



China Shenshan Orchard Holdings Co. Ltd.

(Incorporated in Bermuda)
(Company Registration No. 41457)

*B*uilding
a strong
*F*oundation

Annual Report 2021



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Corporate Profile

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 Sunshine Kiwi (阳光金果) 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.

Chief Executive Officer's Statement

On behalf of the Board of Directors ("**Board**"), management and staff of China Shenshan Orchard Holdings Co. Ltd. ("**China Shenshan**" or the "**Company**", together with its subsidiaries, the "**Group**"), it is my pleasure to present our annual report for the eighteen months covering the financial period from 1 July 2020 to 31 December 2021 ("**FP2021**").

I would like to begin by thanking the Company and the Board for giving me the opportunity to come on board as an Executive Director of the Company and the Chief Executive Officer of the Group, entrusting me to take the Group's business to the next level. Together with the reconstituted Board members and the new management team, I believe that we will be able to take on more challenging and exciting opportunities in the years ahead.

The COVID-19 pandemic has taken a toll on most of the businesses and continues to present huge challenges to the business environment. The emergence of new strains of the COVID-19 virus has also created uncertainties in some markets. However, the distribution and rollout of the COVID-19 vaccines are expected to lead to economic recovery. Despite difficult operating environment, we achieved a remarkable year as we completed the Group's restructuring with the acquisition of the kiwifruit business and disposal of the baijiu business, and becoming the first kiwifruit producer listed on the Singapore Exchange. To reflect this new business transformation to one of the leading kiwifruits producers in the People's Republic of China ("**China**"), the Company has changed its name to "China Shenshan Orchard Holdings Co. Ltd."

We have witnessed an increasing popularity in the kiwifruit category not just among consumers in China but also worldwide, showing a strong desire for healthy and mouth-watering food that are grown in a sustainable manner. Thus, we have decided to venture into the kiwifruit industry in China, where we see a bright prospect.

Financial Performance

The Group recorded a revenue of RMB111.2 million for FP2021 from the sales of about 3.8 million kg of kiwifruits at an average selling price of RMB29.5 per kg to food and fruits distributors, corporate distributors and corporate customers in China. The inventory costs of kiwifruit accounted for 94.3% of the Group's cost of sales, which amounted to RMB96.3 million in FP2021. Consequently, the Group registered a gross profit of RMB14.8 million and a gross profit margin of 13.3% for FP2021.

Gain on bargain purchase of RMB10.5 million was recognised for FP2021, which represented the excess difference between the fair values of the net assets of Great Resolute Limited acquired by the Company and the net assets of Sea Will International Limited disposed by the Company as settlement consideration of both transactions, which were completed on the same day in FP2021.

As the Group is currently engaged in a qualifying agricultural business, it is entitled for full exemption of enterprise income tax on profits derived from the agriculture business.



As a result, the Group achieved an earnings turnaround with a profit after income tax from continuing operations (relating to the kiwifruit business) of RMB57.4 million for FP2021.

Industry leader from orchard-to-market

The Group has more than 10 years well-established experience in the plantation and cultivation of kiwifruit in China, adopting a vertically integrated business model and being an end-to-end kiwifruit producer. Our business operations encompass acquiring and developing kiwifruit varieties, planting, cultivating, harvesting and post-harvesting as well as processing and packing. We are widely recognised for our innovation and a commitment to highest standards of quality. We are committed to make every bite of our kiwifruits a delight with flow of natural sweetness at the tip of the tongue.

Furthermore, the Group also has strong research and development (“R&D”) capabilities where its in-house technology department is complemented by a team of external technology advisory and research partners. The Group deploys advanced technology in its entire vertically integrated business model and undertakes research and development to keep pace with changing consumer tastes and preferences, as well as the evolving nature of kiwifruit cultivation and production. Through the utilisation of the most advanced agricultural machineries in the country, the Group’s daily operations are maintained by only 180 full time employees.

The Group currently holds 83 trademarks and 56 patents for grafting and harvesting methods and devices such as fertilisation mechanism and windproof device for kiwifruit planting, artificial pollination device, cutting device for grafting branches of fruit trees, etc. The Group has also developed its own kiwifruit varieties and has been granted 6 premium kiwifruit variety rights, sealing its status as the company with the most premium kiwifruit variety rights in China. The use of advanced technology, automated systems and proprietary kiwifruit cultivars and breeds for its operations have allowed the Group to differentiate itself from other industry players and stand out from the competition in China.

Future Plans

We are cognisant of the importance of branding as the current consumers are making more informed purchasing decisions and are looking for brands they can identify with in terms of purpose and values. Hence, building our brand and enhancing our marketing efforts will be our primary focus, aiming to become a household name among consumers.

A good cultivar is akin to the chip technology in the IT industry and it requires huge amount of time and resources to develop a new variety. It is one of the critical success factors in the industry. Thus, we will place emphasis on ramping up our research and breeding efforts to identify new cultivars to meet the evolving changing demand of the consumers.





With the growing importance of food sustainability, the government of China is currently investing heavily in agri-tech and scientific research, using technology to increase crop yields and productivity. Coupled with the Group's strong technological capabilities accumulated over the years and extensive experience in agriculture technology adoption, the Group established its R&D centre in November 2021 to further the push for technology adoption in the development of new kiwifruit varieties and innovation of planting techniques.

Taking reference from Zespri, the world's largest marketer of kiwifruit, the Group intends to scale up its business for the financial year ending 31 December 2022 via the commercialisation of its kiwifruit varieties and its expertise in kiwifruit planting to third-party kiwifruit growers, which will eventually generate additional revenue stream and spur the next phase of growth for the Group. This also allows the Group to expand planting area of its self-developed kiwifruit varieties without purchasing additional land. In addition, the Group is looking for opportunities to venture into the management of kiwifruit plantation and cultivation operations in third-party kiwifruit plantations.

Going forward, the Group will continue to focus on strengthening its presence in China's domestic market and expanding its market share in the premium kiwifruit market segment. The Group will continue to invest in R&D to cultivate premium grade varieties, modernise and digitalise the Group's agriculture infrastructure and core processes as part of the Group's ongoing innovative efforts and initiatives to expand its market share in the kiwifruit industry in China.

On 5 July 2021, the Company's wholly-owned subsidiary, Chibi Shenshan Xingnong Agriculture Technology Co., Ltd ("**Chibi Shenshan**") has entered into a non-binding memorandum of understanding with Chibi Green Industry Development Investment Co., Ltd. for the joint development and cooperation of a land area spanning up to 5,000 mu (or 3.33 km²) located in Chibi City, Hubei Province, China for kiwifruit planting and cultivation. Stemming from the government's favorable policy to promote agriculture, the joint development and cooperation covers a 30-year period commencing from 1 January 2022, with a total investment amount of approximately RMB150 million. Chibi Shenshan is responsible for the construction and development of the kiwifruit plantation, and the day-to-day management and operation over planting and cultivation of the kiwifruit plantation.

Besides growing organically, the Group also intends to expand its business to grow and build its business through acquisitions, joint ventures and strategic alliances as part of its long-term growth strategy.



“ We are widely recognised for our **innovation and a commitment** to highest standards of quality. ”

Outlook

The government of China has set itself the goal of eradicating total poverty by modernising its agricultural industry by 2035¹. The plan to advance agricultural and rural modernisation during the 14th Five-Year Plan period called for upgrading of farm machinery, accelerating the development of modern crops and the development of digital agriculture. The government is also granting higher subsidies for large scale landholders and accelerating rural land transfer process. These favourable policies and support by the government are expected to bode well for the kiwifruit cultivation industry in China.

Kiwifruit industry in China offers huge growth potential as the market has expanded from RMB17.8 billion in 2013 to RMB25.6 billion in 2018, representing a CAGR of 6.2% during the period. In addition, China's kiwifruit planting area and production volume reached 4.4 million mu and 3.0 million tonnes respectively in 2019, being the world's largest kiwifruit producer with planting area accounts for 72% of the world's total kiwifruit planting area and production volume accounts for 55% of the world's total kiwifruit production². In respect of domestic demand, China's kiwifruit apparent consumption has grown by 27.3% from 2.09 million tonnes in 2014 to 2.66 million tonnes in 2018. China is also a major importer of kiwifruit, ranking second globally in 2020. This demonstrated that premium kiwifruits are highly demanded by consumers in China owing to their superior flavour and texture³.

The outbreak of the global COVID-19 pandemic has a significant impact on the world, changing how we live,

work and even purchasing behaviour. We are aware that we need to be nimble and get ourselves prepared to adapt and thrive in this changing world. As the uncertainties arising from the COVID-19 pandemic still persist, we will continue to monitor the evolving and dynamic COVID-19 situation and respond accordingly.

Appreciation

First of all, I would like to extend my gratitude to past Board members for their invaluable contribution to the Group's growth and success over the past years. It has not been a smooth sailing ride over the years but they have overcome the difficulties and challenges. The tenacity and perseverance demonstrated by our predecessors inspire us to work harder. They have laid a strong foundation for us to build on and we are committed to continue to deliver sustainable long-term value to the Group and enhance shareholders' value.

Next, I would like to thank our beloved shareholders for their unwavering support and faith in us. I would also like to thank all our business partners, suppliers and customers for their continuing trust and support in the Group.

Last but not least, our achievement and successful transformation would not be possible without the commitment and dedication from the management team and employees. Thanks to the management team and all employees of the Group for bringing so much success to the Company. Let's work hand in hand to scale greater heights going forward.

Mr. Hu Chao

Executive Director and Chief Executive Officer

¹ Road to agricultural modernisation, <http://epaper.chinadaily.com.cn/a/202104/14/WS6076367ba31099a234355658.html>

² China Kiwifruit Industry Development Report (2020), <https://mp.weixin.qq.com/s/VQWG6VWf5pvBaCz6FwXlpQ>

³ 2021 Industry Report: Kiwi, https://cdn.tridge.com/market_report_report/a8/7c/b2/a87cb2cf61fd6ce41a4d27655f31b7f279f4c8a3/Tridge_Kiwi_Market_Report_2021.pdf



“ Let’s work
hand in hand to scale
greater heights
going forward.”

Financial Review

The Group recorded a revenue of RMB111.2 million for the eighteen months covering the period from 1 July 2020 to 31 December 2021 ("FP2021") from the sales of about 3.8 million kg of kiwifruits at an average selling price of RMB29.5 per kg to food and fruits distributors, corporate distributors and corporate customers in China.

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. The inventory costs of kiwifruit mainly comprised the fair value of kiwifruits less costs to sell at the point of harvest, and accounted for 94.3% of the Group's cost of sales, which amounted to RMB96.3 million in FP2021. Consequently, the Group registered a gross profit of RMB14.8 million and a gross profit margin of 13.3% for FP2021.

In FP2021, a gain arising from changes in fair value less costs to sell of the Group's kiwifruit of RM90.8 million was recorded, which accounted for 81.7% of the Group's revenue for FP2021.

A gain on bargain purchase of RMB10.5 million was recognised for FP2021, which represented the excess difference between the fair values of the net assets of Great Resolute Limited acquired by the Company and the net assets of Sea Will International Limited disposed of by the Company as settlement consideration of both transactions, which were completed on the same day in FP2021.

Other income of RM0.4 million was recorded in FP2021, which mainly comprised unconditional grants from government-related agencies in the form of cash subsidies, in support of agricultural activities in China and interest income.

Selling and distribution expenses of RMB4.6 million recorded in FP2021 mainly comprised advertising and promotion expenses, depreciation charges over property, plant and equipment used for sales and marketing activities, transportation costs and employee benefit costs of sales and marketing personnel.





Administrative expenses of RMB38.3 million was recorded in FP2021, as compared to RMB7.7 million in the previous financial year ended 30 June 2020 ("FY2020"). Administrative expenses for FP2021 were related to those incurred for the Company and its current business of planting, cultivating and sale of kiwifruits, which mainly comprised (i) remuneration for the directors of the Company; (ii) employee benefit costs for management, product development and administrative personnel; (iii) entertainment and travelling expenses incurred by the aforementioned personnel; (iv) amortisation of prepaid land lease payments and licenses; (v) depreciation of property, plant and equipment held for administrative uses; (vi) office expenses; and (vii) legal and professional fees incurred. Administrative expenses for FY2020 were related to administrative expenses incurred for the Company only, which mainly comprised (i) remuneration for the directors of the Company; and (ii) legal and professional fees incurred.

Other operating expenses of RMB19.0 million in FP2021 mainly comprised plantation cost of mature bearer kiwifruit plants, depreciation of bearer plants and the property, plant and equipment utilised in the orchards.

Minimal finance costs were incurred in FP2021, which mainly comprised interest on bank loans and lease liabilities in relation to the leases related to the orchards with immature bearer kiwifruit plants.

As a result, the Group achieved an earnings turnaround with a profit after income tax from its kiwifruit business of RMB57.4 million for FP2021, as compared to a loss after income tax of RMB7.7 million for FY2020.

Cash Flow Management

For FP2021, the Group's cash and cash equivalents decreased by RMB23.6 million to RMB98.3 million as at 31 December 2021, from RMB121.9 million as at 30 June 2020. This was mainly due to net cash used in operating activities of RMB30.4 million and net cash used in investing activities of RMB14.2 million, partially offset by net cash generated from financing activities of RMB20.9 million.

Financial Position

As at 31 December 2021, the Group recorded positive working capital (current assets less current liabilities) of RMB117.3 million and its total equity increased to RMB1,013.2 million.

The Group's total assets decreased by RMB43.4 million to RMB1,319.2 million as at 31 December 2021, mainly due to the increase in property, plant and equipment, trade receivables and intangible assets which were partially offset by decrease in cash and cash equivalents, inventories and consumables as well as prepayments, deposits and other receivables.

The Group's total liabilities decreased by RMB24.1 million to RMB306.1 million as at 31 December 2021, mainly arising from the decrease in trade payables, accrued liabilities and other payables, bank loans and amount due to an associate which were partially offset by the increase in lease liabilities, deferred government grants and deferred tax liabilities.



Board of directors

Hu Chao 胡超

Mr. Hu Chao is the Executive Director and Chief Executive Officer of the Company. He was appointed as a Director of the Company with effect from Completion (as defined in the Company's circular to shareholders dated 31 March 2021) (i.e. 3 July 2021) by the Company's shareholders at a special general meeting held on 6 May 2021.

Mr. Hu is the legal representative of Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. ("Xingnong Agriculture") and is responsible for the overall business direction and strategy of the Group.

From August 1994 to March 2008, Mr. Hu held sales and general manager positions in the technology and electronics industry and the food industry. From May 2008 to August 2014, Mr. Hu was the assistant to the general manager of Zhengzhou Synear Food Co., Ltd., assisting in the oversight of the company's business in the production and sale of quick freeze food products. Mr. Hu became the general manager and director of Xingnong Agriculture in October 2016 and December 2017 respectively, and oversaw its overall business direction and strategic growth as a director of Xingnong Agriculture.

Mr. Hu graduated with a Degree in History from Zhengzhou University, the People's Republic of China, in 1994.

Zhao Chichun 赵池春

Mr. Zhao Chichun is the Executive Director of the Company and a director of Xingnong Agriculture. He was appointed as a Director of the Company with effect from Completion (as defined in the Company's circular to shareholders dated 31 March 2021) (i.e. 3 July 2021) by the Company's shareholders at a special general meeting held on 6 May 2021.

Mr. Zhao is responsible in overseeing the Company's sales and marketing functions as well as investor relations.

From September 1992 to March 2008, Mr. Zhao held sales and marketing positions in various industries which include real estate development, fashion and software development. He founded 北京宽用软件科技有限公司 (Beijing Kuansoft Tech Ltd), a software development company, in March 2008 and was its CEO till January 2011. From February 2011 to July 2021, Mr. Zhao was the vice president of 思念食品控股有限公司 (Synear Food Holdings Ltd) and was responsible for overseeing the investments, mergers and acquisitions of Synear Food Holdings Ltd.

Mr. Zhao graduated with a Bachelor of Arts from Henan University in 1991 and a Master of Business Administration from Ottawa University, Ontario, Canada in 2003.

Huo Lei 霍雷

Mr. Huo Lei is the Non-Executive and Non-Independent Director of the Company. He was appointed as an Executive Director of the Company on 1 September 2014 and was last re-elected on 30 October 2020. He was subsequently re-designated as a Non-Executive and Non-Independent Director of the Company upon Completion (as defined in the Company's circular to shareholders dated 31 March 2021) (i.e. 3 July 2021).

Mr. Huo joined Henan Trump Dragon Siwu Wine Co., Ltd., a subsidiary of the Company prior to the Proposed Transactions (as defined in the Company's circular to shareholders dated 31 March 2021) in September 2005 as its assistant president, and was responsible for the general administration matters and personnel management of the subsidiary. Mr. Huo was appointed as the general manager of the Company in February 2008 to August 2014.

From March 2000 to September 2003, Mr. Huo was a manager in 河南省农业综合开发广泰科技有限公司 (Henan Province Agriculture Development Guangtai Technology Co., Ltd.), which is a state-owned agriculture company. From September 2003 to September 2005, he was a manager in the corporate management department of 河南省新世家置业有限公司 (Henan Province Xinshijia Property Development Co., Ltd.), a property development firm, and was responsible for general administration matters and personnel management.

Mr. Huo graduated from 郑州工业大学 (Zhengzhou University of Technology) with a Diploma in Electric System Automation in July 2000 and from the Northwest Agriculture and Forestry University, Shaanxi Province, with a Master in Business Administration in June 2013.

Ho Teck Cheong 何德昌

Mr. Ho Teck Cheong was appointed as an Independent Director of the Company on 1 April 2011 and his continued appointment and last re-election was approved by the Company's shareholders at a special general meeting held on 6 May 2021. He was subsequently re-designated and appointed as the Non-Executive Chairman and Independent Director of the Company on 2 December 2021.

Mr. Ho is also the Chairman of the Audit Committee as well as a member of the Nominating Committee and the Remuneration Committee of the Company.

Mr Ho. spent over 21 years in the banking industry where his last held position was with Santander Group as the Group Managing Director of its Asia Pacific region. Mr. Ho is currently an Independent Non-Executive Director of Singamas Container Holdings Limited and Independent Director of NorthCape AS.

Mr. Ho graduated from McGill University in Montreal, Canada in 1984.

Zhang Lei 张蕾

Ms. Zhang Lei was appointed as an Independent Director of the Company on 2 October 2021.

Ms. Zhang is also a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company.

Ms. Zhang has extensive experience in horticulture and botany, specialising in the research of kiwifruit breeding and cultivation techniques. Since 2010, Ms. Zhang had been involved in the research of kiwifruit breeding and cultivation techniques in the Institute of Fruit & Tea, Hubei Academy of Agricultural Sciences (the "Institute"). Ms. Zhang is currently an Associate Professor of the Institute. She is also a member of a nine-person team executing a nationwide initiative to drive innovation with the aim of supporting the modernisation of agricultural practices in the People's Republic of China, focusing on kiwifruit cultivation techniques in Hubei Province.

Ms. Zhang graduated from Shandong Agricultural University with Bachelor's Degree in English and Bachelor's Degree in Horticultural. Ms. Zhang also obtained her Doctor of Philosophy Degree in Botany from Wuhan Botanical Garden, Chinese Academy of Sciences in 2010.

Yeo Teck Chuan 杨德泉

Mr. Yeo Teck Chuan was appointed as an Independent Director of the Company on 2 December 2021.

Mr. Yeo is also the Chairman of the Nominating Committee and the Remuneration Committee as well as a member of the Audit Committee of the Company.

Mr. Yeo is a Chartered Accountant of the Institute of Singapore Chartered Accountants, Certified Internal Auditor and ASEAN Chartered Professional Accountant and currently a Partner (Advisory) for SBA Stone Forest Corporate Advisory (Shanghai) Co., Ltd. and Legal Representative of Nanchang Yeo Seng Heng Financial Advisory Co., Ltd. In addition, Mr. Yeo is currently an Independent Non-Executive Director and Chairman of the Audit Committee for two companies listed on the Stock Exchange of Hong Kong, namely Legion Consortium Limited and Republic Healthcare Limited.

Mr. Yeo graduated from Nanyang Technological University with a Degree in Accountancy.

Senior Management

Xiao Weibiao 肖巍彪

Mr. Xiao is the Accounting Director of the Company with effect from Completion (as defined in the Company's circular to shareholders dated 31 March 2021) (i.e. 3 July 2021) and is responsible for overseeing the daily finance and accounting operations of the Group. Mr. Xiao is also a director and the financial controller of Xingnong Agriculture and is responsible for the finance and accounting operations of Xingnong Agriculture.

Mr. Xiao was a finance manager for 郑州三全食品股份有限公司 (Zhengzhou Sanquan Foods Stock Company) which produces and sells quick freeze food products, from November 2005 to February 2008. He was subsequently appointed as a finance manager of 郑州思念食品有限公司 (Zhengzhou Synear Food Co., Ltd.) in June 2008. Prior to joining Xingnong Agriculture in July 2015, he was a finance manager of Luoyang Dukang Sales Company Limited which sells Chinese baijiu (白酒) products from June 2010 to February 2015 and oversaw its finance and accounting functions.

Mr. Xiao graduated from Henan College of Finance and Taxation in 1999 and has more than 13 years of financial experience in the food and beverage industry as detailed above. He was conferred with a Qualification Certificate of Speciality and Technology (Accountant's Certificate – Intermediate Level) issued by the Ministry of Finance in the People's Republic of China in 2004.

Ho Hin Yip 何衍业

Mr. Ho is the Financial Controller of the Group and Joint Company Secretary of the Company. He oversees all financial reporting and company secretarial matters of the Group.

Mr. Ho has over 22 years of experience in audit and accounting. He started his career in Deloitte Touche Tohmatsu and served as an auditor and senior accountant until May 2002. From May 2002 to February 2004, he was an assistant internal audit manager of Eton Management Limited, a subsidiary of Eton Properties Limited, before being appointed the chief compliance officer of Regent Pacific Limited, a Hong Kong-registered investment company in February 2004. From October 2004 to September 2007, Mr. Ho was the group financial controller and joint company secretary of Pine Agritech Limited, a mainland Chinese soybean-based product producer and seller. Prior to joining the Company in April 2012, he served as the joint company secretary and financial controller of Centraland Limited, a real estate company headquartered in Zhengzhou, Henan, from September 2007 to March 2012, which was previously listed on the SGX-ST. Mr. Ho is currently an independent non-executive director for two companies listed on the Stock Exchange of Hong Kong.

Mr. Ho graduated with a Bachelor of Business Administration from The Chinese University of Hong Kong in 1997, and is a practicing member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants in the United Kingdom, since 2005.

Corporate Information



BOARD OF DIRECTORS

Executive:

Hu Chao (*Executive Director and Chief Executive Officer*)
Zhao Chichun (*Executive Director*)

Non-Executive:

Ho Teck Cheong (*Non-Executive Chairman and Independent Director*)
Yeo Teck Chuan (*Independent Director*)
Zhang Lei (*Independent Director*)
Huo Lei (*Non-Executive and Non-Independent Director*)

AUDIT COMMITTEE

Ho Teck Cheong (*Chairman*)
Yeo Teck Chuan
Zhang Lei

NOMINATING COMMITTEE

Yeo Teck Chuan (*Chairman*)
Ho Teck Cheong
Zhang Lei

REMUNERATION COMMITTEE

Yeo Teck Chuan (*Chairman*)
Ho Teck Cheong
Zhang Lei

JOINT COMPANY SECRETARIES

Toh Li Ping, Angela
Ho Hin Yip

ASSISTANT COMPANY SECRETARY

Conyers Corporate Services (Bermuda) Limited

BERMUDA SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
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Singapore 098632

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Singapore 188778

AUDIT PARTNER-IN-CHARGE

BDO Limited – Cheung Or Ping
Appointed wef financial year 30 June 2019

BDO LLP – Aw Vern Churn Philip
Appointed wef financial period ended 31 December 2021

CORPORATE GOVERNANCE REPORT

Unless otherwise defined, capitalised terms used in this Corporate Governance Report shall have the same meaning ascribed to them in the circular to shareholders issued by China Shenshan Orchard Holdings Co. Ltd. (formerly known as Dukang Distillers Holdings Limited) (the “**Company**”) and together with its subsidiaries, the “**Group**”) and lodged with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 31 March 2021 (“**Circular**”), in relation to, inter alia, the acquisition of Great Resolute Limited (“**Great Resolute**”) as a very substantial acquisition and an interested person transaction (“**Xingnong Acquisition**”), and the disposal of Sea Will International Limited (“**Sea Will**”) as a major transaction and an interested person transaction (“**Dukang Disposal**”, together with the Xingnong Acquisition, the “**Transactions**”).

In connection with the Transactions and following the approval of the Key Resolutions by the Company’s shareholders at the Company’s special general meeting held on 6 May 2021, the Board of Directors of the Company had on 1 June 2021 announced the change in the financial year end of the Company from 30 June to 31 December to align the financial year end of the Company with Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. (a subsidiary of Great Resolute which is engaged in the Kiwifruit Business, as defined below). Accordingly, the financial statements for the financial period ending 31 December 2021 of the Group will cover a period of eighteen months from 1 July 2020 to 31 December 2021 (“**FP2021**”).

On 3 July 2021, all the conditions precedent for the completion of the Transactions had been fulfilled and/or waived in accordance with the terms of the Agreement and the Transactions had completed on the same day (“**Completion**”). Pursuant to Completion, the Company has: (a) acquired all the issued and fully-paid shares in Great Resolute held by Keen Wind; and (b) disposed of all the issued and fully-paid shares in Sea Will held by the Company to Keen Wind.

Accordingly, the Company has entirely disposed of its business of production and sale of baijiu products (through the Dukang Disposal) (“**Baijiu Business**”) and its business now comprises wholly of the business of planting, cultivating and sale of kiwifruits carried out by the Xingnong Group (through the Xingnong Acquisition) (“**Kiwifruit Business**”).

The Board of Directors (the “**Board**” or “**Directors**”) of the Company is committed to setting and maintaining high standards of corporate governance within the Group by adopting and complying, where possible, with the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) which is effective in respect of the Company’s Annual Report for FP2021, guideline 2.4 of the Code of Corporate Governance 2012 which is applicable prior to 1 January 2022, and where applicable, the SGX-ST Listing Manual.

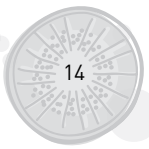
The Company recognises that good corporate governance establishes and maintains a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders. This report describes the corporate governance framework and practices of the Company that were in place throughout the financial period under review, with reference to the Code. The Board confirms that the Company has complied in all material respects with the principles and provisions in the Code, where they are applicable, relevant and practicable to the Group. Where there is any deviation from any provisions of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. The Company will continue to assess its need and implement appropriate practices accordingly. This report should be read in totality, instead of being read separately under each principle of the Code.

BOARD MATTERS

THE BOARD’S CONDUCT OF ITS AFFAIRS

PRINCIPLE 1: THE COMPANY IS HEADED BY AN EFFECTIVE BOARD WHICH IS COLLECTIVELY RESPONSIBLE AND WORKS WITH MANAGEMENT FOR THE LONG-TERM SUCCESS OF THE COMPANY.

The Board, in addition to its statutory responsibilities, is primarily and collectively responsible for overseeing and supervising the management of the business and corporate affairs to ensure proper conduct of the business, affairs and the overall performance of the Group and long-term success of the Company to protect and enhance long-term shareholders’ value. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group.



CORPORATE GOVERNANCE REPORT

The functions of the Board include:

1. providing entrepreneurial leadership and guidance to the management team of the Group ("**Management**") in setting the strategic objectives and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its strategic objectives, which include appropriate focus on value creation, innovation and sustainability;
2. overseeing financial reporting and reviewing the financial results of the Group;
3. monitoring the implementation of strategies and reviewing the business performance of the Group;
4. instilling an ethical corporate culture and ensuring that the Company's values, standards, policies and practices are consistent with its ethos and are adhered to, and ensuring that obligations to shareholders and other stakeholders are transparent, understood and met;
5. considering sustainability issues such as environmental, social and governance factors, as part of the strategic formulation, including identifying key stakeholder groups;
6. approving all Board appointments or re-appointments and appointments of key management personnel as well as evaluating their performance and reviewing their compensation packages;
7. advising Management on major policy initiatives and significant issues and approving board policies, strategies and financial targets of the Company;
8. approving the Group's annual budgets, key operational matters, investment and divestment proposals, major funding proposals, corporate or financial restructuring, material acquisitions and disposal of assets, interested person transactions of a material nature and convening of shareholders' meetings;
9. reviewing the adequacy and effectiveness of the risk management systems and internal controls, including information technology controls, financial, operational and compliance controls, and to ensure that the areas of concern are addressed and recommendations of the Internal Auditors/Audit Committee ("**AC**") are implemented and monitor the progress of implementation;
10. overseeing the proper conduct of the Company's business, setting the Group's values and standards (including ethical standards) to ensure that obligations to shareholders and other stakeholders are understood and met and reviewing the corporate governance processes;
11. reviewing the performance of Management and the Group towards achieving adequate shareholders' value, including but not limited to, the declaration of proposed interim and final dividends (if applicable), approval of announcement relating to financial results of the Group and the audited financial statements, release of annual reports and timely announcements of material transactions;
12. identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation; and
13. ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal codes of conduct.

CORPORATE GOVERNANCE REPORT

Provision 1.1 – Director’s conflict of interest

All Directors exercise due diligence and independent judgement in discharging their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company.

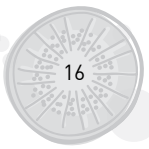
Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. They are also required to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group. Where a Director has a conflict of interest, or it appears that he/she might have a conflict of interest, in relation to any matter, he/she is required to send a written notice to the Company containing details of his/her interest and the conflict, or to declare such interest at a meeting of the Directors (or in written resolutions to be passed), and recuse himself/herself from participating in any discussion and decision on the matter. Where relevant, the Directors have complied with such requirement, and such compliance is duly recorded in the minutes of meeting or, as the case may be, the Directors’ Resolutions in writing.

Provision 1.2 – Induction and training of Directors

Newly appointed Executive Directors will be provided with Service Agreements setting out their term of office and terms of appointment. The Service Agreement, upon the expiry of the initial term commencing on the Commencement Date as defined in the Service Agreement, the employment of the Executive shall be automatically renewed on a year-to-year basis. For Non-Executive Directors, formal letters of appointment setting out their terms of appointment will be issued to new appointees to the Board.

All Directors, including newly appointed Directors, will receive an orientation that includes briefings by Management on the Group’s structure, history, business, operations, visions, values and policies. Directors also have the opportunity to visit the Group’s operational facilities and to meet with Management so as to gain a better understanding of the Group’s business operations. Directors who do not have prior experience or are not familiar with the duties and obligations required of a listed company in Singapore, will undergo the necessary training. For FP2021, the Company appointed the following new Directors and the training programme attended by certain Directors is as set out in the table below:

Name of Director	Date of Appointment	If the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange	Training Programme attended
Mr. Hu Chao (Executive Director and Chief Executive Officer (“ CEO ”))	3 July 2021	Mr. Hu Chao does not have prior experience as a director of a public listed companies listed on the SGX-ST (“ Director of SGX-ST Listco ”). However, he (i) has been briefed on the roles and responsibilities of a director of a SGX-ST listed company; and (ii) has undertaken to attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 2.3 of the SGX-ST Listing Manual within one (1) year from Completion.	Completed the Listed Entity Directors Programme (Mandarin) (“ LEDM ”) Core Modules – LEDM1 to 4 on 25 October 2021.
Mr. Zhao Chichun (Executive Director)	3 July 2021	Mr. Zhao Chichun does not have prior experience as a Director of SGX-ST Listco. However, he (i) has been briefed on the roles and responsibilities of a director of a SGX-ST listed company; and (ii) has undertaken to attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 2.3 of the SGX-ST Listing Manual within one (1) year from Completion.	Completed the Listed Entity Directors Programme (Mandarin) (“ LEDM ”) Core Modules – LEDM1 to 4 on 25 October 2021.



CORPORATE GOVERNANCE REPORT

Name of Director	Date of Appointment	If the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange	Training Programme attended
Ms. Zhang Lei (Independent Director)	2 October 2021	Ms. Zhang Lei does not have prior experience as a Director of SGX-ST Listco. However, she (i) has been briefed on the roles and responsibilities of a director of a SGX-ST listed company; and (ii) has undertaken to attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 2.3 of the SGX-ST Listing Manual within one (1) year from the date of her appointment to the Board.	Completed the Listed Entity Directors Programme (Mandarin) (" LEDM ") Core Modules – LEDM1 to 4 on 25 October 2021.
Mr. Yeo Teck Chuan (Independent Director)	2 December 2021	<p>Although Mr. Yeo Teck Chuan does not have prior experience as a Director of SGX-ST Listco, the Nominating Committee ("NC") has considered and is of the view that he possesses the experience comparable to a Director of SGX-ST Listco based on his experience as an Independent Non-Executive Director and Chairman of the AC of the following listed companies:</p> <p>Legion Consortium Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2129) since December 2020;</p> <p>Republic Healthcare Limited (a company listed on the Hong Kong Stock Exchange, stock code: 8357) since August 2021; and</p> <p>China Commercial Credit Inc (a company listed on the Nasdaq Capital Market (NASDAQ CM:GLC) from September 2016 to May 2019</p> <p>Notwithstanding that Mr. Yeo possesses the experience comparable to a Director of SGX-ST Listco as mentioned above, he (i) has been briefed on the roles and responsibilities of a director of a SGX-ST listed company; and (ii) has undertaken to attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 2.3 of the SGX-ST Listing Manual within one (1) year from the date of his appointment to the Board.</p>	Completed the Listed Entity Directors Programme Core Modules - LED1 to 4 on 15 March 2022.

Pursuant to Rule 720(7) of the SGX-ST Listing Manual effective from 1 January 2022, all Directors of the Company must undergo training on sustainability matters as prescribed by the SGX-ST. If the Nominating Committee ("**NC**") is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed. The Company is required to confirm in its sustainability report for the financial year ending 31 December 2022 that all its Directors have attended the mandatory training on sustainability. Accordingly, the Company is in the midst of arranging for its Directors to attend the mandatory training on sustainability training by 31 December 2022.

CORPORATE GOVERNANCE REPORT

To keep the Directors abreast of new laws, regulations, changing commercial risks and accounting standards, all Directors engage in constant dialogues with Management and professionals from time to time. On an ongoing basis, the Board is updated on any amendments and requirements of the SGX-ST and other statutory changes to regulatory requirements which may have an important bearing on the Company and the Directors' obligations to the Company, from time to time, or during Board meetings by the Company Secretary and/or its compliance advisor, or at separate seminar on the amendments and requirements of the SGX-ST and other statutory and regulatory changes which may have an important bearing on the Company and the Directors' obligation from time to time.

Provision 1.3 – Matters requiring Board's approval

The matters reserved for the Board's decision and the types of material transactions that are likely to have a material impact on the Group's operating units and/or financial position as well as matters other than in the ordinary course of business, are as follows:

- Quarterly (if applicable), half-year and full year financial results;
- The Group's strategic plans including long-term strategic plans;
- The Group's annual budget;
- Potential joint venture, merger, acquisition, divestment or other changes in the Company's assets, if any;
- Changes in the Management or changes in effective control of the Company, if any;
- Firm evidence of significant improvement or deterioration in near term earnings prospects, if any;
- Subdivision of shares or stock dividends, if any;
- Acquisition or loss of significant contract, if any;
- Significant new product or discovery, if any;
- Public or private sale of significant amount of additional securities of the Company, if any;
- Share Buyback, if any;
- Share Option or share schemes, if any;
- Scrip Dividend Scheme, if any;
- Interested Person Transactions, if any;
- Provision or receipt of a significant amount of financial assistance, if any;
- Occurrence of an event of default under debt or other securities or financing or sale agreements, if any;
- Significant litigation, if any;
- Significant change in capital investment plans e.g. building of factories, increasing plant and machinery and increasing production lines, if any;
- Significant dispute(s) with customers or suppliers, or with any parties, if any;
- Material financial loss/damage caused by disaster and/or loss of credibility arising from corporate scandals and other fraudulent activities pursuant to any reports received under the Whistle Blowing Policy adopted by the Company, if any;
- Appointment or removal of Company Secretary, if any;
- Tender offer for another company's securities, if any;
- Valuation of the Group's assets that has a significant impact on the Group's financial position and/or performance;
- Involuntary striking-off of the Company's subsidiaries;
- Any investigation on a Director or an Executive Officer of the Company;
- Loss of a major customer or a significant reduction of business with a major customer; and
- Major disruption to supply of critical goods or services.

Provision 1.4 – Delegation by the Board

Certain functions have been delegated by the Board to various Board Committees, namely the AC, the NC and the Remuneration Committee ("RC"), which operate under clearly defined terms of reference and review on a regular basis to ensure their continued relevance. The responsibilities and authority of the Board Committees set out in their respective terms of reference were revised in FP2021 to align with the Code. The effectiveness of each Board Committee is also constantly monitored. All Board Committees are chaired by an Independent Director and all of the members are Independent Directors.

CORPORATE GOVERNANCE REPORT

The Board acknowledges that while these Board Committees have the authority to examine particular issues and report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The composition of the Board and the Board Committees are set out under Provisions 2.2 and 2.3 of the Code below.

Provision 1.5 – Board processes, including Directors’ attendance at meetings

The Board meets on a half-yearly basis to review the key activities and business strategies of the Group, and as and when warranted by particular circumstances. Dates of the Board meetings are normally set by the directors well in advance. The Board and Board Committees’ meetings are scheduled in advance to coincide with the announcement of the Group’s half-yearly and full year results. Additional Board meetings will be convened when they are deemed necessary to address any significant issues that may arise in between the scheduled meetings.

The Company’s Bye-laws and Board Committees’ terms of reference provide for Board and Board Committees’ meetings to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. The Board and Board Committees also circulate written resolutions, when necessary, for approval by the relevant members of the Board and Board Committees.

In addition, at least once a year, the Board holds its Board and/or Board Committees’ meetings at the Group’s sites or where it has business presence and/or an AC member who is an Independent Director will visit the Group’s sites and conduct physical inspection on the Group’s property, plant and equipment. This allows the Board to develop a good understanding of the Group’s businesses and promote active engagement with the Group’s key management team. Given the current COVID-19 situation and travel restrictions, the Board and/or Board Committees’ meetings during FP2021 were held by electronic means. The Board and/or Board Committees would resume the site visits and holding meetings at the Group’s once the travel restrictions have been lifted.

Directors may request further explanations, briefing or discussion from Management on any aspect of the Group’s operations or business. When circumstances require, Board members exchange views outside the formal environment of Board meetings. The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

The number of Board and Board Committees’ meetings and general meetings, i.e. annual general meeting (“**AGM**”) and special general meeting (“**SGM**”), held during FP2021 (for the avoidance of doubt, the period from 1 July 2020 to 31 December 2021) as well as the details of Directors’ attendance at those meetings are summarised in the table below:

Name of Directors	General meetings						Board Committees’ meetings					
	AGM ¹		SGM		Board		AC		NC		RC	
	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended
Hu Chao ¹	-	-	1	1	3	3	-	-	-	-	-	-
Ho Teck Cheong	1	1	2	2	6	6	3	3	3	3	3	3
Zhao Chichun ²	-	-	1	1	3	3	-	-	-	-	-	-
Huo Lei	1	1	2	2	6	6	-	-	-	-	-	-
Zhang Lei ³	-	-	1	1	1	1	-	-	1	1	1	1
Yeo Teck Chuan ⁴	-	-	1	1	-	-	-	-	-	-	-	-
Zhou Tao ⁵	1	1	1	1	3	3	-	-	-	-	-	-
Jia Guobiao ⁶	1	0	1	1	3	2	-	-	-	-	-	-
Tan Siok Sing (Calvin) (“ Mr. Calvin Tan ”) ⁷	1	1	1	1	6	6	3	3	3	3	3	3
Chia Seng Hee (Jack) (“ Mr. Jack Chia ”) ⁸	1	1	1	1	5	5	3	3	2	2	2	2

CORPORATE GOVERNANCE REPORT

- 1 *Mr. Hu Chao was appointed as an Executive Director and CEO with effect from 3 July 2021. His attendance at the Board meetings and general meetings were recorded from the date of his appointment thereof.*
- 2 *Mr. Zhao Chichun was appointed as an Executive Director with effect from 3 July 2021. His attendance at the Board meetings and general meetings were recorded from the date of his appointment thereof.*
- 3 *Ms. Zhang Lei was appointed as an Independent Director and a member of the AC, NC and RC with effect from 2 October 2021. Her attendance at the Board and Board Committees meetings as well as general meeting were recorded from the date of her appointment thereof.*
- 4 *Mr. Yeo Teck Chuan was appointed as an Independent Director, Chairman of NC and RC and a member of AC with effect from 2 December 2021. No Board and Board Committees meetings as well as general meetings were held during the period from the date of his appointment to 31 December 2021.*
- 5 *Mr. Zhou Tao resigned as an Executive Chairman and CEO due to reconstitution of the Board of Directors with effect from Completion of the Transactions (as defined in the Company's Circular) (i.e. 3 July 2021). His attendance at the Board meetings and general meetings were recorded up to the date of his resignation thereof.*
- 6 *Mr. Jia Guobiao resigned as a Non-Executive and Non-Independent Director due to reconstitution of the Board of Directors with effect from Completion of the Transactions (as defined in the Company's Circular) (i.e. 3 July 2021). His attendance at the Board meetings and general meetings were recorded up to the date of his resignation thereof.*
- 7 *Mr. Calvin Tan resigned as a Non-Executive Chairman and Independent Director and a member of the AC, the NC and the RC with effect from 2 December 2021, in support of and to facilitate the Board renewal process as stated in the Company's Circular. His attendance at the Board and Board Committees meetings and general meetings were recorded up to the date of his resignation thereof.*
- 8 *Mr. Jack Chia resigned as an Independent Director, Chairman of the NC and the RC, and a member of the AC with effect from 2 October 2021, in support of and to facilitate the Board renewal process as stated in the Company's Circular. His attendance at the Board and Board Committees meetings and general meetings were recorded up to the date of his resignation thereof.*
- 9 *No AGM was held in year 2021.*

Provision 1.6 – Complete, adequate and timely information

Board members are provided with complete, adequate and timely information on Board affairs and issues that require the Board's decision in order for them to make informed decisions and on an ongoing basis.

Information included background or explanatory information relating to matters to be brought before the Board, and an analysis on the Group's sales revenue, gross profit margins, advertising and promotion expenses, financial expenses and turnover ratio. To assist the Directors in discharging their duties, Management provides reports and financial statements to the Board on a regular basis. Board and Board Committees' papers are sent to Directors at least three working days before each meeting so that the Directors may better understand the matters prior to the meetings and discussions may be focused on questions that the Directors may have on these matters. Financial highlights of the Group's performance and development are presented on a half yearly basis at Board meetings.

The Group's CEO, Senior Management, and the Financial Controller are present at these presentations to address any queries which the Board may have. Directors are entitled to request from Management and be provided with additional information as required in order for them to make informed decisions.

Provision 1.7 – Independent access to Management, Company Secretaries and independent professional advice

All Directors have independent and separate access to Management and the Company Secretaries. All Directors are provided with complete and adequate information prior to Board meetings and on an ongoing basis. The Company Secretaries provides secretarial support to the Board, ensure adherence to Board and Board Committees' procedures and relevant rules and regulations which are applicable to the Company are complied with. Under the direction of the Chairman of the Board, the Company Secretaries also ensure sufficient and pertinent information flows within the Board and its Board Committees and between Management and Non-Executive Directors. At least one of the Company Secretaries attends all Board and Board Committees' meetings. They also assist the Board to implement corporate governance practices and processes.

The appointment or the removal of the Company Secretaries is a decision of the Board as a whole.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, either as a group or individually, in furtherance of their duties, may seek independent professional advice as and when necessary, at the Company's expense. The appointment of such independent professional advisor, if required, is subject to approval by the Board.

In accordance with the conditions set out in the SGX-ST's approval-in-principle dated 31 March 2021, as the resolution for the Proposed Listing Transfer was not carried out at the SGM held on 6 May 2021, the Company had appointed ZICO Capital Pte. Ltd. as its compliance advisor for a period of three (3) years post-Completion.



CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2: THE BOARD HAS AN APPROPRIATE LEVEL OF INDEPENDENCE AND DIVERSITY OF THOUGHT AND BACKGROUND IN ITS COMPOSITION TO ENABLE IT TO MAKE DECISIONS IN THE BEST INTERESTS OF THE COMPANY.

Provisions 2.1 and 4.4 – Directors' independence review

An "independent" Director is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interest of the Company.

The Board, with the concurrence of the NC, had adopted a declaration of independence pursuant to Provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual ("**Revised Definition on Director's Independence**").

Provisions 2.2 and 2.3 – Composition of (i) Independent Director and (ii) Non-Executive Directors on the Board

Effective 1 January 2022, Rule 210(5)(d)(iii) of the SGX-ST Listing Manual provides that a director will not be independent if he has been a director for an aggregate period of more than nine years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the issuer, and associates of such directors and chief executive officer ("**Two-Tiered Voting**"). For the purpose of the resolution referred to in (B), the directors and the chief executive officer of the issuer, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following:- (X) the retirement or resignation of the director; or (Y) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions.

All Independent Directors, Mr. Jack Chia, Mr. Calvin Tan and Mr. Ho Teck Cheong, had served on the Board beyond nine years from the date of their first appointment. At the SGM held on 6 May 2021, the shareholders had, through a Two-Tiered Voting, approved the ordinary resolutions in relation to the re-elections and continued appointments of Mr. Jack Chia, Mr. Calvin Tan and Mr. Ho Teck Cheong as Independent Directors, for a period ending on the earlier of the following (a) the retirement or resignation of Mr. Jack Chia, Mr. Calvin Tan and Mr. Ho Teck Cheong as a director respectively; or (b) the conclusion of the third AGM of the Company following the passing of the ordinary resolutions (i.e. the AGM to be held in year 2024). The Board is of the opinion that it would be most effective to draw on the appropriate competencies and diversity of experience from the longer serving directors.

As stated in the Circular, the Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Progressive steps were taken to review and consider opportunities to refresh the composition of the Board as and when deemed required, in particular, the Board expected to replace two incumbent Independent Directors with new independent directors within five months from Completion.

Following the shareholders' approval at the SGM held on 6 May 2021 and the Completion, Mr. Zhou Tao stepped down as the Executive Chairman and CEO of the Company, and Mr. Jia Guobiao stepped down the Non-Independent and Non-Executive Director of the Company. The Board was reconstituted with effect from 3 July 2021 as follows:

- (a) Mr. Hu Chao was appointed as Executive Director and CEO of the Company;
- (b) Mr. Zhao Chichun was appointed as Executive Director;
- (c) Mr. Huo Lei, an Executive Director of the Company, was re-designated as a Non-Executive Director of the Company;
- (d) Mr. Calvin Tan, the Lead Independent Director of the Company, was re-designated as the Non-Executive Chairman and Independent Director of the Company, and remained as a member of the AC, the NC and the RC;
- (e) Mr. Jack Chia, an Independent Director of the Company, remained as Chairman of the NC and the RC, and a member of the AC; and
- (f) Mr. Ho Teck Cheong, an Independent Director of the Company, remained as Chairman of the AC, and a member of the NC and the RC.

CORPORATE GOVERNANCE REPORT

Following Completion, taking into account the progressive renewal of the Board and in support of and to facilitate the aforementioned Board renewal process:

- (i) Mr. Jack Chia tendered his resignation as an Independent Director of the Company with effect from 2 October 2021. Following his aforesaid resignation, he ceased to be Chairman of the NC and the RC, and a member of the AC; and
- (ii) Mr. Calvin Tan tendered his resignation as the Non-Executive Chairman and Independent Director of the Company with effect from 2 December 2021. Following his aforesaid resignation, he ceased to be a member of the AC, the NC and the RC.

The Board, having reviewed and considered the recommendations of the NC:

- (i) appointed Mr. Ho Teck Cheong, an incumbent Independent Director of the Company, as the Non-Executive Chairman of the Company in place of Mr. Calvin Tan with effect from 2 December 2021. Mr. Ho Teck Cheong also stepped down as the Chairman of the NC and RC but remained as a member of the NC and the RC;
- (ii) appointed Ms. Zhang Lei as a new Independent Director of the Company in place of Mr. Jack Chia with effect from 2 October 2021; and
- (iii) appointed Mr. Yeo Teck Chuan as an Independent Director of the Company in place of Mr. Calvin Tan with effect from 2 December 2021. Following Mr. Yeo Teck Chuan's aforesaid appointment, he was appointed as a member of the AC, and Chairman of the NC and the RC.

Following the above changes and with effect from 2 December 2021, the Board comprises six members and the composition of the Board and the Board Committees as at the date of this report is as follows:

Name	AC	RC	NC
Hu Chao (Executive Director and CEO) ⁽¹⁾	–	–	–
Ho Teck Cheong (Non-Executive Chairman and Independent Director) ⁽²⁾	C	M	M
Zhao Chichun (Executive Director) ⁽³⁾	–	–	–
Huo Lei (Non-Executive and Non-Independent Director) ⁽⁴⁾	–	–	–
Zhang Lei (Independent Director) ⁽⁵⁾	M	M	M
Yeo Teck Chuan (Independent Director) ⁽⁶⁾	M	C	C

Notes:

C – Chairman

M – Member

- (1) Mr. Hu Chao was appointed as the Executive Director and CEO on date of Completion (i.e. 3 July 2021).
- (2) Mr. Ho Teck Cheong was appointed as Non-Executive Chairman on 2 December 2021.
- (3) Mr. Zhao Chichun was appointed as the Executive Director on date of Completion (i.e. 3 July 2021).
- (4) Mr. Huo Lei was redesignated from Executive Director to Non-Executive and Non-Independent Director on date of Completion (i.e. 3 July 2021).
- (5) Ms. Zhang Lei was appointed as Independent Director on 2 October 2021.
- (6) Mr. Yeo Teck Chuan was appointed as Independent Director on 2 December 2021.



CORPORATE GOVERNANCE REPORT

No alternate Director was appointed to the Board in FP2021 or appointed to the Board currently.

Presently, the Board comprises two Executive Directors (one of whom is also the Group's CEO) and four Non-Executive Directors, three of whom are independent (one of whom is also the chairman of the Board).

The Chairman of the Board is an Independent Director and the Independent Directors make up at least half of the Board. In addition, the Non-Executive Directors make up a majority of the Board. Accordingly, the Company complied with Provisions 2.2 and 2.3 of the Code.

The Board is satisfied that it is able to exercise objective judgement on corporate affairs independently and no individual or select group of individuals are allowed to dominate the Board's decision making process.

There is a strong and independent element on the Board and consistent with the intent of Principle 2 of the Code, the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.4 – Composition of the Board and Board Committees, and Board Diversity Policy

The Company is committed to building a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances the decision making process through perspectives derived from differentiating skillsets, business experience, industry discipline, gender, age and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

The size and composition of the Board are reviewed annually by the NC to ensure that it is appropriate so as to facilitate effective decision-making. When reviewing the composition of the Board, the NC will also take into consideration that there is an appropriate mix of expertise and experience and the Board members collectively possess the relevant skills which the Group may tap on for assistance in furthering its business objectives.

Pursuant to Provision 2.4 of the Code, the Board has adopted a Board Diversity Policy. Having regard to the guidelines in the Board Diversity Policy, the NC will, in reviewing the Board's size and composition, rotation and retirement of Directors and succession planning, take into account factors, including but not limited to gender, age, nationality, cultural background, educational background, experience, skillset, knowledge, independence and length of service. These differentiating factors will be considered in determining the optimum composition of the Board and when possible will be balanced appropriately.

Any external search consultants, if required, engaged to assist the Board or the NC to search for candidates for appointment to the Board will be specifically directed to include candidates from diverse backgrounds and female candidates. The decision on the selection of Director(s) to be appointed on the Board will ultimately be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity balanced with the needs of the Board.

The NC, with the concurrence of the Board, is of the opinion that the current size and composition of the Board and the Board Committees are appropriate, taking into account the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

As a group, the members of the Board bring with them an appropriate balance and diversity of skills, experience and knowledge of the Group. Their core competencies include accounting, finance, business, industry and management experience, strategic planning experience and are familiar with regulatory requirements. The diversity of the Directors' experience allows for the useful exchange of ideas and views. All Directors have extensive experience in jurisdictions outside Singapore, specifically the People's Republic of China ("PRC").

CORPORATE GOVERNANCE REPORT

No individual or select group of individuals dominates the Board's decision-making process. In terms of gender diversity, there is one female Director on the Board. The Board also obtains views from its Independent Directors. The Chairman of the Board establishes boundaries of risk undertaken by the Group and ensures the governance system is in place and regularly evaluated which the Board is the opinion that there is a strong and independent element on the Board.

Should there be any proposed new appointment(s) of member(s) to the Board, new Director(s), if any, will continue to be selected based on the Board Diversity Policy as part of the process for appointment of new Directors. The NC will evaluate the suitability of the nominee or candidate based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board before making its recommendations to the Board.

The NC will review the Board Diversity Policy from time to time as appropriate, to ensure the effectiveness of this policy. The NC will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Key information regarding the Directors is set out on pages 9 and 10 in the "Board of Directors" section of the Annual Report.

Provision 2.5 – Role of the Non-Executive Directors

Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and/or other complexities.

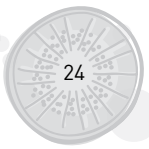
The Independent Directors and the Non-Executive and Non-Independent Director meet frequently without the presence of the other Directors and Management, or communicate via emails or telephone discussions on issues concerning the Company and will provide feedback to the Chairman, where necessary, after such meetings or communications.

CHAIRMAN AND CEO

PRINCIPLE 3: THERE IS A CLEAR DIVISION OF RESPONSIBILITIES BETWEEN THE LEADERSHIP OF THE BOARD AND MANAGEMENT, AND NO ONE INDIVIDUAL HAS UNFETTERED POWERS OF DECISION-MAKING.

Provisions 3.1 and 3.2 – Chairman and CEO

The roles and responsibilities between the Chairman of the Board and the Group CEO are held by separate individuals to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. There is no one individual who has unfettered powers of decision-making.



CORPORATE GOVERNANCE REPORT

Mr. Ho Teck Cheong is the Non-Executive Chairman and Independent Director of the Company. His principal duties and responsibilities as the Chairman of the Board include:

- leading the Board to ensure its effectiveness on all aspects of its roles;
- scheduling meetings for the Board to discharge its duties, including setting the agenda and ensure that adequate time is available for discussion of all agenda items., in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- coordinating activities of the Independent Directors and Non-Executive Directors and facilitate the effective contribution of Non-Executive Directors;
- exercising control over quality, quantity and timeliness of the flow of information between the Management and the Board to ensure that the Directors receive complete, adequate and timely information;
- encouraging constructive relations within the Board and between the Board and Management;
- ensuring effective communication with shareholders; and
- promoting high standards of corporate governance.

Mr. Hu Chao, being the Executive Director and the CEO of the Company, plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. As the CEO, Mr. Hu Chao is responsible for the Group's overall business direction, strategies and policies, including but not limited to, the day-to-day running of the Group's operations. He is assisted by among others, Mr. Zhao Chichun (the Company's other Executive Director) and the Management to oversee the daily running of the Group's operations and execution of strategies and plans.

Mr. Ho Teck Cheong and Mr. Hu Chao do not have any familial relationship.

Provision 3.3 – Lead Independent Director

The Board is of the view that there are sufficient safeguards and checks in place to ensure that there is a good balance of power, accountability and capacity of the Board for independent decision-making. Following the appointment of Mr. Ho Teck Cheong as Non-Executive Chairman and Independent Director, the roles and responsibilities between the Chairman of the Board and the Group CEO are held by separate individuals ensuring that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. Hence, there is no necessity for the designation of any Lead Independent Director.

Notwithstanding the above, the Non-Executive Chairman functions as a Lead Independent Director in that he is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Group CEO or Management are inappropriate or inadequate.

BOARD MEMBERSHIP

PRINCIPLE 4: THE BOARD HAS A FORMAL AND TRANSPARENT PROCESS FOR THE APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS, TAKING INTO ACCOUNT THE NEED FOR PROGRESSIVE RENEWAL OF THE BOARD.

Provisions 4.1 and 4.2 – NC's duties and composition

The terms of reference of the NC provide that the NC shall comprise at least three members and the Lead Independent Director, if any, shall be a member. The NC comprises all Independent Directors and its composition is as follows:

Yeo Teck Chuan (Independent Director)	- NC Chairman
Ho Teck Cheong (Non-Executive Chairman and Independent Director)	- NC Member
Zhang Lei (Independent Director)	- NC Member

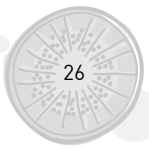
CORPORATE GOVERNANCE REPORT

The NC is regulated by a set of written terms of reference, which are in line with the provisions of the Code. The NC is responsible for, including but not limited to, the following key terms of reference:

1. regularly and strategically reviewing the Board and Board Committees structure, size and composition (including the skills, gender, age, qualification, experience and diversity) and making recommendations to the Board with regard to any adjustments that are deemed necessary.
2. identifying and nominating candidates to fill Board vacancies as they occur by (i) considering candidates from a wide range of backgrounds, (ii) considering the candidates' own merits and evaluate against objective criteria such as their experience, knowledge, gender, age and skills in relation to the needs of the Board (whether the candidate add diversity to the Board and are likely to have adequate time to discharge their duties), (iii) considering the composition and progressive renewal of the Board and Board Committees, and (iv) appointing an independent third party to source and screen candidates, if necessary. Before recommending an appointee to the Board, appointee will be requested by NC to disclose any existing or expected future business interest that may lead to a conflict of interest.
3. determining annually, on a discretionary basis, whether or not a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors.
4. in respect of a director who has multiple board representations on various companies, deciding whether or not such director is able to and has been adequately carrying out his/her duties as a director, having regard to the competing time commitments that are faced when serving on multiple boards of listed companies and other principal commitments and recommending to the Board guidelines to address competing time commitments faced by Directors, if any, who serve on multiple boards.
5. reviewing the succession plans for Board Chairman, Directors, CEO and Key Management Personnel of the Company.
6. determining how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value.
7. developing the performance evaluation framework for the Board, the Board Committees and individual Directors. The NC also propose objective performance criteria for the Board, the Board Committee and individual Directors. It conducts the evaluations, analyses the findings and reports the results to the Board and recommending areas that need improvement. This process can be assisted by independent third party facilitators.
8. identifying and developing training programmes/schedules for the Board and assist with similar programmes for the Board Committees. The NC will ensure that all Board appointees undergo appropriate induction programmes.
9. keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates.

Provision 4.3 - Process for selection and appointment of new Directors

The NC has adopted a process for selection and appointment of new Directors which provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability. The curriculum vitae and other particulars/documents of the nominee or candidate will be reviewed by the NC based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process, such qualities and attributes that may be required by the Board, before making its recommendation to the Board. The Board believes that contributions from each Director go beyond his/her attendance at Board and Board Committees' meetings.



CORPORATE GOVERNANCE REPORT

Newly appointed Executive Directors will be provided with Service Agreements setting out their term of office and terms of appointment. The Service Agreements, subject to the RC's recommendations, can be renewed for another three years after the expiry of the first term. For Non-Executive Directors, formal letters of appointment setting out their terms of appointment will be issued to new appointees to the Board.

Provision 4.3 – Process for re-election/re-appointment of Directors

Pursuant to Bye-law 86(1) of the Company's Bye-laws, every Director is required to retire at least once every three years and, shall be eligible for re-election. Any Director appointed by the Board to fill a casual vacancy is required to retire at the next AGM following his/her appointment and shall then be eligible for re-election at that meeting pursuant to Bye-law 85(6) of the Company's Bye-laws. In addition, pursuant to Rule 720(5) of the SGX-ST Listing Manual, an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years.

No Director is due for re-election pursuant to Bye-law 86(1) of the Company's Bye-laws and Rule 720(5) of the SGX-ST Listing Manual at the forthcoming AGM for FP2021.

The NC, having considered the attendance and participation of the following Directors at Board and Board Committees' meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Ms. Zhang Lei and Mr. Yeo Teck Chuan who will be retiring pursuant to Bye-law 85(6) of the Company's Bye-laws at the forthcoming AGM. Ms. Zhang Lei and Mr. Yeo Teck Chuan had consented to continue in office and the Board had accepted the recommendation of the NC.

Ms. Zhang Lei will, upon re-election as a Director of the Company, remain as a member of the AC, the NC and the RC and will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

Mr. Yeo Teck Chuan will, upon re-election as a Director of the Company, remain as a member of the AC, and Chairman of the NC and the RC and will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

The Directors concerned had abstain from deliberation and voting on any resolution and making any recommendation and/or participate in respect of their own re-election at the respective NC and Board meetings.

CORPORATE GOVERNANCE REPORT

The requirements under Rule 720(6) of the SGX-ST Listing Manual are set out below:

	Zhang Lei	Yeo Teck Chuan
Date of Appointment	2 October 2021	2 December 2021
Date of last re-election / re-appointment (if applicable)	Not applicable	Not Applicable
Age	38	54
Country of principal residence	China	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process).	<p>The NC, having considered the participation of Ms. Zhang Lei at Board and Board Committees' meetings, and taking into account Ms. Zhang Lei's independence, track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election of Ms. Zhang Lei who will be retiring pursuant to Bye-law 85(6) of the Company's Bye-laws at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Ms. Zhang Lei had abstained from voting on any resolution and making any recommendation and/or participating in any discussions in respect of her own re-election at the respective NC and Board meetings.</p>	<p>The NC, having considered the participation of Mr. Yeo Teck Chuan at Board and Board Committees' meetings, and taking into account Mr. Yeo Teck Chuan's independence, track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election of Mr. Yeo Teck Chuan who will be retiring pursuant to Bye-law 85(6) of the Company's Bye-laws at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Yeo Teck Chuan had abstained from voting on any resolution and making any recommendation and/or participating in any discussions in respect of his own re-election at the respective NC and Board meetings.</p>
Whether appointment is executive, and if so, the area of responsibility	The appointment is independent non-executive.	The appointment is independent non-executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, and a member of the AC, the NC and the RC.	Independent Director, a member of the AC, and Chairman of the NC and the RC.
Professional qualifications	<ul style="list-style-type: none"> • Doctor of Philosophy Degree in Botany from Wuhan Botanical Garden, Chinese Academy of Sciences; • Bachelor's Degree in English from Shandong Agricultural University; and • Bachelor's Degree in Horticulture from Shandong Agricultural University. 	<ul style="list-style-type: none"> • Chartered Accountant of Singapore (Institute of Singapore Chartered Accountants); • Certified Internal Auditor; • ASEAN Chartered Professional Accountant; and • Bachelor of Accountancy Second Class Honours (Upper Division) from Nanyang Technological University.

CORPORATE GOVERNANCE REPORT

	Zhang Lei	Yeo Teck Chuan
Working experience and occupation(s) during the past 10 years	<p>December 2013 to present: Institute of Fruit & Tea, Hubei Academy of Agricultural Sciences – Associate Professor</p> <p>July 2010 to December 2013: Institute of Fruit & Tea, Hubei Academy of Agricultural Sciences – Assistant Professor</p>	<p>July 2018 to present: SBA Stone Forest Corporate Advisory (Shanghai) Co., Ltd. – Partner, Advisory</p> <p>August 2015 to present: Nanchang Yeo Seng Heng Financial Advisory Co., Ltd. – Legal Representative</p> <p>October 2017 to July 2018: Beijing Quan Rui Certified Public Accountants LLP – Managing Director</p> <p>December 2016 to August 2019: Laos Rui Hua CPA Co., Ltd. – Managing Director</p> <p>May 2015 to October 2017: Rui Hua Certified Public Accountants LLP (Shanghai Branch) – Partner, Audit</p> <p>July 2007 to May 2015: Deloitte Hua Yong Certified Public Accountants LLP – Partner, Audit</p>
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments*	Nil	Nil
Other Directorships for the past 5 years	Nil	China Commercial Credit Inc
Other Present Directorships	Nil	Legion Consortium Limited Republic Healthcare Limited

CORPORATE GOVERNANCE REPORT

	Zhang Lei	Yeo Teck Chuan
Disclosure applicable to appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience.	Not applicable	Not applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		

The Company confirms that there is no change in the responses to declaration items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual concerning the Directors to be re-elected, which response to each item is a "no".

**The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*

Provision 4.4 – Review of Directors' Independence

The NC, which is responsible for reviewing the independence of each Director on an annual basis, has adopted a declaration of independence form pursuant to the Revised Definition on Director's Independence ("**Declaration of Independence Form**").

For FP2021, the NC had reviewed the independence of the Independent Directors by considering the Declaration of Independence Form for FP2021 submitted by the Independent Directors, and determined Mr. Ho Teck Cheong, Ms. Zhang Lei and Mr. Yeo Teck Chuan to be independent and free from any of the relationships outlined in the Code and Rule 210(5)(d) of the SGX-ST Listing Manual. The Directors had also confirmed their own independence. The Board concurred with the NC's views.

Save as disclosed, none of the Directors on the Board are related and do not have any relationship with the Company or its related companies or its officers who could interfere or to be reasonably perceived to interfere with the exercise of their independent judgements.

Mr. Ho Teck Cheong has served on the Board for more than nine years from the date of their first appointment. The NC had conducted a rigorous review of his independence and contributions to the Board to determine if he still remain independent and carry out his duties objectively, taking into account the need for progressive refreshing of the Board. The review included but was not limited to the completion of a detailed questionnaire of his independence with a mixture of close-ended and open-ended questions in respect of whether there are any conflicts of interest or relationship that is/are likely to affect his independence; whether he continue to express his views objectively and seek clarification and amplification when deemed necessary; whether he continue to debate issues objectively; whether he continue to scrutinise and challenge Management on important issues raised at meetings and whether he is able to bring judgement to bear in the discharge of his duties as a Board member and committee member. The questionnaire was completed by Mr. Ho Teck Cheong.



CORPORATE GOVERNANCE REPORT

The Board had observed the performance of Mr. Ho Teck Cheong at Board and Board Committees' meetings and other occasions and has no reasons to doubt his independence in the course of discharging his duties. Hence, the Board, with the concurrence of the NC, having considered the Declaration of Independence Form for FP2021 and the completed questionnaire of Independence submitted by Mr. Ho Teck Cheong, concluded that he is independent in character and judgement despite having been on the Board for more than nine years and free from any relationships outlined in the Code. The Board acknowledges his combined strength of characters, objectivity and wealth of useful and relevant experience bring himself to continue effectively as Independent Director of the Company. The Board also acknowledges and recognises the benefits of the experience and stability brought by the long-serving Independent Director and wishes to retain him for his strength of character, objectivity and wealth of extensive business experience, and his knowledge on the Group's business which would enable him to be effective Independent Director, notwithstanding his long tenure.

In addition, at the SGM held on 6 May 2021, the shareholders had, through a Two-Tier Voting, approved the ordinary resolutions in relation to the re-election and continued appointment of Mr. Ho Teck Cheong as an Independent Director, for a period ending on the earlier of the following (a) the retirement or resignation of Mr. Ho Teck Cheong as a director respectively; or (b) the conclusion of the third AGM of the Company following the passing of the ordinary resolutions (i.e. the AGM to be held in year 2024).

Each of the Independent Director had recused themselves from the NC's and the Board's deliberations on their own independence.

Provision 4.5 – Directors' time commitments and multiple Directorships

The NC had reviewed the multiple-board seats held by the Non-Executive Directors in listed companies to determine if they had been adequately carrying out their duties as a Director of the Company. The NC, having considered the confirmations received by the Non-Executive Directors, the details of their other commitments and multiple-board seats, and their contributions during the workings of the Board, is of the view that such multiple board representations do not hinder each Non-Executive Director from carrying out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NC's views.

To allow for flexibility, there will not be a fixed maximum number of listed company board representations which Directors may hold. The NC and the Board are of the view that the number of directorships a Director can hold and his principal commitments should not be prescriptive as the time commitment for each company will vary.

The NC and the Board will review the number of listed company board representations of the Directors from time to time.

CORPORATE GOVERNANCE REPORT

Directorships or chairmanships held by the Company's Directors as at the date of this report in other listed companies are as follows:

Name of Director ⁽¹⁾	Date of first appointment / last re-election	Directorships in other listed companies	
		Current	Past 3 Years
Hu Chao (Executive Director and CEO)	3 July 2021	Nil	Nil
Ho Teck Cheong (Non-Executive Chairman and Independent Director)	1 April 2011 / 6 May 2021	Singamas Container Holdings Limited ⁽²⁾	Nil
Zhao Chichun (Executive Director)	3 July 2021	Nil	Nil
Huo Lei (Non-Executive and Non-Independent Director)	1 September 2014 / 6 May 2021	Nil	Nil
Zhang Lei (Independent Director)	2 October 2021	Nil	Nil
Yeo Teck Chuan (Independent Director)	2 December 2021	Legion Consortium Limited ⁽³⁾ Republic Healthcare Limited ⁽⁴⁾	China Commercial Credit Inc ⁽⁵⁾

(1) The principal commitment of the Directors, if any, is set out in the "Board of Directors" section in this Annual Report.

(2) Listed on the Hong Kong Stock Exchange and is appointed since October 2019.

(3) Listed on the Hong Kong Stock Exchange and is appointed since December 2020.

(4) Listed on the Hong Kong Stock Exchange and is appointed since August 2021.

(5) Listed on the Nasdaq Capital Market and was appointed from September 2016 to May 2019.

BOARD PERFORMANCE

PRINCIPLE 5: THE BOARD UNDERTAKES A FORMAL ANNUAL ASSESSMENT OF ITS EFFECTIVENESS AS A WHOLE, AND THAT OF EACH OF ITS BOARD COMMITTEES AND INDIVIDUAL DIRECTORS.

Provisions 5.1 and 5.2 – Assessments of the Board, the Board Committees and Individual Directors

The Board has implemented a process for assessing its effectiveness as a whole as well as the contribution by each Director to the Board, and of each of its Board Committee separately on an annual basis.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole and self-assessment of each individual director and the Chairman, and its Board Committees to the effectiveness of the Board.

For FP2021, the NC has conducted the assessments on the effectiveness of the Board as a whole and self-assessment of each individual Directors and the Chairman where each Director is required to complete his self-evaluation based on the (1) understanding of Company's mission, vision and values; (2) corporate governance; (3) business development efforts; (4) training attendance; (5) whether targets were met by Board (for Executive Director only) or maintenance of independence for Independent Directors (For Independent Directors only) and/or devotion of sufficient time (for Non-Executive Directors) and the following key performance criteria of the Board:

- Board composition;
- Board information;
- Board process;
- Board accountability; and
- Performance benchmark/Standards of Conduct.



CORPORATE GOVERNANCE REPORT

The Chairman of respective Board Committees are required to complete a questionnaire on the effectiveness of these Board Committees. The results and findings of the assessment will be presented and further discussed at the respective Board Committees meeting.

Each Board member is required to complete a Board Evaluation Questionnaire and Individual Director's Self Assessment Form and submit the completed forms to the chairman of the NC before the NC meeting. Based on the responses, a consolidated report will be presented and further discussed at a NC meeting. Following the NC's deliberation, the NC chairman will report the results with the recommendations to the Board.

The assessments/questions were collated and the findings analysed and discussed, with a view to implementing certain recommendations to further enhance the effectiveness of the Board and the Board Committees.

The NC was generally satisfied with the results of the evaluation for the performance of the Board and the individual Directors, and the respective Board Committees for FP2021, which indicated areas that could be improved further. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further. The NC would continue to evaluate the process for such review and its effectiveness from time to time.

To-date, no external facilitator has been engaged to assist in the assessment of the effectiveness of the Board as a whole as well as the contribution by each Director to the Board, and of each of the Board Committees. Where relevant, the NC will consider such engagement.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 6: THE BOARD HAS A FORMAL AND TRANSPARENT PROCEDURE FOR DEVELOPING POLICIES ON DIRECTORS AND EXECUTIVE REMUNERATION, AND FOR FIXING THE REMUNERATION PACKAGES OF INDIVIDUAL DIRECTORS AND KEY MANAGEMENT PERSONNEL. NO DIRECTOR IS INVOLVED IN DECIDING HIS OR HER OWN REMUNERATION.

Provisions 6.1 and 6.2 – RC's duties and composition

The terms of reference of the RC provide that the RC shall comprise at least three members and all of whom shall be Non-Executive Directors. The RC comprises all Independent Directors and its composition is as follows:

Yeo Teck Chuan (Independent Director)	- RC Chairman
Ho Teck Cheong (Non-Executive Chairman and Independent Director)	- RC Member
Zhang Lei (Independent Director)	- RC Member

The RC is regulated by a set of written terms of reference, which are in line with the provisions of the Code. The RC is responsible for, including but not limited to, the following key terms of reference:

1. taking into account all relevant legal and regulatory requirements, including the principles and provisions of the Code, when determining the Company's remuneration policies. It should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals.
2. ensuring that the level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.
3. setting the remuneration policy for Directors and key management personnel as well as monitoring the level and structure of remuneration for key management personnel relative to the internal and external peers and competitors.

CORPORATE GOVERNANCE REPORT

4. ensuring that the remuneration of the Non-Executive Directors is appropriate to the level contribution, taking into account factors such as effort, time spent, responsibilities and reviewing the remuneration of employees related to the Directors, CEO or substantial shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotion for these related employees will also be subjected to the review and approval of the RC.
5. obtaining reliable, up-to-date information on the remuneration packages of other companies and the relevant market benchmarks through the appointment of external consultants. Such information can also be obtained by commissioning or purchasing any appropriate reports, surveys or information. These would be at the expense of the Company, subject to the budgetary constraints imposed by the Board.
6. overseeing any major changes in employee benefits or remuneration structures.
7. reviewing the design of all long-term and short-term incentive plans for approval by the Board and shareholders.
8. ensuring that the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded.
9. setting performance measures and determining targets for any performance-related pay schemes operated by the Company.

Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any

The scope of the RC's review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards, and ensure that the interests of the Executive Directors are aligned with that of the shareholders. The recommendation of the RC for the Directors' remuneration would be submitted to the Board for endorsement. No Director or member of the RC is involved in deciding his own remuneration.

If required, the RC will seek expert advice inside and/or outside of the Company on remuneration of all Directors and Key Management Personnel. The Company did not engage any remuneration consultant for FP2021.

Mr. Hu Chao and Mr. Zhao Chichun had entered into Service Agreements as Executive Director and CEO and Executive Director ("**Executives**") respectively with the Company for an initial term of three years commencing from the date of Completion (i.e. 3 July 2021) ("**Initial Term**") subject to the terms and conditions of the Service Agreements. Upon the expiry of the Initial Term, the employment of the Executives shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. The Service Agreements may be terminated by either party upon giving to the other party notice in writing of six months' or by the Company paying the Executive an amount equal to six months' salary in lieu of notice.

The Company does not have any contractual provisions which allow the Company to reclaim incentive components of remuneration from Executive Directors and/or Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as such provisions will stifle the Company's ability to effectively attract and retain the right individuals.



CORPORATE GOVERNANCE REPORT

LEVEL AND MIX OF REMUNERATION

DISCLOSURE ON REMUNERATION

PRINCIPLE 7: THE LEVEL AND STRUCTURE OF REMUNERATION OF THE BOARD AND KEY MANAGEMENT PERSONNEL AND APPROPRIATE AND PROPORTIONATE TO THE SUSTAINED PERFORMANCE AND VALUE CREATION OF THE COMPANY, TAKING INTO ACCOUNT THE STRATEGIC OBJECTIVES OF THE COMPANY.

PRINCIPLE 8: THE COMPANY IS TRANSPARENT ON ITS REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION, THE PROCEDURE FOR SETTING REMUNERATION, AND THE RELATIONSHIPS BETWEEN REMUNERATION, PERFORMANCE AND VALUE CREATION.

Provisions 7.1 to 7.3 – Level and mix of remuneration

In reviewing and determining the remuneration packages of the Executive Directors and Key Management Personnel, the RC takes into consideration the prevailing economic situation, skills, expertise and contribution to the individual and Company's performance, the pay and employment conditions within the industry and in comparable companies. The remuneration packages are set such that the Directors and Key Management Personnel are adequately but not excessively remunerated.

Provisions 8.1 to 8.3 – Directors' remuneration/fees and remuneration of the Group CEO and remuneration of the top five key management personnel (who are not Directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel

Framework for remuneration of Executive Directors and Key Management Personnel

The remuneration packages of the Executive Directors and other key management personnel consist only fixed components. The fixed component consists of a basic salary and annual wage supplement. To ensure that the remuneration packages of Executive Directors and Key Management Personnel is consistent and comparable with market practice, the RC regularly compares this fixed component with those of companies in similar industries, while continuing to be mindful of the fact that there is a general correlation between increased remuneration and incentives, and improvement in performance.

A significant and appropriate proportion of the remuneration of executive directors and key management personnel is structured so as to link rewards with the achievement of corporate and individual performance targets in an objective and equitable way and reflects the degree of responsibility held by each employee. The Group seeks to ensure that the variable component is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

To ensure that the level and structure of remuneration is proportionate to the sustained performance and value creation of the Group, the Company has put in place a framework of remuneration for its executive directors and key management personnel. The key areas of focus of the remuneration framework and details of the implementation within the Group are set out below:

CORPORATE GOVERNANCE REPORT

Main thrusts	Details
Pay for performance	<ul style="list-style-type: none"> • Instil and drive a pay-for-performance culture • Ensure that remuneration is closely linked to annual and long-term business objectives • Set, communicate and monitor key performance targets and indicators • Adjust the proportion of fixed and variable remuneration to emphasise sustainable performance that is aligned with the Group's strategic objectives, considering qualitative and quantitative factors
Competitive remuneration	<ul style="list-style-type: none"> • Benchmark total remuneration against other organisations of similar size and standing in the Group's industry
Accountability and Risk-taking	<ul style="list-style-type: none"> • Focus on achieving risk-adjusted returns that are consistent with prudent risk taking and capital management as well as emphasis on long-term sustainable outcomes

Remuneration of Non-Executive Directors

The RC is of the view that the current remuneration of the Non-Executive Directors is appropriate, taking into account factors such as efforts and time spent, and responsibilities of the Directors, as well as attendance at meetings. They are not over-compensated to the extent that their independence may be compromised. Other than Directors' fees, which are subject to shareholders' approval at every AGM, the Non-Executive Directors do not receive any other forms of remuneration from the Company. The RC had recommended to the Board the payment of additional Directors' fees of S\$96,220 for FP2021. In addition, the RC recommended to the Board an amount of S\$193,025 for the financial year ending 31 December 2022, payable half-yearly in arrears (FP2021: S\$406,220). This recommendation had been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval. The RC would also consider, if necessary, implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of shareholders.

The RC had carried out an annual review of the Executive Directors and Key Management Personnel's remuneration packages to ensure that their remuneration commensurate with their performance, giving due regard to the financial health and business needs of the Group. The review considers the Group and individual performance as well as relevant comparative remuneration in the market. For FP2021, the RC reviewed the remuneration packages of the Executive Directors and Key Management Personnel and had recommended the same for Board approval. The Board concurred with the RC's recommendations accordingly.

CORPORATE GOVERNANCE REPORT

The annual remuneration band of each individual Director and Key Management Personnel for FP2021 are set out below:

Name	Fees %	Salaries %	Variable/ Performance- related Income/ Bonus %	Benefits in kind %	Other long-term incentives %	Total %
Below S\$250,000						
<i>Executive Directors:</i>						
Hu Chao	-	100	-	-	-	100
Zhao Chichun	-	100	-	-	-	100
Zhou Tao ¹	-	100	-	-	-	100
<i>Non-Executive Directors:</i>						
Huo Lei	100	-	-	-	-	100
Ho Teck Cheong	100	-	-	-	-	100
Zhang Lei	100	-	-	-	-	100
Yeo Teck Chuan	100	-	-	-	-	100
Jia Guobiao ²	100	-	-	-	-	100
Calvin Tan ³	100	-	-	-	-	100
Jack Chia ⁴	100	-	-	-	-	100
<i>Key Management Personnel:</i>						
Ho Hin Yip	-	100	-	-	-	100
Xiao Weibiao	-	100	-	-	-	100
Shi Dong Kai ⁵	-	100	-	-	-	100

1 Mr. Zhou Tao resigned as an Executive Chairman and CEO due to reconstitution of the Board with effect from Completion of the Transactions (i.e. 3 July 2021).

2 Mr. Jia Guobiao resigned as a Non-Executive and Non-Independent Director due to reconstitution of the Board with effect from Completion of the Transactions (i.e. 3 July 2021).

3 Mr. Calvin Tan resigned as a Non-Executive Chairman and Independent Director and a member of the AC, the NC and the RC with effect from 2 December 2021, in support of and to facilitate the Board renewal process as stated in the Company's Circular.

4 Mr. Jack Chia resigned as an Independent Director, Chairman of the NC and the RC, and a member of the AC with effect from 2 October 2021, in support of and to facilitate the Board renewal process as stated in the Company's Circular.

5 Mr. Shi Dong Kai resigned as General Manager (Finance) of the Group with effect from the Completion of the Transactions (i.e. 3 July 2021)

Notwithstanding provisions of the Code, as there were only three Key Management Personnel (who is not Directors or the CEO) during FP2021, disclosure is only made in respect of the remuneration of these three Key Management Personnel. The aggregate remuneration paid to these three Key Management Personnel for FP2021 is approximately RMB1.6 million.

There are no termination, retirement and post-employment benefits plan that may be granted to Directors and the top three Key Management Personnel (who is not a Director or the CEO) for FP2021.

CORPORATE GOVERNANCE REPORT

Due to the confidentiality and commercial sensitivity attached to remuneration matters, in particular those of our Key Management Personnel, given the highly competitive environment the Group operates in, the Company does not fully disclose the remuneration of each individual Director and the Key Management Personnel. However, disclosures had been provided in applicable bands of S\$250,000 as above, with a breakdown in percentage of the remuneration earned through fees, salary, fixed component, variable component, benefits in kind, and/or other long term incentives. Despite having varied from Provision 8.1(a) of the Code, the Board believes that consistent with the intent of Principle 8 of the Code, sufficient information has been disclosed for shareholders' understanding with respect to the Group's level and mix of remuneration.

The remuneration packages of the Executive Directors and the Key Management Personnel of the Company and its subsidiaries comprise base salaries.

For FP2021, there are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000.

The Company currently does not have an employee share option scheme or performance share plan in place.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9: THE BOARD IS RESPONSIBLE FOR THE GOVERNANCE OF RISK AND ENSURES THAT MANAGEMENT MAINTAINS A SOUND SYSTEM OF RISK AND MANAGEMENT AND INTERNAL CONTROLS, TO SAFEGUARD THE INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS.

Provision 9.1 – Maintenance of a sound risk management system and internal controls

The Board acknowledges that it is responsible for the overall internal control framework and the maintenance of a sound system of internal controls and an effective risk management system to safeguard shareholders' interests and the Group's assets, including determining the Company's levels of risk tolerance and risk policies.

In particular, the Board, with support from the AC, is responsible for ensuring that the Company puts in place adequate safeguards to address and mitigate any financial, operating and compliance risks. The Board confirms that as at the date of this Annual Report, the Group is not at risk of becoming subject to, or violating, any sanctions-related law or regulation. The AC and the Board will assess the need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group and continuous monitoring the validity of the information to shareholders and the SGX-ST, if required.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organisation and influencing the control consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedures.

The adequacy and effectiveness of the internal control system and procedures at present are monitored by Management. The Company does not have a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the AC and the Directors. The Group's financial risk management is disclosed under Note 33 of the Notes to the Financial Statements on pages 130 to 136 of the Annual Report.

The AC, with the assistance of the internal and external auditors, reviews on an annual basis the adequacy and effectiveness of the Company's internal controls addressing financial, operational, compliance and informational technology risks, and risk management policies established by Management.



CORPORATE GOVERNANCE REPORT

The internal and external auditors have, during the course of their audit, carried out a review of the adequacy and effectiveness of key internal controls within the scope of their audit. Any material non-compliance or weaknesses in internal controls noted during their respective audits and their recommendations are reported to the AC. The AC also reviews the adequacy and effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect and ensures that there are adequate and effective internal controls in the Group and recommendations are implemented.

Provision 9.2 – Written assurance regarding (i) financial records and financial statements and (ii) adequacy and effectiveness of the Group’s risk management and internal control systems

The Board has written received assurance from Mr. Hu Chao, Executive Director and CEO, Mr. Ho Hin Yip, Financial Controller and Joint Company Secretary and, Mr. Xiao Weibiao, Accounting Director, who are also the key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group that as at 31 December 2021:-

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances;
- (b) to the best of their knowledge, nothing had come to their attention as Management, which would render the interim financial statements to be false or misleading in any aspect;
- (c) they are aware of their responsibilities for establishing, maintaining and evaluating the effectiveness of the risk management and internal control systems of the Company;
- (d) they are not aware of any known significant deficiencies in the risk management and internal control systems relating to preparation and reporting of financial data, or of any fraud; and
- (e) the internal controls, including financial, operational, compliance and information technology control, and risk management systems are adequate and effective.

The Board aims to provide a balanced and understandable assessment of the Group’s financial performance, position and prospects to the shareholders. Half-yearly and full year financial results are released to the shareholders within the timeline stipulated in the SGX-ST Listing Manual. All financial information presented in the results announcement or Annual Report have been prepared in accordance with the International Financial Reporting Standards and were reviewed and recommended by the AC and approved by the Board before being released through SGXNET.

In line with the SGX-ST Listing Manual, negative assurance statements were issued by the Board to accompany the Group’s interim financial results announcements, confirming to the best of the Board’s knowledge that nothing had come to their attention which would render the Company’s interim results announcements to be false or misleading in any material aspect. The Company is not required to issue negative assurance statements for its full year results announcement.

The Company has also procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

Rule 1207(10) of the SGX-ST Listing Manual

Based on the internal controls including financial, operational and compliance controls, established and maintained by the Group, work performed by the internal and external auditors, and reviews undertaken by Management, the AC and the Board are of the opinion that the Group's internal controls addressing material financial, operational, compliance and information technology risks, and risk management systems are adequate and effective as at 31 December 2021 to meet the needs of the Group, taking into account the nature and scope of its operations. There were no material weaknesses identified by the Board or the AC for FP2021.

The Board recognises that no internal control system will preclude all errors and irregularities as a system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure to achieve the Group's objectives. The review of the Group's internal control system is a concerted and continuing process.

AUDIT COMMITTEE

PRINCIPLE 10: THE BOARD HAS AN AUDIT COMMITTEE WHICH DISCHARGES ITS DUTIES OBJECTIVELY.

Provisions 10.1 to 10.3 and 10.5 – Duties and composition of the AC

The terms of reference of the AC provide that the AC shall comprise at least three members and all of whom shall be Non-Executive Directors. The AC comprises all Independent Directors and its composition is as follows:

Ho Teck Cheong (Non-Executive Chairman and Independent Director)	- AC Chairman
Zhang Lei (Independent Director)	- AC Member
Yeo Teck Chuan (Independent Director)	- AC Member

The AC meets at least two times a year and, as and when deemed appropriate, to carry out its functions.

The AC has the authority to investigate any matter within its terms of reference. It has full access to and the co-operation of Management and also full discretion to invite any Director or Executive Officer to attend its meetings and give adequate resources to enable it to discharge its functions properly.

The Board is of the view that the AC members are appropriately qualified and have the necessary recent and relevant accounting or related financial management expertise and experience as the Board interprets such qualification in its business judgement, to discharge their duties and responsibilities. The AC members are not former partners or directors of or have any financial interest in the Company's existing audit firm or corporation.

The AC is regulated by a set of written terms of reference which are in line with the provisions of the Code. The AC is responsible for, including but not limited to, the following under its terms of reference:

1. reviewing the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes, if any, to the Board;
2. reviewing and reporting to the Board on the adequacy and effectiveness of the Company's risk management and internal controls in relation to financial reporting and other financial-related risk and controls (and to the extent delegated to it by the Board);
3. reviewing the assurance from the Executive Chairman/Executive Director and CEO, the General Manager (Finance) and the Financial Controller and Joint Company Secretary on the financial records and financial statements;
4. reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;



CORPORATE GOVERNANCE REPORT

5. reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors (EA). It shall then recommend to the Board the appointment, reappointment and removal of the EA, and its remuneration and terms of engagement;
6. ensuring that the Company complies with the requisite laws and regulations;
7. ensuring that the Company has programmes and policies in place to identify and prevent fraud;
8. overseeing the establishment and operation of the whistleblowing process in the Company; and
9. review all Interested Person Transactions (“**IPTs**”) and Related Party Transactions.

Summary of the AC’s activities in FP2021

The AC meets with the Group’s internal and external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained. In performing its functions for FP2021, the AC had:

- (i) held three meetings with Management;
- (ii) reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits;
- (iii) met up with the Group’s internal and external auditors during the year under review without the presence of Management to discuss their findings set out in their respective reports to the AC. Both the internal and external auditors had confirmed that they had access to and received full cooperation and assistance from Management and no restrictions were placed on the scope of audits;
- (iv) reviewed and approved the consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, consolidated cash flows and auditors’ report;
- (v) conducted a review of the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination. The following fees amounting to RMB2,835,000 were approved:

Audit fees	RMB1,971,000
Non-Audit fees	RMB864,000

The external auditors had also confirmed their independence in this respect;

- (vi) recommended the re-appointment of Messrs BDO Limited, Certified Public Accountants, Hong Kong (“**BDO-HK**”) and Messrs BDO LLP, Public Accountants and Chartered Accountants, Singapore (“**BDO-SG**”) to act jointly and severally as the Company’s Auditors.

BDO-HK is a member of BDO International Limited in Hong Kong and BDO-SG, which is registered with the Accounting and Corporate Regulatory Authority, is a member firm of BDO International Limited in Singapore.

The Board, with the concurrence of the AC, is of the view that the re-appointment of BDO-HK and BDO-SG to act jointly and severally as the Auditors has enabled the Company to comply with and meet the objective and spirit of Rule 712 of the SGX-ST Listing Manual; and

- (vii) confirmed that the Company had complied with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm to audit its accounts, foreign-incorporated subsidiaries and associated companies. The Group’s subsidiaries and associated companies are disclosed under Notes 14 and 15 of the Notes to the Financial Statements on pages 109 to 112 of this Annual Report respectively.

CORPORATE GOVERNANCE REPORT

The external auditors and/or the Group Financial Controller will keep the AC abreast of changes to accounting standards and issues, if any, which have a direct impact on the financial statements through updates and/or reports from time to time, where applicable or relevant. In addition, the AC is entitled to seek clarification from Management, the external auditors and/or internal auditor or seek independent professional advice, or attend relevant seminars at the Company's expense from time to time to apprise themselves of accounting standards/ financial updates.

Whistle Blowing (Rule 1207(18A) and (18B) of the SGX-ST Listing Manual)

The Group has put in place a whistle-blowing programme ("**Whistle-Blowing Policy**") which provides well defined and accessible channels in the Group through which employees and any other persons may raise concerns about fraudulent activities, malpractices or improper conduct within the Group, in a responsible and effective manner.

The Whistle-Blowing Policy has been updated in accordance to Rule 1207(18A) and (18B) of the SGX-ST Listing Manual with effect from 1 January 2022.

To ensure that the identity of any whistle blower is kept confidential, the Company will treat all information received with utmost confidentiality. Anonymous disclosures will be accepted and anonymity honoured.

Furthermore, the Company is committed to ensure protection of the whistleblower against detrimental or unfair treatment. While the policy is meant to protect the whistleblower from any detrimental or unfair treatment as a result of their report or disclosure, it strictly prohibits frivolous and untrue reports or disclosures. No adverse action will be taken against any director, officer, employee or other individual for making a report or disclosing information in good faith under this policy. The Company will not tolerate the harassment or victimisation of anyone reporting a genuine concern. Where a report or disclosure has been made, the Company will take all reasonable steps to ensure that no other person harasses or victimises the whistleblower.

The Company has designated an independent function to investigate whistleblowing reports made in good faith. The Administrator, Mr. Huo Lei and/or the Chairman of the AC shall promptly initiate an independent investigation of the whistleblowing reports made in good faith and with the advice and the assistance of the Chief Financial Officer (or any other individual equivalent to that of the Chief Financial Officer) and/or such other officers of the Company as appropriate, oversee such investigation. Such investigation shall ensure as far as possible that the privacy of the parties involved is maintained during the investigation.

The AC is responsible for oversight and monitoring of whistleblowing. Following the investigation of the whistleblowing report, the Administrator, Mr. Huo Lei or such other appropriate officer shall promptly provide detailed information of the investigation to the AC. Appropriate and corrective action will be taken if warranted by the investigation. External parties or professional advisors can be enlisted at the Group's expense, to assist in conducting any investigation and/or to provide appropriate advice.

The AC shall, at its discretion, advise the Group's Executive Directors, CEO and Chief Financial Officer (or any other individual equivalent to that of the foregoing persons) and/or the AC to carry out the corrective and disciplinary action if applicable. For serious or criminal offences, the AC may, at its discretion, report the matter to the relevant authorities for further investigation.

A summary of all the whistleblowing reports shall be reported to the AC at least annually by the Administrator. There were no whistle blowing reports received for FP2021.

Provision 10.4 – Internal Audit

Rule 1207(10C) of the SGX-ST Listing Manual

Prior to Completion, the Group's internal audit function was carried out independently by its in-house internal audit department ("**Internal Audit Team**") comprising of 8 staff and is headed by Mr. Chen Wei, who has at least 10 years of experience in the accounting industry and at least 15 years of experience in internal audit.



CORPORATE GOVERNANCE REPORT

Subsequent to Completion, the AC had recommended to the Board the appointment of Moore Advisory Services Limited as the Internal Auditors of the Company in place of the Internal Audit Team. Having reviewed and deliberated on the background, information and engagement letter received from Moore Advisory Services limited, the Board concurred with the AC's recommendation and approved the appointment of Moore Advisory Services Limited as the Internal Auditors of the Company.

The Internal Auditors are guided by the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors report to the chairman of the AC and have unrestricted access to the AC. The Internal Auditors also have unfettered access to all the Group's documents, records, properties and personnel.

For FP2021, the AC had reviewed the findings of the Internal Auditors and the independence, adequacy and effectiveness of the internal audit function to ensure that the internal audit function is independent, adequately resourced and able to perform its function effectively and objectively.

Based on the foregoing and taking into account the Group's operations and needs, the AC is of the view that the internal audit function is independent, effective and adequately resourced.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

PRINCIPLE 11: THE COMPANY TREATS ALL SHAREHOLDERS FAIRLY AND EQUITABLY IN ORDER TO ENABLE THEM TO EXERCISE SHAREHOLDERS'S RIGHTS AND HAVE THE OPPORTUNITY TO COMMUNICATE THEIR VIEWS ON MATTERS AFFECTING THE COMPANY. THE COMPANY GIVES SHAREHOLDERS A BALANCED AND UNDERSTANDABLE ASSESSMENT OF ITS PERFORMANCE, POSITION AND PROSPECTS.

The Board ensures that all the Company's shareholders are treated equitably for them to exercise their shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance position and prospects.

Provision 11.1 to 11.5 – Participation and voting at general meetings of shareholders

General meetings are the principal forum for dialogue with shareholders. Shareholders are invited and encouraged to attend general meetings to put forth any questions they may have on the motions to be debated and decided upon. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. Nonetheless, shareholders can vote at the general meetings in person or by appointing up to two proxies, through proxy forms which are sent together with the Annual Reports or circulars, as the case may be. The duly completed and original proxy form is required to be submitted not less than 72 hours before the general meeting and deposited at the Company Share Transfer Agent's office.

The notices of the general meetings are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting for ordinary resolutions and at least 21 clear days for special resolutions to be passed. The notice is also advertised in a national newspaper.

Every matter requiring shareholders' approval is proposed as a separate resolution. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked as to form one significant proposal. Where the Company considers it warranted to "bundle" the resolutions, the Company will explain the reasons and material implications.

The Company welcomes shareholders to voice their views and seek clarification on issues relating to the Group's business as outlined in the agenda of the AGM notice and encourages shareholders' participation at AGMs.

CORPORATE GOVERNANCE REPORT

The Chairman of the Board and the Chairmen of the AC, NC and RC will endeavour to attend if they are available, or otherwise their representatives will attend the AGM to attend to queries raised by the shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders about the conduct of audit and the preparation and content of the auditors' report. The Company Secretary(ies) record(s) minutes of every general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management. Save for the AGM held on 30 October 2020 ("**FY2020 AGM**"), the SGMs held on 6 May 2021 and 30 December 2021, and the forthcoming AGM for FP2021, the Company does not publish its minutes of general meetings on its corporate website. However, the minutes are available to shareholders upon request. Despite having varied from Provision 11.5 of the Code, the Board believes that consistent with the intent of Principle 11 of the Code, the Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company would conduct its votings in general meetings by poll where shareholders are accorded rights proportionate to the shareholding and all votes are counted. The Board believes that this will enhance transparency of the voting process and encourage greater shareholder participation. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be released via the SGXNET after the meeting. The Company currently employs paper polling as electronic polling is not practical and cost-effective.

Alternative arrangements for the conduct of general meetings

To minimise the spread of COVID-19 transmission, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time) ("**Alternative Arrangements Order**") came into force in 2020. The Alternative Arrangements Order provides for alternative arrangements for, amongst others, listed companies in Singapore to hold their general meetings other than physical means.

Pursuant to the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist jointly issued by the Accounting and Corporate Regulatory Authority ("**ACRA**"), the Monetary Authority of Singapore ("**MAS**") and Singapore Exchange Regulation on 13 April 2020, which is based on the Alternative Arrangements Order and Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation jointly issued by the ACRA, the MAS and Singapore Exchange Regulation on 1 October 2020, the Company had held FY2020 AGM by way of electronic means.

Notwithstanding that shareholders of the Company were not allowed to attend the FY2020 AGM in person, the Company had put in place arrangements for shareholders to participate in the meeting by submitting questions ahead of the meeting, voting by proxy and/or watching or listening to the proceedings via a "live" webcast ("**Live Webcast**"). The submission of questions and proxy forms was done electronically by sending to an electronic mail address, or by depositing the same at the registered office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. The shareholders were also able to ask questions "live" during the Live Webcast by clicking on the Q&A icon in the Live Webcast. The Company also addressed the substantial and relevant questions submitted by shareholders during the FY2020 AGM.

Physical Meeting with alternative arrangements

Two SGMs were held on 6 May 2021 and 30 December 2021 respectively, pursuant to the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist jointly issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation on 13 April 2020 and last updated on 1 October 2020 ("**Joint Issued Checklist**"), which is based on the Alternative Arrangements Order, where shareholders may attend the Physical Meeting subject to a limit of attendees (not more than 20 attendees on a "first come first served basis"). All persons attending the Physical Meeting undergo a temperature check and signed a health declaration form (which may also be used for the purposes of contact tracing, if required) and any person who has a fever or is exhibiting flu-like symptoms would be declined entry to the Physical Meeting. Shareholders who are feeling unwell on the date of the SGM were advised not to attend the Physical Meeting.



CORPORATE GOVERNANCE REPORT

The Company had also put in place arrangements to allow shareholders to participate in the SGMs via the Live Webcast and raising questions by clicking on the Q&A icon in the Live Webcast. The submission of questions and proxy forms was done electronically by sending to an electronic mail address, or by depositing the same at the registered office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. The Company also addressed the substantial and relevant questions submitted by shareholders during the SGMs.

General meetings by electronic means

Subsequent to the amendment of the Company's Bye-Laws on 30 December 2021, the current Bye-laws of the Company permit a general meeting to be held electronically. Specifically, Bye-law 56 provides that a general meeting may be held as a physical meeting, an electronic meeting or as a hybrid meeting, as may be determined by the Board in its absolute discretion.

Pursuant to the Amended and Restated Bye-Laws of the Company adopted pursuant to the special resolution passed at the SGM held on 30 December 2021, the Company may conduct its general meetings solely by electronic means. As such, the Company will be conducting its forthcoming AGM to be held on 28 April 2022 via electronic means pursuant to the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist jointly issued by the ACRA, MAS and Singapore Exchange Regulation on 13 April 2020, which is based on the Alternative Arrangements Order and Joint Issued Checklist and last updated on 4 February 2022 to provide that the 16 December 2021 Regulator's Column will form part of the Checklist ("**Updated Checklist**").

The Company has taken steps to ensure that the abovementioned requirements are complied with. In particular, shareholders will have at least seven calendar days to submit their questions to the Company and the Company will respond to substantial and relevant questions at least 48 hours prior to the deadline for shareholders to submit their proxy forms. This is to ensure that shareholders will have the benefit of the Company's responses to their substantial and relevant questions before they cast their votes through the lodgement of proxy forms.

Provision 11.6 – Dividend Policy

The Company does not have a policy on payments of dividends. Nonetheless, consistent with the intent of Principle 11 of the Code, the form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividends and where dividends are not paid, the Company will disclose its reason(s) accordingly.

No dividend was declared for FP2021 as the funds are retained for working capital purposes.

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12: THE COMPANY COMMUNICATES REGULARLY WITH ITS SHAREHOLDERS AND FACILITATES THE PARTICIPATION OF SHAREHOLDERS DURING GENERAL MEETINGS AND OTHER DIALOGUES TO ALLOW SHAREHOLDERS TO COMMUNICATE THEIR VIEWS ON VARIOUS MATTERS AFFECTING THE COMPANY.

Provisions 12.1 to 12.3 – Interaction/engagement with shareholders

The Group continues to keep all shareholders/stakeholders informed of its corporate activities on a timely and consistent basis. In line with continuous disclosure obligations, the Company is mindful of the need for regular and proactive communication with its shareholders and to facilitate the exercise of ownership rights by all shareholders. Communication with shareholders is done via announcements and/or press releases on a timely basis through:

CORPORATE GOVERNANCE REPORT

- (i) major developments of the Group;
- (ii) financial statements containing a summary of the financial information and affairs of the Group for the half year and full year via SGXNET;
- (iii) annual reports and circulars that are sent to all shareholders; and
- (iv) notices of and explanatory notes for general meetings.

The Company does not practise selective disclosure, and in the event of any inadvertent disclosure is made to a select group, the Company will make the same disclosure publicly to all others as promptly as possible.

The Company values dialogue sessions with its shareholders and is committed to hearing shareholders' views and addressing their concerns. During general meetings of the Company, the Board devotes time and attention to address questions from and concerns raised by shareholders and the Directors are generally present for the entire duration of the meetings. The chairman of the meeting will also endeavour to facilitate constructive dialogue between shareholders and the Board. In addition, members of the Board and key management personnel make themselves available to interact with shareholders both before and after general meetings (where such meetings are held physically).

Although the Company does not have an investor relations policy, other than communicating with Shareholders at AGMs, the Company has engaged an external Investor Relations ("IR") Manager to assist with its investor relations matters. Media, analysts, investors and shareholders may also contact the IR Manager or the Group Financial Controller and/or the Directors through the Company on any investor relations matters. The IR Manager can be contacted at jingwen@woodnoteconsulting.com.

MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

PRINCIPLE 13: THE BOARD ADOPTS AN INCLUSIVE APPROACH BY CONSIDERING AND BALANCING THE NEEDS AND INTERESTS OF MATERIAL STAKEHOLDERS, AS PART OF ITS OVERALL RESPONSIBILITY TO ENSURE THAT THE BEST INTERESTS OF THE COMPANY ARE SERVED.

Provisions 13.1 and 13.2 – Identification and engagement with material stakeholder groups, including managing relationships with such groups

The Group believes that forging good relationships with its stakeholders is crucial for the sustainable growth of its business and its key stakeholders include customers, suppliers, employees, investors and shareholders, local communities, and government and regulators.

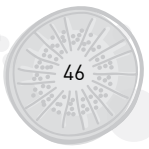
To understand stakeholders' expectations, the Group engages and fosters trusted relationships through listening to their views and responding to their concerns. The frequency of ongoing engagement with various stakeholders depends on mutual needs and expectations.

The key areas of focus in relation to the management of stakeholder relationships are set out in the Company's annual Sustainability Report for FP2021.

Provision 13.3 – Corporate website

The Company maintains a current corporate website, www.ddhlimited.com, to communicate and engage with stakeholders.

All materials on the Company's financial results, as well as the latest annual report of the Company, are announced and available on the SGXNET and its corporate website.



CORPORATE GOVERNANCE REPORT

DEALINGS IN SECURITIES

The Group had adopted an internal compliance code of conduct to provide guidance to its Directors, key officers and employees regarding dealings in the Company’s securities and implications of Insider Trading (the “**Securities Code**”) in compliance with Rule 1207(19) of the SGX-ST Listing Manual.

In line with the Group’s internal compliance code, Directors, key officers and employees of the Group are prohibited from dealing in securities of the Company during the period commencing one month before the release of its half year and full year results until after the announcement. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group at all times.

The Company confirms that it had adhered to its Securities Code for the above financial reporting periods.

In addition, Directors and key officers are encouraged not to deal in the Company’s securities on short-term Considerations.

INTERESTED PERSON TRANSACTIONS


The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC at its half-yearly meetings to ensure that such transactions are conducted on an arm’s length basis and are not prejudicial to the interests of the shareholders. The AC with the concurrence of the Board confirmed that there were no interested person transactions for FP2021 pursuant to the disclosure under Rule 920 of the SGX-ST Listing Manual:

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders’ mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than \$100,000)
Nil	Nil	Nil	Nil

The Group does not have a general mandate from the shareholders for interested person transactions.

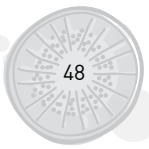
MATERIAL CONTRACTS

Save as disclosed in the Company’s Circular, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting as at the end of the financial period or if not then subsisting, entered into since the end of the previous financial year.



SUSTAINABILITY REPORT 2021

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SUSTAINABILITY REPORT 2021

ABOUT US

China Shenshan Orchard Holdings Co. Ltd. (the “**Company**” or “**China Shenshan**”, 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 square metres), 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 the highest quality. Holding 83 trademarks and 56 patents, 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 Sunshine Kiwi (阳光金果) 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.

SUSTAINABILITY REPORT 2021

MESSAGE FROM THE BOARD

Dear Stakeholders

On behalf of the Board of Directors of the Company (the “**Board**”), I am pleased to announce the publication of our sustainability report for the reporting period from 1 July 2021 to 31 December 2021 (“**Sustainability Report**”). In view of our organisational restructuring in July 2021 with the acquisition of kiwifruit business and disposal of baijiu business, this Sustainability Report will focus only on the kiwifruit business for the reporting period from 1 July 2021 to 31 December 2021.

Sustainability is integral to the success of our kiwifruit business. Leveraging technology and experience, we can improve the yields of our orchards and reduce the environmental impacts. There is a positive social dimension in that we provide employment, skills training and economic benefits to the local communities where our orchards and operations are based.

We take great pride in growing and selling the best kiwifruit to consumers all over the world. Our orchards are located on gentle hills in Hubei Province, the PRC with optimal weather conditions. This is integrated with the planting of superior kiwifruit breeds, application of advanced agricultural technologies, and ongoing research and development efforts to safeguard the productivity and quality of our harvests.

A critical pillar of our sustainability strategy is to recruit, motivate and retain good people to work with us. We have in place an experienced and dedicated management team supported by technical experts to ensure that quality management policies and processes are in place. Having good people on the ground also allows us to manage operational issues promptly and effectively, which includes implementing relevant measures to manage the ongoing COVID-19 situation.

In addition to taking care of our staff, we believe in ongoing engagements with external stakeholders such as customers, business partners, government agencies and research institutions. By listening to the feedback and concerns from the external stakeholders, we can review our strategies and optimise operations so as to develop a positive brand, grow our market presence, ensure compliance with relevant regulations and tap on the latest science to improve our planting and production processes.

In this Sustainability Report, we have identified and reported on material environmental, social and governance (“**ESG**”) issues. We see ourselves as planting the seeds of sustainability in our business, and aim to improve our sustainability management and reporting over time so that we can reap the benefits of a more resilient and responsible organisation to benefit all stakeholders.

For and on behalf of
China Shenshan Orchard Holdings Co. Ltd.

Ho Teck Cheong
Non-Executive Chairman and Independent Director



SUSTAINABILITY REPORT 2021

ABOUT THIS REPORT

This report is the first Sustainability Report published by the Group in relation to the kiwifruit business. By reporting the policies, practices, applicable targets and performances of the Group in terms of its material sustainability issues, it allows all stakeholders to understand the progress and development direction of the Group.

Report Scope

The Company's last sustainability report published in October 2020 was for the Group's baijiu business ("**Previous Business**") for the reporting period from 1 July 2019 to 30 June 2020. In July 2021, the Group completed a restructuring exercise whereby it acquired the kiwifruit cultivation and distribution business ("**New Business**") and disposed of its Previous Business ("**Restructuring Exercise**"). Accordingly, the Group's business now comprises wholly of the New Business, which is the business of planting, cultivating and sale of kiwifruits in the PRC. In addition, in connection with the Restructuring Exercise, the Company changed its financial year end from 30 June to 31 December. Following the change in financial year, the Company's next sustainability report should be for the reporting period from 1 July 2020 to 31 December 2021. However, in view of the Restructuring Exercise completed in July 2021, this report covers only the New Business for the reporting period from 1 July 2021 to 31 December 2021 as the information and data for the Previous Business are no longer meaningful and relevant to be presented herein.

As this is our first Sustainability Report for the New Business, we do not have sufficient performance data to form a trend for the purposes of setting a target for the next reporting period for certain material factors. We aim to progressively upgrade our internal data collection procedures and expand the level of disclosure and target setting in our subsequent sustainability reports.

Reporting Standard

This report is prepared in accordance with the "comply or explain" provisions pursuant to Rule 711A of the Singapore Exchange Securities Trading Limited Listing Manual ("**Listing Manual**"), as well as the guidelines set out in the Practice Note 7.6: Sustainability Reporting Guide of the Listing Manual. The five reporting components prescribed by Rule 711B of the Listing Manual underline the key structure of this report.

The Group has selected the Global Reporting Initiative ("**GRI**") Standards as its reporting framework as the Group believes that it provides robust guidance and is widely accepted as a global standard for sustainability reporting. This report has been prepared in accordance with the GRI Standards: Core option.

Confirmation and Approval

Information documented in this report is sourced from official documents, statistical data, as well as management and operation information collected according to the policies of the Group. This report has been approved by the Board in March 2022.

No external assurance has been sought for this report.

Feedback

The Group values the opinions of stakeholders. If you have any questions or suggestions regarding the content or format of this report, please email your feedback or comments to: Raymond@shenshanorchard.com.

SUSTAINABILITY REPORT 2021

SUSTAINABILITY APPROACH AND GOVERNANCE

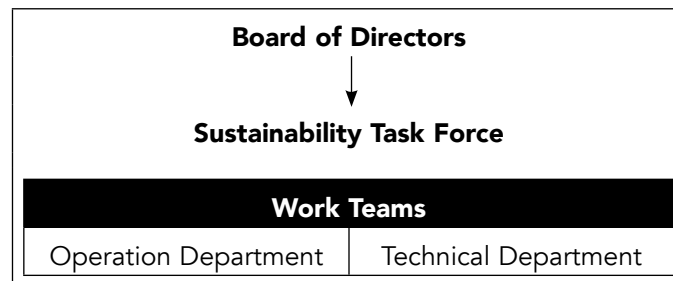
China Shenshan aims to develop a balanced approach towards sustainability by carefully considering the ESG aspects of its business. This includes optimising the use of our resources, reducing adverse environmental impacts at our orchards, taking care of our workforce's health and wellness, compliance with all applicable rules and regulations, and having a comprehensive system to manage our operational and corporate risks.

Corporate and Sustainability Governance

The Board is committed to set and maintain high standards of corporate governance within the Group by adopting and complying with the principles and provisions of Code of Corporate Governance 2018 (the "**Code**") with the aim to preserve and enhance interests of all stakeholders.

Certain functions have been delegated by the Board to various Board Committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), which operate under clearly defined terms of reference. All Board Committees are constituted by and chaired by Independent Directors.

The Board incorporates sustainability considerations, which include specific ESG-related risks, issues and opportunities, as part of the Group's strategic formulation. The Board also provides ongoing guidance to the Chief Executive Officer and the senior management team of the Company on effective implementation and monitoring of the relevant sustainability-related programmes. The Group has a Sustainability Task Force, comprising the Operation and Technical Departments, that is responsible for the implementation of various sustainability-related measures and initiatives.



Conflict of Interest Policy

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that such transactions are reviewed and approved by senior executives, AC and/or the Board, as the case may be, based on the transaction amount and that the transactions have been conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, in accordance with the prescribed procedures. When a potential conflict of interest arises, the Director concerned will not participate in discussions and will abstain from voting on such transactions.

Whistleblowing and Fraud

The Group has in place a whistleblowing policy to highlight any wrongdoing and inappropriate behavior among its employees in order to maintain high ethical standards of accountability, reliability and honesty for its stakeholders at all times.



SUSTAINABILITY REPORT 2021

SUSTAINABILITY APPROACH AND GOVERNANCE

The whistleblowing policy instituted by the Group aims to:

- provide a trusted avenue for employees, vendors, customers and other stakeholders to report any violations, misconduct, wrongdoing or concerns or suspected violations, misconduct, wrongdoing or concerns, particularly in relation to fraud, controls or ethics, relating to the Company, the Group and its employees without fear of reprisals when whistleblowing in good faith; and
- ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow up actions to be taken.

For the reporting period from 1 July 2021 to 31 December 2021, there were no reported cases of violations, misconduct, fraud or any other form of wrongdoing or concerns, or suspected violations, misconduct, fraud or any other form of wrongdoing or concerns.

Supply Chain Management

The Group's suppliers are extensively sourced and stringently evaluated to ensure that they are able to meet the relevant specific procurement policies and guidelines of the Group that are in place. The Group aims to source from consistent, reliable and cost-effective suppliers and minimise potential disruptions in its supply chain. The Group also ensures that no Directors and Executive Officers are materially involved in or dependent on any industrial, commercial or financial contract with any supplier.

The Group has a structured process to review and approve new suppliers:

- Suppliers will be required to fill in a form/questionnaire.
- The purchasing department will evaluate based on the information submitted and the manager of the purchasing department will shortlist a few qualified suppliers for further evaluation.
- This list will be further evaluated and approved by the general manager.
- The approved suppliers will be added to the list of qualified suppliers.
- A team, comprising representatives from the purchasing department, quality control department and technical department, will be formed to review the list of qualified suppliers every year.

SUSTAINABILITY REPORT 2021

STAKEHOLDERS ENGAGEMENT

As the Group embarks on its sustainability journey, it engages stakeholders on an ongoing basis to understand their concerns and incorporate their feedback into its business. The following table summarises our key stakeholders, modes of communication and areas of concern.

Stakeholders	Modes of Communication	Areas of Concerns
Employees	Regular dialogues, internal memos, direct mails and messages	<ul style="list-style-type: none"> • Staff welfare • Learning and career progression opportunities • Health and safety • Job stability
Shareholders and investors	<p>Regular investor meetings, direct mails and annual general meetings</p> <p>Announcements, annual reports and sustainability reports</p>	<ul style="list-style-type: none"> • Financial and operational performance • Dividends • Sound business strategies • Risk management • Governance and transparency
Customers	Regular meetings, direct mails, phone calls, visits, study trips, use of electronic communication applications such as WeChat and QQ	<ul style="list-style-type: none"> • Product safety and quality • Variety of products • Pricing and value for money • Stable and long-term business relationships
Suppliers	Regular meetings, direct mails, phone calls, visits and use of electronic communication applications such as WeChat and QQ	<ul style="list-style-type: none"> • Short credit terms • Punctual payment for supplies • Stable and long-term business relationships
Local communities, governments and regulatory bodies	Regular meetings, community activities, direct mails, phone calls and visits	<ul style="list-style-type: none"> • Sound management of environmental impact such as minimising pollution • Assistance provided to local residents • Sustainable sourcing • Food safety • Compliance with industry standards and hygiene practices • Compliance with relevant rules and regulations



SUSTAINABILITY REPORT 2021

STAKEHOLDERS ENGAGEMENT

External Initiatives

The Group is committed to the highest food and product standards and quality management systems so as to meet and exceed the requirements of customers and other stakeholders. To achieve this objective, we maintain ongoing collaborations with various research institutions and experts in the agricultural industry in the PRC, which include the following:

- Zhengzhou Fruit Research Institute Chinese Academy of Agricultural Sciences;
- Wuhan Botanical Garden of Chinese Academy of Sciences;
- Hubei Academy of Agricultural Sciences;
- Huazhong Agriculture University; and
- Other domestic industry experts to share and develop technology and expertise.

MATERIALITY ASSESSMENT

The Group believes that long-term sustainable growth is dependent on meeting and exceeding the needs and expectations of its key stakeholders, particularly for material factors that influence the stakeholders' assessments and decisions. We also take into consideration how these material factors could have significant environmental and social impacts in the locations where we operate. We adopt a multi-step approach in our materiality assessment, as described in the table below.

Identification	Prioritisation	Validation	Review
Identification of the material factors relevant to the Group's activities and data points for performance reporting.	Prioritisation of the material factors and identification of key sustainability factors to be reported.	Validation involves the verification of information and data gathered on material factors as well as assessment on the completeness of key sustainability factors to finalise the report content.	Monitor, review and update our material factors from previous reporting period, taking into account the feedback received from engagement with stakeholders, as well as organisational and external developments.

Material Factors

For the reporting period from 1 July 2021 to 31 December 2021, the Group has identified the following topics for discussion in this report:

- **Food Quality and Safety** – The Group takes great care in ensuring that the kiwifruit it grows and sells is of the highest quality possible. This safeguards customers' health and satisfaction, protects our brand in the market, and generates steady income to sustain the business in the long term.
- **Human Resource** – People are the Group's most precious asset. They make sure that the entire value chain runs smoothly, innovate and improve on our products and processes, and keep us a step ahead of the competition. The Group complies with the applicable labour, social insurance and housing fund laws and regulations in the PRC.
- **Environmental Conservation** – The Group minimises environmental impacts and protects natural assets so that its orchards continue to be productive, and its workers and communities can enjoy a clean and healthy environment.

SUSTAINABILITY REPORT 2021

FOOD QUALITY AND SAFETY

Product Overview

The Group has been principally engaged in the business of planting, cultivating and sale of kiwifruits. From our 8 orchards located in Chibi City, Hubei, the PRC, the Group currently produces and sells several varieties of kiwifruits, which are classified under 4 commercial names, namely Fairy Gold (精灵果), Sunshine Kiwi (阳光金果), Jade Green (翠玉) and Red Heart (红心).

The kiwifruits marketed as Fairy Gold constitute a significant portion of the Group's overall kiwifruit production. This variety of kiwifruit has yellow flesh with a sweetness of 18°.

精灵金果 (Fairy Gold)

- Yellow flesh with a combination of sweet and sour taste
- Has a sweetness of 18°



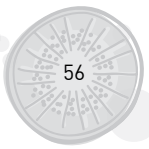
Quality Assurance

We adopt an end-to-end value chain approach to ensuring the quality and freshness of the kiwifruit that we sell.



We start with careful site assessment of where the kiwifruit orchards are located. We consider key factors such as arability of the soil, gentle terrain to facilitate irrigation, low variability in weather conditions and availability of transport infrastructure. We continually look to secure new plant variety rights to expand our product range. Applications for 6 plant variety rights were approved on 18 June 2021 and applications for another 5 plant variety rights are currently pending approval.

The in-house horticultural team will use the latest techniques to improve the resilience and yield of the bearer plants. Each bearer plant is tagged with global positioning system ("GPS") coordinates and identified by its individual Quick Response Code ("QR Code"), allowing data collection and monitoring of each individual bearer plant's location, breed, planting date, yield, irrigation, weeding frequency, details of the plant diseases contracted and its staff in-charge.



SUSTAINABILITY REPORT 2021

FOOD QUALITY AND SAFETY

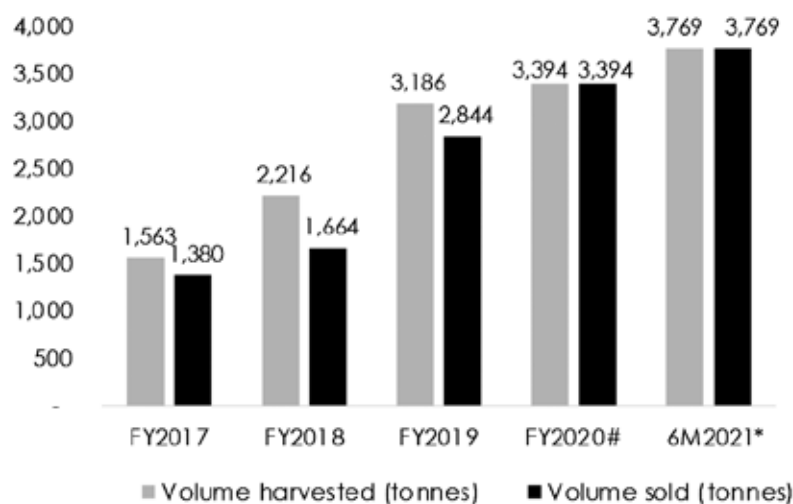
While the growing season for kiwifruit typically lasts up to 240 days a year, the cultivation processes are adjusted to accommodate seasonal and climatic factors such as weather conditions, level of rainfall and temperature, to ensure consistency in quality and overall yield of kiwifruits during each harvest season.

During harvest season, the kiwifruits are picked by hand when they are sufficiently softened, with the necessary care and expertise to ensure that such kiwifruits are not harvested prematurely and are handled with care.

Packing and storage of the harvested kiwifruits are carried out at the centralised Packing Facilities located in Chibi City, Hubei Province in the PRC with a gross floor area of approximately 12,605 square metres. We adopt an integrated automated assembly line with a sensor-enabled system to process, monitor and control the inventory flow of the harvested kiwifruits. Upon harvest, the kiwifruits are delivered to the Packing Facilities to undergo processing, including sterilisation, cleaning, quality control, sorting, cool storage and fresh-packing, in accordance with customers' demands and specifications. The kiwifruits are inspected carefully by quality control staff to ensure that they meet our strict internal standards.

Our kiwifruits are sold through three primary channels, -- distributorship, wholesale, and ecommerce platforms such as Tmall.com, Taobao, and JD.com. The sales and marketing activities are handled by a dedicated sales team comprising 15 staff members, who are in charge of customer liaison activities, distribution and overall coordination of the marketing efforts across the different provinces in the PRC. The sales team also plays a critical role in gathering customers' feedback and understanding market trends.

The volume of kiwifruit harvested and sold for the 1 July to 31 December period in the past 5 years is shown in the chart below.



Notes:

Unaudited financial results

* Six months ended 31 December 2021 with respect to the continued operations of the Group in the kiwifruit business. The volumes harvested are comparable across the five years because harvesting is done only in the second half of the year, i.e. in August to September.

SUSTAINABILITY REPORT 2021

FOOD QUALITY AND SAFETY

Research and Certification

We have an in-house research laboratory with full-time university graduates and diploma holders conducting intensive research on the different kiwifruit breeds. The laboratory also works with external PRC agricultural institutions and experts on specific projects such as evaluating the regional suitability for kiwifruit cultivation, enhancing the quality of kiwifruit pollen, developing solutions to treat bacterial canker, evaluating the disease resistance of kiwifruit varieties, and reducing the use of pesticide applications.

In addition to full compliance with applicable food safety laws in the PRC such as the Agricultural Product Quality Safety Law and the Food Safety Law, the Group's planting and production processes adhere to the Green Food Grade A standards to ensure food safety. Furthermore, our food safety management system is certified in accordance with the international ISO 22000 standard. The Group aims to maintain such certifications for its food safety management system, continue to be in full compliance with applicable food safety laws in the PRC, and adhere to the Green Food Grade A standards for its planting and production processes for 2022.

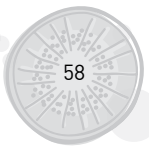


HUMAN RESOURCE

Staff Profile

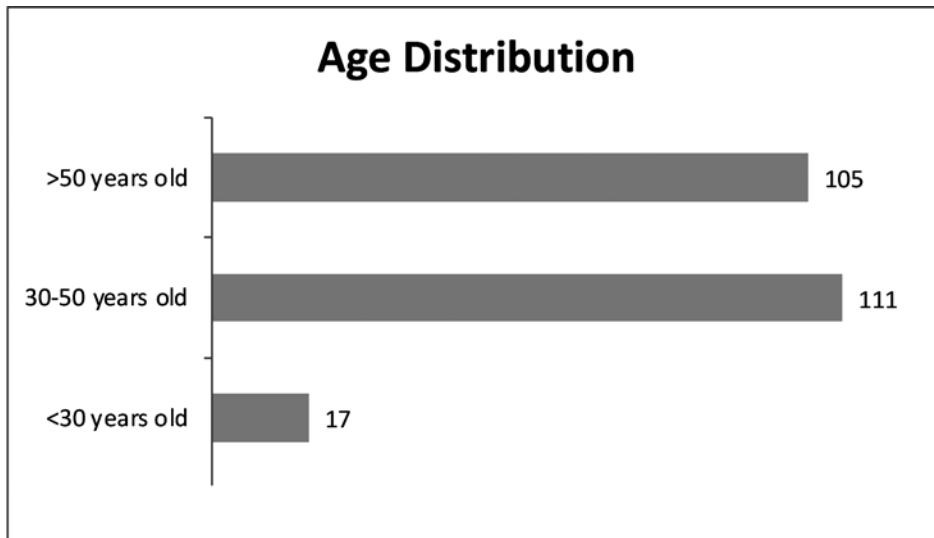
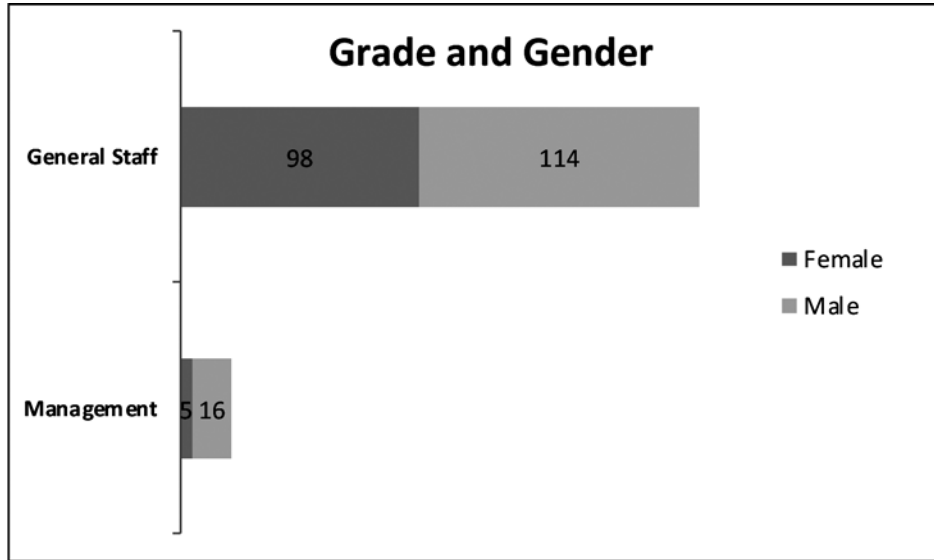
For the reporting period from 1 July 2021 to 31 December 2021, we employed 233 permanent staff and 138 contract workers. These contract workers were mostly hired to supplement the existing workforce during the peak kiwifruit cultivation and harvesting periods between September and October. We hired 30 new employees and had turnover of 19 employees during the reporting period.

Our permanent workers are fairly diverse in terms of gender and age, as shown in the charts below. We believe in diversity and fair practices, and are committed to the principles of equality and non-discrimination. The Group strives to employ on the basis of merit regardless of gender, age, race or religion. The Group encourages two-way communication with all of its employees and appreciates any feedback or suggestions to make the working environment more conducive.



SUSTAINABILITY REPORT 2021

HUMAN RESOURCE



Training and Development

The Group places strong emphasis on training its employees to equip them with the requisite technical skills and knowledge, and to enhance their operational capabilities and productivity. All new employees undergo a 3-day training programme. To ensure continuous professional development, the Group engages its employees through on-site training sessions as well as multiple technology and technical-related seminars throughout the year.

For the reporting period from 1 July 2021 to 31 December 2021, 91 employees were sent for training with an average of 10.5 training hours per person. The courses covered various functional, compliance and skill-based topics such as kiwifruit grafting and pollination, planting process, seasonal pruning, kiwifruit sorting, winter maintenance, food safety management, food hygiene, health and safety, fire drill and first aid, and packaging storage management.

SUSTAINABILITY REPORT 2021

HUMAN RESOURCE

Occupational Safety and Health

Pursuant to the labour laws of the PRC (《中华人民共和国劳动法》), the Group is required to establish and implement a system to safeguard occupational safety and health, educate employees on occupational safety and health, prevent work-related accidents, and reduce occupational hazards.

The Group provides the necessary training to its staff on matters relating to occupational health and safety. Such training includes on-job training involving the transferring of skills and knowledge from senior personnel to junior personnel and new hires covering standard operating procedures, safe work procedures, and proper handling of machinery and equipment. The Group also conducts internal safety checks on a periodic basis to ensure organisation-wide compliance.

For the reporting period from 1 July 2021 to 31 December 2021, there were no serious or fatal incidents at the Group's workplaces. The Group aims to maintain zero serious or fatal incidents at its workplaces for 2022 and beyond.

In view of the ongoing COVID-19 pandemic, the Group has formulated and implemented a comprehensive suite of preventive and responsive measures according to the principle of "early detection, early reporting, early isolation, early diagnosis and early treatment". This includes:

- Preventive measures such as daily temperature taking at the company gate, not allowing staff and other personnel who are unwell from entry, equipping all premises with handwashing facilities and disinfection supplies, equipping employees with personal protective equipment such as masks and gloves, promoting use of non-contact modes of communication, and encouraging staff to adopt healthy lifestyles and be responsible for their own well-being.
- Responsive measures for confirmed COVID-19 cases such as providing isolation facilities, screening and medical observation of close contacts, cleaning and disinfection of rooms and equipment, and temporary closure of work premises if necessary.

Corporate Social Responsibility

The Group has focused its corporate social responsibility ("CSR") efforts on the engagement of local communities where its orchards and other operations are based. The Group spearheads initiatives to improve the livelihood of these communities, such as providing technical training and skills upgrading programmes for employees. There is an ongoing collaboration with the Xianning Profession and Technology Training College to offer students a platform for research and development training, as well as technical training opportunities.

Most importantly, our business creates jobs and improves the lives of our workers and their families. For instance, Yuping, where one of our orchards is located, was originally a less-developed village where local residents were logging for a living with annual income per worker of about RMB 1,000 to RMB 2,000. Through employment in our kiwifruit orchards, the annual income per worker had increased to about RMB 30,000 to RMB 40,000. This helped the community to move out of poverty and improve the quality of life.

The Group has received various awards in recognition of our ongoing CSR efforts in recent years.

SUSTAINABILITY REPORT 2021

HUMAN RESOURCE



Alliance Excellence Award



Empowering Farmers Through E-commerce Award



Social Caring Organization Award



Innovation Demonstration Base

ENVIRONMENTAL CONSERVATION

Minimising Environmental Impacts

The Group carries out its cultivation activities in a manner consistent with industry practice and applicable environmental laws and regulations. The Group recognises the environmental impact of kiwifruit cultivation, which may lead to land becoming barren. Thus, we have adopted the following measures to mitigate such consequences:

- Use of organic fertilizers and practising organic recycling so as to minimise any undesirable impact to the environment.
- Installation of water treatment systems and adoption of the necessary measures to control the disposal of waste gases, waste water and other environmental waste materials.
- Implementation of procedures to ensure the efficient use of electricity in the Packing Facilities, as well as ongoing monitoring and periodic checks on the coolant systems and temperature readings.
- Periodic training of staff on compliance with the applicable environmental regulations.

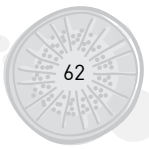
SUSTAINABILITY REPORT 2021

ENVIRONMENTAL CONSERVATION**Resource Usage**

The Group tracks and optimises the use of water, electricity and fuel to enhance business efficiency and reduce the environmental footprint. For the 1 July to 31 December period for 2020 and 2021, our usage of such resources was as follows:

Resource	2020 (1 July to 31 December)	2021 (1 July to 31 December)	Year-on-Year Change
Water (tonnes)	6,741	6,860	+1.8%
Electricity (10,000 kWh)	22.5	23.1	+2.4%
Fuel (litres)	28,237	29,763	+5.4%

The year-on-year increases in resource consumption were driven largely by growth in our operations. The Group has implemented various resource conservation measures such as reminding all employees to turn off lights and equipment when not in use, setting indoor air-conditioned temperatures within a sensible nature (i.e. not too low in summer and not too high in winter), and inspecting and maintaining equipment regularly. The Group aims to reduce resource usage by 3% to 5% in 2022 by improving on existing conservation measures.



SUSTAINABILITY REPORT 2021

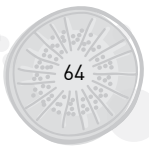
GRI CONTENT INDEX

GRI Standards		Description / Page Reference
GRI 102: General Disclosures		
102-1	Name of the organisation	China Shenshan Orchard Holdings Co. Ltd.
102-2	Activities, brands, products, and services	Corporate website (https://www.ddhlimited.com/) Corporate Profile section of the Annual Report 2021
102-3	Location of headquarters	Corporate website Corporate Information section of the Annual Report 2021
102-4	Location of operations	Corporate website Corporate Information section of the Annual Report 2021
102-5	Ownership and legal form	Corporate website Note 1 to the Financial Statements of the Annual Report 2021 Statistics of Shareholdings section of the Annual Report 2021
102-6	Markets served	Corporate website Corporate Profile section of the Annual Report 2021
102-7	Scale of the organisation	Corporate website Corporate Profile section of the Annual Report 2021 Consolidated Statement of Comprehensive Income and Statements of Financial Position of the Annual Report 2021
102-8	Information on employees and other workers	Staff Profile (page 57)
102-9	Supply chain	Supply Chain Management (page 52)
102-10	Significant changes to the organisation and its supply chain	Nil
102-11	Precautionary principle or approach	Minimising Environmental Impacts (page 60)
102-12	External initiatives	External Initiatives (page 54)
102-13	Membership of associations	Nil
102-14	Statement from senior decision maker	Message from The Board (page 49)
102-16	Values, principles, standards, and norms of behaviour	Sustainability Approach and Governance (page 51)
102-18	Governance structure	Corporate and Sustainability Governance (page 51)
102-40	List of stakeholder groups	Stakeholders Engagement (page 53)
102-42	Identifying and selecting stakeholders	Stakeholders Engagement (page 53)

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GRI CONTENT INDEX

GRI Standards		Description / Page Reference
102-43	Approach to stakeholder engagement	Stakeholders Engagement (page 53)
102-44	Key topics and concerns raised	Stakeholders Engagement (page 53)
102-45	Entities included in the consolidated financial statements	Notes 14 and 15 to the Financial Statements of the Annual Report 2021
102-46	Defining report content and topic boundaries	Report Scope (page 50)
102-47	List of material topics	Material Factors (page 54)
102-48	Restatements of information	Nil
102-49	Changes in reporting	Report Scope (page 50)
102-50	Reporting period	1 July 2021 to 31 December 2021
102-51	Date of most recent report	14 October 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Feedback (page 50)
102-54	Claims of reporting in accordance with GRI Standards	Reporting Standard (page 50)
102-55	GRI content index	GRI Content Index (page 62)
102-56	External assurance	Confirmation and Approval (page 50)
Topic-Specific Standards		
Food Quality and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	Quality Assurance (page 55)
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality Assurance (page 55)
Human Resource		
401-1	New employee hires and employee turnover	Staff Profile (page 57)
403-1	Occupational health and safety management system	Occupational Safety and Health (page 59)
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health (page 59)
403-5	Worker training on occupational health and safety	Occupational Safety and Health (page 59)
403-9	Work-related injuries	Occupational Safety and Health (page 59)
404-1	Average hours of training per year per employee	Training and Development (page 58)



SUSTAINABILITY REPORT 2021

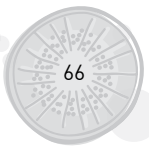
GRI CONTENT INDEX

GRI Standards		Description / Page Reference
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development (page 58)
405-1	Diversity of governance bodies and employees	Staff Profile (page 57)
413-1	Operations with local community engagement, impact assessments, and development programmes	Corporate Social Responsibility (page 59)
419-1	Non-compliance with laws and regulations in the social and economic area	Material Factors (page 54)
Environmental Conservation		
302-1	Energy consumption within the organisation	Resource Usage (page 61)
302-4	Reduction of energy consumption	Resource Usage (page 61)
303-05	Water consumption	Resource Usage (page 61)



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DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of China Shenshan Orchard Holdings Co. Ltd. (the "**Company**") and its subsidiaries (collectively known as the "**Group**") for the financial period from 1 July 2020 to 31 December 2021 ("**FP2021**").

Directors

The Directors of the Company in office at the date of this report are:

Hu Chao (Executive Director and Chief Executive Officer)	- appointed with effect from 3 July 2021
Zhao Chichun (Executive Director)	- appointed with effect from 3 July 2021
Zhang Lei (Independent Director)	- appointed with effect from 2 October 2021
Yeo Teck Chuan (Independent Director)	- appointed with effect from 2 December 2021
Huo Lei (Non-Executive and Non-Independent Director)	
Ho Teck Cheong (Non-Executive Chairman and Independent Director)	

Share Options

The Company does not have any share option scheme.

Arrangements to enable Directors to acquire Shares or Debentures

During and at the end of FP2021, neither the Company nor any of its subsidiaries was a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Interests in Shares or Debentures

According to the Register of Directors' shareholdings, none of the Directors holding office (i) at the end of FP2021; and (ii) as at the 21st day after the end of FP2021, had any interest in the share capital or debentures of the Company.

Directors' Contractual Benefits

Except for the Service Agreements detailed above and transactions disclosed in note 32 to the financial statements, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest since the end of the previous financial year ended 30 June 2020.

Material contracts involving the interests of Chief Executive Officer, each Director or Controlling Shareholder

Save for the Service Agreements entered into with the Executive Directors, there are no material contracts entered into by the Group involving the interests of the CEO, any Director or controlling shareholder subsisting for FP2021.

DIRECTORS' REPORT

Audit Committee, Nominating Committee and Remuneration Committee

Details of the Company's Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") are set out in the Corporate Governance Report on pages 13 to 46 of this Annual Report.

The AC has recommended to the Board of Directors the re-appointment of BDO Limited, Certified Public Accountants, Hong Kong ("**BDO Limited**") and BDO LLP, Public Accountants and Chartered Accountants, Singapore ("**BDO LLP**") to act jointly and severally as the auditors of the Company at the forthcoming AGM.

Auditors

BDO Limited and BDO LLP have expressed their willingness to accept the re-appointment to act jointly and severally as auditors of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

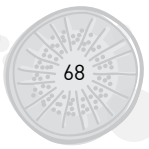
Hu Chao

Director

1 April 2022

Zhao Chichun

Director



STATEMENT BY DIRECTORS

We, Hu Chao and Zhao Chichun, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors:

- (i) the accompanying consolidated statements of financial position, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows together with the notes thereto, set out on pages 74 to 138, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2021 and the results of the business, changes in equity and cash flows of the Group for the financial period then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors authorised these financial statements for issue on 1 April 2022.

ON BEHALF OF THE BOARD OF DIRECTORS

Hu Chao

Director

1 April 2022

Zhao Chichun

Director

INDEPENDENT JOINT AUDITORS' REPORT

To the shareholders of China Shenshan Orchard Holdings Co. Ltd. (incorporated in Bermuda with limited liability)



Opinion

We have audited the financial statements of China Shenshan Orchard Holdings Co. Ltd. (formerly known as Dukang Distillers Holdings Limited) (the "Company") and its subsidiaries (the "Group") set out on pages 74 to 138, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021;
- the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the eighteen-month period from 1 July 2020 to 31 December 2021;
- the statement of changes in equity of the Company for the eighteen-month period from 1 July 2020 to 31 December 2021; and
- notes to the financial statements, including a summary of significant accounting policies.

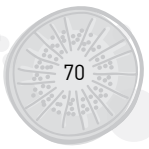
In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 31 December 2021, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and the changes in equity of the Company for the eighteen-month period from 1 July 2020 to 31 December 2021 in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore and the Hong Kong Institute of Certified Public Accountants ("HKICPA") Code of Ethics for Professional Accountants ("HKICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements, the ACRA Code and the HKICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT JOINT AUDITORS' REPORT

To the shareholders of China Shenshan Orchard Holdings Co. Ltd. (incorporated in Bermuda with limited liability)

Key audit matter

Audit response

1 Fair value of consideration of the Transactions (as defined below)

On 3 July 2021, the Company has completed the acquisition of the entire issued and paid-up shares in the capital of Great Resolute Limited ("Great Resolute") and disposal of the entire issued and paid-up shares in the capital of Sea Will International Limited ("Sea Will") (the "Completion") (collectively, the "Transactions"). Accordingly, the Company has entirely disposed of its business of manufacture and sale of baijiu products and its business now comprises wholly of the business of planting, cultivating and sale of kiwifruits.

This area is identified as a key audit matter due to its financial significance to the consolidated financial statements and because the Transactions significantly affected the composition of the Group's businesses and activities. The purchase price allocation ("PPA") exercise involves the fair valuation of the consideration transferred, representing the identification of the assets and liabilities of Great Resolute acquired and of the Sea Will transferred and their respective fair values, which requires the use of significant management judgement and estimates. Management has engaged external valuation experts to assist them with the PPA exercise for the acquisition of Great Resolute and the fair value measurement of Sea Will as at the date of Completion.

Refer to notes 1, 4.1, 5(v), 8 and 30 of the accompanying financial statements.

Our audit procedures included:

- (i) Analysing the acquisition and disposal agreement and evaluate management's accounting treatment for the Transactions with reference to the terms set out in the agreement and the requirements of the prevailing accounting standards;
- (ii) Understanding and assessing the appropriateness of the valuation methodologies used and key assumptions adopted for the valuations in respect of the identifiable assets and liabilities assumed on the date of Completion;
- (iii) Involving an auditor's expert to assist our assessment on the reasonableness of key assumptions, estimations and appropriateness of the valuation methodology;
- (iv) Evaluating the competency, capabilities and objectivity of the management's expert and auditor's expert; and
- (v) Assessing the disclosures in the consolidated financial statements in respect of the Transactions with reference to the requirements of the prevailing accounting standards.

INDEPENDENT JOINT AUDITORS' REPORT

To the shareholders of China Shenshan Orchard Holdings Co. Ltd. (incorporated in Bermuda with limited liability)

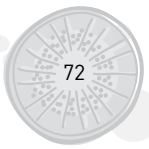
Key audit matter	Audit response
<p>2 Valuation of biological assets</p> <p>For the eighteen-month period ended 31 December 2021, a gain arising from change in fair value less costs to sell of biological assets of approximately RMB90,814,000 was recorded in the consolidated statement of comprehensive income. To support management's estimation of the fair value, the Group engaged an independent professional valuer as the management's expert to assist the management in assessing the fair value effect arising from the biological assets.</p> <p>This area is identified as a key audit matter due to the significant management judgement required in the valuation of the Group's biological assets which are dependent on certain key assumptions and estimations. The valuation was inherently subjective due to the significant estimates used and significant changes in these estimates could result in material changes to the valuation of the biological assets.</p> <hr/> <p>Refer to notes 4.7, 5(iii) and 18 of the accompanying financial statements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> (i) Assessing the appropriateness of the valuation methodology in respect of the determination of the fair value of biological assets; (ii) Assessing the reasonableness of the underlying key assumptions and estimations used; (iii) Checking the appropriateness of key input data used in the valuation of biological assets; (iv) Involving an auditor's expert to assist our assessment on the reasonableness of key assumptions, estimations and appropriateness of the valuation methodology; (v) The competency, capabilities and objectivity of the management's expert and auditor's expert; and (vi) Assessing the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises all the information included in the Company's 2021 annual report, but does not include the financial statements and our joint auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT JOINT AUDITORS' REPORT

To the shareholders of China Shenshan Orchard Holdings Co. Ltd. (incorporated in Bermuda with limited liability)

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT JOINT AUDITORS' REPORT

To the shareholders of China Shenshan Orchard Holdings Co. Ltd. *(incorporated in Bermuda with limited liability)*

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our joint auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent joint auditors' report are Aw Vern Chun Philip from BDO LLP, and Cheung Or Ping from BDO Limited.

BDO LLP

Public Accountants and Chartered Accountants
Singapore

1 April 2022

BDO Limited

Certified Public Accountants
Hong Kong

1 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the eighteen-month period from 1 July 2020 to 31 December 2021

	Notes	Eighteen-month period from 1 July 2020 to 31 December 2021 RMB'000	Year ended 30 June 2020 RMB'000 (Restated)
Continuing operations			
Revenue	6	111,176	-
Cost of sales		(96,342)	-
Gross profit		14,834	-
Gain arising from changes in fair value less costs to sell of biological assets		90,814	-
Gain on bargain purchase	30	10,471	-
Other income	7	412	-
Selling and distribution expenses		(4,620)	-
Administrative expenses		(38,315)	(7,667)
Other operating expenses		(19,046)	-
Operating profit/(loss)	9	54,550	(7,667)
Finance costs	10	(51)	-
Profit/(loss) before income tax		54,499	(7,667)
Income tax credit	12	2,919	-
Profit/(loss) after income tax for the period/year from continuing operations		57,418	(7,667)
Discontinued operations			
Profit/(loss) for the period/year from discontinued operations	8	34,779	(66,267)
Profit/(loss) for the period/year, attributable to owners of the Parent		92,197	(73,934)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(1,961)	1,381
Release of exchange reserve upon disposal of subsidiaries	30	(22,798)	-
Other comprehensive income for the period/year, net of tax amounting to RMBnil (2020: RMBnil)		(24,759)	1,381
Total comprehensive income for the period/year, attributable to owners of the Parent		67,438	(72,553)
Profit/(loss) per share for loss attributable to owners of the Parent during the period/year			
From continuing and discontinued	13		
- Basic and diluted		RMB1.16	RMB(0.93)
From continuing operations			
- Basic and diluted		RMB0.72	RMB(0.10)
From discontinued operations			
- Basic and diluted		RMB0.44	RMB(0.83)

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

Notes	Group		Company		
	As at 31 December 2021	As at 30 June 2020	As at 31 December 2021	As at 30 June 2020	
	RMB'000	RMB'000	RMB'000	RMB'000	
ASSETS AND LIABILITIES					
Non-current assets					
Interests in subsidiaries	14	-	-	952,120	793,606
Interest in an associate	15	-	11,123	-	-
Property, plant and equipment	16	1,156,004	373,842	-	-
Prepayments	19	-	731	-	-
Deposit paid for property, plant and equipment		326	-	-	-
Intangible assets	17	6,376	-	-	-
		1,162,706	385,696	952,120	793,606
Current assets					
Inventories and consumables	20	1,437	751,136	-	-
Amounts due from a subsidiary	14	-	-	-	4,560
Trade receivables	21	55,863	-	-	-
Prepayments, deposits and other receivables	19	957	16,682	-	-
Income tax recoverable		-	466	-	-
Cash and cash equivalents	22	98,266	121,877	5	8
		156,523	890,161	5	4,568
Current liabilities					
Trade payables		3,162	85,072	-	-
Amount due to an associate	15	-	8,887	-	-
Amounts due to subsidiaries		-	-	20,074	-
Accrued liabilities and other payables	23	30,880	110,140	2,544	6,448
Bank loans, secured	24	4,400	115,000	-	-
Lease liabilities	25	35	-	-	-
Deferred government grants	26	478	-	-	-
Provision for income tax		253	-	-	-
		39,208	319,099	22,618	6,448
Net current assets/(liabilities)		117,315	571,062	(22,613)	(1,880)
Total assets less current liabilities		1,280,021	956,758	929,507	791,726

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Notes	Group		Company	
		As at 31 December 2021	As at 30 June 2020	As at 31 December 2021	As at 30 June 2020
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Bank loans, secured	24	13,600	-	-	-
Lease liabilities	25	9,244	-	-	-
Deferred government grants	26	12,524	-	-	-
Deferred tax liabilities	27	231,478	11,021	-	-
		266,846	11,021	-	-
Net assets		1,013,175	945,737	929,507	791,726
EQUITY					
Equity attributable to owners of the Parent					
Share capital	28	279,499	279,499	279,499	279,499
Reserves	29	733,676	666,238	650,008	512,227
Total equity		1,013,175	945,737	929,507	791,726

STATEMENTS OF CHANGES IN EQUITY

For the eighteen-month period from 1 July 2020 to 31 December 2021

GROUP

	Share capital	Share premium* (Note 29)	Merger reserve* (Note 29)	Statutory reserves* (Note 29)	Translation reserve*	Retained profits/ (Accumulated losses)*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 July 2019	279,499	656,811	(150,101)	169,567	(640)	63,154	1,018,290
Loss for the year	-	-	-	-	-	(73,934)	(73,934)
Other comprehensive income							
- Exchange differences on translation of foreign operations	-	-	-	-	1,381	-	1,381
Total comprehensive income for the year	-	-	-	-	1,381	(73,934)	(72,553)
Balance as at 30 June 2020 and 1 July 2020	279,499	656,811	(150,101)	169,567	741	(10,780)	945,737
Profit for the period	-	-	-	-	-	92,197	92,197
Other comprehensive income							
- Exchange differences on translation of foreign operations	-	-	-	-	(1,961)	-	(1,961)
- Release of exchange reserve to profit or loss upon disposal of subsidiaries	-	-	-	-	(22,798)	-	(22,798)
Total comprehensive income for the period	-	-	-	-	(24,759)	92,197	67,438
Transfer to statutory reserves	-	-	-	8,454	-	(8,454)	-
Disposal of subsidiaries	-	-	150,101	(169,567)	-	19,466	-
Balance as at 31 December 2021	279,499	656,811	-	8,454	(24,018)	92,429	1,013,175

* These reserve accounts comprise the consolidated reserves of RMB733,676,000 (30 June 2020: RMB666,238,000) in the consolidated statement of financial position.

STATEMENTS OF CHANGES IN EQUITY

For the eighteen-month period from 1 July 2020 to 31 December 2021

COMPANY

	Share capital	Share premium** (Note 29)	Contributed surplus** (Note 29)	Translation reserve**	Accumulated losses/ retained profits**	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 July 2019	279,499	656,811	120,523	(25,081)	(232,486)	799,266
Loss for the year	-	-	-	-	(7,667)	(7,667)
Other comprehensive income						
- Exchange differences on translation of financial statements	-	-	-	127	-	127
Total comprehensive income for the year	-	-	-	127	(7,667)	(7,540)
Balance as at 30 June 2020 and 1 July 2020	279,499	656,811	120,523	(24,954)	(240,153)	791,726
Profit for the period	-	-	-	-	136,912	136,912
Other comprehensive income						
- Exchange differences on translation of financial statements	-	-	-	869	-	869
Total comprehensive income for the period	-	-	-	869	136,912	137,781
Disposal of subsidiaries	-	-	(120,523)	-	120,523	-
Balance as at 31 December 2021	279,499	656,811	-	(24,085)	17,282	929,507

** These reserve accounts comprise the Company's reserves of RMB650,008,000 (30 June 2020: RMB512,227,000) in the Company's statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the eighteen-month period from 1 July 2020 to 31 December 2021

	Notes	Eighteen-month period from 1 July 2020 to 31 December 2021	
		RMB'000	Year ended 30 June 2020 RMB'000
Cash flows from operating activities			
Profit/(loss) before income tax			
Continuing operations		54,499	(7,667)
Discontinued operations		34,972	(67,018)
Total		89,471	(74,685)
Adjustments for:			
Bank interest income		(348)	(376)
Interest expenses		7,604	7,629
Depreciation of property, plant and equipment		45,539	29,674
Impairment loss on interest in an associate		-	3,172
Property, plant and equipment written off	16	504	46
Amortisation of intangible assets	9	285	-
Amortisation of deferred government grants	9	(239)	-
Share of profit of an associate	15	(591)	(624)
Gain on disposal of property, plant and equipment		(121)	-
Gain on disposal of subsidiaries	30	(99,909)	-
Gain on bargain purchase	30	(10,471)	-
Gain arising from changes in fair value less costs to sell of biological assets	18	(90,814)	-
Operating loss before working capital changes		(59,090)	(35,164)
Decrease/(increase) in inventories		112,268	(41,544)
Increase in trade receivables		(55,860)	-
Decrease in prepayments, deposits and other receivables		3,666	22,991
(Decrease)/increase in trade payables		(43,782)	29,085
Increase in accrued liabilities and other payables		11,184	54
Increase in amount due to an associate		1,567	1,717
Cash used in operations		(30,047)	(22,861)
Income taxes paid		(351)	(466)
Net cash used in operating activities		(30,398)	(23,327)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the eighteen-month period from 1 July 2020 to 31 December 2021

		Eighteen-month period from 1 July 2020 to 31 December 2021	Year ended 30 June 2020
	Notes	RMB'000	RMB'000
Cash flows from investing activities			
Net cash outflows from the Transactions completed	30	(8,248)	-
Purchases of property, plant and equipment		(2,660)	(464)
Payments for bearer plants		(3,810)	-
Proceed from disposal of property, plant and equipment		212	-
Prepayment of lease payments		-	(731)
Interest received		348	376
Net cash used in investing activities		(14,158)	(819)
Cash flows from financing activities			
Proceeds from bank loan	35	115,000	115,000
Repayments of bank loan	35	(120,200)	(115,000)
Interest paid	35	(8,487)	(7,629)
Advance from/(repayment to) a director	35	34,635	(2,864)
Net cash generated from/(used in) financing activities		20,948	(10,493)
Net decrease in cash and cash equivalents		(23,608)	(34,639)
Cash and cash equivalents at beginning of year		121,877	156,501
Effect of foreign exchange rate changes		(3)	15
Cash and cash equivalents at end of year		98,266	121,877

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

1. GENERAL CORPORATE INFORMATION

China Shenshan Orchard Holdings Co. Ltd. (formerly known as Dukang Distillers Holdings Limited) (the "Company") was incorporated in Bermuda on 12 February 2008 under the Bermuda Companies Act as an exempted company with limited liability. The address of its registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The principal place of business of the Company is located at 12 Guanghua Road, Chi Ma Port Industrial Zone, Chibi, Hubei Province, the People's Republic of China (the "PRC").

On 17 November 2018, the Company entered into a conditional acquisition and disposal agreement (the "Agreement") with Keen Wind Limited ("Keen Wind"). Subject to the terms and conditions of the Agreement, the Company and Keen Wind have entered into the below transactions (collectively, the "Transactions"):

- (a) Keen Wind will sell, and the Company will acquire, all the issued and paid-up shares in the capital of Great Resolute Limited ("Great Resolute") held by Keen Wind, representing 100% of the issued shares in Great Resolute (the "Xingnong Acquisition"); and
- (b) The Company will dispose of, and Keen Wind will purchase, all the issued and paid-up shares in the capital of Sea Will International Limited ("Sea Will") held by the Company, representing 100% of the issued shares in Sea Will (the "Dukang Disposal").

As at 30 June 2020, there were conditions as pursuant to the Agreement that were yet to be completed, including the approval from the requisite majority of the independent shareholders as well as the Singapore Exchange Securities Trading Limited ("SGX") in relation to the Transactions. In addition, the relevant formal transaction circular had yet to be submitted to SGX for review and approval, and the independent shareholders meeting had yet to be held as at 30 June 2020. Furthermore, on 30 June 2020, the Company announced that more time was required to fulfil the conditions precedent under the Agreement and the Company and Keen Wind (collectively, the Parties") had on 30 June 2020 mutually agreed in writing, by way of a side letter ("Further Extension Side Letter"), to further extend the Long-Stop Date to (and including) 31 March 2021 (or such later date as may be agreed by the Parties in writing). Accordingly, the directors of the Company considered that, as at 30 June 2020, Sea Will and its subsidiaries (collectively, the "Disposal Group") shall not be classified as held for sale.

The Transactions have been completed on 3 July 2021 (the "Completion"). Great Resolute therefore became a wholly-owned subsidiary of the Company while Sea Will ceased to be a subsidiary of the Company since then (note 30). Accordingly, the Company has entirely disposed of its business of manufacture and sale of baijiu products (the "Baijiu Business") and its business now comprises wholly of the business of planting, cultivating and sale of kiwifruits (the "Kiwifruit Business"). Accordingly, the consolidated statement of comprehensive income are presented in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations". Comparative figures for 2020 have also been restated.

Following the completion of the Transactions, the name of the Company has been changed from "Dukang Distillers Holdings Limited" to "China Shenshan Orchard Holdings Co. Ltd." with effect from 5 July 2021.

The Company's shares are listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Certain of its shares listed as Taiwan Depository Receipts on the Taiwan Stock Exchange Corporation has been delisted with effect from 31 August 2021.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 14 to the financial statements. The Company and its subsidiaries are referred to as the "Group" hereinafter.

The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company for the eighteen-month period ended 31 December 2021 were approved for issue by the Board of Directors on 1 April 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretation Committee (“IFRIC”) of the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST.

The financial statements have been prepared under the historical cost basis except for biological assets excluding bearer plants. The financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5 to the financial statements.

Change of year end date

In connection with the Transactions and following the approval of the key resolutions by the shareholders at the special general meeting held on 6 May 2021, the Company’s financial year end was changed from 30 June to 31 December each year. Accordingly, the consolidated financial statements for the current period cover the eighteen-month period from 1 July 2020 to 31 December 2021 whilst the comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, statement of changes in equity of the Company and related notes cover the 12 months from 1 July 2019 to 30 June 2020. The comparative information may not be comparable with amounts shown for the current period.

3 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 Adoption of new and revised IFRSs

The Group has adopted the following amendments to IFRSs which are relevant to the Group’s operations for the first time in the current year:

Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IAS 39, IFRS 7 and IFRS 9	Interest Rate Benchmark Reform
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to IAS 39, IFRS 4, IFRS 7, Interest Rate Benchmark Reform – Phase 2 ² IFRS 9 and IFRS 16	
Revised Conceptual Framework	Revised Conceptual Framework For Financial Reporting

¹ Early adoption on 1 April 2021

² Early adoption on 1 January 2021

The new or amended IFRSs that are effective from 1 July 2020 did not have any significant impact on the Group’s accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

3 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

3.2 Issued but not effective IFRSs

The Group has not applied the following new and revised IFRSs, which have been issued and are potentially relevant to the Group's operations but are not yet effective, in these financial statements.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to IAS 8	Definition of Accounting Estimates ³
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
IFRS 17	Insurance Contracts ⁵
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020 ¹

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for business combinations for which the date of acquisitions is on or after the beginning of the first annual period beginning on or after 1 January 2022

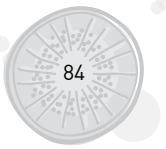
3 Effective for annual periods beginning on or after 1 January 2023

4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

5 The amendments were originally intended to be effective for periods beginning on or after 1 January 2021. The effective date has now been extended to 1 January 2023

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

3 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

3.2 Issued but not effective IFRSs (Continued)

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2. The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the financial statements.

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors. The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the financial statements.

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the financial statements.

Amendments to IAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

3 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

3.2 Issued but not effective IFRSs (Continued)

IFRS 17, Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4, Insurance Contracts. The standard outlines a 'General Model', which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The directors of the Company do not anticipate that the application of this standard in the future will have an impact on the financial statements.

Amendments to IFRS 3, Reference to the Conceptual Framework

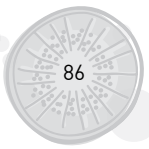
The amendments update IFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC-Int 21 Levies, the acquirer applies IFRIC-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the financial statements.

Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these amendments may have an impact on the financial statements in future periods should such transaction arise.



NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

3 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

3.2 Issued but not effective IFRSs (Continued)

Annual Improvements to IFRSs 2018-2020

The annual improvements amends a number of standards, including:

- IFRS 1, First-time Adoption of International Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.
- IFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented.

4.1 Business combination and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up from 1 July 2020 to 31 December 2021 for the current period and from 1 July 2019 to 30 June 2020 for the preceding period.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

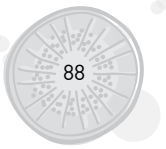
Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represents a present ownership interest in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.



NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries together with advances from the Company which are neither planned nor likely to be settled in foreseeable future are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test as detailed in note 4.8.

4.4 Property, plant and equipment

Property, plant and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Property, plant and equipment (Continued)

Depreciation is provided to write off the cost of property, plant and equipment, less any estimated residual values, using the straight-line method, over the following estimated useful lives:

Right-of-use assets	Over the lease term and 46 – 50 years
Leasehold buildings	Over the shorter of lease terms and useful lives of 20 – 50 years
Plant and machinery	2 - 10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	3 - 5 years
Transportation equipment	10 years
Farmland infrastructure and equipment	20 to 40 years
Bearer plants	40 years

A bearer plant is a living plant that:

- (i) is used in the production or supply of agricultural produce;
- (ii) is expected to bear produce for more than one period; and
- (iii) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants comprise fruit trees of kiwifruits (“Fruit Trees”) in the woodlands, of which the forest use rights certificates have been issued to the Group for the purpose of the plantation of kiwifruits in the agricultural activities of the biological transformation of bearer plants for production of agricultural produce for sale or further processing.

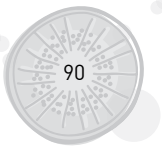
Bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment. No depreciation is provided for in respect of bearer plants until they are in the location and condition necessary to be capable of operating in the manner intended by the management, which is the point of maturity of bearer plants.

Bearer plants are stated as cost less impairment losses before they reach maturity. Depreciation of bearer plants is started from the stage that bearer plants reach stage of maturity.

CIP, which represents buildings under construction, is stated at cost less accumulated impairment losses. Cost comprises direct costs incurred during the periods of construction, installation and testing. No depreciation is provided on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets’ residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Leases

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at depreciated cost less accumulated impairment losses.

The Group accounts for leasehold land and buildings which is held for own use under IAS 16 and are carried at depreciated cost less accumulated impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group’s incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Leases (Continued)

Lease liability (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- (i) If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- (ii) In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- (iii) If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount

4.6 Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative and other expenses.

Licensing rights	10 to 20 years
Trademark	Indefinite

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (note 4.8).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

The trademark was regarded as having an indefinite useful life because the trademark legal right is capable of being renewed indefinitely at insignificant cost and the trademarked products are expected to generate net cash inflows indefinitely. The trademark is stated at cost less any impairment losses.



NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Biological assets

A biological asset is a living animal or plant managed by an enterprise which is involved in the agricultural activity of the transformation of biological assets for sale, into agricultural produce, or into additional biological assets. The biological asset of the Group relate to the following:

Agricultural produce — Harvested Kiwifruit (the “Fresh Fruits”)

Agricultural produce harvested from bearer plants is measured at their fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying IAS 2 Inventories. A gain or loss arising from agricultural produce at the point of harvest at fair value less costs to sell is included in profit or loss for the period in which it arises.

4.8 Impairment of non-financial assets

Property, plant and equipment, intangible assets, prepayments and the Company's interests in subsidiaries are subject to impairment testing.

Intangible assets with indefinite useful life are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss recognised for cash-generating unit is charged on a pro rata basis to the assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable), whichever is the higher.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash-generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Inventories and consumables

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

Consumables for own consumption are stated at cost. Cost is determined using the weighted average method.

4.10 Financial assets

The Group's and the Company's financial assets include trade receivables, deposits and other receivables, amounts due from a subsidiary and cash and cash equivalents.

A financial asset (unless it is an account receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments at amortised cost.

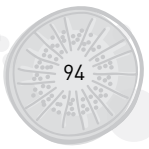
Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment loss on financial assets

The Group recognises loss allowances for ECLs on the financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.



NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Financial assets (Continued)

Impairment loss on financial assets (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group considers a financial asset to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Financial liabilities

The Group's and the Company's financial liabilities include trade payables, accrued liabilities and other payables, amounts due to subsidiaries, bank loans and lease liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Borrowings

Borrowings include bank loans and are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Other financial liabilities

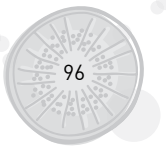
These include trade payables, accrued liabilities and other payables and amount due to an associate and are recognised initially at their fair values net of transaction costs and subsequently measured at amortised costs, using the effective interest method.

4.12 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.



NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(i) Sale of baijiu products

Customers obtain control of the baijiu products when the goods are delivered to and have been accepted. Revenue is thus recognised at a point in time when the customers accepted the baijiu products. There is generally only one performance obligation. Payments are usually received in advance.

The Group's contracts with customers from the sales of baijiu products provide customers a right of return (a right to be refunded in cash or exchange of product). The right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right of return assets are recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Revenue recognition (Continued)

(ii) Sale of agricultural produce - kiwifruits

Revenue from planting, cultivation and sale of agricultural produce is recognised at a point in time when control of the products has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products and collectability of the related receivables is reasonably assured.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for products or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(iii) Interest income

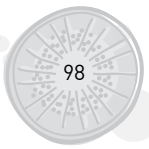
Interest income is accrued on a time basis on the principal outstanding using the effective interest rate method.

4.14 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to agriculture activities and land use rights are included in non-current liabilities as deferred government grants and are recognised in profit or loss on straight line method over the expected lives of the related assets.



NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries and associate, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.16 Employee benefits

Retirement benefits

Pursuant to the relevant regulations of the government in Mainland China, the subsidiaries operating in Mainland China have participated in central pension schemes (the "Schemes") operated by local municipal governments, whereby the subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of their employees to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries in the PRC. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to profit or loss as incurred. There are no provisions under the Schemes whereby forfeited contributions may be used to reduce future contributions.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Foreign currency translation

The functional currency of the Company is Hong Kong dollars ("HK\$"). The financial statements are presented in RMB, which is the functional currency of the principal subsidiaries of the Group whose operations are principally conducted in Mainland China.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity. When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

4.18 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

4.19 Cash and cash equivalents

Cash and cash equivalents include cash at banks (including financial institution) and in hand and short-term bank deposits with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.20 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.21 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

During the eighteen-month period ended 31 December 2021, the Group has completed the disposal of Baijiu Business and its business now comprises wholly of the Kiwifruit Business. In accordance with IFRS 5, the segment of Baijiu Business for the eighteen-month period ended 31 December 2021 and the year ended 30 June 2020 were presented as discontinued operations in the Group's consolidated financial statements. Further details regarding the results of the discontinued operations is set out in note 8 to the consolidated financial statements.

The Group's revenue, assets and capital expenditure are principally attributable to a single geographical region, which is Mainland China.

Accordingly, no separate analysis of segment information by business or geographical segments is presented.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful life of property, plant and equipment (other than bearer plants)

The Group depreciates its property, plant and equipment in accordance with the accounting policy stated in note 4.4. The Group determines the estimated useful lives and related depreciation method for the Group's property, plant and equipment based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The carrying amount of the Group's property, plant and equipment as at the end of the financial year is disclosed in note 16 to the financial statements.

(ii) Impairment of receivables

The Group's management determines impairment of receivables on a regular basis. This estimate is based on the credit history and financial conditions of the Group's debtors, the current market condition and forward looking information. When the Group's management determines that there are indicators of significant financial difficulties of the debtors such as default or delinquency in payments to the Group, allowance for impairment are estimated. The Group's management reassesses the impairment of receivables at each reporting date. Where the actual outcome or expectation in the future is different from the original estimates, such differences will affect the carrying value of receivables and thus the impairment loss in the period in which such estimate is changed.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(iii) Fair value measurement

The fair value measurement of the Group's non-financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures biological assets except for bearer plants at fair value less cost of sell.

For more detailed information in relation to the fair value measurement of the item above, please refer to the note 18.

(iv) Bearer plants and depreciation

The Group determines the estimated point of maturity, useful lives and related depreciation method for the Group's bearer plants. This estimate is based on the historical experience of the point of maturity and actual useful lives of bearer plants of particular species. The Group will revise the depreciation charge where point of maturity and useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

(v) Fair values of identifiable assets and liabilities acquired/transferred through business combinations and fair values of considerations at the date of the Completion

The Group applies the acquisition method to account for business combinations, which requires the Group to record assets acquired/transferred and liabilities assumed at their fair values on the date of the Completion. Significant judgments and estimates are used to determine fair values of the assets acquired/transferred and liabilities assumed. The valuation involves estimating future cash flows from the acquired/transferred business, determining appropriate discount rates, asset lives and other assumptions.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

6. REVENUE

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to depict the nature, amount, timing and uncertainty of revenue and cash flows. Revenue from contracts with customers within the scope of IFRS 15 recognised is as follows:

	Group	
	Eighteen-month period from 1 July 2020 to 31 December 2021 RMB'000	Year ended 30 June 2020 RMB'000
Continuing operations:		
Sales of Fresh Fruits	111,176	-
Timing of revenue recognition		
Point in time	111,176	-

No customers with whom transactions exceeded 10% of the Group's revenue during the eighteen-month period ended 31 December 2021 and the financial year ended 30 June 2020.

7. OTHER INCOME

	Group	
	Eighteen-month period from 1 July 2020 to 31 December 2021 RMB'000	Year ended 30 June 2020 RMB'000
Continuing operations		
Bank interest income	70	-
Government grants		
- relating to property, plant and equipment, and prepaid land lease for own use	239	-
- other grants (note)	44	-
Others	59	-
	412	-

Note: The amounts mainly represented unconditional cash subsidies from government for subsidising enterprises involving in specific industry in the local region.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

8. DISCONTINUED OPERATIONS

On 3 July 2021, the Company has completed the disposal of the Baijiu Business.

Baijiu Business represented the single line of business of the Group, prior to the completion of the Transactions, and is classified as discontinued operations for the eighteen-month period ended 31 December 2021. For the purpose of presenting discontinued operations, the comparative consolidated statement of comprehensive income and the related notes have been represented.

The results and cash flows of the Baijiu Business for the eighteen-month period ended 31 December 2021 and the year ended 30 June 2020 are as follows:

	Eighteen-month period from 1 July 2020 to 31 December 2021	Year ended 30 June 2020
	RMB'000	RMB'000
Revenue	107,286	113,331
Cost of sales	(66,052)	(69,443)
Gross profit	41,234	43,888
Other income	5,758	1,936
Selling and distribution expenses	(48,261)	(40,538)
Administrative expenses	(55,848)	(61,269)
Other expenses	(858)	(858)
Impairment loss on interest in an associate	-	(3,172)
Operating loss	(57,975)	(60,013)
Finance costs	(7,553)	(7,629)
Share of profit of an associate	591	624
Loss before income tax	(64,937)	(67,018)
Income tax (expense)/credit	(193)	751
Loss after income tax for the period/year from discontinued operations	(65,130)	(66,267)
Gain on disposal of subsidiaries (note 30)	99,909	-
Profit/(loss) for the period/year from discontinued operations	34,779	(66,267)
Operating cash outflows	(25,918)	(16,482)
Investing cash inflows/(outflows)	302	(819)
Financing cash outflows	(3,854)	(17,419)
Total cash outflows	(29,470)	(34,720)

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

9. OPERATING PROFIT/(LOSS)

The Group's operating profit/(loss) is arrived at after charging/(crediting):

	Group	
	Eighteen-month period from 1 July 2020 to 31 December 2021	Year ended 30 June 2020
	RMB'000	RMB'000
Continuing operations		
(a) Employee benefit expenses		
Directors' remuneration	2,747	1,575
Salaries, wages and other benefits	8,818	-
Retirement benefits scheme contributions	1,006	-
	12,571	1,575
The employee benefit expenses are recognised in the following line items:		
Cost of sales	352	-
Selling	618	-
Administrative	8,061	1,575
Other operating expenses	3,540	-
	12,571	1,575
(b) Cost of sales		
Cost of inventories recognised as an expense	95,961	-
(c) Other items:		
Depreciation of property, plant and equipment		
- owned assets	14,899	-
- right-of-use assets	187	-
	15,086	-
Amortisation of intangible assets	285	-
Amortisation of deferred government grants	(239)	-
Plantation cost of mature bearer plants	6,679	-
Depreciation of property, plant and equipment is recognised in the following line items:		
Selling	422	-
Administrative	2,614	-
Other operating expenses	12,050	-
	15,086	-

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

10. FINANCE COSTS

	Group	
	Eighteen-month period from 1 July 2020 to 31 December 2021	Year ended 30 June 2020
	RMB'000	RMB'000
Continuing operations		
Interest on lease liabilities	379	-
Interest on bank loans	934	-
	1,313	
Less: Amounts capitalised on property, plant and equipment	(1,262)	-
	51	

11. DIRECTORS' REMUNERATION

For the eighteen-month period ended 31 December 2021 and the year ended 30 June 2020, the remuneration of the directors of the Company analysed into the following bands is disclosed in compliance with paragraph 1207(11) of Chapter 12 of the Listing Manual of SGX-ST:

	Executive directors	Non-executive directors	Total
For the eighteen-month period ended 31 December 2021			
Below S\$250,000 (equivalent to RMB1,271,000)	4*	6**	10
For the year ended 30 June 2020			
Below S\$250,000 (equivalent to RMB1,271,000)	2	4	6

* The executive directors included two ex-executive directors of the Company, Mr. Zhou Tao and Mr. Huo Lei, who have resigned and redesigned to non-executive director of the Company upon the completion of the Transactions respectively.

** The non-executive directors included three ex-non-executive directors of the Company, Mr. Jia Guobiao, Mr. Chia Seng Hee and Mr. Tan Siok Sing and, who have resigned on 3 July 2021, 2 October 2021 and 2 December 2021 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

12. INCOME TAX CREDIT

	Eighteen-month period from 1 July 2020 to 31 December 2021			Year ended 30 June 2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current tax						
- Tax for the period/ year	11	-	11	-	-	-
- Under/(over- provision in respect of prior years	-	478	478	-	(466)	(466)
	11	478	489	-	(466)	(466)
Deferred tax (note 27)						
- Current period/year	(2,930)	(285)	(3,215)	-	(285)	(285)
Income tax (credit)/ expense (credited)/ charged to profit or loss	(2,919)	193	(2,726)	-	(751)	(751)

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any taxation under these jurisdictions during the years presented.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the years presented.

The provision for Mainland China income tax has been made at the statutory income tax rate of 25% (30 June 2020: 25%) on the assessable profits of the PRC subsidiaries of the Group in accordance with the PRC Enterprise Income Tax Law. Enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption on profits derived from agricultural business. The Group located in the PRC engaged in qualifying agricultural business is entitled to full exemption of enterprise income tax on profits derived from agricultural business.

The one-off unconditional government grants received are subject to the PRC income tax with tax rate of 25%.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

12. INCOME TAX CREDIT (Continued)

Reconciliation between income tax (credit)/expense and accounting loss at applicable tax rate is as follows:

	Eighteen-month period from 1 July 2020 to 31 December 2021			Year ended 30 June 2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(loss) before income tax	54,499	(64,937)	(10,438)	(7,667)	(67,018)	(74,685)
Tax at the applicable tax rate of 25%	13,625	(16,234)	(2,609)	(1,917)	(16,755)	(18,672)
Effect of non-taxable and non-deductible items, net	3,567	2,486	6,053	1,917	2,271	4,188
Effect of temporary difference not recognised	-	13,463	13,463	-	14,199	14,199
Effect of tax exemption granted	(20,111)	-	(20,111)	-	-	-
Under/(over)-provision in respect of prior years	-	478	478	-	(466)	(466)
Income tax (credit)/expense	(2,919)	193	(2,726)	-	(751)	(751)

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

13. PROFIT/(LOSS) PER SHARE

	Group	
	Eighteen-month period from 1 July 2020 to 31 December 2021	Year ended 30 June 2020
	RMB'000	RMB'000
Earnings/loss		
Profit/(loss) attributable to the owners of the Company		
- Continuing operations	57,418	(7,667)
- Discontinued operations	34,779	(66,267)
Profit/(loss) from continuing operations and discontinued operations	92,197	(73,934)

Number of shares

Weighted average number of shares for the purpose of basic earnings per share **79,828,927** 79,828,927

There were no dilutive potential ordinary share in issue for the eighteen-month period from 1 July 2020 to 31 December 2021 and for the year ended 30 June 2020. Accordingly, the diluted profit/(loss) per share presented are the same as the basic profit/(loss) per share.

14. INTERESTS IN SUBSIDIARIES

	Company	
	2021	2020
	RMB'000	RMB'000
At beginning of period/year	793,606	793,606
- Unquoted equity shares, at cost	284,253	284,253
- Capital contribution to subsidiaries	509,353	509,353
Disposal during the period	(793,606)	-
Acquisition of subsidiaries	952,120	-
- Unquoted equity shares, at cost	952,120	-
At end of period/year	952,120	793,606

The directors of the Company had assessed for impairment in value of interests in subsidiaries. In the opinion of the directors, no allowance for impairment in value of interests in subsidiaries is required.

As at 30 June 2018, management assessed that certain of the amounts due from subsidiaries are not required to be settled in the foreseeable future and these balances should be classified as deemed capital contribution to subsidiaries. The directors considered that the amounts form part of the net investments in the subsidiaries and accordingly the amount of RMB509,353,000 were reclassified as non-current assets thereon.

As at 30 June 2020, the current portion of amounts due from a subsidiary are non-trade in nature, unsecured, interest-free and expected to be settled within one year.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

14. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries at 31 December 2021 are set out below:

Name	Date and place of incorporation/ establishment	Principal activities and place of business	Issued/ registered and paid-up capital	Equity interest held by the Group
<u>Directly held:</u>				
Great Resolute Limited	21 November 2017, BVI	Investment holdings, BVI	US\$100	100%
<u>Indirectly held:</u>				
Go National Limited	5 January 2018, Hong Kong	Investment holdings, Hong Kong	HK\$100	100%
Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. ("Xingnong Agriculture") 赤壁神山兴农科技有限公司	27 April 2009, the PRC	Planting, cultivating and sale of Fresh Fruits, the PRC	RMB115,990,000	100%
Hubei Shenshan Orchard Technology Co. Ltd. 湖北神山果农科技有限公司	16 November 2021, the PRC	Researching and developing new kiwifruit varieties, the PRC	RMB5,000,000	100%

Note: The financial statements of the above subsidiaries were audited by BDO Limited for statutory purpose or group consolidation purpose.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

15. INTEREST IN AN ASSOCIATE

	Group	
	2021 RMB'000	2020 RMB'000
At beginning of period/year	11,123	13,671
Share of profit of an associate	591	624
Disposal during the period (note 30)	(11,714)	-
Impairment loss	-	(3,172)
At end of period/year	-	11,123

The following are the particulars of the associate as at 3 July 2021, which is an unlisted corporate entity.

Name of associate	Place of establishment and business	Principal activities	Registered and paid-up capital	Equity interest held by the Group
				2021
Yichuan Dukang Jiuzu Asset Management Limited ("Yichuan Jiuzu") 伊川杜康酒祖资产管理有限公司	The PRC/ Mainland China	Trademarks management	RMB100,000	- (2020: 49%)

The Group's associate is accounted for using the equity method in the consolidated financial statements. The financial statements of the associate are coterminous with those of the Group.

The Transactions have been completed on 3 July 2021 and Yichuan Jiuzu ceased to be an associate of the Group. The details of the Transactions are disclosed in note 1.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

15. INTEREST IN AN ASSOCIATE (Continued)

The following table illustrates the summarised financial information of the Group's associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Current assets	N/A	8,919
Non-current asset	N/A	300,000
Current liabilities	N/A	(1,957)
Net assets	N/A	306,962
Reconciliation to the Group's interest in an associate:		
Proportion of the Group's ownership	49%	49%
Group's share of net assets of associate	151,002	150,411
Accumulated impairment	(139,288)	(139,288)
Disposal during the period (note 30)	(11,714)	-
Carrying amount of the investment	-	11,123
Other disclosures		
Revenue	1,609	1,700
Profit and total comprehensive income for the year	1,206	1,274
Dividends received from associate	-	-

The Group has not incurred any contingent liabilities or other commitments relating to its interest in an associate.

As at 30 June 2020, the amount due to an associate is unsecured, interest-free and repayable by cash on demand.

The financial statements of the Group's associate were audited by BDO Limited for group consolidation purpose.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

16. PROPERTY, PLANT AND EQUIPMENT

Group

Group	Leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	CIP RMB'000	Transportation equipment RMB'000	Farmland infrastructure and equipment RMB'000	Bearer plants RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 July 2019										
Cost	822,101	158,368	4,934	3,997	31,117	-	-	-	-	1,020,517
Accumulated depreciation and impairment	(562,555)	(148,022)	(4,905)	(3,682)	(30,844)	-	-	-	-	(750,008)
Net carrying amount	259,546	10,346	29	315	273	-	-	-	-	270,509
Year ended 30 June 2020										
Opening net carrying amount	259,546	10,346	29	315	273	-	-	-	-	270,509
Effect upon adoption of IFRS 16 at 1 July 2019 (as restated)	-	-	-	-	-	-	-	-	132,589	132,589
Additions	69	340	55	-	-	-	-	-	-	464
Transfer from CIP	273	-	-	-	(273)	-	-	-	-	-
Written off	-	(46)	-	-	-	-	-	-	-	(46)
Depreciation	(23,543)	(2,124)	(32)	-	-	-	-	-	(3,975)	(29,674)
Closing net carrying amount	236,345	8,516	52	315	-	-	-	-	128,614	373,842
At 30 June 2020 and 1 July 2020										
Cost	822,443	158,533	4,989	3,997	30,844	-	-	-	156,303	1,177,109
Accumulated depreciation and impairment	(586,098)	(150,017)	(4,937)	(3,682)	(30,844)	-	-	-	(27,689)	(803,267)
Net carrying amount	236,345	8,516	52	315	-	-	-	-	128,614	373,842

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

- (i) The Group had written off bearer plants of approximately RMB344,000 due to the normal loss.
- (ii) As at 31 December 2021, certificates of ownership in respect of certain buildings of the Group in Mainland China with an aggregate net carrying amount of RMB2,259,023 (2020: RMB61,195,000) had not been issued by the relevant authorities. The directors anticipate that these certificates, based on the advice from the Group's legal advisors, will be issued in the near future and are of the opinion that the Group legally owns the buildings and the aforesaid matter did not have any significant impact on the Group's financial position as at 31 December 2021.
- (iii) Right-of-use assets represent the prepaid land lease payments and woodlands in which plantations are situated. The leases for the plantation bases are expired in 2058 to 2061. The prepaid land lease payments represent up-front payments to acquire interest in the usage of land situated in the PRC, which are held under medium-term leases and are amortised over 50 years on a straight-line basis. The depreciation of right-of-use assets in respect to woodland was capitalised into the cost of bearer plants. For the eighteen-month period ended 31 December 2021, the capitalised depreciation of right-of-use assets were approximately RMB47,000.
- (iv) Bearer plants represent Fruit Trees on the woodlands located in Chibi City, the PRC, the forest use rights certificates are issued to the Group for the purpose of plantation of Kiwifruit. The Group entered into forest use rights transfer agreements and obtained forest use rights in respect of 179 parcels of woodlands, which entitled the Group to use the woodlands until 31 December 2058 to 2061. However, the forest use rights under the relevant forest use rights certificates have not been obtained for certain area of woodland located in Luzhuang. As such, the Group followed the advice of the relevant government bureaus, has applied for the certification of land management rights, in order to obtain an official confirmation on the nature and usage of the land and the accompanying forest use rights (the "Land Management Certification"). In the opinion of the directors of the Group, based on the legal advice issued by the PRC legal advisor, the risk of being penalised by the government bureaus in respect of the failure to obtain the forest use right certificates is remote, and it is further confirmed by the government bureaus that the occupation and usage rights of the land by Xingnong Agriculture is in compliance with PRC Laws and Xingnong Agriculture has the right to possess, use and benefit from the land and its agriculture products and other fixtures.
- (v) The depreciation of plant and machinery, office equipment, transportation equipment and farmland infrastructure and equipment was capitalised into the cost of bearer plants. For the eighteen-month period ended 31 December 2021, the capitalised depreciation was approximately RMB730,000.
- (vi) As at 31 December 2021, the Group's leasehold buildings at the net carrying amount of RMB21,754,000 (2020: RMB28,697,000) were pledged to secure bank loans (note 24).
- (vii) The Group is exposed to a number of risks related to fruits trees plantation. Details are as set out in note 18.
- (viii) Prepaid land lease payment (2020: land use rights and long-term prepaid rentals) represented the Group's leasehold interests under operating leases in land located in Mainland China. As at 31 December 2021, the Group's prepaid land lease payment at the carrying amount RMB9,651,000 (2020: RMB56,104,000) were pledged to secure bank loans (note 24).
- (ix) The Group's forest use right certificates of woodlands are pledged as security for the bank loan, of which the aggregate net carrying amount of approximately RMB325,664,000 as at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

17. INTANGIBLE ASSETS

	Group		
	Licensing rights RMB'000	Trademark RMB'000	Total RMB'000
At 1 July 2019, 30 June 2020 and 1 July 2021			
Cost	-	40,000	40,000
Accumulated impairment	-	(40,000)	(40,000)
Net carrying amount	-	-	-
Eighteen-month period ended 31 December 2021			
Opening net carrying amount	-	-	-
Addition through acquisition of subsidiaries (note 30)	6,661	-	6,661
Disposal during period (note 30)	-	-	-
- Cost	-	(40,000)	(40,000)
- Accumulated impairment	-	40,000	40,000
Amortisation	(285)	-	(285)
Closing net carrying amount	6,376	-	6,376
At 31 December 2021			
Cost	6,661	-	6,661
Accumulated amortisation and impairment	(285)	-	(285)
Net carrying amount	6,376	-	6,376

As at 31 December 2021, the licensing rights related to trademark and plant variety rights for kiwifruits.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

18. BIOLOGICAL ASSETS

	Fresh Fruits RMB'000
At 1 July 2019, 30 June 2020 and 1 July 2020	-
Gain arising from changes in fair value less costs to sell	90,814
Transfer of harvested fresh fruit to inventories	(90,814)
At 31 December 2021	-

The values of agricultural produce harvested measured at fair value less costs to sell during the reporting period were as follows:

	Group	
	2021	2020
	RMB'000	RMB'000
Estimated fair value less costs to sell (RMB'000)		
Fresh fruits	90,814	-
Estimated quantity (kg)		
Fresh fruits	3,768,920	-

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professional valuer, was engaged to determine the fair value less cost to sell of biological assets at the point of harvest. The valuation methodology used to determine the fair value less cost to sell of biological assets is in compliance with both IAS 41, Agriculture, and the "International Valuation Standards (2017)" published by the International Valuation Standards Council with aims to determine the fair value of a biological asset in its present location and condition.

The fair value measurement of the biological assets for the Group is categorised as level 3 fair value measurement within the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement.

During the year, there was no transfer occurred between levels in the hierarchy.

The movement in the fair value of the assets within level 3 of the hierarchy is as follows:

	Group	
	2021	2020
Opening balance (level 3 recurring fair value)	-	-
Gain arising from changes in fair value less costs to sell	90,814	-
Transfer to inventories	(90,814)	-
Closing balance (level 3 recurring fair value)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

18. BIOLOGICAL ASSETS (Continued)

The following unobservable inputs were used to measure the Group's biological assets:

For the eighteen-month period from 1 July 2020 to 31 December 2021:

Description	Valuation technique	Unobservable inputs	Range Eighteen-month period from 1 July 2020 to 31 December 2021	Inter-relationship between key unobservable inputs and fair value measurement
Biological assets (i.e. Fresh Fruits)	Market approach	Prices of similar transactions	RMB9.55 – RMB34.13 per kg	The higher of unobservable inputs, the higher of the fair value less costs to sell determined

The fair value measurement is based on the above biological assets' highest and best use, which does not differ from their actual use.

The higher of market price, the higher the fair value measurement of the biological assets.

The valuation of Fresh Fruits was determined by market approach by reference to prices of similar transactions.

The major assumptions of the valuations of biological assets were made as follows:

- (i) The biological assets were in good and saleable condition;
- (ii) The growth condition and specification (i.e. size and weight) of biological assets are under similar level of the nutritional treatment, soil conditions or sunlight coverage; and
- (iii) No adverse weather condition, plant disease or bacterial infection are materially present by which the growth condition of the biological assets may be impaired.

The Group is exposed to a number of risks related to its plantations:

- (i) Microeconomic consideration

The biological assets can be directly or indirectly affected by characteristics and changing forces of supply and demand for the contributing inputs and/or the produced goods and services associated with the biological assets. These forces work to impact the magnitude of the gap between inflows and outflows regarding the biological assets and thus its value. Variations in the degree of competition or in barriers to entry are key drivers of changes to supply whilst consumption preferences, income levels or the availability of substitutes are key drivers of changes to demand.

- (ii) Technological change

Changes in the rate of advancement of technology, the propensity for any particular technology to have an effect on the biological assets and the degree to which technological advancement is impacting and will continue to impact the biological assets can disrupt its desirability, competitiveness, efficiency and/or indirectly impact the products and services considered substitutes or complements for it and thus its value.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

18. BIOLOGICAL ASSETS (Continued)

(iii) Social, political and macroeconomic consideration

International or nationwide policy and/or legislative changes that alter existing rights and obligations may directly or indirectly influence the biological assets. Macroeconomic circumstances including inflation, interest rate fluctuations and existing and forecast levels of growth in the broader economy may also have an effect. Societal factors encompassing the perception and preferences of people in general may swing rendering the biological assets more or less desirable and thus more or less valuable.

(iv) Environmental conditions

Phenomena within the physical environment can severely impact the factors of production and demand factors within an economy for the biological assets. The occurrence of natural disasters, resource depletion and variations in climate conditions may influence resource availability and prices for inputs on the supply side or may influence market access and preferences for products and services associated to the biological assets from end-user demand. Such phenomena will ultimately influence the value of the biological assets.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2021 RMB'000	2020 RMB'000
Non-current assets		
Prepayments	-	731
Current assets		
Prepayments	736	14,850
Other receivables	195	-
VAT receivables	26	1,802
Deposits	-	30
	957	16,682

As at 31 December 2021, the other receivables were considered to have low credit risks. Based on management assessment, no impairment provision has been made for the eighteen-month period ended 31 December 2021

As at 30 June 2020, non-current prepayments represents the prepaid fixed lease payments for the lease term commencing on 1 January 2021.

As at 30 June 2020, included in prepayments are balances of RMB11,072,000 which arose from returns of purchased and fully paid raw materials to the Group's suppliers in prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

20. INVENTORIES AND CONSUMABLES

	Group	
	2021	2020
	RMB'000	RMB'000
Consumables	1,437	-
Raw materials	-	25,414
Work in progress	-	679,523
Finished goods	-	46,199
	1,437	751,136

21. TRADE RECEIVABLES

	Group	
	2021	2020
	RMB'000	RMB'000
Trade receivables	55,863	-
Less: allowance for impairment of trade receivables	-	-
	55,863	-

The Group's trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 90 days or based on the terms agreed in the relevant sales agreements.

The board of directors considers that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The aging analysis of trade receivables, based on invoice date, is as follows:

	Group	
	2021	2020
	RMB'000	RMB'000
0 to 30 days	1,824	-
31 to 60 days	1,643	-
61 to 90 days	32,368	-
91 to 180 days	20,028	-
	55,863	-

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 33.4.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash at banks and in hand. The Group had cash and bank balances denominated in RMB amounting to RMB98,085,000 (30 June 2020: RMB121,473,000) which were deposited with banks in Mainland China and held in hand. RMB is not freely convertible into foreign currencies. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

The Company did not have cash and bank balances denominated in RMB at the reporting date.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rate on cash placed with banks for the eighteen-month period ended 31 December 2021 was 0.35% (30 June 2020: 0.35%) per annum.

Included in cash and cash equivalents are the following amounts denominated in currencies other than the functional currencies:

	2021 RMB'000	2020 RMB'000
HKD	175	33
USD	6	11

23. ACCRUED LIABILITIES AND OTHER PAYABLES

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Accrued liabilities and provisions	4,670	35,509	2,544	6,448
Provision of losses on litigation	-	19,858	-	-
Payables to contractors	-	12,258	-	-
VAT and other payables	26,210	42,515	-	-
	30,880	110,140	2,544	6,448

As at 31 December 2021, the Group's other payables include an amount of RMB23,396,000 (30 June 2020: RMB18,762,000) due to a director of the Company. The amount, which mainly represented certain expenses paid on behalf of the Group by the director, is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

23. ACCRUED LIABILITIES AND OTHER PAYABLES (Continued)

Included in accruals and other payables are the following amounts denominated in currencies other than the functional currencies:

	2021 RMB'000	2020 RMB'000
HKD	11,079	13,614
SGD	8,240	9,871
TWD	579	1,086
USD	5,866	645

24. BANK LOANS, SECURED

	Group	
	2021 RMB'000	2020 RMB'000
Bank loans	18,000	115,000
Less: Current portion	(4,400)	(115,000)
Non-current portion	13,600	-

Based on the schedule repayment dates set out in the bank loan agreement, the borrowings are repayable as follows:

	Group	
	2021 RMB'000	2020 RMB'000
Within one year	4,400	115,000
More than one year, but not exceeding two years	13,600	-
	18,000	115,000

The Group's interest-bearing bank loans are secured by the Group's leasehold buildings, prepaid land lease payment and forest use right certificates of woodlands (30 June 2020: leasehold buildings and right-of-use assets as disclosed in note 16, and guaranteed by a director).

The abovementioned bank loans are charged at fixed rates of 8.28% per annum (30 June 2020: 6.53% per annum).

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

25. LEASE LIABILITIES

The Group leases woodlands to operate its business. The leases for the plantation bases are expired in 2058 to 2061. Lease terms are negotiated on an individual basis and contain different payment terms and conditions. The lease agreements do not impose any covenants.

	Woodlands RMB'000
At 1 July 2019, 30 June 2020 and 1 July 2020	-
Acquisition of subsidiaries (note 30)	8,900
Interest expenses	379
Lease payments	-
At 31 December 2021	9,279

Future lease payments are due as follows:

	Group	
	2021	2020
	RMB'000	RMB'000
Minimum lease payment due:		
- within one year	789	-
- more than one year, but not exceeding two years	789	-
- more than two years	27,453	-
	29,031	-
Less: future interest expenses	(19,752)	-
Present value of lease liabilities	9,279	-

The present value of future lease payments are analysed as:

	Group	
	2021	2020
	RMB'000	RMB'000
Current liabilities	35	-
Non-current liabilities	9,244	-
	9,279	-

The interest of lease liabilities was capitalised into the cost of bearer plants. For the eighteen-month period ended 31 December 2021, the interest of liabilities was approximately RMB379,000 (30 June 2020: Nil). Please refer to note 10 for details of the interest on lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

26. DEFERRED GOVERNMENT GRANTS

	Group	
	2021 RMB'000	2020 RMB'000
At 1 July 2019, 30 June 2020 and 1 July 2020	-	-
Acquisition of subsidiaries (note 30)	13,241	-
Amortisation	(239)	-
	13,002	-
Less: Current portion	(478)	-
Non-current portion	12,524	-

The Group's deferred government grants mainly related to acquisition of property, plant and equipment and prepaid land lease payment.

The Group does not have any unfulfilled conditions and other contingencies attaching to government assistance in regard to the government grants at the end of reporting periods.

27. DEFERRED TAXATION

The movement of the deferred tax liabilities is as follows:

	Group	
	2021 RMB'000	2020 RMB'000
At beginning of period/year	11,021	11,306
Credited to profit or loss (note 12)	(3,215)	(285)
Disposal during the period (note 30)	(10,738)	-
Acquisition of subsidiaries (note 30)	234,410	-
At end of period/year	231,478	11,021

As at 31 December 2021, the deferred tax liabilities represented the taxable temporary differences arising from fair value adjustments from the acquisition of subsidiaries during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

27. DEFERRED TAXATION (Continued)

As at 30 June 2020, the Group has deductible temporary differences of RMB278,106,000 mainly arising from impairment losses recognised in respect of property, plant and equipment. The Group also has unrecognised estimated tax losses of RMB334,174,000 arising from its certain subsidiaries of the Baijiu Business which have been disposal during the eighteen-month period 31 December 2021. These estimated tax losses will expire in the next one to five financial years for offsetting against future taxable profits of the subsidiaries in which the losses arose. Tax losses of RMB71,891,000 has expired in the financial year ended 30 June 2020, the remaining tax losses would expire in the following years:

	2021 RMB'000	2020 RMB'000
Expiry in year:		
2021	-	28,463
2022	-	95,170
2023	-	79,924
2024	-	68,798
2025	-	61,819
	-	334,174

No deferred tax asset has been recognised in relation to these items as it is unpredictable whether taxable profit will be available against which these items can be utilised.

As at 31 December 2021, temporary differences relating to the undistributed profits of a subsidiary amounted to RMB72,023,000 (30 June 2020: the undistributed profits of subsidiaries and associate amounted to RMB650,939,000). No deferred tax liabilities have been recognised as at 31 December 2021 and 30 June 2020 as the Group is in a position to control the dividend policies of these entities and it is probable that these profits will not be distributed to non-PRC entities in the foreseeable future.

28. SHARE CAPITAL

	Par value	Number of ordinary shares (in '000)	RMB'000
Authorised:			
At 1 July 2019, 30 June 2020 and 2021 (HK\$4.00 per share)	HK\$4.0	100,000	371,239
Issued:			
At 1 July 2019, 30 June 2020 and 2021 (HK\$4.00 per share)	HK\$4.0	79,829	279,499

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

29. RESERVES

Group

(a) Share premium

The share premium account arises on shares issued at a premium.

(b) Statutory reserves

Statutory reserves comprise statutory surplus reserve and enterprise expansion reserve of the subsidiaries established in the PRC. In accordance with the relevant laws and regulations of the PRC, the Group may be required to transfer 10% of its profit after tax to the statutory surplus reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital. In addition, the Group may be required to make an allocation from its profit after tax to the enterprise expansion reserve. The enterprise expansion reserve may be used for expansion of production facilities or increase in registered capital.

(c) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the issued capital of the Company and the nominal value of the issued capital and share premium of the subsidiaries acquired pursuant to the Company's group restructuring exercise on 10 July 2008 (the "Reorganisation").

Company

The contributed surplus of the Company arose as a result of the Reorganisation and represented the excess of the consolidated net assets of the subsidiaries then acquired over the nominal value of the Company's shares issued in exchange thereof.

30. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

A. Xingnong Acquisition

On 3 July 2021 (the "Completion Date"), the Transactions in relation to the acquisition of all the issued and paid-up shares in the capital of Great Resolute and disposal of all the issued and paid-up shares in the capital of Sea Will have been completed. Accordingly, the Company has entirely disposed of its Baijiu Business and its business now comprises wholly of the Kiwifruit Business. The Transactions were made considering the declining profitability and recent losses of the Baijiu Business and with the aim to enter into the fruit cultivation and planting industry with steady revenue stream. The Transactions were satisfied in form of swap of the identifiable assets and liabilities of Great Resolute and Sea Will.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

30. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

The fair value of identifiable assets and liabilities of Great Resolute as at the Completion Date were as follows:

	RMB'000
Property, plant and equipment	1,162,389
Intangible asset	6,661
Inventories	1,117
Trade and other receivables	373
Deposits and prepayments	1,365
Bank balances and cash	82,264
Trade and other payables	(11,235)
Deferred government grants	(13,241)
Bank loans, secured	(23,200)
Lease liabilities	(8,900)
Deferred taxation	(234,410)
Provision for income tax	(592)
	<hr/>
Total identifiable net assets at fair value attributable to the Group	962,591
Gain on bargain purchase	(10,471)
	<hr/>
Fair value of identifiable net assets of Sea Will	952,120

The fair value of trade receivables amounted to approximately RMB3,000. The gross amount of trade receivables is approximately RMB3,000. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

An analysis of the cash flows in respect of the Xingnong Acquisition is as follows:

	RMB'000
Cash and cash equivalents acquired	82,264
Net cash inflow arising from the Xingnong Acquisition	82,264

Since the Completion Date, Great Resolute has contributed revenue of approximately RMB111,176,000 to Group's revenue and net profit of approximately RMB79,626,000 to Group's profit. If the Transactions had occurred on 1 July 2020, the Group's revenue and profit would have been approximately RMB221,773,000 and RMB128,188,000, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2020, nor is it intended to be a projection of future performance.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

30. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

B. Dukang Disposal

The assets and liabilities of Sea Will at carrying amount as at the Completion Date were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	343,451
Interest in an associate	11,714
Inventories	729,362
Deposits, prepayments and other receivables	14,199
Cash and cash equivalents	90,512
Trade payables	(43,695)
Accruals and other payables	(134,331)
Amount due to an associate	(10,454)
Bank loans, secured	(115,000)
Provision for income tax	(11)
Deferred taxation	(10,738)
	<u>875,009</u>
Add: Release of exchange reserve to profit or loss upon disposal	(22,798)
	<u>852,211</u>
Less: Fair value of identifiable assets and liabilities of Sea Will	(952,120)
	<u>(99,909)</u>

An analysis of the cash flows in respect of the Transactions is as follows:

	RMB'000
Cash and cash equivalents acquired	82,264
Cash and cash equivalents disposed	(90,512)
	<u>(8,248)</u>
Net cash outflows from the Transactions completed	<u>(8,248)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

31. COMMITMENTS - GROUP

Capital commitments

The Group had the following outstanding capital commitments:

	Group	
	2021	2020
	RMB'000	RMB'000
Contracted, but not provided for, in respect of:		
- Property, plant and equipment, including CIP	187	51,790

32. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with a related parties at rates and terms agreed by and between the parties:

	Eighteen-month period from 1 July 2020 to 31 December 2021	Year ended 30 June 2020
	RMB'000	RMB'000
Licence fees payable/paid to an associate	1,609	1,700
Expenses paid on behalf of the Group by directors of the Company*	24,514	8,574

* The directors included an ex-director of the Company, Mr. Zhou Tao, who has resigned upon the completion of the Transactions. He has paid approximately RMB9,770,000 expenses on behalf of the Group prior to his resignation.

The amount represented licence fees payable/paid to an associate, Yichuan Jiuzu. The licence fees were made according to the terms of the licence agreement.

In relation to the Transactions (note 30) entered into between the Company and Keen Wind, Keen Wind is controlled by the substantial shareholder of the Company, Mr. Wang Peng.

The outstanding balances as at 31 December 2021 and 30 June 2020 with related parties are disclosed in notes 15 and 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

32. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

Key management includes members of the board of directors and other members of senior management of the Group. The compensation paid or payable to key management personnel is shown below:

	Eighteen-month period from 1 July 2020 to 31 December 2021 RMB'000	Year ended 30 June 2020 RMB'000
- Short term employee benefits	5,693	4,590
- Retirement scheme contributions	59	87
	5,752	4,677

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group does not have written risk management policies and guidelines. However, the board of directors of the Company meets periodically to analyse and formulate measures to manage the Group's exposure to market risk (including principally changes in interest rates and currency exchange rates), credit risk, business risk and liquidity risk. Generally, the Group employs conservative strategies regarding its risk management. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivative or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)**33.1 Summary of financial assets and liabilities by category**

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Amortised cost				
- Trade receivables	55,863	-	-	-
- Deposits and other receivables	195	30	-	-
- Amounts due from a subsidiary	-	-	-	4,560
- Cash and cash equivalents	98,266	121,877	5	8
	154,324	121,907	5	4,568
Financial liabilities				
Financial liabilities measured at amortised cost				
- Trade payables	3,162	85,072	-	-
- Accrued liabilities and other payables	30,685	70,812	2,544	6,448
- Amounts due to subsidiaries	-	-	20,074	-
- Bank loans, secured	18,000	115,000	-	-
- Amount due to an associate	-	8,887	-	-
- Lease liabilities	9,279	-	-	-
	61,126	279,771	22,618	6,448

33.2 Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group does not have significant exposure to foreign currency risk as the Group's businesses are principally located in Mainland China and the Group's transactions are mainly conducted and denominated in RMB, which is the functional currency of majority of the Group's subsidiaries. The Group reviews its foreign currency exposures regularly and does not consider its foreign currency risk to be significant.

The Company does not have significant exposure to foreign currency risk as at 31 December 2021 and 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

33.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of the changes in market interest rates.

The Group's interest rate risk arises mainly from bank deposits and bank loans. Bank deposits at floating interest rate expose the Group to cash flow interest rate risk. Loans at fixed interest rate expose the Group to fair value interest rate risk. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk. The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

Sensitive analysis - Group

The interest rates of the Group's bank deposits and bank loans are disclosed in notes 22 and 24 to the financial statements, respectively. At 31 December 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates, which was considered reasonably possible by management, with all other variables held constant, would increase/decrease (2020: decrease/increase) the Group's profit (2020: loss) for the year and increase/decrease (2020: decrease/increase) the retained profits (30 June 2020: accumulated loss) by RMB737,000 (30 June 2020: RMB911,000).

33.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers and other counterparties and deposits paid in the ordinary course of its operations and its investing activities.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The Group's and the Company's substantial cash and bank balances as at 31 December 2021 (99%) and 30 June 2020 (99%) are mainly maintained with one (30 June 2020: two) authorised and reputable major banks in Mainland China. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment of cash and cash equivalents have been measured based on 12-month expected credit loss model. At the reporting date, the Group did not expect any material credit losses from non-performance by these banks which are assigned with investment grade ratings of generally at least Baa2 by international credit-rating agencies.

For trade receivables, the Group has no significant concentration of credit risk due to its large customer base. The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

33.4 Credit risk (Continued)

The aging analysis of trade receivables, based on due date, is as follows:

	Group	
	2021 RMB'000	2020 RMB'000
Current	35,835	-
1 to 3 months	20,028	-
	<u>55,863</u>	<u>-</u>

The Group considers the probability of default upon initial recognition of trade receivables which subsequently measured at amortised cost. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of debtors
- Significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors in the Group and changes in the operating results of the debtors

The Group considers the credit risk characteristics and the days past due of the trade receivables to measure the expected credit loss. For the past due trade receivables, the Group has assessed the expected credit loss by considering historical default rates, existing market conditions and forward-looking information. Based on the Group's assessment, expected credit loss rate of trade receivables is close to zero. Therefore, the loss allowance provision for these trade receivables balances was not material.

In respect of deposits, the management makes periodic as well as individual assessment on the recoverability based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management believes that there is no material credit risk inherent in the Group's outstanding balance of deposits.

As at 30 June 2020, for amounts due from a subsidiary, Board of Directors has taken into account information that it has available internally about this subsidiary past, current and expected operating performance and cash flow position. Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amounts due from a subsidiary, by considering its performance ratio and any default in external debts. The risk of default is considered to be minimal as this subsidiary has sufficient cash to repay its debts. Therefore, amounts due from a subsidiary has been measured based on 12-month expected credit loss model and subject to immaterial credit loss.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

None of the Group's and Company's financial assets are secured by collateral or other credit enhancement.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

33.5 Business risk

For the financial year ended 30 June 2020, the Group's primary businesses were the manufacturing and sale of baijiu products. The Group's financial results were influenced by the changes in prices of baijiu, as well as by the Group's ability to maintain or renew all requisite certificates and business licences from relevant regulatory authorities in the PRC which the Group required to operate in the manufacturing and sale of baijiu products.

On 3 July 2021, the Company has entirely disposed of the Baijiu Business and its business now comprises wholly of the Kiwifruits Business which is susceptible to the business risk arising from concentration on a single product, namely kiwifruits, in the PRC. The Group is exposed to a number of risks related to biological assets' plantations as disclosed in note 18. The Group's financial results may fluctuate due to increase or decrease in the fair value less costs to sell of the kiwifruits.

33.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables, accrued liabilities and other payables, bank loans, lease liabilities and amount due to an associate, and also in respect of its cash flow management.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, trade financing and capital market financing. Liquidity risk is monitored on an on-going basis.

As at 30 June 2020, the Group's aggregate available undrawn facilities amounted to RMB465,000,000, of which none has been utilised as at 30 June 2020. As at 31 December 2021, there were no facilities of the Group.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)**33.6 Liquidity risk (Continued)**

The tables below analyse the Group's and Company's financial liabilities into relevant maturity grouping based on the remaining contractual maturities at the reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Group

	Carrying amount	Within one year	More than one year	Total undiscounted amount
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021				
Trade payables	3,162	3,162	-	3,162
Accrued liabilities and other payables	30,685	30,685	-	30,685
Bank loans, secured	18,000	5,732	13,961	19,693
Lease liabilities	9,279	789	28,242	29,031
	61,126	40,368	42,203	82,571

As at 30 June 2020

Trade payables	85,072	85,072	-	85,072
Accrued liabilities and other payables	70,812	70,812	-	70,812
Bank loans, secured	115,000	118,875	-	118,875
Amount due to an associate	8,887	8,887	-	8,887
	279,771	283,646	-	283,646

Company

	Carrying amount	Within one year	Total undiscounted amount
	RMB'000	RMB'000	RMB'000
As at 31 December 2021			
Accrued liabilities and other payables	2,544	2,544	2,544
Amounts due to subsidiaries	20,074	20,074	20,074
As at 30 June 2020			
Accrued liabilities and other payables	6,448	6,448	6,448

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

33.7 Fair value measurements

The fair values of deposits, amounts due from a subsidiary, cash and cash equivalents, trade payables, accrued liabilities and other payables, bank loans and amount due to an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

34. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods which commensurate with the level of risk.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group, prevailing and projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group regards total equity presented on the face of the consolidated statement of financial position as capital, for capital management purpose. The amount of capital as at 31 December 2021 amounted to RMB1,013,175,000 (30 June 2020: RMB945,737,000), which the management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities.

The Group is subject to the requirement to maintain statutory reserves as disclosed in note 29(b) to the financial statements. The Group is in compliance with this externally imposed capital requirement for the eighteen-month period ended 31 December 2021 and the financial year ended 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

35. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS*a. Major non-cash transactions*

The Transactions, as detailed in note 30, were satisfied in the form of swap of the identifiable assets and liabilities of Great Resolute and Sea Will. No cash transactions were involved.

The fair values of the identifiable assets and liabilities of Great Resolute and Sea Will, representing the disposal consideration and purchase consideration for the Transactions, respectively, were amounted to RMB962,591,000 and RMB952,120,000.

Addition of property, plant and equipment amounting to approximately RMB1,626,000 for the eighteen-month period from 1 July 2020 to 31 December 2021 was not yet settled and included in other payables.

b. Changes in liabilities arising from financing activities

	Bank loans	Amount due	Lease	Interest
	RMB'000	to a director	liabilities	payable
	(Note 24)	(Note 23)	(Note 25)	RMB'000
At 1 July 2019	115,000	22,438	-	-
Changes from financing cash flows				
- Proceeds from bank loans	115,000	-	-	-
- Repayments of bank loans	(115,000)	-	-	-
- Repayment to a director	-	(2,864)	-	-
Foreign exchange movement	-	(812)	-	-
At 30 June 2020 and 1 July 2020	115,000	18,762	-	-
Changes from financing cash flows				
- Proceeds from bank loans	115,000	-	-	-
- Repayments of bank loans	(120,200)	-	-	-
- Advance from a director	-	34,635	-	-
- Interest paid	-	-	-	(8,487)
Acquisition of subsidiaries (note 30)	23,200	-	8,900	-
Disposal of subsidiaries (note 30)	(115,000)	(31,830)	-	-
Interest expenses recognised	-	-	-	7,604
Amount capitalised on property, plant and equipment	-	-	379	883
Foreign exchange movement	-	1,829	-	-
At 31 December 2021	18,000	23,396	9,279	-

NOTES TO THE FINANCIAL STATEMENTS

For the eighteen-month period from 1 July 2020 to 31 December 2021

36. SIGNIFICANT EVENT DURING THE PERIOD

Since the outbreak of the 2019 Novel Coronavirus (“COVID-19”) began in January 2020 in PRC, the Group has actively taken measures to implement the regulations and requirements posted by the local governments on coronavirus epidemic prevention and control.

The Group will continuously monitor the development of the COVID-19 outbreak, market condition and adjust its strategy in response to the situation. Save as disclosed above, there are no other matters that would result in a significant adverse impact on the Group’s results and financial position as at the reporting date as result of the COVID-19.

In view of the Group’s trend of declining profitability and losses in recent years, the Board undertook a strategic review during the financial year ended 30 June 2018 and proposed to dispose the lossmaking Baijiu Business and enter into the Kiwifruit Business as announced on 17 November 2018, 15 November 2019, and 30 June 2020. The Transactions has been completed on 3 July 2021, during the eighteen-month period ended 31 December 2021 (note 1).

SHAREHOLDERS' INFORMATION

AS AT 18 MARCH 2022

Class of shares	: Ordinary shares of HK\$4.00 each
Authorised share capital	: HK\$400,000,000.00
Issued and fully paid-up capital	: HK\$319,315,727.20
Number of Shares issued	: 79,828,927
Voting rights	: One vote per ordinary share

The Company does not hold any Treasury Shares and subsidiary holdings.

STATISTICS OF SHAREHOLDINGS

Size of Shareholding		Number of Shareholders	%	Number of Shares	%
1	- 99	10	0.99	364	0.00
100	- 1,000	304	30.22	197,940	0.25
1,001	- 10,000	547	54.37	2,178,391	2.73
10,001	- 1,000,000	138	13.72	11,659,703	14.60
1,000,001	and above	7	0.70	65,792,529	82.42
		1,006	100.00	79,828,927	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2022

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Easy Direct International Limited ⁽¹⁾	-	-	7,500,000	9.40
Zhao Chichun ⁽¹⁾	-	-	7,500,000	9.40
Treasure Winner Holdings Limited ⁽²⁾	23,551,551	29.50	-	-
Wang Peng ⁽²⁾	-	-	23,551,551	29.50
Keping Guo	8,635,560	10.82	-	-

Notes:

- (1) Easy Direct International Limited ("**Easy Direct**") is incorporated for the purpose of allowing the employees of China Shenshan Orchard Holdings Co. Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") to acquire and hold shares in the capital of the Company ("**Shares**") through Easy Direct. Mr. Zhao Chichun is the sole shareholder of Easy Direct.

Through Easy Direct, Mr. Zhao Chichun (Executive Director of the Company) and Mr. Hu Chao (Executive Director and Chief Executive Officer of the Company) each acquired 3,000,000 Shares (representing approximately 3.76% of total number of issued Shares), and the remaining 1,500,000 Shares (representing approximately 1.88% of total number of issued Shares) were acquired by other employees of the Group.

Easy Direct is deemed to have an interest in the 7,500,000 Shares held through a nominee account with UOB Kay Hian Private Limited. Mr. Zhao Chichun is deemed to have an interest in the 7,500,000 Shares held through Easy Direct.

- (2) Treasure Winner Holdings Limited ("**Treasure Winner**") is wholly-owned by Mr. Wang Peng and as such, Mr. Wang Peng is deemed interested in 23,551,551 Shares.

SHAREHOLDERS' INFORMATION

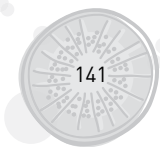
AS AT 18 MARCH 2022

TWENTY LARGEST SHAREHOLDERS AS AT 18 MARCH 2022

No.	Name of Shareholders	Number of Shares	%
1.	UOB KAY HIAN PRIVATE LIMITED	25,875,418	32.41
2.	TREASURE WINNER HOLDINGS LIMITED	17,500,000	21.92
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	10,090,501	12.64
4.	ABN AMRO CLEARING BANK N.V.	6,676,620	8.36
5.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,366,900	2.96
6.	PHILLIP SECURITIES PTE LTD	1,801,690	2.26
7.	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,481,400	1.86
8.	OCBC SECURITIES PRIVATE LIMITED	756,010	0.95
9.	LIM KIM HONG	750,000	0.94
10.	DBS NOMINEES (PRIVATE) LIMITED	744,951	0.93
11.	WANG CHUN-JYE	640,000	0.80
12.	MAYBANK SECURITIES PTE. LTD.	561,500	0.70
13.	LUO BAIWEN	450,000	0.56
14.	MERRILL LYNCH (SINGAPORE) PTE. LTD.	417,004	0.52
15.	HAH TIING SIU	367,770	0.46
16.	WONG YONG CHYE	357,200	0.45
17.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	338,022	0.42
18.	LEOW BENG LEE (LIAO MINGLI)	333,000	0.42
19.	TAN PING	273,700	0.34
20.	GOH BEE LAN	227,060	0.28

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 18 March 2022 and to the best of the knowledge of the Directors of the Company, approximately 50.28% of the Company's shares are held in the hands of public as defined in the Listing Manual of the SGX-ST. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.



NOTICE OF ANNUAL GENERAL MEETING

As a precautionary measure due to the current COVID-19 situation in Singapore, members of the Company will not be able to attend the AGM in person. Please refer to the notes to this Notice of AGM for further details.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Shenshan Orchard Holdings Co. Ltd. (the "Company") will be held by way of electronic means on Thursday, 28 April 2022 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial period from 1 July 2020 to 31 December 2021 ("FP2021") together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Bye-Law 85(6) of the Bye-Laws of the Company and who, being eligible, offer themselves for re-election, as Directors of the Company:

Ms. Zhang Lei
Mr. Yeo Teck Chuan

(Resolution 2)

(Resolution 3)

Ms. Zhang Lei will, upon re-election as a Director of the Company, remain as an Independent Director of the Company as well as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company. Ms. Zhang Lei is considered independent by the Board of Directors of the Company for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr. Yeo Teck Chuan will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, the Chairman of the Nominating Committee and the Remuneration Committee as well as a member of the Audit Committee of the Company. Mr. Yeo Teck Chuan is considered independent by the Board of Directors of the Company for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The information relating to Ms. Zhang Lei and Mr. Yeo Teck Chuan as required under Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited is set out in the corporate governance report in the Annual Report.

3. To approve the payment of additional Directors' fees of S\$96,220 for the financial period from 1 July 2020 to 31 December 2021. **(Resolution 4)**
[See Explanatory Note (i)]
4. To approve the payment of Directors' fees of S\$193,025 for the financial year ending 31 December 2022, to be paid half-yearly in arrears (FP2021: S\$406,220). **(Resolution 5)**
[See Explanatory Note (i)]
5. To re-appoint BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore to act jointly and severally as the Company's Auditors and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

NOTICE OF ANNUAL GENERAL MEETING

7. SHARE ISSUE MANDATE

That pursuant to Bye-law 12(3) of the Company's Bye-Laws and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to issue shares of the Company ("**Shares**") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion, deem fit, and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:

- (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below) at the time of the passing of this Resolution, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to all shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty percent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of convertible securities which were issued and are outstanding or subsisting at the time of the passing of this Resolution;
 - (ii) new Shares arising from the exercise of share options or vesting of share awards which were issued and are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and
- (d) that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in accordance with the terms of Instruments issued, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of such Instruments.

[See Explanatory Note (ii)]

(Resolution 7)

By Order of the Board

Ho Hin Yip
Toh Li Ping, Angela
Company Secretaries
12 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Resolutions to be passed -

- (i) At the Annual General Meeting in respect of the financial year ended 30 June 2020 of the Company held on 30 October 2020, shareholders of the Company had approved the payment of Directors' fees of S\$310,000 for the financial year ending 30 June 2021 (i.e. from 1 July 2020 to 30 June 2021), to be paid half-yearly in arrears.

Subsequently, the Company changed its financial year end from 30 June to 31 December. Please refer to the Company's announcement dated 1 June 2021 for more information. Accordingly, the Ordinary Resolution 4 proposed in item 3 above, if passed, is to approve the additional Directors' fees of S\$96,220 for the financial period from 1 July 2020 to 31 December 2021.

The aggregate amount of Directors' fees for the financial period from 1 July 2020 to 31 December 2021 shall be S\$406,220 if the proposed Ordinary Resolution 4 is approved by shareholders.

The Ordinary Resolution 5 proposed in item 4 above, if passed, is to approve the Directors' fees of S\$193,025 for the financial year ending 31 December 2022, which is the first 1 January to 31 December financial year of the Company after the aforementioned change of financial year end of the Company, to be paid half-yearly in arrears.

- (ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting of the Company until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to allot and issue Shares and to make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to an amount not exceeding, in total, fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a *pro rata* basis to shareholders of the Company.

For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or the exercise of share options or the vesting of share awards which were issued and are outstanding or subsisting at the time of the passing of this Ordinary Resolution and any subsequent bonus issue, consolidation or subdivision of Shares.

Notes:

General

1. Pursuant to the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist jointly issued by the Accounting and Corporate Regulatory Authority ("**ACRA**"), the Monetary Authority of Singapore ("**MAS**") and Singapore Exchange Regulation on 13 April 2020, which is based on the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended) and Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation jointly issued by the ACRA, the MAS and Singapore Exchange Regulation on 1 October 2020 and last updated on 4 February 2022 to provide that the 16 December 2021 Regulator's Column will form part of the Checklist ("**Updated Checklist**"), the Annual General Meeting of the Company will be held on Thursday, 28 April 2022 at 2.30 p.m. ("**AGM**" or "**Meeting**") by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person. Printed copies of this Notice of AGM and the relevant proxy forms will be sent to members, and the electronic copies of which will be posted on the Company's corporate website at the following URL: <https://www.ddhlimited.com> and the SGX-ST's website at the following URL: <https://www.sgx.com/securities/company-announcements>.

NOTICE OF ANNUAL GENERAL MEETING

2. Alternative arrangements are instead put in place to allow members to participate in the AGM by:
 - (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Notes 3 to 4 below;
 - (b) voting by appointing the Chairman of the Meeting as proxy at the AGM. Please refer to Notes 5 to 12 below for further details; and
 - (c) submitting questions ahead of the AGM and members are provided an opportunity to ask questions during the Live Webcast. Please refer to the Notes 13 to 15 below for further details.

Participation in AGM proceedings via "live webcast"

3. A member of the Company or their corporate representative (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 2.30 p.m. on 25 April 2022 ("**Pre-Registration Cut-Off Time**"), at the following URL: <https://events.rajahtann.com/ChinaShenshanAGM2022> ("**Pre-Registration Website**").
4. It is important that you provide your email address in your registration form. Following authentication of his/her/its status as a member of the Company, such member will receive an email on their authentication status containing login credentials to access the Live Webcast of the AGM proceedings by Tuesday, 26 April 2022. Members and investors holding shares in the Company through the Supplementary Retirement Scheme ("**SRS**") ("**SRS investors**") who do not receive any email by 9.00 a.m. on 27 April 2022, but have registered by the Pre-Registration Cut-Off Time, should contact the Company at chinashenshan-agm@rajahtann.com, with the following details included: (1) the full name of the shareholder; and (2) his/her/its identification/registration number.

Investors holding shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) ("**Investors**") (other than SRS investors) will not be able to pre-register at the Pre-Registration Website for the Live Webcast. An Investor (other than SRS investors) who wishes to participate in the Live Webcast should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and his/her/its number of shares held) to the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., via email to ChinaShenshan-AGM2022@boardroomlimited.com no later than 2.30 p.m. on 25 April 2022.

Voting by proxy

5. The Live Webcast will not provide for online voting. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**"), failing which the appointment will be treated as invalid.
6. The Chairman of the Meeting, as proxy, need not be a member of the Company.
7. The Proxy Form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A SRS investor who wishes to vote should approach his/her SRS Operator at least 7 working days before the date of the AGM (i.e. by 5.00 p.m. on 18 April 2022) to submit his/her voting instructions.
8. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have shares entered against their names in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act 2001 of Singapore), as at seventy-two (72) hours before the time appointed for holding this AGM as certified by The Central Depository (Pte) Limited to the Company.

NOTICE OF ANNUAL GENERAL MEETING

9. The Proxy Form must be submitted through any one of the following means:
- (a) by depositing a physical copy at the registered office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at ChinaShenshan-AGM2022@boardroomlimited.com,
- in each case, not later than 2.30 p.m. on 25 April 2022, and failing which, the Proxy Form will not be treated as valid.
10. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised, failing which the Proxy Form may be treated as invalid. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
11. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM.
12. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.

Submission of questions prior to the AGM

13. All members, SRS investors and Investors of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, in advance of the AGM but no later than 9.00 a.m. on 20 April 2022 (the "**Cut-Off Time**"):
- (a) in physical copy by depositing the same at the registered office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) by email to Mr. Ho Hin Yip at raymond@shenshanorchard.com.
14. Members and SRS investors will also be provided an opportunity to ask questions during the Live Webcast via the online chat box function.
15. If the questions are deposited in physical copy at the Company's registered office of the Company's Share Transfer Agent or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions for verification purposes, failing which the submission will be treated as invalid: (i) the member's full name; and (ii) his/her/its identification/registration number.

The Company will address all substantial and relevant questions received from Shareholders by the Cut-Off Time relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations by publishing its responses to such questions, if any, on the Company's corporate website at the following URL: <https://www.ddhlimited.com> and on the SGX-ST's website at the following URL: <https://www.sgx.com/securities/company-announcements> at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms (i.e. no later than 2.30 p.m. on 23 April 2022) ("**Responses to Q&A**").

NOTICE OF ANNUAL GENERAL MEETING

Should there be subsequent clarification sought, or follow-up questions after the Cut-Off Time, the Company endeavours to address any (i) subsequent clarifications sought, (ii) follow-up questions or (iii) subsequent substantial and relevant questions which are received after it has published its Responses to Q&A, prior to the AGM through publication on the SGX-ST's website and the Company's corporate website, or during the AGM via the Live Webcast. When substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

The Company will publish the minutes of the AGM on the Company's corporate website at the following URL: <https://www.ddhlimited.com> and on the SGX-ST's website at the following URL: <https://www.sgx.com/securities/company-announcements> within one (1) month after the conclusion of the AGM, and the minutes will include the Company's responses to the substantial and relevant questions from Shareholders which are addressed during the AGM.

Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company: (i) consents to the collection, use and disclosure of such member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where such member discloses the personal data of such member's proxy(ies) and/or representative(s) to the Company (or its agents), such member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that such member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she propose/second) may be recorded by the Company for such purpose.



China Shenshan Orchard Holdings Co. Ltd.
(Company Registration No. 41457)

12 Guanghua Road, Chi Ma Port Industrial Zone,
Chibi, Hubei Province, PRC.