



FOR IMMEDIATE RELEASE

China Shenshan Orchard registers profit after tax of RMB10.3 million in FY2023

- The Group’s revenue decreased by 13.8% to RMB73.2 million due to lower average selling price arising from soft economic conditions in China and lower harvest volume of kiwifruits
- Adjusted gross profit margin improved by 2.8 percentage points to 95.6% in FY2023
- The Group will intensify its efforts in R&D to develop kiwifruit varieties tailored to the evolving preferences of the mass market

Singapore, 29 February 2024 – 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 unaudited financial results for the full year ended 31 December 2023 (“FY2023”).

Financial Highlights

RMB’000	Full year ended 31 Dec 2023 (FY2023)	Full year ended 31 Dec 2022 (FY2022)	Change (%)
Revenue	73,238	85,010	(13.8)
Cost of sales ¹	(63,126)	(74,003)	(14.7)
Gross profit	10,112	11,007	(8.1)
Gain arising from changes in fair value less costs to sell biological assets ²	59,881	67,911	(11.8)
Adjusted gross profit ³	69,993	78,918	(11.3)
Adjusted gross profit margin	95.6%	92.8%	2.8p.p
Other income	4,836	8,073	(40.1)
Profit before income tax	5,493	20,299	(72.9)
Profit after income tax	10,344	24,383	(57.6)

n.m. Not meaningful

¹ 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.

² 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.

³ 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)



The Group recorded a 13.8% decrease in revenue, dropping from RMB85.0 million in FY2022 to RMB73.2 million in FY2023. This was mainly due to a drop in average selling price stemming from lower demand for premium kiwifruits amidst the soft economic conditions and weak consumer sentiments in China. Additionally, the decline in the harvest volume of kiwifruits due to a decrease in the number of mature bearer plants following the grafting of kiwifruit cultivars to enhance commercial viability and align with evolving consumer preferences also contributed to the drop in revenue. The average selling price decreased from RMB27.1 per kg in FY2022 to RMB25.3 per kg in FY2023, while the volume of kiwifruit sold dropped by 8.0% to 2,892 tons in FY2023.

In line with the decrease in revenue, the Group registered a lower adjusted gross profit of RMB70.0 million in FY2023, as compared to RMB78.9 million in FY2022. However, adjusted gross profit margin improved by 2.8 percentage points to 95.6% in FY2023 from 92.8% in FY2022.

The gain arising from changes in fair value of biological assets decreased by RMB8.0 million, representing an 11.8% decline from RMB67.9 million in FY2022 to RMB59.9 million in FY2023. This decrease was mainly attributed to the lower volume of harvested kiwifruit and a decline in market prices of kiwifruit in China.

Other income decreased by RMB3.2 million or 40.1%, from RMB8.1 million in FY2022 to RMB4.8 million in FY2023, which was mainly due to a decrease in unconditional grants from government-related agencies in the form of cash subsidies, in support of agricultural activities in China.

Selling and distribution expenses decreased by RMB1.0 million or 24.0%, from RMB4.1 million in FY2022 to RMB3.1 million in FY2023. This drop was primarily driven by a decrease in advertising and promotion expenses, which was in line with the Group's annual marketing strategy plan, as well as a decline in commissions paid to e-commerce platform providers for the online sales of kiwifruits.

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 decreased by 57.6% from RMB24.4 million in FY2022 to RMB10.3 million in FY2023.

Mr. Zhao Chichun, Executive Director and Chief Executive Officer of China Shenshan Orchard said, **"The slower-than-anticipated rebound in China's economic recovery has created a challenging business environment for us. Economic uncertainty has dampened consumer sentiments, resulting in decreased discretionary spending and lower demand for premium kiwifruits. In view of this, the Group will intensify its efforts in research and development, focusing particularly on developing kiwifruit varieties tailored to the preferences of the mass market.**

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Moving ahead, we will remain vigilant and committed to closely monitoring the evolving situation. We stand prepared to adapt our existing business strategies as necessary to effectively navigate potential challenges.”

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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 FY2023 released on 29 February 2024, which can be downloaded via 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.

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.

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