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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)

CONNECTED TRANSACTION IN RESPECT OF SHARE SUBSCRIPTION AGREEMENT

Reference is made to the announcement of the Chongqing Hongjiu Fruit Co., Limited (the “**Company**”) dated April 4, 2023 in relation to, among other things, the share subscription agreement entered into between the Company and the Subscribers on April 4, 2023, pursuant to which the Company proposed to issue not more than (including) 30,487,802 domestic unlisted ordinary shares to the Subscribers (the “**Announcement**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcement. The Company hereby sets forth further information in relation to the Share Subscription Agreement.

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 pursuant to 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 ^{Note}	Number of Shares	Approximate percentage of the total number of Shares in issue ^{Note}
Domestic Shares	469,672,221	33.14%	500,160,023	34.55%
Controlling Shareholders	369,311,055	26.06%	369,311,055	25.51%
Domestic Shares held by				
other core connected persons	6,493,500	0.46%	6,493,500	0.45%
Guizhou Zhongken	–	–	18,292,682	1.26%
Hunan Zhongken	–	–	6,097,560	0.42%
Chongqing Zhongken	–	–	3,048,780	0.21%
Beijing Kentuo	–	–	3,048,780	0.21%
Domestic Shares held by				
other Domestic Shareholders	93,867,666	6.62%	93,867,666	6.48%

	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 ^{Note}	Number of Shares	Approximate percentage of the total number of Shares in issue ^{Note}
H Shares	947,394,185	66.86%	947,394,185	65.45%
Controlling Shareholders	256,714,995	18.12%	256,714,995	17.73%
H Shares held by other core connected persons	6,493,500	0.46%	6,493,500	0.45%
H Shares held by public H Shareholders	684,185,690	48.29%	684,185,690	47.26%
Total	1,417,066,406	100.00%	1,447,554,208	100.00%

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

INVESTMENT EXIT ARRANGEMENTS

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 (the "**Sale Right**") to require Party C (i.e., Mr. Deng Hongjiu ("**Mr. Deng**")) to acquire the Target Shares held by it within the six months after the notification by the Subscriber, at a repurchase price (the "**Repurchase Price**") determined in accordance with the following formula as set out in the Share Subscription Agreement:

$$\begin{array}{rcccl}
 \text{Repurchase Price} & = & \begin{array}{l} \text{The consideration} \\ \text{actually paid by the} \\ \text{Subscribers to the} \\ \text{Company in order to} \\ \text{obtain the Target} \\ \text{Shares} \end{array} & \times & \begin{array}{l} (1 + 8\% \times \text{actual} \\ \text{number of days during} \\ \text{the "period for} \\ \text{calculation of the} \\ \text{Repurchase Price"} \\ \div 365) \end{array} & - & \begin{array}{l} \text{Any proceeds received} \\ \text{by the Subscribers for} \\ \text{the disposal of any} \\ \text{Target Shares (if any)} \end{array} & + & \begin{array}{l} \text{Any profit of the} \\ \text{Company declared to} \\ \text{be distributed but not} \\ \text{yet paid for the Target} \\ \text{Shares held by the} \\ \text{Subscribers as of the} \\ \text{date when the} \\ \text{Repurchase Price is} \\ \text{paid} \end{array}
 \end{array}$$

Note: "Period for calculation of the Repurchase Price" refers to the period from the date of actual payment of the consideration by the Subscriber to the Company (inclusive) to the date of full payment of the Repurchase Price by Mr. Deng to the Subscribers (exclusive). If the actual payment date of each part of the consideration is different, such period shall be calculated separately.

For the avoidance of doubt, the 8% in the above formula should be calculated as simple interest. Such interest rate was determined after arm's length negotiation among the parties to the Share Subscription Agreement based on the prevailing market rate and market financing conditions, with reference to the previous transactions of similar nature entered into by the Company and the costs of funds of the Subscribers. If the Repurchase Price calculated according to the above formula is negative, Mr. Deng shall not be obligated to acquire the Target Shares and pay any Repurchase Price to the Subscriber. If the Company has fulfilled the above obligations to cooperate on the Full Circulation while the Target Shares held by the Subscriber fail to achieve the Full Circulation due to the Subscriber's own reasons (such as the Subscriber does not meet the regulatory requirements on the shareholders' qualification in relation to the Full Circulation, fails to obtain all requisite internal approvals and authorizations in connection with the Full Circulation and fails to obtain all necessary regulatory approvals and/or make all necessary filings (including those related to state-owned assets management and industrial supervision)), Mr. Deng shall not be obligated to acquire the relevant Target Shares.

The parties to the Share Subscription Agreement confirm that before the Qualified Listing Expiry Date or where the Company has completed the Qualified Listing, the Subscriber is not entitled to require the Company to cooperate on the Full Circulation, nor to exercise the Sale Right. If the exercise of the Sale Right will give rise to Mr. Deng's non-exempted obligation of tender offer (i.e., Mr. Deng shall make an offer to all Shareholders to acquire all or part of the Target Shares pursuant to the mandatory regulations (such as the Codes on Takeovers and Mergers and Share Buy-backs)), the Subscriber and Mr. Deng shall negotiate and take alternative measures to ensure that such obligation will not be triggered while cash equivalent to the Repurchase Price will be paid to the Subscriber, otherwise Mr. Deng will be entitled to refuse to repurchase the Target Shares.

For the avoidance of doubt, if any investment exit arrangements under this section violates applicable laws and administrative regulations, such arrangements shall be deemed void from ab initio.

LISTING RULES IMPLICATION

Mr. Deng, being an executive Director and one of the controlling shareholders of the Company, is a connected person of the Company. Therefore, the Share Subscription Agreement entered into among the Subscribers, the Company and Mr. Deng constitutes a connected transaction of the Company which is subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Deng, Ms. Jiang Zongying and Mr. Dong Jiaxun are interested in the above matters or serve management positions of the Subscribers' associates, they are considered to be connected with and therefore have abstained from voting on the relevant Board resolutions concerning (i) the plan for issuance of Shares of the Company; (ii) entering into conditional Share Subscription Agreement between the Company and the Subscribers; and (iii) authorization to the Board and its authorized persons to proceed with matters in connection with issuance of Shares. Save as mentioned above, no other Directors are required to abstain from voting on the Board resolutions for considering and approving the relevant matters.

Save as disclosed in this announcement, all information in the Announcement remains unchanged.

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

Chongqing, the PRC
May 8, 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.