



China Shenshan Orchard Holdings Co. Ltd.
(Formerly known as Dukang Distillers Holdings Limited)
(Incorporated in Bermuda)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND TWELVE MONTHS ENDED 30 JUNE 2021

Background

*Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning ascribed to them in the circular to shareholders issued by China Shenshan Orchard Holdings Co. Ltd. (formerly known as Dukang Distillers Holdings Limited) (the “**Company**”) and together with its subsidiaries, the “**Group**”) and lodged with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 31 March 2021 (“**Circular**”), in relation to, inter alia, the acquisition of Great Resolute Limited (“**Great Resolute**”) as a very substantial acquisition and an interested person transaction (“**Xingnong Acquisition**”), and the disposal of Sea Will International Limited (“**Sea Will**”) as a major transaction and an interested person transaction (“**Dukang Disposal**”, together with the Xingnong Acquisition, the “**Transactions**”).*

In connection with the Transactions and following the approval of the Key Resolutions by the Company’s shareholders at the Company’s special general meeting held on 6 May 2021, the Board of Directors of the Company had on 1 June 2021 announced the change in the financial year end of the Company from 30 June to 31 December to align the financial year end of the Company with Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. (a subsidiary of Great Resolute which is engaged in the Kiwifruit Business, as defined below). Accordingly, this announcement is in relation to the condensed interim consolidated financial statements of the Group for the six months and twelve months ended 30 June 2021. The financial statements for the financial period ending 31 December 2021 of the Group will cover a period of eighteen months from 1 July 2020 to 31 December 2021 and will be released on or before 1 March 2022.

*On 3 July 2021, all the conditions precedent for the completion of the Transactions had been fulfilled and/or waived in accordance with the terms of the Agreement and the Transactions had completed on the same day (“**Completion**”). Pursuant to Completion, the Company has:*

- (a) acquired all the issued and fully-paid shares in Great Resolute held by Keen Wind; and*
- (b) disposed of all the issued and fully-paid shares in Sea Will held by the Company to Keen Wind.*



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Background (Cont'd)

*Accordingly, the Company has entirely disposed of its business of production and sale of baijiu products (through the Dukang Disposal) ("**Baijiu Business**") and its business now comprises wholly of the business of planting, cultivating and sale of kiwifruits carried out by the Xingnong Group (through the Xingnong Acquisition) ("**Kiwifruit Business**").*

Following Completion of the Transactions, the Company changed its name from "Dukang Distillers Holdings Limited" to "China Shenshan Orchard Holdings Co. Ltd." and adopted "中国神山果农控股有限公司" as its secondary name with effect from 5 July 2021.

For the avoidance of doubt, this set of the condensed interim consolidated financial statements for the six months and twelve months ended 30 June 2021 was prepared in respect of the Group's Baijiu Business prior to the Completion.



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CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months and twelve months ended 30 June 2021

Group	Notes	Six months ended		Increase/ (Decrease) %	Twelve months ended		Increase/ (Decrease) %
		30 Jun 2021 Unaudited RMB'000	30 Jun 2020 Unaudited RMB'000		30 Jun 2021 Unaudited RMB'000	30 Jun 2020 Audited RMB'000	
Revenue	4.1	71,137	72,876	(2.4)	107,286	113,331	(5.3)
Cost of sales		(45,986)	(44,763)	2.7	(66,052)	(69,443)	(4.9)
Gross profit		25,151	28,113	(10.5)	41,234	43,888	(6.0)
Other income	5	822	724	13.5	5,758	1,936	197.4
Selling and distribution expenses		(25,688)	(19,036)	34.9	(48,261)	(40,538)	19.1
Administrative expenses		(39,967)	(41,003)	(2.5)	(68,554)	(68,936)	(0.6)
Other expenses		(858)	(858)	-	(858)	(858)	-
Impairment loss on interest in an associate		-	(3,172)	(100.0)	-	(3,172)	(100.0)
Operating loss		(40,540)	(35,232)	15.1	(70,681)	(67,680)	4.4
Finance costs		(3,738)	(3,814)	(2.0)	(7,553)	(7,629)	(1.0)
Share of profit of an associate		438	453	(3.3)	591	624	(5.3)
Loss before income tax	6	(43,840)	(38,593)	13.6	(77,643)	(74,685)	4.0
Income tax (expense)/credit		(549)	487	(212.7)	(193)	751	(125.7)
Loss for the period, attributable to the owners of the Parent		(44,389)	(38,106)	16.5	(77,836)	(73,934)	5.3
Other comprehensive income for the period							
Item that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations		(185)	6,453	(102.9)	(2,390)	1,381	(273.1)
Total comprehensive income for the period, attributable to the owners of the Parent		(44,574)	(31,653)	40.8	(80,226)	(72,553)	10.6
Loss per share for loss attributable to owners of the Parent during the year							
-Basic and diluted		RMB(0.56)	RMB(0.48)		RMB(0.98)	RMB(0.93)	

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**As at 30 June 2021**

	Notes	GROUP		COMPANY	
		Unaudited	Audited	Unaudited	Audited
		As at 30 Jun 2021 RMB'000	As at 30 Jun 2020 RMB'000	As at 30 Jun 2021 RMB'000	As at 30 Jun 2020 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Interests in subsidiaries		-	-	793,606	793,606
Interest in an associate		11,714	11,123	-	-
Property, plant and equipment		343,451	373,842	-	-
Prepayments		487	731	-	-
Intangible assets		-	-	-	-
		355,652	385,696	793,606	793,606
Current assets					
Inventories	7	729,362	751,136	-	-
Amount due from a subsidiary		-	-	-	4,560
Prepayments, deposits and other receivables		13,712	16,682	-	-
Income tax recoverable		-	466	-	-
Cash and cash equivalents		90,517	121,877	5	8
		833,591	890,161	5	4,568
Current liabilities					
Trade payables		43,695	85,072	-	-
Amount due to a subsidiary		-	-	4,579	-
Amount due to an associate		10,454	8,887	-	-
Accrued liabilities and other payables	8	143,834	110,140	9,503	6,448
Bank loans, secured	9	115,000	115,000	-	-
Provision for income tax		11	-	-	-
		312,994	319,099	14,082	6,448
Net current assets/(liabilities)		520,597	571,062	(14,077)	(1,880)
Total assets less current liabilities		876,249	956,758	779,529	791,726
Non-current liabilities					
Deferred tax liabilities		10,738	11,021	-	-
		10,738	11,021	-	-
Net assets		865,511	945,737	779,529	791,726
EQUITY					
Equity attributable to owners of the Parent					
Share capital		279,499	279,499	279,499	279,499
Reserves		586,012	666,238	500,030	512,227
Total equity		865,511	945,737	779,529	791,726

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**For the six months and twelve months ended 30 June 2021**

	Notes	Group		Group	
		Six months ended		Twelve months ended	
		30 Jun 2021	30 June 2020	30 Jun 2021	30 Jun 2020
		Unaudited	Unaudited	Unaudited	Audited
		RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities					
Loss before income tax		(43,840)	(38,593)	(77,643)	(74,685)
Adjustments for:					
Bank interest income	5	(116)	(164)	(278)	(376)
Interest expenses	6	3,738	3,814	7,553	7,629
Depreciation of property, plant and equipment	6	15,600	14,708	30,453	29,674
Property, plant and equipment written off/ (Gain on disposal of property, plant and equipment)	6	35	46	(86)	46
Impairment loss on interest in an associate	6	-	3,172	-	3,172
Share of profit of an associate		(438)	(453)	(591)	(624)
Operating loss before working capital changes		(25,021)	(17,470)	(40,592)	(35,164)
Decrease/(increase) in inventories		28,476	(29,701)	21,774	(41,544)
(Increase)/decrease in prepayments, deposits and other receivables		(3,883)	21,010	3,214	22,991
(Decrease)/increase in trade payables		(12,857)	39,209	(41,377)	29,085
Increase in accrued liabilities and other payables		24,510	6,210	20,068	54
Increase in amount due to an associate		1,279	1,344	1,567	1,717
Cash generated from operations		12,504	20,602	(35,346)	(22,861)
Income taxes refund/(paid)		229	(202)	1	(466)
Net cash generated from operating activities		12,733	20,400	(35,345)	(23,327)
Cash flows from investing activities					
Purchases of property, plant and equipment		(188)	(464)	(188)	(464)
Proceeds from disposals of property, plant and equipment		24	-	212	-
Prepayment of lease payments		-	(731)	-	(731)
Interest received		116	164	278	376
Net cash used in from investing activities		(48)	(1,031)	302	(819)
Cash flows from financing activities					
Proceeds from bank loans		115,000	115,000	115,000	115,000
Repayments of bank loans		(115,000)	(115,000)	(115,000)	(115,000)
Interest paid		(3,738)	(3,814)	(7,553)	(7,629)
Advance from/(repayment to) a director		5,109	(6,248)	11,239	(2,864)
Net cash generated from/(used in) financing activities		1,371	(10,062)	3,686	(10,493)
Net increase in cash and cash equivalents		14,056	9,307	(31,357)	(34,639)
Cash and cash equivalents at beginning of period		74,259	107,483	121,877	156,501
Effect of foreign exchange rate changes		2,202	5,087	(3)	15
Cash and cash equivalents at end of period		90,517	121,877	90,517	121,877
Analysis of balances of cash and cash equivalents					
Cash at banks and in hand		90,517	121,877	90,517	121,877

CONDENSED STATEMENTS OF CHANGES IN EQUITY**For the six months and twelve months ended 30 June 2021****GROUP (UNAUDITED)**

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Retained profits/ accumulated losses) RMB'000	Total equity RMB'000
Balance as at 1 January 2020	279,499	656,811	(150,101)	169,567	(5,712)	27,326	977,390
Loss for the period	-	-	-	-	-	(38,106)	(38,106)
Other comprehensive income							
Exchange gain on translation of foreign operations	-	-	-	-	6,453	-	6,453
Total comprehensive income for the period	-	-	-	-	6,453	(38,106)	(31,653)
Transfer to statutory reserves	-	-	-	-	-	-	-
Balance as at 30 June 2020	279,499	656,811	(150,101)	169,567	741	(10,780)	945,737
Balance as at 1 July 2019	279,499	656,811	(150,101)	169,567	(640)	63,154	1,018,290
Loss for the year	-	-	-	-	-	(73,934)	(73,934)
Other comprehensive income							
Exchange gain on translation of foreign operations	-	-	-	-	1,381	-	1,381
Total comprehensive income for the year	-	-	-	-	1,381	(73,934)	(72,553)
Transfer to statutory reserves	-	-	-	-	-	-	-
Balance as at 30 June 2020	279,499	656,811	(150,101)	169,567	741	(10,780)	945,737
Balance as at 1 January 2021	279,499	656,811	(150,101)	169,567	(1,464)	(44,227)	910,085
Loss for the period	-	-	-	-	-	(44,389)	(44,389)
Other comprehensive income							
Exchange loss on translation of foreign operations	-	-	-	-	(185)	-	(185)
Total comprehensive income for the period	-	-	-	-	(185)	(44,389)	(44,574)
Balance as at 30 June 2021	279,499	656,811	(150,101)	169,567	(1,649)	(88,616)	865,511
Balance as at 1 July 2020	279,499	656,811	(150,101)	169,567	741	(10,780)	945,737
Loss for the period	-	-	-	-	-	(77,836)	(77,836)
Other comprehensive income							
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	(2,390)	-	(2,390)
Total comprehensive income for the period	-	-	-	-	(2,390)	(77,836)	(80,226)
Balance as at 30 June 2021	279,499	656,811	(150,101)	169,567	(1,649)	(88,616)	865,511

CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**For the six months and twelve months ended 30 June 2021****COMPANY(UNAUDITED)**

	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance as at 1 January 2020	279,499	656,811	120,523	(24,970)	(235,763)	796,100
Loss for the period	-	-	-	-	(4,390)	(4,390)
Other comprehensive income						
Exchange gain on translation of foreign operations	-	-	-	16	-	16
Total comprehensive income for the period	-	-	-	16	(4,390)	(4,374)
Balance as at 30 June 2020	279,499	656,811	120,523	(24,954)	(240,153)	791,726
Balance as at 1 July 2019	279,499	656,811	120,523	(25,081)	(232,486)	799,266
Loss for the year	-	-	-	-	(7,667)	(7,667)
Other comprehensive income						
Exchange gain on translation of foreign operations	-	-	-	127	-	127
Total comprehensive income for the year	-	-	-	127	(7,667)	(7,540)
Balance as at 30 June 2020	279,499	656,811	120,523	(24,954)	(240,153)	791,726
Balance as at 1 January 2021	279,499	656,811	120,523	(24,858)	(241,601)	790,374
Loss for the period	-	-	-	-	(11,258)	(11,258)
Other comprehensive income						
Exchange gain on translation of foreign operations	-	-	-	413	-	413
Total comprehensive income for the period	-	-	-	413	(11,258)	(10,845)
Balance as at 30 June 2021	279,499	656,811	120,523	(24,445)	(252,859)	779,529
Balance as at 1 July 2020	279,499	656,811	120,523	(24,954)	(240,153)	791,726
Loss for the period	-	-	-	-	(12,706)	(12,706)
Other comprehensive income						
Exchange gain on translation of foreign operations	-	-	-	509	-	509
Total comprehensive income for the period	-	-	-	509	(12,706)	(12,197)
Balance as at 30 June 2021	279,499	656,811	120,523	(24,445)	(252,859)	779,529

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**1. Corporate and group information**

China Shenshan Orchard Holdings Co. Ltd. (formerly known as Dukang Distillers Holdings Limited) (the “**Company**”) was incorporated in Bermuda on 12 February 2008 under the Bermuda Companies Act as an exempted company with limited liability. The address of its registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

The principal activity of the Company is investment holding. As at 30 June 2021, the principal activities of the subsidiaries are investment holdings, manufacturing, sale and marketing of baijiu products in Mainland China, and trademarks management.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 (“**HY2021**”, and for the corresponding six months ended 30 June 2020, “**HY2020**”) comprise the Company and its subsidiaries (together referred to as the “**Group**”).

2. Basis of preparation

The condensed interim consolidated financial statements for HY2021 have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited annual consolidated financial statements for the year ended 30 June 2020.

The accounting policies and methods of computations adopted are consistent with those adopted by the Company in its most recent audited consolidated financial statements for the year ended 30 June 2020 which were prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), except for the adoption of new and amended standards as set out in Note 2.1 of the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements have been prepared under the historical cost basis. The condensed interim consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group and the Company have adopted all the new and amended IFRSs that are relevant to its operations and effective for the annual period beginning on 1 July 2020. The adoption of these new and amended IFRSs has no material effect on the performance and financial position of the Group and of the Company for the current financial period reported on. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new and amended standards.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Given the 2019 Novel Coronavirus (“**COVID-19**”) pandemic has caused and will likely cause significant disruptions to economic activities, the uncertainties associated with accounting estimates and assumptions may also be increased accordingly. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 30 June 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group’s business are not affected significantly by seasonal or cyclical factors during the financial period reported on.

4. Segment and revenue information

No separate analysis of segment information by business or geographical segments is presented as the Group’s major business comprises manufacture and sale of baijiu products in Mainland China. The Group’s revenue, assets and capital expenditure are principally attributable to a single geographical region, which is Mainland China.

4.1 Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to depict the nature, amount, timing and uncertainty of revenue and cash flows. Revenue from contracts with customers is recognised as follows:

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	Six months ended			Twelve months ended		
	30 Jun 2021 Unaudited RMB'000	30 Jun 2020 Unaudited RMB'000		30 Jun 2021 Unaudited RMB'000	30 Jun 2020 Audited RMB'000	
Type of baijiu products						
- Premium series	51,417	45,618	12.7	72,199	74,816	(3.5)
- Regular series	19,720	27,258	(27.7)	35,087	38,515	(8.9)
	<u>71,137</u>	<u>72,876</u>	(2.4)	<u>107,286</u>	<u>113,331</u>	(5.3)
Timing of transfer of baijiu products						
- Point in time	<u>71,137</u>	<u>72,876</u>		<u>107,286</u>	<u>113,331</u>	

5. Other income

Other income comprise:

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	Six months ended			Twelve months ended		
	30 Jun 2021 Unaudited RMB'000	30 Jun 2020 Unaudited RMB'000		30 Jun 2021 Unaudited RMB'000	30 Jun 2020 Audited RMB'000	
Bank interest income	116	164	(29.3)	278	376	(26.1)
Grant income from government	-	400	(100.0)	4,608	1,400	229.1
Miscellaneous	706	160	341.3	872	160	445.0
	<u>822</u>	<u>724</u>	13.5	<u>5,758</u>	<u>1,936</u>	197.4

Henan Dukang Distillers Company Limited (“**Henan Dukang**”) (a subsidiary of the Company prior to Completion of the Transactions) received funding support mainly from the local government during HY2020, which is absent for HY2021. The entitlement of the government grant was under the discretion of the relevant government bureaus. The purpose of the government grant was to grant financial assistance to Henan Dukang. The grant was unconditional and was therefore recognised as income when received.

6. Loss before income tax

Loss before income tax is arrived at after crediting/(charging):

	Group			Group		
	Six months ended		Increase/ (Decrease) %	Twelve months ended		Increase/ (Decrease) %
	30 Jun 2021 Unaudited RMB'000	30 Jun 2020 Unaudited RMB'000		30 Jun 2021 Unaudited RMB'000	30 Jun 2020 Audited RMB'000	
Interest income	116	164	(29.3)	278	376	(26.1)
Interest expenses	(3,738)	(3,814)	(2.0)	(7,553)	(7,629)	(1.0)
Depreciation of property, plant and equipment	(15,600)	(14,708)	6.1	(30,453)	(29,674)	2.6
Impairment loss on interest in an associate	-	(3,172)	(100.0)	-	(3,172)	(100.0)
Property, plant and equipment written off/(Gain on disposals of property, plant and equipment)	(35)	(46)	(23.9)	86	(46)	(287.0)

7. Inventories

	Group	
	As at	
	30 Jun 2021 Unaudited RMB'000	30 Jun 2020 Audited RMB'000
Raw materials	26,928	25,414
Work in progress	654,656	679,523
Finished goods	47,778	46,199
	<u>729,362</u>	<u>751,136</u>

8. Accrued liabilities and other payables

	Group	
	As at	
	30 Jun 2021 Unaudited RMB'000	30 Jun 2020 Audited RMB'000
Accrued liabilities and provisions	41,683	35,509
Provision of losses on litigation	20,715	19,858
Payables to contractors	9,968	12,258
Value added tax ("VAT") and other payables	71,468	42,515
	<u>143,834</u>	<u>110,140</u>

As at 30 June 2021, the Group's other payables included an amount of RMB32,983,000 (2020: RMB18,762,000) due to an ex-director of the Company. The amount, which mainly represented certain expenses paid on behalf of the Group by the ex-director, is unsecured, interest-free and repayable on demand.

9. Bank loans, secured

As at 30 June 2021 and 30 June 2020, the Group's interest-bearing bank loans amounting to RMB115.0 million were secured by charges over the Group's leasehold buildings and right-of-use assets, and guaranteed by an ex-director of the Company, and repayable within one year.

10. Fair value measurement

The fair values of deposits, amounts due from a subsidiary, cash and cash equivalents, trade payables, accrued liabilities and other payables, bank loans and amount due to an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements and categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

11. Subsequent events

1. The Xingnong Acquisition and the Dukang Disposal had been completed on 3 July 2021. Following Completion of the Transactions, the Company is now principally engaged in the Kiwifruit Business of planting, cultivating and sale of kiwifruits (also known as Chinese gooseberries). For more information, please refer to the Circular and the Company's announcement dated 3 July 2021.
2. On 21 July 2021, the Company announced that the Company's Taiwan Depository Receipts ("TDRs") will be delisted from the Taiwan Stock Exchange ("TWSE") with effect from 31 August 2021, and the Company has duly notified the holders of the Company's TDRs via the TWSE on the same. In this regard, please refer to the

Company's announcements dated 27 July 2021, 30 July 2021 and 13 August 2021 for further information and clarification on the obligations of the Company and Directors in relation to the delisting and acquisition of the TDRs, and potential financial implications arising thereof. The Company, together with its Taiwan legal counsel, will continue its engagement efforts with the TWSE, to explain the limitations and inherent uncertainties brought about by the various options considered by the Company as set out in the announcement dated 13 August 2021, and to explore the next best course of action(s). The Company will provide any relevant updates on the SGXNet as required under the Listing Manual of the SGX-ST.

OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7.2 OF THE LISTING MANUAL

1. (a) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital during the current financial period reported on. The Company had no outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2021 and as at 30 June 2020.

1. (b) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at	
	30 June 2021	30 Jun 2020
Total number of issued shares (excluding treasury shares)	79,828,927	79,828,927

The Company did not have any treasury shares as at 30 June 2021 and 30 June 2020.

1. (c) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares during and as at the end of the current financial period reported on.

1. (d) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary that holds shares issued by the Company during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- a) Updates on the efforts taken to resolve each outstanding audit issue.
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 30 June 2020 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except for the adoption of the applicable new/revised IFRSs which became effective for the financial period beginning on or after 1 July 2020, the Group has adopted the same accounting policies and methods of computations as stated in the audited consolidated financial statements for the year ended 30 June 2020. The adoption of these revised IFRSs for the current reporting period ended 30 June 2021 did not result in material changes to the Group's results.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to Item 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	Six months ended		Twelve months ended	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Unaudited RMB	Unaudited RMB	Unaudited RMB	Audited RMB
Basic	(0.56)	(0.48)	(0.98)	(0.93)
Diluted	(0.56)	(0.48)	(0.98)	(0.93)

Basic loss per share for HY2021 was calculated based on the Group's loss for the period of approximately RMB44,389,000 (HY2020: approximately RMB38,106,000) divided by the weighted average number of 79,828,927 ordinary shares (HY2020: 79,828,927 ordinary shares) in issue during HY2021. The basic and diluted loss per share are the same as there were no dilutive ordinary shares in issue during HY2021 and HY2020.

Basic loss per share for the twelve months ended 30 June 2021 was calculated based on the Group's loss for the period of approximately RMB77,836,000 (twelve months ended 30 June 2020: approximately RMB73,934,000) divided by the weighted average number of 79,828,927 ordinary shares (twelve months ended 30 June 2020: 79,828,927 ordinary shares) in issue during twelve months ended 30 June 2021.

The basic and diluted loss per share are the same as there were no dilutive ordinary shares in issue during the respective financial periods.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- a) current financial period reported on; and
- b) immediately preceding financial year.

	Group		Company	
	As at 30 Jun 2021 RMB	As at 30 Jun 2020 RMB	As at 30 Jun 2021 RMB	As at 30 Jun 2020 RMB
Net asset value per ordinary share	10.84	11.85	9.76	9.92
Number of ordinary shares	79,828,927	79,828,927	79,828,927	79,828,927

Net asset value per ordinary share of the Group as at 30 June 2021 was calculated based on the Group's net assets of approximately RMB865,511,000 as at 30 June 2021 (30 June 2020: approximately RMB945,737,000) divided by 79,828,927 shares (30 June 2020: 79,828,927 shares).

Net asset value per ordinary share of the Company as at 30 June 2021 was calculated based on the Company's net assets of approximately RMB779,529,000 as at 30 June 2021 (30 June 2020: approximately RMB791,726,000) divided by 79,828,927 shares (30 June 2020: 79,828,927 shares).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal and cyclical factors; and
- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's Performance

HY2021 vs HY2020

<u>HY2021</u>	Revenue RMB'million	Volume Tonnes	Average selling price RMB/Kg	<u>HY2020</u>	Revenue RMB'million	Volume Tonnes	Average selling price RMB/Kg
Premium series	51.4	358	143.6	Premium series	45.6	286	159.4
Regular series	19.7	522	37.7	Regular series	27.3	533	51.2
Total	71.1	880	80.8	Total	72.9	819	89.0

Revenue

The Group's revenue decreased by RMB1.8 million or 2.4%, from RMB72.9 million in HY2020 to RMB71.1 million in HY2021. During the national lockdown imposed by the government of People's Republic of China ("PRC") in response to the COVID-19 pandemic in February 2020, there was a drastic change in consumers' consumption habit and spending pattern on discretionary consumer goods in the PRC. The Group's baijiu sales were therefore disrupted since then.

Gross profit and margin

The Group's gross profit decreased by RMB2.9 million or 10.5%, from RMB28.1 million in HY2020 to RMB25.2 million in HY2021.

Gross profit for premium series increased slightly from RMB21.1 million in HY2020 to RMB21.3 million in HY2021, while gross profit for regular series decreased from RMB7.0 million in HY2020 to RMB3.9 million in HY2021. Gross profit margin ("**GPM**") for premium series

decreased from 46.3% in HY2020 to 41.2% in HY2021 and GPM for regular series decreased from 25.7% in HY2020 to 20.0% in HY2021. Overall GPM decreased from 38.6% in HY2020 to 35.4% in HY2021. The decrease in GPM was mainly due to the change in product mix and decrease in average selling price of the products between the two periods.

Other income

Other income increased slightly from RMB0.7 million in HY2020 to RMB0.8 million in HY2021 mainly due to increase in proceeds received from sale of raw materials during HY2021.

Selling and distribution expenses

Selling and distribution expenses increased by RMB6.7 million or 34.9%, from RMB19.0 million in HY2020 to RMB25.7 million in HY2021, mainly due to an increase of advertising expenses of the Group's Baijiu products in TV and radio commercial broadcast on channels in Henan Province by RMB2.2 million and an increase in bus, rooftop and billboard advertising by RMB4.4 million.

Impairment loss on interest in an associate

No impairment loss has been recognised during HY2021, while RMB3.2 million on interest in an associate was recognised in HY2020.

Share of profit of an associate

Share of profit of an associate decreased slightly as a result of a decrease in license fee income from the Group's associate arising from a decrease in sale of the products under the "Dukang" brand.

Loss for the period

Taking into account of the above mentioned, the loss attributable to the owners of the Parent Company amounted to RMB44.4 million for HY2021 (HY2020: loss of RMB38.1 million).

Review of Group's Financial Position as at 30 June 2021

The Group recorded positive working capital (current assets less current liabilities) of RMB520.6 million as at 30 June 2021, as compared to RMB571.1 million as at 30 June 2020.

Non-current assets

Property, plant and equipment

Property, plant and equipment decreased by RMB30.4 million, mainly due to the depreciation charges during the period.

Current assetsPrepayments, deposits and other receivables

Prepayment, deposits and other receivables decreased by RMB3.2 million. Due to the weak demand of the Group's products, large amount of purchased packaging materials and alcohol remained unused. To maintain flexibility of different types of inventory items for future consumption, the Group managed to return these inventory items to their suppliers in 4QFY2017 and the remaining unused balance was classified as prepayment. The unused balance further reduced by RMB1.2 million, was offset by the purchase of packaging materials during HY2021. In addition, the balance of VAT recoverable also dropped by RMB1.8 million.

Current LiabilitiesTrade payables

Trade payables decreased by RMB41.4 million, mainly due to a significant lower amount of grain alcohol and packaging materials purchased in HY2021 as compared to HY2020.

Amount due to an associate

Amount due to an associate increased by RMB1.6 million, mainly due to the unpaid accruals of license fee payable to the associate during the period.

Accrued liabilities and other payables

Accrued liabilities increased by RMB33.7 million, mainly due to increases in accruals incurred and accruals of offshore professional fee paid on behalf by our ex-director for RMB16.2 million, as well as an increase in VAT and other tax payables by RMB15.0 million.

Non-current liabilitiesDeferred tax liabilities

Deferred tax liabilities remained relatively stable of RMB10.7 million as at 30 June 2021, as compared to RMB11.0 million as at 30 June 2020.

Review of Statement of Cash Flows for HY2021

RMB12.7 million generated from operating activities for HY2021 was mainly the result of:

- (1) a decrease in inventories of RMB28.5 million;
- (2) an increase in accrued liabilities and other payables of RMB24.5 million; and
- (3) an increase in amount due to an associate of RMB1.3 million;

which was partially offset by:

- (1) an operating loss before working capital changes of RMB25.0 million;
- (2) a decrease in trade payables of RMB12.9 million; and
- (3) an increase in prepayments, deposits and other receivables of RMB3.9 million.

RMB48,000 was used in investing activities during HY2021 due to purchases of property, plant and equipment of RMB188,000, partially offset by interest received of RMB116,000 and proceeds from disposals of property, plant and equipment of RMB24,000.

RMB1.4 million was generated from financing activities during HY2021 mainly due to an advance of RMB5.1 million from an ex-director of the Company, partially offset by payment of interest of RMB3.7 million during HY2021.

As a result of the above and taking into the effect of changes in exchange rate, cash and cash equivalents increased by RMB16.3 million to RMB90.5 million as at 30 June 2021, up from RMB74.3 million as at 1 January 2021.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously made to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group has completed its restructuring with the acquisition of the Kiwifruit Business and disposal of its existing Baijiu Business on 3 July 2021. Revenue and net profit of the Kiwifruit Business have been growing steadily since 2017 as disclosed in the Company's Circular dated 31 March 2021, and was minimally impacted by the onset of the COVID-19 pandemic in the PRC in 2020. With its entry into the kiwifruit cultivation and planting industry, the restructured Group is expected to pose an immediate turnaround with a steady revenue stream and sustained profitability going forward, barring any unforeseen circumstances (including a prolonged COVID-19 pandemic outbreak or a reoccurrence of the same in the PRC which will result in disruptions to the Xingnong Group's plantation operations, specifically, delays in fertilisation and other ancillary cultivation processes at the Xingnong Orchards).

The demand for kiwifruit has been growing over the years in the PRC, largely driven by the rising disposable income of the consumers as well as growing domestic consumer demand for premium-quality fruits such as kiwifruit. This trend is expected to provide ample opportunities for the Group to grow its Kiwifruit Business to meet rising domestic demand and deliver sustainable long-term value to all stakeholders.

11. Dividend

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**
No interim dividend was declared or recommended.
- (b) (i) Amount per share**
Not applicable.
- (ii) Previous corresponding period**
No interim dividend was declared or recommended in the previous corresponding period.
- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**
Not applicable.
- (d) The date the dividend is payable.**
Not applicable.
- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**
Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared as the Company is in a loss making position in HY2021.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for IPTs.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

15. Disclosure of acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies pursuant to Rule 706A of the Listing Manual.

The Group does not have any acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies for the current financial period reported on.

16. Negative confirmation pursuant to Rule 705(5) of the Listing Manual.

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company, which may render the condensed interim consolidated financial statements for the six months and twelve months ended 30 June 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHINA SHENSHAN ORCHARD HOLDINGS CO. LTD.

HU CHAO

Executive Director and Chief Executive Officer

13 August 2021