



China Shenshan Orchard Holdings Co. Ltd.
(Incorporated in Bermuda)
(Company Registration No. 41457)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023



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CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the six months ended 30 June 2023**

	Notes	Six months ended		Increase/ (Decrease)
		30 Jun 2023 Unaudited RMB'000	30 Jun 2022 Unaudited RMB'000	%
Revenue	4	-	-	N.M.
Cost of sales		-	-	N.M.
Gross profit		-	-	N.M.
Other income	5	2,720	6,658	(59.1)
Selling and distribution expenses		(1,833)	(2,123)	(13.7)
Administrative expenses		(17,861)	(15,504)	15.2
Other operating expenses		(16,997)	(17,073)	(0.4)
Operating loss		(33,971)	(28,042)	21.1
Finance costs	6	(7)	(38)	(81.6)
Loss before income tax	7	(33,978)	(28,080)	21.0
Income tax credit	8	2,930	2,929	0.0
Loss for the period, attributable to owners of the Parent		(31,048)	(25,151)	23.4
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		(462)	(1,095)	(57.8)
Other comprehensive income for the period, net of tax		(462)	(1,095)	(57.8)
Total comprehensive income for the period, attributable to owners of the Parent		(31,510)	(26,246)	20.1
Loss per share for loss attributable to owners of the Parent during the period	9	(0.39)	(0.32)	

Note: There was no dilutive potential ordinary share in issue for the current and previous financial periods. Accordingly, the loss per share presented above refers to both the basic and diluted loss per share for the respective financial periods.

N.M. Not Meaningful

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**As at 30 June 2023**

	Notes	GROUP		COMPANY	
		Unaudited	Audited	Unaudited	Audited
		As at 30 Jun 2023 RMB'000	As at 31 Dec 2022 RMB'000	As at 30 Jun 2023 RMB'000	As at 31 Dec 2022 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Interests in subsidiaries		-	-	952,120	952,120
Property, plant and equipment		1,122,615	1,136,324	-	-
Deposit paid		12,327	332	-	-
Intangible assets	11	5,620	5,871	-	-
		<u>1,140,562</u>	<u>1,142,527</u>	<u>952,120</u>	<u>952,120</u>
Current assets					
Inventories and consumables		1,182	1,162	-	-
Trade receivables		-	40,410	-	-
Prepayments, deposits and other receivables		1,211	1,846	-	-
Cash and cash equivalents		119,294	125,992	5	5
		<u>121,687</u>	<u>169,410</u>	<u>5</u>	<u>5</u>
Current liabilities					
Trade payables		846	2,895	-	-
Amount due to subsidiaries		-	-	29,123	26,128
Accrued liabilities and other payables	13	13,787	12,724	1,472	2,049
Bank loans, secured	14	-	13,600	-	-
Lease liabilities	15	40	37	-	-
Deferred government grants	16	478	478	-	-
Provision for income tax		243	253	-	-
		<u>15,394</u>	<u>29,987</u>	<u>30,595</u>	<u>28,177</u>
Net current assets/(liabilities)		<u>106,293</u>	<u>139,423</u>	<u>(30,590)</u>	<u>(28,172)</u>
Total assets less current liabilities		<u>1,246,855</u>	<u>1,281,950</u>	<u>921,530</u>	<u>923,948</u>
Non-current liabilities					
Bank loans, secured	14	-	-	-	-
Lease liabilities	15	8,791	9,207	-	-
Deferred government grants	16	11,807	12,046	-	-
Deferred tax liabilities		222,688	225,618	-	-
		<u>243,286</u>	<u>246,871</u>	<u>-</u>	<u>-</u>
Net assets		<u>1,003,569</u>	<u>1,035,079</u>	<u>921,530</u>	<u>923,948</u>
EQUITY					
Equity attributable to owners of the Parent					
Share capital		279,499	279,499	279,499	279,499
Reserves		724,070	755,580	642,031	644,449
Total equity		<u>1,003,569</u>	<u>1,035,079</u>	<u>921,530</u>	<u>923,948</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**For the six months ended 30 June 2023**

	Six months ended	
	30 Jun 2023 RMB'000	30 Jun 2022 RMB'000
Cash flows from operating activities		
Loss before income tax	(33,978)	(28,080)
Adjustments for:		
Bank interest income	(172)	(203)
Interest expenses	7	38
Depreciation of property, plant and equipment	15,659	15,038
Property, plant and equipment written off	647	411
Amortisation of intangible assets	251	252
Amortisation of deferred government grants	(239)	(239)
Gain on disposal of property, plant and equipment	-	(1)
Operating loss before working capital changes	(17,825)	(12,784)
Increase in inventories	(20)	(23)
Decrease in trade receivables	40,410	55,863
(Increase)/decrease in prepayments, deposits and other receivables	(11,360)	97
Decrease in trade payables	(2,049)	(1,247)
Decrease in accrued liabilities and other payables	(592)	(1,393)
Cash generated from operations	8,564	40,513
Income taxes paid	(10)	(11)
Net cash generated from operating activities	8,554	40,502
Cash flows from investing activities		
Purchases of property, plant and equipment	(149)	(3,969)
Payments of bearer plants	(1,728)	(2,373)
Proceeds from disposals of property, plant and equipment	-	2
Interest received	172	203
Net cash used in investing activities	(1,705)	(6,137)
Cash flows from financing activities		
Repayments of bank loans	(13,600)	(2,200)
Repayments of principal on lease liabilities	(413)	(411)
Repayments of interest on lease liabilities	(376)	(378)
Interest paid	(288)	(710)
Advance from/(repayment to) a director	1,154	(20,339)
Net cash used in financing activities	(13,523)	(24,038)
Net (decrease)/increase in cash and cash equivalents	(6,674)	10,327
Cash and cash equivalents at beginning of period	125,992	98,266
Effect of foreign exchange rate changes	(24)	(1,095)
Cash and cash equivalents at end of period	119,294	107,498
Analysis of balances of cash and cash equivalents		
Cash at banks and in hand	119,294	107,498

CONDENSED STATEMENTS OF CHANGES IN EQUITY**For the six months ended 30 June 2023****GROUP (UNAUDITED)**

	Share capital	Share premium	Merger reserve	Statutory reserves	Translation reserve	Retained profits/(accumulated losses)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2022	279,499	656,811	-	8,454	(24,018)	92,429	1,013,175
Loss for the period	-	-	-	-	-	(25,151)	(25,151)
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	-	-	(1,095)	-	(1,095)
Total comprehensive income for the period	-	-	-	-	(1,095)	(25,151)	(26,246)
Balance as at 30 June 2022	279,499	656,811	-	8,454	(25,113)	67,278	986,929
Balance as at 1 January 2023	279,499	656,811	-	12,709	(26,497)	112,557	1,035,079
Loss for the period	-	-	-	-	-	(31,048)	(31,048)
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	-	-	(462)	-	(462)
Total comprehensive income for the period	-	-	-	-	(462)	(31,048)	(31,510)
Balance as at 30 June 2023	279,499	656,811	-	12,709	(26,959)	81,509	1,003,569

COMPANY(UNAUDITED)

	Share capital	Share premium	Contributed surplus	Translation reserve	(Accumulated losses)/retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2022	279,499	656,811	-	(24,085)	17,282	929,507
Loss for the period	-	-	-	-	(1,110)	(1,110)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(72)	-	(72)
Total comprehensive income for the period	-	-	-	(72)	(1,110)	(1,182)
Balance as at 30 June 2022	279,499	656,811	-	(24,157)	16,172	928,325
Balance as at 1 January 2023	279,499	656,811	-	(26,078)	13,716	923,948
Loss for the period	-	-	-	-	(1,057)	(1,057)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(1,361)	-	(1,361)
Total comprehensive income for the period	-	-	-	(1,361)	(1,057)	(2,418)
Balance as at 30 June 2023	279,499	656,811	-	(27,439)	12,659	921,530

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

China Shenshan Orchard Holdings Co. Ltd. (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 Company’s shares are listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are investment holdings, planting, cultivating and sale of kiwifruits, as well as researching and developing new kiwifruit varieties.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 (“**HY2023**”), and the comparative financial statements shown covering the six months ended 30 June 2022 (“**HY2022**”), comprise the Company and its subsidiaries (together referred to as the “**Group**”).

2. Basis of preparation

The condensed interim consolidated financial statements 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 consolidated financial statements for the full year ended 31 December 2022 (“**FY2022**”).

The accounting policies and methods of computations adopted are consistent with those adopted by the Company in the Group’s most recently audited consolidated financial statements for FY2022 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 except for biological assets excluding bearer plants. 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 January 2023. 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 most recently audited consolidated financial statements as at and for FY2022.

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 kiwifruit business’ cultivation activities depend on seasonal and climatic factors such as weather conditions, level of rainfall and temperature. These factors, may, *inter alia*, affect the cultivation, quality, overall supply and availability of the Group’s annual harvest of kiwifruits, which consequently affects its kiwifruit sales.

The growing season for kiwifruit typically lasts up to 240 days per year. The kiwifruit harvest season typically takes place annually from September to October each year, and sales of harvested kiwifruit will typically occur thereafter, within the same calendar year.

4. Segment and revenue information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

The Group's revenue, assets and capital expenditure are principally attributable to a single geographical region, which is Mainland China.

Accordingly, no separate analysis of segment information by business or geographical segments is presented.

5. Other income

Other income comprise:

	<u>Group</u>		
	Six months ended		
	30 Jun 2023	30 Jun 2022	Increase/ (Decrease)
	RMB'000	RMB'000	%
Bank interest income	172	203	(15.3)
Government grants			
- relating to property, plant and equipment, and prepaid land lease for own use	239	239	-
- other grants	2,300	6,200	(62.9)
Others	9	16	(43.8)
	<u>2,720</u>	<u>6,658</u>	(59.1)

Note: The amounts mainly represented unconditional cash subsidies from government for subsidising enterprises involved in certain specific industries in the local region.

6. Finance costs

	<u>Group</u>		
	Six months ended		
	30 Jun 2023	30 Jun 2022	Increase/ (Decrease)
	RMB'000	RMB'000	%
Interest on lease liabilities	376	378	(0.5)
Interest on bank borrowings	288	710	(59.4)
	664	1,088	(39.0)
Less: Amounts capitalised on property, plant and equipment	(657)	(1,050)	(37.4)
	<u>7</u>	<u>38</u>	<u>(81.6)</u>

7. Loss before income tax

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

	<u>Group</u>		
	Six months ended		
	30 Jun 2023	30 Jun 2022	Increase/ (Decrease)
	RMB'000	RMB'000	%
Depreciation of property, plant and equipment	(15,659)	(15,038)	4.1
Amortisation of intangible assets	(251)	(252)	(0.4)
Amortisation of deferred government grants	239	239	-
Plantation cost of mature bearer plants	(3,704)	(4,744)	(21.9)

8. Income tax credit

	<u>Group</u>		
	Six months ended		
	30 Jun 2023 RMB'000	30 Jun 2022 RMB'000	Increase/ (Decrease) %
Current tax			
- Tax for the period	-	1	N.M.
	-	1	N.M.
Deferred tax			
- Current period	(2,930)	(2,930)	-
Income tax credit credited to profit or loss	<u>(2,930)</u>	<u>(2,929)</u>	0.0

N.M. Not meaningful

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (“**BVI**”), the Group is not subject to any taxation under these jurisdictions during the financial periods presented.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the financial periods presented.

The provision for Mainland China income tax has been made at the statutory income tax rate of 25% on the assessable profits of the People’s Republic of China (“**PRC**” or “**China**”) subsidiaries of the Group in accordance with the PRC Enterprise Income Tax Law. Enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption on profits derived from agricultural business. The Group located in the PRC engaged in qualifying agricultural business is entitled to full exemption of enterprise income tax on profits derived from agricultural business.

The one-off unconditional government grants received are subject to the PRC income tax with tax rate of 25%.

9. Loss per share

	<u>Group</u>		
	Six months ended		Increase/ (Decrease)
	30 Jun 2023	30 Jun 2022	
	RMB'000	RMB'000	%
Loss			
Loss attributable to the owners of the Company	(31,048)	(25,151)	23.4
Loss per share for loss attributable to the owners of the Company	(0.39)	(0.32)	21.5
Number of shares			
Weighted average number of shares for the purpose of basic earnings per share	79,828,927	79,828,927	

There was no dilutive potential ordinary share in issue for the current and previous financial periods. Accordingly, the loss per share presented above refers to both the basic and diluted loss per share for the respective financial periods.

10. Net asset value per share

	<u>Group</u>		<u>Company</u>	
	As at 30 Jun 2023 RMB	As at 31 Dec 2022 RMB	As at 30 Jun 2023 RMB	As at 31 Dec 2022 RMB
Net asset value per ordinary share based on issued share capital	12.57	12.97	11.54	11.57
Number of ordinary shares issued	79,828,927	79,828,927	79,828,927	79,828,927

11. Intangible assets

	<u>Group</u>
	Licensing rights
	RMB'000
At 1 January 2023	
Cost	6,661
Accumulated impairment	(790)
Net carrying amount	5,871
Six-months period ended 30 June 2023	
Opening net carrying amount	5,871
Amortisation	(251)
Closing net carrying amount	5,620
At 30 June 2023	
Cost	6,661
Accumulated amortisation and impairment	(1,041)
Net carrying amount	5,620

As at 30 June 2023, the licensing rights comprise the trademark and plant variety rights for kiwifruits.

12. Fair value measurements

The fair values of trade receivables, deposits and other receivables, cash and cash equivalents, trade payables, accrued liabilities and other payables, bank loans and lease liabilities 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:

- 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.

13. Accrued liabilities and other payables

	Group	
	As at	
	30 Jun 2023	31 Dec 2022
	RMB'000	RMB'000
Accrued liabilities and provisions	3,734	4,272
Value added tax ("VAT") and other payables	10,053	8,452
	<u>13,787</u>	<u>12,724</u>

As at 30 June 2023, the Group's other payables included an amount of RMB8,093,000 (31 December 2022: RMB6,631,000) due to a director of the Company. The amount, which mainly represented certain expenses paid on behalf of the Group by the director, is unsecured, interest-free and repayable on demand.

14. Bank loans, secured

	Group	
	As at	
	30 Jun 2023	31 Dec 2022
	RMB'000	RMB'000
Current		
Bank loans	-	13,600
Less: Current portion	-	(13,600)
Non-current portion	<u>-</u>	<u>-</u>

Based on the schedule repayment dates set out in the bank loan agreements, the borrowings are repayable as follows:

	Group	
	As at	
	30 Jun 2023	31 Dec 2022
	RMB'000	RMB'000
Within one year	-	13,600
More than one year, but not exceeding two years	-	-
	<u>-</u>	<u>13,600</u>

As at 31 December 2022, the Group's interest-bearing bank loans were secured by the Group's leasehold buildings, prepaid land lease payment and forest use right certificates of woodlands, and incurred a fixed interest rate of 8.28% per annum.

15. Lease liabilities

The Group leases woodlands to operate its business. The leases for the plantation bases expire in 2058 to 2061. Lease terms are negotiated on an individual basis and contain different payment terms and conditions. The lease agreements do not impose any covenants.

	Woodlands
	RMB'000
At 1 January 2023	9,244
Interest expenses	376
Lease payments	(789)
	<hr/>
At 30 June 2023	8,831
	<hr/> <hr/>

Future lease payments are due as follows:

	Group	
	As at	
	30 Jun 2023	31 Dec 2022
	RMB'000	RMB'000
Minimum lease payment due		
-Within one year	789	789
-more than one year, but not exceeding two years	789	789
-More than two years	25,874	26,664
	<hr/>	<hr/>
	27,452	28,242
Less: future interest expenses	(18,621)	(18,998)
Present value of lease liabilities	<hr/>	<hr/>
	8,831	9,244
	<hr/> <hr/>	<hr/> <hr/>

The present value of future lease payments are analysed as:

	Group	
	As at	
	30 Jun 2023	31 Dec 2022
	RMB'000	RMB'000
Current liabilities	40	37
Non-current liabilities	8,791	9,207
	<hr/>	<hr/>
	8,831	9,244
	<hr/> <hr/>	<hr/> <hr/>

The interest of lease liabilities was capitalised into the cost of bearer plants. For HY2023, the interest of lease liabilities was approximately RMB376,000 (HY2022: RMB378,000).

16. Deferred government grants

	Group	
	As at	
	30 Jun 2023	31 Dec 2022
	RMB'000	RMB'000
At beginning of the year/period	12,524	13,002
Amortisation	(239)	(478)
At end of the year/period	12,285	12,524
Less: Current portion	(478)	(478)
Non-current portion	11,807	12,046

The Group's deferred government grants were mainly related to acquisition of property, plant and equipment and prepaid land lease payment.

The Group does not have any unfulfilled conditions and other contingencies attaching to government assistance regarding the government grants at the end of the respective reporting periods.

17. Contingent liabilities

The Company received the ruling dated 15 February 2023 issued by 智慧財產及商業法院 (Intellectual Property and Commercial Court of Taiwan) ("**Commercial Court**") on 9 May 2023 (the "**Ruling**"), and the subsequent decision by the Commercial Court, which was received by the Company on 6 June 2023, in relation to the proceedings brought by 財團法人證券投資人及期貨交易人保護中心 (Securities and Futures Investors Protection Center) ("**SFIPC**") against the Company for a claim for damages ("**Proceedings**").

The Company has engaged Lee and Li, Attorneys-at-Law as the Company's legal adviser as to the laws of Taiwan ("**Taiwan Counsel**") in relation to the Proceedings.

Based on the court documents received by the Taiwan Counsel, on behalf of the Company, on 22 May 2023, in relation to the Proceedings:

- (a) the Proceedings related to claims by SFIPC (i) claiming that the Company failed to perform the obligations under the undertakings given by the Company to the Taiwan Stock Exchange ("**TWSE**") and to the holders of Taiwan Depository Receipts representing shares in the Company ("**TDRs**") to unconditionally acquire all the outstanding TDRs listed on the TWSE in the event of delisting of the TDRs ("**Undertakings**"), and (ii) alleging that there be misstatements in the Company's circular to shareholders dated 1 April 2021 in relation to, *inter alia*, the acquisition

of Great Resolute Limited and the disposal of Sea Will International Limited (the “Circular”).

(b) the quantum of damages claimed by SFIPC for the above was initially NT\$378,179,077 (equivalent to approximately S\$16,611,000) and it was subsequently revised to NT\$339,819,428 (equivalent to approximately S\$14,926,000), based on a price of NT\$4.97 (equivalent to approximately S\$0.22) for each TDR of the Company to persons who were identified as TDR holders, with interest to be calculated at 5% per annum from the period commencing 9 February 2023 (for nine of the holders) and 25 June 2022 (for all the other holders) until the repayment date. According to SFIPC's submission, the quantum of damages was computed based on the net value of such TDR based on the latest audited financial report of the Company.

On 15 May 2023, the Taiwan Counsel formally submitted a brief to report to the Commercial Court of their appointment as the Company's agent ad litem. The Commercial Court informed that there was a court hearing held on 11 May 2023 which the Company did not attend, because the Company was only made aware of (i) the Ruling on 9 May 2023, after it received the court ruling through its Bermuda filing agent; and (ii) the court hearing after the Taiwan Counsel's appointment. During the court hearing on 11 May 2023, the Commercial Court held and concluded an oral debate session, and further informed that a default judgment would be rendered on 31 May 2023.

The Company, through the Taiwan Counsel, submitted a second brief to the Commercial Court that the Commercial Court should not conclude the hearing and declare the judgment date without the Company's appearance at such hearing. The Taiwan Counsel was informed that the Commercial Court did not re-open the case but has rendered a default judgment as scheduled which is entirely in favor of SFIPC.

The Company, through the Taiwan Counsel, on 6 June 2023 received the Commercial Court's decision in relation to the foregoing. Pursuant to the judgment, the Commercial Court ordered that the Company be required to pay damages for the failure by the Company to perform the obligations under the Undertakings given by the Company for an aggregate of NT\$339,819,428 (equivalent to approximately S\$14,926,000) to persons who were identified as TDR holders, with interest to be calculated at 5% per annum from the period commencing 9 February 2023 (for nine of the holders) and 25 June 2022 (for all the other holders) until the repayment date. As the Commercial Court had already ruled in favour of SFIPC based on its claim that the Company had allegedly failed to perform its obligations under the Undertakings, no ruling was made in relation to the alleged misstatements in the Circular.

On 20 June 2023, the Company filed an appeal to the Supreme Court of Taiwan against the Commercial Court's decision in relation to the Proceedings.

The directors of the Company, having taken advice from the Taiwan Counsel, considered that the ultimate outcome and potential obligations of the Company *vis-à-vis the* Proceedings cannot be reliably estimated as at 30 June 2023 and determined that no provision in respect of the Proceedings was required for 1H2023.

For further details, please refer to the Company's announcements dated 10 May 2023, 13 June 2023 and 21 June 2023.

18. Subsequent events

There are no known subsequent events which led to adjustments to this set of condensed interim consolidated financial statements.

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 2023 and 30 June 2022.

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 Jun 2023	31 Dec 2022
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 2023 and 31 December 2022.

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, and 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 consolidated financial statements for FY2022 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 January 2023, the Group has adopted the same accounting policies and methods of computations as stated in its latest audited consolidated financial statements for FY2022. The adoption of these new/revised IFRSs for the current reporting period ended 30 June 2023 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.

Please refer to Note 9 to the condensed interim consolidated financial statements.

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.**

Please refer to Note 10 to the condensed interim consolidated financial statements.

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 or 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.**

Revenue

The Group's revenue is derived from the sale of kiwifruit to food and fruits distributors as well as corporate distributors and corporate customers in the People's Republic of China ("PRC"). In view that kiwifruit harvesting typically takes place in the months of September and October each year, no revenue or profits were recorded for HY2023 due to the seasonality of the business.

Cost of sales

The Group's cost of sales comprised inventory costs of kiwifruit, direct labour costs, factory overhead and costs of packaging materials incurred in the packaging process of kiwifruit. No cost of sales recorded for HY2023 as kiwifruit harvesting typically takes place in the months of September and October each year.

Other income

Other income decreased by RMB3.9 million, from RMB6.7 million in HY2022 to RMB2.7 million in HY2023, which was mainly due to a decrease in unconditional grants from government-related agencies in the form of cash subsidies, in support of agricultural activities in the PRC.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB0.3 million or 13.7%, from RMB2.1 million in HY2022 to RMB1.8 million in HY2023, mainly due to a decrease in advertising and promotion expenses according to the Group's yearly marketing strategy plan.

Administrative expenses

Administrative expenses increased by RMB2.4 million or 15.2%, from RMB15.5 million in HY2022 to RMB17.9 million in HY2023, mainly due to the legal fees incurred in relation to the Proceedings brought against the Company by SFIPC at Taiwan for a claim for damages, and the court application fee for filing of an appeal to the Supreme Court of Taiwan against the Commercial Court's decision in relation to the Proceedings. For further details, please refer to Note 17 to the condensed interim consolidated financial statements.

Other operating expenses

Other operating expenses, which mainly comprised plantation cost of mature bearer plants, depreciation of bearer plants and the property, plant and equipment utilised in the orchards, remained relatively stable in HY2023 and HY2022.

Finance costs

Minimal finance costs were incurred in HY2023 and HY2022, which mainly comprised interest on bank borrowings and lease liabilities in relation to the leases related to the orchards with immature bearer plants.

Loss for the period

Taking into account of the abovementioned, the Group recorded a loss for the period amounting to RMB31.1 million for HY2023 (HY2022: RMB25.2 million).

Review of Group's Financial Position as at 30 June 2023

The Group recorded positive working capital (current assets less current liabilities) of RMB106.3 million as at 30 June 2023, as compared to RMB139.4 million as at 31 December 2022.

Non-current assets**Property, plant and equipment**

Property, plant and equipment comprised plant and machinery, computer equipment, transportation equipment, farmland infrastructure and equipment, construction in progress, buildings, bearer plants and right-of-use assets. The decrease in balance of RMB13.7 million was mainly due to the depreciation of property, plant and equipment of RMB15.7 million, partially offset by the additions of bearer plants of RMB1.7 million and plant and machinery of RMB0.2 million.

Deposit paid

The increase in balance of RMB12.0 million was mainly due to the deposit paid to a PRC biotechnology company in the kiwifruit industry to cultivate its self-developed 8 new varieties of kiwifruit for trial planting. The strategic collaboration with the biotechnology company aligns with the Group's future development strategy of diversifying its product varieties.

Current assets**Trade receivables**

Trade receivables comprised receivables pursuant to the sale of the harvested kiwifruits. As of 30 June 2023, the balance of trade receivables declined sharply to zero, mainly due to the complete settlement of outstanding amounts from customers during the period under review.

Prepayments, deposits and other receivables

The decrease in balance of RMB0.6 million as at 30 June 2023 was mainly due to the drop in prepayment to suppliers during the period under review.

Current Liabilities**Trade payables**

Trade payables decreased by RMB2.1 million as at 30 June 2023, mainly due to the lower procurement of fertilisers and pesticides during the period spanning from April to June 2023.

Accrued liabilities and other payables

Accrued liabilities and other payables increased by RMB1.1 million as at 30 June 2023, mainly due to an advance received from a director of the Company to settle certain expenses mainly in relation to offshore professional fees paid on behalf of the Group during the period under review.

Bank loans, secured

The significant drop to zero in balance as at 30 June 2023 was due to full settlement of the entire amount of the outstanding bank loans during the period under review.

Non-current liabilitiesLease liabilities, Deferred government grants and Provision for income tax

Lease liabilities, deferred government grants and provision for income tax remained stable during the period under review.

Review of Statement of Cash Flows for HY2023

RMB8.6 million generated from operating activities for HY2023 was mainly the result of:

(1) a decrease in trade receivables of RMB40.4 million,

which was partially offset by:

(1) an operating loss before working capital changes of RMB17.8 million;

(2) an increase in prepayments, deposits and other receivables of RMB11.4 million,

(3) a decrease in trade payables of RMB2.1 million; and

(4) a decrease in accrued liabilities and other payables of RMB0.6 million.

RMB1.7 million used in investing activities during HY2023 was due to payments of bearer plants of RMB1.7 million and purchases of property, plant and equipment of RMB0.2 million, partially offset by interest received of RMB0.2 million.

RMB13.5 million used in financing activities during HY2023 was mainly due to (i) repayment of bank loans of RMB13.6 million; (ii) repayment of principal and interest on lease liabilities of RMB0.8 million; and (iii) payment of interest of RMB0.3 million, which was partially offset by an advance from a director of the Company of RMB1.2 million.

As a result of the above and taking into the effect of changes in exchange rate, cash and cash equivalents of the Group decreased by RMB6.7 million to RMB119.3 million as at 30 June 2023, from RMB126.0 million as at 31 December 2022.

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.

Moving forward, the Group's primary focus is to enhance its position in the Chinese domestic market and expand its share in the premium kiwifruit segment through branding and marketing initiatives. Furthermore, the Group will consistently dedicate resources to research and development, with a particular emphasis on developing premium-grade kiwifruit varieties. Additionally, the Group will undertake initiatives to modernise and digitise its agriculture operations, fostering innovation throughout its practices.

The Group will remain steadfast in executing its plan to commercialise its kiwifruit varieties and capitalise on its expertise in kiwifruit cultivation. This strategic approach involves managing third-party kiwifruit plantations and cultivation operations, which, in turn, opens up new revenue streams and expands the Group's presence in the kiwifruit market in China. With a commitment to excellence and innovation, the Group is poised to seize growing opportunities in the kiwifruit industry in China.

China is currently grappling with heat wave and severe floods, threatening the agricultural production. Heavy downpours have affected crops in several provinces in the north of China, while some regions in the south are experiencing intense heat.

As the peak of the harvest and sales season of kiwifruit takes place between September and December each year, barring any unforeseen circumstances, the Group is cautiously optimistic to be profitable for the financial year ending 31 December 2023.

11. Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and
No dividend has been declared or recommended for the current financial period reported on.

(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 for HY2023.

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 confirms that it 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 since the end of the previous reporting period, up to 30 June 2023.

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 of the Group for HY2023 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHINA SHENSHAN ORCHARD HOLDINGS CO. LTD.

ZHAO CHICHUN

Executive Director and Chief Executive Officer

14 August 2023