

## 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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*Unless otherwise defined in this announcement, all capitalised terms herein shall have the meanings ascribed to them in the Company's announcement dated 19 August 2022 in relation to the application for extension of time to exit the watch-list pursuant to Rule 1315 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual ("Listing Manual") and the Company's announcement dated 14 October 2022 relation to the update on the application for extension of time to exit the watch-list pursuant to Rule 1315 of the Listing Manual ("Announcement dated 14 October 2022").*

#### 1. INTRODUCTION

- 1.1. China Shenshan Orchard Holdings Co. Ltd. (the "**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 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**").
- 1.3. Further reference is made to (i) the Company's circular to shareholders dated 31 March 2021 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 (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**").

#### 2. UPDATE ON THE GROUP'S FINANCIAL SITUATION

- 2.1. As announced in the FY Change Announcement, the Company had changed its financial year end from 30 June to 31 December so as to align its financial year end with that of Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. (a subsidiary of Great Resolute which is engaged in the Kiwifruit Business (as defined below)).
- 2.2. 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) ("**Kiwifruit Business**"). 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**"). The kiwifruit harvest season takes place annually from September to October each year, and sales of harvested kiwifruit will typically occur thereafter, within the same calendar year.

As stated in the Company's unaudited condensed interim consolidated financial statements of the Group for the six months and full year ended 31 December 2022 ("**FY2022**"), which was released via SGXNet on 28 February 2023, the Group recorded a revenue of RMB85.0 million and a pre-tax profit of RMB20.3 million for FY2022. In addition, the Group was in a positive working capital position as at 31 December 2022.

### 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.

As set out in the Announcement dated 14 October 2022, the Exchange had, on 13 October 2022, informed that it has no objection to the Company's application for extension of time to 30 April 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 dated 14 October 2022.

- 3.2. The average daily market capitalisation of the Company over the last 6 months prior to 28 February 2023 stood at approximately S\$20.41 million.
- 3.3. The demand for kiwifruit has been growing over the years in the PRC, largely driven by the rising disposable income of the consumers as well as growing domestic consumer demand for premium-quality kiwifruits. This trend is expected to provide ample opportunities for the Group to grow its Kiwifruit Business to meet the rising domestic demand and deliver sustainable long term value to all stakeholders.
- 3.4. The Group will continue to focus on strengthening its market share in the premium kiwifruit market segment in the PRC by investment in branding and marketing efforts. The Group will also continue to invest in research and development to cultivate premium grade varieties, modernise and digitalise the Group's agriculture infrastructure and core processes as part of its ongoing innovative efforts and initiatives. The Group intends to scale up its business through the commercialisation of its kiwifruit varieties and monetising its expertise in kiwifruit planting, by managing third-party kiwifruit plantations and cultivation operations. This also demonstrates the Group's commitment to support the PRC government's vision for a modernisation of the agricultural industry by 2035 with the aim of eradicating poverty in the PRC.
- 3.5. The Company has taken steps to enhance investor communication and stakeholder engagement, by working with various financial institutions to increase research coverage and taking part in investor presentations organised by stock brokerages.
- 3.6. The Company and its board of directors (the "**Board**") intend to take active steps and consider various options to satisfy the abovementioned requirements under Rule 1314 of the Listing Manual, 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 watchlist of the SGX-ST within the prescribed time period.

By Order of the Board

Hu Chao  
Executive Director and Chief Executive Officer  
28 February 2023