

CHINA SHENSHAN ORCHARD HOLDINGS CO. LTD.
(Incorporated in Bermuda)
(Company Registration No. 41457)

MINUTES OF ANNUAL GENERAL MEETING
(“AGM” OR “MEETING”)

PLACE	:	RNN Conference Centre 137 Cecil Street #04-01 Cecil Building Singapore 069537
DATE	:	Friday, 26 April 2024
TIME	:	3.30 p.m.
PRESENT	:	Per the attendance list maintained by the Company.
IN ATTENDANCE	:	Per the attendance list maintained by the Company.
NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR	:	Mr. Ho Teck Cheong

INTRODUCTION & QUORUM

As a quorum was present, Mr. Ho Teck Cheong, the Non-Executive Chairman of the Board and Independent Director of the Company (“**Chairman**”), declared the Meeting open and introduced the Directors who attended the Meeting physically and via zoom.

The Chairman reminded the shareholders of the Company (“**Shareholders**”) to turn off their mobile phones and electronic devices or switch them to “silent” mode, so that there would not be any interruption during the proceedings.

NOTICE

The annual report for financial year ended 31 December 2023 (“**Annual Report**”) and the notice convening the AGM dated 11 April 2024 (“**Notice**”) had been circulated to the Shareholders and the Notice was taken as read.

VOTING BY WAY OF POLL

All resolutions at this Meeting would be voted by way of poll, in compliance with the requirement of the Listing Manual – Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”) that all listed companies conduct voting by poll for all general meetings.

It was noted that the Chairman had been appointed as a proxy by some Shareholders and would be voting in accordance with their instructions. Observers were not permitted to participate or vote at meetings and were therefore, not permitted to ask questions or propose any motion that came before the Meeting. The Chairman further directed the poll on each motion to be taken after all the motions had been formally proposed.

It was further noted that Boardroom Corporate & Advisory Services Pte. Ltd. and CNP Business Advisory Pte. Ltd. had been appointed as Polling Agent and Scrutineer respectively.

QUESTIONS & ANSWERS

The Company had on 21 April 2024 published on the Company's corporate website and SGXNet its responses to the questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, which were received from a Shareholder in advance of the AGM as at the stipulated deadline of 9.00 a.m. (Singapore time) on 19 April 2024, a copy of which is attached to these minutes as Appendix 1.

As there were no questions from the Shareholders at the AGM, the Chairman proceeded with the agenda of the Meeting.

ORDINARY BUSINESS:

ADOPTION OF THE DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 – RESOLUTION 1

The first item on the agenda of the Meeting was to receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2023 together with the Auditors' Report thereon.

The motion for Ordinary Resolution 1 was proposed by the Chairman.

RE-ELECTION OF DIRECTORS – RESOLUTIONS 2 AND 3

The Meeting was informed that Mr. Zhao Chichun was retiring as a Director pursuant to Bye-Law 86(1) of Bye-Laws of the Company and Mr. Zhou, Liyang is retiring as a Director pursuant to Bye-Law 85(6) of the Bye-Laws of the Company. They had signified their consents to continue in office.

Re-election of Mr. Zhao Chichun as a Director – Resolution 2

The motion for the re-election of Mr. Zhao Chichun as a Director of the Company pursuant to Bye-Law 86(1) of Bye-Laws of the Company was proposed by the Chairman.

Re-election of Mr. Zhou, Liyang as a Director – Resolution 3

The motion for the re-election of Mr. Zhou, Liyang as a Director of the Company pursuant to Bye-Law 85(6) of Bye-Laws of the Company was proposed by the Chairman.

RETIREMENT OF MR. HO TECK CHEONG AS A DIRECTOR

As agenda item 3 of the Notice dealt with the retirement of Mr. Ho Teck Cheong as a Director of the Company, the Company's joint secretary, Ms. Toh Li Ping, Angela ("**Ms. Angela Toh**") was requested to update the Meeting on the matter of his retirement.

It was noted that agenda item 3 of the Notice was to note the retirement of Mr. Ho Teck Cheong as a Director of the Company pursuant to Bye-Law 86(1) of the Bye-Laws of the Company at the conclusion of the AGM.

Mr. Ho Teck Cheong had served as an Independent Director of the Company for more than nine years from the date of his first appointment. In the spirit of good corporate governance, Mr. Ho Teck Cheong had expressed that he was not seeking re-election at the AGM.

Accordingly, Mr. Ho Teck Cheong would retire as the Non-Executive Chairman and Independent Director of the Company, Chairman of the Audit Committee (“**AC**”), and a member of the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”) at the conclusion of the AGM.

The Board of Directors expressed its heartfelt gratitude to Mr. Ho Teck Cheong for his invaluable contributions and efforts driving the growth of the Group over the years.

Ms. Angela Toh returned the chair to Mr. Ho Teck Cheong to resume conduct of the Meeting.

DIRECTORS’ FEES – RESOLUTION 4

The Board had recommended the payment of a sum of S\$125,997 as Directors’ fees for the financial year ending 31 December 2024 (“**FY2024**”), to be paid half-yearly in arrears.

The motion for Ordinary Resolution 4 was proposed by the Chairman.

RE-APPOINTMENT OF AUDITORS – RESOLUTION 5

The Meeting was informed that the retiring Auditors, BDO Limited, Certified Public Accountants, Hong Kong, and BDO LLP, Public Accountants and Chartered Accountants, Singapore, had expressed their willingness to continue in office.

The motion for Ordinary Resolution 5 was proposed by the Chairman.

ANY OTHER ORDINARY BUSINESS

As no notice of any other ordinary business has been received by the Secretaries, the Meeting proceeded to deal with the special business of the Meeting.

SPECIAL BUSINESS:

SHARE ISSUE MANDATE – RESOLUTION 6

Resolution 6 is to authorise the Directors to allot and issue shares pursuant to the Bye-laws of the Company and Rule 806 of the Catalist Rules.

The Chairman informed the Shareholders that the text of the resolution was set out under item 7 in the Notice on pages 114 and 115 of the Annual Report.

The motion for Ordinary Resolution 6 as set out under item 7 of the Notice was proposed by the Chairman.

POLLING

Poll procedures were explained by the Scrutineer.

After all the completed poll voting slips were handed to representatives of the Scrutineer, the Chairman suggested to take a 10-minute break at 3.50 p.m. while the Polling Agent and Scrutineer were counting and verifying the votes.

The Meeting was called to order at 4.00 p.m.

RESULTS OF POLL

Following the tabulation of votes as verified by the Scrutineer, the Chairman announced the results of the poll as follows:

Ordinary Resolution 1

	Votes	%
No. of shares for:	50,799,397	100
No. of share against:	0	0

Based on the results of the poll, the Chairman declared Ordinary Resolution 1 carried and IT WAS RESOLVED:

“That the Directors’ Report and the Audited Financial Statements for the financial year ended 31 December 2023 together with the Auditors’ Report be received and adopted.”

Ordinary Resolution 2

	Votes	%
No. of shares for:	50,799,397	100
No. of share against:	0	0

Based on the results of the poll, the Chairman declared Ordinary Resolution 2 carried and IT WAS RESOLVED:

“That Mr. Zhao Chichun be re-elected as a Director of the Company.”

Ordinary Resolution 3

	Votes	%
No. of shares for:	50,799,397	100
No. of share against:	0	0

Based on the results of the poll, the Chairman declared Ordinary Resolution 3 carried and IT WAS RESOLVED:

“That Mr. Zhou, Liyang be re-elected as a Director of the Company.”

Ordinary Resolution 4

	Votes	%
No. of shares for:	50,627,397	99.66
No. of shares against:	172,000	0.34

Based on the results of the poll, the Chairman declared Ordinary Resolution 4 carried and IT WAS RESOLVED:

“That the Directors’ fees of S\$125,997 for the financial year ending 31 December 2024 be approved and that such fee be paid quarterly in arrears.”

Ordinary Resolution 5

	Votes	%
No. of shares for:	50,799,397	100
No. of share against:	0	0

Based on the results of the poll, the Chairman declared Ordinary Resolution 5 carried and IT WAS RESOLVED:

“That BDO Limited, Certified Public Accountants, Hong Kong, and BDO LLP, Public Accountants and Chartered Accountants, Singapore, be re-appointed to act jointly and severally as the Company’s Auditors at a remuneration to be determined by the Directors.”

Ordinary Resolution 6

	Votes	%
No. of shares for:	50,743,597	99.89
No. of shares against:	55,800	0.11

Based on the results of the poll, the Chairman declared Ordinary Resolution 6 carried and IT WAS RESOLVED:

“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 (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-

paragraph (1) above, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution is passed after adjusting for:

- (i) new Shares arising from the conversion or exercise of any convertible securities;
- (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Ordinary Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (iii) any subsequent bonus issue, consolidation or subdivision of Shares.

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

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

CONCLUSION

There being no other business to transact, the Chairman declared the AGM of the Company closed at 4.05 p.m. and thanked everyone for their attendance.

Confirmed as True Record of Proceedings held

Ho Teck Cheong
Non-Executive Chairman and Independent Director

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**RESPONSE TO QUESTIONS RECEIVED FROM A SHAREHOLDER IN RESPECT OF THE
ANNUAL GENERAL MEETING TO BE HELD ON 26 APRIL 2024**

The board of directors ("**Board**") of China Shenshan Orchard Holdings Co. Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the annual report of the Company for the financial year ended 31 December ("**FY**") 2023 and the Notice of Annual General Meeting ("**AGM**") dated 11 April 2024.

The Board would like to thank the shareholder of the Company ("**Shareholder**") who submitted questions in advance of the AGM, which have been reproduced in the Appendix "as-is". Please refer to the Appendix for the Company's responses to the questions received from the Shareholder in relation to the AGM resolutions.

The Company looks forward to further engagement with Shareholders during the AGM.

By Order of the Board

Zhao Chichun
Executive Director and Chief Executive Officer
21 April 2024

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

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

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

APPENDIX – RESPONSES TO QUESTIONS RECEIVED

1. Company’s “Administrative expenses” and “Other operating expenses” appeared to be significantly higher compared to “Gross Profit” for FY2023 as well for FY2022. Can the board provide break-down of these expenses to the shareholders and explain what initiatives it has taken to reduce these costs if any? **Note: Legal expense might have only added max 3.7mill in FY2023.**

Company’s response:

Breakdown for Administrative Expenses:

	FY2023	FY2022
<u>Items</u>	<u>RMB'000</u>	<u>RMB'000</u>
Employee benefits costs	15,981	14,869
Entertainment and travelling expenses	603	775
Amortisation and depreciation	5,615	5,415
Office expenses	636	379
Legal and professional fees	6,932	4,404
Others	2,992	3,258
	32,759	29,100

Breakdown for Other Operating Expenses:

	FY2023	FY2022
<u>Items</u>	<u>RMB'000</u>	<u>RMB'000</u>
Depreciation	23,484	23,865
Plantation costs of mature bearer kiwifruit plants	8,957	9,016
Others	996	522
	33,437	33,403

The employee benefit costs as a percentage of revenue has been relatively constant, typically at around 20%. Meanwhile, amortisation and depreciation costs are fixed costs which will occur every year. Legal and professional fees increased by RMB2.5 million, due to the legal fees incurred in relation to a proceeding brought against the Company in Taiwan, and the court application fee for filing of an appeal to the Supreme Court of Taiwan against the Intellectual Property and Commercial Court of Taiwan’s decision in relation to abovementioned legal proceeding.

Depreciation expenses are the largest component within the Group’s Other Operating Expenses and are incurred annually as a fixed cost. The second largest component, which relates to the plantation costs of mature bearer kiwifruit plants, has shown relative stability over the years, with minimal fluctuations due to the absence of orchard expansions or increase in the number of mature bearer kiwifruit plants, which would typically result in higher plantation costs.

We wish to highlight that linking the aforementioned expenses directly to gross profit may not be meaningful, as the majority of the expenses, such as depreciation and administrative costs, are fixed and unrelated to gross profit. Gross profit is more directly tied to revenue and the cost of sales.

2. Following data provided by the company to the SGX portal. Company's Kiwi fruits business was growing very fast from both revenue and net profit prospective from FY2017 to FY2021. It started to go downhill from FY2022. Even in the midst of COVID-19, revenue was growing very fast. What were the factors that contributed to the growth then and what is contributing to the drop in revenue and net profit now?

	FY2023	FY2022	Eighteen months from 1 Jul 2020 to 31 Dec 2021 (FP2021)	Nine Months from 1 Jan 2020 to 30 Sep 2020	FY2019	FY2018	FY2017
Revenue (RMB'million)	73.2	85	111	90	99.5	61.7	49.5
Net Profit (RMB'million)	10.3	24.3	57.4	62.8	53.4	25.3	19.5

Company's response:

The demand for kiwifruit has been growing over the past few years in China, largely driven by the rising disposable income of the consumers as well as growing domestic consumer demand for premium-quality fruits such as kiwifruit owing to their superior flavour and texture.

However, China experienced a prolonged heatwave from May to August 2022 which exacerbated a drought that adversely affected the ripening stage of the kiwifruit and impacted the Group's annual harvest volume. It was the most severe heatwave in six decades with highest temperatures and one of its lowest levels of rainfall recorded in China. Thus, the Group's revenue decreased by 23.5% from RMB111.2 million for FP2021 to RMB85.0 million for FY2022 largely due to lower average selling price and harvest volume of kiwifruit.

Similarly, the Group experienced a 13.8% decrease in revenue, dropping from RMB85.0 million in FY2022 to RMB73.2 million in FY2023. This was mainly attributable to a drop in the average selling price stemming from lower demand for premium kiwifruits amidst the soft economic conditions and weak consumer sentiments in China. Despite ongoing efforts, China's economic recovery remains gradual, hindered by various challenges encountered during the reopening phase. China's economy is currently grappling with deflation, an ongoing property crisis, mounting debt burden and foreign capital exodus. Domestically, Chinese consumers have exhibited caution in resuming spending patterns after almost two years of enduring lockdowns and border closures. Consequently, the average selling price and the volume of kiwifruits sold decreased in FY2023.

3. Can the board provide FY2023 “Underlying Net profit (loss)” attributable to owners of the Company excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional item and other non-operating items (foreign exchange gain or loss, net tax impact from tax-based asset revaluations, and other deferred tax income or expense)? If the Company is in “Underlying Net Loss” position now, what is the board plan or roadmap to take the company to “Underlying Net Profit” state?

Company’s response:

		FY2023
	<u>Items</u>	<u>RMB'000</u>
	Adjusted Gross Profit*	69,993
Add:	Depreciation and amortisation	29,941
	Property, plant and equipment written off	1,048
	Exchange loss	102
Less:	Amortisation of deferred government grants	(478)
	Gain arising from changes in fair value less costs to sell of biological assets	(59,881)
	Deferred tax credit	(5,860)
		34,865

* Adjusted for the gain arising from changes in fair value less costs to sell of biological assets.

The above table is the illustration of the Group’s underlying net profit after the adjustment of the components mentioned in the question. By removing the abovementioned components, the Group’s net profit would be RMB34.9 million which is much higher than the net profit of RMB10.3 million reported in the full year results for FY2023. However, this is not an accurate representation of the Group’s actual position.

The harvested kiwifruits are recognised as the biological assets which are accounted for under inventories. Harvested kiwifruits are measured at their fair value less costs to sell at the point of their harvest. Gain arising from changes in fair value less costs to sell of biological assets refers to the non-cash gain or loss arising from the difference between such fair value and the costs to sell the harvested kiwifruit is included as a line item in profit or loss for the period in which it arises. While such non-cash gain or loss items are recorded as part of cost of sales when the harvested kiwifruits are eventually sold, the Group could not exclude the net effect of the gain arising from changes in fair value less costs to sell of biological assets as the cost of sales had taken the kiwifruit’s fair value into consideration. For more information on the biological assets, please refer to Note 16 to the financial statements for FY2023 in the Company’s Annual Report for FY2023.