



**China Shenshan Orchard Holdings Co. Ltd.**  
(Incorporated in Bermuda)  
(Company Registration No. 41457)

## Continuing the Journey

Advancing Beyond Progress

Annual Report 2023

# CONTENTS

1		Corporate Profile
2		Chief Executive Officer's Statement
7		Financial Review
9		Board of Directors
11		Senior Management
12		Corporate Information
13		Corporate Governance Report
44		Sustainability Report
66		Financial Contents
112		Shareholders' Information
114		Notice of Annual General Meeting

---

*This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

*This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report.*

*The contact person for the Sponsor is Ms. Goh Mei Xian, Director, ZICO Capital Pte. Ltd., at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.*

## 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 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 March 2024, 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, Certificate of Good Agricultural Practice in 2020, and Agricultural Technology Promotion and Cooperation Award in 2021 and 2022.



## 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**"), I am delighted to present our annual report for the financial year ended 31 December 2023 ("**FY2023**").

In 2023, China's economy achieved a growth rate of 5.2%, slightly surpassing expectations. However, the anticipated strong rebound following the COVID-19 pandemic did not materialise for the world's second-largest economy. Despite ongoing efforts, China's economic recovery remains gradual, hindered by various challenges encountered during the reopening phase. China's economy is also currently grappling with deflation, an ongoing property crisis, mounting debt burden and foreign capital exodus. Domestically, Chinese consumers have exhibited caution in resuming spending patterns after almost two years of enduring lockdowns and border closures. The emergence of wars and conflicts on the global stage has introduced an additional layer of uncertainty, affecting consumer sentiments and contributing to the complexity of the economic landscape.

### Financial Performance

The Group experienced a 13.8% decrease in revenue, dropping from RMB85.0 million in financial year ended 31 December 2022 ("**FY2022**") to RMB73.2 million in FY2023. This was mainly attributable to a drop in the average selling price stemming from lower demand for premium kiwifruits amidst the soft economic conditions and weak consumer sentiments in China. The average selling price decreased from RMB27.1 per kg in FY2022 to RMB25.3 per kg in FY2023 while the volume of kiwifruits sold dropped by 7.9% to 2,892 tons in FY2023. Additionally, the decline in the harvest volume of kiwifruits was due to a decrease in the number of mature bearer plants, following the grafting of kiwifruit cultivars to enhance commercial viability and the alignment with evolving consumer preferences.

In line with the decrease in revenue, the Group registered a lower adjusted gross profit of RMB70.0 million in FY2023, as compared to RMB78.9 million in FY2022. However, adjusted gross profit margin improved by 2.8 percentage points to 95.6% in FY2023 from 92.8% in FY2022.

The gain arising from changes in fair value of biological assets decreased by RMB8.0 million, representing an 11.8% decline from RMB67.9 million in FY2022 to RMB59.9 million in FY2023. This decrease was mainly attributed to the lower volume of harvested kiwifruits and a decline in market prices of kiwifruits in China.



Other income decreased by RMB3.3 million or 40.1% from RMB8.1 million in FY2022 to RMB4.8 million in FY2023. This was mainly due to a decrease in unconditional grants from government-related agencies in the form of cash subsidies, which support agricultural activities in China.

Selling and distribution expenses decreased by 24.0% from RMB4.1 million in FY2022 to RMB3.1 million in FY2023. This decline was primarily driven by a reduction in advertising and promotion expenses in line with the Group's annual marketing strategy plan. Additionally, there was a decrease in commissions paid to e-commerce platform providers for the online sales of kiwifruits.

The Group's profit after income tax from its kiwifruit business decreased by 57.6% from RMB24.4 million in FY2022 to RMB10.3 million in FY2023.

### Outlook

Kiwifruit, acclaimed as the "king of fruits" largely due to its exceptional taste and high nutrient content, is considered the most nutritious and healthy among all fruits. Coupled with a series of supportive policies by the government to foster the growth of the thriving fruit industry, kiwifruit has gained popularity over the recent years. However, the slower-than-anticipated rebound in

China's economic recovery in 2023 has presented significant headwinds to the kiwifruits industry. Economic uncertainty has dampened consumer sentiments, resulting in decreased discretionary spending and lower demand for premium kiwifruits in 2023. We anticipate that the Chinese economy may not fully recover to pre-COVID levels in the near term due to cautious consumer behaviour amid deflationary pressures. People are inclined to save more rather than spend, reflecting a lack of confidence in the market outlook. This hesitancy among Chinese households to spend will present downside risks to China's growth trajectory.

### Future Plan

The adoption of technology and innovation in the operations and plantations of a kiwifruit company is pivotal, shaping the trajectory of the business and contributing to its long-term success. Thus, the Group has embraced technological advancements to ensure efficiency, quality, and resilience in the face of evolving agricultural landscapes and global market dynamics. Looking ahead, the Group will continue to enhance its technology to better equip itself to navigate market challenges and lead the way in shaping industry trends.





Furthermore, the Group will consistently dedicate resources to research and development, with a particular emphasis on developing kiwifruit varieties that suit the preferences of the mass market. The Group is presently utilising its existing kiwifruit vines for the grafting of kiwifruit cultivars as part of a trial aimed at enhancing commercial viability and aligning with evolving consumer preferences.

Moving forward, the Group's primary focus is to enhance its position in the Chinese domestic market through branding and marketing initiatives. The Group will remain steadfast in executing its plan to commercialise its kiwifruit varieties and capitalise on its expertise in kiwifruit cultivation. This strategic approach involves managing third-party kiwifruit plantations and cultivation operations, which, in turn, opens up new revenue streams and expands the Group's presence in the kiwifruit market in China.

While we have developed strategies to enhance our profitability, we anticipate that ongoing uncertainties and concerns regarding the global outlook will impede economic growth, ultimately impacting our business. In light of this, we will remain vigilant and committed to closely monitor the evolving situation. We stand prepared to adjust our existing business strategies as necessary to effectively navigate potential challenges. It is imperative that we remain both vigilant and agile in order to thrive in an ever-changing landscape.

#### **Appreciation**

Our transformation journey has been challenging, and we recognise that it is a gradual process that may require time to yield favourable outcomes. Nonetheless, we are deeply grateful to those who have unwaveringly supported us. Mr. Randy Pausch once said, "Showing gratitude is one of the simplest yet most powerful things humans can do for each other.". Therefore, I would like to take this opportunity to express my heartfelt appreciation to all those who have stood by our side.

On behalf of the Board, I would like to thank our loyal customers, business associates, suppliers and distributors for their continued support. I also extend profound gratitude to our esteemed Directors for their invaluable guidance and all our staff for their devoted efforts and dedication throughout the year.

Furthermore, I extend our heartfelt gratitude to the government for their continued support and initiatives aimed at bolstering the agricultural sector's growth. Their unwavering commitment plays a vital role in enabling our Company to thrive and contribute to the nation's agricultural development. Our shareholders' investments, guidance and feedback are critical components of our success. Thus, I would like to express our appreciation to our shareholders for their faith in our business and its ability to generate value. It is the collective support of the Group's stakeholders that drives it to strive for greater achievements in these challenging times.

#### **Mr. Zhao Chichun**

Executive Director and Chief Executive Officer





## Financial Review

The growing season for kiwifruits typically lasts up to 240 days per year. The kiwifruit harvest season typically takes place from September to October each year, and sales of harvested kiwifruits will typically occur thereafter within the same calendar year. Thus, the Group will not record any revenue in the first half of any financial year due to the seasonality of the business.

The Group's revenue decreased by 13.8% from RMB85.0 million in FY2022 to RMB73.2 million in FY2023. This was mainly attributable to a drop in average selling price stemming from lower demand for premium kiwifruits amidst the soft economic conditions and weak consumer sentiments in China. The average selling price decreased from RMB27.1 per kg in FY2022 to RMB25.3 per kg in FY2023 while the volume of kiwifruits sold dropped by 7.9% to 2,892 tons in FY2023. Additionally, the decline in the harvest volume of kiwifruits was due to a decrease in the number of mature bearer plants, following the grafting of kiwifruit cultivars to enhance commercial viability and the alignment with evolving consumer preferences.

The Group's cost of sales decreased by RMB10.9 million or 14.7%, from RMB74.0 million in FY2022 to RMB63.1 million in FY2023. The drop in cost of sales was in line with the decrease in revenue and amount of harvested kiwifruits.

In line with the decrease in revenue, the Group registered a lower adjusted gross profit of RMB70.0 million in FY2023 as compared to RMB78.9 million in FY2022. However, the adjusted gross profit margin improved by 2.8 percentage points to 95.6% in FY2023 from 92.8% in FY2022.

The gain arising from changes in fair value of biological assets decreased by RMB8.0 million, representing an 11.8% decline from RMB67.9 million in FY2022 to RMB59.9 million in FY2023. This decrease was mainly attributed to the lower volume of harvested kiwifruits and a decline in market prices of kiwifruits in China.

Other income decreased by RMB3.3 million or 40.1% from RMB8.1 million in FY2022 to RMB4.8 million in FY2023, which was mainly due to a decrease in unconditional grants from government-related agencies in the form of cash subsidies, in support of agricultural activities in China.

Selling and distribution expenses decreased by 24.0% from RMB4.1 million in FY2022 to RMB3.1 million in FY2023. This drop was primarily driven by a decrease in advertising and promotion expenses in line with the Group's annual marketing strategy plan as well as a decline in commissions paid to e-commerce platform providers for the online sales of kiwifruits.



The Company is undergoing a legal proceeding in Taiwan with an independent third party, namely Securities and Futures Investors Protection Center (“**SFIPC**”), which is making a claim for damages against the Company (the “**Proceedings**”).

Administrative expenses increased by RMB3.7 million or 12.6%, from RMB29.1 million in FY2022 to RMB32.8 million in FY2023, mainly due to the legal fees incurred in relation to the Proceedings brought against the Company by SFIPC in Taiwan, and the court application fee for filing of an appeal to the Supreme Court of Taiwan against the Intellectual Property and Commercial Court of Taiwan’s decision in relation to the Proceedings. For more information relating to the Proceedings, please refer to the Company’s announcements dated 10 May 2023, 13 June 2023, 21 June 2023, 19 October 2023, 21 November 2023, 22 January 2024, and 26 March 2024.

As the Group is currently engaged in a qualifying agricultural business, it is therefore entitled to full exemption of enterprise income tax on profits derived from the kiwifruit business. Minimal finance costs were incurred in FY2023 and FY2022, which mainly comprised interest on bank borrowings and lease liabilities in relation to the leases related to the orchards with immature bearer plants.

As a result, the Group’s profit after income tax from its kiwifruit business decreased by 57.6% from RMB24.4 million in FY2022 to RMB10.3 million in FY2023.

### Cash Flow Management

For FY2023, the Group’s cash and cash equivalents increased by RMB12.3 million to RMB138.3 million as at 31 December 2023, from RMB126.0 million as at 31 December 2022. This was mainly due to net cash generated from operating activities of RMB41.5 million which was partially offset by net cash used in investing activities of RMB16.8 million and net cash used in financing activities of RMB12.4 million.

### Financial Position

As at 31 December 2023, the Group recorded positive working capital (current assets less current liabilities) of RMB156.0 million, as compared to RMB139.4 million as at 31 December 2022 and its total equity increased to RMB1,045.3 million.

The Group’s total assets decreased by RMB8.8 million to RMB1,303.1 million as at 31 December 2023, mainly due to the decrease in property, plant and equipment, intangible assets, inventories and consumables, trade receivables, prepayments, deposits and other receivables, partially offset by the increase in cash and cash equivalents.

The Group’s total liabilities decreased by RMB19.0 million to RMB257.8 million as at 31 December 2023, mainly arising from the decrease in trade payables, bank loans, lease liabilities, deferred government grants and deferred tax liabilities, partially offset by the increase in accrued liabilities and other payables as well as provision for income tax.



## Board of Directors

### Zhao Chichun 赵池春

Mr. Zhao Chichun is the Executive Director and Chief Executive Officer (“**CEO**”) 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 and was appointed as the CEO of the Company with effect from 7 July 2023.

Mr. Zhao is responsible for the overall business direction and strategy of the Company and its subsidiaries. He also oversees the Company’s sales and marketing functions, as well as investor relations, and is a Director of the Company’s subsidiary, Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. (“**Xingnong Agriculture**”).

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.

### Zhou, Liyang 周礼阳

Mr. Zhou, Liyang was appointed as an Executive Director of the Company with effect from 7 July 2023. He joined the Company’s subsidiary, Xingnong Agriculture since 2018 and currently serves as the Executive General Manager. During his tenure, he had held positions as the Executive Deputy General Manager, Chief Administrative Officer and Director of Operations.

Prior to joining the company, Mr. Zhou served in the Henan Provincial Fire Brigade of the People’s Armed Police from 1996 to 2018, where he held positions as a Staff Officer and Chief of Staff.

Mr. Zhou oversees the daily operations and business development of the Group. He is also the Legal Representative of Xingnong Agriculture.

Mr. Zhou graduated from Zhengzhou University of Technology in 1996 with a Bachelor’s Degree in Architectural Engineering.



### Huo Lei 霍雷

Mr. Huo Lei 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 were 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 and a member of the Nominating and Remuneration Committees 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, Nominating and Remuneration Committees 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 PRC, 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 Remuneration Committee and 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. He is currently a Partner (Advisory) of SBA Stone Forest Corporate Advisory (Shanghai) Co., Ltd., Legal Representative of Shangrao Jie Jian Advisory Co., Ltd. and director of YSH Advisory Pte. Ltd. and YSH Advisory II Pte. Ltd. In addition, Mr. Yeo is currently an Independent Non-Executive Director and Chairman of the Audit Committee for other listed companies on the Hong Kong Stock Exchange, 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 Weibiao 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 Syneer 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 PRC in 2004.

### Ho Hin Yip 何衍业

Mr. Ho Hin Yip 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 26 years of experience in audit and accounting.

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.

# Corporate Information

## BOARD OF DIRECTORS

### Executive:

Zhao Chichun (*Executive Director and Chief Executive Officer*)  
Zhou, Liyang (*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 (*ACS ACG*)  
Ho Hin Yip

## ASSISTANT COMPANY SECRETARY

Conyers Corporate Services (Bermuda) Limited

## BERMUDA SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11, Bermuda

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11, Bermuda

## BUSINESS OFFICE

12 Guanghua Rd  
Chi Ma Port Industrial Zone  
Chibi, Hubei Province  
The People's Republic of China  
Telephone number: (86) 371 8888 6800  
Website: www.ddhlimited.com

## SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632

## JOINT AUDITORS

BDO Limited  
Certified Public Accountants  
25th Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

BDO LLP  
Public Accountants and Chartered Accountants, Singapore  
600 North Bridge Road  
#23-01 Parkview Square  
Singapore 188778

## AUDIT PARTNER-IN-CHARGE

BDO Limited – Cheung Or Ping  
*Appointed wef financial year ended 30 June 2019 (5<sup>th</sup> consecutive financial year)*

BDO LLP – Aw Vern Churn Philip  
*Appointed wef financial period ended 31 December 2021 (3<sup>rd</sup> consecutive financial year)*

## SPONSOR

ZICO Capital Pte. Ltd.  
77 Robinson Road  
#06-03 Robinson 77  
Singapore 068896

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

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**”), and where applicable, the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual (the “**Mainboard Rules**”), in respect of the Company’s Annual Report for the financial year ended 31 December 2023 (“**FY2023**”).

Subsequent to FY2023, as announced on 15 March 2024, the Company will be transferring its listing from the Main Board of the SGX-ST to the Catalist board (“**Catalist**”) of the SGX-ST (“**Proposed Transfer**”) and the effective date of the Proposed transfer is Wednesday, 20 March 2024 (“**Effective Date**”) and trading of the Company’s shares on the Catalist will commence at 9.00 a.m. on the same day. The Company has appointed ZICO Capital Pte. Ltd. (“**ZICO Capital**”) to act as its continuing sponsor and such appointment will take effect upon the Effective Date. Pursuant to the completion of the Proposed Transfer, the Company has also been removed from the Watch-List with effect from the Effective Date and the Company shall comply with the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) from the Effective Date.

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 year 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.

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 defined in the Code) as well as evaluating their performance and reviewing their compensation packages;

## CORPORATE GOVERNANCE REPORT

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.

### 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 such Executive Director 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 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.

## CORPORATE GOVERNANCE REPORT

Mr. Zhou, Liyang, an Executive Deputy General Manager of the Company, was appointed as an Executive Director of the Company with effect from 7 July 2023. Mr. Zhou, Liyang does not have prior experience as a director of a public company listed on the SGX-ST. However, he (i) has been briefed on the roles and responsibilities of a director of a public company listed on the SGX-ST; and (ii) has undertaken to attend the prescribed mandatory training, which includes training on sustainability matters, as specified under Schedule 1 of Practice Note 2.3 of the Mainboard Rules (or Schedule 1 of Practice Note 4D of the Catalist Rules subsequent to the completion of the Proposed Transfer to Catalist board) within one (1) year from the date of his appointment as Executive Director of the Company. Notwithstanding the above, Mr. Zhou, Liyang has been scheduled to attend the Listed Entity Director Programme including sustainability training conducted by Singapore Institute of Directors in July 2024.

All Directors of the Company, save for Mr. Zhou, Liyang as disclosed above, have undergone training on sustainability matters as prescribed by the SGX-ST pursuant to Rule 720(7) of the Mainboard Rules (or Rule 720(6) of the Catalist Rules subsequent to the completion of the Proposed Transfer to Catalist board).

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' obligations 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 which have been updated since Effective Date, are as follows, but are not limited to:

- 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;
- Declaration or omission of dividends or the determination of earnings, if any;
- Acquisition or loss of significant contract, if any;
- Purchase or sale of a significant asset;
- 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;
- Change in effective control or a significant change in management, if any;
- Call of securities for redemption, 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;

## CORPORATE GOVERNANCE REPORT

- Cessation of Sponsor or cessation to sponsor the Company, if any;
- Appointment of a new Sponsor, if any;
- 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 Nominating Committee (“**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 from time to time 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 the members are Independent Directors.

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 is 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.

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.

## CORPORATE GOVERNANCE REPORT

The number of Board and Board Committees' meetings and general meetings, i.e. annual general meeting ("AGM") and special general meeting ("SGM"), held from 1 January 2023 to 31 December 2023 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		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 <sup>(1)</sup>	1	0	-	-	2	1	-	-	-	-	-	-
Ho Teck Cheong	1	1	-	-	4	4	3	3	2	2	1	1
Zhao Chichun	1	1	-	-	4	4	-	-	-	-	-	-
Zhou, Liyang <sup>(2)</sup>	-	-	-	-	2	2	-	-	-	-	-	-
Huo Lei	1	1	-	-	4	4	-	-	-	-	-	-
Zhang Lei	1	1	-	-	4	4	3	3	2	2	1	1
Yeo Teck Chuan	1	1	-	-	4	4	3	3	2	2	1	1

<sup>(1)</sup> Mr. Hu Chao resigned as an Executive Director and the Chief Executive Officer ("CEO") of the Company with effect from 7 July 2023. His attendance at the meetings held during the aforementioned period was recorded until the date of his resignation. The Company's existing Executive Director, Mr. Zhao Chichun was appointed as an Executive Director and the CEO of the Company with effect from 7 July 2023.

<sup>(2)</sup> Mr. Zhou, Liyang was appointed as an Executive Director of the Company with effect from 7 July 2023. His attendance at the meetings held during the aforementioned period was recorded from the date of his appointment.

#### 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 provide 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. The Company Secretary(ies) and/or his/her representative(s) attend(s) 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 Secretary(ies) is a decision of the Board as a whole.

## CORPORATE GOVERNANCE REPORT

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 adviser, 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 as defined in the Company's circular to shareholders dated 31 March 2021 was not carried out at the SGM held on 6 May 2021, the Company had appointed ZICO Capital as its compliance adviser for a period of three (3) years post-Completion of 3 July 2021. As set out under the Introduction section above, ZICO Capital has been appointed to act as the Company's continuing sponsor with effect from 20 March 2024 subsequent to the completion of the Proposed Transfer.

### 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 revised declaration of independence pursuant to Provision 2.1 of the Code and Rule 210(5)(d) of the Mainboard Rules for FY2023.

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

Rule 210(5)(d)(iii) of the Mainboard Rules/406(3)(d)(iii) of the Catalist Rules which was effective 1 January 2022 and prior to the deletion of this sub-rule with effect from 11 January 2023, provides that a director will not be independent if he has been a director for an aggregate period of more than nine (9) 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 CEO of the issuer, and associates of such directors and CEO ("**Two-Tiered Voting**"). For the purpose of the resolution referred to in (B), the directors and the CEO 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 AGM of the issuer following the passing of the resolutions.

Mr. Ho Teck Cheong, the Non-Executive Chairman and Independent Director, had served on the Board beyond nine (9) years from the date of his first appointment. At the SGM of the Company held on 6 May 2021, the shareholders had, through a Two-Tiered 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 (a) the retirement or resignation of Mr. Ho Teck Cheong as a director; 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 director. Mr. Ho Teck Cheong expressed that he is not seeking re-election at the upcoming AGM. Accordingly, he shall retire as the Non-Executive Chairman and Independent Director of the Company, Chairman of the AC and a member of the NC and the RC at the conclusion of the upcoming AGM.

## CORPORATE GOVERNANCE REPORT

The current Board comprises six (6) members and the composition of the Board and the Board Committees are as follows:

Name	AC	RC	NC
Zhao Chichun (Executive Director and CEO) <sup>(1)</sup>	–	–	–
Ho Teck Cheong (Non-Executive Chairman and Independent Director)	C	M	M
Zhou, Liyang (Executive Director) <sup>(2)</sup>	–	–	–
Huo Lei (Non-Executive and Non-Independent Director)	–	–	–
Zhang Lei (Independent Director)	M	M	M
Yeo Teck Chuan (Independent Director)	M	C	C

**Notes:**

C – Chairman  
M – Member

<sup>(1)</sup> Mr. Zhao Chichun, an Executive Director of the Company, was appointed as the CEO of the Company in place of Mr. Hu Chao who resigned as an Executive Director and the CEO of the Company with effect from 7 July 2023.

<sup>(2)</sup> Mr. Zhou, Liyang, an Executive Deputy General Manager of the Company, was appointed as an Executive Director of the Company with effect from 7 July 2023.

No alternate Director was appointed to the Board in FY2023 or appointed to the Board currently.

Presently, the Board comprises two (2) Executive Directors (one (1) of whom is also the Company's CEO) and four (4) Non-Executive Directors, three (3) of whom are independent (one (1) 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.

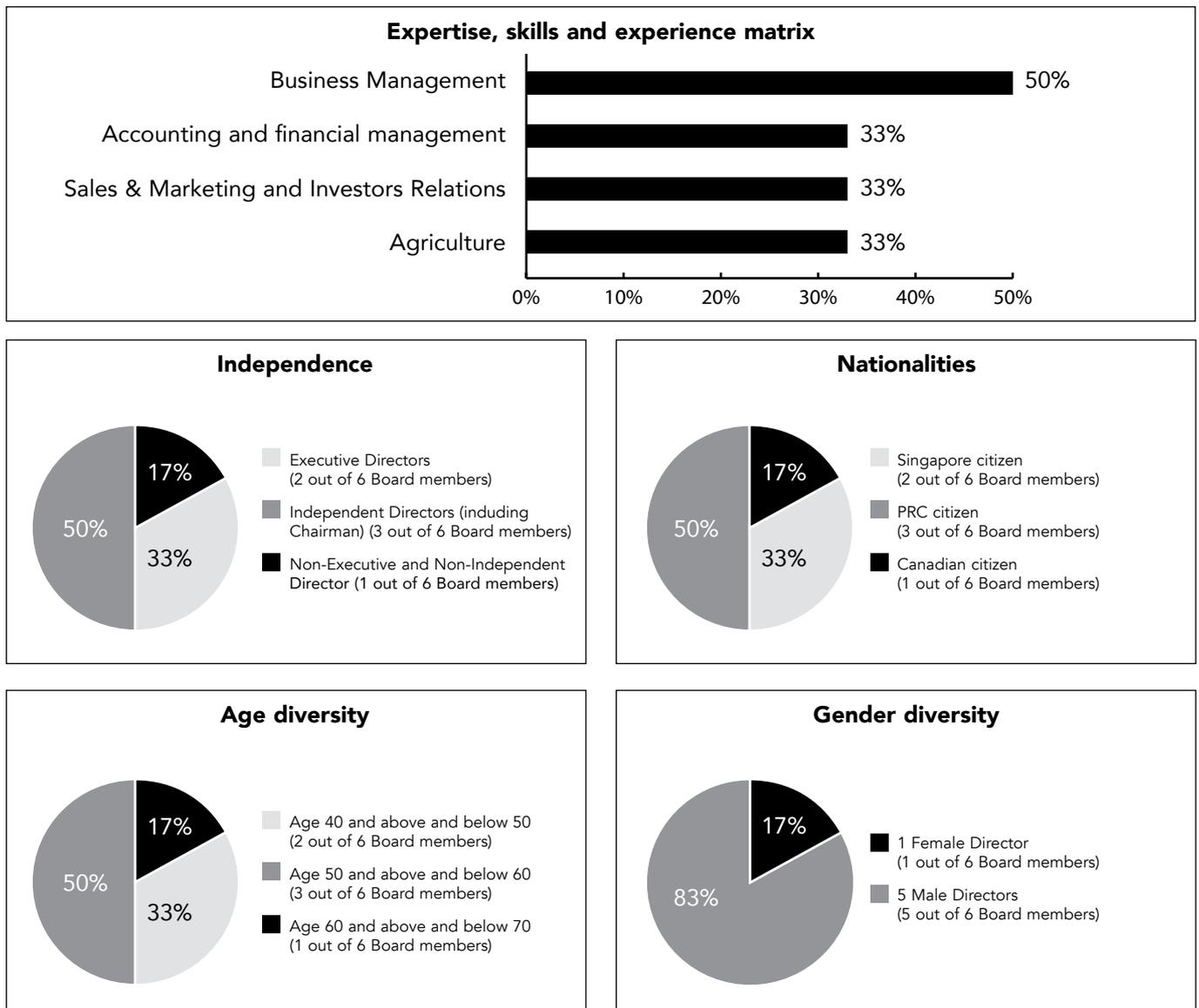
The size and composition of the Board are reviewed annually by the NC to ensure that it is appropriate so as to facilitate effective decision-making. When reviewing the composition of the Board, the NC will also take into consideration that there is an appropriate mix of expertise and experience and 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 that addresses gender, skills and experience, and other relevant aspects of diversity. Having regard to the guidelines in the Board Diversity Policy, the NC will, in reviewing the Board's size and composition, re-election and retirement of Directors and succession planning, take into account factors, including but not limited to gender, age, nationalities, 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 will be balanced appropriately, when possible.

## CORPORATE GOVERNANCE REPORT

Each Director has been appointed based on his or her strength, experience and stature. They are expected to bring a valuable range of experience and expertise, and contribute to the development of the Group's strategy and business performance. Together, the Board and Board Committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience and knowledge to the Company. They also bring with themselves a wide range of core competencies such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The diversity of the Directors' background allows for the useful exchange of ideas and views. Their core competencies include accounting, finance, business, industry and management experience, and strategic planning experience and they are familiar with regulatory requirements. The diversity of the Directors' experience allows for a useful exchange of ideas and views. All Directors have extensive experience in jurisdictions outside Singapore, specifically the People's Republic of China ("PRC" or "China").

In evaluating the diversity of the Board, the following Board Skills Matrix and diversity criteria of the current Board were noted:



Key information regarding the Directors is set out from pages 9 to 11 in the "Board of Directors" section of this Annual Report.

Accordingly, the combination of skills, talents and experience of the Directors are sufficiently diversified to serve the needs and plans of the Group, and to ensure the effective oversight of the Group's affairs. To ensure that the composition of the Board remains diverse, the Board aims to maintain a majority of its Board members to be made up of Independent Directors and to ensure that there is at least one female Director on the Board, at all times. Based on the current Board composition, the Company has met its independence and gender diversity targets.

## CORPORATE GOVERNANCE REPORT

The NC and the Board review the size of the Board and the Board Committees, including the skills and core competencies of its members on an annual basis to ensure that the Board and the Board Committees are of an appropriate size, an appropriate balance and mix of skillset, knowledge, experience, expertise and gender, with a strong element of independent, which facilitates effective decision-making. No individual or select group of individuals dominates the Board's decision-making process as a majority of the Board is made up of Independent Directors.

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, the NC, with the concurrence of the Board, is satisfied that the current Board and Board Committees have the appropriate size and composition with a mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.

The current composition of the Board reflects its commitment to the relevant diversity in gender, age, skills and knowledge. As a group, the members of the Board bring with them an appropriate balance and diversity of skills, experience and knowledge of the Group.

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.

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.

### 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 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. Zhao Chichun, an Executive Director of the Company, was appointed as the CEO of the Company in place of Mr. Hu Chao who resigned as an Executive Director and the CEO of the Company with effect from 7 July 2023.

Mr. Zhao Chichun, 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. Zhao Chichun 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 also oversees the Company's sales and marketing functions, as well as investor relations, and is a Director of the Company's principal subsidiary (as defined in the Listing Manual of the SGX-ST), Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. Mr. Zhao Chichun is assisted by among others, Mr. Zhou, Liyang (the Company's other Executive Director) and the Management to oversee the daily operations and business development of the Group, including the execution of strategies and plans.

Mr. Ho Teck Cheong and Mr. Zhao Chichun 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; and
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.

The NC held two (2) meetings and the principal activities of the NC during FY2023 are summarised below:

- a. reviewed the findings of the evaluations of (i) NC and (ii) Board and Individual Director's Self Assessment;
- b. reviewed and recommended to the Board the nomination of Directors for re-election;
- c. reviewed other directorships and principal commitments held by each Director and whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director;
- d. reviewed the Board structure, size, composition and balance of the Board, as well as the size and composition of the Board Committees;
- e. reviewed the Company's diversity targets and its accompanying plans and timelines in accordance with Rule 710A(2) of the Mainboard/Catalist Rules;

## CORPORATE GOVERNANCE REPORT

- f. reviewed and assessed the independence of each Independent Director;
- g. reviewed and recommended the proposed appointment of the CEO of the Company to the Board;
- h. reviewed and recommended the proposed appointment of Executive Director of the Company to the Board; and
- i. reviewed the proposed changes to the Legal Representative of Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. and recommended the same to the Board.

### 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.

The NC and the Board will also take into consideration whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. The NC and the Board will also assess whether a Director's resignation from the board of any such company casts any doubt on the director's qualification and ability to act as a Director of the Company.

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 (3) 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.

Where and when required, the Company may also appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment involves specific skillsets or industry specialisation.

### 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 (3) 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 Mainboard Rules/720(4) of the Catalist Rules, an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three (3) years.

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 (1) Mr. Zhao Chichun who will be retiring pursuant to Bye-law 86(1) of the Company's Bye-laws, and (2) Mr. Zhou, Liyang who will be retiring pursuant to Bye-law 85(6) of the Company's Bye-laws at the forthcoming AGM for FY2023. Mr. Zhao Chichun and Mr. Zhou, Liyang had consented to continue in office and the Board had accepted the recommendation of the NC.

The Director concerned had abstained 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(5) of the Catalyst Rules as at the date of this report are set out below:

	Zhao Chichun	Zhou, Liyang
<b>Date of Appointment</b>	3 July 2021	7 July 2023
<b>Date of last re-election / re-appointment (if applicable)</b>	-	-
<b>Age</b>	54	51
<b>Country of principal residence</b>	China	China
<b>The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process).</b>	<p>The NC, having considered the participation of Mr. Zhao Chichun at Board meetings, in particular, Mr. Zhao Chichun's contributions to the business and operations of the Company as well as the Board processes, had recommended to the Board the re-election of Mr. Zhao Chichun who will be retiring pursuant to Bye-law 86(1) of the Company's Bye-laws at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Zhao Chichun had abstained from voting on any resolution and making any recommendation and/or participating in any discussion in respect of his own re-election at the Board meeting.</p>	<p>The NC, having considered the participation of Mr. Zhou, Liyang at Board meetings, in particular, Mr. Zhou, Liyang's contributions to the business and operations of the Company as well as the Board processes, had recommended to the Board the re-election of Mr. Zhou, Liyang 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. Zhou, Liyang had abstained from voting on any resolution and making any recommendation and/or participating in any discussion in respect of his own re-election at the Board meeting.</p>
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Executive. Mr. Zhao Chichun is responsible for the overall business direction and strategy of the Company and its subsidiaries. He also oversees the Company's sales and marketing functions, as well as investor relations, and is a Director of Chibi Shenshan Xingnong Agriculture Technology Co., Ltd. (" <b>Xingnong Agriculture</b> "), a subsidiary of the Company in the PRC.	Executive. Mr. Zhou, Liyang oversees the daily operations and business development of the Group. He is also the Legal Representative of Xingnong Agriculture.
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Executive Director and CEO	Executive Director
<b>Professional qualifications</b>	<p>Bachelor of Arts from Henan University</p> <p>Master of Business Administration from Ottawa University, Ontario, Canada</p>	Bachelor's Degree in Architectural Engineering from Zhengzhou University of Technology

## CORPORATE GOVERNANCE REPORT

	Zhao Chichun	Zhou, Liyang
<b>Working experience and occupation(s) during the past 10 years</b>	<u>July 2023 to present:</u> China Shenshan Orchard Holdings Co. Ltd. – CEO	<u>July 2023 to present:</u> Xingnong Agriculture – Legal Representative
	<u>July 2021 to present:</u> China Shenshan Orchard Holdings Co. Ltd. – Executive Director	<u>July 2023 to present:</u> China Shenshan Orchard Holdings Co. Ltd. – Executive Director
	<u>July 2021 to present:</u> Xingnong Agriculture – Director	<u>July 2023 to present:</u> China Shenshan Orchard Holdings Co. Ltd. – Executive General Manager
	<u>February 2011 to present:</u> Great Resolute Limited (" <b>Great Resolute</b> "), a subsidiary of the Company – Director	Xingnong Agriculture – Executive General Manager
	<u>February 2011 to July 2021:</u> Synear Food Holdings Ltd - Vice President	<u>June 2022 to July 2023:</u> China Shenshan Orchard Holdings Co. Ltd. – Executive Deputy General Manager
	<u>March 2008 to January 2011:</u> Beijing Kuansoft Tech Ltd - Founder and CEO	Xingnong Agriculture – Executive Deputy General Manager
		<u>October 2020 to June 2022:</u> Xingnong Agriculture – Chief Administrative Officer
		<u>March 2018 to October 2020:</u> Xingnong Agriculture – Director of Operations
		<u>September 2015 to March 2018:</u> Fire Brigade of Henan Province of the People's Armed Police Force (regimental level) – Chief of Staff
		<u>July 1996 to September 2015:</u> Fire Brigade of Henan Province of the People's Armed Police Force (regimental level) – Staff Officer
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	Yes. Mr. Zhao Chichun is deemed to have an interest in the 13,162,649 shares of the Company held through Easy Direct International Limited (" <b>Easy Direct</b> ") via a nominee account with UOB Kay Hian Private Limited by virtue of Section 4 of the Securities and Futures Act 2001.	Nil

## CORPORATE GOVERNANCE REPORT

	Zhao Chichun	Zhou, Liyang
<b>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</b>	Mr. Zhao Chichun is a substantial shareholder of the Company, details as set out above, as well as the sole shareholder of Easy Direct, a substantial shareholder of the Company.	Nil
<b>Conflict of interest (including any competing business)</b>	Nil	Nil
<b>Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer</b>	Yes	Yes
<b>Other Principal Commitments*</b>	Please refer to the key information regarding the Directors set out from pages 9 to 11 in the "Board of Directors" section	Please refer to the key information regarding the Directors set out from pages 9 to 11 in the "Board of Directors" section
<b>Other Directorships for the past 5 years</b>	Nil	Nil
<b>Other Present Directorships</b>	- Great Resolute - Xingnong Agriculture	Nil
<b><u>Disclosure applicable to appointment of Director only</u></b>		
<b>Any prior experience as a director of an issuer listed on the Exchange?</b>	Not applicable	Not applicable
<b>If yes, please provide details of prior experience.</b>		
<b>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.</b>	Not applicable	Not applicable
<b>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).</b>	Not applicable	Not applicable

## CORPORATE GOVERNANCE REPORT

The Company confirms that there is no change in the responses to declaration items (a) to (k) of Appendix 7F of the Catalist Rules concerning the Director 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 revised declaration of independence form pursuant to Provision 2.1 of the Code and Rule 210(5)(d) of the Mainboard Rules (“**Declaration of Independence Form**”).

For FY2023, the NC had reviewed the independence of the Independent Directors by considering the Declaration of Independence Form for FY2023 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 Mainboard Rules (or Rule 406(3)(d) of the Catalist Rules). 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 is related and does 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 (9) years from the date of his first appointment. The NC had conducted a rigorous review of his independence and contributions to the Board to determine if he still remains independent and carries 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 continues to express his views objectively and seek clarification and amplification when deemed necessary; whether he continues to debate issues objectively; whether he continues 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.

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 FY2023 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 (9) 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). The Board is cognisant that Rule 406(3)(d)(iv) of the Catalist Rules (Rule 210(5)(d)(iv) of the Mainboard Rules prior to the completion of the Proposed Transfer to Catalist board) which takes effect for the Company’s AGM for FY2023 provides that a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing).

## CORPORATE GOVERNANCE REPORT

In the spirit of good corporate governance, Mr. Ho Teck Cheong, who is retiring pursuant to Bye-law 86(1) of the Company's Bye-laws, will not be seeking re-election at the forthcoming AGM. Accordingly, he shall retire as the Non-Executive Chairman and Independent Director of the Company, Chairman of the AC and a member of the NC and the RC at the conclusion of the forthcoming AGM. Concurrently upon conclusion of the forthcoming AGM, the Board Committees shall be reconstituted as follows:

- (i) Mr. Yeo Teck Chuan, an incumbent Independent Director of the Company, Chairman of the NC and the RC and a member of the AC, shall be appointed as the Non-Executive Chairman of the Company and Chairman of the AC. Mr. Yeo Teck Chuan shall continue to serve as Chairman of the NC and the RC.
- (ii) Mr. Huo Lei, the incumbent Non-Executive and Non-Independent Director of the Company, shall be appointed as a member of the AC, the NC and the RC. Mr. Huo Lei is considered non-independent by the Board for the purposes of Rule 704(7) of the Catalist Rules.

Consequent to the aforesaid changes and upon the conclusion of the upcoming AGM, the Board and its Board Committees shall be as follows:

Board of Directors	Designation	AC	NC	RC
Zhao Chichun	Executive Director and CEO	-	-	-
Zhou, Liyang	Executive Director	-	-	-
Yeo Teck Chuan	Non-Executive Chairman and Independent Director	Chairman	Chairman	Chairman
Zhang Lei	Independent Director	Member	Member	Member
Huo Lei	Non-Executive and Non-Independent Director	Member	Member	Member

Each of the Independent Directors 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 <sup>(1)</sup>	Date of first appointment / last re-election	Directorships in other listed companies	
		Current	Past 3 Years
Zhao Chichun (Executive Director and CEO)	3 July 2021 / N.A.	Nil	Nil
Ho Teck Cheong (Non-Executive Chairman and Independent Director)	1 April 2011 / 6 May 2021	Singamas Container Holdings Limited <sup>(2)</sup>	Nil
Zhou, Liyang (Executive Director)	7 July 2023 / N.A.	Nil	Nil
Huo Lei (Non-Executive and Non-Independent Director)	1 September 2014 / 26 April 2023	Nil	Nil
Zhang Lei (Independent Director)	2 October 2021 / 28 April 2022	Nil	Nil
Yeo Teck Chuan (Independent Director)	2 December 2021 / 28 April 2022	Legion Consortium Limited <sup>(3)</sup> Republic Healthcare Limited <sup>(4)</sup>	Nil

(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.

### 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 FY2023, 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; and (5) whether targets were met by Board (for Executive Directors 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 FY2023, 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 (3) 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; and
9. setting performance measures and determining targets for any performance-related pay schemes operated by the Company.

The RC held one (1) meeting and the principal activities of the RC during FY2023 are summarised below:

- a. reviewed the findings of the performance evaluation of the RC;
- b. reviewed and recommended to the Board the remuneration of the Executive Directors (including the CEO), key management personnel and employees who are substantial shareholders of the Company, or are immediate family members of any Director, the CEO or a substantial shareholder of the Company (if any);
- c. reviewed and recommended to the Board the Directors' fees; and
- d. reviewed the terms of service agreement for the renewal of/entry into the service agreement(s) of Executive Directors and/or CEO, if any.

### 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/her 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 FY2023.

Mr. Zhao Chichun had entered into a service agreement as Executive Director with the Company for an initial term of three (3) years commencing from the date of Completion (as defined in the Company's circular to shareholders dated 31 March 2021) (i.e. 3 July 2021) subject to the terms and conditions of the service agreement and shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. Consequently, Mr. Zhao Chichun was appointed as the CEO of the Company with effect from 7 July 2023. His service agreement, which had been amended/supplemented to include such appointment, will expire on 2 July 2024 and shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree.

## CORPORATE GOVERNANCE REPORT

Mr. Zhou, Liyang, was appointed as an Executive Director of the Company on 7 July 2023 and had entered into a service agreement for an initial term of three (3) years commencing from 7 July 2023, subject to the terms and conditions of the service agreement and shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree.

The above service agreements may be terminated by either party upon giving to the other party notice in writing of six (6) months' or by the Company paying such executive an amount equal to six (6) 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.

### 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 for the Executive Directors and other key management personnel consist of fixed components only. 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 are 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"> <li>• Instil and drive a pay-for-performance culture</li> <li>• Ensure that remuneration is closely linked to annual and long-term business objectives</li> <li>• Set, communicate and monitor key performance targets and indicators</li> <li>• 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</li> </ul>
Competitive remuneration	<ul style="list-style-type: none"> <li>• Benchmark total remuneration against other organisations of similar size and standing in the Group's industry</li> </ul>
Accountability and Risk-taking	<ul style="list-style-type: none"> <li>• 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</li> </ul>

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 an amount of S\$125,997 for the financial year ending 31 December 2024, payable half-yearly in arrears (FY2023: S\$193,757). 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 FY2023, the RC reviewed the remuneration packages of the Executive Directors (including the CEO) and key management personnel and had recommended the same for Board approval. The Board concurred with the RC's recommendations accordingly.

The annual remuneration band of each individual Director and key management personnel for FY2023 is 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 <sup>(1)</sup>	-	100	-	-	-	100
Zhao Chichun <sup>(2)</sup>	-	100	-	-	-	100
Zhou, Liyang <sup>(3)</sup>	-	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

*Key Management Personnel:*

## CORPORATE GOVERNANCE REPORT

Name	Fees	Salaries	Variable/ Performance- related Income/ Bonus	Benefits in kind	Other long-term incentives	Total
	%	%	%	%	%	%
Ho Hin Yip	-	100	-	-	-	100
Xiao Weibiao	-	100	-	-	-	100
Zhou, Liyang <sup>(3)</sup>	-	100	-	-	-	100

## Notes:

- (1) Mr. Hu Chao resigned as the Executive Director and CEO of the Company on 7 July 2023.  
(2) Mr. Zhao Chichun, an Executive Director of the Company, was appointed as the CEO of the Company on 7 July 2023.  
(3) Mr. Zhou, Liyang, an Executive Deputy General Manager of the Company and a key management personnel of the Company, was appointed as an Executive Director of the Company on 7 July 2023. His remuneration disclosure above as Executive Deputy General Manager was for the period from 1 January 2023 to 6 July 2023 and as Executive Director of the Company was for the period from 7 July 2023 to 31 December 2023.

Notwithstanding the provisions of the Code, as there were only three (3) key management personnel (who is not a Director or the CEO) during FY2023, disclosure is only made in respect of the remuneration of these three (3) key management personnel. The aggregate remuneration paid to these three (3) key management personnel for FY2023 is approximately RMB1.4 million.

There are no termination, retirement and post-employment benefits plan that may be granted to Directors and the top three (3) key management personnel (who is not a Director or the CEO) for FY2023.

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 FY2023, 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.

## CORPORATE GOVERNANCE REPORT

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 32 of the Notes to the Financial Statements of this 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.

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 received written assurance from Mr. Zhao Chichun, Executive Director and CEO, Mr. Zhou, Liyang, Executive Director, 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 2023:-

- (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 year and full year financial results are released to the shareholders within the timeline stipulated in the Mainboard Rules/Catalist Rules. 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.

## CORPORATE GOVERNANCE REPORT

In line with the Mainboard Rules, 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 for FY2023. 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 Mainboard Rules/Catalist Rules.

### Rule 1207(10) of the Mainboard Rules / Rule 1204(10) of the Catalist Rules

Based on the internal controls including financial, operational, compliance and information technology 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 2023 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 FY2023.

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 AC is regulated by a set of written terms of reference, which are in line with the Code.

The terms of reference of the AC provide that the AC shall comprise at least three (3) 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 (2) 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 recommending 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);

## CORPORATE GOVERNANCE REPORT

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;
5. reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors. It shall then recommend to the Board the appointment, reappointment and removal of the external auditors, 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. reviewing all Interested Person Transactions ("**IPTs**") and Related Party Transactions.

### Summary of the AC's activities in FY2023

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 FY2023, the AC had:

- (i) held three (3) meetings with Management.
- (ii) reviewed the findings of the performance evaluation of the AC.
- (iii) reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits.
- (iv) reviewed the draft announcement relating to the quarterly update pursuant to Rule 1313(2) of the Mainboard Rules, and recommended the same to the Board for approval.
- (v) reviewed interested person transactions, if any.
- (vi) reviewed the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.
- (vii) met 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.
- (viii) reviewed the half-yearly and full year unaudited results announcement and the audited financial statements, and recommended the same to the Board for approval.
- (ix) conducted a review of the audit services provided by the external auditors and is satisfied that the nature before confirming their re-nomination. The aggregate amount of audit fees amounting to RMB1,631,000 paid to the external auditors was approved. There were no non-audit services or fees paid for non-audit services.

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

## CORPORATE GOVERNANCE REPORT

- (x) 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 Mainboard Rules/Catalist Rules.

- (xi) confirmed that the Company had complied with Rule 715 of the Mainboard Rules/the Catalist Rules in relation to the appointment of the same auditing firm to audit its accounts, foreign-incorporated subsidiaries. The Group’s subsidiaries are disclosed under Note 13 of the Notes to the Financial Statements of this Annual 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 auditors 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 (Rules 1207(18A) and (18B) of the Mainboard Rules / Rules 1204(18A) and (18B) of the Catalist Rules)

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 is in line with Rules 1207(18A) and (18B) of the Mainboard Rules / Rules 1204(18A) and (18B) of the Catalist Rules.

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 for the time being 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.

## CORPORATE GOVERNANCE REPORT

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 FY2023.

### Provision 10.4 – Internal Audit

#### Rule 1207(10C) of the Mainboard Rules / Rule 1204(10C) of the Catalist Rules

The Group's internal audit function was outsourced to Moore Advisory Services Limited. The internal auditors are staffed with persons of relevant qualifications and experience, and 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. They 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 FY2023, 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.

#### Provisions 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 (2) 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 seventy-two (72) hours before the general meeting and deposited at the Company's Singapore Share Transfer Agent's office.

The notices of the general meetings are despatched to shareholders, together with explanatory notes at least fourteen (14) clear days before each meeting for ordinary resolutions and at least twenty-one (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.

## CORPORATE GOVERNANCE REPORT

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.

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 meeting 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. These minutes would be published to the SGX-ST via SGXNET and the Company's corporate website within one (1) month after the date of the general meeting.

The Company would conduct its voting in general meetings by poll (whether by paper polling or electronic polling) 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.

### Conduct of Shareholders' meetings

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 of the Company's Bye-laws 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.

Accordingly, the Company's AGM for the financial year ended 31 December 2022 ("**FY2022**") was held on 26 April 2023 and a SGM was held on 15 March 2024, in a wholly physical format in Singapore ("**Physical Meeting**") and there was no option for shareholders to participate virtually.

A Physical Meeting with respect to the Company's forthcoming AGM for FY2023 will be held in Singapore. Please refer to the Notice of AGM for further details.

The Company has also put in place arrangements to permit shareholders to submit their questions ahead of the AGM. Arrangements have also been put in place to allow authenticated shareholders and proxy(ies) to ask questions in person at the Physical Meeting. Live voting by poll will be conducted during the AGM for shareholders and proxy(ies) attending the Physical Meeting.

### 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 FY2023 as the funds are retained for working capital purposes.

# CORPORATE GOVERNANCE REPORT

## 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:

- (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 addressing 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](mailto: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 FY2023, which is contained in this Annual Report.

## CORPORATE GOVERNANCE REPORT

Provision 13.3 – Corporate website

The Company maintains a current corporate website, [www.ddhlimited.com](http://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.

**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 Mainboard Rules / Rule 1204(19) of the Catalist Rules.

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 (1) month before the release of its half year and full year results until after the release of 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 FY2023.

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 FY2023 pursuant to the disclosure under Rule 907 of the Mainboard Rules / the Catalist Rules:

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$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 S\$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 to shareholders dated 31 March 2021 and the service agreements entered into between each of the Executive Directors and the Company, 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 FY2023 or if not then subsisting, entered into since the end of the previous financial year.

**NON-SPONSOR FEES**

Rule 1204(21) of the Catalist Rules is not applicable for the Company as the Company was listed on the Main Board of the SGX-ST for FY2023. Subsequent to FY2023, ZICO Capital was appointed to act as the Company's continuing sponsor with effect from 20 March 2024 upon completion of the Proposed Transfer.



# **SUSTAINABILITY REPORT**

45	MESSAGE FROM THE BOARD
46	ABOUT THIS REPORT
47	SUSTAINABILITY PERFORMANCE
48	SUSTAINABILITY APPROACH AND GOVERNANCE
50	STAKEHOLDERS ENGAGEMENT
51	MATERIALITY ASSESSMENT
52	FOOD QUALITY AND SAFETY
54	HUMAN RESOURCE
57	ENVIRONMENTAL CONSERVATION
61	GRI CONTENT INDEX
64	TCFD INDEX

## SUSTAINABILITY REPORT 2023

---

**MESSAGE FROM THE BOARD**

---

Dear Stakeholders,

On behalf of the Board of Directors of China Shenshan Orchard Holdings Co. Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") (the "**Board**"), I am pleased to announce the publication of our sustainability report for the reporting period from 1 January 2023 to 31 December 2023 ("**FY2023**") ("**Sustainability Report**").

In a world that is experiencing the intensifying effects of climate change, the Company remains committed to the environmental, social and governance ("**ESG**") pillars of corporate sustainability to safeguard the productivity and longevity of our kiwifruit business. Hubei, where our orchards are located, experienced rising temperatures and extreme weather events in 2023. Thus, our business must keep abreast of innovative technology and leverage our extensive experience to implement new agricultural solutions and improve the quality of our products while reducing environmental impacts.

For environmental sustainability, we reduced water, electricity and fuel usage in 2023 by more than the targeted 3-5%. This year's report has included the identification of climate-related risks and opportunities and the adoption of a phased approach for climate-related disclosures in line with the Singapore Exchange ("**SGX**")'s reporting requirements and the Financial Stability Board's Task Force on Climate-Related Financial Disclosures ("**TCFD**") recommendations.

For social sustainability, there were no serious or fatal incidents at the Group's workplaces in 2023. We remained committed to gender and age diversity in our hiring practices. The Group received various awards in recognition of its community giving efforts in 2023.

For governance sustainability, we maintained zero reported cases of violations, misconduct, fraud or any other form of wrongdoing or concerns in 2023. We continued to source and evaluate our pool of suppliers carefully. There were 60 suppliers with no supply disruptions in 2023.

In this Sustainability Report, we have provided detailed information on our ESG performance. Similar to the cultivation of kiwifruit, corporate sustainability is a long-term process of learning, doing and improving before it bears fruit. We will continue our sustainability journey and look forward to harvesting the benefits of being a robust, responsible and productive company that contributes to a sustainable society.

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

Ho Teck Cheong  
Non-Executive Chairman and Independent Director

# SUSTAINABILITY REPORT 2023

## ABOUT THIS REPORT

This report is the third 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

This report covers the period of FY2023. It details the management approaches and sustainability performance of the kiwifruit cultivation and related activities located in China over which the Group has direct operational control.

### 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 six 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 Universal Standards 2021.

The SGX has mandated that for issuers in the Agriculture, Food and Forest Products industry, climate reporting will become mandatory for all from financial years commencing 1 January 2023 onwards. Pursuant to these requirements, the Group is adopting a phased approach in climate-related reporting commencing with this year's report. There is a TCFD Disclosures table at the end of this report that indicates our progressive alignment with the TCFD recommendations.

### Confirmation and Approval

The 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 was approved by the Board in March 2024. An internal review of the sustainability reporting process has been conducted by the internal auditor of the Company.

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](mailto:Raymond@shenshanorchard.com).

## SUSTAINABILITY REPORT 2023

## SUSTAINABILITY PERFORMANCE

The table below presents our FY2022 and FY2023 performance on key sustainability indicators and the targets for FY2023 and the current financial year ending 31 December 2024 ("FY2024"):

Disclosures	FY2022 Performance	FY2023 Targets	FY2023 Performance	FY2024 Targets
Human Resource	<ul style="list-style-type: none"> <li>221 permanent staff and 190 contract workers.</li> <li>For permanent staff, gender ratio of 43.0% female to 57.0% male, and 35.3% of the workforce were aged 50 and above.</li> </ul>	<ul style="list-style-type: none"> <li>Sustain the gender and age diversity of the workforce – target not met.</li> </ul>	<ul style="list-style-type: none"> <li>215 permanent staff and 190 contract workers.</li> <li>For permanent staff, gender ratio of 34.9% female to 65.1% male, and 20.0% of the workforce were aged 50 and above.</li> </ul>	<ul style="list-style-type: none"> <li>Improve the gender and age diversity of the workforce.</li> </ul>
Governance and Safety	<ul style="list-style-type: none"> <li>No reported cases of violations, misconduct, fraud or any other form of wrongdoing or concerns.</li> <li>No serious or fatal incidents at the Group's workplaces.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain zero reported cases of violations, misconduct, fraud or any other form of wrongdoing or concerns – target met.</li> <li>Maintain zero serious or fatal incidents at the Group's workplaces – target met.</li> </ul>	<ul style="list-style-type: none"> <li>No reported cases of violations, misconduct, fraud or any other form of wrongdoing or concerns.</li> <li>No serious or fatal incidents at the Group's workplaces.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain zero reported cases of violations, misconduct, fraud or any other form of wrongdoing or concerns.</li> <li>Maintain zero serious or fatal incidents at the Group's workplaces.</li> </ul>
Resource Usage	<ul style="list-style-type: none"> <li>11,472 tonnes of water.</li> <li>353,300 kWh of electricity.</li> <li>57,190 litres of fuel.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce resource usage by 3-5% - target met for water, electricity and fuel.</li> </ul>	<ul style="list-style-type: none"> <li>10,480 tonnes of water (-8.6% YoY).</li> <li>296,500 kWh of electricity (-16.1% YoY).</li> <li>54,847 litres of fuel (-4.1% YoY).</li> </ul>	<ul style="list-style-type: none"> <li>Reduce resource usage by 3-5%.</li> </ul>

# SUSTAINABILITY REPORT 2023

## SUSTAINABILITY APPROACH AND GOVERNANCE

The Group aims to develop a balanced approach towards sustainability by carefully considering the ESG aspects of our 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, ensuring compliance with all applicable rules and regulations, and having a comprehensive system to manage our operational and corporate risks.

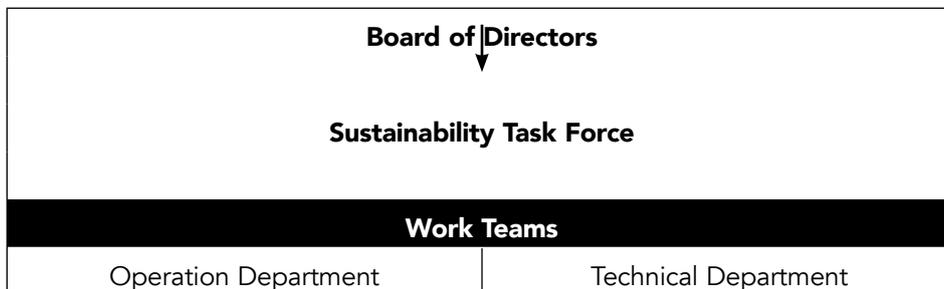
### Corporate and Sustainability Governance

The Board is committed to setting and maintaining high standards of corporate governance within the Group by adopting and complying with the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") to preserve and enhance the 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 climate-related and other 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. Senior management ensures that the ESG factors are monitored on an ongoing basis and properly managed, and provides regular updates to the Board, which includes urgent sustainability-related issues of critical concern.

The Group has set up a Sustainability Task Force, comprising the Operation Department and Technical Department, which 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.

## SUSTAINABILITY REPORT 2023

### SUSTAINABILITY APPROACH AND GOVERNANCE

#### Whistleblowing and Fraud

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

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 FY2023, we met our target with 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 meet the relevant specific procurement policies and guidelines. The Group aims to source from consistent, reliable and cost-effective suppliers to 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. Altogether, there were 60 suppliers with no supply disruptions in FY2023.

The Group continued adopting 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 2023

## STAKEHOLDERS ENGAGEMENT

### Overview of Stakeholders Engagement

The Group engages stakeholders on an ongoing basis to understand their concerns and incorporate their feedback into the corporate and sustainability strategies. Annual shareholder and extraordinary shareholder meetings are conducted in accordance with the requirements of the SGX. The Group also arranged virtual meetings with overseas investors and analysts, according to the business needs. The following table summarises the key stakeholders that were identified, 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"> <li>• Staff welfare</li> <li>• Learning and career progression opportunities</li> <li>• Health and safety</li> <li>• Job stability</li> </ul>
Shareholders, analysts and investors	Investor meetings, direct mails and annual general meetings (online and offline)  Announcements, annual reports and sustainability reports	<ul style="list-style-type: none"> <li>• Financial and operational performance</li> <li>• Dividends</li> <li>• Sound business strategies</li> <li>• Risk management</li> <li>• Governance and transparency</li> </ul>
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"> <li>• Product safety and quality</li> <li>• Variety of products</li> <li>• Pricing and value for money</li> <li>• Stable and long-term business relationships</li> </ul>
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"> <li>• Short credit terms</li> <li>• Punctual payment for supplies</li> <li>• Stable and long-term business relationships</li> </ul>
Local communities, governments and regulatory bodies	Regular meetings, community activities, direct mails, phone calls and visits	<ul style="list-style-type: none"> <li>• Sound management of environmental impact such as minimising pollution</li> <li>• Assistance provided to local residents</li> <li>• Sustainable sourcing</li> <li>• Food safety</li> <li>• Compliance with industry standards and hygiene practices</li> <li>• Compliance with relevant rules and regulations</li> </ul>

## SUSTAINABILITY REPORT 2023

## STAKEHOLDERS ENGAGEMENT

## External Initiatives

The Group is committed to the highest food and product standards and quality management systems to meet and exceed the requirements of customers and other stakeholders. To achieve this objective, we maintained 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

## Approach to Materiality Assessment

The Group believes that long-term sustainable growth is dependent on meeting and exceeding the needs and expectations of our 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. The Board has approved the material factors and overseen their management and monitoring.

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 of the completeness of key sustainability factors to finalise the report content.	Monitor, review and update our material factors from the previous reporting period, taking into account the feedback received from engagement with stakeholders, as well as organisational and external developments.

## Material Factors

For FY2023, the Group assessed that FY2022's material factors remained relevant and appropriate for the Group's sustainability reporting:

- **Food Quality and Safety** – The Group takes great care in ensuring that the kiwifruit we grow and sell 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 ensure that the entire value chain runs smoothly, innovate and improve 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 our orchards continue to be productive, and our workers and communities can enjoy a clean and healthy environment.

# SUSTAINABILITY REPORT 2023

## FOOD QUALITY AND SAFETY

### Product Overview

The Group is 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°.

### 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 a 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.

In FY2023, of the five applications for plant variety rights submitted to the relevant authorities, the results for Xianwo (先沃) No. 7 and Xianwo (先沃) No. 8 plant variety rights were pending approval following the completion of on-site audit work. We terminated applications for the three other varieties due to adaptability issues.

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 bearer plant's location, breed, planting date, yield, irrigation, weeding frequency, details of the plant diseases contracted and its staff in-charge.

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 expertise to ensure that such kiwifruits are not harvested prematurely and are handled with care.

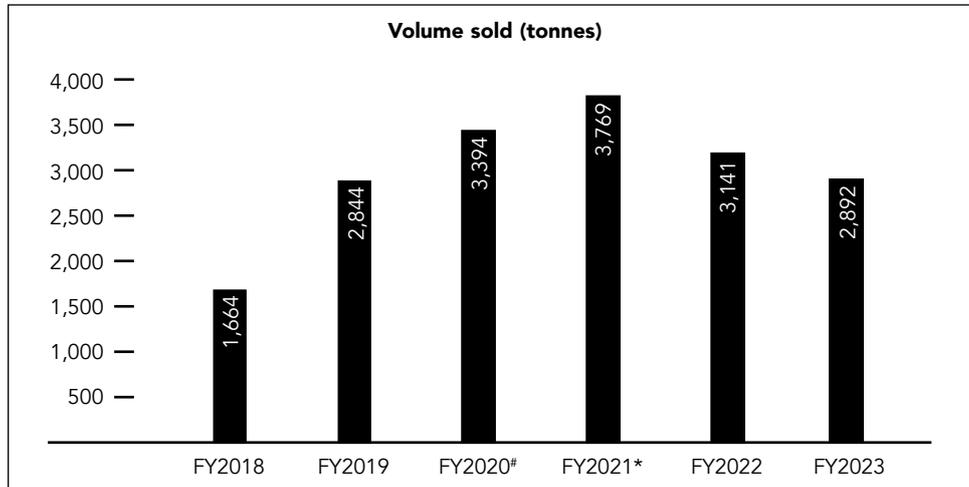
Packing and storage of the harvested kiwifruits are carried out at the centralised Packing Facilities located in Chibi City, Hubei Province in the PRC with a gross floor area of approximately 12,605 square metres. We adopt an integrated automated assembly line with a sensor-enabled system to process, 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.

## SUSTAINABILITY REPORT 2023

## FOOD QUALITY AND SAFETY

The volume of kiwifruit sold in FY2023 and the previous five years is shown in the chart below.

**Notes:**

<sup>#</sup> Unaudited financial results

<sup>\*</sup> Six months ended 31 December 2021 with respect to the continued operations of the Group in the kiwifruit business.

**Research and Certification**

The Group is committed to advance the science and technology behind kiwifruit cultivation to ensure the highest quality produce as well as sustainable and innovative practices. Our in-house research laboratory, staffed with full-time university graduates and diploma holders, plays a pivotal role in conducting intensive research on various aspects of kiwifruit breeds.

In FY2023, we embarked on the following collaborations with external research experts:

- Research on the occurrence patterns of kiwifruit bacterial canker and soft rot diseases, along with the development of green control technologies.
- Investigation into application techniques for fertilisers and pesticides in kiwifruit cultivation to optimise efficiency and minimise environmental impact.
- Research on green control techniques for kiwifruit black spot disease to mitigate its impact on crop yield and quality.
- Development of green control techniques for key pests in kiwifruit, focusing on sustainable pest management practices.
- Integration and application of highly efficient biological control techniques for kiwifruit bacterial canker.

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. Our food safety management system is certified in accordance with the international ISO 22000 standard. In FY2023, there were no incidents of non-compliance concerning the health and safety impacts of our kiwifruit produce and we aim to maintain this for FY2024.

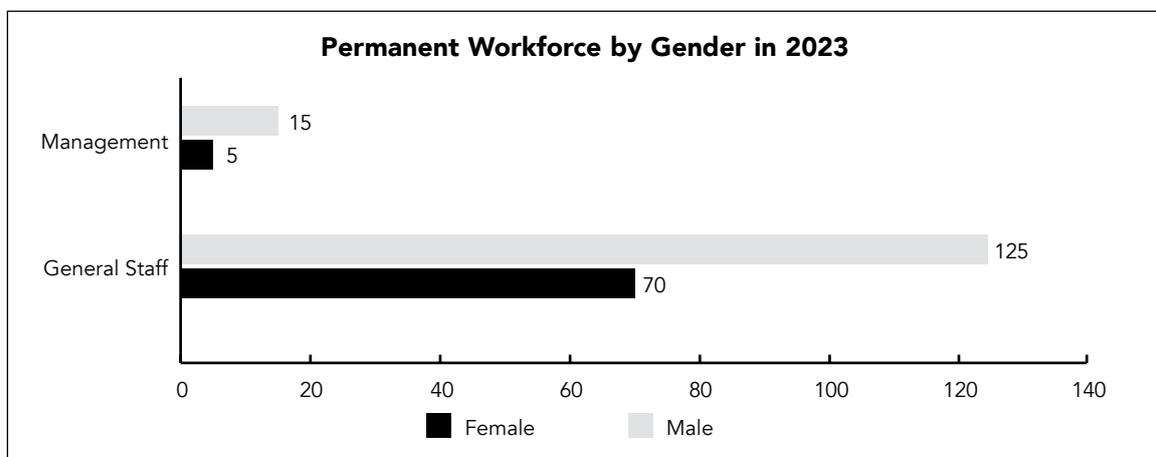
# SUSTAINABILITY REPORT 2023

## HUMAN RESOURCE

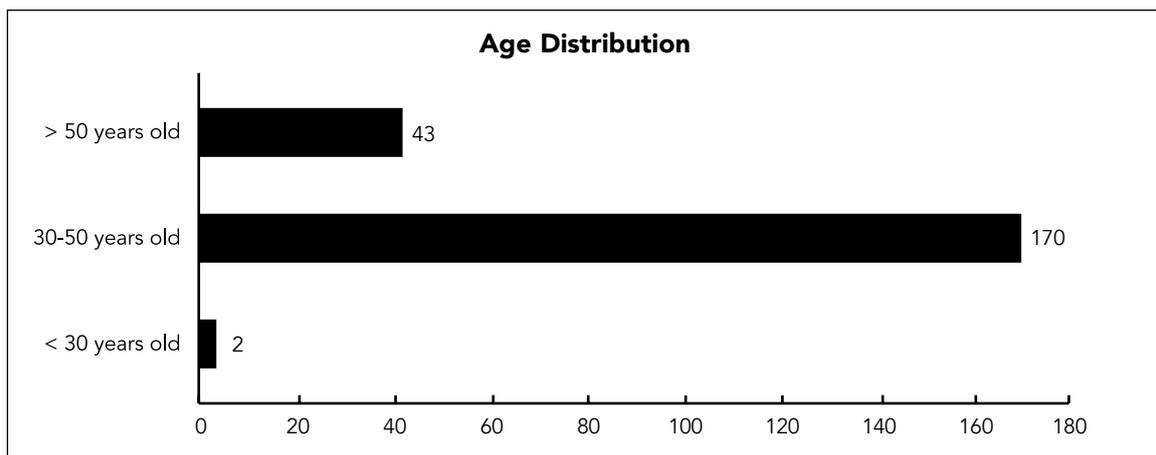
### Staff Profile

In FY2023, our workforce comprised 215 permanent staff members and 190 contract workers, compared to 221 permanent staff members and 190 contract workers in FY2022. Contract workers were recruited to complement our existing workforce, particularly during the peak kiwifruit cultivation and harvesting seasons from September to October. In FY2023, we welcomed 32 new employees (14.9% of the permanent workforce) while experiencing a turnover of 38 individuals (17.7% of the permanent workforce).

The FY2023 target of sustaining gender and age diversity of the workforce was not met. 25.0% of our management and 35.9% of the general staff were female in FY2023, compared to 23.8% and 45.0% respectively in FY2022. Overall, 34.9% of the permanent workforce were female in FY2023, compared to 43.0% in FY2022.



20.0% of our permanent workforce were more than 50 years old in FY2023, compared to 35.3% in FY2022.



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

A labour union has been established within the Group as the representative body for all employees to safeguard labour protections and equality. The responsibilities of the union include organising various cultural and sports activities, executing the employee welfare programme, coordinating communication with government unions at all levels, liaising with and handling announcements from various government departments, and reporting company information. The union also strives to improve the work and living conditions of employees, collect opinions and suggestions, and enhance organisational cohesion.

## SUSTAINABILITY REPORT 2023

---

**HUMAN RESOURCE**


---

**Staff Remuneration**

We are committed to compensating employees fairly as well as fostering a supportive and engaging work culture that values collaboration, growth and employee well-being.

In FY2023, we continued to prioritise fair and competitive compensation for all employees, taking into account factors such as education, experience, and skillsets. We adopted a performance-based evaluation system, with regular assessments conducted by peers and management, resulting in performance grades of general, good or excellent.

The formula for determining employee salaries remained unchanged: employees' payable salary comprises base salary plus years of service salary plus other allowances. Actual salaries received by employees may vary from their payable salary due to deductions such as social insurance contributions and personal income tax. Eligible staff received allowances for mobile phones, housing, gas and petrol expenses, ensuring support for various aspects of their professional and personal lives.

Moreover, in line with our commitment to employee welfare, additional allowances were provided for working during the hot summer season (typically June to September) and for night shift work.

Given that wage levels vary across seniority and job scope, we do not track the annual total compensation ratio between the organisation's senior management and the median compensation for all employees.

**Staff Benefits**

The Group provides a robust and extensive range of employee benefits to ensure good staff welfare and well-being, as well as promote a family-friendly work environment. There is an on-the-job physical examination for all employees once a year, with the company bearing the cost. There are company benefits for employees' birthdays and traditional holidays.

Annual leave entitlement for each employee is based on the length of service with a minimum of 5 days and up to a maximum of 15 days. Other forms of leave are spelt out in the table below.

Marriage	3 days of marriage leave.	Specific to employees who are of legal marriage age (22 years old for men, 20 years old for women).
Maternity	128 days of maternity leave.	Other maternity benefits include 1 hour of breastfeeding time allowance per day before the child is 1 year old. In the event of multiple babies, the mother receives an additional hour per day for each additional child.
Bereavement	4 days of bereavement leave.	Can be applied in the event of the death of grandparent, parent, parent-in-law, spouse or biological/adoptive/step child.
Abortion	15 days of leave for employees who have an abortion (induced or not) within less than 4 months of the pregnancy.  42 days of leave for employees who have an abortion (induced or not) who are more than 4 months into pregnancy.	

---

# SUSTAINABILITY REPORT 2023

## 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 48-hour 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.

In FY2023, the total training hours amounted to 640 hours. Employees participated in various training courses, with an average training duration of 9 hours per participating employee. For production system personnel, the primary training courses focused on kiwifruit cultivation techniques, operational methods and procedures. Packaging staff primarily underwent training in packaging equipment operation, packaging quality standards and storage management. Company-wide training covered safety in production management and system standardisation management.

We hold monthly sharing sessions with the employees. In July 2023, production staff participated in an inspection and exchange trip to Sichuan for professional development and promoting knowledge sharing. The year concluded with our annual company meeting, reinforcing organisational goals and objectives for the upcoming year while providing a platform for dialogue and feedback.

### 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-the-job training involving the transfer 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 periodically to ensure organisation-wide compliance.

We met the FY2023 target of having no serious or fatal incidents at the Group's workplaces. The Group aims to maintain zero serious or fatal incidents at its workplaces for FY2024 and beyond.

While the COVID-19 pandemic had subsided in FY2023, the Group continued to adopt a comprehensive suite of preventive and response measures according to the principle of "early detection, early reporting, early isolation, early diagnosis and early treatment". This includes:

- Strict adherence to the national and local government's pandemic control policies and regulations. Employees are encouraged to be vaccinated.
- 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 ("PPE") such as masks and gloves, promoting the 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.

## SUSTAINABILITY REPORT 2023

## HUMAN RESOURCE

## Corporate Social Responsibility

The Group has focused its corporate social responsibility (“**CSR**”) efforts on the engagement of local communities where our orchards and other operations are based. The land leasing fees paid by the Group contribute to the income of local villagers. They also benefit from employment opportunities. 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.

The Group received various awards in recognition of our ongoing CSR efforts in FY2023. This included being named a *Key Leading Enterprise in the Forestry Industry*, *recognition as Hubei Province Agricultural Science and Technology Project - Modern Agricultural Science and Technology Demonstration Base*, and appointment as President for the fourth term of the Hubei Kiwifruit Association.

## ENVIRONMENTAL CONSERVATION

## Minimising Environmental Impacts

In FY2023, the Group continued to carry 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 adopted the following measures to mitigate such consequences:

- Use of organic fertilisers and practising organic recycling to minimise any undesirable impact on the environment.
- Installation of water treatment systems and adoption of the necessary measures to control the disposal of waste gases, wastewater 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.

In addition, while no soil or irrigation water tests were conducted, the Group successfully completed organic certification procedures in several locations.

## Resource Usage

The Group tracks and optimises the use of water, electricity and fuel to enhance business efficiency and reduce the environmental footprint. Our usage of such resources for FY2022 and FY2023 were as follows:

Resource	1 January to 31 December 2022	1 January to 31 December 2023	Year-on-Year Change
Water (tonnes)	11,472	10,480	-8.6%
Electricity (10,000 kWh)	35.33	29.65	-16.1%
Fuel (i.e. petrol for vehicles) (litres)	57,191	54,847	-4.1%

We met the FY2023 target of reducing resource usage by 3% to 5%. The Group continued to maintain 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 FY2024 by improving on existing conservation measures.

# SUSTAINABILITY REPORT 2023

## ENVIRONMENTAL CONSERVATION

### Greenhouse Gas (“GHG”) Emissions

Estimated Scope 1 direct and Scope 2 indirect emissions for FY2023 are as follows:

Type of Emissions	Emissions	Remarks
Scope 1 direct emissions	Emissions from petrol usage = 124,589 kgCO <sub>2</sub>	Petrol emission factor = 2.17 kgCO <sub>2</sub> per litre (Source: GHG Protocol)
Scope 2 indirect emissions	Emissions from purchased electricity = 165,210 kgCO <sub>2</sub>	Grid emission factor = 0.5572 tCO <sub>2</sub> per MWh (Source: Climate Transparency 2022 Report)
Total of Scope 1 and Scope 2 emissions	289,799 kgCO <sub>2</sub>	
Scope 1 and Scope 2 emission intensity in kgCO <sub>2</sub> per RMB of revenue	0.0040 kgCO <sub>2</sub> /RMB	

We begun developing and reporting our Scope 1 and Scope 2 GHG emissions to understand our baseline emissions for the first time in FY2023. As such, we do not have the necessary data to present our Scope 1 and Scope 2 GHG emissions for the previous financial year for comparison purposes.

### Climate-Related Risks and Opportunities

In FY2023, the Group initiated the identification of climate-related risks and opportunities by analysing the impact of climate change on agricultural practices and how comparable businesses are managing their climate-related risks and opportunities.

By scrutinising climate-related risks such as extreme weather events, water scarcity and shifts in growing seasons, the Group could adjust our operational strategies to anticipate and mitigate adverse impacts on kiwifruit cultivation. Furthermore, the identification of climate-related opportunities, such as the adoption of innovative and sustainable agricultural practices, would enhance the Group’s business resilience and market competitiveness.

Our preliminary identification of the climate-related risks and opportunities – using short-term (next 5 years), medium-term (next 5–10 years) and long-term (beyond 10 years) timeframes – is described in the table below.

## SUSTAINABILITY REPORT 2023

## ENVIRONMENTAL CONSERVATION

Description	Qualitative Impacts	Possible Actions
<b>Physical Risks</b> (i.e. climate-related risks that can result in physical damage)		
<b>Extreme weather events (short-term)</b>	<ul style="list-style-type: none"> <li>Increased frequency and intensity of storms, floods, or droughts in the orchard regions.</li> <li>Potential damage to kiwifruit crops, infrastructure and disruption to operations.</li> </ul>	<ul style="list-style-type: none"> <li>Implement resilient agricultural practices, invest in weather-resistant infrastructure, and establish emergency response plans to mitigate and manage the impact of extreme weather events.</li> </ul>
<b>Gradual changes in weather patterns (medium to long-term)</b>	<ul style="list-style-type: none"> <li>Unpredictable temperature fluctuations affecting kiwifruit growth and development.</li> <li>Altered flowering and harvesting seasons, potentially impacting crop quality and yields.</li> </ul>	<ul style="list-style-type: none"> <li>Explore kiwifruit varieties resilient to temperature variations, invest in climate-controlled technologies, and adjust planting schedules based on climate forecasts.</li> </ul>
<b>Transition Risks</b> (i.e. climate-related risks as businesses transition to a low-carbon economy)		
<b>Regulatory changes (medium to long-term)</b>	<ul style="list-style-type: none"> <li>Introduction of new environmental regulations or carbon pricing affecting agricultural practices.</li> <li>Increased compliance costs and potential restrictions on traditional farming methods.</li> <li>Changes in climate-related reporting rules and processes as mandated by the SGX.</li> </ul>	<ul style="list-style-type: none"> <li>Stay informed on evolving regulations, engage with regulatory authorities, and proactively adopt sustainable farming practices to align with potential future requirements.</li> </ul>
<b>Market demand shifts (medium to long-term)</b>	<ul style="list-style-type: none"> <li>Changing consumer preferences towards sustainably sourced or climate-friendly products.</li> <li>Potential decline in demand for kiwifruit that is not sustainably cultivated.</li> </ul>	<ul style="list-style-type: none"> <li>Develop better demand projection models.</li> <li>Emphasise sustainable farming practices in communications, and explore green certifications to meet evolving consumer expectations.</li> </ul>
<b>Energy transition (short to medium-term)</b>	<ul style="list-style-type: none"> <li>Shifts in energy availability or pricing affecting the cost of orchard operations.</li> <li>Increased energy costs impacting overall operational expenses.</li> </ul>	<ul style="list-style-type: none"> <li>Explore energy-efficient technologies and renewable energy sources to manage energy-related risks.</li> </ul>

## SUSTAINABILITY REPORT 2023

## ENVIRONMENTAL CONSERVATION

Description	Qualitative Impacts	Possible Actions
<b>Opportunities</b>		
<b>Sustainable agriculture practices (short to medium-term)</b>	<ul style="list-style-type: none"> <li>Enhanced environmental stewardship, improved resource efficiency and potential cost savings.</li> </ul>	<ul style="list-style-type: none"> <li>Invest in sustainable agriculture techniques, organic farming methods and water-efficient irrigation systems to promote sustainability and reduce environmental impacts.</li> </ul>
<b>Market demand for sustainable products (short to medium-term)</b>	<ul style="list-style-type: none"> <li>Increased market share, improved brand reputation and access to eco-conscious consumer segments.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain relevant certifications and communicate the Group's commitment to sustainable farming practices.</li> </ul>
<b>Diversify the supply chain (short to medium-term)</b>	<ul style="list-style-type: none"> <li>Reduced supply chain risks, improved business continuity and enhanced stakeholder trust.</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with suppliers to ensure climate-resilient practices, assess and address vulnerabilities in the supply chain, and explore partnerships with climate-resilient suppliers.</li> </ul>
<b>Innovation in crop varieties (short to medium-term)</b>	<ul style="list-style-type: none"> <li>Improved crop yields and minimised risks associated with temperature fluctuations.</li> </ul>	<ul style="list-style-type: none"> <li>Invest in research for climate-resilient kiwifruit varieties, collaborate with agricultural research institutions, and continuously monitor advancements in crop science.</li> </ul>

## SUSTAINABILITY REPORT 2023

## GRI CONTENT INDEX

China Shenshan Orchard Holdings Co. Ltd. has reported in accordance with the GRI Standards 2021 for the period 1 January 2023 to 31 December 2023.

GRI Standard	Disclosure	Location
<b>GRI 2: General Disclosures 2021</b>		
2-1	Organisational details	Corporate Profile, Annual Report
2-2	Entities included in the organisation's sustainability reporting	Report Scope, About This Report
2-3	Reporting period, frequency and contact point	Report Scope, About This Report
2-4	Restatements of information	Nil
2-5	External assurance	Nil
2-6	Activities, value chain and other business relationships	Corporate Profile, Annual Report
2-7	Employees	Staff Profile, Human Resource
2-8	Workers who are not employees	Staff Profile, Human Resource
2-9	Governance structure and composition	Corporate and Sustainability Governance, Sustainability Approach and Governance
2-10	Nomination and selection of the highest governance body	Corporate Governance Report, Annual Report
2-11	Chair of the highest governance body	Corporate Governance Report, Annual Report
2-12	Roles of the highest governance body in overseeing the management of impacts	Corporate and Sustainability Governance, Sustainability Approach and Governance
2-13	Delegation of responsibility for managing impacts	Corporate and Sustainability Governance, Sustainability Approach and Governance
2-14	Roles of the highest governance body in sustainability reporting	Corporate and Sustainability Governance, Sustainability Approach and Governance
2-15	Conflicts of interest	Corporate Governance Report, Annual Report
2-16	Communication of critical concerns	Corporate and Sustainability Governance, Sustainability Approach and Governance
2-17	Collective knowledge of the highest governance body	Corporate Governance Report, Annual Report
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report, Annual Report
2-19	Remuneration policies	Staff Remuneration, Human Resource
2-20	Process to determine remuneration	Staff Remuneration, Human Resource
2-21	Annual total compensation ratio	Staff Remuneration, Human Resource
2-22	Statement on sustainable development strategy	Corporate and Sustainability Governance, Sustainability Approach and Governance
2-23	Policy commitments	Corporate and Sustainability Governance, Sustainability Approach and Governance
2-24	Embedding policy commitments	Corporate and Sustainability Governance, Sustainability Approach and Governance

## SUSTAINABILITY REPORT 2023

## GRI CONTENT INDEX

GRI Standard	Disclosure	Location
2-25	Processes to remediate negative impacts	Corporate and Sustainability Governance, Sustainability Approach and Governance
2-26	Mechanisms for seeking advice and raising concerns	Corporate and Sustainability Governance, Sustainability Approach and Governance
2-27	Compliance with laws and regulations	Corporate and Sustainability Governance, Sustainability Approach and Governance
2-28	Membership associations	External Initiatives, Stakeholders Engagement
2-29	Approach to stakeholder engagement	Overview of Stakeholders Engagement, Stakeholders Engagement
2-30	Collective bargaining agreements	Staff Profile, Human Resource
<b>GRI 3: Material Topics 2021</b>		
3-1	Process to determine material topics	Approach to Materiality Assessment, Materiality Assessment
3-2	List of material topics	Material Factors, Materiality Assessment
3-3	Management of material topics	Approach to Materiality Assessment, Materiality Assessment
<b>Food Quality and Safety</b>		
<b>GRI 416: Customer Health and Safety</b>		
416-1	Assessment of the health and safety impacts of product and service categories	Quality Assurance, Food Quality and Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Research and Certification, Food Quality and Safety
<b>Human Resource</b>		
<b>GRI 401: Employment</b>		
401-1	New employee hires and employee turnover	Staff Profile, Human Resource
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Staff Benefits, Human Resource
401-3	Parental leave	Staff Benefits, Human Resource
<b>GRI 403: Occupational Health and Safety</b>		
403-1	Occupational health and safety management system	Occupational Safety and Health, Human Resource
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health, Human Resource
403-5	Worker training on occupational health and safety	Occupational Safety and Health, Human Resource
403-9	Work-related injuries	Occupational Safety and Health, Human Resource

## SUSTAINABILITY REPORT 2023

## GRI CONTENT INDEX

GRI Standard	Disclosure	Location
<b>GRI 404: Training and Education</b>		
404-1	Average hours of training per year per employee	Training and Development, Human Resource
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development, Human Resource
<b>GRI 405: Diversity and Equal Opportunity</b>		
405-1	Diversity of governance bodies and employees	Staff Profile, Human Resource
<b>GRI 413: Local Communities</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Corporate Social Responsibility, Human Resource
<b>Environmental Conservation</b>		
<b>GRI 302: Energy</b>		
302-1	Energy consumption within the organization	Resource Usage, Environmental Conservation
302-4	Reduction of energy consumption	Resource Usage, Environmental Conservation
<b>GRI 303: Water and Effluents</b>		
303-5	Water consumption	Resource Usage, Environmental Conservation
<b>GRI 305: Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions, Environmental Conservation
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions, Environmental Conservation
305-4	GHG emissions intensity	Greenhouse Gas Emissions, Environmental Conservation

## SUSTAINABILITY REPORT 2023

## TCFD INDEX

TCFD Thematic Areas	Recommended Disclosures	Remarks and References
<b>1. Governance</b> Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities	The Board oversees the corporate governance structure and sustainability strategy of the Group, including climate-related risks and opportunities. See the <b>Sustainability Approach and Governance</b> section.
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Management implements, monitors and reports on ESG performance, including climate-related risks and opportunities. See the <b>Sustainability Approach and Governance</b> section.
<b>2. Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	See the <b>Climate-Related Risks and Opportunities</b> section.
	b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	See the <b>Climate-Related Risks and Opportunities</b> section.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The Group is adopting a progressive approach towards managing and reporting climate-related issues. Scenario analysis will be conducted post-2023.

## SUSTAINABILITY REPORT 2023

## TCFD INDEX

TCFD Thematic Areas	Recommended Disclosures	Remarks and References
<b>3. Risk Management</b> Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	See the <b>Climate-Related Risks and Opportunities</b> section.
	b) Describe the organisation's processes for managing climate-related risks	The Board incorporates sustainability considerations, which include climate-related and other ESG risks, issues and opportunities, as part of the Group's strategic formulation. See the <b>Sustainability Approach and Governance</b> section.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	
<b>4. Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	The Group is adopting a progressive approach towards managing and reporting climate-related issues. Relevant metrics will be developed post-2023.
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See the <b>Greenhouse Gas Emissions</b> section.  The Group shall evaluate the need to quantify and monitor Scope 3 GHG emissions in our subsequent sustainability reports.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	The Group is adopting a progressive approach towards managing and reporting climate-related issues. Targets will be developed post-2023.



# **FINANCIAL CONTENTS**

67	DIRECTORS' REPORT
69	STATEMENT BY DIRECTORS
70	INDEPENDENT JOINT AUDITORS' REPORT
73	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
74	STATEMENTS OF FINANCIAL POSITION
75	STATEMENTS OF CHANGES IN EQUITY
77	CONSOLIDATED STATEMENT OF CASH FLOWS
78	NOTES TO THE FINANCIAL STATEMENTS

## 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 year ended 31 December 2023 ("**FY2023**").

### Directors

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

Zhao Chichun (Executive Director and Chief Executive Officer)  
 Zhou, Liyang (Executive Director) - appointed with effect from 7 July 2023  
 Zhang Lei (Independent Director)  
 Yeo Teck Chuan (Independent Director)  
 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 FY2023, 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, save as disclosed below, none of the Directors holding office (i) at the end of FY2023; and (ii) as at the 21st day after the end of FY2023, had any interests in shares, debentures, warrants or share options of the Company, or of its related corporations:

Name of Director	Direct Interest			Deemed Interest <sup>(1)</sup>		
	As at the beginning of financial year	As at the end of financial year	As at 21 January 2024	As at the beginning of financial year	As at the end of financial year	As at 21 January 2024

#### Ordinary shares of the Company

Zhao Chichun	-	-	-	13,162,649	13,162,649	13,162,649
--------------	---	---	---	------------	------------	------------

(1) Zhao Chichun is the sole shareholder of Easy Direct International Limited ("Easy Direct"), which was incorporated for the purpose of allowing the employees of the Group to acquire and hold shares in the capital of the Company through Easy Direct.

Through Easy Direct, Zhao Chichun (Executive Director and Chief Executive Officer of the Company) and Hu Chao (former Executive Director and Chief Executive Officer of the Company) each acquired 5,265,060 Shares (representing approximately 6.60% of total number of issued Shares), and the remaining 2,632,529 Shares (representing approximately 3.30% of total number of issued Shares) were acquired by other employees of the Group.

Accordingly, Zhao Chichun is deemed to have an interest in the 13,162,649 Shares held through a nominee account with UOB Kay Hian Private Limited by virtue of Section 4 of the Securities and Futures Act 2001.

## DIRECTORS' REPORT

### Directors' Contractual Benefits

Except for the Service Agreements detailed above and transactions disclosed in note 31 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.

### 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 FY2023.

### Audit Committee, Nominating Committee and Remuneration Committee

Details of the Company's Audit Committee ("**AC**"), Nominating Committee and Remuneration Committee are set out in the Corporate Governance Report on pages 13 to 43 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

Zhao Chichun

Director

5 April 2024

Zhou, Liyang

Director

## STATEMENT BY DIRECTORS

**Statement by Directors**

We, Zhao Chichun and Zhou, Liyang, 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 73 to 111, 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 2023 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 5 April 2024.

**ON BEHALF OF THE BOARD OF DIRECTORS**

Zhao Chichun  
Director

Zhou, Liyang  
Director

5 April 2024

# 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. (the "Company") and its subsidiaries (the "Group") set out on pages 73 to 111, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023;
- 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 year then ended;
- the statement of changes in equity of the Company for the year then ended; and
- notes to the financial statements, including material accounting policy information.

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 2023, 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 year then ended in accordance with International Financial Reporting Standards ("IFRS Accounting Standards").

## 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 judgement, 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
<p><b>1 Valuation of biological assets</b></p> <p>For the year ended 31 December 2023, a gain arising from change in fair value less costs to sell of biological assets of approximately RMB59,881,000 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> <p>Refer to notes 4.6, 5(iii) and 16 of the accompanying financial statements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>(i) Assessing the appropriateness of the methodology used by management in valuation of biological assets;</li> <li>(ii) Assessing the reasonableness of the underlying key assumptions and estimations used;</li> <li>(iii) Checking the appropriateness of key input data used by management in the valuation of biological assets;</li> <li>(iv) Evaluating the competency, capabilities and objectivity of the management's expert; and</li> <li>(v) Evaluating the adequacy of disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.</li> </ul>

## 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 2023 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.

## 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 IFRS Accounting Standards, 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.

## 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)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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.

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

5 April 2024

#### **BDO Limited**

Certified Public Accountants  
Hong Kong

5 April 2024

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>Revenue</b>	6	<b>73,238</b>	85,010
Cost of sales		<b>(63,126)</b>	(74,003)
<b>Gross profit</b>		<b>10,112</b>	11,007
Gain arising from changes in fair value less costs to sell of biological assets	16	<b>59,881</b>	67,911
Other income	7	<b>4,836</b>	8,073
Selling and distribution expenses		<b>(3,133)</b>	(4,125)
Administrative expenses		<b>(32,759)</b>	(29,100)
Other operating expenses		<b>(33,437)</b>	(33,403)
Operating profit	8	<b>5,500</b>	20,363
Finance costs	9	<b>(7)</b>	(64)
<b>Profit before income tax</b>		<b>5,493</b>	20,299
Income tax credit	11	<b>4,851</b>	4,084
<b>Profit for the year, attributable to owners of the Parent</b>		<b>10,344</b>	24,383
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<b>(148)</b>	(2,479)
Other comprehensive income for the year, net of tax amounting to RMBnil (2022: RMBnil)		<b>(148)</b>	(2,479)
<b>Total comprehensive income for the year attributable to owners of the Parent</b>		<b>10,196</b>	21,904
<b>Profit per share for profit attributable to owners of the Parent during the year</b>	12		
- Basic and diluted		<b>RMB0.13</b>	RMB0.31

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Notes	Group		Company	
		As at 31 December		As at 31 December	
		2023	2022	2023	2022
		RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Interests in subsidiaries	13	-	-	<b>952,120</b>	952,120
Property, plant and equipment	14	<b>1,112,034</b>	1,136,324	-	-
Deposit paid for property, plant and equipment		<b>327</b>	332	-	-
Prepayment	17	<b>12,000</b>	-	-	-
Intangible assets	15	<b>5,368</b>	5,871	-	-
		<b>1,129,729</b>	1,142,527	<b>952,120</b>	952,120
<b>Current assets</b>					
Inventories and consumables	18	<b>645</b>	1,162	-	-
Trade receivables	19	<b>33,589</b>	40,410	-	-
Prepayments, deposits and other receivables	17	<b>835</b>	1,846	-	-
Cash and cash equivalents	20	<b>138,316</b>	125,992	<b>5</b>	5
		<b>173,385</b>	169,410	<b>5</b>	5
<b>Current liabilities</b>					
Trade payables		<b>1,374</b>	2,895	-	-
Amounts due to subsidiaries	22	-	-	<b>29,474</b>	26,128
Accrued liabilities and other payables	21	<b>15,020</b>	12,724	<b>2,124</b>	2,049
Bank loans, secured	23	-	13,600	-	-
Lease liabilities	24	<b>40</b>	37	-	-
Deferred government grants	25	<b>478</b>	478	-	-
Provision for income tax		<b>434</b>	253	-	-
		<b>17,346</b>	29,987	<b>31,598</b>	28,177
<b>Net current assets/(liabilities)</b>		<b>156,039</b>	139,423	<b>(31,593)</b>	(28,172)
<b>Total assets less current liabilities</b>		<b>1,285,768</b>	1,281,950	<b>920,527</b>	923,948
<b>Non-current liabilities</b>					
Lease liabilities	24	<b>9,167</b>	9,207	-	-
Deferred government grants	25	<b>11,568</b>	12,046	-	-
Deferred tax liabilities	26	<b>219,758</b>	225,618	-	-
		<b>240,493</b>	246,871	-	-
<b>Net assets</b>		<b>1,045,275</b>	1,035,079	<b>920,527</b>	923,948
<b>EQUITY</b>					
<b>Equity attributable to owners of the Parent</b>					
Share capital	27	<b>279,499</b>	279,499	<b>279,499</b>	279,499
Reserves	28	<b>765,776</b>	755,580	<b>641,028</b>	644,449
<b>Total equity</b>		<b>1,045,275</b>	1,035,079	<b>920,527</b>	923,948

Zhou, Liyang  
DirectorZhao Chichun  
Director

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2023

## GROUP

	Share capital	Share premium* (Note 28)	Statutory reserves* (Note 28)	Translation reserve* (Note 4.15)	(Accumulated losses)/ Retained profits*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2022	279,499	656,811	8,454	(24,018)	92,429	1,013,175
Profit for the year	-	-	-	-	24,383	24,383
Other comprehensive income						
- Exchange differences on translation of foreign operations	-	-	-	(2,479)	-	(2,479)
Total comprehensive income for the year	-	-	-	(2,479)	24,383	21,904
Transfer to statutory reserves	-	-	4,255	-	(4,255)	-
<b>Balance as at 31 December 2022 and 1 January 2023</b>	<b>279,499</b>	<b>656,811</b>	<b>12,709</b>	<b>(26,497)</b>	<b>112,557</b>	<b>1,035,079</b>
Profit for the year	-	-	-	-	10,344	10,344
Other comprehensive income						
- Exchange differences on translation of foreign operations	-	-	-	(148)	-	(148)
Total comprehensive income for the year	-	-	-	(148)	10,344	10,196
Transfer to statutory reserves	-	-	2,862	-	(2,862)	-
<b>Balance as at 31 December 2023</b>	<b>279,499</b>	<b>656,811</b>	<b>15,571</b>	<b>(26,645)</b>	<b>120,039</b>	<b>1,045,275</b>

\* These reserve accounts comprise the consolidated reserves of RMB765,776,000 (2022: RMB755,580,000) in the consolidated statement of financial position.

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2023

## COMPANY

	Share capital	Share premium**	Translation reserve**	(Accumulated losses)/ Retained profits**	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2022	279,499	656,811	(24,085)	17,282	929,507
Loss for the year	-	-	-	(3,566)	(3,566)
Other comprehensive income					
- Exchange differences on translation of financial statements	-	-	(1,993)	-	(1,993)
Total comprehensive income for the year	-	-	(1,993)	(3,566)	(5,559)
<b>Balance as at 31 December 2022 and 1 January 2023</b>	<b>279,499</b>	<b>656,811</b>	<b>(26,078)</b>	<b>13,716</b>	<b>923,948</b>
Loss for the year	-	-	-	(2,707)	(2,707)
Other comprehensive income					
- Exchange differences on translation of financial statements	-	-	(714)	-	(714)
Total comprehensive income for the year	-	-	(714)	(2,707)	(3,421)
<b>Balance as at 31 December 2023</b>	<b>279,499</b>	<b>656,811</b>	<b>(26,792)</b>	<b>11,009</b>	<b>920,527</b>

\*\* These reserve accounts comprise the Company's reserves of RMB641,028,000 (2022: RMB644,449,000) in the Company's statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>			
Profit before income tax		5,493	20,299
Adjustments for:			
Bank interest income		(315)	(271)
Interest expenses		7	64
Depreciation of property, plant and equipment		29,438	29,522
Property, plant and equipment written off	14	1,048	523
Amortisation of intangible assets	15	503	505
Amortisation of deferred government grants	7	(478)	(478)
Exchange loss		102	-
Gain on disposal of property, plant and equipment		-	(1)
Gain arising from changes in fair value less costs to sell of biological assets	16	(59,881)	(67,911)
		<b>(24,083)</b>	<b>(17,748)</b>
Decrease in inventories		60,398	68,186
Decrease in trade receivables		6,821	15,453
Decrease/(increase) in prepayments, deposits and other receivables		1,016	(895)
Decrease in trade payables		(1,521)	(267)
Decrease in accrued liabilities and other payables		(349)	(2,363)
Cash generated from operations		<b>42,282</b>	<b>62,366</b>
Income taxes paid		(828)	(1,776)
Net cash generated from operating activities		<b>41,454</b>	<b>60,590</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(5,102)	(8,280)
Prepayment for intangible assets		(12,000)	-
Proceed from disposal of property, plant and equipment		2	2
Interest received		315	271
Net cash used in investing activities		<b>(16,785)</b>	<b>(8,007)</b>
<b>Cash flows from financing activities</b>			
Repayments of bank loan	34	(13,600)	(4,400)
Repayment of principal on lease liabilities	34	(37)	(35)
Repayment of interest on lease liabilities	34	(752)	(754)
Interest paid	34	(288)	(1,238)
Advance from/(repayment to) a director	34	2,327	(18,443)
Net cash used in financing activities		<b>(12,350)</b>	<b>(24,870)</b>
<b>Net increase in cash and cash equivalents</b>		<b>12,319</b>	<b>27,713</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>125,992</b>	<b>98,266</b>
<b>Effect of foreign exchange rate changes</b>		<b>5</b>	<b>13</b>
<b>Cash and cash equivalents at end of year</b>		<b>138,316</b>	<b>125,992</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. GENERAL CORPORATE INFORMATION

China Shenshan Orchard Holdings Co. Ltd. (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”).

The Company’s shares were listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). Subsequent to the financial year ended 31 December 2023, as announced on 15 March 2024, the Company has transferred its listing of the Company from the Main Board of the SGX-ST to the Catalist board (“Catalist”) of the SGX-ST (“Proposed Transfer”) and the effective date of the Proposed transfer is Wednesday, 20 March 2024 (“Effective Date”) and trading of the Company’s shares on the Catalist will commence at 9.00 a.m. on the same day.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are set out in note 13 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 year ended 31 December 2023 were approved for issue by the Board of Directors on 5 April 2024.

## 2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) which collective term includes all applicable IFRS Accounting 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, kiwifruits. 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.

## 3 ADOPTION OF IFRS ACCOUNTING STANDARDS

### 3.1 Adoption of new and revised IFRS Accounting Standards

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

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
IFRS 17	Insurance Contracts

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 3 ADOPTION OF IFRS ACCOUNTING STANDARDS (Continued)

### 3.1 Adoption of new and revised IFRS Accounting Standards (Continued)

#### *Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies*

Adoption of the Amendments to IAS 1 resulted in the disclosures of the Group's material accounting policy rather than its significant accounting policy. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The other new or amended IFRS Accounting Standards that are effective from 1 January 2023 did not have any significant impact on the Group's accounting policies.

### 3.2 Issued but not effective IFRS Accounting Standards

The Group has not applied the following new and revised IFRS Accounting Standards, 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 <sup>1</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

The directors of the Company anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material 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 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.2 Subsidiaries (Continued)

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 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.

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 for sale.

Bearer plants are stated at 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.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)****4.4 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 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 assets that meet 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 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.

**4.5 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. The amortisation expense is recognised in profit or loss and included in administrative and other expenses.

Licensing rights	10 to 20 years
------------------	----------------

**4.6 Biological assets***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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.7 Inventories and consumables

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less applicable selling expenses.

Fresh Fruits are agricultural produce harvested from the Group's biological assets. Upon harvest, agricultural produce is initially recognised at their fair values less costs to sell at the point of harvest. Agricultural produce is then transferred to inventories and is carried at the lower of cost and net realisable value. Upon subsequent sales, such amount of the inventories initially recognised is charged to the cost of sales in the consolidated statement of comprehensive income.

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

### 4.8 Financial assets

The Group's and the Company's financial assets include trade receivables, deposits and other receivables and cash and cash equivalents and are classified as debt instruments.

#### *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 expected credit loss ("ECL") 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 for the Group's trade receivables are measured at lifetime ECLs. The ECLs for other financial assets that are classified at amortised cost 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.8 Financial assets (Continued)

#### Impairment loss on financial assets (Continued)

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.

### 4.9 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. Interest charges incurred for expenditure as part of cost of the Group's qualifying assets are capitalised as cost of the qualifying assets when necessary activities are being undertaken to prepare the qualifying assets for their intended use or sale. The Group's qualifying assets include fruit trees of kiwifruits which are not yet mature, and those that are under grafting process. All other 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.10 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.

### 4.11 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.

Revenue is recognised at a point in time when the customer obtains control of the goods or service.

#### (i) Sale of agricultural produce - kiwifruits

Revenue from 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.

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.

#### (ii) Interest income

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

### 4.12 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 year ended 31 December 2023

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.13 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.

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 liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, 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.

### 4.14 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.

### 4.15 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.16 Share capital

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

### 4.17 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.

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 4.3. 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 14 to the financial statements.

### (ii) Impairment of trade and other 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. The ECLs on trade receivables are based on lifetime expected credit losses. The ECLs on other receivables 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. 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. The carrying amounts of trade and other receivables are disclosed in notes 17 and 19 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

## (iii) Fair value measurement

The Group measures biological assets except for bearer plants at fair value less cost to sell. The fair value is determined with reference to market approach at the point of harvest. Packaging fee of the kiwifruits, representing the cost to sell, is determined with reference to the historical record of average packaging fee per kilogram for the financial year.

For more detailed information in relation to the fair value measurement of the item above, please refer to the note 16.

## (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 biologically obsolete or non-strategic assets that have been abandoned. The carrying amounts of bearer plants are disclosed in note 14 to the financial statements.

**6. REVENUE****Disaggregation of revenue**

The Group has presented revenue recognised 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:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Sales of Fresh Fruits	<b>73,238</b>	85,010
Timing of revenue recognition		
Point in time	<b>73,238</b>	85,010

Revenue from sale of Fresh Fruits is recognised at a point in time when the control of product has transferred to the customer. Trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, a credit period of three months is allowed according to relevant business practice.

The Group's customer base is diversified and includes only the following customer with whom transactions have exceeded 10% of the Group's revenue. Revenue derived from this customer is as follows:

	<b>Revenue from external customers</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Customer A	<b>7,390</b>	N/A

N/A Transactions did not exceed 10% of the Group's revenue.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 7. OTHER INCOME

	Group	
	2023	2022
	RMB'000	RMB'000
Bank interest income	315	271
Government grants		
- relating to property, plant and equipment, and prepaid land lease for own use	478	478
- other grants (note)	3,925	7,243
Others	118	81
	<b>4,836</b>	<b>8,073</b>

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

## 8. OPERATING PROFIT

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

	Group	
	2023	2022
	RMB'000	RMB'000
<b>(a) Employee benefit expenses</b>		
Directors' remuneration	2,257	1,896
Salaries, wages and other benefits	18,903	16,991
Retirement benefits scheme contributions	2,478	3,378
	<b>23,638</b>	<b>22,265</b>
The employee benefit expenses are recognised in the following line items:		
Cost of sales	670	607
Selling	1,627	1,605
Administrative	15,981	14,869
Other operating expenses	5,360	5,184
	<b>23,638</b>	<b>22,265</b>
<b>(b) Cost of sales</b>		
Cost of inventories recognised as an expense	<b>62,443</b>	<b>73,376</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**8. OPERATING PROFIT (Continued)**

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

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>(c) Other items:</b>		
Depreciation of property, plant and equipment		
- owned assets	<b>29,074</b>	29,148
- right-of-use assets	<b>364</b>	374
	<b>29,438</b>	29,522
Amortisation of intangible assets	<b>503</b>	505
Amortisation of deferred government grants	<b>(478)</b>	(478)
Plantation cost of mature bearer plants	<b>8,957</b>	9,016

Depreciation of property, plant and equipment is recognised in the following line items:

Selling	<b>843</b>	843
Administrative	<b>5,111</b>	4,814
Other operating expenses	<b>23,484</b>	23,865
	<b>29,438</b>	29,522

**9. FINANCE COSTS**

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Interest on lease liabilities	<b>752</b>	754
Interest on bank loans	<b>288</b>	1,238
	<b>1,040</b>	1,992
Less: Amounts capitalised on property, plant and equipment	<b>(1,033)</b>	(1,928)
	<b>7</b>	64

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate 9.01% (2022: 7.87%) applicable to the entity's general borrowings during the year ended 2023.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 10. DIRECTORS' REMUNERATION

For the year ended 31 December 2023 and 2022, 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
<b>For the year ended 31 December 2023</b>			
Below S\$250,000 (equivalent to RMB1,271,000)	2	4	6
<b>For the year ended 31 December 2022</b>			
Below S\$250,000 (equivalent to RMB1,271,000)	2	4	6

### 11. INCOME TAX CREDIT

	Group	
	2023	2022
	RMB'000	RMB'000
Current tax – Mainland China		
- Charge for the year	1,009	1,776
Deferred tax (note 26)	(5,860)	(5,860)
Income tax credit	(4,851)	(4,084)

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% (2022: 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%.

Reconciliation between income tax credit and accounting profit at applicable tax rate is as follows:

	2023	2022
	RMB'000	RMB'000
Profit before income tax	5,493	20,299
Tax at the applicable tax rate of 25%	1,373	5,075
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of non-deductible expenses	12,286	12,333
Effect of non-taxable income	(18,510)	(21,492)
Income tax credit	(4,851)	(4,084)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**12. PROFIT PER SHARE**

Basic profit per share is calculated based on the Group's profit attributable to owners of the Company of RMB10,344,000 (2022: RMB24,383,000) divided by the weighted average number of 79,828,927 (2022: 79,828,927) ordinary shares in issue during the year.

There were no dilutive potential ordinary share in issue for the year ended 31 December 2023 and 2022. Accordingly, the diluted profit per share presented are the same as the basic profit per share.

**13. INTERESTS IN SUBSIDIARIES**

Company	
2023	2022
RMB'000	RMB'000

Unquoted equity shares, at cost

**952,120**      952,120

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

Particulars of the subsidiaries at 31 December 2023 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 year ended 31 December 2023

## 14. PROPERTY, PLANT AND EQUIPMENT

## Group

	Leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment 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
<b>Year ended 31 December 2022</b>									
Opening net carrying amount	23,182	26,611	1,893	3,817	582	39,702	1,042,252	17,965	1,156,004
Additions	-	4,319	312	324	-	40	7,855	-	12,850
Written off	-	-	-	-	-	-	(523)	-	(523)
Transfer	-	2,626	-	(2,626)	-	-	-	-	-
Depreciation	(1,580)	(5,540)	(727)	-	(250)	(2,762)	(20,681)	(466)	(32,006)
Disposal	-	-	(1)	-	-	-	-	-	(1)
<b>Closing net carrying amount</b>	<b>21,602</b>	<b>28,016</b>	<b>1,477</b>	<b>1,515</b>	<b>332</b>	<b>36,980</b>	<b>1,028,903</b>	<b>17,499</b>	<b>1,136,324</b>
<b>At 31 December 2022</b>									
Cost	24,032	36,114	2,564	1,515	719	41,122	1,059,924	18,198	1,184,188
Accumulated depreciation and impairment	(2,430)	(8,098)	(1,087)	-	(387)	(4,142)	(31,021)	(699)	(47,864)
<b>Net carrying amount</b>	<b>21,602</b>	<b>28,016</b>	<b>1,477</b>	<b>1,515</b>	<b>332</b>	<b>36,980</b>	<b>1,028,903</b>	<b>17,499</b>	<b>1,136,324</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment 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
<b>Year ended 31 December 2023</b>									
Opening net carrying amount	21,602	28,016	1,477	1,515	332	36,980	1,028,903	17,499	1,136,324
Additions	-	98	70	47	-	-	8,542	-	8,757
Written off	-	-	-	-	-	-	(1,048)	-	(1,048)
Transfer	-	395	-	(395)	-	-	-	-	-
Depreciation	(1,809)	(5,620)	(744)	-	(118)	(2,762)	(20,477)	(467)	(31,997)
Disposal	-	-	-	-	(2)	-	-	-	(2)
<b>Closing net carrying amount</b>	<b>19,793</b>	<b>22,889</b>	<b>803</b>	<b>1,167</b>	<b>212</b>	<b>34,218</b>	<b>1,015,920</b>	<b>17,032</b>	<b>1,112,034</b>
<b>At 31 December 2023</b>									
Cost	24,032	36,607	2,634	1,167	649	41,122	1,068,286	18,198	1,192,695
Accumulated depreciation and impairment	(4,239)	(13,718)	(1,831)	-	(437)	(6,904)	(52,366)	(1,166)	(80,661)
<b>Net carrying amount</b>	<b>19,793</b>	<b>22,889</b>	<b>803</b>	<b>1,167</b>	<b>212</b>	<b>34,218</b>	<b>1,015,920</b>	<b>17,032</b>	<b>1,112,034</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the financial year, the Group acquired property, plant and equipment as follows:

	2023 RMB'000	2022 RMB'000
Additions of property, plant and equipment	<b>8,757</b>	12,850
Less:		
Other payables	<b>(63)</b>	(158)
Finance cost capitalised to bearer plants	<b>(1,033)</b>	(1,928)
Depreciation of right-of-use assets capitalised to bearer plants	<b>(102)</b>	(92)
Depreciation of other property, plant and equipment capitalised to bearer plants	<b>(2,457)</b>	(2,392)
Cash payments made to acquire property, plant and equipment	<b>5,102</b>	8,280

Notes:

- (i) The Group had written off bearer plants of approximately RMB1,048,000 (2022: RMB523,000) due to the withered trees.
- (ii) As at 31 December 2023, certificates of ownership in respect of certain buildings of the Group in Mainland China with an aggregate net carrying amount of RMB1,942,000 (2022: of RMB2,101,000) 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 2023.
- (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 year ended 31 December 2023, the capitalised depreciation of right-of-use assets were approximately RMB102,000 (2022: RMB92,000).
- (iv) Bearer plants represent Fruit Trees on the woodlands located in Chibi City, the PRC. 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 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 immature bearer plants. For the year ended 31 December 2023, the capitalised depreciation was approximately RMB2,457,000 (2022: RMB2,392,000).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**14. PROPERTY, PLANT AND EQUIPMENT (Continued)**

Notes:

- (vi) As at 31 December 2022, the Group's leasehold buildings at the net carrying amount of RMB20,271,000 were pledged to secure bank loans (note 23). The bank loans have been fully settled during the year ended 31 December 2023.
- (vii) The Group is exposed to a number of risks related to fruits trees plantation. Details are as set out in note 16.
- (viii) Prepaid land lease payment represented the Group's leasehold interests under operating leases in land located in Mainland China. As at 31 December 2022, the Group's prepaid land lease payment at the carrying amount RMB9,404,000 were pledged to secure bank loans (note 23). The bank loans have been fully settled during the year ended 31 December 2023.
- (ix) The Group's forest use right certificates of woodlands, the right-of-use assets of the Group, are pledged as security for the bank loan, of which the aggregate net carrying amount of approximately RMB321,493,000 as at 31 December 2022. The bank loan has been fully settled during the year ended 31 December 2023.

**15. INTANGIBLE ASSETS**

	<b>Group Licensing rights RMB'000</b>
<b>Year ended 31 December 2022</b>	
Opening net carrying amount	6,376
Amortisation	(505)
<b>Closing net carrying amount</b>	<b>5,871</b>
<b>At 31 December 2022</b>	
Cost	6,661
Accumulated amortisation and impairment	(790)
<b>Net carrying amount</b>	<b>5,871</b>
<b>Year ended 31 December 2023</b>	
Opening net carrying amount	5,871
Amortisation	(503)
<b>Closing net carrying amount</b>	<b>5,368</b>
<b>At 31 December 2023</b>	
Cost	6,661
Accumulated amortisation and impairment	(1,293)
<b>Net carrying amount</b>	<b>5,368</b>

As at 31 December 2023 and 2022, the licensing rights related to trademark and plant variety rights for kiwifruits.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 16. BIOLOGICAL ASSETS

	<b>Fresh Fruits RMB'000</b>
At 1 January 2022	-
Gain arising from changes in fair value less costs to sell	<b>67,911</b>
Transfer of harvested fresh fruits to inventories	<b>(67,911)</b>
At 31 December 2022 and 1 January 2023	-
Gain arising from changes in fair value less costs to sell	<b>59,881</b>
Transfer of harvested fresh fruits to inventories	<b>(59,881)</b>
At 31 December 2023	-

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

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Estimated fair value less costs to sell (RMB'000)		
Fresh fruits	<b>59,881</b>	67,911
Estimated quantity (kg)		
Fresh fruits	<b>2,903,745</b>	3,156,014

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 (2019)" 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:

	<b>Group</b>	
	<b>2023</b>	2022
Opening balance (level 3 recurring fair value)	-	-
Gain arising from changes in fair value less costs to sell	<b>59,881</b>	67,911
Transfer to inventories	<b>(59,881)</b>	(67,911)
Closing balance (level 3 recurring fair value)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**16. BIOLOGICAL ASSETS (Continued)**

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

Description	Valuation technique	Unobservable Inputs	Range		Inter-relationship between key unobservable inputs and fair value measurement
			2022	2023	
Biological assets (i.e. Fresh Fruits)	Market approach	Prices of similar transactions	RMB10.49 – RMB28.06 per kg	RMB12.62 – RMB29.65 per kg	The higher unobservable inputs, the higher of the fair value less costs to sell determined
		Average packaging fee per kilogram	RMB1.39 per kg	RMB1.59 per kg	

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 compared and determined between market approach by reference to prices of similar transactions and income approach by reference to fair value less cost to sells.

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 year ended 31 December 2023

### 16. 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.

### 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2023	2022
	RMB'000	RMB'000
<b>Non-current</b>		
Prepayment	<b>12,000</b>	-
<b>Current</b>		
Prepayments	<b>724</b>	1,610
Other receivables	<b>92</b>	217
VAT receivables	<b>19</b>	19
	<b>835</b>	1,846

During the year ended 31 December 2023, the Group has entered into an agreement for acquiring exclusive kiwifruit variety licensing rights for RMB20,000,000, of which RMB12,000,000 has been settled during the year and the remaining RMB8,000,000 is scheduled to be settled by not later than 31 December 2024.

The other receivables were considered to have low credit risks. Based on management assessment, no impairment provision has been made for the year ended 31 December 2023.

### 18. INVENTORIES AND CONSUMABLES

	Group	
	2023	2022
	RMB'000	RMB'000
Consumables	<b>645</b>	1,162

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**19. TRADE RECEIVABLES**

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Trade receivables	<b>33,589</b>	40,410
Less: allowance for impairment of trade receivables	-	-
	<b>33,589</b>	40,410

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:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
0 to 30 days	<b>6</b>	-
31 to 60 days	<b>83</b>	2
61 to 90 days	<b>25,267</b>	30,641
91 to 180 days	<b>8,233</b>	9,767
	<b>33,589</b>	40,410

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 32.4.

**20. 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 RMB138,117,000 (2022: RMB125,798,000) 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 year ended 31 December 2023 was 0.2% (2022: 0.25%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 20. CASH AND CASH EQUIVALENTS (Continued)

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

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
HKD	<b>194</b>	189
USD	<b>5</b>	5

### 21. ACCRUED LIABILITIES AND OTHER PAYABLES

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
Accrued liabilities and provisions	<b>4,393</b>	4,272	<b>2,124</b>	2,049
VAT and other payables	<b>10,627</b>	8,452	-	-
	<b>15,020</b>	12,724	<b>2,124</b>	2,049

As at 31 December 2023, the Group's other payables include an amount of RMB9,137,000 (2022: RMB6,631,000) 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.

- (i) Included in accruals and other payables of the Group and the Company are the following amounts denominated in currencies other than the functional currencies:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
HKD	<b>11,376</b>	8,886	<b>1,776</b>	1,805
SGD	<b>226</b>	191	<b>226</b>	190

### 22. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**23. BANK LOANS, SECURED**

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Bank loans	-	13,600
Less: Current portion	-	(13,600)
Non-current portion	-	-

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

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Within one year	-	13,600
	-	13,600

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.

The above mentioned bank loans incur interest at a fixed rate of 8.28% per annum (2022: 8.28% per annum) and have been fully settled during the year ended 2023.

**24. LEASE LIABILITIES**

The Group leases woodlands to operate its business. The leases for the plantation bases will expire between 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.

	<b>Woodlands</b>
	<b>RMB'000</b>
At 1 January 2022	<b>9,279</b>
Interest expenses	<b>754</b>
Lease payments	<b>(789)</b>
At 31 December 2022 and 1 January 2023	<b>9,244</b>
Interest expenses	<b>752</b>
Lease payments	<b>(789)</b>
At 31 December 2023	<b>9,207</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 24. LEASE LIABILITIES (Continued)

Future lease payments are due as follows:

	Group	
	2023	2022
	RMB'000	RMB'000
Minimum lease payment due:		
- within one year	789	789
- more than one year, but not exceeding two years	789	789
- more than two years	25,875	26,664
	<b>27,453</b>	28,242
Less: future interest expenses	<b>(18,246)</b>	(18,998)
Present value of lease liabilities	<b>9,207</b>	9,244

The present value of future lease payments are analysed as:

	Group	
	2023	2022
	RMB'000	RMB'000
Current liabilities	40	37
Non-current liabilities	9,167	9,207
	<b>9,207</b>	9,244

The interest of lease liabilities was capitalised into the cost of bearer plants. For the year ended 31 December 2023, the interest of liabilities was approximately RMB752,000 (2022: RMB754,000). Please refer to note 9 for details of the interest on lease liabilities.

### 25. DEFERRED GOVERNMENT GRANTS

	Group	
	2023	2022
	RMB'000	RMB'000
At beginning of the year	12,524	13,002
Amortisation	(478)	(478)
At end of the year	12,046	12,524
Less: Current portion	(478)	(478)
Non-current portion	<b>11,568</b>	12,046

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 that have been recognised at the end of reporting periods.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**26. DEFERRED TAXATION**

The movement of the deferred tax liabilities is as follows:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
At beginning of year	<b>225,618</b>	231,478
Credited to profit or loss (note 11)	<b>(5,860)</b>	(5,860)
At end of year	<b>219,758</b>	225,618

As at 31 December 2023 and 2022, the deferred tax liabilities represented the taxable temporary differences arising from fair value adjustments from the acquisition of subsidiaries during the eighteen-month period ended 31 December 2021.

As at 31 December 2023, temporary differences relating to the undistributed profits of a subsidiary amounted to RMB136,082,000 (2022: temporary differences relating to the undistributed profits of a subsidiary amounted to RMB110,321,000). No deferred tax liabilities have been recognised as at 31 December 2023 and 2022 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.

**27. SHARE CAPITAL**

	<b>Number of ordinary shares</b>		
	<b>Par value</b>	<b>(in '000)</b>	<b>RMB'000</b>
<b>Authorised:</b>			
At 1 January 2022, 31 December 2022 and 2023 (HK\$4.00 per share)	HK\$4.0	100,000	371,239
<b>Issued:</b>			
At 1 January 2022, 31 December 2022 and 2023 (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 year ended 31 December 2023

### 28. RESERVES

- (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.

### 29. COMMITMENTS - GROUP

#### Capital commitments

The Group had the following outstanding capital commitments:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Contracted, but not provided for, in respect of:		
- Property, plant and equipment, including CIP	<b>187</b>	187
- Intangible asset (note 17)	<b>8,000</b>	-

### 30. CONTINGENT LIABILITIES

The Company is undergoing a legal proceeding in Taiwan with an independent third party, namely Securities and Futures Investors Protection Center ("SFIPC"), which is making a claim for damages against the Company (the "Proceedings"). The Proceedings are related to claims by SFIPC (i) claiming that the Company failed to perform the obligations under the undertakings given by the Company to the Taiwan Stock Exchange ("TWSE") and to the holders of Taiwan Depository Receipts representing shares in the Company ("TDRs") to unconditionally acquire all the outstanding TDRs listed on the TWSE in the event of delisting of the TDRs ("Undertakings"); and (ii) alleging that there be misstatements in the Company's circular to shareholders dated 1 April 2021 in relation to, inter alia, the acquisition of Great Resolute Limited and the disposal of Sea Will International Limited (the "Circular"); and the quantum of damages claimed by SFIPC for the above was NT\$339,819,428 (equivalent to approximately S\$14,926,000), based on a price of NT\$4.97 (equivalent to approximately S\$0.22) for each TDR of the Company to persons who were identified as TDR holders, with interest to be calculated at 5% per annum from the period until the repayment date.

On 15 May 2023, the Taiwan counsel of the Company (the "Taiwan Counsel") formally submitted a brief to report to the Intellectual Property and Commercial Court of Taiwan (the "Commercial Court") of their appointment as the Company's agent ad litem. The Commercial Court informed that there was a court hearing held on 11 May 2023 which the Company did not attend, because the Company was only made aware of (i) the ruling dated 15 February 2023 issued by the Commercial Court on 9 May 2023, after it received the court ruling through its Bermuda filing agent; and (ii) the court hearing after the Taiwan Counsel's appointment. During the court hearing on 11 May 2023, the Commercial Court held and concluded an oral debate session, and further informed that a default judgment would be rendered on 31 May 2023.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**30. CONTINGENT LIABILITIES (Continued)**

The Company, through the Taiwan Counsel, submitted a second brief to the Commercial Court that the Commercial Court should not conclude the hearing and declare the judgment date without the Company's appearance at such hearing. Upon the Commercial Court rendered a default judgment entirely in favor of SFIPC on 31 May 2023, the Company filed an appeal to the Supreme Court of Taiwan (the "Supreme Court") against the Commercial Court's decision in relation to the Proceedings on 20 June 2023.

On 18 October 2023, based on the invalidity of service of the court papers by the Commercial Court in relation to the Proceedings, the Supreme Court overturned the Commercial Court's decision and ordered a retrial of the case by the Commercial Court. The Commercial Court held the first hearing of the trial on 11 January 2024 with court decision yet to be concluded and scheduled a hearing on 14 March 2024.

On 20 March 2024, the Company received, through the Taiwan Counsel, the official hearing record from the Commercial Court in relation to the hearing on 14 March 2024. The SFIPC maintained its argument that the service of court papers by the Commercial Court were valid and Taiwan Counsel has raised a further defence, in addition to those raised in previous defence brief. The Commercial Court has scheduled the next hearing on 25 June 2024.

The directors of the Company, having obtained legal opinion from the Taiwan Counsel, considered that the compensation as a result of the aforesaid litigation is not a present obligation, but a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of multiple uncertain future events not wholly within the control of the Company. In addition, any probable outflow of resources embodying economic benefits from the Group has not yet been established at the current stage.

**31. 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:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Expenses paid on behalf of the Group by directors of the Company	<b>2,319</b>	4,423

The outstanding balances as at 31 December 2023 and 2022 with related parties are disclosed in note 21 to the financial statements.

- (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:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
- Short term employee benefits	<b>3,643</b>	3,307
- Retirement scheme contributions	<b>72</b>	16
	<b>3,715</b>	3,323

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 32. 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.

#### 32.1 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	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets</b>				
Financial assets measured at amortised cost				
- Trade receivables	<b>33,589</b>	40,410	-	-
- Deposits and other receivables	<b>92</b>	217	-	-
- Cash and cash equivalents	<b>138,316</b>	125,992	<b>5</b>	5
	<b>171,997</b>	166,619	<b>5</b>	5
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost				
- Trade payables	<b>1,374</b>	2,895	-	-
- Accrued liabilities and other payables	<b>11,895</b>	12,529	<b>2,124</b>	2,049
- Amounts due to subsidiaries	-	-	<b>29,474</b>	26,128
- Bank loans, secured	-	13,600	-	-
- Lease liabilities	<b>9,207</b>	9,244	-	-
	<b>22,476</b>	38,268	<b>31,598</b>	28,177

#### 32.2 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 2023 and 2022.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)****32.3 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.

*Sensitivity analysis - Group*

The interest rates of the Group's bank deposits and bank loans are disclosed in notes 20 and 23 to the financial statements, respectively. At 31 December 2023 and 2022, 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 the Group's profit for the year and increase/decrease the retained profits by RMB1,037,000 (2022: RMB945,000).

**32.4 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 2023 (99%) and 31 December 2022 (99%) are mainly maintained with one (2022: one) authorised and reputable major bank 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.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that financial instruments presented in the respective statements of financial position.

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.

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

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Current	<b>25,356</b>	30,643
1 to 3 months	<b>8,233</b>	9,767
	<b>33,589</b>	40,410

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

#### 32.4 Credit risk (Continued)

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 forwarding-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.

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.

#### 32.5 Business risk

The business of the Company 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 16. The Group's financial results may fluctuate due to increase or decrease in the fair value less costs to sell of the kiwifruits.

#### 32.6 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 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.

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 year ended 31 December 2023

**32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)****32.6 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**

	<b>Carrying amount</b>	<b>Within one year</b>	<b>More than one year</b>	<b>Total undiscounted amount</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>As at 31 December 2023</b>				
Trade payables	1,374	1,374	-	1,374
Accrued liabilities and other payables	11,895	11,895	-	11,895
Lease liabilities	9,207	789	26,664	27,453
	<b>22,476</b>	<b>14,058</b>	<b>26,664</b>	<b>40,722</b>

**As at 31 December 2022**

Trade payables	2,895	2,895	-	2,895
Accrued liabilities and other payables	12,529	12,529	-	12,529
Bank loans, secured	13,600	13,961	-	13,961
Lease liabilities	9,244	789	27,453	28,242
	<b>38,268</b>	<b>30,174</b>	<b>27,453</b>	<b>57,627</b>

**Company**

	<b>Carrying amount</b>	<b>Within one year</b>	<b>Total undiscounted amount</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>As at 31 December 2023</b>			
Accrued liabilities and other payables	2,124	2,124	2,124
Amounts due to subsidiaries	29,474	29,474	29,474
<b>As at 31 December 2022</b>			
Accrued liabilities and other payables	2,049	2,049	2,049
Amounts due to subsidiaries	26,128	26,128	26,128

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

#### 32.7 Fair value measurements

The fair values of deposits, cash and cash equivalents, trade payables, accrued liabilities and other payables and bank loans 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.

### 33. 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 2023 amounted to RMB1,045,275,000 (2022: RMB1,035,079,000), 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 28(b) to the financial statements. The Group is in compliance with this externally imposed capital requirement for the year ended 31 December 2023 and 2022.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**34. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**a. *Major non-cash transactions*

Addition of property, plant and equipment amounting to approximately RMB63,000 (2022: RMB158,000) was not yet settled and included in other payables.

b. *Changes in liabilities arising from financing activities*

	<b>Bank loans</b>	<b>Amount due to a director</b>	<b>Lease liabilities</b>	<b>Interest payable</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
	(Note 23)	(Note 21)	(Note 24)	
At 1 January 2022	18,000	23,396	9,279	-
Changes from financing cash flows				
- Repayments of bank loans	(4,400)	-	-	-
- Repayment of principal on lease liabilities	-	-	(35)	-
- Repayment of interest on lease liabilities	-	-	(754)	-
- Repayment to a director	-	(18,443)	-	-
- Interest paid	-	-	-	(1,238)
Interest expenses recognised	-	-	-	64
Amount capitalised on property, plant and equipment	-	-	754	1,174
Foreign exchange movement	-	1,678	-	-
At 31 December 2022 and 1 January 2023	13,600	6,631	9,244	-
Changes from financing cash flows				
- Repayments of bank loans	(13,600)	-	-	-
- Repayment of principal on lease liabilities	-	-	(37)	-
- Repayment of interest on lease liabilities	-	-	(752)	-
- Advance from a director	-	2,327	-	-
- Interest paid	-	-	-	(288)
Interest expenses recognised	-	-	-	7
Amount capitalised on property, plant and equipment	-	-	752	281
Foreign exchange movement	-	179	-	-
At 31 December 2023	-	9,137	9,207	-

## SHAREHOLDERS' INFORMATION

AS AT 21 MARCH 2024

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 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	1.02	364	0.00
100 - 1,000	299	30.45	192,982	0.24
1,001 - 10,000	529	53.87	2,100,791	2.63
10,001 - 1,000,000	137	13.95	11,702,461	14.66
1,000,001 and above	7	0.71	65,832,329	82.47
	<b>982</b>	<b>100.00</b>	<b>79,828,927</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS AS AT 21 MARCH 2024

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Easy Direct International Limited <sup>(1)</sup>	-	-	13,162,649	16.49
Zhao Chichun <sup>(1)</sup>	-	-	13,162,649	16.49
Hu Chao <sup>(1)</sup>	-	-	5,265,060	6.60
Treasure Winner Holdings Limited <sup>(2)</sup>	23,551,551	29.50	-	-
Wang Peng <sup>(2)</sup>	-	-	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 (Executive Director and Chief Executive Officer of the Company) is the sole shareholder of Easy Direct. Through Easy Direct, Mr Zhao Chichun and Mr Hu Chao (former Executive Director and Chief Executive Officer of the Company) each acquired 5,265,060 Shares (representing approximately 6.60% of total number of issued Shares), and the remaining 2,632,529 Shares (representing approximately 3.30% of total number of issued Shares) were acquired by other employees of the Group.

Accordingly, Easy Direct and Mr Zhao Chichun are deemed to have an interest in the 13,162,649 Shares held through a nominee account with UOB Kay Hian Private Limited by virtue of Section 4 of the Securities and Futures Act 2001 ("**SFA**"), and Mr Hu Chao is deemed to have an interest in the 5,265,060 Shares held through Easy Direct by virtue of Section 4 of the SFA.

- (2) Treasure Winner Holdings Limited ("**Treasure Winner**") is wholly-owned by Mr Wang Peng and as such, Mr Wang Peng is deemed interested in the 23,551,551 Shares held by Treasure Winner.

## SHAREHOLDERS' INFORMATION

AS AT 21 MARCH 2024

**TWENTY LARGEST SHAREHOLDERS AS AT 21 MARCH 2024**

No.	Name of Shareholder	Number of Shares	%
1.	UOB KAY HIAN PRIVATE LIMITED	27,664,918	34.66
2.	TREASURE WINNER HOLDINGS LIMITED	17,500,000	21.92
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	8,492,801	10.64
4.	TIGER BROKERS (SINGAPORE) PTE. LTD.	6,055,500	7.59
5.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,366,900	2.96
6.	ABN AMRO CLEARING BANK N.V.	1,988,220	2.49
7.	PHILLIP SECURITIES PTE LTD	1,763,990	2.21
8.	WANG CHUN-JYE	899,700	1.13
9.	DBS NOMINEES (PRIVATE) LIMITED	860,501	1.08
10.	OCBC SECURITIES PRIVATE LIMITED	750,410	0.94
11.	LIM KIM HONG	750,000	0.94
12.	MAYBANK SECURITIES PTE. LTD.	485,500	0.61
13.	LEOW BENG LEE (LIAO MINGLI)	454,000	0.57
14.	LUO BAIWEN	450,000	0.56
15.	HAH TIING SIU	367,770	0.46
16.	MOHAMMED HUMAYUN KABIR	325,500	0.41
17.	RAFFLES NOMINEES (PTE.) LIMITED	287,150	0.36
18.	TAN PING	273,700	0.34
19.	WONG YONG CHYE	253,500	0.32
20.	NGO YIT SUNG	234,100	0.29

**PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS**

Based on the information available to the Company as at 21 March 2024 and to the best of the knowledge of the Directors of the Company, approximately 43.19% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of China Shenshan Orchard Holdings Co. Ltd. (the "**Company**") will be held at RNN Conference Centre 137 Cecil Street #04-01 Cecil Building Singapore 069537 on Friday, 26 April 2024 at 3.30 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 year ended 31 December 2023 ("**FY2023**") together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to the Bye-Laws of the Company and who, being eligible, offer themselves for re-election, as Directors of the Company:

Mr. Zhao Chichun (retiring pursuant to Bye-Law 86(1)) **(Resolution 2)**

Mr. Zhou, Liyang (retiring pursuant to Bye-Law 85(6)) **(Resolution 3)**

*The information relating to Mr. Zhao Chichun and Mr. Zhou, Liyang as required under Rule 720(5) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") is set out in the corporate governance report in the Annual Report 2023.*

3. To note the retirement of Mr. Ho Teck Cheong as a Director of the Company pursuant to Bye-Law 86(1) of the Bye-Laws of the Company at the conclusion of the AGM.  
[See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S\$125,997 for the financial year ending 31 December 2024, to be paid half-yearly in arrears (FY2023: S\$193,757).  
[See Explanatory Note (ii)] **(Resolution 4)**

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 5)**

6. To transact any other ordinary business which may properly be transacted at an AGM.

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

#### 7. **SHARE ISSUE MANDATE**

That pursuant to the Bye-Laws of the Company and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to

- (a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of such authority or thereafter, 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 from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors of the Company may in their absolute discretion deem fit; and issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this Ordinary Resolution), provided that:

## NOTICE OF ANNUAL GENERAL MEETING

- (1) the aggregate number of Shares issued pursuant to such authority (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments (“**Adjustments**”) effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws of the Company for the time being) shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), and provided further that the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (“**Shareholders**”) (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculations 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 (1) 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) at the time this Ordinary Resolution is passed after adjusting for:
- (i) new Shares arising from the conversion or exercise of any convertible securities;
  - (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Ordinary Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraphs (2)(i) or (2)(ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution;

- (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Bermuda Companies Act and the Bye-Laws for the time being of the Company; and
- (4) unless revoked or varied by the Company in general meeting by ordinary resolution, the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)]

**(Resolution 6)**

By Order of the Board

Ho Hin Yip  
Toh Li Ping, Angela  
Company Secretaries

11 April 2024

## NOTICE OF ANNUAL GENERAL MEETING

### Explanatory Notes to Resolutions to be passed -

- (i) Item 3 above is to note the retirement of Mr. Ho Teck Cheong as a Director of the Company pursuant to the Bye-Laws of the Company. Mr. Ho Teck Cheong has served as an Independent Director of the Company for more than nine (9) years from the date of his first appointment. In the spirit of good corporate governance, Mr. Ho Teck Cheong expressed that he is not seeking re-election at the upcoming AGM. Accordingly, he shall retire as the Non-Executive Chairman and Independent Director of the Company, Chairman of the Audit Committee ("**AC**") and a member of the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") at the conclusion of the upcoming AGM.

Concurrently upon the conclusion of the upcoming AGM, the Board committees shall be reconstituted as follows:

- (a) Mr. Yeo Teck Chuan, an incumbent Independent Director of the Company, Chairman of the NC and the RC and a member of the AC, shall be appointed as the Non-Executive Chairman of the Company and Chairman of the AC. Mr. Yeo Teck Chuan shall continue to serve as Chairman of the NC and the RC.
- (b) Mr. Huo Lei, the incumbent Non-Executive and Non-Independent Director of the Company, shall be appointed as a member of the AC, the NC and the RC. Mr. Huo Lei is considered non-independent by the Board of Directors of the Company for the purposes of Rule 704(7) of the Catalist Rules.

Consequent to the aforesaid changes and upon the conclusion of the upcoming AGM, the Board and its Board committees shall be as follows:

Board of Directors	Designation	AC	NC	RC
Zhao Chichun	Executive Director and Chief Executive Officer	-	-	-
Zhou, Liyang	Executive Director	-	-	-
Yeo Teck Chuan	Non-Executive Chairman and Independent Director	Chairman	Chairman	Chairman
Zhang Lei	Independent Director	Member	Member	Member
Huo Lei	Non-Executive and Non-Independent Director	Member	Member	Member

- (ii) The decrease in the proposed Directors' fees of S\$125,997 for the financial year ending 31 December 2024 to be paid half-yearly in arrears, as compared to the Directors' fees of S\$193,757 for FY2023 is due to the aforesaid retirement of Mr. Ho Teck Cheong at the conclusion of the upcoming AGM.
- (iii) Resolution 6 proposed above, if passed, will empower the Directors of the Company to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors of the Company may allot and issue under this Ordinary Resolution shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing this Ordinary Resolution. For allotment and issue of Shares and convertible securities other than on a *pro-rata* basis to all Shareholders, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM 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.

## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

#### General

1. The AGM of the Company will be held in a wholly physical format at RNN Conference Centre 137 Cecil Street #04-01 Cecil Building Singapore 069537 and there will be no option for Shareholders to participate virtually ("**Physical Meeting**"). Shareholders and other attendees who are feeling unwell on the date of the AGM are advised not to attend the Physical Meeting. Please bring along your identification documents (e.g. NRIC/passport) so as to the Company to verify your identity.
2. Printed copies of the Annual Report 2023 will not be despatched to Shareholders, unless otherwise requested. Printed copies of (i) this Notice of AGM, (ii) the Proxy Forms and (iii) a request form (to request for printed copies of the Annual Report 2023) ("**Request Form**") will be sent to members, and the electronic copies of which, together with the Annual Report 2023, 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>.

To receive a physical copy of the Annual Report 2023, please complete and return the Request Form to the 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 no later than 17 April 2024. Alternatively, you may email the completed Request Form to [ChinaShenshan-AGM2024@boardroomlimited.com](mailto:ChinaShenshan-AGM2024@boardroomlimited.com) no later than 17 April 2024. A printed copy of the Annual Report 2023 will then be sent to the address specified by the Shareholders at his/her/its own risk.

3. Authenticated Shareholders and proxy(ies) will be able to ask questions in person at the Physical Meeting. Arrangements have also been put in place to permit Shareholders to submit their questions ahead of the AGM. Please refer to Notes 14 and 15 below for further details.
4. Live voting by poll will be conducted during the AGM for Shareholders and proxy(ies) attending the Physical Meeting.

#### Voting by proxy

5. A Shareholder (whether individual or corporate) who/which is entitled to attend, speak and vote at the AGM and hold two (2) or more Shares is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead, and must give specific instructions in the relevant proxy form ("**Proxy Form**") as to voting, or abstentions from voting, failing which the appointment will be treated as invalid. A proxy need not to be a member of the Company.
6. Where a Shareholder appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as percentage of the whole) to be represented by each proxy in the Proxy Form.
7. Persons who hold Shares through relevant intermediaries, other than SRS investors, and who wish to participate in the AGM should contact the relevant intermediary through which they hold such Shares as soon as possible. Persons who hold Shares through relevant intermediaries, other than SRS investors, may (i) vote at the AGM if they are appointed as proxies by their respective relevant intermediaries; or (ii) specify their voting instructions to/arrange for their votes to be submitted with their respective relevant intermediaries, and should contact their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made.

"**relevant intermediary**" means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds Shares in that capacity; or

## NOTICE OF ANNUAL GENERAL MEETING

- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

SRS investors may (a) vote at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or (b) specify their voting instructions to arrange for their votes to be submitted with their respective SRS Operators, and should approach their respective SRS Operators as soon as possible in order for the necessary arrangements to be made.

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 IIIA 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.
9. The Proxy Form must be submitted through any one of the following manners:
- (a) by depositing a physical copy at the 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 by email to [ChinaShenshan-AGM2024@boardroomlimited.com](mailto:ChinaShenshan-AGM2024@boardroomlimited.com),

in each case, no later than 3.30 p.m. (Singapore time) on Tuesday, 23 April 2024, being not less than seventy-two (72) hours before the time fixed for the AGM, 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.
13. Completion and submission of the Proxy Form shall not preclude a Shareholder from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies (including the Chairman of the AGM) shall be deemed to be revoked if a Shareholder attends the AGM, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

### Submission of Questions

14. Shareholders and persons who hold Shares through a relevant intermediary (including SRS investors), or where applicable, their appointed proxy(ies) are strongly encouraged to submit to the Company, questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM. In order to do so, their questions must be received by the Company no later than 9.00 a.m. (Singapore time) on Friday, 19 April 2024, being at least seven (7) calendar days from the Notice of AGM. Such questions may be submitted in the following manner:

## NOTICE OF ANNUAL GENERAL MEETING

- (a) Shareholders (including SRS investors) may submit their questions electronically by email to [ChinaShenshan-AGM2024@boardroomlimited.com](mailto:ChinaShenshan-AGM2024@boardroomlimited.com); or by post or by depositing at the 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) persons who held Shares through relevant intermediaries (other than SRS investors) may submit questions through their relevant intermediary, who in turn may submit a consolidated list of questions to the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd, by email to [ChinaShenshan-AGM2024@boardroomlimited.com](mailto:ChinaShenshan-AGM2024@boardroomlimited.com); and
- (c) Shareholders and persons who hold Shares through a relevant intermediary (including SRS investors) who submit questions in advance of the AGM should provide the following information to the Company (or, in the case of persons who hold Shares through a relevant intermediary, their relevant intermediary) for verification purposes:
- (i) the Shareholder's full name;
  - (ii) the Shareholder's address, contact number and email; and  
the manner in which the Shareholder holds Shares (e.g. if you hold Shares directly, please provide your NRIC/Passport No.; otherwise, please state if you hold your Shares through SRS, or through a relevant intermediary).
15. Shareholders attending the AGM may also ask questions at the AGM. The Company will endeavour to address all substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) received in advance of the AGM 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 SGXNET at the following URL: <https://www.sgx.com/securities/company-announcements> at least forty-eight (48) hours prior to the deadline for submission of Proxy Form, or otherwise, at the AGM.
- Should there be subsequent clarification sought, or follow-up questions after the deadline of the submission of questions, the Company will address those substantial and relevant questions during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
- 16 The Company will publish the minutes of the AGM within one (1) month after the AGM on the Company's corporate website at <https://www.ddhlimited.com/investor-relations> and on SGXNET at <https://www.sgx.com/securities/company-announcements> and the minutes will include the responses to the substantial and relevant questions received from Shareholders which are addressed during the AGM.

### Personal data privacy:

By attending the AGM, submitting questions in advance of the AGM and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at, the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data, as contained in any communication from or on behalf of the member in relation to the AGM (including but not limited to questions sent in advance of the AGM and proxy forms), by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, questions submitted and the answers thereto for disclosure and publication before, at or after (as the case may be) the AGM and/or on SGXNET and the Company's corporate website (including publication of names of the Shareholders/proxies/representatives asking questions) and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules including code of corporate governance, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that all information submitted is true and accurate, and where the member discloses the personal data of the member's proxy(ies), representative(s) and/or any other party to the Company (or its agents or service providers), the member has obtained the prior consent of such party(ies) for the collection, use and disclosure by the Company (or its agents or service providers) of their personal data for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.





**China Shenshan Orchard Holdings Co. Ltd.**  
(Company Registration No. 41457)

12 Guanghua Road,  
Chi Ma Port Industrial Zone,  
Chibi, Hubei Province, PRC.