Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: China Shenshan Orchard Holdings Co. Ltd.

Stock code: BKV

Meeting details:
Date: 28 April 2022
Time: 2.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As disclosed in the CEO's statement, the group has more than 10 years of experience in the plantation and cultivation of kiwifruit in China. It adopts a vertically integrated business
model as an end-to-end kiwifruit producer.

The business operations encompass acquiring and developing kiwifruit varieties, planting, cultivating, harvesting and post-harvesting as well as processing and packing.

At the industry level, China's kiwifruit planting area and production volume reached 4.4 million mu and 3.0 million tonnes respectively in 2019. China has become the world's largest kiwifruit producer with planting area accounting for 72% of the world's total kiwifruit planting area and production volume accounting for 55% of the world's total kiwifruit production.

In particular, the group holds forest use rights for 8 strategically located orchards, spanning a total land area of 9,805 mu (approximately 6.5 million sqm), which is believed to be one of the largest domestic kiwifruit orchards concentrated in the Chibi City, Hubei, the PRC.

(i) The group sold 3.8 million kg of kiwifruits in the 18-month period from 1 July 2020 to 31 December 2021 (FP2021). **What is the production yield (per mu) achieved by the group over a year/season? How is that compared to other growers in China and in other countries?**

(ii) **What is the reason that the group sold just 75% of its production in FY2018 (average of 85% sold from FY2017-FY2019)?**

(iii) **If China has 72% of the world's total kiwifruit planting area but just 55% of the world's total kiwifruit production, does it mean that kiwifruit plantations are on average less productive in China? Are there any other factors such as relatively immature plantations in China? How competitive is the group at the global level?**

(iv) **What guidance has the board given to management to further improve gross profit margin of just 13.3% in 2021?**

(v) **How does the group compete with Zespri?**

(vi) **Has the group received enquiries for the purchase of its premium kiwifruit varieties, such as Xianwo No.2/4?**

(vii) **Can management help shareholders understand the tax benefit accorded to it in China? How long is the full exemption of enterprise income tax for a qualifying agricultural business?**

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Q2. The group has entered into a non-binding memorandum of understanding with Chibi Green Industry Development Investment Co., Ltd. for the joint development and cooperation of a land area spanning up to 5,000 mu (or 3.33 km^2) located in Chibi City, Hubei Province, China for kiwifruit planting and cultivation.

The joint development and cooperation covers a 30-year period commencing from 1 January 2022, with a total investment amount of approximately RMB150 million. Chibi Shenshan is responsible for the construction and development of the kiwifruit plantation, and the day-to-day management and operation over planting and cultivation of the kiwifruit plantation.

(i) **How will the group be funding this expansion? What is the progress made since?**

(ii) **How different is the kiwifruit industry in other provinces, such as Shaanxi, Sichuan, Hunan, Guizhou or Henan etc? Can management help shareholders understand if it has evaluated diversifying out of Chibi City, Hubei for risk management?**

(iii) **Has the board evaluated the risks of bad weather and diseases given that all of the group's plantations are in Chibi City, Hubei?**

(iv) **How disease resistant are the group's cultivars, such as Xianwo No.2, Yannong No.3? Has the group tested its cultivars' resistance against Psa (kiwifruit vine canker)?**

(v) **Would the group be faced with a catastrophic loss in the event of bad weather? Are the plantations insured against such risks?**

(vi) **Should the MOU with Chibi Green Industry Development Investment Co., Ltd proceed smoothly, when is the soonest possible for the first harvest?**

Q3. Ms Zhang Lei and Mr. Yeo Teck Chuan were appointed as independent directors to the board on 2 October 2021 and 2 December 2021 respectively.

Both directors do not have any prior experience as a director of an issuer listed on the Singapore Exchange although it is noted that Mr. Yeo Teck Chuan is a director of other listed companies on the Hong Kong Stock Exchange and NASDAQ.

Similarly, the executive directors, Mr. Hu Chao and Mr. Zhao Chichun, do not have any prior experience as a director of an issuer listed on the exchange.

(i) **Can the company help shareholders understand the search and nomination process for directors, especially independent directors? Were any external search consultants used?**

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(ii) **Can the nominating committee elaborate further on how it had assessed that as a group, the members of the board bring with them an appropriate balance and diversity of skills, experience and knowledge of the group, especially since 4 of the directors do not have experience as a director on SGX?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)