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

RESPONSES TO QUERIES REGARDING THE ANNOUNCEMENT OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board of Directors ("**Board**") of China Shenshan Orchard Holdings Co. Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") regarding the Company's announcement dated 14 August 2023 of its unaudited condensed interim consolidated financial statements for the six months ended 30 June 2023 ("**HY2023**").

The SGX-ST's queries and the Company's responses are set out below:

Query 1

"In respect to the Group's prepayments, deposits and other receivables of RMB 1,211,000, please disclose:

(i) the nature and breakdown of the Group's prepayments, deposits and other receivables; and (ii) the underlying transactions and the terms of the transactions (including the contract sum) and payment terms of the underlying contracts."

Company's response to Query 1

Please refer to below breakdown for more information on (i) nature of transactions; and (ii) the underlying transactions and the terms of the transactions (including the contract sum) and payment terms of the underlying contracts.

Nature of transactions (i)	Type	RMB'000	(ii) The underlying transactions and the terms of the transactions (including the contract sum) and payment terms of the underlying contracts.
Utility and other deposits	Deposits	60	Not applicable
Cash advances to staff	Other receivables	37	Anticipated daily operating expenses to be incurred, and paid on behalf of the Group
Value-added tax receivables	Other receivables	19	Not applicable
Prepayment to service providers for daily operating expenses	Prepayments	340	Services to be completed in 3 - 9 months
Prepayment to suppliers for raw materials	Prepayments	355	Raw materials to be delivered in 3 - 6 months
Prepayment paid for installation of an irrigation system	Prepayments	400	Installation to be completed in 9 - 12 months
Total		1,211	

Query 2

"Please explain why the Group's prepayments, deposits and other receivables amounted to RMB 1,211,000 as at 30 June 2023 when no cost of sales was recorded for the six months ended 30 June 2023."

Company's response to Query 2

The Group's costs of sales comprised mainly the inventory costs of the kiwifruit and costs of packaging materials which are recognised at the time of the sale. In view that kiwifruit harvesting typically takes place in the months of September and October each year, no sale of kiwifruit was recorded for HY2023. For the nature of the Group's prepayments, deposits and other receivables, please refer to the Company's response to Query 1 above.

Query 3

"Please explain why interest income amounted to only RMB 172,000 for the six months ended 30 June 2023 when the Company has significant cash and cash equivalents amounting to RMB 119,294,000."

Company's response to Query 3

As at 30 June 2023, the Group's cash and bank balances were mainly denominated in RMB, majority of which were deposited with banks in the People's Republic of China ("**PRC**") and cash on hand. Cash deposited with banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rate on cash placed with banks for HY2023 was 0.25% per annum.

Query 4

"Please disclose a breakdown of the Group's accrued liabilities and other payables amounting to RMB 13,787,000 as at 30 June 2023. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties."

Company's response to Query 4

The breakdown of the Group's accrued liabilities and other payables as at 30 June 2023 are as follows:

Items	Notes	RMB'000
Accrued liabilities and provision for daily operations		3,812
Payables to contractors	1	928
Value-added tax and other tax payables		182
Other payables	2	8,865
		13,787

Note 1: The contractors are not related to the Group, with aging more than 365 days.

Note 2: As at 30 June 2023, the Group's other payables comprised mainly an amount of RMB8,093,000 (representing approximately 91.3% of the Group's other payables) due to a director of the Company for certain expenses in relation to offshore professional fees paid on behalf of the Group by the director since 2021. This amount is unsecured, interest-free and repayable on demand. The balance of the Group's other payables amounting to RMB772,000 (representing approximately 8.7% of the Group's other payables) comprised mainly expenditure due to labour union, which is not a related party to the Group, with aging within 30 days.

Query 5

"Please provide the reason(s) for the significant trade payables of RMB 846,000 when the Group recorded a cash and cash equivalents of RMB 119,294,000 as at 30 June 2023."

Company's response to Query 5

Trade payables represent payables for suppliers of raw materials, which has a period of credit term. The Company usually settles the outstanding balance within the credit terms generally ranging from 30 to 90 days granted by suppliers.

By Order of the Board

Zhao Chichun
Executive Director and Chief Executive Officer
13 October 2023