

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

UPDATE ON THE APPLICATION FOR FURTHER EXTENSION OF TIME TO EXIT THE WATCH-LIST PURSUANT TO RULE 1315 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Unless otherwise defined, all capitalised terms used in this announcement shall have the same meanings ascribed to them in the Company's announcement dated 18 April 2023 in relation to the application for further extension of time to exit the watch-list pursuant to Rule 1315 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Announcement").

1. BACKGROUND

The board of directors of the Company (the "**Board**") refers to the Announcement. As previously announced, the Company had, on 18 April 2023, submitted an application to SGX-ST to apply for a waiver from, and a further extension of time to comply with Rule 1315 of the Listing Manual.

2. RECEIPT OF NO OBJECTION FROM THE SGX-ST

The Board is pleased to announce that the SGX-ST had, on 28 April 2023, informed that, based on the Company's submissions and representations to the SGX-ST, it has no objection to the Company's application for a further extension of time till 4 December 2023 with regards to compliance with Rule 1315 of the Listing Manual ("**Waiver**"), subject to the following:

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver's conditions have been satisfied. If the Waiver's conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met.

The Waiver will not be effective if any of the above conditions have not been fulfilled.

3. REASONS FOR SEEKING THE WAIVER

The Company had applied for the Waiver in view of the following:

- (a) The Waiver will facilitate the Group's continued and committed efforts pursuant to the Group's business transformation.

Pursuant to the completion of disposal of its baijiu business and the acquisition of the kiwifruit business, the Group continued to strengthen its business and operations by enhancing its research and development efforts, and pursuing new growth initiatives to scale its operations. The listing status of the shares of the Company ("**Shares**") will provide the Company with an essential platform to further drive business growth and deliver sustained financial performance, which will enhance the investment profile and liquidity of its Shares.

- (b) The Group has demonstrated sound financial performance and position

The Group recorded profit after tax from continuing operations of RMB24.4 million in FY2022 notwithstanding lower harvest volume brought by severe drought in the PRC, which was beyond the control of the Company and its management.

As at 31 December 2022, the Group recorded positive working capital of RMB139.4 million. Cash and cash equivalents stood at RMB126.0 million as at 31 December 2022 as compared to RMB98.3 million as at 31 December 2021.

The Group recorded net cash from operating activities of RMB60.6 million in FY2022.

- (c) More time is needed to achieve improved share price performance

The Company is of the opinion that more time is needed to pursue the key initiatives to enhance investor communications and stakeholder engagement, by working with various financial institutions to increase research coverage and taking part in investor presentations organised by stock brokerages (“**Outreach Efforts**”), and to allow (i) shareholders, investors and market participants to respond to the Outreach Efforts; (ii) the Outreach Efforts to translate into improved share price performance and market capitalisation; and (iii) the Company’s share price performance and market capitalisation to better reflect its improved financial performance, position and business prospects.

- (d) More time is needed for the Company to assess the merits of, and apply for, the Catalyst Transfer (as defined below)

In the event of sustained share price weakness and no improvement in its market capitalisation during the cure period pursuant to the Waiver, and notwithstanding the improved financial performance and position of the Company, the Board will consider the possibility of the Company exiting the watch-list by applying to the Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) for a transfer to Catalyst pursuant to paragraph 3.1 of Practice Note 13.2 of the Listing Manual (“**Catalist Transfer**”). The Board will require additional time to assess of the merits of the Catalyst Transfer, taking into consideration *inter alia*, the key business growth initiatives and the Outreach Efforts set out above under point (c), as well as the share price performance and market capitalisation of the Company.

Time is also needed for the Company to prepare and submit an application to the SGX RegCo for the Catalyst Transfer, and for the SGX RegCo to consider and review the same.

- (e) Shareholders will not be prejudiced by the Waiver

Shareholders, who had voted overwhelmingly for the relevant resolutions in respect of the business transformation during the special general meeting of the Company held on 6 May 2021, should be given an opportunity to realise returns from their shareholdings, as the Company works to (i) deliver sustained business growth and financial performance; (ii) improve its share price performance and strengthen its market capitalisation; and (iii) preserve the listing status of the Shares, by exiting the watch-list.

4. CONFIRMATION BY THE BOARD

To the best of the Board’s knowledge and belief, the Company is not and will not be in contravention of any laws and regulations governing the Company or the Bye-laws of the Company arising from the Waiver.

Accordingly, the Company has satisfied the Waiver’s conditions as set out under paragraph 2 above.

5. GENERAL

The Board will update Shareholders via further announcements as and when appropriate.

The Board wishes to advise Shareholders and potential investors of the Company to exercise caution when dealing in the Shares. If in doubt as to the action they should take, Shareholders and potential investors of the Company should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers immediately

By Order of the Board

Hu Chao
Executive Director and Chief Executive Officer
2 May 2023