

# CHINA SHENSHAN ORCHARD HOLDINGS CO. LTD.

(Incorporated in Bermuda)  
(Company Registration No. 41457)

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## QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

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### 1. INTRODUCTION

- 1.1. China Shenshan Orchard Holdings Co. Ltd. (“**Company**”, and collectively with its subsidiaries, “**Group**”) was placed on the watch-list under the financial entry criteria pursuant to Rule 1311(1) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual (“**Listing Manual**”) on 4 December 2019.
- 1.2. Pursuant to Rule 1313(2) of the Listing Manual, the Company must, for the period in which it remains on the watch-list, provide the market with a quarterly update on its efforts and the progress made in meeting the criteria for exit from the watch-list (“**Quarterly Update**”).
- 1.3. Further reference is made to (i) the Company’s circular to shareholders dated 31 March 2021 (“**Circular**”) in relation to, *inter alia*, the acquisition of Great Resolute Limited (“**Great Resolute**”) as a very substantial acquisition (“**Xingnong Acquisition**”) and an interested person transaction, 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**”); and (ii) the Company’s announcement dated 1 June 2021 relating to the change of financial year end of the Company from 30 June to 31 December (“**FY Change Announcement**”).

*Any capitalised but undefined terms used herein shall have the same meaning as those used in the Circular.*

### 2. UPDATE ON THE GROUP'S FINANCIAL SITUATION

- 2.1. As announced in the FY Change Announcement, the Company had changed its financial year end from 30 June to 31 December so as to align its financial year end with that of Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. (a subsidiary of Great Resolute which is engaged in the Kiwifruit Business).
- 2.2. Following the completion of the Transactions on 3 July 2021, the Group is now principally engaged in the business of planting, cultivating and sale of kiwifruits (also known as Chinese gooseberries).

As stated in the Company’s unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2022 (“**HY2022**”), which was released via SGXNet on 12 August 2022, 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 HY2022. The Group was in a positive working capital position as at the end of HY2022 (being 30 June 2022).

### 3. UPDATE ON FUTURE DIRECTION, OTHER MATERIAL DEVELOPMENTS, AND EFFORTS FOR SATISFYING THE FINANCIAL EXIT CRITERION

- 3.1. Pursuant to Rule 1314 of the Listing Manual, the Company will be assessed by the SGX-ST for removal from the watch-list if it records a consolidated pre-tax profit for the most recently completed financial year (based on the audited full year consolidated accounts) and has an average daily market capitalisation of S\$40 million or more over the last six (6) months, within 36 months from 4 December 2019 (i.e. by 3 December 2022), failing which the SGX-ST would either delist the Company or suspend trading of the Company’s shares with a view to delisting the Company. For HY2022, the Group recorded a consolidated net loss of approximately

RMB25,151,000. The average daily market capitalisation of the Company over the last 6 months prior to 12 August 2022 stood at approximately S\$27.78 million.

- 3.2. 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 kiwifruits. This trend is expected to provide ample opportunities for the Group to grow its Kiwifruit Business to meet the rising domestic demand and deliver sustainable long-term value to all stakeholders.
- 3.3. The Group will continue to focus on strengthening its market share in the premium kiwifruit market segment in the PRC by investment in branding and marketing efforts. The Group will also continue to invest in research and development to cultivate premium grade varieties, modernise and digitalise the Group's agriculture infrastructure and core processes as part of its ongoing innovative efforts and initiatives. The Group intends to scale up its business through the commercialisation of its kiwifruit varieties and monetising its expertise in kiwifruit planting, by managing third-party kiwifruit plantations and cultivation operations. This also demonstrates the Group's commitment to support the PRC government's vision for a modernisation of the agricultural industry by 2035 with the aim of eradicating poverty in the PRC.
- 3.4. The Company has taken steps to enhance investor communication and stakeholder engagement, by working with various financial institutions to increase research coverage and taking part in investor presentations organised by stock brokerages.
- 3.5. The Company and its board of directors (the "**Board**") intend to take active steps and consider various options to satisfy the abovementioned requirements under Rule 1314 of the Listing Manual, and will update shareholders of the Company on any material developments and make such necessary announcements as and when appropriate. However, the Board wishes to highlight that there is no assurance that the Company will be successful in exiting the watch-list of the SGX-ST within the prescribed time period.

By Order of the Board

Hu Chao  
Executive Director and Chief Executive Officer  
12 August 2022