	394	2,481	6.30
	Growing immature vegetables	-	-	-	1,651	23,178	14.04
	Mature vegetables	-	-	-	1,093	17,135	15.68
Tatsoi 乌塌菜	Newly planted vegetables	695	4,612	6.64	461	2,850	6.18
	Growing immature vegetables	2,406	32,124	13.35	1,670	23,471	14.05
	Mature vegetables	799	12,616	15.79	1,015	15,913	15.68
Tai cai 苔菜	Newly planted vegetables	561	3,791	6.76	-	-	-
	Growing immature vegetables	2,104	27,942	13.28	-	-	-
	Mature vegetables	455	7,185	15.79	-	-	-
Romaine lettuce 绿罗马生菜	Newly planted vegetables	596	4,044	6.78	726	4,573	6.30
	Growing immature vegetables	1,695	22,429	13.23	1,289	17,832	13.83
	Mature vegetables	309	4,879	15.79	1,134	17,778	15.68
Purple Romaine Lettuce 紫罗马生菜	Newly planted vegetables	-	-	-	594	3,778	6.36
	Growing immature vegetables	-	-	-	810	11,155	13.77
	Mature vegetables	-	-	-	450	7,055	15.68
Radish 水萝卜	Newly planted vegetables	-	-	-	-	-	-
	Growing immature vegetables	-	-	-	132	1,860	14.09
	Mature vegetables	-	-	-	388	6,083	15.68
Choy sum 菜心	Newly planted vegetables	-	-	-	-	-	-
	Growing immature vegetables	-	-	-	261	3,453	13.23
	Mature vegetables	-	-	-	259	4,060	15.68
Total	Newly planted vegetables	4,498	30,270	6.73	4,279	27,020	6.31
	Growing immature vegetables	16,689	222,281	13.32	10,440	143,953	13.79
	Mature vegetables	4,293	67,787	15.79	8,044	126,110	15.68
	Total	25,480	320,338	12.57	22,763	297,083	13.05

* The sum of figures may not add up to total due to rounding.

Appendix 2 – Selected Photos of Planting Bases

Qingdao (Rizhuang) Planting Base





Source: Savills, taken on 9 January 2023

Xi'an Planting Base





Source: Savills, taken on 7 January 2023

Dalian Planting Base





Source: Savills, taken on 5 January 2023



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Attention: Mr. Zhang Yonggang

8 March 2024

Our Ref: HK/2019/VPS/18999(d1)/SL/BX/pt

Dear Sirs,

VALUATION OF BIOLOGICAL ASSETS HELD BY QINGDAO FUJING AGRICULTURE DEVELOPMENT CO., LTD.

In accordance with your instructions, we have undertaken a valuation on behalf of Qingdao Fujing Agriculture Development Co., Ltd (the "Company" or "Fujing") to determine the Fair Value (to be defined as below) of biological assets held by the Company ("Biological Assets") as at 30 September 2023 (the "Valuation Date").

PURPOSE OF VALUATION AND STANDARD OF VALUE

The purpose of this valuation is to express an independent opinion on the Fair Value of Biological Assets as at the Valuation Date stated above for financial reporting purpose.

According to Hong Kong Financial Reporting Standard 13 ("HKFRS 13"), Fair Value ("FV") is defined as "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".

BRIEF DESCRIPTION OF THE COMPANY

The Company is a limited company incorporated in the People's Republic of China and is specialized in growing, storing and selling potted vegetable produce. The main product is potted vegetable produce. The planted potted vegetable produce varieties include cabbage, leaf lettuce and spinach etc.

MATBRIEF DESCRIPTION OF THE BIOLOGICAL ASSETS

Biological Assets in the valuation scope consist of various kinds of potted vegetable produce being planted in different dates, including 小白菜 (Pak choi), 茼蒿 (Crown daisy), 油菜 (Rapeseed), 生菜 (Lettuce), 油麦菜 (Indian lettuce), 山芹 (Chinese celery), 紫生菜 (Purple Lettuce), 紫油菜 (Purple rapeseed), 乌塌菜 (Tatsoi), 苔菜 (Tai cai), 绿罗马生菜 (Romaine lettuce), 紫罗马生菜 (Purple Romaine lettuce), 养心菜 (Sedum aizoon L), 木耳菜 (Malabar spinach), 空心菜 (Water spinach), 田七 (Panax notoginseng) and 香菜 (Coriander)¹. As at 30 September 2023, the Company had three bases in total across China which are Qingdao (Rizhuang) Base, Xi'an Base and Dalian Base. For details, please see Appendix 1.

Mature Biological Assets are transported from planting operation of the Company and then sold as fresh vegetable produce in pots. Majority of the Biological Assets is sold to third party distributors.

According to the Company, the Company considered seasonality and market intelligence from its marketing department and customer preferences in selecting the species of potted vegetable produce to be planted. Based on the data provided by the Company, labour cost, compost and seed comprise the largest cost components in the Biological Assets.

SITE INSPECTIONS

We have performed site inspections of the Biological Assets in 3 planting bases located in Qingdao (Rizhuang), Xi'an and Dalian on 15 October 2023, 17 October 2023 and 11 October 2023 respectively ("Inspection Dates"). Please refer to Appendix 2 for the photos of planting bases taken during our site inspections.

Our site inspection work included:

- Obtaining the stock records of the potted vegetable produce as at the respective Inspection Dates;
- Stock-taking of potted vegetable produce by using the random sampling method, and checking our stock-taking results against the quantities and species recorded by the Company in each base;
- Inspecting the environment of the planting bases and its control; and
- Interviewing management of the planting bases to understand the species of potted vegetable produce, planting process, human resource allocation, daily work flow of the workers, stock take process and frequency, and the disease prevention and control of the planting bases.

No exception was noted in our site inspections as to the quantity and species of the Biological Assets sampled by us. While we are satisfied with the quality of the Biological Assets upon our visual inspection, we however

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have not conducted any detailed test to the quality and potential chemical residual left on the Biological Assets, if any.

VALUATION METHODOLOGY AND BASIS

In conducting the valuation, we have considered three generally accepted approaches, including income approach, market approach and cost approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation and the commonly adopted practice.

According to the fair value hierarchy within HKFRS 13 Fair Value Measurement, we have adopted market approach as the primary approach to estimate the Fair Value of the Biological Assets as market price must be used if it is available. If there is no active market for a specific type of Biological Assets, Level 2 or Level 3 inputs as stated in HKFRS 13 to determine the Fair Value. Cost approach is used when no data is available for us to perform valuation under market approach.

Based on the characteristics of the Biological Assets and discussion with you, we divided each species of potted vegetable produce into three categories according to the potted vegetable produce growing life cycle, Company's management process and the biological transformation, namely:

1. Newly planted potted vegetable produce ("New Vegetables"): Potted vegetable produce is planted for less than 1 week prior to the Valuation Date. Potted vegetable produce typically does not yet sprout and does not have observable significant biological transformation above the organic substrate;
2. Growing immature potted vegetable produce ("Growing Vegetables"): Potted vegetable produce is planted for 1 week or above prior to the Valuation Date, but less than 3 weeks and not yet reached the mature saleable state. Potted vegetable produce typically has observable significant biological transformation since planting with sprout and leaves visible above the organic substrate; and
3. Mature potted vegetable produce ("Mature Vegetables"): Potted vegetable produce is planted for 3 weeks or above prior to the Valuation Date and reached the saleable state. Potted vegetable produce is mature biologically and ready for consumption and sale.

We adopted cost approach for the New Vegetables since their biological transformation is not considered significant given the short time from planting. Market approach is adopted for Growing Vegetables and Mature Vegetables on the Valuation Date since observable biological transformation has taken place.

While market price for different species of Mature Vegetables are available from the Company based on transactions with independent third parties at and near the Valuation Date, there was no active market for

Growing Vegetables. We have obtained the market prices (actual selling price, i.e. Level 1 input) at and near the Valuation Date for each species of Mature Vegetables from the Company and cross checked with market data available from other sources when applicable.

As there is no active market for the Growing Vegetables, we have adopted the market prices of Mature Vegetables, a Level 1 input, as the estimated price upon completion of growing cycle, less cost of completion and selling expenses, adjusted with survival rate, profit margin attributed to the growing activity and risk in price uncertainty upon completion. The survival rate is estimated based on the statistic provided by the Company for respective location and category of potted vegetable produce as at Valuation Date. Cost of completion and selling expenses are based on historical data provided by the Company as at the Valuation Date. Profit margin is estimated based on the selling price and cost of the Mature Vegetables. As the time to maturity is relative short (2-3 weeks for Growing Vegetables), time value of money is considered negligible and we have not applied any discounting in estimating the Fair Value of Biological Assets in this category.

RISK FACTORS

We have identified several key risk factors in the valuation for the Biological Assets that may affect the valuation:

- **Disasters and Diseases:** Condition of Biological Assets is heavily affected by the growing environment. While the Biological Assets held by the Company are grown under controlled environment, extreme weather may damage or even destroy structure on the planting base, which may then affect the conditions or even the survival of the Biological Assets. Other natural disasters and diseases may also affect the conditions of the Biological Assets directly or indirectly subsequent to the Valuation Date. Disaster or pandemic control procedures may also suspend operation or access to the planting base for a prolonged period temporarily which affect both sales of goods and purchase of supplies.
- **Government policy:** Government has played an important role in setting policies for the potted vegetable produce and agricultural industry. Policies are important for the development of an industry and cost level in growing potted vegetable produce through regulation and financial incentive. We understand from the industry consultant engaged by the Company that currently there are no relevant government policies for potted vegetable produce industry in China. Any change in regulatory policies may have unforeseeable impact to China's potted vegetable produce industry and the Company.
- **Market supply and demand:** Compared to traditional vegetable produce that is sold in harvested state, potted vegetable produce has the advantage of being perceived as fresher and healthier, despite their disadvantages of being bulkier and more expensive. According to the industry consultant engaged by the Company, expanding variety of potted vegetable produce is likely to drive the further development of the market. Entrance of new competitors may increase supply, or any decline of demand from shift of taste may also drive down price realizable by the Company.

- Growing cost:** Labour cost is one major cost for the vegetable produce and potted vegetable produce markets and the Company as both planting and field management require experienced and skilled manpower to ensure successful production. However, in line with the growing economy and increasing living standards, the average annual salary of employees in agriculture, forestry, animal husbandry and fishery in China has increased over years. In addition, there's a decreasing labour supply in the vegetable produce and potted vegetable produce markets. Hence, the increasing labour cost and shortage of labour are likely to be a challenge for China's vegetable produce and potted vegetable produce markets.

The above list of risk factors is not intended to be exhaustive and other abrupt changes in macro-economic or micro-economic factors may also affect the value of the Biological Assets.

SENSITIVITY ANALYSIS

We have performed a sensitivity analysis on the change in Biological Assets valuation from the change in weighted average market price as at the Valuation Date. The results are tabulated below:

(RMB'000)	- 30%	- 15%	0%	15%	30%
Fair Value as at 30 September 2023	6,531	7,704	8,876	10,049	11,222

The Biological Assets valued using market approach are sensitive to the change in market price.

REMARKS

Unless otherwise stated, all monetary amounts are stated in Renminbi ("RMB").

We have been provided with extracts of copies of relevant documents and financial information relating to the Company and Biological Assets. We have relied upon the aforesaid information and certain data from various data in forming our opinion of the Fair Value. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. Our work does not constitute an audit and no assurance is given by us to the information supplied to us. We have no responsibility to doubt the truthfulness and accuracy of the said information which is material to the valuation. We have also been confirmed by the Company that no material facts related to this valuation have been omitted from the information provided. We have also made relevant inquiries and obtained further information as required for the purpose of this valuation.

We hereby confirm that we have neither present nor prospective interests in the Company and their respective holding companies, subsidiaries and associated companies, or the value reported herein.

This report is issued subject to our Assumptions and Limiting Conditions as attached.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Furthermore, the assumptions adopted are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and us.

Market price of the biological assets can be volatile and seasonal depending on the supply and demand. Price at the time of disposal of the potted vegetable produce may be different from the price prevailing at the Valuation Date.

We have conducted site inspections to selected locations which are considered major production planting bases in terms of the Biological Assets. Our site inspections were not on the Valuation Date, we did not conduct a full count in the site we inspected. We have relied to a considerable extent to the Company's internal financial and operational records in determining the quantity and quality of the Biological Assets as at the Valuation Date.

OPINION OF VALUE

Based on our analysis and method employed, we are of the opinion that the Fair Value of the Biological Assets as at the Valuation Date are as below:

Valuation Date	Fair Value (in RMB'000)
30 September 2023	8,876

Detailed breakdown by category and location are shown in appendix 1.

Our opinion of value is made as at the Valuation Date only. Any value changes subsequent to the Valuation Date could be material depending on facts and circumstances.

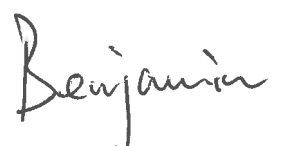
Yours faithfully,

For and on behalf of

Savills Valuation and Professional Services (China) Limited



Sofia J.S. LUO
CFC, LEED AP, CESGA, CPV
Senior Associate Director



Benjamin Y. XU
CFA, MRICS, FRM, CMA
Associate Director

Encl.

ASSUMPTIONS

A number of assumptions have been made in the preparation of the reported figures. The assumptions are:

- Accounting and operating records at the Company are accurate. Cost, quality and quantity of the Biological Assets are properly reflected in the information kept and provided by the Company;
- In accordance with HKFRS 13, potential blockage discount due to the volume of potted vegetable produce held by the Company is not considered as it is the characteristics of the holding rather than the characteristics of the Biological Assets;
- In the absence of a future or forward market of potted vegetable produce as confirmed by the Company, prevailing market prices for the Mature Vegetables based on transaction with independent third parties at and near the Valuation Date is considered the best estimate of price receivable when the Biological Assets are sold upon maturity;
- Costs to be incurred in completing the planting cycle for the Growing Vegetables will not deviate significantly from that of the Mature Vegetables as at the Valuation Date;
- The Biological Assets are properly planted by appropriate methods and are properly cultured under appropriate environment such that they will grow in a normal condition and meet the relevant quality requirements;
- There will be no major changes in existing political, legal, technological, tax, fiscal or economic conditions in the country or district where the business is in operation;
- The long term inflation rate, interest rates and currency exchange rate will not differ materially from those then prevailing as at the Valuation Date;
- The Company will retain sufficient management and technical personnel to maintain their ongoing operations;
- There will be no major business disruptions through diseases, riots, international crisis, industrial disputes, industrial accidents or severe weather conditions, other than those prevailing as at the Valuation Date, that will significantly affect the Biological Assets;
- The Company's businesses are unaffected by any statutory notice and the operation of the business gives, or will give, no rise to a contravention of any statutory requirements. All applicable laws and regulations were and will be complied with;
- The business is not and will not be subject to any unusual or onerous restrictions or encumbrances which may render the Company defaulted against its outstanding commitment or obligations; and
- Any potential bad debt of the Company will not materially significantly affect value of the Biological Assets.

LIMITING CONDITIONS

Our work has relied to a considerable extent on the information provided by the Company. We are not in a position to, nor have been instructed to, comment on the lawfulness of the businesses and the Company's possession of the assets. In the course of our valuation, we have assumed that the assets have obtained all required registration and are freely transferable in the market without any significant obstacles.

While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the business, economic environment, competitive uncertainties or any other abrupt alternations of external factors.

We must emphasise that the realisation of any prospective financial information set out within our report is dependent on the continuing validity of the assumptions on which it is based. We accept no responsibility for the realisation of any prospective financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

Details of our principal information sources are set out in the report and we have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work. We however cannot guarantee the reliability or accuracy of the information sources.

In accordance with our standard practice, we must state that this report and valuation is for financial reporting purpose and the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Neither the whole, nor any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement without our written approval of the form and context in which it will appear.

We shall be under no obligation to update our report in respect of events or information which come to our attention subsequent to the date of this report. Notwithstanding this, we reserve the right, should we consider it necessary, to revise our valuation in light of any information which existed at the Valuation Date but which becomes known to us subsequent to the date of this report.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this report and our calculation has been sent to management of the Company. They have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

APPENDIX 1 – Valuation Summary and Cost Breakdown

Rizhuang Planting Base

No.	Category	Rizhuang Planting Base		
		Number of pots	Fair value	Fair value per pot (RMB / pot)
Pak choi 小白菜	Newly planted vegetables	20,053	137,227	6.84
	Growing immature vegetables	26,479	345,561	13.05
	Mature vegetables	28,492	426,361	14.96
Crown daisy 茼蒿	Newly planted vegetables	14,837	102,813	6.93
	Growing immature vegetables	16,215	210,422	12.98
	Mature vegetables	12,732	190,525	14.96
Rapeseed 油菜	Newly planted vegetables	19,246	132,729	6.90
	Growing immature vegetables	25,321	329,941	13.03
	Mature vegetables	22,972	343,759	14.96
Lettuce 生菜	Newly planted vegetables	480	3,254	6.78
	Growing immature vegetables	13,080	173,463	13.26
	Mature vegetables	23,966	358,633	14.96
Indian lettuce 油麦菜	Newly planted vegetables	4,859	32,786	6.75
	Growing immature vegetables	18,516	244,152	13.19
	Mature vegetables	26,636	398,588	14.96
Chinese Celery 山芹	Newly planted vegetables	6,080	42,010	6.91
	Growing immature vegetables	11,027	144,937	13.14
	Mature vegetables	15,428	230,868	14.96
Purple rapeseed 紫油菜	Newly planted vegetables	9,612	66,372	6.91
	Growing immature vegetables	13,610	178,809	13.14
	Mature vegetables	21,783	325,966	14.96
Tatsoi 乌塌菜	Newly planted vegetables	23,177	159,447	6.88
	Growing immature vegetables	20,104	261,488	13.01
	Mature vegetables	24,296	363,571	14.96
Tai cai 苔菜	Newly planted vegetables	14,816	102,595	6.92
	Growing immature vegetables	20,457	267,442	13.07
	Mature vegetables	22,313	333,897	14.96
Romaine lettuce 绿罗马生菜	Newly planted vegetables	8,394	57,605	6.86
	Growing immature vegetables	19,343	253,947	13.13
	Mature vegetables	22,306	333,793	14.96
Sedum aizoon L 养心菜	Newly planted vegetables	600	4,067	6.78
	Growing immature vegetables	7,642	101,181	13.24
	Mature vegetables	11,751	175,845	14.96
Malabar spinach 木耳菜	Newly planted vegetables	1,759	12,835	7.30
	Growing immature vegetables	15,551	206,621	13.29
	Mature vegetables	20,220	302,577	14.96
Water spinach 空心菜	Newly planted vegetables	13,133	95,318	7.26
	Growing immature vegetables	11,506	150,197	13.05
	Mature vegetables	12,865	192,515	14.96
Panax notoginseng 田七	Newly planted vegetables	-	-	-
	Growing immature vegetables	6,715	89,148	13.28
	Mature vegetables	13,304	199,084	14.96
Total	Newly planted vegetables	137,046	949,059	6.93
	Growing immature vegetables	225,566	2,957,309	13.11
	Mature vegetables	279,064	4,175,984	14.96
	Total	641,676	8,082,353	12.60

Xi'an Planting Base and Dalian Planting Base

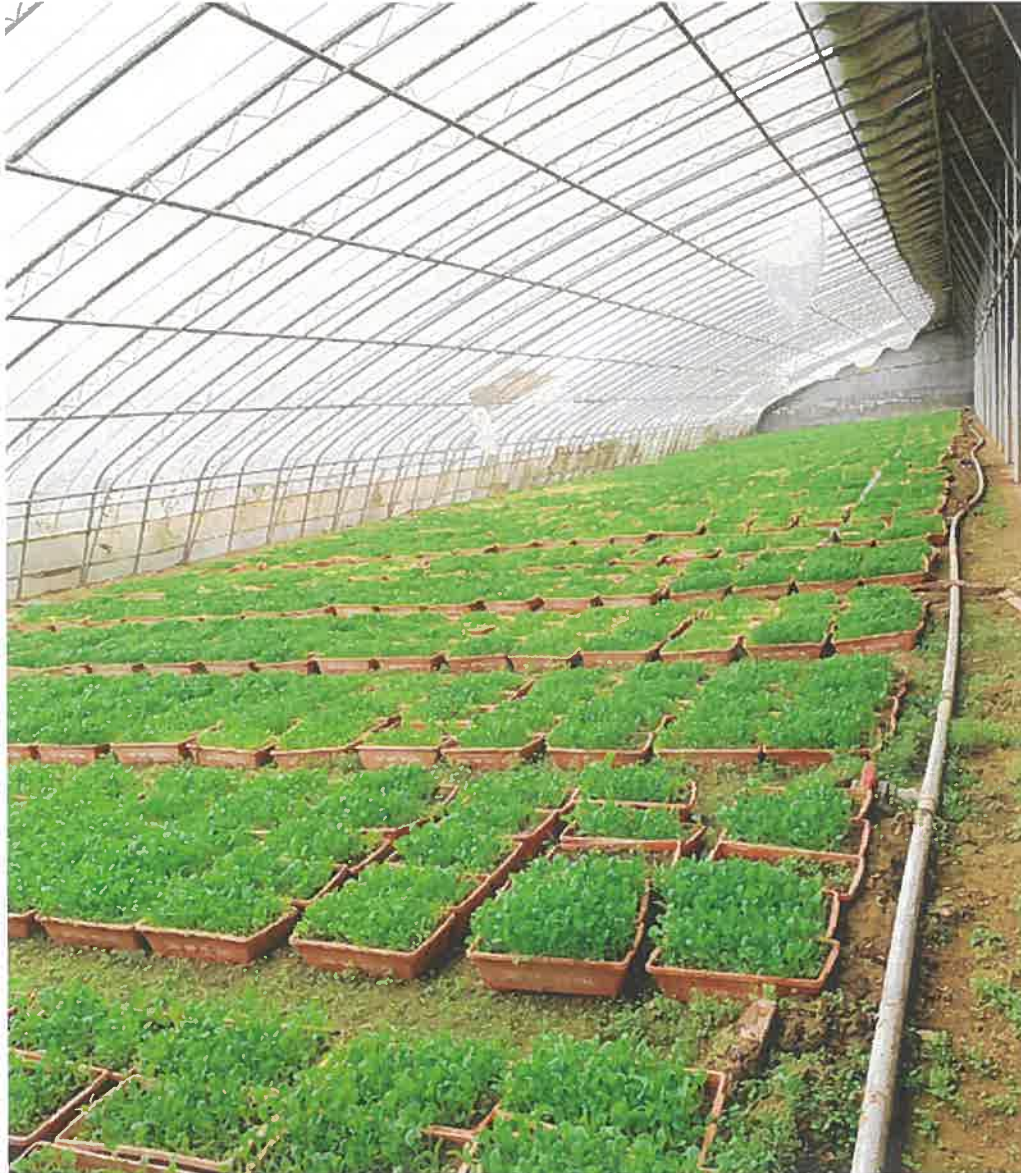
No.	Category	Xi'an Planting Base			Dalian Planting Base		
		Number of pots	Fair value	Fair value per pot (RMB / pot)	Number of pots	Fair value	Fair value per pot (RMB / pot)
Pak choi 小白菜	Newly planted vegetables	1,123	7,570	6.74	-	-	-
	Growing immature vegetables	1,479	20,430	13.81	-	-	-
	Mature vegetables	1,379	21,901	15.88	-	-	-
Crown daisy 茼蒿	Newly planted vegetables	872	5,907	6.77	1,000	6,682	6.68
	Growing immature vegetables	1,175	16,207	13.79	500	6,082	12.16
	Mature vegetables	932	14,802	15.88	-	-	-
Rapeseed 油菜	Newly planted vegetables	983	6,698	6.81	1,895	11,976	6.32
	Growing immature vegetables	1,162	16,014	13.78	1,410	19,706	13.98
	Mature vegetables	848	13,468	15.88	3,000	47,309	15.77
Lettuce 生菜	Newly planted vegetables	884	6,009	6.80	-	-	-
	Growing immature vegetables	1,236	17,144	13.87	-	-	-
	Mature vegetables	1,612	25,602	15.88	-	-	-
Indian lettuce 油麦菜	Newly planted vegetables	791	5,317	6.72	116	723	6.23
	Growing immature vegetables	909	12,606	13.87	1,667	23,487	14.09
	Mature vegetables	1,283	20,376	15.88	2,000	31,539	15.77
Spinach 菠菜	Newly planted vegetables	-	-	-	1,000	6,993	6.99
	Growing immature vegetables	-	-	-	500	7,324	14.65
	Mature vegetables	-	-	-	-	-	-
Chinese Celery 山芹	Newly planted vegetables	942	6,472	6.87	1,839	12,098	6.58
	Growing immature vegetables	1,618	22,388	13.84	571	7,863	13.77
	Mature vegetables	1,181	18,757	15.88	895	14,114	15.77
Purple rapeseed 紫油菜	Newly planted vegetables	-	-	-	120	761	6.34
	Growing immature vegetables	-	-	-	1,771	24,963	14.10
	Mature vegetables	-	-	-	1,895	29,884	15.77
Tatsoi 乌塌菜	Newly planted vegetables	-	-	-	2,034	12,985	6.38
	Growing immature vegetables	-	-	-	504	6,974	13.84
	Mature vegetables	-	-	-	1,500	23,655	15.77
Romaine lettuce 绿罗马生菜	Newly planted vegetables	-	-	-	762	4,838	6.35
	Growing immature vegetables	-	-	-	1,479	20,736	14.02
	Mature vegetables	-	-	-	1,798	28,354	15.77
Purple Romaine Lettuce 紫罗马生菜	Newly planted vegetables	-	-	-	577	3,653	6.33
	Growing immature vegetables	-	-	-	1,550	21,770	14.05
	Mature vegetables	-	-	-	1,912	30,152	15.77
Malabar spinach 木耳菜	Newly planted vegetables	352	2,555	7.26	200	1,362	6.81
	Growing immature vegetables	776	10,835	13.96	1,326	18,761	14.15
	Mature vegetables	860	13,658	15.88	1,500	23,655	15.77
Water spinach 空心菜	Newly planted vegetables	581	4,143	7.13	300	1,976	6.59
	Growing immature vegetables	815	11,283	13.84	724	10,241	14.15
	Mature vegetables	600	9,529	15.88	1,500	23,655	15.77
Total	Newly planted vegetables	6,528	44,670	6.84	9,843	64,044	6.51
	Growing immature vegetables	9,170	126,906	13.84	12,002	167,907	13.99
	Mature vegetables	8,695	138,093	15.88	16,000	252,315	15.77
	Total	24,393	309,670	12.70	37,845	484,266	12.80

* The sum of figures may not add up to total due to rounding.

Appendix 2 – Selected Photos of Planting Bases

Qingdao (Rizhuang) Planting Base





Source: Savills, taken on 15 October 2023

Xi'an Planting Base



Source: Savills, taken on 17 October 2023

Dalian Planting Base



Source: Savills, taken on 11 October 2023