

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Chongqing Hongjiu Fruit Co., Limited

重慶洪九果品股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6689)

INSIDE INFORMATION ANNOUNCEMENT PROPOSED ISSUANCE OF SHARES ENTERING INTO THE CONDITIONAL SHARE SUBSCRIPTION AGREEMENT PROPOSED AUTHORIZATION TO THE BOARD AND ITS AUTHORIZED PERSONS TO PROCEED WITH MATTERS IN CONNECTION WITH ISSUANCE OF SHARES PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ACHIEVING INTENTION OF BUSINESS COOPERATION

This announcement is made by the Company pursuant to the Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The Board hereby announces that on April 4, 2023, the Board considered and approved the plan and related resolutions regarding the issuance of domestic unlisted ordinary shares, and intended to issue a total of not more than 30,487,802 domestic unlisted ordinary shares to the Subscribers.

The details of the Issuance are as follows:

I. PROPOSED ISSUANCE OF SHARES

In accordance with the Company Law, the Securities Law, the Measures for the Supervision and Administration of Non-listed Public Companies (《非上市公眾公司監督管理辦法》), Hong Kong Listing Rules, and the requirements of relevant laws, regulations, departmental rules and regulatory documents, the Company intends to issue domestic unlisted shares to certain domestic investors, and the details are as follows:

1. Types of the shares

The shares to be issued to domestic investors are domestic unlisted ordinary shares which are subscribed in Renminbi.

2. Nominal value per share

RMB1.00.

3. Issuance method

The Issuance is a non-public issuance of ordinary shares to selected investors.

4. Number of the shares to be issued

The total number of shares to be issued under the Issuance is not more than 30,487,802 shares, representing approximately 2.1744% of the total number of shares in issue before the Issuance, and representing 2.1282% of the total number of shares after the Issuance. The actual number of shares to be issued by the Company is subject to the approval by the CSRC and the final subscription amount of the Subscribers.

5. Subscribers of the shares to be issued

The Subscribers of the shares to be issued under the Issuance are Guizhou Zhongken, Hunan Zhongken, Chongqing Zhongken and Beijing Kentuo. These Subscribers are not the connected persons of the Company, and no Subscribers are expected to become substantial shareholders of the Company immediately after the Issuance. There is no preferential subscription arrangement for existing Shareholders of the Company.

6. Issue price

The issue price is RMB16.40 per share.

7. Subscription method

All the shares to be issued under the Issuance will be subscribed in cash, and issued in accordance with the relevant terms of the subscription agreement.

8. Lock-up arrangement

The shares to be issued under the Issuance shall comply with the PRC laws and regulations and the provisions of the Articles of Association regarding share transfer. Except for the aforesaid circumstances, there is no voluntary lock-up arrangement for the new shares to be issued under the Issuance.

9. Accumulated profits arrangement

The accumulated undistributed profits prior to the completion of the Issuance shall be shared by all the Shareholders immediately after the Issuance in proportion to their respective shareholdings.

10. Use of proceeds

The proceeds from the Issuance are intended to be used for enhancement of the fruits supply chain and replenishment of working capital. The specific use of the proceeds is subject to the adjustments by the Board or its authorized persons according to the operating conditions and actual needs of the Company, and the relevant opinions of the regulatory authorities received in the process of application for issuance.

11. Validity period

The validity period of the plan for the Issuance is 12 months from the date of consideration and approval at shareholders' class meetings and the general meeting of the Company.

The Issuance is subject to approval by the relevant regulatory authorities after consideration and approval at the general meeting and shareholders' class meetings, and the final plan approved by the relevant regulatory authorities shall prevail.

II. ENTERING INTO THE CONDITIONAL SHARE SUBSCRIPTION AGREEMENT

On April 4, 2023, the Company entered into the Share Subscription Agreement with the Subscribers, pursuant to which, the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue a total of 30,487,802 domestic unlisted ordinary shares at a subscription price of RMB16.40 per Target Share at an aggregate cash consideration of approximately RMB499,999,952.80. The main terms of the Share Subscription Agreement are as follows:

Date

April 4, 2023

Contractual Parties

Party A: the Subscribers

Party B: the Company; and

Party C: Mr. Deng Hongjiu

Subscription Price

The subscription price of Target Shares is RMB16.40 per share (based on the middle exchange rates for Hong Kong dollars to Renminbi as announced by the People's Bank of China on April 4, 2023, equivalent to approximately HK\$18.74 per share).

The subscription price represents:

- (1) a discount of approximately 29.3% to the closing price of HK\$26.50 per share as quoted on the Stock Exchange on April 4, 2023 (being the last trading day);
- (2) a discount of approximately 32.0% to the average closing price of approximately HK\$27.57 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including April 4, 2023; and
- (3) a discount of approximately 24.7% to the average closing price of approximately HK\$24.87 per share as quoted on the Stock Exchange for the last 120 consecutive trading days up to and including April 4, 2023.

The subscription price was determined after arm's length negotiations between the Company and the Subscribers after fully taking into account the interests of the Shareholders, the acceptance level of investors, the risks relating to the issuance, potential benefits arising from business synergies between the Subscribers and the Company, financial conditions of the Company in recent years, the dilutive effect of the Issuance, etc.

The subscription price of the Issuance represents a discount to trading prices of the shares of the Company on the Stock Exchange as stated above, which is mainly due to the followings:

- (i) Shares to be issued under the Issuance are domestic unlisted shares, which, due to unlisted nature and non-public trading status, have lower liquidity than those of the Company trading on the Stock Exchange;
- (ii) The Subscribers intend to realize investment exit by reducing their shareholdings in Target Shares on A share markets upon the consummation of A Shares listing by the Company. Given that as of the date of this announcement, the Company has not filed any application for the listing to the CSRC, stock exchanges or other regulatory authorities, the listing of A Shares is subject to approval which may take certain period of time to obtain, and the pre-IPO investors of A Shares are subject to lock-up period upon the listing imposed by the currently applicable laws and regulations, the Subscribers shall hold the shares over a long period of time before they manage to achieve shareholding reduction. As a results, as compared to the shares of the Company listed on the Stock Exchange, the Subscribers are subject to relatively greater uncertainties and relatively higher investment risks;
- (iii) Each of the Subscribers could create synergies with the Company that empower our long-term business development strategies. The Subscribers are Guizhou Zhongken, Hunan Zhongken, Chongqing Zhongken and Beijing Kentuo, and their limited partners include agricultural funds or investment platforms established by local governments who possess abundant resources in terms of place of origin of distinguished fruit products. The Company plans to cooperate actively with the local governments and agrarian cooperatives of the places where such Subscribers locate, and procure fruit categories with local speciality thereat and distribute nationwide, thereby expanding the fruit places of origin network of the Company and strengthening advantages of our "end-to-end" industrial chain and further forming new driver for revenue growth of the Company;

- (iv) The net assets per share, calculated based on the audited consolidated net assets of the Company as of December 31, 2022 and the total number of shares of the Company in issue before the Issuance, is approximately RMB4.55. The price of the Issuance is higher than the net assets per share mentioned above;
- (v) Based on updated market value as of the date of this announcement, the theoretical dilutive effect of the Issuance is relatively low and is expected to be approximately 0.7%.

Subscription Quantity and Subscription Amount

The total number of the Target Shares issued under the Issuance is 30,487,802 shares, and the total subscription amount of the Subscribers is RMB499,999,952.80, of which:

- (1) Guizhou Zhongken subscribed for 18,292,682 Target Shares, and the corresponding subscription amount is RMB299,999,984.80;
- (2) Hunan Zhongken subscribed for 6,097,560 Target Shares, and the corresponding subscription amount is RMB99,999,984.00;
- (3) Chongqing Zhongken subscribed for 3,048,780 Target Shares, and the corresponding subscription amount is RMB49,999,992.00; and
- (4) Beijing Kentuo subscribed for 3,048,780 Target Shares, and the corresponding subscription amount is RMB49,999,992.00.

Payment Methods

In respect of any Subscriber, upon the effective date of the Share Subscription Agreement and the satisfaction of Conditions Precedent (as defined below) (other than obtaining the approval or filing document from the CSRC in respect of the Issuance) (or waived by the corresponding Subscriber in writing), the Company shall send a written notice to the corresponding Subscriber for requesting payment of the First Phase Subscription Price to confirm that such Conditions Precedent have been satisfied; the corresponding Subscriber shall remit the subscription price (amounting to 30% of the total subscription price, the “**First Installment Subscription Price**”) in full to the special account designated by the Company (the “**Special Account for Subscription Fund**”) in cash within 5 Working Days upon receipt of the notice of payment of the First Installment Subscription Price from the Company. In respect of any Subscriber, upon the effective date of the corresponding Share Subscription Agreement and the satisfaction of all Conditions Precedent (or waived by the corresponding Subscriber in writing), the Company shall send a written notice to the corresponding Subscriber for requesting payment of the remaining subscription price to confirm that such Conditions Precedent have been satisfied; the corresponding Subscriber shall remit the remaining subscription price (amounting to 70% of the total subscription price, the “**Second Installment Subscription Price**”) in full to the Special Account for Subscription Fund in cash within 5 Working Days upon receipt of the notice of payment of the remaining subscription price from the Company. The date on which the First Installment Subscription Price is paid and the date on which the Second Installment Subscription Price is paid to the Company by the corresponding Subscriber are collectively referred to as the “**Payment Dates**”.

Conditions Precedent

The parties agree that the corresponding Subscriber shall be obligated to pay the subscription price agreed under the Share Subscription Agreement on the payment dates only if the following conditions precedent (the “**Conditions Precedent**”) are satisfied (or waived by the corresponding Subscriber in writing):

- (1) The Board and the general meeting of the Company approve the Issuance and obtain the approval or filing document from the CSRC in respect of the Issuance (among which: the approval or filing document obtained from the CSRC in respect of the Issuance is only applicable to the payment of the Second Installment Subscription Price);
- (2) As of the payment dates, each of the representations and warranties made by the Company in the Share Subscription Agreement is true, accurate and complete in material respects, and the Company has not violated the representations, warranties, commitments and obligations agreed herein in material respects;
- (3) As of the payment dates, there are no applicable laws, courts, arbitration authorities or relevant regulatory authorities’ judgments, awards, decisions or orders restricting, prohibiting or canceling the transaction under the Share Subscription Agreement;
- (4) As of the payment dates, there has been no event that has had or may have a material adverse effect on the business, financial position, operating results, assets and liabilities of each member of the Group; no other material adverse changes have occurred in each member of the Group, and no other circumstances have had or may have any material adverse effect on the transaction under the Share Subscription Agreement;
- (5) The Share Subscription Agreement has been duly authorized, executed and delivered and is legally binding on the parties to it.

Closing

After the corresponding Subscriber pays the Company the subscription price in full as agreed in the Share Subscription Agreement, the Company shall issue shares in compliance with the Share Subscription Agreement to the corresponding Subscriber in a timely manner. The Company shall also complete registration procedures for shares subscribed by the corresponding Subscriber in accordance with the requirements of the securities registration and clearing institutions, issue the register of shareholders to the corresponding Subscriber, which records the Subscribers’ subscription for shares under the Share Subscription Agreement, as well as complete the registration/filing procedures for industrial and commercial change as required by the Issuance within 20 Working Days upon the full payment of the subscription price by the corresponding Subscriber. The date on which the foregoing matters are completed is referred to as the “Closing Date”.

Investment Exit Arrangements

The Subscribers intend to realize investment exit by reducing their shareholdings in Target Shares upon the consummation of the Qualified Listing by the Company. Nonetheless, shareholding reduction in the Target Shares by Subscribers shall comply with the provisions of the then effective laws and administrative regulations of the PRC and other regulatory documents promulgated by the relevant regulatory authorities such as the CSRC and stock exchanges. If the Company fails to complete the Qualified Listing before December 31, 2025 (the “**Qualified Listing Expiry Date**”), each Subscriber has the right to require the Company to help its listing and trading of the Target Shares on the Stock Exchange in accordance with the requirements of laws and regulations (the “**Full Circulation**”). Qualified Listing Expiry Date will be extended to the date on which the Shanghai Stock Exchange or the Shenzhen Stock Exchange makes a decision to terminate the review of issuance and listing or the date on which the CSRC decides not to give approval for its registration if the Company’s Qualified Listing application has been accepted by the Shanghai Stock Exchange or the Shenzhen Stock Exchange. For any Subscriber, in any circumstances (except for the circumstances where the Target Shares cannot be fully circulated due to the Subscribers’ own reasons), if its Target Shares fail to achieve the Full Circulation within the six months from the date following the Qualified Listing Expiry Date due to the Company’s non-fulfilment of the abovementioned duties, the Subscribers shall have the right to require the Party C to acquire the Target Shares held by it within the six months after the notification by the Subscriber, at a repurchase price determined in accordance with the Share Subscription Agreement.

Effective Conditions for the Agreement

The Share Subscription Agreement is established among the Company, the Party C and the corresponding Subscriber upon signing by the Company, the Party C and the corresponding Subscriber, and the Share Subscription Agreement shall become effective upon approval at the general meeting of the Company.

Termination of the Agreement

- (1) For any Subscriber, during the period between the signing date and the closing date, if: (i) an event or circumstance occurred that had or is reasonably expected to have a material adverse effect, (ii) any statement, representation and warranties of the Company contained in the Share Subscription Agreement are untrue or incorrect in any respect, (iii) the Company has not complied with any undertaking or covenant in the Share Subscription Agreement by which it shall abide, and has not been rectified within 30 days upon the written reminder of the Subscribers, (iv) any circumstances which may give rise to the risk of delisting of the Company occurred, or (v) any proceedings were brought by or against any member of the Group for the purpose of declaring the Company into bankruptcy proceedings or for dissolution, liquidation, winding up, reorganization or debt restructuring under any law in respect of bankruptcy, insolvency or reorganization, the Subscribers may unilaterally terminate its participation in the Issuance (in which case, the Subscriber waives the right to subscribe for domestic ordinary shares under the Share Subscription Agreement);

- (2) For any Subscriber, if the Subscriber has not complied with any undertaking or covenant in the Share Subscription Agreement by which it shall abide and fails to rectify within 30 days upon written reminder by the Company, the Company may unilaterally terminate the Subscriber's participation in the Issuance (in which case, the Subscriber loses the right to subscribe for domestic ordinary shares under the Share Subscription Agreement);
- (3) If any law or regulation is promulgated or any governmental entity issues an order, decree or ruling or has taken any other action to restrict, prevent or otherwise prohibit the transactions contemplated herein, or render the transactions under the Share Subscription Agreement illegal or impossible, while such order, decree, ruling or other action is final and not available for review, prosecution or appeal, and the Company or the Subscriber cannot find a suitable alternative within 30 days after one party has notified the other parties in writing, the Share Subscription Agreement may be terminated by either the Company or any Subscriber.
- (4) Upon the unanimous written consent of the corresponding Subscriber, the Company and the Party C, the Share Subscription Agreement shall terminate in force among such parties.

General Information about the Subscribers

(1) Guizhou Zhongken

Guizhou Zhongken is a private equity investment fund established under the laws of the PRC and mainly invests in agricultural industry. Its general partner and fund manager is Zhaoken Capital Management (Beijing) Co., Ltd. (招墾資本管理(北京)有限公司) (“**Zhaoken Capital**”), a private equity fund manager registered under the relevant PRC laws. The largest limited partner of Guizhou Zhongken is Guizhou Agricultural and Rural Modernization Development Equity Investment Fund Partnership (L.P.) (貴州省農業農村現代化發展股權投資基金合夥企業(有限合夥)) (“**Guizhou Agricultural Fund**”), which holds approximately 60% of the partnership interest. Both Zhaoken Capital and Guizhou Agricultural Fund are ultimately wholly-owned by the PRC government.

(2) Hunan Zhongken

Hunan Zhongken is a private equity investment fund established under the laws of the PRC and mainly invests in agricultural industry. The largest limited partner of Hunan Zhongken is China Agricultural Reclamation Industry Development Fund (L.P.) (中國農墾產業發展基金(有限合夥)) (“**China Agricultural**”), which holds approximately 49.5% of the partnership interest. China Agricultural holds approximately 6.38% of the shares of the Company as at the date of this announcement. The general partner and fund manager of Hunan Zhongken and China Agricultural is Zhaoken Capital.

(3) *Chongqing Zhongken*

Chongqing Zhongken is a private equity investment fund established under the laws of the PRC and mainly invests in agricultural industry. Its general partner and fund manager is Zhaoken Capital, and its limited partners are China Agricultural (which holds approximately 49.95% of the partnership interest) and Chongqing Tongnan District Finance Bureau (重慶市潼南區財政局) (which holds approximately 49.95% of the partnership interest).

(4) *Beijing Kentuo*

Beijing Kentuo is a private equity investment fund established under the laws of the PRC and mainly invests in agricultural industry. Its general partner and fund manager is Beidahuang (Beijing) Private Equity Fund Management Co., Ltd. (北大荒(北京)私募基金管理有限公司), and its largest limited partner is Beidahuang Investment Holding Co., Ltd. (北大荒投資控股有限公司) (which holds approximately 69.31% of the partnership interest), and China Agricultural also holds 29.7% of its partnership interest. Beidahuang (Beijing) Private Equity Fund Management Co., Ltd. is a wholly-owned subsidiary of Beidahuang Investment Holding Co., Ltd., which is ultimately wholly-owned by the PRC government.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscribers is not a connected person of the Company and it is expected that no Subscriber will become a substantial shareholder of the Company immediately following the Issuance.

Effects of the Issuance on the Shareholding Structure of the Company

For reference and illustration purposes only, assuming that the total number of shares to be issued in the Issuance is 30,487,802 Target Shares and there is no change of the total issued share capital of the Company from the date of this announcement, the shareholding structure of the Company as of the date of this announcement and immediately after completion of the Issuance is set out as follows:

	As of the date of this announcement		Immediately after completion of the Issuance	
	Number of shares	Approximate percentage of the total number of shares in issue* (%)	Number of shares	Approximate percentage of the total number of shares in issue* (%)
Domestic Shares	469,672,221	33.50%	500,160,023	34.91%
Total Domestic Shares held by core connected persons	375,804,555	26.80%	375,804,555	26.23%
Subscribers	0	0%	30,487,802	2.13%
Domestic Shares held by other Domestic Shareholders	93,867,666	6.69%	93,867,666	6.55%
H Shares	932,434,185	66.50%	932,434,185	65.09%
Total H Shares held by core connected persons	263,208,495	18.77%	263,208,495	18.37%
H Shares held by other H Shareholders	669,225,690	47.73%	669,225,690	46.71%
Total	<u>1,402,106,406</u>	<u>100.00%</u>	<u>1,432,594,208</u>	<u>100.00%</u>

* The difference between the sum of the individual items and the total in the above table is due to rounding.

Equity Financing Activities in the Past Twelve Months

The Company's H Shares were listed on the Stock Exchange on September 5, 2022, and the Over-allotment Option (as defined in the Prospectus) was partially exercised on September 28, 2022. The Company issued a total of 14,294,900 new shares in connection with its Global Offering and the partial exercise of the Over-allotment Option at an issue price of HK\$40.00 per share. The total proceeds raised by the Company in connection with its Global Offering and the issuance of new shares as a result of the partial exercise of the Over-allotment Option (the "Proceeds Previously Raised") amounted to HK\$571.80 million. After deducting the underwriting fees and related transaction fees, the actual Proceeds Previously Raised received were HK\$559.13 million, and the amount transferred to the RMB settlement and pending payment account at the current exchange rate was RMB509.01 million. The resolution on the change in use of part of the Proceeds Previously Raised (the "Change") was considered and approved by the Board meeting of the Company held on March 14, 2023 and the 2023 second extraordinary general meeting of the Company held on April 4, 2023. The use after the Change is shown in the table below. As of the date of this announcement, the Proceeds Previously Raised have been used according to the use after the Change.

Use of Proceeds Previously Raised after the Change	Amount (RMB in million)	Percentage (%)
Improvement of fruit supply chain	342.99	67.3%
Fruit brand building and product promotion	80.35	15.8%
Digital system upgrade and global fruit industry internet platform development	0.77	0.2%
Repayment of bank loans	34.00	6.7%
Replenishing working capital needs and other general corporate purposes	50.90	10.0%
Total	509.01	100.0%

Save as disclosed above, there were no other financing activities involving the issue of equity securities of the Company in the 12 months preceding the date of this announcement.

Reasons and Purposes of the Issuance

The Group is mainly engaged in operating the entire industry chain for quality fruit primarily grown in China, Thailand and Vietnam. Based on the Company's past development history and actual business needs, sufficient capital support will enable the Company to expand its customers and network at the downstream sales and to deepen its layout and target quality fruits at the upstream procurement, thereby continuously strengthening the Company's "end-to-end" fruit supply chain and continuously increasing its market share.

Specifically, the reasons and purposes of the Issuance are as follows:

1. It is necessary for the Company to seize the industry development opportunities and achieve leapfrog development.

The market and industry in which the Company operates has a broad outlook and is undergoing rapid development. According to the CIC, the market size of China's fresh fruit retail market has increased from RMB939.0 billion in 2017 to RMB1,336.9 billion in 2021 and is expected to further grow to RMB2,071.4 billion in 2026, representing a compound annual growth rate of 9.2%; in particular, the Company's core fruit categories, such as durian, are expected to grow at a compound annual growth rate of 20.1% from 2021 to 2026, which is the highest growth rate among the \$10 billion fruit categories in the China's fresh fruit retail market. In addition, the Company faces tremendous market opportunities on both the demand and supply sides. Therefore, the replenishment of the Company's capital through the Issuance will help the Company achieve leapfrog development, accelerate business expansion, consolidate its capital strength and enhance its competitive advantage.

2. It is necessary for the Company to further strengthen the supply chain and drive the common development of the upstream and downstream industry chains.

Through the in-depth layout of quality fruit production areas, nationwide sales and distribution network and efficient “end-to-end” supply chain, the Company can deliver fresh fruit products directly from local orchards to retail terminals nationwide. The proceeds raised from the Issuance of the Company will be mainly used to supplement the Company’s working capital and strengthen the supply chain, including but not limited to increasing the coverage of high-quality fruit base resources in the upstream, and actively laying down the downstream national sales channel network, which will be of great help to the continuous strengthening of the Company’s supply chain.

3. It is the Company’s response to the need of “rural revitalization”, “One Belt, One Road” and other strategies of China.

The Company actively responds to the “rural revitalization” strategy of China and has provided training and resources for fruit production, storage, logistics and sales in many rural areas such as Fengjie County, Shizhu County, Changshou District and Wushan County in Chongqing City. The Company is also an active practitioner of the “One Belt, One Road” strategy, bringing special fruits from Thailand and Vietnam to consumers in China, adding support to the economic cooperation between China and the “One Belt, One Road” countries. Through the Issuance, the Company will be able to obtain more resources to support its business development, help the Company to establish close ties with more governments and cooperatives in quality fruit-producing regions in China, jointly create new fruit varieties, and use its nationwide sales network to help quality producing regions to sell fruits nationwide and through multiple channels, strengthen its own supply chain while better serving the national strategy.

4. It is necessary for the Company to further strengthen its capital base, enhance the Company’s ability to withstand risks, and seize the huge market opportunities brought by the macroeconomic rebound.

With the expected strong recovery of China’s economy and the consistent resilience and depth of China’s economy, the Company is optimistic about the performance of China’s macro economy and capital market in 2023. On the other hand, the Central Economic Conference held in December 2022 pointed out that the foundation of China’s economic recovery is not yet solid, and the triple pressure of shrinking demand, supply shock and weakening expectations is still relatively strong, besides, the external environment is volatile. The Company believes that a positive strategy should be adopted to strengthen the Company’s risk resistance.

Therefore, under the aforementioned macroeconomic situation and capital market environment, the Issuance is beneficial to the Company in strengthening its capital base, optimizing its capital structure, enhancing its ability to withstand risks such as market risk and liquidity risk, and ensuring stable operations in an uncertain environment.

III. PROPOSED AUTHORIZATION TO THE BOARD AND ITS AUTHORIZED PERSONS TO PROCEED WITH MATTERS IN CONNECTION WITH ISSUANCE OF SHARES

In order to improve the efficiency of matters relating to the Issuance, the Board of the Company has requested the general meeting and the shareholders' class meeting to authorize the Board, and the Board has delegated the authorization to specific persons (unless otherwise authorized by the Board, such persons shall be the chairman of the Company and the secretary to the Board) individually or jointly to handle matters related to the Issuance, including but not limited to:

1. signing and submitting the applications, reports and other documents related to the Issuance to the regulatory authorities, and completing certain procedures such as those for approval, registration, filing, licensing, consent and registration.
2. determining the specific plan for the Issuance, including but not limited to the determination of the number of shares to be issued, the Subscribers, the issue price, the issuance timing, the specific investment amount to be invested with the proceeds raised from the Issuance and other relevant matters, subject to the limitations of the plan for the Issuance as approved at the general meeting and shareholders' class meetings;

making corresponding adjustments to the specific plan of the Issuance and other relevant matters (including the suspension and termination of the plan) in the event of changes in relevant laws, regulations or normative documents, or changes in regulatory policies or market conditions, except for matters that are required to be re-voted at the general meeting and shareholders' class meetings pursuant to the requirements of relevant laws, regulations, normative documents and the Articles of Association.

3. negotiating and signing the Share Subscription Agreement with the Subscribers and confirming any amendments, implementation and termination of the Share Subscription Agreement.
4. handling the work in relation to obtaining the approvals from the CSRC, the Stock Exchange and/or other relevant regulatory authorities for the Issuance.
5. making appropriate amendments to the relevant contents of the plan for the Issuance according to the actual situation of the Issuance and the approval documents or requirements of the relevant regulatory authorities.
6. signing, implementing, modifying and completing all the documents related to the Issuance, and conducting all the desirable or appropriate actions and matters related to the Issuance.
7. approving the publication of announcements, circulars and notices related to the Issuance on the websites of the Stock Exchange and the Company, and submitting relevant forms, documents or other data to the Stock Exchange.

8. upon completion of the Issuance, increasing the registered capital of the Company and making corresponding amendments to the provisions in the Articles of Association in respect of the registered capital and shareholding structure of the Company according to the status of the Issuance, and completing the relevant approval formalities with the regulatory authorities and relevant formalities for change, registration and filing with the market supervision and administrative authorities and other relevant government departments (including the application for change of registration matters of the Company and renewal of business license, etc.).
9. taking all necessary measures to deal with other matters related to the Issuance in compliance with the relevant laws and regulations.

IV. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

After the completion of the Issuance, the registered capital and share capital structure of the Company will change. In view of this, the Company will amend certain provisions of the Articles of Association relating to the registered capital and share capital structure of the Company.

At the same time, the Board has proposed to the general meeting to further authorize the Board to authorize specific persons (unless otherwise authorized by the Board, such persons are the secretary to the Board of the Company and Mr. Lv Zongjie) to consider and approve at the general meeting individually or jointly, and increase the registered capital of the Company according to the results of the Issuance upon completion of the Issuance, and go through the relevant approval procedures with the regulatory authorities and the relevant registration and filing procedures with the market supervision and administration authorities (including application for change of registration matters of the Company and renewal of business license, etc.).

The amendments to the Articles of Association are subject to the approval by the general meeting and shareholders' class meetings of the Company of the relevant authorization for the Issuance and shall take effect from the date of completion of the Issuance. Prior to that, the existing Articles of Association of the Company shall remain valid.

V. GENERAL

The Board will submit the above matters to the general meeting and/or the shareholders' class meetings (as the case may be) for consideration and approval in accordance with the relevant provisions. A circular containing, among other things, details of the above matters, a notice and a proxy form will be despatched to the Shareholders in due course. The Issuance is subject to the Conditions Precedent disclosed in this announcement, including but not limited to the approval of the CSRC, and therefore uncertainty remains. The Company will make further announcements on the progress of the Issuance in accordance with the requirements of the Inside Information Provisions and/or the Listing Rules.

This announcement does not constitute any invitation or solicitation of acquisition, purchase or subscription for the securities of the Company.

The Issuance may or may not proceed as its completion subject to the satisfaction of certain conditions. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

VI. ACHIEVING INTENTION OF BUSINESS COOPERATION

On the same date of signing the Share Subscription Agreement, each of Guizhou Zhongken, Hunan Zhongken and Chongqing Zhongken achieved intention of business cooperation with the Company. Relevant parties will make use of their advantages to deepen cooperation, exchange and integrate their capabilities, and fully explore and utilize the advantages in their own field, especially the resources of the fruit industry in Guizhou Province, Hunan Province and Chongqing, with a view to generating good operating synergies of complementary resources to further enhance the popularity and market share of fruit varieties in these regions, promote the development of the fruit industry in Guizhou Province, Hunan Province and Chongqing, expand the fruit business categories and enhance the market competitiveness of the Company.

Guizhou Zhongken, Hunan Zhongken, Chongqing Zhongken and the Company have agreed that, subject to the provisions of the Share Subscription Agreement, Guizhou Zhongken, Hunan Zhongken and Chongqing Zhongken intend to subscribe for the Target Shares, and establish a close cooperative relationship with the Company through the share cooperation model, give full play to the respective strengths of both parties, and actively explore cooperation in the areas of industry synergy and upgrading and optimization, capital and business support to achieve a win-win situation. The Company will use its wholly-owned subsidiaries established in Guizhou Province, Hunan Province and Tongnan District, Chongqing (the “**Relevant Subsidiaries**”) as the main cooperation vehicle to gradually integrate its existing major businesses in Guizhou Province, Hunan Province and Tongnan District, Chongqing to the Relevant Subsidiaries within a reasonable period of time with the Relevant Subsidiaries being primarily responsible for the Company’s sales and procurement businesses in Guizhou Province, Hunan Province and Tongnan District, Chongqing. The Company will actively promote high-quality fruit varieties in Guizhou, Hunan and Chongqing, enhance the popularity of fruit varieties in Guizhou, Hunan and Chongqing, and gradually expand the market share and purchases of fruits in Guizhou Province, Hunan Province and Chongqing. Under the same conditions, the Relevant Subsidiaries shall give priority to the purchase of local fruits in Guizhou, Hunan and Chongqing.

The Board believes that the achievement of intention of business cooperation provides the parties with a valuable opportunity to leverage their respective resources and expertise to create mutual benefits and synergies for each other. Therefore, the Board is of the view that it is in the interests of the Company and its Shareholders as a whole to achieve such intention of business cooperation.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

- | | |
|---------------------------|--|
| “A Shares” | ordinary shares to be issued by the Company in the initial public offering on the main board of the Shanghai Stock Exchange or the Shenzhen Stock Exchange, which are subscribed for in Renminbi |
| “Articles of Association” | the articles of association of our Company, as amended from time to time |
| “Beijing Kentuo” | Beijing Kentuo Equity Investment Fund Partnership (Limited Partnership) (北京墾拓股權投資基金合夥企業(有限合夥)) |

“Board”	the board of directors of the Company
“Chongqing Zhongken”	Chongqing Zhongken Private Equity Investment Fund Partnership (Limited Partnership) (重慶中壘私募股權投資基金合夥企業(有限合夥))
“Company”	Chongqing Hongjiu Fruit Co., Limited (重慶洪九果品股份有限公司), a joint stock limited company incorporated in the PRC, listed on the Main Board of the Stock Exchange on September 5, 2022 (stock code: 6689)
“Company Law”	the Company Law of the PRC
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic unlisted ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in Renminbi
“Group”	our Company and its subsidiaries or, where the context so requires, in respect of the period prior to our Company became the holding company of its present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“Guizhou Zhongken”	Guizhou Zhongken Equity Investment Fund Partnership (Limited Partnership) (貴州中壘股權投資基金合夥企業(有限合夥))
“H Share(s)”	overseas listed ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hunan Zhongken”	Hunan Xiangxin Zhongken Equity Investment Partnership (Limited Partnership) (湖南湘鑫中壘股權投資合夥企業(有限合夥))
“Issuance”	the proposed issuance of not more than 30,487,802 domestic unlisted ordinary shares to the Subscriber
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region

“Prospectus”	the prospectus issued by the Company on August 24, 2022
“Qualified Listing”	the initial public offering, listing and trading of A Shares on the main board of the Shanghai Stock Exchange or the Shenzhen Stock Exchange made by the Company
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the PRC
“Share Subscription Agreement”	the Share Subscription Agreements entered into between the Company and Subscribers on April 4, 2023 in respect of the Company’s proposed issuance of not more than (including) 30,487,802 Target Shares to the investors
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Guizhou Zhongken, Hunan Zhongken, Chongqing Zhongken and Beijing Kentuo
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target Shares”	not more than 30,487,802 domestic unlisted ordinary shares issued by the Company to the Subscribers pursuant to the Share Subscription Agreement
“Working Day(s)”	a day other than Saturday, Sunday and statutory holiday in the PRC
“%”	per cent

By order of the Board
Chongqing Hongjiu Fruit Co., Limited
Deng Hongjiu
Chairman of the Board and Executive Director

Chongqing, the PRC
April 4, 2023

As at the date of this announcement, the Board comprises Mr. Deng Hongjiu as the chairman of the Board and an executive Director, Ms. Jiang Zongying, Mr. Peng He, Mr. Yang Junwen and Ms. Tan Bo as executive Directors, Mr. Xia Bei, Mr. Dong Jiaxun and Mr. Chen Tongtong as non-executive Directors, and Ms. Xu Kemei, Ms. Liu Xiuqin, Mr. An Rui and Mr. Liu Anzhou as independent non-executive Directors.