



FOR IMMEDIATE RELEASE

## China Shenshan Orchard registers profit after tax of RMB24.4 million for FY2022

- The Group’s revenue decreased by 23.5% to RMB85.0 million for FY2022 due to severe drought conditions that adversely affected the Group’s annual harvest volume of kiwifruits
- Other income increased significantly to RMB8.1 million in FY2022, mainly due to increase in unconditional grants from government-related agencies, in support of agricultural activities in China
- The Group is optimistic about a rebound in harvest volume and sales as the drought subsides and China's economy recovers from COVID-19 pandemic

**Singapore, 28 February 2023** – SGX-ST Mainboard-listed China Shenshan Orchard Holdings Co. Ltd. (中国神山果农控股有限公司) (“China Shenshan Orchard” or the “Company”, and together with its subsidiaries, the “Group”), a leading producer of kiwifruits in the People’s Republic of China (“China”) is pleased to announce its financial results for the full year ended 31 December 2022 (“FY2022”).

### Financial Highlights

RMB’000	Full year ended 31 Dec 2022 (FY2022)	Eighteen months ended 31 Dec 2021 <sup>1</sup> (FP2021)	Change (%)
Revenue	85,010	111,176	(23.5)
Cost of sales <sup>2</sup>	(74,003)	(96,342)	(22.7)
Gross profit	11,007	14,834	(25.8)
Gain arising from changes in fair value less costs to sell biological assets <sup>3</sup>	67,911	90,814	(25.2)
Adjusted gross profit <sup>4</sup>	78,918	105,648	(25.7)
Adjusted gross profit margin	92.8%	95.0%	2.2p.p
Gain on bargain purchase	-	10,471	n.m
Other income	8,073	412	>100

<sup>1</sup>With the completion of the Company’s acquisition of the kiwifruit business and the Company’s disposal of the baijiu business on 3 July 2021, the consolidated statements of comprehensive income of the Group are presented in accordance with IFRS 5 “Non-current Assets Held for Sales and Discontinued Operations”.

<sup>2</sup> 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.

<sup>3</sup> A non-cash gain arising from the difference between the fair value and the costs to sell the harvested kiwifruit is included as a line item in profit or loss for the period in which it arises. Such non-cash gain is recorded as part of cost of sales when the harvested kiwifruits are eventually sold.

<sup>4</sup> Adjusted for the gain arising from changes in fair value less costs to sell biological assets.

**China Shenshan Orchard Holdings Co. Ltd.**

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



RMB'000	Full year ended 31 Dec 2022 (FY2022)	Eighteen months ended 31 Dec 2021 <sup>1</sup> (FP2021)	Change (%)
Profit before income tax	20,299	54,499	(63.5)
Profit after income tax from continuing operations	24,383	57,418	(57.5)

n.m. Not meaningful

The Group's revenue decreased by 23.5% from RMB111.2 million for FP2021 to RMB85.0 million for FY2022. The average selling price decreased from RMB29.5 per kg for FP2021 to RMB27.1 per kg for FY2022 while the volume of kiwifruit sold dropped by 16.7% to 3,141 tons for FY2022. The lower sales volume was mainly attributable to prolonged heatwaves in China from May to August 2022 which exacerbated a drought that adversely affected the ripening stage of the kiwifruit and impacted the Group's annual harvest volume. It was China's most severe heatwave in six decades with highest temperatures and one of its lowest levels of rainfall recorded<sup>5</sup>.

The growing season for kiwifruit typically lasts up to 240 days per year. The kiwifruit harvest season typically takes place from September to October each year, and sales of harvested kiwifruit will typically occur thereafter within the same calendar year. Thus, the Group will not record any revenue in the first half of any financial year due to the seasonality of the business.

In line with the drop in revenue, the Group registered an adjusted gross profit of RMB78.9 million and an adjusted gross profit margin of 92.8% for FY2022.

A one-off gain on bargain purchase of RMB10.5 million was recognized for FP2021 but was absent for FY2022. This was the excess between the fair value of the net assets of the kiwifruit business acquired by the Company and the net assets of the baijiu business disposed of by the Company as settlement consideration for both transactions.

Other income increased significantly from RMB0.4 million in FP2021 to RMB8.1 million in FY2022, which was mainly due to increase in unconditional grants from government-related agencies in the form of cash subsidies, in support of agricultural activities in China.

As the Group is currently engaged in a qualifying agricultural business, it is therefore entitled to full exemption of enterprise income tax on profits derived from the kiwifruit business.

The Group's profit after income tax from its kiwifruit business decreased by 57.5% from RMB57.4 million for FP2021 to RMB24.4 million for FY2022.

<sup>5</sup> China reports 'most severe' heatwave and third driest summer on record, <https://www.theguardian.com/world/2022/sep/07/china-reports-most-severe-heatwave-and-lowest-rainfall-on-record>

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Mr. Hu Chao, Executive Director and Chief Executive Officer of China Shenshan Orchard said, **“2022 was a challenging year for the Group. In addition to the impact of COVID-19 pandemic, we faced a prolonged heatwave that has exacerbated severe drought condition in many parts of China, which greatly affected our kiwifruit yield. Despite these challenges, we are glad to have remained resilient by leveraging our competitive advantages.**

**On the bright side, we are optimistic about a rebound in harvest volume and sales as the drought subsides and China's economy recovers from COVID-19 pandemic. Moving ahead, the Group will continue with our efforts to enhance our market presence in China and expand our market share in the premium kiwifruit market segment.”**

**- END -**

*Notes:*

- (1) This press release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions.*
- (2) This press release is to be read in conjunction with China Shenshan Orchard's results announcement for FY2022 released on 28 February 2023, which can be downloaded via [www.sqx.com](http://www.sqx.com).*

**About China Shenshan Orchard Holdings Co. Ltd.**

China Shenshan Orchard Holdings Co. Ltd. (the **“Company”**, together with its subsidiaries, the **“Group”**) is a horticultural marketing company in the business of planting, cultivating and sale of kiwifruits in the People's Republic of China (**“PRC”**). The Group holds forest use rights for 8 strategically located orchards, spanning a total land area of 9,805 mu (approximately 6.5 million sqm), which is believed to be one of the largest domestic kiwifruit orchards concentrated in the Chibi City, Hubei, the PRC.

Leveraging on experienced in-house research and development team and external technology advisory and research partners, the Group aims to establish itself as the leading kiwifruit producer, bringing to the market reputable kiwifruit brands of highest quality. Holding 83 trademarks and 56 patents as at 21 February 2022, the Group is mainly focused on the management of kiwifruit cultivation, supply and distribution management and marketing of its Fairy Gold (精灵果) and Jade Green (翠玉) kiwifruits. The Group currently distributes its products via distributors, wholesalers, corporates, and e-commerce platforms.

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The Group has won numerous accolades and awards including being recognised as Top 30 Private Enterprises in 2017, achieving Agricultural Industrialisation Excellence – Key Leading Enterprise, Agricultural Product Processing Industry (Target Gross Product of RMB100 Billion) in 2018 – Outstanding Contribution Award, Key Leading Enterprise of Agricultural Industrialisation in Hubei Province in 2019, and Certificate of Good Agricultural Practice in 2020.

Scan the QR code below to follow China Shenshan Orchard Holdings Co. Ltd. (神山果农) on LinkedIn and WeChat:



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**Issued for and on behalf of China Shenshan Orchard Holdings Co. Ltd.**

**by Woodnote Consulting**

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