

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

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

Unless otherwise defined, all capitalised terms used in this announcement shall have the same meanings ascribed to them in the Company's announcement dated 2 May 2023 in relation to the update on the application for further extension of time to exit the watch-list pursuant to Rule 1315 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Announcement").

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 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**").

2. UPDATE ON THE GROUP'S FINANCIAL SITUATION

- 2.1 As stated in the Company's unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2023 ("**HY2023**"), which was released via SGXNet on 14 August 2023, 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 HY2023 due to the seasonality of the business.
- 2.2 The Group recorded positive working capital of approximately RMB106.3 million as at 30 June 2023 and net cash generated from operating activities of approximately RMB8.6 million for HY2023.

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 As set out in the Announcement, the SGX-ST had, on 28 April 2023, informed that it has no objection to the Company's application for further extension of time to 4 December 2023 with regard to compliance with Rule 1315 of the Listing Manual ("**Waiver**"). For more information in relation to the Waiver, please refer to the Announcement.
- 3.3 For HY2023, the Group recorded a net loss of approximately RMB31.0 million. The average daily market capitalisation of the Company over the last six (6) months prior to 14 August 2023 stood at approximately S\$13.97 million.
- 3.4 Moving forward, the Group's primary focus is to enhance its position in the Chinese domestic market and expand its share in the premium kiwifruit segment through branding and marketing

initiatives. Furthermore, the Group will consistently dedicate resources to research and development, with a particular emphasis on developing premium-grade kiwifruit varieties. Additionally, the Group will undertake initiatives to modernise and digitise its agriculture operations, fostering innovation throughout its practices.

- 3.5. The Group will remain steadfast in executing its plan to commercialise its kiwifruit varieties and capitalise on its expertise in kiwifruit cultivation. This strategic approach involves managing third-party kiwifruit plantations and cultivation operations, which is expecting to bring new revenue streams and expand the Group's presence in the kiwifruit market in China. With a commitment to excellence and innovation, the Group is poised to seize growing opportunities in the kiwifruit industry in China.
- 3.6. The Company and its board of directors (the “**Board**”) will continue to 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.
- 3.7. In the event of sustained share price weakness and no improvement in its market capitalisation during the cure period pursuant to the Waiver, notwithstanding the improved financial performance and position of the Company, the Board may consider the possibility of the Company exiting the watch-list by applying to the Singapore Exchange Regulation Pte. Ltd. for a transfer to Catalist pursuant to paragraph 3.1 of Practice Note 13.2 of the Listing Manual. The Board will update shareholders of the Company via further announcements as and when appropriate.

By Order of the Board

Zhao Chichun
Executive Director and Chief Executive Officer
14 August 2023