

CHINA SHENSHAN ORCHARD HOLDINGS CO. LTD.
(Incorporated in Bermuda)
(Company Registration Number: 41457)

UPDATE ON THE GROUP'S OPERATIONS AND PROFIT GUIDANCE

The board of directors (the “**Board**” or “**Directors**”) of China Shenshan Orchard Holdings Co. Ltd. (the “**Company**”, and collectively with its subsidiaries, the “**Group**”) refers to the Company's announcement dated 6 December 2024 in relation to the significant decrease in harvest volume of kiwifruits for the financial year ended 31 December 2024 (“**FY2024**”) and the Company's announcement dated 29 April 2025 in relation to the presentation slides for the Company's annual general meeting for FY2024 held on 29 April 2025 (the “**Announcements**”).

Further to the Announcements, the Board wishes to announce that the Group has engaged Hubei Kiwifruit Association to conduct an on-site inspection of the kiwifruit trees at the Group's nine (9) orchards across Chibi City, Hubei Province, China in June 2025, covering its kiwifruit orchards and related facilities, including cold storage, sorting lines, and packaging facilities. Hubei Kiwifruit Association is a regional agricultural non-profit professional organisation in Hubei Province, China, focusing on the development and promotion of the kiwifruit industry. Hubei Kiwifruit Association is supervised by the Civil Affairs Department of Hubei Province, China.

Based on the report issued by Hubei Kiwifruit Association (the “**Report**”), the mature kiwifruit trees across the Group's nine (9) orchards exhibit varying degrees of infection from various diseases, creating significant challenges for ongoing management.

Based on the Hubei Kiwifruit Association's assessment, the decline in the Group's kiwifruit production and revenue may be attributed to the following factors:

1. The newly introduced varieties have not been subjected to large-scale field trials to validate their resistance to diseases and drought conditions

Between late 2022 and early 2023, the Group introduced eight (8) new kiwifruit varieties, which were sourced from a biotechnology company domiciled in China, for trial cultivation. Small-scale trials cultivation were initiated at the Xiwang base in 2023, followed by large-scale cultivation across most of the Group's orchards in 2024. Meanwhile, the Group's self-developed varieties, Xianwo No. 1, Xianwo No. 4 and No. 38, were also extensively planted from 2021 to 2024 across the Group's orchards.

Although these varieties performed satisfactory in small-scale trials cultivation, large-scale cultivation proceeded without sufficient real-world data on diseases and drought resistance or comparative testing against other cultivars.

2. Widespread Disease Outbreaks

As disclosed in the Announcements, some of the Group's kiwifruit trees were affected by canker disease in 2024. Pursuant to the Report, it is noted that certain diseases including root rot, black spot, and other plant diseases have also been spreading rapidly across the orchards,

causing significant damage to crop health. These diseases affected the productivity of kiwifruits and resulted in the kiwifruits being unfit for consumption.

3. Weak Variety Resistance

The Group's self-developed varieties, Xianwo No. 1, Xianwo No. 4 and No. 38, demonstrate weak resistance to high temperatures, waterlogging, and plant diseases. In the face of increasingly variable environmental conditions and frequent pest and disease outbreaks, these varieties have proven less resilient, leading to suboptimal tree growth, elevated disease incidence, and declining yields.

4. Market Downturn

Influenced by the slowing trend in China's fruit market, the kiwifruit is experiencing oversupply, driving down both sales volume and prices. Selling prices have continued to fall amid weakening market demand, placing significant pressure on the Group's sales and leading to a sharp reduction in revenue. Meanwhile, planting costs remain elevated, with expenses for labour and agricultural input showing no signs of abating despite market challenges. This has further eroded profit margins and severely impacted the Group's kiwifruit business.

Based on its assessment, Hubei Kiwifruit Association concluded the following:

1. Neither the Group's self-developed varieties, Xianwo No. 1, Xianwo No. 4 and No. 38, nor the eight (8) newly introduced varieties met commercial fruit standards when planted on a large scale, as their performance fell short of expectations.
2. Due to the persistent spread of diseases throughout the orchards, all fruit trees across the nine (9) orchards of the Group have lost their commercial value.
3. If the Group intends to continue its kiwifruits business operations, it must fulfill the following two (2) fundamental requirements:
 - (i) Kiwifruit varieties selected or developed for commercial cultivation must demonstrate resistance to disease, tolerance to drought and waterlogging, and possess strong market potential. These varieties will undergo a rigorous three (3)-phase evaluation process, comprising small-scale, pilot and large-scale trials, with systematic comparison and analysis of experimental data at each stage to ensure optimal performance and viability. Large-scale cultivation will only proceed following the comprehensive validation of all data through practical trials based on proven performance of one (1) or two (2) selected superior varieties.
 - (ii) All kiwifruit trees at the Group's nine (9) orchards must be completely cleared and replanted, with trellises and irrigation systems either rebuilt or upgraded. Based on the expert team's preliminary assessment, a minimum reinvestment of RMB150 million will be required for the upgrading.

The Group has carefully considered the Report, in particular the assessment and conclusion made, by Hubei Kiwifruit Association. Taking into consideration the eroding profit margins of the Group's kiwifruit business and the substantial amount of reinvestment required for upgrading of the orchards, the Group is of the view that it is currently not commercially viable to proceed with the reinvestment for upgrading of the orchards as concluded by Hubei Kiwifruit Association. In

addition, due to the persistent spread of diseases throughout the Group's orchards, the Group has decided to temporarily suspend its kiwifruits business operations with immediate effect while it evaluates its options in relation to the kiwifruits business and its existing operations.

Whilst the Group continues to evaluate the abovementioned options, the Group may engage in the trading of fruits such as apples and oranges, a business activity which the Group has also engaged in on an ad-hoc basis previously during the off-seasons of its kiwifruits business operations (as kiwifruits are harvested only once a year). The Group will also be identifying suitable new business opportunities, which are complementary to its existing business, for additional revenue stream. Such business opportunities may include but are not limited to, agricultural land management and leasing activities.

The temporary suspension of the Group's kiwifruits business operations is expected to have a material impact on the consolidated earnings per share and net tangible assets per share of the Company and the Group for the current financial year ending 31 December 2025. The Group will continue to monitor the situation closely and will release announcement on any material developments as and when appropriate.

In the meantime, the Board wishes to advise shareholders and potential investors of the Company to exercise caution when dealing in the shares of the Company. If in doubt as to the action they should take, shareholders and potential investors of the Company should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers immediately.

By Order of the Board
CHINA SHENSHAN ORCHARD HOLDINGS CO. LTD.

Zhao Chichun
Executive Director and Chief Executive Officer
23 June 2025

This announcement has been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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