

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. (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**").

2. UPDATE ON THE GROUP'S FINANCIAL SITUATION

- 2.1 On 11 April 2023, the Company released its annual report containing the audited financial statements for financial year ended 31 December 2022 ("**FY2022**"). The Group recorded a revenue of RMB85.0 million and a pre-tax profit of RMB20.3 million for FY2022, notwithstanding lower harvest volume of kiwifruits caused by the unforeseen severe drought conditions in the People's Republic of China ("**PRC**").
- 2.2 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 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 the first quarter ended 31 March 2023, similar to the corresponding quarter of the prior year.
- 2.3 The Group was in a positive working capital position for the first quarter ended 31 March 2023.

3. UPDATE ON FUTURE DIRECTION, OTHER MATERIAL DEVELOPMENTS, AND EFFORTS FOR SATISFYING THE FINANCIAL EXIT CRITERION

- 3.1 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.
- 3.2 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.

- 3.3 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.
- 3.4 As set out in the Announcement dated 2 May 2023, the Exchange 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 dated 2 May 2023.
- 3.5 The average daily market capitalisation of the Company over the last 6 months prior to 12 May 2023 is approximately S\$14.26 million.
- 3.6 The Company has taken, and will continue to take, 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.
- 3.7 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.
- 3.8 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 via further announcements as and when appropriate.

By Order of the Board

Hu Chao
Executive Director and Chief Executive Officer
12 May 2023