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## **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 LATEST OPERATIONAL UPDATE FOR THE FIRST QUARTER OF 2023**

This announcement is made by the board of directors (the “**Board**”) of Chongqing Hongjiu Fruit Co., Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”) pursuant to the Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company hereby announces the latest operational update of the Group for the period from January 1, 2023 to March 31, 2023 (“**Q1 2023**”). Financial data in this announcement is unaudited.

By leveraging our advanced “end-to-end” supply chain model and our global supply chain management system “HJ Star Bridge”, in Q1 2023, we managed to capture market opportunities brought by recovery of China’s economy and global logistics and achieved a rapid growth in overall results.

#### **Revenue and Net Profit**

In Q1 2023, the Group’s revenue rose by 50.3% year on year to approximately RMB4,327 million, in which revenue contribution from six core products<sup>(1)</sup> rose by 77.3% year on year to approximately RMB2,019 million, the main driving force for our revenue growth. Sales of durian, our largest core product, rose by 163% year-on-year to approximately RMB878 million in Q1 2023.

In Q1 2023, the year-on-year growth of the Group’s net profit was similar to that of revenue.

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*Note:* (1) for the purpose of this announcement, refers to durian, mangosteen, longan, dragon fruit, cherry and grapes.

Key drivers for growth and prospects for the Group's revenue and net profit are as follows:

- (1) Since the beginning of this year, supported by improved international logistics efficiency and shortened customs clearance hours, we have increased our procurement for core products to meet the booming demand of Chinese consumers on core categories of fruits and the proportion of revenue of core products continued to recover.
- (2) In terms of our cooperation with places of origin overseas, we expanded procurement of durian from Thailand to Vietnam from September 2022. In light of the complementarity between Vietnam and Thailand in the durian harvest season, we were able to sell more of our core products in the first quarter. We believe expanding procurement of durian to Vietnam could enhance our ability to achieve a full-year supply of durian in domestic market, thereby better serving the need of downstream customers and end consumers to further enhance our competitiveness in fruit distribution industry of the PRC.
- (3) In terms of sales channels, we closely follow the latest development trends for downstream fresh fruit retail channels. In the beginning of this year, we opened an account and cooperated with several influential domestic KOL (Key Opinion Leader) on top e-commerce live streaming platform. We believe that our strong supply chain capabilities will enable us to continue to explore new engines for revenue growth through the emergence of new channels and new models.

### **Cash flows of Operating activities**

In Q1 2023, the Group's operating activities recorded net cash outflows of approximately RMB82 million, representing a year-on-year decrease of 412.2%.

Key drivers for improvement in cash flow performance of the Group's operating activities are as follows:

- (1) Since the beginning of this year and as the COVID-19 pandemic came to an end, our regular reconciliation and settlement of payment with upstream and downstream business partners are gradually returning normal.
- (2) For cooperation with customers, we cooperated with more customers with short billing terms, such as live streaming e-commerce customers and several emerging channel customers.
- (3) We continued to strengthen the management of accounts receivable and strengthened the collection of receivables. We will keep an eye on the condition of our assets to ensure the sustained, healthy and stable development of our business.

**The information contained in this announcement is only based on a preliminary review of unaudited consolidated management accounts of the Group and information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company or the audit committee of the Board. Data contained in this announcement may be subject to change or adjustment. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Chongqing, the PRC  
May 1, 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.*