

# 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 watch-list under the financial entry criteria pursuant to Rule 1311(1) of the Singapore Exchange Securities Trading Limited (the "**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 exit criteria of 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. In connection with the Transactions and following the approval of the Key Resolutions by the Company's shareholders at the Company's special general meeting held on 6 May 2021, the Company had announced the change of financial year end of the Company from 30 June to 31 December to align its financial year end with Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. (a subsidiary of Great Resolute which is engaged in the Kiwifruit Business) in the FY Change Announcement.
- 2.2. Following the aforesaid change of financial year end of the Company, the Company had, on 28 February 2022, released the unaudited condensed interim consolidated financial statements of the Group for the six months from 1 July 2021 to 31 December 2021 and eighteen months from 1 July 2020 to 31 December 2021 ("**18M2021**") (the "**FP2021 Financial Statements**"). Shareholders should refer to the aforementioned announcement which is available via SGXNet for further details on the FP2021 Financial Statements.
- 2.3. 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) and the FP2021 Financial Statements have been prepared taking into consideration the Group's current Kiwifruit Business.
- 2.4. The Group recorded total revenue of RMB111.2 million and a net profit of RMB92.2 million for 18M2021, as compared to a net loss of RMB73.9 million for the twelve months from 1 July 2019 to 30 June 2020, which can be attributable mainly to the following reasons:
  - (a) a non-recurring gain on bargain purchase of RMB10.5 million arising from the Xingnong Acquisition;

- (b) a non-recurring gain on disposal of RMB99.9 million arising from the Dukang Disposal; and
  - (c) the operating profit of RMB59.7 million recorded from the Group's current Kiwifruit Business following the completion of the Transactions.
- 2.5. The Group recorded an improved net asset position of RMB1,013,175,000 as at 31 December 2021, as compared to a net asset position of RMB945,737,000 as at 30 June 2020.
- 2.6. Shareholders should refer to the FP2021 Financial Statements for more details on the financial performance and financial position of the Group.
- 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.
- 3.2. The Company and its board of directors (the "**Board**") intend to take active steps and consider various options to satisfy the abovementioned requirements 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  
28 February 2022