

China Shenshan Orchard Holdings Co. Ltd.

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

Fresh Perspectives

Annual Report 2024

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

*This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this 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 Mr Nathaniel Tan Jing Sheng, 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**” or “**China**”). 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 the experienced in-house research and development team of the Company 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 2025, 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 pleased to present our annual report for the financial year ended 31 December 2024 ("**FY2024**").

China's gross domestic product grew by 5.0% in 2024, falling short of the 5.2% expansion recorded in 2023. This growth was primarily driven by stimulus measures that fuelled a stronger-than-anticipated recovery in the fourth quarter despite numerous internal and external challenges¹. While these measures have helped stabilise the economy in the fourth quarter, sustaining the recovery and revitalising economic momentum will depend on a certain extent, on substantial and ongoing policy stimulus². As a result, consumers remain cautious about spending, which is expected to present challenges for the kiwifruit industry as the demand for kiwifruits will be potentially dampened.

FY2024 was a particularly challenging year for the Group, characterised by several factors that significantly impacted its kiwifruit harvest volumes.

Extreme weather conditions played a major role in the significant decrease of the harvest volume of the Group's kiwifruits. During the pollination period in April 2024, continuous rainfall rendered artificial pollination ineffective, leading to a reduced pollination rate and affecting fruit set which is the critical phase where the ovary of the flower transitions into a developing fruit.

Furthermore, from July to September 2024, Chibi experienced unprecedented high temperatures ranging from 39°C to 40°C, with the highest temperature recorded at 40.7°C. These adverse conditions rendered portions of our harvest kiwifruits unsuitable for commercial sale. Additionally, canker disease affected some of the kiwifruit trees, further reducing yields.

With the commencement of trial cultivation for ten (10) new kiwifruit varieties, including two (2) proprietary varieties developed in-house, the Group's harvestable orchard areas for commercial kiwifruit production decreased by about 20% in FY2024, from 1,900 mu in the financial year ended 31 December 2023 ("**FY2023**") to 1,500 mu.

Collectively, these factors resulted in an approximately 50% decline in our kiwifruit harvest volume for the year. Despite these setbacks, these factors are not expected to have a long-term impact on the Group as it continues to focus on building operational and business resiliency and capabilities across various business cycles.

Financial Performance

The Group's revenue decreased significantly by RMB53.9 million or 73.6%, from RMB73.2 million in FY2023 to RMB19.3 million in FY2024. This was mainly due to a substantial decline in the average selling price of the kiwifruits, resulting from weakened demand for premium kiwifruits, amidst the challenging economic conditions and weak consumer sentiments in China. The average selling price decreased from RMB25.3 per kg in FY2023 to RMB13.5 per kg in FY2024 while the harvest volume of kiwifruits sold dropped by 50.6% to 1,429 tonnes in FY2024.

In line with the decrease in revenue, the Group registered a lower adjusted³ gross profit of RMB18.1 million in FY2024 as compared to RMB70.0 million in FY2023. Adjusted gross profit margin declined by 2.1% to 93.5% in FY2024 from 95.6% in FY2023.

The gain arising from changes in fair value less costs to sell of biological assets decreased by RMB44.1 million or 73.7%, from RMB59.9 million in FY2023 to RMB15.8 million in FY2024. This was mainly due to lower volume of harvested kiwifruits and a decrease in kiwifruit market prices in China.

The Group recorded net other losses of RMB28.6 million for FY2024, compared to net other gains of RMB4.8 million in FY2023. This was mainly due to a RMB33.4 million write-off of the aging refrigeration system and canker-affected bearer plants, along with a RMB2.0 million reduction in government grants. These losses were partially offset by RMB3.3 million in land resumption compensation from the PRC government for the land resumption of 320.1 mu of the orchards.

Administrative expenses increased by RMB15.0 million or 45.8%, from RMB32.8 million in FY2023 to RMB47.8 million in FY2024, mainly due to the one-off bonus incentives awarded to senior management personnel who have made exceptional contributions to the Group's management and operations, with the aim of fostering morale, retaining talent and continued excellence.

As a result, the Group recorded a loss of RMB99.4 million for FY2024 as compared to a profit of RMB10.3 million in FY2023.

Outlook

Consumer confidence in China is nearing a historic low as short-term government measures have had limited success in restoring optimism. Consequently, consumers remain cautious about spending, with recent stimulus efforts yet to produce a significant boost in their shaken confidence⁴.

Between 2022 and 2023, retail sales grew at an average rate of 3.5%, a notable decline compared to the 8.4% growth recorded during the pre-pandemic years of 2018-2019⁵. Similarly, the total retail sales of consumer goods only grew by 3.5% in 2024⁶. This weaker growth of retail sales can be attributed to weaker consumer confidence amidst a prolonged housing downturn. This reflects persistent weakness in the consumer market, suggesting that recovery will be challenging and require time to materialise. This cautious consumer spending behaviour may evolve into a long-term trend, potentially shaping household expenditure patterns over the next five years⁷. Such a shift is likely to pose challenges for the kiwifruit industry, and may bring about dampened demand for premium products such as kiwifruits, as consumers prioritise reduced spending.

Future Plans

To stay competitive and relevant in the industry, the Group will continue to place significant emphasis on research and development (“R&D”) to create new kiwifruit varieties that cater to the evolving preferences of the mass market. The R&D not only fuels innovation and growth but also plays a pivotal role in addressing process inefficiencies and improving productivity. We have established and maintained ongoing collaborations with leading research institutions and agricultural experts in China, including the Zhengzhou Fruit Research Institute of the Chinese Academy of Agricultural Sciences and the Wuhan Botanical Garden of the Chinese Academy of Sciences. These partnerships are essential for elevating product standards and ensuring high-quality kiwifruits.

We have implemented strategies aimed at enhancing profitability, but we acknowledge that persistent uncertainties and concerns over the global economic outlook could hinder growth and impact our business. In response, we are committed to closely monitoring the evolving situation and ensuring that we remain prepared to adjust our strategies as needed to address potential or new challenges. Remaining vigilant and agile is essential for navigating these uncertainties and positioning ourselves to thrive in a dynamic and ever-changing environment. The Group remains committed to improving resiliency in its operations and consider innovative solutions to adapt to changing conditions and consumer needs and behaviours.



¹ China's Economy Report Card for 2024: GDP, Trade, FD, <https://www.china-briefing.com/news/chinas-economy-report-card-for-2024-gdp-trade-fdi/>

² <https://www.businesstimes.com.sg/international/global/chinese-economic-growth-among-slowest-decades>

³ Adjusted to include the gain arising from change in fair value less costs to sell of biological assets, and the corresponding impact to cost of sales

⁴ <https://www.scmp.com/economy/economic-indicators/article/3277160/chinas-consumer-confidence-nears-all-time-low-calls-bolder-measures>

⁵ Spend or Save? The slow return of China's consumer spending, <https://english.cksb.edu.cn/knowledge/article/spend-or-save-the-slow-return-of-chinas-consumer-spending/>

⁶ National economy witnessed steady progress amidst stability with major development targets achieved successfully in 2024,

https://english.www.gov.cn/archive/statistics/202501/17/content_WS6789c0a2c6d0868f4e8eee3c.html

⁷ Spend or Save? The slow return of China's consumer spending, <https://english.cksb.edu.cn/knowledge/article/spend-or-save-the-slow-return-of-chinas-consumer-spending/>

Appreciation

We firmly believe that gratitude plays a pivotal role in driving our sustained growth, and we are committed to cultivating it as a core value throughout our organisation. First of all, I would like to extend a warm welcome to Mr. Ngo Yit Sung ("**Mr. Ngo**"), who has joined us as an Independent Director since 1 October 2024. With his extensive experience and expertise, Mr. Ngo is poised to bring invaluable insights and fresh perspectives that will greatly enrich our discussions and strategic decision-making process. We are confident that his contributions will play a key role in guiding the Group going forward.

At the same time, we would like to express our heartfelt gratitude to Ms. Zhang Lei, who has stepped down from her role as Independent Director with effect from 1 October 2024. We deeply appreciate her dedicated service and extend our best wishes for her future endeavours.

On behalf of the Board, I also extend our sincere thanks to our business partners, customers, suppliers and distributors for their steadfast support. Your collaboration and loyalty are truly valued. We also extend our appreciation to our fellow directors for their guidance and leadership. To our dedicated management team and employees, we offer our deepest thanks for your unwavering commitment; your hard work is the foundation of our success.

Last but not least, we thank our shareholders for their trust and support, especially during these trying times. Your support drives us to strive for greater achievements. Together, we look forward to achieving even greater milestones and remain dedicated to driving sustainable growth and value creation for all our stakeholders.

Mr. Zhao Chichun

Executive Director and Chief Executive Officer







Financial Review

The growing season for kiwifruit 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 significantly by RMB53.9 million or 73.6%, from RMB73.2 million in FY2023 to RMB19.3 million in FY2024. This was mainly due to a substantial decline in the average selling price of the kiwifruits, resulting from weakened demand for premium kiwifruits, amidst the challenging economic conditions and weak consumer sentiments in China. The average selling price decreased from RMB25.3 per kg in FY2023 to RMB13.5 per kg in FY2024 while the harvest volume of kiwifruits sold dropped by 50.6% to 1,429 tonnes in FY2024.

The significant drop in volume was driven by a combination of factors. During the pollination period in April 2024, continuous rainfall rendered artificial pollination ineffective, leading to a reduced pollination rate and affecting fruit set which is the critical phase where flowers transition into developing fruits. Furthermore, from July to September 2024, Chibi experienced unprecedented high temperatures ranging from 39°C to 40°C. These adverse conditions rendered portions of the harvest unsuitable for commercial sale.

Additionally, canker disease affected some of the kiwifruit trees, further reducing yields of the affected trees. With the commencement of trial cultivation for ten new kiwifruit varieties, including two proprietary varieties developed in-house, the Group's harvestable orchard areas for commercial kiwifruit production decreased by about 20% in FY2024, from approximately 1,900 mu in FY2023 to approximately 1,500 mu in FY2024.

The Group's cost of sales decreased by RMB46.1 million or 73.0%, from RMB63.1 million in FY2023 to RMB17.0 million in FY2024. The drop in costs of sales was in line with the decrease in revenue and volume of harvested kiwifruits.

In line with the decrease in revenue, the Group registered a lower adjusted gross profit of RMB18.1 million in FY2024 as compared to RMB70.0 million in FY2023. Adjusted¹ gross profit margin declined by 2.1% to 93.5% in FY2024 from 95.6% in FY2023.

The gain arising from changes in fair value less cost to sell of biological assets decreased by RMB44.1 million or 73.7%, from RMB59.9 million in FY2023 to RMB15.8 million in FY2024. This was mainly due to lower volume of harvested kiwifruits and a decrease in kiwifruit market prices in China.

¹ Adjusted to include the gain arising from change in fair value less costs to sell of biological assets, and the corresponding impact to cost of sales

The Group recorded net other losses of RMB28.6 million for FY2024, compared to net other gains of RMB4.8 million in FY2023. This was primarily due to a RMB33.4 million loss from the write-off of the aging refrigeration system, and the bearer plants affected by canker disease. Additionally, there was a RMB2.0 million decrease in unconditional grants from the government-related agencies, which were provided as cash subsidies to support agricultural activities in China. These losses were partially offset by RMB3.3 million in compensation received from the China government for the land resumption of 320.1 mu of the orchards.

Administrative expenses increased by RMB15.0 million or 45.8%, from RMB32.8 million in FY2023 to RMB47.8 million in FY2024, mainly due to the one-off bonus incentives awarded to senior management personnel who have made exceptional contributions to the Group's management and operations, with the aim of fostering morale, retaining talent and continued excellence.

Other operating expenses increased by RMB10.0 million or 30.0%, from RMB33.4 million in FY2023 to RMB43.5 million in FY2024, mainly due to the additional depreciation charges of RMB15.4 million for some of the mature bearer plants undergoing variety grafting.

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 FY2024, 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 recorded a loss of RMB99.4 million for FY2024 as compared to a profit of RMB10.3 million in FY2023.

Cash Flow Management

For FY2024, the Group's cash and cash equivalents decreased by RMB19.7 million to RMB118.7 million as at 31 December 2024, from RMB138.3 million as at 31 December 2023. This was mainly due to net cash generated from operating activities of RMB39,000, net cash used in investing activities of RMB10.4 million and net cash used in financing activities of RMB9.3 million.

Financial Position

As at 31 December 2024, the Group recorded positive working capital (current assets less current liabilities) of RMB112.5 million, as compared to RMB156.0 million as at 31 December 2023 and its total equity decreased to RMB945.5 million from RMB 1.05 billion as at 31 December 2023.

The Group's total assets decreased by RMB105.7 million to RMB1,197.4 million as at 31 December 2024, mainly due to the decrease in property, plant and equipment, intangible assets, cash and cash equivalents, trade receivables, partially offset by the increase in inventories and consumables, prepayments, deposits and other receivables.

The Group's total liabilities decreased by RMB5.9 million to RMB251.9 million as at 31 December 2024, mainly arising from the decrease in accrued liabilities and other payables, lease liabilities, deferred government grants and deferred tax liabilities, partially offset by the increase in trade payables and provision for income tax.

Board of Directors

Zhao Chichun 赵池春

Mr. Zhao Chichun (“**Mr. Zhao**”) 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 (“**Mr. Zhou**”) 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 (“**Mr. Huo**”) 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 is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

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.

Yeo Teck Chuan 杨德泉

Mr. Yeo Teck Chuan (“**Mr. Yeo**”) was appointed as an Independent Director of the Company on 2 December 2021. He was subsequently re-designated and appointed as the Non-Executive Chairman and Independent Director of the Company on 26 April 2024.

Mr. Yeo is also the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration 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., YSH Advisory II Pte. Ltd. and IA Advisory Pte Ltd.

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

Senior Management

Ngo Yit Sung 吴逸松

Mr. Ngo Yit Sung (“**Mr. Ngo**”) was appointed as an Independent Director of the Company on 1 October 2024. He was concurrently appointed as the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee of the Company.

Mr. Ngo has over 15 years of extensive experience in corporate strategy, capital raising, business development, and investor relations. He was the Executive Director of Eneco Energy Limited and was responsible for the group's strategic direction, establishing policies for management and governance, and overseeing the operations of the group. Prior to that, he was the Executive Director of TOTM Technologies Limited, where he successfully led the implementation of key corporate strategies, including mergers and acquisitions, investments and equity fundraising.

Mr. Ngo served as a Director at Sino-Lion Communications Pte Ltd. In this capacity, he provided strategic consultancy to listed companies across the Asia Pacific region, spanning diverse industries such as technology, real estate, REITs, healthcare, consumer goods, industrials, and construction.

Mr. Ngo currently sits on the board of World Precision Machinery Limited, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

Mr. Ngo graduated with a Bachelor of Engineering (First Class Honours) in Electrical (Mechatronics) from Universiti Teknologi Malaysia, and a Ph.D. degree in Electrical and Computer Engineering from the National University of Singapore (NUS).

Ms. Liang Qianyun 梁倩云

Ms. Liang Qianyun (“**Ms. Liang**”) was appointed as Accounting Director of the Company on 24 June 2024. She joined the Company's subsidiary, Xingnong Agriculture as the Finance Manager since March 2023 and is responsible for overseeing the daily finance and accounting operations of the Group. Ms. Liang is also a Director and the financial controller of Xingnong Agriculture and is responsible for the finance and accounting operations of Xingnong Agriculture.

Ms. Liang has approximately 9 years of experience in audit and finance. She started her career in 中兴财光华会计师事务所（特殊普通合伙）(Zhongxing Caiguanghua Certified Public Accountants (Special General Partnership)) as an auditor and audit supervisor until December 2018. Prior to joining Xingnong Agriculture in March 2023, Ms. Liang was an auditor supervisor and audit manager of 郑州思念食品有限公司 (Zhengzhou Synear Food Co., Ltd.) which manufactures and distributes frozen food products.

Ms. Liang graduated with a Degree in Economics from the Shengda Economics, Trade and Management College of Zhengzhou (a.k.a. Zhengzhou Shengda University) in 2016. She is a qualified member of the Chinese Institute of Certified Public Accountants and was also conferred with an Intermediate Accountant Qualification Certificate issued jointly by Ministry of Human Resources and Social Security of the People's Republic of China, and the Ministry of Finance of the People's Republic of China.

Ho Hin Yip 何衍业

Mr. Ho Hin Yip (“**Mr. Ho**”) is the Financial Controller of the Group and Joint Company Secretary of the Company. He oversees all financial reporting and company secretarial matters of the Group.

Mr. Ho has over 27 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:

Yeo Teck Chuan (*Non-Executive Chairman and Independent Director*)

Ngo Yit Sung (*Independent Director*)

Huo Lei (*Non-Executive and Non-Independent Director*)

AUDIT COMMITTEE

Yeo Teck Chuan (*Chairman*)

Ngo Yit Sung

Huo Lei

NOMINATING COMMITTEE

Ngo Yit Sung (*Chairman*)

Yeo Teck Chuan

Huo Lei

REMUNERATION COMMITTEE

Ngo Yit Sung (*Chairman*)

Yeo Teck Chuan

Huo Lei

JOINT COMPANY SECRETARIES

Toh Li Ping, Angela (*ACS ACG*)

Ho Hin Yip

ASSISTANT COMPANY SECRETARY

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BERMUDA SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited

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Hamilton HM 11, Bermuda

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Singapore 188778

AUDIT PARTNER-IN-CHARGE

BDO Limited - Cheung Wing Yin

Appointed wef financial year ended 31 December 2024 (1st financial year)

BDO LLP – Aw Vern Chun Philip

Appointed wef financial period ended 31 December 2021 (4th consecutive financial year)

SPONSOR

ZICO Capital Pte. Ltd.

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CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of China Shenshan Orchard Holdings Co. Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) 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**”) issued by the Monetary Authority of Singapore on 6 August 2018 and last amended on 11 January 2023, and where applicable, the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), in respect of the Company’s Annual Report for the financial year ended 31 December 2024 (“**FY2024**”).

The Company had transferred its listing from the Mainboard of the SGX-ST to the Catalist board (“**Catalist**”) of the SGX-ST with effect from Wednesday, 20 March 2024 (“**Effective Date**”) and trading of the Company’s shares on the Catalist has commenced at 9.00 a.m. on the same day. ZICO Capital Pte. Ltd. (“**ZICO Capital**”) was appointed to act as the Company’s continuing sponsor and the Company had also been removed from the Watch-List with effect 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 needs and implement appropriate practices accordingly. This report should be read in its entirety, 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 value for shareholders of the Company (“**Shareholders**”). 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 best 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 in respect of the employment of the Executive Directors, will upon the expiry of the initial term commencing on the Commencement Date as defined in the Service Agreement, 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.

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) had been briefed on the roles and responsibilities of a director of a public company listed on the SGX-ST; and (ii) had completed the Listed Entity Director Programme including sustainability training conducted by Singapore Institute of Directors in September 2024.

CORPORATE GOVERNANCE REPORT

Mr. Ngo Yit Sung was appointed as an Independent Director of the Company with effect from 1 October 2024. He is familiar with the duties and obligations required of a Director of a listed company on the SGX-ST and currently sits on the board of another listed issuer on the SGX-ST.

All Directors of the Company have undergone training on sustainability matters as prescribed by Rule 720(6) of the Catalist Rules.

To keep the Directors abreast of new laws, regulations, evolving commercial risks and accounting standards, all Directors engage in constant dialogue with Management and professionals from time to time. On an ongoing basis, the Board is updated on any amendments and requirements of the Catalist Rules 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 Sponsor, or at separate seminars on the amendments and requirements of the Catalist Rules 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;
- 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.

CORPORATE GOVERNANCE REPORT

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 reviewed 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 Non-executive 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 the 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.

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 2024 to 31 December 2024 as well as the details of Directors’ attendance at those meetings are summarised in the table below:

Name of Directors	General meetings				Board		Board Committees’ meetings					
	AGM		SGM				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
Ho Teck Cheong ⁽¹⁾	1	1	1	1	1	1	1	1	1	1	1	1
Zhao Chichun	1	1	1	1	3	3	-	-	-	-	-	-
Zhou, Liyang	1	1	1	1	3	3	-	-	-	-	-	-
Huo Lei ⁽¹⁾	1	1	1	1	3	3	2	2	-	-	-	-
Zhang Lei ⁽²⁾	1	1	1	1	2	2	2	2	1	1	1	1
Yeo Teck Chuan ⁽¹⁾⁽³⁾	1	1	1	1	3	3	3	3	1	1	1	1
Ngo Yit Sung ⁽⁴⁾	-	-	-	-	1	1	1	1	-	-	-	-

CORPORATE GOVERNANCE REPORT

Notes:

- (1) Mr. Ho Teck Cheong retired as an Independent Director of the Company at the conclusion of the AGM held on 26 April 2024. Accordingly, he also retired as the Non-Executive Chairman of the Board, Chairman of the AC and a member of the NC and the RC. His attendance at the meetings held during the aforementioned period was recorded until the date of his retirement.

Concurrently upon the conclusion of the AGM held on 26 April 2024, the Board Committees were 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, was appointed as the Non-Executive Chairman of the Company and Chairman of the AC. Mr. Yeo Teck Chuan continued 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, was appointed as a member of the AC, the NC and the RC. His attendance at the Board Committees' meetings held during the aforementioned period was recorded from the date of his appointment as a member of the Board Committees.
- (2) Ms. Zhang Lei resigned as an Independent Director of the Company, a member of the AC, the NC and the RC with effect from 1 October 2024. Her attendance at the meetings held during the aforementioned period was recorded until the date of her resignation.
- (3) With effect from 1 October 2024, Mr. Yeo Teck Chuan, the then incumbent Non-Executive Chairman of the Company since 26 April 2024, stepped down as Chairman of the NC and the RC but remained as a member of the NC and the RC.
- (4) Mr. Ngo Yit Sung was appointed as an Independent Director of the Company, a member of the AC, and Chairman of the NC and the RC with effect from 1 October 2024. 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 the AC and the Board meetings.

The Group's Chief Executive Officer ("**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.

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 an independent professional adviser, if required, is subject to approval by the Board.

As set out under the Introduction section above, ZICO Capital was appointed to act as the Company's continuing sponsor with effect from the Effective Date.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

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

Provisions 2.1 and 4.4 – Directors' independence review

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

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

As at the date of this report, the Board comprises five (5) members and the composition of the Board and the Board Committees are as follows:

Name	AC	RC	NC
Zhao Chichun (Executive Director and CEO)	–	–	–
Yeo Teck Chuan (Non-Executive Chairman and Independent Director)	C	M	M
Zhou, Liyang (Executive Director)	–	–	–
Huo Lei (Non-Executive and Non-Independent Director)	M	M	M
Ngo Yit Sung (Independent Director)	M	C	C

Notes:

C – Chairman
M – Member

Details of the changes to the composition of the Board and the Board Committees during FY2024 are set out under Provision 1.5 above.

No alternate Director was appointed to the Board in FY2024 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 three (3) Non-Executive Directors, two (2) 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 one-third of the Board. As such, Provision 2.2 of the Code is not applicable to the Company and the Company complied with Provision 2.3 of the Code and Rule 406(3)(c) of the Catalyst Rules.

The Board is satisfied that the Board comprises members who are each 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.

Accordingly, there is a strong and independent element on the Board and consistent with the intent of 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.

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.

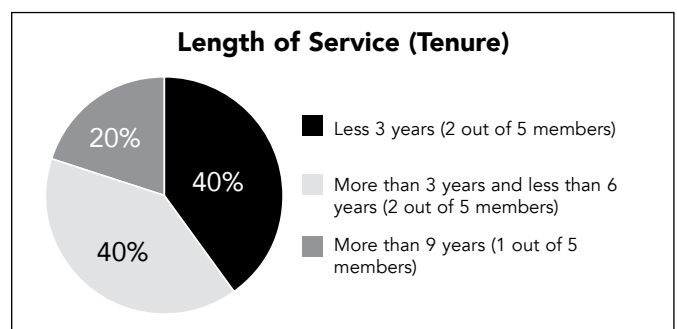
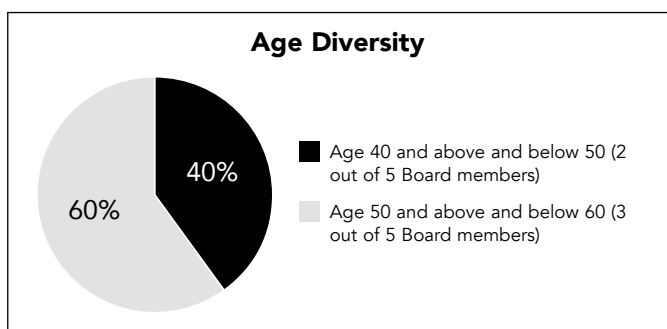
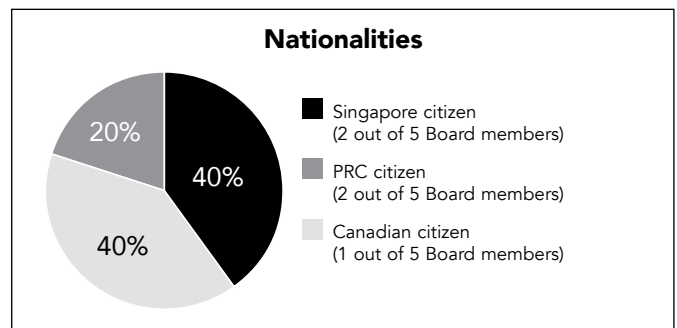
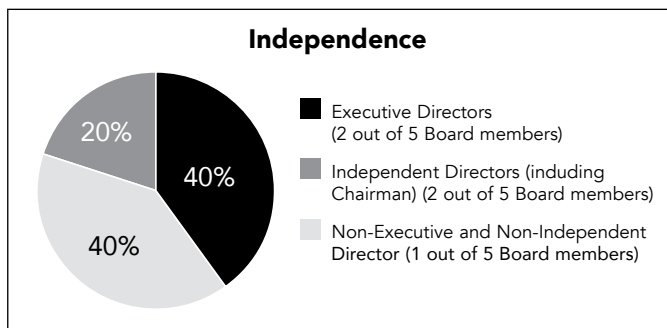
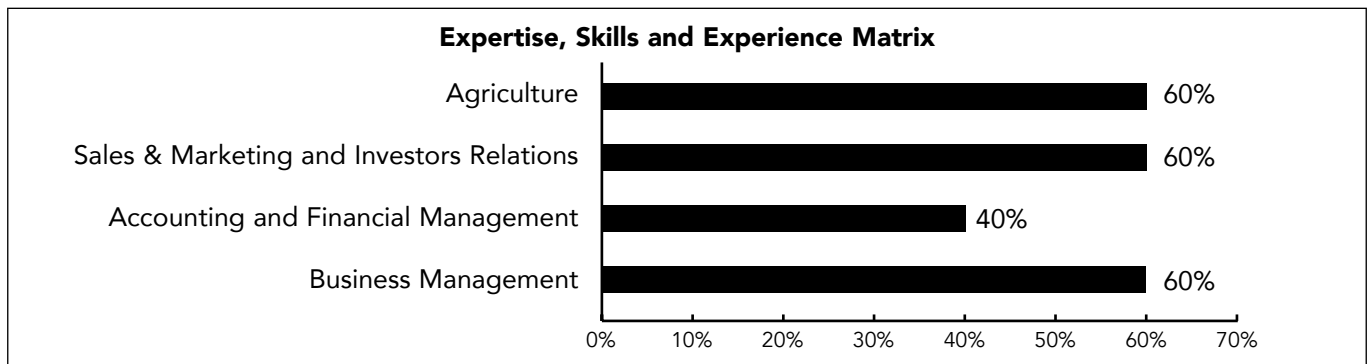
CORPORATE GOVERNANCE REPORT

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.

Each Director has been appointed based on their 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:



CORPORATE GOVERNANCE REPORT

Key information regarding the Directors is set out in the “Board of Directors” section of this Annual Report.

The main objective of the Board Diversity Policy is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company. The Board Diversity Policy, in particular on matters regarding gender diversity, provides that the NC shall endeavour to ensure that female candidates are included for consideration when identifying candidates to be appointed as new Directors and will work towards having female Director(s) for future Board renewal, if the opportunity arises. The Board is committed to considering female candidates from different backgrounds and professional experience, with a view to appointing female Director(s) on the Board. Nonetheless, no specific target is set for gender diversity as 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. As at the date of this report, the NC and Board are of the opinion that the current combination of skills, talents and experience of the Directors is sufficiently diversified to serve the needs and plans of the Group, supports the breadth and depth of the Board’s decision-making capabilities and to ensure the effective oversight of the Group’s affairs.

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 independence, which facilitates effective decision-making. No individual or select group of individuals dominates the Board’s decision-making as a majority of the Board is made up of Non-Executive Directors and with two members of the Board comprising 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. 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 the evaluation and 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 relevant to 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 Board where necessary, after such meetings or communications.

CORPORATE GOVERNANCE REPORT

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.

Mr. Yeo Teck Chuan, an incumbent Independent Director of the Company, was appointed as Non-Executive Chairman of the Board in place of Mr. Ho Teck Cheong who retired following the conclusion of the AGM held on 26 April 2024. The principal duties and responsibilities of 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 with effect from 7 July 2023.

Mr. Zhao Chichun, being an 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. Yeo Teck Chuan (Non-executive Chairman and Independent Director) or Mr. Ho Teck Cheong (previous Non-executive Chairman and Independent Director) 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. As the roles and responsibilities between the Chairman of the Board and the 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, 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 CEO or Management are inappropriate or inadequate.

CORPORATE GOVERNANCE REPORT

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, a majority of whom, including the NC Chairman, shall be a member and the Lead Independent Director, if any, shall be a member. The composition of the NC is as follows:

Ngo Yit Sung (Independent Director)	- NC Chairman
Yeo Teck Chuan (Non-Executive Chairman and Independent Director)	- NC Member
Huo Lei (Non-Executive and Non-Independent Director)	- NC Member

For more information on the changes to the composition of the NC during FY2024, please refer to Provision 1.5 above.

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:

- 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;
- 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;
- 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;
- 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;
- reviewing the succession plans for Board Chairman, Directors, CEO and key management personnel of the Company;
- 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;
- 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;
- 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

CORPORATE GOVERNANCE REPORT

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 one (1) meeting and the principal activities of the NC in 2024 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. noted the retirement of Director at the conclusion of the AGM held on 26 April 2024;
- e. reviewed the Board structure, size, composition and balance of the Board, as well as the size and composition of the Board Committees;
- f. reviewed the Company's diversity targets and its accompanying plans and timelines in accordance with Rule 710A(2) of the Catalist Rules;
- g. ratified the adoption of the declaration of independence form pursuant to Provision 2.1 of the Code and Rule 406(3)(d) of the Catalist Rules ("**Declaration of Independence Form**"), and reviewed and assessed the independence of each Independent Director, including a rigorous review of the independence of the Independent Director who had served on the Board beyond nine years from the date of his first appointment in 2024;
- h. reviewed and approved the updated Terms of Reference of the NC and recommended the same to the Board for approval;
- i. reviewed and recommended to the Board the proposed changes to the Accounting Director of the Company and a Director as well as the Financial Controller of Chibi Shenshan Xingnong Agriculture Technology Co., Ltd.; and
- j. reviewed and recommended to the Board the proposed changes to the composition of the Board of Directors and the Board Committees of the Company.

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 automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree 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.

CORPORATE GOVERNANCE REPORT

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 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, and taking into account their independence, track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election of (1) Mr. Yeo Teck Chuan who will be retiring pursuant to Bye-law 86(1) of the Company's Bye-laws, and (2) Mr. Ngo Yit Sung who will be retiring pursuant to Bye-law 85(6) of the Company's Bye-laws at the forthcoming AGM for FY2024. Mr. Yeo Teck Chuan and Mr. Ngo Yit Sung had consented to continue in office and the Board had accepted the recommendation of the NC.

Each Director concerned had abstained from deliberation and voting on any resolution and making any recommendation and/or participate in respect of his own re-election at the respective NC and Board meetings.

The requirements under Rule 720(5) of the Catalist Rules as at the date of this report are set out below:

	Yeo Teck Chuan	Ngo Yit Sung
Date of Appointment	2 December 2021 as an Independent Director 26 April 2024 as the Non-Executive Chairman of the Board	1 October 2024
Date of last re-election (if applicable)	28 April 2022	Not Applicable
Age	57	43
Country of principal residence	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, board diversity considerations, and the search and nomination process).	<p>The NC, having considered the participation of Mr. Yeo Teck Chuan at Board and Board Committees' meetings, and taking into account Mr. Yeo Teck Chuan's independence, track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election of Mr. Yeo Teck Chuan who will be retiring pursuant to Bye-law 86(1) of the Company's Bye-laws at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Yeo Teck Chuan had abstained from voting on any resolutions and making any recommendation and/or participating in any discussions in respect of his own re-election at the Board meeting.</p>	<p>The NC, having considered the participation of Mr. Ngo Yit Sung at Board and Board Committees' meetings, and taking into account Mr. Ngo Yit Sung's independence, track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election of Mr. Ngo Yit Sung 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. Ngo Yit Sung had abstained from voting on any resolutions and making any recommendation and/or participating in any discussions in respect of his own re-election at the Board meeting.</p>

CORPORATE GOVERNANCE REPORT

	Yeo Teck Chuan	Ngo Yit Sung
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman of the Board, Independent Director, Chairman of the AC, and member of the NC and the RC.	Independent Director, Chairman of the NC and the RC and a member of the AC.
Professional qualifications	<ol style="list-style-type: none"> Chartered Accountant of Singapore (Institute of Singapore Chartered Accountants); Certified Internal Auditor; ASEAN Chartered Professional Accountant; and Bachelor of Accountancy Second Class Honours (Upper Division) from Nanyang Technological University. 	<ol style="list-style-type: none"> Doctor of Philosophy in Electrical and Computer Engineering from National University of Singapore Bachelor of Engineering (First Class Honours) in Electrical (Mechatronics) from Universiti Teknologi Malaysia
Working experience and occupation(s) during the past 10 years	<p><u>July 2018 to present:</u> SBA Stone Forest Corporate Advisory (Shanghai) Co., Ltd. - Partner, Advisory</p> <p><u>August 2015 to present:</u> Nanchang Yeo Seng Heng Financial Advisory Co., Ltd. - Legal Representative</p> <p><u>October 2017 to July 2018:</u> Beijing Quan Rui Certified Public Accountants LLP - Managing Director</p> <p><u>December 2016 to August 2019:</u> Laos Rui Hua CPA Co., Ltd. - Managing Director</p> <p><u>May 2015 to October 2017:</u> Rui Hua Certified Public Accountants LLP (Shanghai Branch) - Partner, Audit</p> <p><u>July 2007 to May 2015:</u> Deloitte Hua Yong Certified Public Accountants LLP - Partner, Audit</p>	<p><u>July 2023 to December 2024:</u> Executive Director of Eneco Energy Limited</p> <p><u>March 2023 to July 2023:</u> Senior Vice President of Investor Relations of TOTM Technologies Limited</p> <p><u>April 2021 to February 2023:</u> Executive Director of TOTM Technologies Limited</p> <p><u>December 2020 to April 2021:</u> Business Development Manager of TOTM Technologies Limited</p> <p><u>October 2012 to February 2021:</u> Director of Sino-Lion Communications Pte. Ltd.</p>
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil

CORPORATE GOVERNANCE REPORT

	Yeo Teck Chuan	Ngo Yit Sung
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments*	Please refer to the key information regarding the Directors set out on page 10 in the “Board of Directors” section	Please refer to the key information regarding the Directors set out on page 11 in the “Board of Directors” section
Other Directorships for the past 5 years	China Commercial Credit Inc	TOTM Technologies Limited International Biometrics Pte. Ltd. Netlink VJ Pte Ltd Eneco Energy Limited
Other Present Directorships	Legion Consortium Limited Republic Healthcare Limited YSH Advisory Pte. Ltd. YSH Advisory II Pte. Ltd.	RichLand Logistics Services Pte Ltd World Precision Machinery Limited
Disclosure applicable to appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable	Not applicable
If yes, please provide details of prior experience.		
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.	Not applicable	Not applicable
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).	Not applicable	Not applicable

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 Declaration of Independence Form pursuant to Provision 2.1 of the Code and in accordance with Rule 406(3)(d) of the Catalist Rules.

For FY2024, the NC had reviewed the independence of the Independent Directors by considering the Declaration of Independence Form for FY2024 submitted by the Independent Directors and determined Mr. Yeo Teck Chuan and Mr. Ngo Yit Sung to be independent and free from any of the relationships outlined in the Code and Rule 406(3)(d) of the Catalist Rules. The Directors have also confirmed their own independence and the Board concurred with the NC’s views.

CORPORATE GOVERNANCE REPORT

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.

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.

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

Name of Director ⁽¹⁾	Date of first appointment / last re-election	Directorships in other listed companies	
		Current	Past 3 Years
Zhao Chichun (Executive Director and CEO)	3 July 2021 / 26 April 2024	Nil	Nil
Zhou, Liyang (Executive Director)	7 July 2023 / 26 April 2024	Nil	Nil
Huo Lei (Non-Executive and Non-Independent Director)	1 September 2014 / 26 April 2023	Nil	Nil
Yeo Teck Chuan (Non-Executive Chairman and Independent Director)	2 December 2021 / 28 April 2022	Legion Consortium Limited ⁽²⁾ Republic Healthcare Limited ⁽³⁾	Nil
Ngo Yit Sung (Independent Director)	1 October 2024 / N.A.	World Precision Machinery Limited ⁽⁴⁾	TOTM Technologies Limited ⁽⁵⁾ Eneco Energy Limited ⁽⁶⁾

Notes:

- (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 December 2020.
- (3) Listed on the Hong Kong Stock Exchange and is appointed since August 2021.
- (4) Listed on the SGX-ST Mainboard and is appointed with effect from 2 February 2024.
- (5) Listed on the SGX-ST Catalist board and resigned with effect from 1 March 2023.
- (6) Listed on the SGX-ST Mainboard and resigned with effect from 31 December 2024.

CORPORATE GOVERNANCE REPORT

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 FY2024, 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 metrics; (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 the ability to devote sufficient time (for Non-Executive Directors), after considering the following key performance criteria of the Board:

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

The Chairmen 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 FY2024, which also 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 further improved. 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.

CORPORATE GOVERNANCE REPORT

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 who shall be Non-Executive Directors, a majority of whom, including the RC Chairman shall be independent.

The composition of the RC is as follows:

Ngo Yit Sung (Independent Director)	- RC Chairman
Yeo Teck Chuan (Non-Executive Chairman and Independent Director)	- RC Member
Huo Lei (Non-Executive and Non-Independent Director)	- RC Member

For more information on the changes to the composition of the RC during FY2024, please refer to Provision 1.5 above.

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:

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;
4. ensuring that the remuneration of the Non-Executive Directors is appropriate to the level of 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 proposed by 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.

CORPORATE GOVERNANCE REPORT

The RC held one (1) meeting and the principal activities of the RC in FY2024 are summarised below:

- a. reviewed the findings of the performance evaluation of the RC;
- b. reviewed the remuneration of each of the Directors of the Company and the CEO for FY2024;
- c. 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);
- d. reviewed and recommended to the Board the Directors' fees;
- e. reviewed the terms of service agreement for the renewal of/entry into the service agreement(s) of Executive Directors and/or CEO, if any;
- f. reviewed and approved the updated Terms of Reference of the RC and recommended the same to the Board for approval; and
- g. reviewed and recommended to the Board the Special Bonus.

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 those 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 internal and/or external expert advice on the remuneration of all Directors and key management personnel. The Company did not engage any remuneration consultant for FY2024.

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.

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.

CORPORATE GOVERNANCE REPORT

LEVEL AND MIX OF REMUNERATION DISCLOSURE ON REMUNERATION

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

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

Provisions 7.1 to 7.3 – Level and mix of remuneration

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

Provisions 8.1 to 8.3 – Directors' remuneration/fees and remuneration of the 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 and variable components. The fixed component consists of a basic salary and annual wage supplement. To ensure that the remuneration packages of Executive Directors and key management personnel 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 such variable component in the remuneration of executive directors and key management personnel 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:

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

CORPORATE GOVERNANCE REPORT

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 fixed 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\$97,868 for the financial year ending 31 December 2025, payable half-yearly in arrears (FY2024: S\$125,997). This recommendation has 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 FY2024, 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 remuneration of each individual Director, CEO and key management personnel for FY2024 is set out below:

Name	Fees	Salaries	Variable/ Performance- related Income/ Bonus	Benefits in kind	Other long- term incentives	Total
	%	%	%	%	%	
RMB'000						
<u>Executive Director and CEO:</u>						
Zhao Chichun	-	11	89	-	-	5,646
<u>Executive Director:</u>						
Zhou, Liyang	-	25	75	-	-	1,999
S\$'000						
<u>Non-Executive Directors:</u>						
Huo Lei	100	-	-	-	-	40
Ho Teck Cheong ⁽¹⁾	100	-	-	-	-	30
Zhang Lei ⁽²⁾	100	-	-	-	-	13
Yeo Teck Chuan	100	-	-	-	-	38
Ngo Yit Sung ⁽³⁾	100	-	-	-	-	5
%						
<u>Key Management Personnel:</u>						
<u>Below S\$250,000</u>						
Ho Hin Yip	-	100	-	-	-	100
Liang Qianyun ⁽⁴⁾	-	100	-	-	-	100
<u>Above S\$250,000</u>						
Xiao Weibiao ⁽⁵⁾	-	7	93	-	-	100

CORPORATE GOVERNANCE REPORT

Notes:

- (1) Mr. Ho Teck Cheong retired as Non-Executive Chairman and Independent Director of the Company on 26 April 2024. His Director's fee was pro-rated from 1 January 2024 to 25 April 2024.
- (2) Ms. Zhang Lei resigned as Independent Director of the Company on 1 October 2024. Her Director's fee was pro-rated from 1 January 2024 to 30 September 2024.
- (3) Mr. Ngo Yit Sung was appointed as Independent Director of the Company with effect from 1 October 2024.
- (4) Ms. Liang Qianyun was appointed as Accounting Director of the Group with effect from 24 June 2024.
- (5) Mr. Xiao Weibiao resigned as Accounting Director of the Group on 24 June 2024.

Notwithstanding the provisions of the Code, as there were only three (3) key management personnel (who is not a Director or the CEO) during FY2024, 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 FY2024 was approximately RMB2.7million.

There are no termination, retirement and post-employment benefits plan that may be granted to Directors and the aforementioned three (3) key management personnel (who is not a Director or the CEO) for FY2024.

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 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(b) 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 and variable performance bonus.

For FY2024, there are no employees who are substantial Shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000.

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

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

CORPORATE GOVERNANCE REPORT

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 environment control 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 31 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 information 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 implemented within 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 Ms. Liang Qianyun, Accounting Director, who are also the key management personnel having authority and responsibility for planning, directing and controlling the business and operational activities of the Group, that as at 31 December 2024:-

- (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 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.

In line with the Catalist 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 FY2024. 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 Catalist Rules.

CORPORATE GOVERNANCE REPORT

Rule 1204(10) of the Catalyst Rules

The internal audit function of the Group performs risk assessment and conducts review on the adequacy and effectiveness of the Group's material internal controls, that addresses the Group's financial, operational, compliance and information technology controls, as well as risk management systems. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews and endorses the internal audit plan and internal audit reports of the Group.

No material internal control weaknesses had been raised by the internal auditor in the course of their audits for FY2024.

Based on the Group's risk management framework, and the internal controls established and maintained by the Group including financial, operational, compliance and information technology controls, work performed by the in-house internal auditor 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 2024 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 FY2024.

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 who shall be Non-Executive Directors, and a majority of whom including the AC Chairman shall be independent.

The composition of the AC is as follows:

Yeo Teck Chuan (Non-Executive Chairman and Independent Director)	- AC Chairman
Ngo Yit Sung (Independent Director)	- AC Member
Huo Lei (Non-Executive and Non-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 effectively. 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;

CORPORATE GOVERNANCE REPORT

2. reviewing and reporting to the Board on the adequacy and effectiveness of the Company's risk management framework and internal controls, including areas in relation to financial reporting and other financial-related risk and controls (and to the extent delegated to it by the Board);
3. reviewing the assurance from the Executive Directors, the CEO, the Accounting Director 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, and monitoring Management's response to their findings to ensure that appropriate follow-up measures are taken;
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 whistle-blowing process in the Company; and
9. reviewing all Interested Person Transactions ("**IPTs**") and Related Party Transactions.

Summary of the AC's activities in FY2024

The AC meets with the Group's in-house internal auditor and external auditors and Management to review internal controls, accounting, auditing and financial reporting matters so as to ensure that an effective system of controls is maintained. In performing its functions for FY2024, 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 IPTs, if any.
- (v) reviewed the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.
- (vi) met with the Group's in-house internal auditor and external auditors during the financial year under review without the presence of Management to discuss their findings set out in their respective reports to the AC. Both the in-house internal auditor 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.
- (ii) reviewed the half-yearly and full year unaudited results announcement and the audited financial statements and recommended the same to the Board for approval.
- (viii) 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 RMB1,568,000 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.

- (ix) 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.

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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 Catalist Rules.

- (x) confirmed that the Company had complied with Rule 715(2) of the Catalist Rules in relation to the appointment of the same auditing firm to audit its foreign-incorporated subsidiaries. The Group's subsidiaries are disclosed under Note 13 of the Notes to the Financial Statements of this Annual Report.
- (xi) reviewed and updated the Whistle-Blowing Policy and recommended the same to the Board for approval.
- (xii) reviewed and approved the updated Terms of Reference of the AC and recommended the same to the Board for approval.

The AC has full access to the external auditors and the internal auditors and has met with them at least once during FY2024 without the presence of the Management.

The external auditors and/or the Group Financial Controller will keep the AC abreast of changes to accounting standards, requirements 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 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, malpractice or improper conduct within the Group, in a responsible and effective manner.

The Whistle-Blowing Policy is in line with 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 whistle-blower against detrimental or unfair treatment. While the policy is meant to protect the whistle-blower 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 necessary confidentiality, and that no other person harasses or victimises the whistle-blower.

The Company has designated an independent function to investigate whistle-blowing reports made in good faith. The Administrator, Mr. Huo Lei, our Non-Executive and Non-Independent Director, and/or the Chairman of the AC shall promptly initiate an independent investigation of the whistle-blowing 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 the whistle-blowing function. Following the investigation of the whistle-blowing report, the Administrator, Mr. Huo Lei or such other appropriate officer shall promptly provide detailed information of the investigation to the AC. Appropriate and corrective action will be taken if warranted by the investigation. External parties or professional advisors can be enlisted at the Group's expense, to assist in conducting any investigation and/or to provide appropriate advice.

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

CORPORATE GOVERNANCE REPORT

A summary of all the whistle-blowing reports shall be reported to the AC at least annually by the Administrator. There were no whistle-blowing reports received for FY2024.

Provision 10.4 – Internal Audit Rule 1204(10C) of the Catalist Rules

For FY2024, the Group's internal audit function is carried out independently by its in-house internal audit department ("**Internal Audit Department**") comprising of 6 staff and is headed by Ms. Wang Linlin, who has more than 10 years of experience in the accounting industry and at least 15 years of experience in internal audit.

Each member of the Internal Audit Department possesses relevant qualifications and experience and is guided by the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Internal Audit Department operates under clearly defined terms of reference which sets out its reporting structure, roles and responsibilities, workflow and processes. Each member of the Internal Audit Department is independent of the activities he/she audits and does not undertake any operational responsibility or authority over any of the activities within its audit scope. In addition, the Internal Audit Department has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC and reports primarily and directly to the AC Chairman on all internal audit matters and findings, if any, from the audit process.

Annually, the Group's internal audit plan is formulated based on a risk-based approach to review the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The internal audit plan is developed in consultation with, but independent of Management. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal audit function and recommendations for improvements are reported to the AC.

For FY2024, the AC had reviewed the findings of the Internal Audit Department and the adequacy and effectiveness of the internal audit function to ensure that the internal audit function is adequately resourced, is able to perform its function effectively and objectively, and internal audits are performed by competent professional staff.

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.

The AC will also approve the appointment, removal, evaluation and compensation of the head of the internal audit function.

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' 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 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

CORPORATE GOVERNANCE REPORT

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 informing Shareholders of the rules governing general meetings of Shareholders 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.

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, the NC and the 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 the 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 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 2023 ("**FY2023**") was held on 26 April 2024 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.

The Physical Meeting with respect to the Company's forthcoming AGM for FY2024 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 flow 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 FY2024 as the Company recorded a loss for FY2024.

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) announcements or press releases on 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 any inadvertent disclosure is made to a select group, the Company will make available the same disclosure publicly 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.

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

MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

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

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

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

To understand and better manage stakeholders' expectations, the Group engages and fosters trusted relationships through listening to their views and responding to their concerns. The frequency of ongoing engagements 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 FY2024, 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, to communicate and engage with stakeholders.

All pertinent information 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 has established and maintains an internal compliance code of conduct to provide guidance to its Directors, key officers and employees regarding dealings in the Company's securities and insider trading implications (the "**Securities Code**"), in compliance with Rule 1204(19) of the Catalist Rules.

In line with the Securities 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 and ending one day after the release of the announcement of the relevant results and price sensitive information. 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 has adhered to its Securities Code for FY2024.

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 IPTs. All IPTs 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 FY2024 pursuant to the disclosure under Rule 907 of 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 Shareholders for IPTs.

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 FY2024 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

No non-sponsor fees were paid/payable to the Company's Sponsor, ZICO Capital for FY2024.



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SUSTAINABILITY REPORT 2024

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 annual sustainability report for the reporting period from 1 January 2024 to 31 December 2024 (“**FY2024**”) (“**Sustainability Report**”).

In an era increasingly impacted by the intensifying effects of climate change, the Company remains steadfast in its commitment to the environmental, social, and governance (“**ESG**”) pillars of corporate sustainability to ensure the resilience and longevity of our kiwifruit business. Our orchards, which are located in Hubei, experienced rising temperatures and prolonged rainy weather in FY2024, leading to a significant reduction in kiwifruit harvest volumes. To address these challenges, we are dedicated to staying at the forefront of agricultural innovation, leveraging our extensive expertise and research partnerships in agricultural cultivation to adopt new solutions that enhance product quality and yields, while minimizing environmental impact.

In relation to environmental sustainability, we achieved our annual reduction target of 3-5% in water, electricity and fuel usage. This year’s report has expanded on last year’s inaugural reporting of climate-related risks and opportunities, in line with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)’s phased approach for climate-related disclosures.

On the social sustainability front, we are proud to report zero serious or fatal incidents at our workplaces in 2024. We remain committed to fostering gender and age diversity in our hiring practices.

For governance sustainability, we upheld our strong ethical standards, with zero reported cases of violations, misconduct, fraud, or other governance concerns in 2024. We also continued to carefully assess our supplier network, working with 50 suppliers in 2024 without experiencing any supply disruptions.

In this Sustainability Report, we present a comprehensive overview of our ESG performance. Much like the cultivation of kiwifruit, corporate sustainability is a long-term journey of learning, action, and continuous improvement before yielding results. We remain committed to this journey and look forward to reaping the rewards of transforming into a strong, responsible and productive organization that actively contributes to a sustainable future.

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

Yeo Teck Chuan
Non-Executive Chairman and Independent Director

SUSTAINABILITY REPORT 2024

ABOUT THIS REPORT

This report is the fourth 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 gain a clearer understanding of the Group's progress and strategic direction.

Report Scope

This report covers the period of FY2024. 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 Section B: Rules of Catalist ("**Catalist Rules**"), as well as the guidelines set out in the Practice Note 7F: Sustainability Reporting Guide of the Catalist Rules. The six reporting components prescribed by Rule 711B of the Catalist Rules underline the key structure of this report.

The Group has selected the Global Reporting Initiative ("**GRI**") Standards as the reporting framework as the Group believes that it provides robust guidance and is widely accepted as a global standard for sustainability reporting. This year's report has been prepared with reference to the GRI Universal Standards 2021. This would provide us time to review the applicable GRI Sector Standards – GRI 13: *Agriculture, Aquaculture, and Fishing Sectors 2022* – which is a requirement for reporting in accordance with the GRI Universal Standards. This decision reflects our commitment to ensuring that our reporting is meaningful, balanced and feasible within our operational and resource capabilities.

Climate-related disclosures in this report build on last year's inaugural reporting and take reference from the recommended phased approach in SGX Practice Note 7F Sustainability Reporting Guide, consistent with the Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations. The SGX made an announcement in September 2024 for all issuers to adopt the new International Financial Reporting Standards ("**IFRS**") Sustainability Disclosure Standards for climate-related disclosures for the financial year starting 1 January 2025 onwards. The Group will take the necessary steps to comply with the new reporting requirements commencing with next year's sustainability report.

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 2025. 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.

¹ <https://www.sgxgroup.com/media-centre/20240923-sgx-regco-start-incorporating-ifs-sustainability-disclosure>

SUSTAINABILITY REPORT 2024

SUSTAINABILITY PERFORMANCE

The table below presents our FY2023 and FY2024 performance on key sustainability indicators and the targets for FY2024 and the current financial year ending 31 December 2025 ("FY2025"):

Disclosures	FY2023 Performance	FY2024 Targets	FY2024 Performance	FY2025 Targets
Human Resource	<ul style="list-style-type: none"> 215 permanent staff and 190 contract workers. For permanent staff, gender ratio of 34.9% female to 65.1% male, and 20.0% of the workforce were aged 50 and above. 	<ul style="list-style-type: none"> Improve the gender and age diversity of the workforce – target not met. 	<ul style="list-style-type: none"> 207 permanent staff and 120 contract workers. For permanent staff, gender ratio of 33.8% female to 66.2% male, and 16.4% of the workforce were aged 50 and above. 	<ul style="list-style-type: none"> Improve the gender and age diversity of the workforce.
Governance and Safety	<ul style="list-style-type: none"> No reported cases of violations, misconduct, fraud or any other form of wrongdoing or concerns. No serious or fatal incidents at the Group's workplaces. 	<ul style="list-style-type: none"> Maintain zero reported cases of violations, misconduct, fraud or any other form of wrongdoing or concerns – target met. Maintain zero serious or fatal incidents at the Group's workplaces – target met. 	<ul style="list-style-type: none"> No reported cases of violations, misconduct, fraud or any other form of wrongdoing or concerns. No serious or fatal incidents at the Group's workplaces. 	<ul style="list-style-type: none"> Maintain zero reported cases of violations, misconduct, fraud or any other form of wrongdoing or concerns. Maintain zero serious or fatal incidents at the Group's workplaces.
Resource Usage	<ul style="list-style-type: none"> 10,480 tonnes of water (-8.6% YoY). 296,500 kWh of electricity (-16.1% YoY). 54,847 litres of fuel (-4.1% YoY). 	<ul style="list-style-type: none"> Reduce resource usage by 3-5% - target met for water, electricity and fuel. 	<ul style="list-style-type: none"> 10,039 tonnes of water (-4.2% YoY). 286,300 kWh of electricity (-3.4% YoY). 52,958 litres of fuel (-3.4% YoY). 	<ul style="list-style-type: none"> Reduce resource usage by 3-5%.

SUSTAINABILITY REPORT 2024

SUSTAINABILITY APPROACH AND GOVERNANCE

The Group is committed to a balanced approach to sustainability, integrating comprehensive consideration of ESG factors across our business operations. This approach encompasses optimising resource utilisation, minimising environmental impact at our orchards, promoting the health and well-being of our workforce, maintaining compliance with relevant laws and regulations, and implementing a robust system to manage both operational and corporate risks.

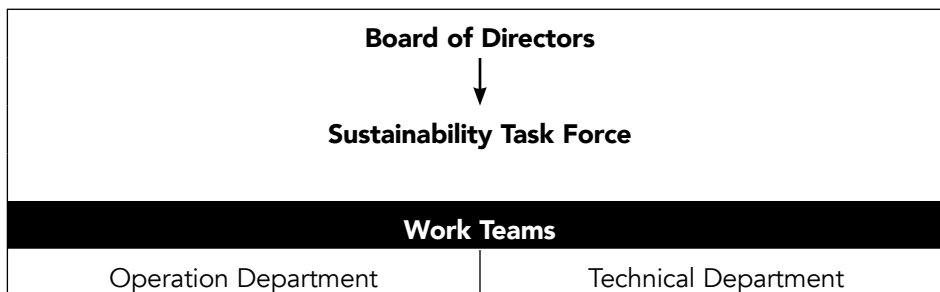
Corporate and Sustainability Governance

The Board is dedicated to upholding and maintaining high standards of corporate governance within the Group by adhering to the principles and provisions of the Code of Corporate Governance 2018 (the “Code”). This commitment aims to safeguard 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 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 provides regular updates to the Board, which includes urgent sustainability-related issues of critical concern.

The Group has established a Sustainability Task Force, which includes members from the Operation and Technical Departments, to oversee and implement various sustainability-related initiatives and measures.



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 2024

SUSTAINABILITY APPROACH AND GOVERNANCE

Whistle-blowing and Fraud

The Group has established a whistle-blowing policy to ensure any instances of misconduct or inappropriate behaviour are promptly addressed. This policy helps uphold high ethical standards of accountability, transparency, and integrity for all stakeholders, reinforcing the Group's commitment to maintaining a responsible and trustworthy business environment.

The Whistle-blowing policy instituted by the Group aims to:

- Establish a reliable and secure channel for employees, vendors, customers, and other stakeholders to report violations, misconduct, wrongdoing, or concerns, particularly those related to fraud, internal controls, or ethical issues involving the Company, the Group, or its employees, while ensuring they can whistle-blow in good faith without fear of retaliation; and
- Ensure robust mechanisms are in place to support independent investigations of reported concerns and to enable the implementation of appropriate follow-up actions.

For FY2024, 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 rigorously sources and thoroughly evaluates its suppliers to ensure they adhere to the specific procurement policies and guidelines in place. The goal is to work with consistent, reliable, and cost-effective suppliers to minimise potential supply chain disruptions. Additionally, the Group ensures that no Directors or Executive Officers have any involvement in or dependence on any specific industrial, commercial, or financial contracts with any supplier, further safeguarding the integrity of its operations. Altogether, there were 50 suppliers with no supply disruptions in FY2024.

The Group continued adopting the following structured process to review and approve new suppliers:

- Suppliers or prospective 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 2024

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

SUSTAINABILITY REPORT 2024

STAKEHOLDERS ENGAGEMENT

External Initiatives

The Group is dedicated to upholding the highest standards of food and product quality management systems to meet and exceed the expectations of our customers and stakeholders. To achieve this goal, we maintain ongoing collaborations with various research institutions and experts in the agricultural sector within the PRC, including 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 FY2024, the Group assessed that FY2023's material factors remained relevant and appropriate for the Group's sustainability reporting:

- **Food Quality and Safety** – The Group is committed to ensuring that the kiwifruits we cultivate and sell meets the highest quality standards. This commitment not only protects our customers' health and satisfaction but also enhances our brand reputation in the market and provides a steady income stream to sustain the business over the long term.
- **Human Resource** – People are the Group's most valuable asset. They ensure the smooth operation of the entire value chain, drive innovation, enhance our products and processes, and keep us ahead of the competition. The Group adheres to all applicable labour laws, social insurance regulations, and housing fund requirements in the PRC.
- **Environmental Conservation** – The Group minimises environmental impact and safeguards natural assets to ensure our orchards remain productive. This commitment also helps create a clean and healthy environment for our workers and communities.

SUSTAINABILITY REPORT 2024

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°Bx.

Quality Assurance

We adopt an end-to-end value chain approach to ensuring the quality and freshness of our kiwifruit. This begins with a comprehensive site assessment of potential orchard locations, evaluating factors like soil fertility, gentle terrain for optimal irrigation, stable weather conditions, and accessible transport infrastructure. We also actively seek new plant variety rights to diversify and expand our product offerings.

In FY2024, of the five applications for plant variety rights submitted to the relevant authorities, Xianwo (先沃) No. 7 and Xianwo (先沃) No. 8 plant variety rights have obtained approval while the applications for the three other varieties were terminated due to adaptability issues.

Our in-house horticultural team employs the latest techniques to enhance the resilience and yield of bearer plants. Each bearer plant is tagged with global positioning system ("GPS") coordinates and assigned a unique Quick Response (QR) code, enabling precise data collection and monitoring. This system tracks essential details such as the plant's location, variety, planting date, yield, irrigation schedule, weeding frequency, any contracted plant diseases, and the staff member responsible for its care.

The kiwifruit growing season typically spans up to 240 days, with cultivation practices carefully adapted to align with seasonal and climatic factors, including rainfall, temperature, and weather conditions. This approach ensures consistency in both the quality and yield of kiwifruit for each harvest.

During harvest season, kiwifruits are picked by hand once they reach the optimal ripeness. Skilled handlers ensure that fruits are not harvested prematurely, handling each with care to preserve quality.

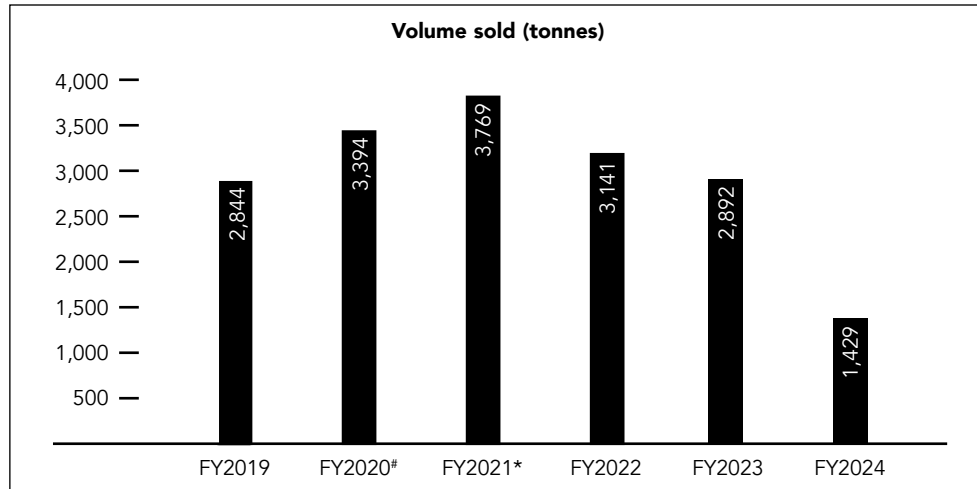
The harvested kiwifruits are packed and stored at our centralised Packing Facility in Chibi City, Hubei Province, China, which spans about 12,605 square meters. We utilise an integrated, automated assembly line equipped with sensor technology to efficiently manage and monitor the inventory flow of the harvested kiwifruits. Upon arrival, the kiwifruits undergo a series of processes, including sterilisation, cleaning, quality control, sorting, cold storage, and fresh packaging, all tailored to meet with customers' demands and specifications. Our quality control team carefully inspect the kiwifruits thereafter to ensure they meet our stringent internal standards.

Our kiwifruits are sold through three primary channels, -- distributorship, wholesale, and e-commerce platforms such as Tmall.com, Taobao, and JD.com. The sales and marketing activities are handled by a dedicated sales team comprising 8 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 2024

FOOD QUALITY AND SAFETY

The volume of kiwifruits sold in FY2024 and the previous five years is shown in the chart below.



Notes:

Unaudited financial results

* Six months ended 31 December 2021 with respect to the continued operations of the Group in the kiwifruit business.

Research and Certification

The Group is dedicated to advancing kiwifruit cultivation through scientific and technological innovation to ensure superior quality, sustainable practices, and continuous improvement. Our in-house research laboratory, staffed with skilled university graduates and diploma holders, conducts in-depth research on various aspects of kiwifruit breeds, enhancing cultivation techniques and supporting our commitment to high standards in both product and environmental stewardship.

The Group complies with all relevant food safety regulations in the PRC, including the Agricultural Product Quality Safety Law of China and the Food Safety Law of China. Our planting and production processes meet the stringent Green Food Grade A standards to ensure the highest levels of food safety. Additionally, our food safety management system is ISO 22000 certified, reflecting international best practices. In FY2024, we reported zero incidents of non-compliance related to the health and safety aspects of our harvested kiwifruits and are committed to upholding this standard in FY2025.

SUSTAINABILITY REPORT 2024

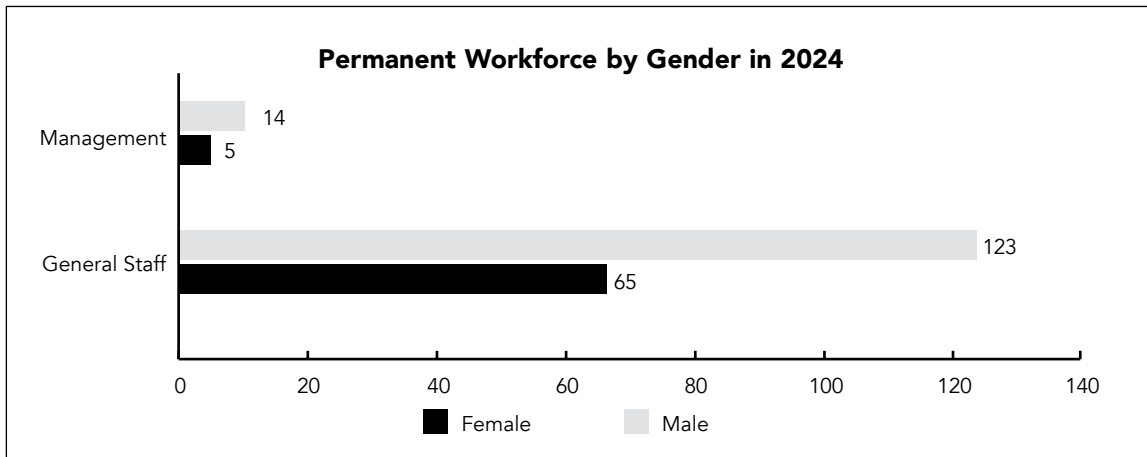
HUMAN RESOURCE

Staff Profile

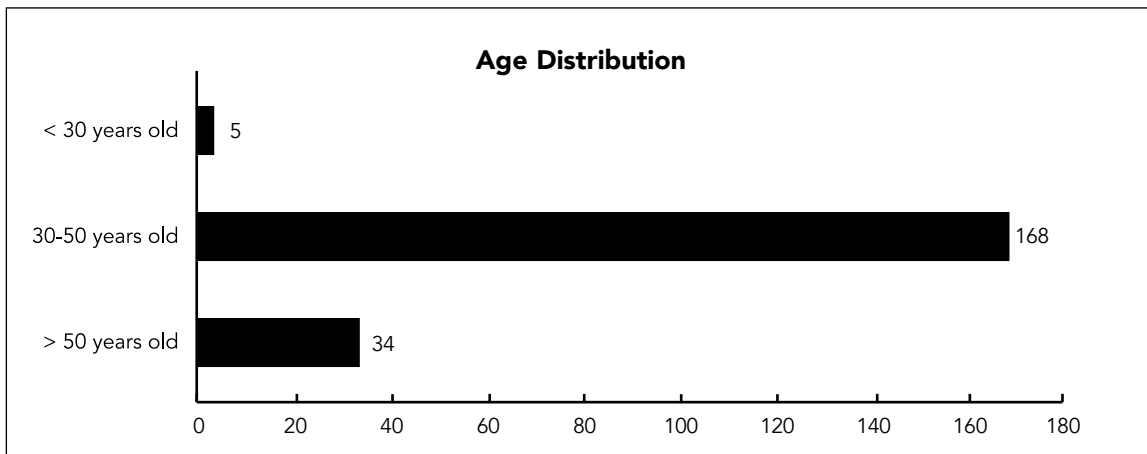
In FY2024, our workforce consisted of 207 permanent staff and 120 contract workers, compared to 215 permanent staff and 190 contract workers in FY2023. Contract workers were engaged to support our operations, particularly during the peak kiwifruit cultivation and harvesting period from September to October.

During FY2024, we onboarded 9 new employees (4.3% of the permanent workforce) while experiencing a turnover of 15 individuals (7.2% of the permanent workforce).

The FY2024 target of sustaining gender and age diversity of the workforce was not met. Regarding gender diversity, 26.3% of our management and 34.6% of our general staff were female in FY2024, compared to 25.0% and 35.9%, respectively, in FY2023. Overall, female made up 33.8% of the permanent workforce in FY2024, as compared to 34.9% in FY2023.



16.4% of our permanent workforce were more than 50 years old in FY2024, compared to 20.0% in FY2023.



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 2024

HUMAN RESOURCE

Staff Remuneration

Our employees are the foundation of the Group's success. We value their dedication and are committed to recognising their efforts, supporting their growth, and fostering their talents. We are committed to a fair remuneration system to create a positive work environment and drives deep employee commitment to the organisation.

In FY2024, we maintained our commitment to fair and competitive compensation, considering employees' education, experience, and skills. Our performance-based evaluation system includes regular assessments by peers and management, resulting in ratings of general, good, or excellent.

The employee salary structure remains unchanged, comprising a base salary, years-of-service increment, and additional allowances. Actual take-home pay may differ from the total calculated salary due to standard deductions like social insurance contributions and personal income tax. Eligible employees receive allowances for mobile phones, housing, and fuel expenses, offering support for various aspects of both their professional responsibilities and personal lives.

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 offers a comprehensive range of employee benefits designed to promote staff welfare and well-being while fostering a family-friendly work environment. All employees receive an annual on-the-job physical examination, with the company covering the costs. Additionally, employees enjoy special benefits for their 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 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 parent, spouse or child (including biological, adoptive, step, parents-in-law or grandparents)
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 2024

HUMAN RESOURCE

Training and Development

The Group places a strong emphasis on training its employees to equip them with the essential technical skills and knowledge needed to enhance their operational capabilities and productivity. All new hires undergo a comprehensive 48-hour training program. To promote continuous professional development, the Group engages employees through on-site training sessions and a variety of technology and technical-related seminars held throughout the year. By prioritising continuous learning and skill development, we enable our employees to maximise their potential and adapt to the changing requirements of their roles and the industry. We believe that supporting personal growth will enhance organisational performance and foster sustainable, long-term business success.

In FY2024, the total training hours amounted to 1,674 hours, remaining consistent with FY2023. A total of 186 employees attended a variety of training courses designed to enhance their knowledge and foundational skills, with an average of 9 training hours per employees.

Production system personnel received training in kiwifruit cultivation techniques, as well as operational methods and procedures. Packaging staff focused on training related to equipment operation, packaging quality standards, and storage management. Company-wide sessions emphasised safety in production management and system standardisation management.

We organise monthly sharing sessions to engage with our employees. In July 2024, our production staff took part in an inspection and exchange trip to Sichuan, Yunnan, and Guangxi, aimed at fostering professional growth and facilitating knowledge sharing. The year wrapped up with our annual company meeting, which emphasised organisational goals and priorities for the coming year while serving as a forum for open dialogue and feedback.

Occupational Safety and Health

In accordance with the labour laws of the People's Republic of China (中华人民共和国劳动法), the Group is obligated to, and has established and implemented a system that ensures occupational safety and health. This includes educating employees on these matters, preventing work-related accidents, and minimizing occupational hazards.

The Group provides the necessary training to its staff on matters relating to occupational health and safety. This training encompasses on-the-job learning, where senior personnel impart skills and knowledge to junior staff and new hires. It covers standard operating procedures, safe work practices, and the proper handling of machinery and equipment. Additionally, the Group conducts periodic internal safety checks to ensure compliance across the organisation.

We met the FY2024 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 2025 and beyond.

Corporate Social Responsibility

The Group places a strong emphasis on corporate social responsibility (CSR) by actively engaging with local communities surrounding our orchards and operations. Land leasing fees paid by the Group contribute to the income of local villagers, who also benefit from employment opportunities. Our operations generate employment, positively impacting the livelihoods of the workers and their families. To further enhance community well-being, the Group leads initiatives such as technical training and skills development programs for employees. Additionally, the Group also collaborates with Xianning Profession and Technology Training College to provide students with valuable research, development, and technical training opportunities.

SUSTAINABILITY REPORT 2024

ENVIRONMENTAL CONSERVATION

Minimising Environmental Impacts

In FY2024, 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 arable land becoming barren. Thus, we adopted the following measures to mitigate our impact to the environment:

- 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; and
- 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 to FY2024 was as follows:

Resource	FY2022	FY2023	FY2024
Water (tonnes)	11,472	10,480 (-8.6% YOY)	10,039 (-4.2% YOY)
Electricity (10,000 kWh)	35.33	29.65 (-16.1% YOY)	28.63 (-3.4% YOY)
Fuel (i.e. petrol for vehicles) (litres)	57,191	54,847 (-4.1% YOY)	52,958 (-3.4% YOY)

We met the FY2024 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 maintain the annual target of reducing resource usage by 3% to 5% in FY2025 by improving on existing conservation measures.

SUSTAINABILITY REPORT 2024

ENVIRONMENTAL CONSERVATION

Greenhouse Gas ("GHG") Emissions

Estimated Scope 1 direct and Scope 2 indirect emissions for FY2022 to FY2024 are as follows:

Type of Emissions	FY2022 (Restated)*	FY2023 (Restated)*	FY2024	Remarks
Scope 1 direct emissions from mobile combustion (i.e. petrol for vehicular use)	130,967 kgCO ₂	125,600 kgCO ₂ (-4.1% YOY)	121,274 kgCO ₂ (-3.4% YOY)	Petrol emission factor = 2.29 kgCO ₂ per litre (Source: GHG Protocol)
Scope 2 indirect emissions from purchased electricity	201,487 kgCO ₂	169,094 kgCO ₂ (-16.1% YOY)	163,277 kgCO ₂ (-3.4% YOY)	Grid emission factor = 0.5703 tCO ₂ per MWh (Source: GHG Protocol)
Total of Scope 1 and Scope 2 emissions	332,454 kgCO ₂	294,694 kgCO ₂ (-11.4% YOY)	284,551 kgCO ₂ (-3.4% YOY)	
Scope 1 and Scope 2 emission intensity in kgCO ₂ per RMB of revenue	0.0039 kgCO ₂ /RMB	0.0040 kgCO ₂ /RMB (+2.9% YOY)	0.0147 kgCO ₂ /RMB (+266.3% YOY)	

Note:

* The petrol emission and grid emission factors are sourced from the GHG Emission Factors worksheet updated in March 2024. These updated emission factors have been applied to the FY2022 and FY2023 data for comparability, and the Scope 1 and Scope 2 emissions have been restated as compared to last year's report.

Climate-Related Risks and Opportunities

The Group started the identification of climate-related risks and opportunities in FY2023 by analysing the impact of climate change on agricultural practices and studying how comparable businesses are managing their climate-related risks and opportunities.

Extreme weather conditions can affect fruit yields and determine whether the harvested fruit meets commercial standards, directly impacting annual revenue and cash flow. The kiwifruit orchards of the Group, located in Chibi City, Hubei, China, experienced continuous rainy weather during the pollination period in April 2024. This reduced the pollination rate and impacted fruit set, i.e. the transition phase of the ovary from the flower to the developing fruit. In addition, from July to September 2024, Chibi experienced extreme high temperatures ranging from 39°C to 40°C, with the highest recorded temperature reaching 40.7°C.

As part of the climate assessment in FY2024, the Group examined two different scenarios with the help of an external consultant. These scenarios are based on the Sixth Assessment Report on climate change published by the Intergovernmental Panel on Climate Change ("IPCC") in March 2023²:

- **Optimistic scenario** - whereby the world would reach or exceed 1.5°C during the 21st century with a likelihood of ≤67%, and limit warming to 1.5°C in 2100 with a likelihood >50%, in line with the Paris Agreement. The impacts of climate change would be relatively less adverse. Extreme weather events become less frequent and less severe, reducing the physical risks associated with climate change for businesses. Additionally, companies that have proactively invested in climate resilience measures and sustainable practices benefit from enhanced operational efficiency and reduced exposure to regulatory and reputational risks. This scenario assumes the implementation of strict carbon mitigation regulations, a societal shift toward renewable energy and increased market demand for sustainable products and services.

² https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf

SUSTAINABILITY REPORT 2024

ENVIRONMENTAL CONSERVATION

- Pessimistic scenario** - whereby the world would limit peak warming to 3°C throughout the 21st century with a likelihood of >50%, exacerbating climate-related risks such as sea-level rise, extreme temperatures, and natural disasters. Companies could face escalating physical risks from climate change, including damage to agricultural produce, disruption of supply chains and loss of assets.

This scenario assumes that global mitigation efforts fall short with geopolitical tensions in place. Climate policies exist in a fragmented manner and are significantly less aggressive than in the Paris-aligned scenario. The physical impacts of climate change worsen, transition risks are moderate, and companies will need to focus on climate adaptation as much as if not more so than emission mitigation.

In the optimistic scenario, the Group may need to comply with stricter decarbonisation mandates, rapidly transit to renewable energy, and take advantage of the growing demand for sustainable products and services. Conversely, in the pessimistic scenario, the Group may need to focus on risk mitigation and invest in adaptation measures, particularly to safeguard fruit yields as well as protect the safety and well-being of employees.

The divergent scenarios would help the Group to frame the physical risks, transition risks and climate-related opportunities in terms of assessing potential impacts and identifying possible mitigation measures over the short-term (i.e. within 5 years), medium-term (i.e. 5-10 years) and long-term (i.e. beyond 10 years). Physical risks include crop damage, changes in the growing season, increased exposure to pests and pathogens, and business disruptions from extreme weather events and rising temperatures. Transition risks are business-related risks related to societal and economic shifts toward a low-carbon future, including policy and regulatory risks, rising compliance and insurance costs, obsolete infrastructure, technological risks, market risks and reputational risks.

We use GHG emissions as the primary metrics to assess climate-related risks and opportunities insofar as an increase in GHG emissions would expose the Group to higher levels of climate-related risks. For instance, rising Scope 1 and Scope 2 emissions could result in increased operational costs and exacerbate physical risks associated with climate change. Conversely, improving emissions performance presents opportunities to enhance operational efficiency, reduce costs and improve climate resilience. Thus, our annual goal is to continue optimising resource usage for water, electricity and fuel. We could consider switching to greener fuels and renewable energy where practical, considering availability, cost-effectiveness, government regulations and operational requirements.

Details of the Group’s analysis of climate-related physical risks, transition risks and opportunities are spelt out in the table below.

Description	Qualitative Impacts	Mitigation Measures
Physical Risks (i.e. climate-related risks that can result in physical damage)		
Extreme weather events (short-term)	<ul style="list-style-type: none"> Increased frequency and intensity of storms, floods, or droughts in the orchard regions. Potential damage to kiwifruit crops, infrastructure and disruption to operations. 	<ul style="list-style-type: none"> Monitor weather changes promptly and take appropriate measures in a timely manner. For example, during drought conditions, ensure adequate water reserves and bag the fruit expeditiously to safeguard quality. Implement resilient agricultural practices, invest in weather-resistant infrastructure, and establish emergency response plans to mitigate and manage the impact of extreme weather events.

SUSTAINABILITY REPORT 2024

Description	Qualitative Impacts	Mitigation Measures
Gradual changes in weather patterns (medium to long-term)	<ul style="list-style-type: none"> • Unpredictable temperature fluctuations affecting kiwifruit growth and development. • Altered flowering and harvesting seasons, potentially impacting crop quality and yields. • Increased risk of exposure to pests and pathogens from rising temperatures • Increase in the number of high temperature days could amplify heat stress risks on orchard workers. 	<ul style="list-style-type: none"> • Explore kiwifruit varieties resilient to temperature variations, invest in climate-controlled technologies, and adjust planting schedules based on climate forecasts. • Develop plans and measures to protect orchard workers against heat stress risks.
Transition Risks (i.e. climate-related risks as businesses transition to a low-carbon economy)		
Regulatory changes (medium to long-term)	<ul style="list-style-type: none"> • Introduction of new environmental regulations or carbon pricing affecting agricultural practices. • Increased compliance costs and potential restrictions on traditional farming methods. • Changes in climate-related reporting rules and processes as mandated by the SGX or other authorities. 	<ul style="list-style-type: none"> • Stay informed on evolving regulations, engage with regulatory authorities, and proactively adopt sustainable farming practices to align with potential future requirements. For instance, the Environmental Protection Law of the People's Republic of China mandates that all enterprises, including agricultural ones, prioritise environmental protection and reduce pollutive emissions during their production and operations.
Market demand shifts (medium to long-term)	<ul style="list-style-type: none"> • Changing consumer preferences towards sustainably sourced or climate-friendly products. • Potential decline in demand for kiwifruit that is not sustainably cultivated. 	<ul style="list-style-type: none"> • Develop better demand projections. • Emphasise sustainable farming practices in communications, and explore green certifications to meet evolving consumer expectations.
Energy transition (short to medium-term)	<ul style="list-style-type: none"> • Shifts in energy availability or pricing affecting the cost of orchard operations. • Increased energy costs impacting overall operational expenses. 	<ul style="list-style-type: none"> • Explore energy-efficient technologies and renewable energy sources to manage energy-related risks.

SUSTAINABILITY REPORT 2024

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

SUSTAINABILITY REPORT 2024

GRI CONTENT INDEX

Statement of use	China Shenshan Orchard Holdings Co. Ltd. has reported with reference to with the GRI Standards 2021 for the period 1 January 2024 to 31 December 2024.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021		
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, Message from the Board
2-4	Restatements of information	Greenhouse Gas ("GHG") Emissions
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

SUSTAINABILITY REPORT 2024

GRI CONTENT INDEX

GRI Standard	Disclosure	Location
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
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
GRI 3: Material Topics 2021		
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
Food Quality and Safety		
GRI 416: Customer Health and Safety		
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
Human Resource		
GRI 401: Employment		
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
GRI 403: Occupational Health and Safety		
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 2024

GRI CONTENT INDEX

GRI Standard	Disclosure	Location
GRI 404: Training and Education		
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
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	Staff Profile, Human Resource
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Corporate Social Responsibility, Human Resource
Environmental Conservation		
GRI 302: Energy		
302-1	Energy consumption within the organisation	Resource Usage, Environmental Conservation
302-4	Reduction of energy consumption	Resource Usage, Environmental Conservation
GRI 303: Water and Effluents		
303-5	Water consumption	Resource Usage, Environmental Conservation
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas ("GHG") Emissions, Environmental Conservation
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas ("GHG") Emissions, Environmental Conservation
305-4	GHG emissions intensity	Greenhouse Gas ("GHG") Emissions, Environmental Conservation

SUSTAINABILITY REPORT 2024

TCFD INDEX

TCFD Thematic Areas	Recommended Disclosures	Remarks and References
1. Governance 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 Sustainability Approach and Governance 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 Sustainability Approach and Governance section.
2. Strategy 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 Climate-Related Risks and Opportunities of the Environmental Conservation section.
	b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	See the Climate-Related Risks and Opportunities of the Environmental Conservation section.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	See the Climate-Related Risks and Opportunities of the Environmental Conservation section.

SUSTAINABILITY REPORT 2024

TCFD INDEX

TCFD Thematic Areas	Recommended Disclosures	Remarks and References
3. Risk Management 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 Climate-Related Risks and Opportunities of the Environmental Conservation 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 Sustainability Approach and Governance section.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	
4. Metrics and Targets 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	See the Climate-Related Risks and Opportunities of the Environmental Conservation section.
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See the Greenhouse Gas ("GHG") Emissions of the Environmental Conservation section.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See the Climate-Related Risks and Opportunities of the Environmental Conservation section.

FINANCIAL CONTENTS

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DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of China Shenshan Orchard Holdings Co. Ltd. (the "**Company**") and its subsidiaries (collectively known as the "**Group**") for the financial year ended 31 December 2024 ("**FY2024**").

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)

Yeo Teck Chuan (Non-Executive Chairman and Independent Director)

Ngo Yit Sung (Independent Director) - appointed with effect from 1 October 2024

Huo Lei (Non-Executive and Non-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 FY2024, 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 FY2024; and (ii) as at the 21st day after the end of FY2024, 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 ⁽¹⁾		
	As at the beginning of financial year	As at the end of financial year	As at 21 January 2025	As at the beginning of financial year	As at the end of financial year	As at 21 January 2025

Ordinary shares of the Company

Zhao Chichun	-	-	-	13,162,649	13,162,649	13,162,649
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⁽¹⁾ Zhao Chichun is the sole shareholder of Easy Direct International Limited ("**Easy Direct**"), which was incorporated for the purpose of facilitating 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 of the Company held through a nominee account with UOB Kay Hian Private Limited pursuant to 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 30 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 of the Company subsisting for FY2024.

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 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 Annual General Meeting of the Company.

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

8 April 2025

Zhou, Liyang

Director

STATEMENT BY DIRECTORS

We, Zhao Chichun and Zhou, Liyang, being two of the Directors of the Company, hereby state that, in the opinion of the Directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereto, set out on pages 72 to 112, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended on that date; 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 8 April 2025.

ON BEHALF OF THE BOARD OF DIRECTORS

Zhao Chichun

Director

8 April 2025

Zhou, Liyang

Director

INDEPENDENT JOINT AUDITORS' REPORT

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



Opinion

We have audited the financial statements of China Shenshan Orchard Holdings Co. Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 72 to 112, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024;
- 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 2024, 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)

INDEPENDENT JOINT AUDITORS' REPORT

Key audit matter	Audit response
<p>Valuation of biological assets</p> <p>For the year ended 31 December 2024, a gain arising from change in fair value less costs to sell of biological assets of approximately RMB15,776,000 was recorded in the consolidated statement of comprehensive income. To support management's estimation of the fair value, the Group engaged an independent professional valuer as the management's expert to assist the management in assessing the fair value effect arising from the biological assets.</p> <p>This area is identified as a key audit matter due to the significant management judgement required in the valuation of the Group's biological assets which are dependent on certain key assumptions and estimations. The valuation was inherently subjective due to the significant estimates used and significant changes in these estimates could result in material changes to the valuation of the biological assets.</p> <hr/> <p>Refer to notes 4.6, 5(iii) and 16 of the accompanying financial statements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> (i) Assessing the appropriateness of the methodology used by management in valuation of biological assets; (ii) Assessing the reasonableness of the underlying key assumptions and estimations used; (iii) Checking the appropriateness of key input data used by management's expert in the valuation of biological assets; (iv) Evaluating the competency, capabilities and objectivity of the management's expert; and (v) Evaluating the adequacy of disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises all the information included in the Company's 2024 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes 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 Wing Yin from BDO Limited.

BDO LLP

Public Accountants and Chartered Accountants
Singapore

8 April 2025

BDO Limited

Certified Public Accountants
Hong Kong

8 April 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	19,305	73,238
Cost of sales		<u>(17,027)</u>	(63,126)
Gross profit		2,278	10,112
Gain arising from changes in fair value less costs to sell of biological assets	16	15,776	59,881
Other gains and (losses)	7	(28,553)	4,836
Selling and distribution expenses		(3,042)	(3,133)
Administrative expenses		(47,772)	(32,759)
Other operating expenses		<u>(43,474)</u>	(33,437)
Operating (loss)/profit	8	(104,787)	5,500
Finance costs	9	<u>-</u>	(7)
(Loss)/profit before income tax		(104,787)	5,493
Income tax credit	11	<u>5,370</u>	4,851
(Loss)/profit for the year, attributable to owners of the Parent		(99,417)	10,344
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(378)</u>	(148)
Other comprehensive income for the year, net of tax amounting to RMBnil (2023: RMBnil)		<u>(378)</u>	(148)
Total comprehensive (loss)/income for the year attributable to owners of the Parent		(99,795)	10,196
(Loss)/profit per share for (loss)/profit attributable to owners of the Parent during the year	12		
- Basic and diluted		<u>(RMB1.25)</u>	RMB0.13

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Notes	Group		Company	
		As at 31 December		As at 31 December	
		2024	2023	2024	2023
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Interests in subsidiaries	13	-	-	952,120	952,120
Property, plant and equipment	14	1,041,913	1,112,034	-	-
Deposit paid for property, plant and equipment		327	327	-	-
Prepayment	17	20,000	12,000	-	-
Intangible assets	15	4,870	5,368	-	-
		1,067,110	1,129,729	952,120	952,120
Current assets					
Inventories and consumables	18	899	645	-	-
Trade receivables	19	9,822	33,589	-	-
Prepayments, deposits and other receivables	17	929	835	-	-
Cash and cash equivalents	20	118,652	138,316	5	5
		130,302	173,385	5	5
Current liabilities					
Trade payables		1,733	1,374	-	-
Amounts due to subsidiaries	22	-	-	32,959	29,474
Accrued liabilities and other payables	21	14,835	15,020	1,732	2,124
Lease liabilities	23	45	40	-	-
Deferred government grants	24	478	478	-	-
Provision for income tax		732	434	-	-
		17,823	17,346	34,691	31,598
Net current assets/(liabilities)		112,479	156,039	(34,686)	(31,593)
Total assets less current liabilities		1,179,589	1,285,768	917,434	920,527
Non-current liabilities					
Lease liabilities	23	9,121	9,167	-	-
Deferred government grants	24	11,090	11,568	-	-
Deferred tax liabilities	25	213,898	219,758	-	-
		234,109	240,493	-	-
Net assets		945,480	1,045,275	917,434	920,527
EQUITY					
Equity attributable to owners of the Parent					
Share capital	26	279,499	279,499	279,499	279,499
Reserves	27	665,981	765,776	637,935	641,028
Total equity		945,480	1,045,275	917,434	920,527

Zhou Liyang
DirectorZhao Chichun
Director

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2024

GROUP

	Share capital	Share premium*	Statutory reserves*	Translation reserve*	Retained profits*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2023	279,499	656,811	12,709	(26,497)	112,557	1,035,079
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)	-
Balance as at 31 December 2023 and 1 January 2024	279,499	656,811	15,571	(26,645)	120,039	1,045,275
Loss for the year	-	-	-	-	(99,417)	(99,417)
Other comprehensive income						
- Exchange differences on translation of foreign operations	-	-	-	(378)	-	(378)
Total comprehensive loss for the year	-	-	-	(378)	(99,417)	(99,795)
Balance as at 31 December 2024	279,499	656,811	15,571	(27,023)	20,622	945,480

* These reserve accounts comprise the consolidated reserves of RMB665,981,000 (2023: RMB765,776,000) in the consolidated statement of financial position.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2024

COMPANY

	Share capital	Share premium** (Note 27)	Translation reserve** (Note 4.15)	Retained profits**	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2023	279,499	656,811	(26,078)	13,716	923,948
Loss for the year	-	-	-	(2,707)	(2,707)
Other comprehensive income					
- Exchange differences on translation of financial statements	-	-	(714)	-	(714)
Total comprehensive loss for the year	-	-	(714)	(2,707)	(3,421)
Balance as at 31 December 2023 and 1 January 2024	279,499	656,811	(26,792)	11,009	920,527
Loss for the year	-	-	-	(1,964)	(1,964)
Other comprehensive income					
- Exchange differences on translation of financial statements	-	-	(1,129)	-	(1,129)
Total comprehensive loss for the year	-	-	(1,129)	(1,964)	(3,093)
Balance as at 31 December 2024	279,499	656,811	(27,921)	9,045	917,434

** These reserve accounts comprise the Company's reserves of RMB637,935,000 (2023: RMB641,028,000) in the Company's statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
(Loss)/profit before income tax		(104,787)	5,493
Adjustments for:			
Bank interest income		(278)	(315)
Interest expenses		-	7
Depreciation of property, plant and equipment		43,041	29,438
Property, plant and equipment written off	14	33,435	1,048
Loss of disposal of property, plant and equipment	14	1,092	-
Amortisation of intangible assets	15	498	503
Compensation received	7	(3,250)	-
Amortisation of deferred government grants	7	(478)	(478)
Exchange loss		31	102
		(30,696)	35,798
(Increase)/decrease in inventories		(254)	517
Decrease in trade receivables		23,767	6,821
(Increase)/decrease in prepayments, deposits and other receivables		(94)	1,016
Increase/(decrease) in trade payables		359	(1,521)
Increase/(decrease) in accrued liabilities and other payables		7,149	(349)
Cash generated from operations		231	42,282
Income taxes paid		(192)	(828)
Net cash generated from operating activities		39	41,454
Cash flows from investing activities			
Purchases of property, plant and equipment	14	(5,976)	(5,102)
Prepayment for intangible assets		(8,000)	(12,000)
Proceed from disposal of property, plant and equipment		5	2
Compensation received		3,250	-
Interest received		278	315
Net cash used in investing activities		(10,443)	(16,785)
Cash flows from financing activities			
Repayments of bank loan	33	-	(13,600)
Repayment of principal on lease liabilities	33	(41)	(37)
Repayment of interest on lease liabilities	33	(748)	(752)
Interest paid	33	-	(288)
(Repayment to)/advance from a director	33	(8,478)	2,327
Net cash used in financing activities		(9,267)	(12,350)
Net (decrease)/increase in cash and cash equivalents		(19,671)	12,319
Cash and cash equivalents at beginning of year		138,316	125,992
Effect of foreign exchange rate changes		7	5
Cash and cash equivalents at end of year		118,652	138,316

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 has transferred its listing from Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) to the Catalist board (“Catalist”) of the SGX-ST with effect from Wednesday, 20 March 2024. Trading of the Company’s shares on the Catalist commenced 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 2024 were approved for issue by the Board of Directors on 8 April 2025.

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	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The new or amended IFRS Accounting Standards that are effective from 1 January 2024 did not have any significant impact on the Group’s accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

3 ADOPTION OF IFRS ACCOUNTING STANDARDS (Continued)

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 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments ²
Annual Improvement to IFRS Accounting Standards – Volume 11	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability ³

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual periods beginning on or after 1 January 2027

Other than IFRS 18 for which the directors of the Company are still evaluating the impact to the presentation and disclosure in the consolidated financial statements, the directors of the Company anticipate that the application of these new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 will replace IAS 1 Presentation of Financial Statements. IFRS 18, which was published by the IASB on 9 April 2024, sets out significant new requirements for how financial statements are presented, with particular focus on:

The statement of profit or loss, including requirements for mandatory sub-totals to be presented. IFRS 18 introduces requirements for items of income and expense to be classified into one of five categories in the statement of profit or loss. This classification results in certain sub-totals being presented, such as the sum of all items of income and expense in the operating category comprising the new mandatory 'operating profit or loss' sub-total.

Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.

Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards with adjustments made (e.g. 'adjusted profit or loss'). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards.

The aim of the IASB in publishing IFRS 18 is to improve comparability and transparency of companies' performance reporting. IFRS 18 has also resulted in narrow changes to the statement of cash flows.

IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4.3 Property, plant and equipment (Continued)

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

Right-of-use assets	Over the lease term and 46 – 50 years
Leasehold buildings	Over the shorter of lease terms and useful lives of 20 – 50 years
Plant and machinery	2 - 10 years
Furniture, fixtures and office equipment	5 years
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.

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 Group's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

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 investments in 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4.8 Financial assets (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**4.8 Financial assets (Continued)*****Impairment loss on financial assets (Continued)***

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

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 operates only in one business segment, which is the plantation segment.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 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 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 amount of trade receivables is disclosed in note 19 to the consolidated financial statements.

(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.

(v) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. These assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or CGU and determines a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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:

	Group	
	2024	2023
	RMB'000	RMB'000
Sales of Fresh Fruits	19,305	73,238
Timing of revenue recognition		
Point in time	19,305	73,238

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 includes the following customers with whom transactions have exceeded 10% of the Group's revenue. Revenue derived from these customers is as follows:

	Revenue from external customers	
	2024	2023
	RMB'000	RMB'000
Customer A	6,004	7,390
Customer B	2,995	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 2024

7. OTHER GAINS AND (LOSSES)

	Group	
	2024	2023
	RMB'000	RMB'000
Bank interest income	278	315
Government grants		
- relating to property, plant and equipment, and prepaid land lease for own use	478	478
- other grants (note)	1,960	3,925
Compensation received from government for the resumption of land	3,250	-
Loss of written off of property, plant and equipment	(33,435)	-
Loss of disposal of property, plant and equipment	(1,092)	-
Others	8	118
	(28,553)	4,836

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	
	2024	2023
	RMB'000	RMB'000
(a) Employee benefit expenses		
Directors' remuneration	8,326	2,257
Salaries, wages and other benefits	29,955	18,903
Retirement benefits scheme contributions	2,236	2,478
	40,517	23,638
The employee benefit expenses are recognised in the following line items:		
Cost of sales	304	670
Selling	2,347	1,627
Administrative	33,743	15,981
Other operating expenses	4,123	5,360
	40,517	23,638
(b) Cost of sales		
Cost of inventories recognised as an expense	16,714	62,443

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

8. OPERATING PROFIT (Continued)

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

	Group	
	2024	2023
	RMB'000	RMB'000
(c) Other items:		
Depreciation of property, plant and equipment		
- owned assets	42,698	29,074
- right-of-use assets	343	364
	43,041	29,438
Amortisation of intangible assets	498	503
Amortisation of deferred government grants	(478)	(478)
Plantation cost of mature bearer plants	5,553	8,957

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

Selling	490	843
Administrative	4,594	5,111
Other operating expenses	37,957	23,484
	43,041	29,438

9. FINANCE COSTS

	Group	
	2024	2023
	RMB'000	RMB'000
Interest on lease liabilities	748	752
Interest on bank loans	-	288
	748	1,040
Less: Amounts capitalised on property, plant and equipment	(748)	(1,033)
	-	7

For the year ended 31 December 2024, the capitalisation rate of 100% used to determine the amount of borrowing costs to be capitalised applicable to the entity's specific borrowings.

For the year ended 31 December 2023, the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate 9.01% applicable to the entity's general borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. DIRECTORS' REMUNERATION

For the year ended 31 December 2024 and 2023, the remuneration of the directors of the Company analysed into the following bands is disclosed in compliance with Rule 1204(10D) of the Listing Manual of SGX-ST:

	Executive directors	Non-executive directors	Total
For the year ended 31 December 2024			
Above S\$500,000 (equivalent to RMB2,897,000)	1	-	1
S\$250,001 - S\$500,000 (equivalent to RMB1,448,000 – RMB2,897,000)	1	-	1
Below S\$250,000 (equivalent to RMB1,448,000)	-	5	5
For the year ended 31 December 2023			
Below S\$250,000 (equivalent to RMB1,271,000)	2	4	6

11. INCOME TAX CREDIT

	Group	
	2024 RMB'000	2023 RMB'000
Current tax – Mainland China		
- Charge for the year	490	1,009
Deferred tax (note 25)	(5,860)	(5,860)
Income tax credit	(5,370)	(4,851)

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% (2023: 25%) on the assessable profits of the PRC subsidiaries of the Group in accordance with the PRC Enterprise Income Tax Law. Enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption on profits derived from agricultural business. The Group located in the PRC engaged in qualifying agricultural business is entitled to full exemption of enterprise income tax on profits derived from agricultural business.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. INCOME TAX CREDIT (Continued)

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

	2024	2023
	RMB'000	RMB'000
(Loss)/profit before income tax	(104,787)	5,493
Tax at the applicable tax rate of 25%	(26,197)	1,373
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of non-deductible expenses	35,649	33,115
Effect of non-taxable income	(8,962)	(33,479)
Effect of temporary difference not recognised	(5,860)	(5,860)
Income tax credit	(5,370)	(4,851)

12. (LOSS)/PROFIT PER SHARE

Basic (loss)/profit per share is calculated based on the Group's loss attributable to owners of the Company of RMB99,417,000 (2023: profit attributable to owners of the Company of RMB10,344,000) divided by the weighted average number of 79,828,927 (2023: 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 2024 and 2023. Accordingly, the diluted loss/profit per share presented are the same as the basic loss/profit per share.

13. INTERESTS IN SUBSIDIARIES

	Company	
	2024	2023
	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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries at 31 December 2024 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 2024

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
Year ended 31 December 2023									
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)
Closing net carrying amount	19,793	22,889	803	1,167	212	34,218	1,015,920	17,032	1,112,034
At 31 December 2023									
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)
Net carrying amount	19,793	22,889	803	1,167	212	34,218	1,015,920	17,032	1,112,034

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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
	(Note (ii))						(Note (i))	(Note (iii), (iv))	
Year ended 31 December 2024									
Opening net carrying amount	19,793	22,889	803	1,167	212	34,218	1,015,920	17,032	1,112,034
Additions	-	2,080	9	-	-	-	8,431	-	10,520
Written off	(8,820)	(359)	(2)	-	-	(372)	(23,882)	-	(33,435)
Transfer	-	779	-	(779)	-	-	-	-	-
Depreciation	(1,362)	(5,142)	(710)	-	(83)	(2,736)	(35,608)	(468)	(46,109)
Disposal	-	(94)	(4)	-	-	(999)	-	-	(1,097)
Closing net carrying amount	9,611	20,153	96	388	129	30,111	964,861	16,564	1,041,913
At 31 December 2024									
Cost	15,212	35,660	2,509	388	649	37,421	1,074,579	18,198	1,184,616
Accumulated depreciation and impairment	(5,601)	(15,507)	(2,413)	-	(520)	(7,310)	(109,718)	(1,634)	(142,703)
Net carrying amount	9,611	20,153	96	388	129	30,111	964,861	16,564	1,041,913

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	2024 RMB'000	2023 RMB'000
Additions of property, plant and equipment	10,520	8,757
Less:		
Other payables	(728)	(63)
Finance cost capitalised to bearer plants	(748)	(1,033)
Depreciation of right-of-use assets capitalised to bearer plants	(125)	(102)
Depreciation of other property, plant and equipment capitalised to bearer plants	(2,943)	(2,457)
Cash payments made to acquire property, plant and equipment	<u>5,976</u>	<u>5,102</u>

Notes:

- (i) The Group had written off bearer plants of approximately RMB23,882,000 (2023: RMB1,048,000) due to the withered and removed trees.
- (ii) As at 31 December 2024, certificates of ownership in respect of certain buildings of the Group in Mainland China with an aggregate net carrying amount of RMB1,480,000 (2023: of RMB1,942,000) 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 2024.
- (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 2024, the capitalised depreciation of right-of-use assets were approximately RMB125,000 (2023: RMB102,000).
- (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 2024, the capitalised depreciation was approximately RMB2,943,000 (2023: RMB2,457,000).
- (vi) The Group is exposed to a number of risks related to fruits trees plantation. Details are as set out in note 16.
- (vii) Prepaid land lease payment represented the Group's leasehold interests under operating leases in land located in Mainland China.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. INTANGIBLE ASSETS

	Group Licensing rights RMB'000
Year ended 31 December 2023	
Opening net carrying amount	5,871
Amortisation	(503)
Closing net carrying amount	5,368
At 31 December 2023	
Cost	6,661
Accumulated amortisation and impairment	(1,293)
Net carrying amount	5,368
Year ended 31 December 2024	
Opening net carrying amount	5,368
Amortisation	(498)
Closing net carrying amount	4,870
At 31 December 2024	
Cost	6,661
Accumulated amortisation and impairment	(1,791)
Net carrying amount	4,870

As at 31 December 2024 and 2023, the licensing rights related to trademark and plant variety rights for kiwifruits.

16. BIOLOGICAL ASSETS

	Fresh Fruits RMB'000
At 1 January 2023	-
Gain arising from changes in fair value less costs to sell	59,881
Transfer of harvested fresh fruits to inventories	(59,881)
At 31 December 2023 and 1 January 2024	-
Gain arising from changes in fair value less costs to sell	15,776
Transfer of harvested fresh fruits to inventories	(15,776)
At 31 December 2024	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. BIOLOGICAL ASSETS (Continued)

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

	Group	
	2024	2023
Estimated fair value less costs to sell (RMB'000)		
Fresh fruits	15,776	59,881
Estimated quantity (kg)		
Fresh fruits	1,553,937	2,903,745

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:

	Group	
	2024	2023
Opening balance (level 3 recurring fair value)	-	-
Gain arising from changes in fair value less costs to sell	15,776	59,881
Transfer to inventories	(15,776)	(59,881)
Closing balance (level 3 recurring fair value)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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
			2023	2024	
Biological assets (i.e. Fresh Fruits)	Market approach	Prices of similar transactions	RMB12.62 - RMB29.65 per kg	RMB7.18 - RMB15.95 per kg	The estimated fair value would increase/ (decrease) if: - The prices of similar transactions was higher/(lower) - The packaging fee was lower/(higher)
		Average packaging fee per kilogram	RMB1.59 per kg	RMB1.45 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 2024

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	
	2024	2023
	RMB'000	RMB'000
Non-current		
Prepayment	20,000	12,000
Current		
Prepayments	828	724
Other receivables	82	92
VAT receivables	19	19
	929	835

In the previous year ended 31 December 2023, the Group has entered into an agreement for acquiring exclusive kiwifruit variety licensing rights for RMB20,000,000. The consideration has been fully settled by the Group during the year in accordance with the relevant agreement (2023: RMB12,000,000).

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 2024.

18. INVENTORIES AND CONSUMABLES

	Group	
	2024	2023
	RMB'000	RMB'000
Consumables	899	645

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. TRADE RECEIVABLES

	Group	
	2024	2023
	RMB'000	RMB'000
Trade receivables	9,822	33,589
Less: allowance for impairment of trade receivables	-	-
	9,822	33,589

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

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

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

	Group	
	2024	2023
	RMB'000	RMB'000
0 to 30 days	-	6
31 to 60 days	6	83
61 to 90 days	7,792	25,267
91 to 180 days	2,024	8,233
	9,822	33,589

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 31.4.

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 RMB118,447,000 (2023: RMB138,117,000) 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 2024 was 0.2% (2023: 0.2%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

20. CASH AND CASH EQUIVALENTS (Continued)

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

	2024	2023
	RMB'000	RMB'000
HKD	199	194
USD	6	5

21. ACCRUED LIABILITIES AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued liabilities and provisions	3,993	4,393	1,732	2,124
VAT and other payables	10,842	10,627	-	-
	14,835	15,020	1,732	2,124

As at 31 December 2024, the Group's other payables include an amount of RMB974,000 (2023: RMB9,137,000) 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:

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
HKD	3,171	11,376	1,732	1,776
SGD	291	226	-	226

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 2024

23. 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.

	Woodlands RMB'000
At 1 January 2023	9,244
Interest expenses	752
Lease payments	(789)
At 31 December 2023 and 1 January 2024	9,207
Interest expenses	748
Lease payments	(789)
At 31 December 2024	9,166

Future lease payments are due as follows:

	Group	
	2024	2023
	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	25,086	25,875
	26,664	27,453
Less: future interest expenses	(17,498)	(18,246)
Present value of lease liabilities	9,166	9,207

The present value of future lease payments are analysed as:

	Group	
	2024	2023
	RMB'000	RMB'000
Current liabilities	45	40
Non-current liabilities	9,121	9,167
	9,166	9,207

The Group discounted the lease liabilities at the weighted average incremental borrowing rate of 8.89% for the year ended 31 December 2024 (2023: 8.89%).

The interest of lease liabilities was capitalised into the cost of bearer plants. For the year ended 31 December 2024, the interest of liabilities was approximately RMB748,000 (2023: RMB752,000). Please refer to note 9 for details of the interest on lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

24. DEFERRED GOVERNMENT GRANTS

	Group	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	12,046	12,524
Amortisation	(478)	(478)
At end of the year	11,568	12,046
Less: Current portion	(478)	(478)
Non-current portion	11,090	11,568

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.

25. DEFERRED TAXATION

The movement of the deferred tax liabilities is as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
At beginning of year	219,758	225,618
Credited to profit or loss (note 11)	(5,860)	(5,860)
At end of year	213,898	219,758

As at 31 December 2024 and 2023, 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 2024, temporary differences relating to the undistributed profits of a subsidiary amounted to RMB90,474,000 (2023: RMB136,082,000). No deferred tax liabilities have been recognised as at 31 December 2024 and 2023 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

26. SHARE CAPITAL

	Par value	Number of ordinary shares (in '000)	RMB'000
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Authorised:

At 1 January 2023, 31 December 2023 and 2024 (HK\$4.00 per share)	HK\$4.0	100,000	371,239
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Issued:

At 1 January 2023, 31 December 2023 and 2024 (HK\$4.00 per share)	HK\$4.0	79,829	279,499
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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.

27. 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.

28. COMMITMENTS - GROUP

Capital commitments

The Group had the following outstanding capital commitments:

	Group	
	2024	2023
	RMB'000	RMB'000

Contracted, but not provided for, in respect of:

- Property, plant and equipment, including CIP	187	187
- Intangible asset (note 15)	-	8,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

29. 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\$13,860,000), based on a price of NT\$4.97 (equivalent to approximately S\$0.20) 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 judgement would be rendered on 31 May 2023.

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 judgement date without the Company’s appearance at such hearing. Upon the Commercial Court rendered a default judgement 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.

On 1 July 2024, the Company received, through its Taiwan Counsels, the official hearing record from the Commercial Court in relation to the hearing for the Proceedings held on 25 June 2024. The SFIPC responded and stated that it would make a separate submission on the basis of claim relied on and the Commercial Court sought to clarify SFIPC’s method of calculation of the damages, which the Company’s Taiwan Counsels disagreed with. The Commercial Court went through a summary of information received from the TWSE, facts and issues in dispute. Each of SFIPC and the Company stated that it would make submissions on the foregoing. The Commercial Court has scheduled the next hearing on 20 August 2024.

On 27 August 2024, the Company received, through its Taiwan Counsels, the official hearing record from the Commercial Court in relation to the hearing for the Proceedings held on 20 August 2024. The SFIPC had submitted, inter alia, the bases of claims it relied on and its method of calculation of the damages. The Commercial Court informed the Company and SFIPC that there would be a change in the presiding judge of the Proceedings and suggested the Company and SFIPC to enter mediation proceedings. The Company and the SFIPC agreed the suggestion of the Commercial Court and the first mediation proceeding (the “First Mediation”) was held on 20 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

29. CONTINGENT LIABILITIES (Continued)

In relation to the First Mediation, the Company and the SFIPC have elaborated on their respective arguments and perspectives before the Commercial Court. To facilitate further negotiations, the Commercial Court has requested additional information from the TWSE, furthermore, two additional mediation sessions have been scheduled for 14 March 2025 (the "Second Mediation") and 12 June 2025. No conclusive outcome was reached during the First Mediation.

In relation to the Second Mediation, the Company and the SFIPC were still under consideration on the mediation proposal. The Commercial Court has asked SFIPC to make a mediation proposal in the next mediation proceeding. No conclusive outcome was reached during the Second Mediation.

The Proceedings have no further development to the date of this report. 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.

30. 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:

	2024 RMB'000	2023 RMB'000
Expenses paid on behalf of the Group by director of the Company	2,179	2,319
Repayment to a director	10,500	-

The outstanding balances as at 31 December 2024 and 2023 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:

	2024 RMB'000	2023 RMB'000
- Short term employee benefits	11,341	3,643
- Retirement scheme contributions	90	72
	11,431	3,715

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. 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.

31.1 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	
2024	2023	2024	2023
RMB'000	RMB'000	RMB'000	RMB'000

Financial assets

Financial assets measured at amortised cost

- Trade receivables	9,822	33,589	-	-
- Deposits and other receivables	82	92	-	-
- Cash and cash equivalents	118,652	138,316	5	5
	128,556	171,997	5	5

Financial liabilities

Financial liabilities measured at amortised cost

- Trade payables	1,733	1,374	-	-
- Accrued liabilities and other payables	6,128	11,895	1,732	2,124
- Amounts due to subsidiaries	-	-	32,959	29,474
- Lease liabilities	9,166	9,207	-	-
	17,027	22,476	34,691	31,598

31.2 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 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

31.3 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. Bank deposits at floating interest rate expose the Group to cash flow 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 rate of the Group's bank deposits is disclosed in notes 20 to the consolidated financial statements, respectively. At 31 December 2024 and 2023, 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 by RMB890,000 (2023: RMB1,037,000).

31.4 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 2024 (99%) and 31 December 2023 (99%) are mainly maintained with one (2023: 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:

	Group	
	2024	2023
	RMB'000	RMB'000
Current	7,798	25,356
1 to 3 months	2,024	8,233
	9,822	33,589

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

31.4 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.

31.5 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.

31.6 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 2024

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)**31.6 Liquidity risk (Continued)**

The tables below analyse the Group's and Company's financial liabilities into relevant maturity grouping based on the remaining contractual maturities at the reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Group

	Carrying amount	Within one year	More than one year	Total undiscounted amount
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024				
Trade payables	1,733	1,733	-	1,733
Accrued liabilities and other payables	6,128	6,128	-	6,128
Lease liabilities	9,166	789	25,875	26,664
	17,027	8,650	25,875	34,525

As at 31 December 2023

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
	22,476	14,058	26,664	40,722

Company

	Carrying amount	Within one year	Total undiscounted amount
	RMB'000	RMB'000	RMB'000
As at 31 December 2024			
Accrued liabilities and other payables	1,732	1,732	1,732
Amounts due to subsidiaries	32,959	32,959	32,959
As at 31 December 2023			
Accrued liabilities and other payables	2,124	2,124	2,124
Amounts due to subsidiaries	29,474	29,474	29,474

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

31.7 Fair value measurements

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

32. 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 2024 amounted to RMB945,480,000 (2023: RMB1,045,275,000), 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 27(b) to the financial statements. The Group is in compliance with this externally imposed capital requirement for the year ended 31 December 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a. *Major non-cash transactions*

Addition of property, plant and equipment amounting to approximately RMB728,000 (2023: RMB63,000) was not yet settled and included in other payables.

b. *Changes in liabilities arising from financing activities*

	Bank loans	Amount due to a director	Lease liabilities	Interest payable
	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 21)	(Note 23)	
At 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 and 1 January 2024	-	9,137	9,207	-
Changes from financing cash flows				
- Repayment of principal on lease liabilities	-	-	(41)	-
- Repayment of interest on lease liabilities	-	-	(748)	-
- Repayment to a director	-	(8,478)	-	-
Amount capitalised on property, plant and equipment	-	-	748	-
Foreign exchange movement	-	315	-	-
At 31 December 2024	-	974	9,166	-

SHAREHOLDERS' INFORMATION

AS AT 24 MARCH 2025

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 Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	9	0.94	285	0.00
100 - 1,000	293	30.78	188,482	0.24
1,001 - 10,000	511	53.68	2,051,194	2.57
10,001 - 1,000,000	132	13.87	11,459,237	14.35
1,000,001 and above	7	0.73	66,129,729	82.84
	952	100.00	79,828,927	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 24 MARCH 2025

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Easy Direct International Limited ⁽¹⁾	-	-	13,162,649	16.49
Zhao Chichun ⁽¹⁾	-	-	13,162,649	16.49
Hu Chao ⁽¹⁾	-	-	5,265,060	6.60
Treasure Winner Holdings Limited ⁽²⁾	23,551,551	29.50	-	-
Wang Peng ⁽²⁾	-	-	23,551,551	29.50
Keping Guo	8,635,560	10.82	-	-

Notes:

(1) Easy Direct International Limited ("Easy Direct") is incorporated for the purpose of facilitating 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 through Easy Direct.

Mr Zhao Chichun is the sole shareholder of Easy Direct. Through Easy Direct, Mr Zhao Chichun (Executive Director and Chief Executive Officer of the Company) 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 pursuant to 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 pursuant to Section 4 of the SFA.

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

SHAREHOLDERS' INFORMATION

AS AT 24 MARCH 2025

TWENTY LARGEST SHAREHOLDERS AS AT 24 MARCH 2025

No.	Name of Shareholder	Number of Shares	%
1.	UOB KAY HIAN PRIVATE LIMITED	27,683,518	34.68
2.	TREASURE WINNER HOLDINGS LIMITED	17,500,000	21.92
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	8,505,901	10.66
4.	TIGER BROKERS (SINGAPORE) PTE. LTD.	6,090,700	7.63
5.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,366,900	2.96
6.	PHILLIP SECURITIES PTE LTD	1,998,190	2.50
7.	ABN AMRO CLEARING BANK N.V.	1,984,520	2.49
8.	WANG CHUN-JYE	902,200	1.13
9.	DBS NOMINEES (PRIVATE) LIMITED	862,401	1.08
10.	OCBC SECURITIES PRIVATE LIMITED	798,990	1.00
11.	LIM KIM HONG	750,000	0.94
12.	MAYBANK SECURITIES PTE. LTD.	554,500	0.69
13.	LEOW BENG LEE (LIAO MINGLI)	483,000	0.61
14.	LUO BAIWEN	450,000	0.56
15.	HAH TIING SIU	367,770	0.46
16.	MOHAMMED HUMAYUN KABIR	325,500	0.41
17.	TAN PING	273,700	0.34
18.	RAFFLES NOMINEES (PTE.) LIMITED	257,150	0.32
19.	WONG YONG CHYE	253,500	0.32
20.	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	243,500	0.31

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 24 March 2025 and to the best 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 Function Room III, Level 4, 1 Orchard Road, YMCA @ One Orchard, Singapore 238824 on Tuesday, 29 April 2025 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 2024 ("**FY2024**"), together with the Auditors' Report thereon.

(Resolution 1)

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

Mr. Yeo Teck Chuan (retiring pursuant to Bye-Law 86(1))

(Resolution 2)

Mr. Ngo Yit Sung (retiring pursuant to Bye-Law 85(6))

(Resolution 3)

*Mr. Yeo Teck Chuan will, upon re-election as a Director, remain as Non-Executive Chairman and Independent Director of the Company, Chairman of the Audit Committee as well as a member of the Nominating Committee and the Remuneration Committee of the Company. Mr. Yeo Teck Chuan is considered to be independent by the Board of Directors of the Company for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").*

Mr. Ngo Yit Sung will, upon re-election as a Director, remain as an Independent Director of the Company, a member of the Audit Committee as well as Chairman of the Nominating Committee and the Remuneration Committee of the Company. Mr. Ngo Yit Sung is considered to be independent by the Board of Directors of the Company for the purposes of Rule 704(7) of the Catalist Rules.

*The information relating to Mr. Yeo Teck Chuan and Mr. Ngo Yit Sung as required under Rule 720(5) of the Catalist Rules is set out in the corporate governance report in the Annual Report of the Company for FY2024 ("**FY2024 Annual Report**").*

3. To approve the payment of Directors' fees of S\$97,868 for the financial year ending 31 December 2025, to be paid half-yearly in arrears (FY2024: S\$125,997).

[See Explanatory Note (i)]

(Resolution 4)

4. 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 to fix their remuneration.

(Resolution 5)

5. 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 an Ordinary Resolution, with or without any modifications:

NOTICE OF ANNUAL GENERAL MEETING

6. 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:

- (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 sub-division 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

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- (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 (ii)]

(Resolution 6)

By Order of the Board

Ho Hin Yip
Toh Li Ping, Angela
Company Secretaries

14 April 2025

Explanatory Notes to Resolutions to be passed:

- (i) The decrease in the proposed Directors' fees of S\$97,868 for the financial year ending 31 December 2025 to be paid half-yearly in arrears, as compared to the Directors' fees of S\$125,997 for FY2024, is due to an adjustment in the Director's fee for the newly appointed Independent Director of the Company with effect from 1 October 2024.
- (ii) Resolution 6 proposed above, if passed, will empower the Directors to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors 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.

Notes:

General

- The AGM of the Company will be held in a wholly physical format at Function Room III, Level 4, 1 Orchard Road, YMCA @ One Orchard, Singapore 238824 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) for the Company to verify your identity.
- Printed copies of the FY2024 Annual Report 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) ("**Request Form**") will be sent to members of the Company, and the electronic copies of which, together with the FY2024 Annual Report, 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>.

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To receive a physical copy of the FY2024 Annual Report, please complete and return the Request Form to the registered office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 no later than 22 April 2025. Alternatively, you may email the completed Request Form to ChinaShenshan-AGM2025@boardroomlimited.com no later than 22 April 2025. A printed copy of the FY2024 Annual Report 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. A proxy need not 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 investors who hold shares through the Supplementary Retirement Scheme ("**SRS**"), 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
- (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.

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9. The Proxy Form must be submitted through any one of the following manners:
- (a) by depositing a physical copy at the registered office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632; or
 - (b) if submitted electronically, be submitted by email to ChinaShenshan-AGM2025@boardroomlimited.com,
- in each case, no later than 3.30 p.m. (Singapore time) on Saturday, 26 April 2025, 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 resolution(s) 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 Tuesday, 22 April 2025, being at least seven (7) calendar days from the Notice of AGM. Such questions may be submitted in the following manner:
- (a) Shareholders (including SRS investors) may submit their questions electronically by email to ChinaShenshan-AGM2025@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-AGM2025@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:

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- (i) the Shareholder's full name;
- (ii) the Shareholder's address, contact number and email; and
- (iii) 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 the following URL: <https://www.ddhlimited.com/investor-relations> and on SGXNet at the following URL: <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.