CHINA SHENSHAN ORCHARD HOLDINGS CO. LTD.
(Incorporated in Bermuda)
(Company Registration No. 41457)

UPDATE ON THE APPLICATION FOR EXTENSION OF TIME TO EXIT THE WATCH-LIST PURSUANT TO RULE 1315 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

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*Unless otherwise defined in this announcement, all capitalised terms herein shall have the meanings ascribed to them in the Company's announcement dated 19 August 2022 in relation to the application for extension of time to exit the watch-list pursuant to Rule 1315 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Announcement**").*

1. Background

The Board refers to the Announcement. As previously announced, the Company had, on 19 August 2022, submitted an application to SGX-ST to apply for a waiver from, and an extension of time to comply with Rule 1315 of the Listing Manual.

2. Receipt of No Objection from the SGX-ST

The Board is pleased to announce that the Exchange had, on 13 October 2022, informed that it has no objection to the Company's application for extension of time to 30 April 2023 with regards to compliance with Rule 1315 of the Listing Manual ("**Waiver**"), subject to the following:

(a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver's conditions have been satisfied. If the Waiver's conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met.

The Waiver will not be effective if any of the above conditions have not been fulfilled.

3. Reasons for Seeking the Waiver

The Company had applied for the Waiver in view of the following:

a) The Waiver will facilitate the continued and committed efforts toward the Group's business transformation.

The Company completed the transactions in relation to, *inter alia*, the acquisition of Great Resolute Limited as a very substantial acquisition ("**Xingnong Acquisition**") and an interested person transaction, and the disposal of Sea Will International Limited as a major transaction and an interested person transaction (together with the Xingnong Acquisition, the "**Transactions**") on 3 July 2021, as part of the efforts to transform its core business and turn around its previously loss-making position. After completing the Transactions, the Group continued to strengthen its business and operations by establishing its research and development centre, and pursuing new growth initiatives to scale its operations. The listing status of the shares of the Company ("**Shares**") will provide the Company with an essential platform to further drive business growth and deliver sustained financial performance, which will enhance the investment profile and liquidity of its Shares.

b) The Group has demonstrated improved financial performance.

Pursuant to the completion of the Transactions, the Group recorded audited pre-tax profit from continuing operations of RMB54.5 million in the 18-month period from 1 July 2020 to 31 December 2021 ("**FP2021**") (as compared to a loss from continuing and discontinued operations of RMB73.9 million for the 12-month period from 1 July 2019 to 30 June 2020).

As at 31 December 2021 and 30 June 2022, the Group recorded positive working capital of RMB117.3 million and RMB81.7 million respectively. Further, BDO LLP and BDO Limited, the Independent Joint Auditors of the Company, did not highlight any going concern issue in the Company's latest annual report for FP2021.

The Group recorded net cash from operating activities of RMB40.5 million for HY2022, mainly due to the full receipt of all trade receivables from customers during the aforementioned financial period.

c) The Company's share price performance and market capitalisation has improved

The Company has shown improved market capitalisation and share price performance since the completion of the Transactions on 3 July 2021. The Company's share price generally increased from S$0.160 to S$0.260 from 3 July 2021 to 17 August 2022. Market capitalisation of the Company generally increased from S$12.8 million to S$20.8 million over the same period.

Whilst the Company has not yet achieved an average daily market capitalisation of S$40 million or more over the last 6 months, its share price and market capitalisation had, on average, been improving consistently.

d) More time is needed to achieve sustained share price performance

The Company is of the opinion that more time is needed to pursue the key business growth initiatives, and to allow (i) Shareholders, investors and market participants to respond to the outreach efforts taken by the Company to enhance investor communications and stakeholder engagement, by working with various financial institutions to increase research coverage and taking part in investor presentations organised by stock brokerages ("**Outreach Efforts**"); (ii) the Outreach Efforts to translate into sustained the share price performance and improvement in the Company's market capitalisation; and (iii) the Company's share price performance and market capitalisation to better reflect its financial performance and position subsequent to the change in its core business.

e) Shareholders will not be prejudiced by the Waiver

Shareholders had, during the special general meeting of the Company held on 6 May 2021, voted overwhelmingly for the Transactions; and against the proposed transfer of the Company's listing status from Mainboard of the SGX-ST to Catalist. Shareholders should therefore be given an opportunity to realise returns from their shareholdings, as the Company works to (i) deliver sustained business growth and financial performance; (ii) improve its share price performance and strengthen its market capitalisation; and (iii) preserve the listing status of the Shares, by exiting the watch-list.

4. Confirmation by the Board

To the best of the Board's knowledge and belief, the Company is not and will not be in contravention of any laws and regulations governing the Company or the Bye-laws of the Company arising from the Waiver.

Accordingly, the Company has satisfied the Waiver's conditions as set out under paragraph 2 above.

5. General

5.1. The Board will update Shareholders via further announcements as and when appropriate.

5.2. The Board wishes to advise Shareholders and potential investors of the Company to exercise caution when dealing in the shares of the Company. If in doubt as to the action they should take, Shareholders and potential investors of the Company should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers immediately.

By Order of the Board

Hu Chao
Executive Director and Chief Executive Officer
14 October 2022