



# 重慶洪九果品股份有限公司

## Chongqing Hongjiu Fruit Co., Limited

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

Stock code : 6689



# 2022

## Interim Report

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Deng Hongjiu (*Chairman*)  
Ms. Jiang Zongying  
Mr. Peng He  
Mr. Yang Junwen  
Ms. Tan Bo

### Non-executive Directors

Mr. Xia Bei  
Mr. Dong Jiaxun  
Mr. Chen Tongtong

### Independent non-executive Directors

Ms. Fan Weihong  
Ms. Liu Xiuqin  
Mr. An Rui  
Mr. Liu Anzhou

## BOARD OF SUPERVISORS

Ms. Yu Lixia  
Mr. Huang Hua  
Mr. Wu Di  
Mr. Deng Yinmei  
Mr. Chen Xiangzeng

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

22/F, Block B  
Zhongtiefenghui  
Donghu South Road  
Yubei District  
Chongqing  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

## REGISTERED OFFICE

509-36 Industry Incubator Building  
Baiyan Group of Chengnan Residential Committee  
Nanbin Town  
Shizhu Tujia Autonomous County  
Chongqing  
PRC

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## HONG KONG LEGAL ADVISOR

Clifford Chance  
27/F, Jardine House  
One Connaught Place  
Central  
Hong Kong

## COMPLIANCE ADVISOR

Red Sun Capital Limited  
Room 310, 3/F  
China Insurance Group Building  
141 Des Voeux Road Central  
Hong Kong

## JOINT COMPANY SECRETARIES

Ms. Deng Haoyu  
Ms. Lai Siu Kuen

## AUTHORIZED REPRESENTATIVES

Ms. Tan Bo  
Ms. Lai Siu Kuen

## AUDIT COMMITTEE

Ms. Fan Weihong (*Chairperson*)  
Mr. An Rui  
Ms. Liu Xiuqin

## REMUNERATION AND EVALUATION COMMITTEE

Mr. Liu Anzhou (*Chairperson*)

Mr. An Rui

Ms. Tan Bo

## NOMINATION COMMITTEE

Mr. An Rui (*Chairperson*)

Ms. Liu Xiuqin

Ms. Jiang Zongying

## STRATEGIC AND INVESTMENT DECISION COMMITTEE

Mr. Deng Hongjiu (*Chairperson*)

Mr. An Rui

Mr. Yang Junwen

## STOCK CODE

6689

## AUDITOR

KPMG

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central

Hong Kong

## COMPANY WEBSITE

<http://www.hjfruit.com/>

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of 2022, we continued to focus on developing fruit products in categories that enjoy fast-growing market share and high consumption values in China. Benefiting from the continuous implementation of our development strategies, our business operations remained stable and continued to grow steadily. Our revenue increased by 32.0% from RMB5,417.3 million in the six months ended June 30, 2021 to RMB7,152.2 million in the six months ended June 30, 2022. Our adjusted profit increased by 42.1% from RMB604.4 million in the six months ended June 30, 2021 to RMB858.8 million in the six months ended June 30, 2022. Our gross profit and gross profit margin also increased during the Reporting Period, compared to the first half of 2021.

However, since the beginning of 2022, a new wave of COVID-19 variants broke out in China, and confirmed COVID-19 cases were reported in major cities, such as Shenzhen, Guangzhou, Shanghai and Beijing, where the relevant local governments have taken certain lock-down and other restrictive measures to prevent the further spread of COVID-19. In the first half of 2022, the amount of trade and other receivables and the turnover days of our trade and other receivables increased compared to the first half of 2021 due to the impact of the COVID-19 on the operations of our certain downstream customers. However, benefiting from customers' favor to our products and our strong end-to-end supply chain, our inventory turnover days remained relatively low during the Reporting Period.

We have established an extensive sales and distribution network nationwide to reach customers of different demographics. As of June 30, 2022, we had 19 sales branches and 60 sorting centers across China. Such sales branches function as frontline sales grids covering 300 cities. Our nationwide sales and distribution network is comprised of terminal wholesalers, emerging retailers, supermarket customers and direct sales. Through sales channels that cover extensive points of sale, we serve a variety of consumer groups with diversified demands, which deepens our penetration and extends our coverage in a given region.

## OUTLOOK, FUTURE PROSPECTS AND STRATEGIES

Our fruit supply chain is a core factor to our success and competitive advantage. We plan to further improve our fruit supply chain. Specifically,

- we will further expand our upstream procurement network and increase penetration;
- we will expand our sales and distribution network; and
- we will strengthen our management capacity on logistics and warehousing.

In addition, we will also increase our investment in fruit brand building and product promotion. In particular,

- we will seek to increase our brand awareness through optimized marketing and promotion strategies; and
- we will continue to enhance our brand power and provide consumers with lasting favorable impressions of the premium attributes of our quality fruit products.

Furthermore, digital system upgrade and global fruit industry internet platform development is also one of the focuses of our future development. In particular,

- we will further develop and upgrade our HJ Star Bridge (洪九星橋) system; and
- we will create an internet platform for the fruit industry.

## FINANCIAL REVIEW

### Revenue

Our revenue increased by 32.0% from RMB5,417.3 million in the six months ended June 30, 2021 to RMB7,152.2 million in the six months ended June 30, 2022. The increase in revenue was primarily due to the increase in sales volume of our fruit products, driven by increased market demands for our quality fruit products as a result of customers' recognition on our strong supply chain management capabilities.

### Revenue from sales of fruits by categories

The table below sets forth the revenue contribution of our fruit products by category, each expressed as an absolute amount and as a percentage of our total revenue, for the periods indicated.

	Six months ended June 30,			
	2021 RMB'000	%	2022 RMB'000	%
Core fruit products	3,436,773	63.4	<b>3,517,439</b>	<b>49.2</b>
Other fruit products	1,980,541	36.6	<b>3,634,789</b>	<b>50.8</b>
<b>Total</b>	<b>5,417,314</b>	<b>100.0</b>	<b>7,152,228</b>	<b>100.0</b>

Sales of six core fruit products increased by 2.3% from RMB3,436.8 million in the six months ended June 30, 2021 to RMB3,517.4 million in the six months ended June 30, 2022, representing 63.4% and 49.2% of our total revenue for the relevant periods. The decrease in percentage was primarily because the yield of dragon fruit in Vietnam decreased due to the local weather conditions and the harvest season of durian in Thailand was delayed for approximately one month, primarily as a result of the delay of the ripening time of durian in Thailand caused by the local weather conditions, as well as the local government control on the picking of unripe durian. Such delay of the ripening time of durian resulted in a lag in the peak sales season of our durian products, and therefore the overall sales volume of durian decreased in the first half of 2022. However, benefiting from our end-to-end supply chain, despite the overall decline of durian imports to China during the period, our market share remained increasing. As a result, the selling prices of our durian products increased and the overall sales of our durian products increased by 4.9% as compared to the first half of 2021. It is common in the fruit industry that the procurement and sale of certain categories of fruits fluctuates due to various factors including weather in a given period. Through our multi-category strategy, we can partially mitigate the impact of such short-term fluctuation on our performance.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Revenue from sales of fruits by brands

	Six months ended June 30,			
	2021		2022	
	RMB'000	%	RMB'000	%
Branded fruit products	3,955,079	73.0	<b>5,297,707</b>	<b>74.1</b>
Unbranded fruit products	1,462,235	27.0	<b>1,854,521</b>	<b>25.9</b>
Total	5,417,314	100.0	<b>7,152,228</b>	<b>100.0</b>

Sales of our branded fruit products increased by 33.9% from RMB3,955.1 million in the six months ended June 30, 2021 to RMB5,297.7 million in the six months ended June 30, 2022, representing 73.0% and 74.1% of our total revenue for the relevant periods. The increase in absolute amount was mainly due to increase in market demands as a result of our successful branding strategy.

## Cost of Sales

Cost of sales increased by 26.9% from RMB4,568.2 million in the six months ended June 30, 2021 to RMB5,798.9 million in the six months ended June 30, 2022. The increase both in absolute amount and percentage was lower than the increase in our revenue, primarily because our gross profit margin increased.

## Gross Profit and Gross Profit Margin

Our gross profit increased by 59.4% from RMB849.1 million in the six months ended June 30, 2021 to RMB1,353.4 million in the six months ended June 30, 2022. Our gross profit margin increased from 15.7% in the six months ended June 30, 2021 to 18.9% in the six months ended June 30, 2022, primarily because (i) we gradually phased out marketing events launched from September 2020 to September 2021, in which events we adopted promotional pricing policy for certain customers and such marketing strategy enabled us to win extensive market recognition; (ii) we took advantage of our end-to-end supply chain to ensure the stable supply of fruit products to obtain customers' recognition and higher premium; and (iii) in the first half of 2022, the gross profit margin of durian, one of our core fruit products, increased at a relatively fast pace due to the changes in supply and demand.

## Selling and Distribution Expenses

Our selling and distribution expenses increased by 20.6% from RMB82.1 million in the six months ended June 30, 2021 to RMB99.0 million in the six months ended June 30, 2022. The increase in selling and distribution expenses was primarily due to (i) the increase in staff costs to support our business growth; and (ii) the increase in leasing fees for short term leases in line with increased leasing facilities due to the expansion of our business.

## Administrative Expenses

Our administrative expenses increased by 80.8% from RMB52.5 million in the six months ended June 30, 2021 to RMB94.9 million in the six months ended June 30, 2022. The increase in administrative expenses was primarily due to (i) the increase in our staff costs as a result of the expansion of our business; and (ii) the increase in our listing expenses.

## Other Net Income

Other net income increased by 5.3% from RMB28.9 million in the six months ended June 30, 2021 to RMB30.4 million in the six months ended June 30, 2022. The increase in other net income was primarily attributed to the increase of government grants.

## Other Expenses

Other expenses decreased by 35.8% from RMB2.5 million in the six months ended June 30, 2021 to RMB1.6 million in the six months ended June 30, 2022.

## Changes in the Carrying Amount of Liabilities Recognized for Preferential Rights Issued to Investors

Changes in the carrying amount of liabilities recognized for preferential rights issued to investors amounted to RMB598.8 million in the six months ended June 30, 2021 and nil in the six months ended June 30, 2022. On September 6, 2021, the preferential rights were waived by the investors so the Group reclassified the financial liabilities recognized for the preferential rights into equity and no further changes in the carrying amount of liabilities recognized for preferential rights issued to investors would be recognized in profit or loss from that date.

## Income Tax

Our income tax increased by 73.3% from RMB102.5 million in the six months ended June 30, 2021 to RMB177.7 million in the six months ended June 30, 2022. The increase in income tax was primarily in line with our business growth.

## Profit for the Period

As a result of foregoing, our profit for the period was RMB5.6 million in the six months ended June 30, 2021 and RMB858.8 million in the six months ended June 30, 2022.

## Adjusted Profit (non-IFRS measure)

Our adjusted profit (non-IFRS measure), which is calculated by profit for the period less changes in the carrying amount of liabilities recognized for preferential rights issued to investors, increased by 42.1% from RMB604.4 million in the six months ended June 30, 2021 to RMB858.8 million in the six months ended June 30, 2022, mainly due to the increase of our gross profit margin.

## Basic Earnings Per Share

Basic earnings per share was approximately RMB1.89 for the six months ended June 30, 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Trade and Other Receivables

Our trade and other receivables increased by RMB2,143.8 million from RMB5,133.7 million as of December 31, 2021 to RMB7,277.5 million as of June 30, 2022. The turnover days of the trade receivables increased from 103 days as of December 31, 2021 to 129 days as of June 30, 2022, mainly due to the impact of the COVID-19 pandemic in the first half of 2022.

## Liquidity and Financial Resources

We have financed our operations primarily through capital contributions by investors and borrowings from banks and other financial institutions. Our cash and cash equivalents increased from RMB239.5 million as of December 31, 2021 to RMB389.0 million as of June 30, 2022. Our cash and cash equivalents primarily consist of bank deposits.

Our net current assets increased from RMB4,296.4 million as of December 31, 2021 to RMB5,136.4 million as of June 30, 2022. Our current ratio (current assets/current liabilities) as of June 30, 2022 was approximately 2.87 times, compared to approximately 4.28 times as of December 31, 2021.

Our bank loans and other borrowings increased from RMB874.7 million as of December 31, 2021 to RMB1,860.2 million as of June 30, 2022, primarily because we increased bank loans to fund fruit products procurement and expansion of logistics and supply chain facilities in line with our business expansion. Interest is received at fixed interest rate. We did not have any financial instrument for hedging purposes. We recorded gearing ratio (which is calculated using total interest-bearing borrowings minus cash divided by total equity as of the end of the relevant periods and multiplied by 100%) of 14.40% and 27.92% as of December 31, 2021 and June 30, 2022, respectively.

## Foreign Exchange Risk Management

The majority of our revenue was received in RMB. We may convert part of RMB received to other currencies to settle foreign currency debts, such as payments to certain suppliers, if any. The absence of available foreign currencies may limit our ability to remit sufficient foreign currency funds or otherwise limit our ability to repay debts denominated in foreign currencies. For the six months ended June 30, 2022, we did not use any long-term contract, monetary borrowing or otherwise to hedge against foreign exchange risks.

## Contingent Liabilities

As of June 30, 2022, we had no material contingent liabilities.

## Pledge of Assets

As of June 30, 2022, trade receivables of RMB24,660 thousand were pledged for bank loans. Other than that, the Group did not pledge any group assets.

## Significant Investments Held

For the six months ended June 30, 2022, we did not hold any material investments in the equity interest of other companies.

## Material Investment and Future Plans of Capital Assets

As of June 30, 2022, we did not have any material investment and other plans of capital assets.

## Material Acquisitions and Disposals of Subsidiaries and Associates

For the six months ended June 30, 2022, we did not carry out any material acquisitions and disposals of subsidiaries and associates.

## Human Resources and Emolument Policy

As of June 30, 2022, we had 2,636 full-time employees, with 375 based in Thailand and Vietnam and the rest based in China. The Group always believes that our long-term growth depends on the expertise, experience and development of our employees. Considering employees as important strategic resources for corporate development, we proactively optimize the talent selection and cultivation system in order to improve the general competitiveness of our employees and their sense of belongings to the Group. We have also improved career development pathways and talent training systems for employees to facilities their self-growth. The remuneration and benefits for employees of the Group are determined with reference to the market standards as well as individual qualification and experience. Performance bonus is also offered to eligible employees, on a discretionary basis based on the performance of such individuals and the Group, in consideration of the market conditions. Our overall remuneration policy is competitive.

## Subsequent Events

### H-share “Full Circulation”

Subject to the approval of the China Securities Regulatory Commission and the Stock Exchange, a total of 296,516,495 domestic unlisted shares (with a nominal value of RMB1.0 each) held by certain shareholders of the Company (the “**Domestic Participating Shareholders**”) were approved to be converted into H shares for listing on the Stock Exchange. As stated in the “Announcement of Offer Price and Allotment Results” of the Company dated September 2, 2022, the H shares converted from the total of 296,516,495 domestic unlisted shares were centrally deposited by China Securities Depository and Clearing (Hong Kong) Company Limited as the nominee holder into Hong Kong Securities Clearing Company Limited and were listed on the Stock Exchange on September 5, 2022, and could be traded upon the completion of the domestic procedures as disclosed in the section headed “Share Capital” in the Prospectus after one year from the listing date of the Company.

### Listing on the Main Board of the Stock Exchange

The H shares of Company were listed on the Main Board of the Stock Exchange on September 5, 2022. Please refer to “Use of Proceeds from the Global Offering” in the section headed “Other Information” in this report for the funds raised and use of proceeds from the listing. The issued share capital of the Company was RMB467,086,402 as at the Listing Date, which consisted of 467,086,402 ordinary shares in issue with a nominal value of RMB1.00 each, including 156,557,407 domestic shares and 310,528,995 H shares.

Save as disclosed in this interim report, after June 30, 2022 and up to the Latest Practicable Date, the Group did not have any significant subsequent event.

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES

As the Company's H Shares had not been listed on the Stock Exchange as of June 30, 2022, the CG Code was not applicable to the Company during the six months ended June 30, 2022. The Company has adopted the code provisions of the CG Code as the basis for the Company's corporate governance practices since the Listing Date. The Company is committed to implementing the best corporate governance practices. The Company has complied with the code provisions under the CG Code from the Listing Date to the Latest Practicable Date.

### MODEL CODE FOR SECURITIES TRANSACTIONS

As the Company's H Shares had not been listed on the Stock Exchange as of June 30, 2022, the provisions regarding compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules by Directors and Supervisors under the Listing Rules were not applicable to the Company during the six months ended June 30, 2022.

The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors since the Listing Date. Specific enquiries have been made to all the Directors and Supervisors and they have confirmed that they have complied with the Model Code from the Listing Date to the Latest Practicable Date. The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also required to comply with the Model Code.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2022.

### AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Ms. Fan Weihong, Mr. An Rui and Ms. Liu Xiuqin. Ms. Fan Weihong is the chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed interim results of the Group for the six months ended June 30, 2022. KPMG, the independent auditor of the Company, has reviewed the consolidated financial information of the Company for the six months ended June 30, 2022 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

### CHANGES TO DIRECTORS AND SUPERVISORS’ INFORMATION

The Company is not aware of any changes in the information of Directors, Supervisors and chief executive which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Prospectus and up to the Latest Practicable Date.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended June 30, 2022.

## OTHER INFORMATION

### USE OF PROCEEDS FROM THE GLOBAL OFFERING

The H Shares of the Company were listed on the Stock Exchange on September 5, 2022. The Company's net proceeds were approximately HK\$496.8 million (after deducting the underwriting commissions and other estimated expenses payable by the Company in connection with the Hong Kong public offering and the international offering of the H Shares ("Global Offering")). If the Over-allotment Option is exercised in full, we will receive additional net proceeds of approximately HK\$82.0 million. The Group has not yet utilized the net proceeds as at the Latest Practicable Date, and intends to apply all the proceeds in the same manner as disclosed under the section headed "Future Plans and Use of Proceeds" in the Prospectus. We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

Intended use of net proceeds	Allocation of net proceeds	Percentage of total net proceeds	Amount of net proceeds utilized up to the Latest Practicable Date	Balance of net proceeds unutilized as at the Latest Practicable Date	Intended timetable for use of the unutilized net proceeds
For the improvement of our fruit supply chain, including the expansion of our upstream procurement network and penetration as well as our sales and distribution network, and the strengthening of our logistics and warehousing management capability	HK\$223.6 million	45%	0	HK\$223.6 million	Before June 2024
For fruit brand building and product promotion, including sales activities that promote online and offline fruit sales, brand advertising, and the incubation of new brands	HK\$109.3 million	22%	0	HK\$109.3 million	Before June 2024
For digital system upgrade and global fruit industry internet platform development, including the enhancement of our HJ Star Bridge (洪九星橋) system and the development of an internet platform for the fruit industry	HK\$79.5 million	16%	0	HK\$79.5 million	Before June 2024
For repayment of bank loans that have been used for fruit procurement and the expansion of our sales and distribution network	HK\$34.8 million	7%	0	HK\$34.8 million	Before June 2024
For replenishing working capital needs and other general corporate purposes	HK\$49.7 million	10%	0	HK\$49.7 million	Before June 2024
<b>Total</b>	<b>HK\$496.8 million</b>	<b>100%</b>	<b>0</b>	<b>HK\$496.8 million</b>	

The expected timeline for using the unutilised net proceeds is based on the best estimation of the business market situations made by the Board and might be subject to changes based on the market conditions.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

The Company's H Shares were listed on the Main Board of the Stock Exchange on September 5, 2022. The Company was not required to maintain any register under Part XV of the SFO on June 30, 2022.

As at the Latest Practicable Date, the interests or short positions of Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, are as follows:

Name of Directors/ Supervisor/chief executive	Nature of interests	Class of Shares	Number of Shares/ Underlying Shares <sup>(1)</sup>	Approximate percentage in relevant class of Shares (%) <sup>(1)</sup>	Approximate percentage in total share capital (%) <sup>(1)</sup>
Mr. Deng Hongjiu <sup>(2)(3)</sup>	Beneficial owner	Domestic Shares	101,740,360	64.99%	21.78%
	Interest of spouse	Domestic Shares	21,363,325	13.65%	4.57%
	Beneficial owner	H Shares	51,369,990	16.54%	11.00%
	Interest of spouse	H Shares	21,363,325	6.88%	4.57%
	Interest in controlled corporation	H Shares	12,838,350	4.13%	2.75%
Ms. Jiang Zongying <sup>(2)(3)</sup>	Beneficial owner	Domestic Shares	21,363,325	13.65%	4.57%
	Interest of spouse	Domestic Shares	101,740,360	64.99%	21.78%
	Beneficial owner	H Shares	21,363,325	6.88%	4.57%
	Interest of spouse	H Shares	64,208,340	20.68%	13.75%
Mr. Peng He	Beneficial owner	Domestic Shares	838,500	0.54%	0.18%
	Beneficial owner	H Shares	838,500	0.27%	0.18%
Mr. Yang Junwen <sup>(4)</sup>	Beneficial owner	Domestic Shares	487,500	0.31%	0.10%
	Beneficial owner	H Shares	487,500	0.16%	0.10%
	Interest of spouse	Domestic Shares	97,500	0.06%	0.02%
	Interest of spouse	H Shares	97,500	0.03%	0.02%
Ms. Tan Bo	Beneficial owner	Domestic Shares	487,500	0.31%	0.10%
	Beneficial owner	H Shares	487,500	0.16%	0.10%
Ms. Yu Lixia	Beneficial owner	Domestic Shares	253,500	0.16%	0.05%
	Beneficial owner	H Shares	253,500	0.08%	0.05%

## OTHER INFORMATION

*Notes:*

1. As at the Latest Practicable Date, the Company had 467,086,402 issued Shares, comprising 156,557,407 Domestic Shares and 310,528,995 H Shares.
2. As at the Latest Practicable Date, Mr. Deng was the sole general partner of each of Chongqing Heli and Chongqing Hezhong, the Employee Incentive Platforms. Chongqing Heli was held as to approximately 25.06% by Mr. Deng and Chongqing Hezhong was held as to approximately 8.44% by Mr. Deng, respectively. As such, Mr. Deng was deemed to be interested in the 12,838,350 H Shares held by Chongqing Heli and Chongqing Hezhong under the SFO. Ms. Jiang is the spouse of Mr. Deng and therefore, each of Ms. Jiang and Mr. Deng was deemed to be interested in the Shares held by each other under the SFO.
3. Pursuant to the Entrustment Agreement entered into among Mr. Deng, Mr. Deng Haoji and Ms. Deng Haoyu, the respective voting rights attached to the Shares held by Mr. Deng Haoji and Ms. Deng Haoyu have been entrusted to Mr. Deng solely and exclusively since the date when Mr. Deng Haoji and Ms. Deng Haoyu acquired equity interest in the Company from Mr. Deng in October 2020. Therefore, Mr. Deng was deemed to be interested in the Shares and voting rights held by each of Mr. Deng Haoji and Ms. Deng Haoyu under the SFO.
4. Mr. Yang Junwen is the spouse of our Shareholder Ms. Yu Wenli. Under the SFO, each of Ms. Yu Wenli and Mr. Yang is deemed to be interested in the Shares that the other person is interested in.
5. All interests stated above are long positions.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company had or were deemed to have any interests or short positions in Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The Company's H Shares were listed on the Main Board of the Stock Exchange on September 5, 2022. The Company was not required to maintain any register under Part XV of the SFO on June 30, 2022.

So far as the Directors and the Company are aware, as at the Latest Practicable Date, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Nature of interests	Class of Shares	Number of Shares/ Underlying Shares <sup>(1)</sup>	Approximate percentage in relevant class of Shares (%) <sup>(1)</sup>	Approximate percentage in total share capital (%) <sup>(1)</sup>
Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) <sup>(2)</sup>	Beneficial owner	H Shares	36,245,913	11.67%	7.76%
Taobao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司) <sup>(2)</sup>	Interest in controlled corporation	H Shares	36,245,913	11.67%	7.76%
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) <sup>(2)</sup>	Interest in controlled corporation	H Shares	36,245,913	11.67%	7.76%
Taobao China Holding Limited <sup>(2)</sup>	Interest in controlled corporation	H Shares	36,245,913	11.67%	7.76%
Taobao Holding Limited <sup>(2)</sup>	Interest in controlled corporation	H Shares	36,245,913	11.67%	7.76%
Alibaba Group Holding Limited <sup>(2)</sup>	Interest in controlled corporation	H Shares	36,245,913	11.67%	7.76%
China Agricultural Reclamation Industry Development Fund (Limited Partnership) <sup>(3)</sup>	Beneficial owner	Domestic Shares	5,967,873	3.81%	1.28%
		H Shares	23,871,492	7.69%	5.11%
Zaoken Capital Management (Beijing) Co., Ltd. <sup>(3)</sup>	Interest in controlled corporation	Domestic Shares	5,967,873	3.81%	1.28%
		H Shares	23,871,492	7.69%	5.11%
Beidahuang Investment Holding Co., Ltd. <sup>(3)</sup>	Interest in controlled corporation	Domestic Shares	5,967,873	3.81%	1.28%
		H Shares	23,871,492	7.69%	5.11%
Shenzhen Zhaorong Agricultural Management Co., Ltd. <sup>(3)</sup>	Interest in controlled corporation	Domestic Shares	5,967,873	3.81%	1.28%
		H Shares	23,871,492	7.69%	5.11%
Shenzhen Zhaorong Investment Holding Co., Ltd. <sup>(3)</sup>	Interest in controlled corporation	Domestic Shares	5,967,873	3.81%	1.28%
		H Shares	23,871,492	7.69%	5.11%
China Merchants Steamship Co., Ltd. <sup>(3)</sup>	Interest in controlled corporation	Domestic Shares	5,967,873	3.81%	1.28%
		H Shares	23,871,492	7.69%	5.11%
China Merchants Group Limited <sup>(3)</sup>	Interest in controlled corporation	Domestic Shares	5,967,873	3.81%	1.28%
		H Shares	23,871,492	7.69%	5.11%

## OTHER INFORMATION

Name of Shareholders	Nature of interests	Class of Shares	Number of Shares/ Underlying Shares <sup>(1)</sup>	Approximate percentage in relevant class of Shares (%) <sup>(1)</sup>	Approximate percentage in total share capital (%) <sup>(1)</sup>
Chongqing Yibainian Modern Agricultural Equity Investment Fund Partnership (Limited Partnership) <sup>(4)</sup>	Beneficial owner	H Shares	18,299,883	5.89%	3.91%
Chongqing Industry Guidance Equity Investment Fund Co., Ltd. <sup>(4)</sup>	Interest in controlled corporation	H Shares	21,283,818	6.85%	4.56%
Chongqing Yibainian Equity Investment Fund Management Co., Ltd. <sup>(4)</sup>	Interest in controlled corporation	H Shares	18,299,883	5.89%	3.91%
Shenzhen Xinyi'an Investment Venture Capital Partnership (Limited Partnership)	Interest in controlled corporation	H Shares	18,299,883	5.89%	3.91%
Suzhou Zhilan Equity Investment Center (Limited Partnership) <sup>(5)</sup>	Beneficial owner	Domestic Shares	4,907,204	3.13%	1.05%
		H Shares	19,628,815	6.32%	4.20%
Shanghai CMC Industry Equity Investment Management Center (Limited Partnership) <sup>(5)</sup>	Interest in controlled corporation	Domestic Shares	4,907,204	3.13%	1.05%
		H Shares	19,628,815	6.32%	4.20%
Suzhou Junyi Equity Investments Center (Limited Partnership) <sup>(5)</sup>	Interest in controlled corporation	Domestic Shares	4,907,204	3.13%	1.05%
		H Shares	19,628,815	6.32%	4.20%
CMC II (Shanghai) Equity Investment Center (Limited Partnership) <sup>(5)</sup>	Interest in controlled corporation	Domestic Shares	4,907,204	3.13%	1.05%
		H Shares	19,628,815	6.32%	4.20%
CMC (Shanghai) Equity Investment Management Co., Ltd. <sup>(5)</sup>	Interest in controlled corporation	Domestic Shares	4,907,204	3.13%	1.05%
		H Shares	19,628,815	6.32%	4.20%
Mr. Li Ruigang <sup>(5)</sup>	Interest in controlled corporation	Domestic Shares	4,907,204	3.13%	1.05%
		H Shares	19,628,815	6.32%	4.20%

### Notes:

- As at the Latest Practicable Date, the Company had 467,086,402 issued Shares, comprising 156,557,407 Domestic Shares and 310,528,995 H Shares.
- As at the Latest Practicable Date, Alibaba (China) Network Technology Co., Ltd. was held by Taobao (China) Software Co., Ltd. and Zhejiang Tmall Technology Co., Ltd. as to approximately 57.59% and 35.75% respectively. Each of Taobao (China) Software Co., Ltd. and Zhejiang Tmall Technology Co., Ltd. was a wholly-owned subsidiary of Taobao China Holding Limited, which was in turn wholly-owned by Taobao Holding Limited. Taobao Holding Limited was a wholly-owned subsidiary of Alibaba Group Holding Limited. As such, each of Taobao (China) Software Co., Ltd., Zhejiang Tmall Technology Co., Ltd., Taobao China Holding Limited, Taobao Holding Limited and Alibaba Group Holding Limited was deemed to be interested in the 36,245,913 H Shares held by Alibaba (China) Network Technology Co., Ltd. under the SFO.
- As at the Latest Practicable Date, the general partner of China Agricultural was Zhaoken Capital Management (Beijing) Co., Ltd., which was in turn wholly-owned by Shenzhen Zhaorong Agricultural Management Co., Ltd.. Shenzhen Zhaorong Agricultural Management Co., Ltd. was wholly-owned by Shenzhen Zhaorong Investment Holding Co., Ltd., a wholly-owned subsidiary of Merchants Steamship. Merchants Steamship was wholly-owned by China Merchants Group Limited. In addition, Beidahuang Investment Holding Co., Ltd. was a limited partner of China Agricultural which holds approximately 39.97% of interest in China Agricultural. As such, each of Zhaoken Capital Management (Beijing) Co., Ltd., Beidahuang Investment Holding Co., Ltd., Shenzhen Zhaorong Agricultural Management Co., Ltd., Shenzhen Zhaorong Investment Holding Co., Ltd., China Merchants Steamship Co., Ltd. and China Merchants Group Limited was deemed to be interested in the 5,967,873 Domestic Shares and 23,871,492 H Shares held by China Agricultural Reclamation Industry Development Fund (Limited Partnership) under the SFO.

4. As at the Latest Practicable Date, Chongqing Yeruhongtu Innovation Equity Investment Fund Partnership (Limited Partnership) and Chongqing Yibainian Modern Agricultural Equity Investment Fund Partnership (Limited Partnership) were held by Chongqing Industry Guidance Equity Investment Fund Co., Ltd. as to approximately 24.75% and 49.34% respectively. In addition, Shenzhen Xinyi'an Investment Venture Capital Partnership (Limited Partnership) held 41.12% interests in Chongqing Yibainian Modern Agricultural Equity Investment Fund Partnership (Limited Partnership), which was held by Chongqing Yibainian Equity Investment Fund Management Co., Ltd. as to 1.32%. As such, each of Chongqing Industry Guidance Equity Investment Fund Co., Ltd., Chongqing Yibainian Equity Investment Fund Management Co., Ltd. and Shenzhen Xinyi'an Investment Venture Capital Partnership (Limited Partnership) was deemed to be interested in the 18,299,883 H Shares held by Chongqing Yibainian Modern Agricultural Equity Investment Fund Partnership (Limited Partnership) under the SFO.
5. As at the Latest Practicable Date, Suzhou Zhilan Equity Investment Center (Limited Partnership), Suzhou Junyi Equity Investments Center (Limited Partnership), Suzhou CMC Industry II Equity Investment Center (Limited Partnership) and CMC II (Shanghai) Equity Investment Center (Limited Partnership) were controlled by Shanghai CMC Industry Equity Investment Management Center (Limited Partnership) as their respective general partner, which was in turn controlled by CMC (Shanghai) Equity Investment Management Co., Ltd. as its general partner. CMC (Shanghai) Equity Investment Management Co., Ltd. was held by Mr. Li Ruigang as to approximately 99%. As such, each of Shanghai CMC Industry Equity Investment Management Center (Limited Partnership), Suzhou Junyi Equity Investments Center (Limited Partnership), CMC II (Shanghai) Equity Investment Center (Limited Partnership), CMC (Shanghai) Equity Investment Management Co., Ltd. and Mr. Li Ruigang was deemed to be interested in the 4,907,204 Domestic Shares and 19,628,815 H Shares held by Suzhou Zhilan Equity Investment Center (Limited Partnership) under the SFO.
6. All interests stated above are long positions.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the Company were not aware of any other person (other than the Directors or Supervisors or chief executive of the Company) owns interests and short positions in the Shares and underlying Shares which shall be disclosed in accordance with Divisions 2 and 3 of Part XV of the SFO, or interests or short positions in 5% or above of relevant class of Shares that the Company must record in the register according to section 336 of the SFO.

### **DIRECTORS AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of Shares or debentures of the Company or any other body corporate, and none of the Directors or Supervisors or their spouse and children under the age of 18 was given any right to subscribe for the equity or debt securities of the Company or any other body corporates, or had exercised any such rights.

# INDEPENDENT REVIEW REPORT



## REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHONGQING HONGJIU FRUIT CO., LIMITED

*(Incorporated in the People's Republic of China with limited liability)*

### INTRODUCTION

We have reviewed the interim financial report set out on pages 19 to 36 which comprises the consolidated statement of financial position of Chongqing Hongjiu Fruit Co., Limited (the "Company") as of 30 June 2022 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG  
Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
22 September 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022 – unaudited  
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Revenue</b>	3	<b>7,152,228</b>	5,417,314
Cost of sales		<b>(5,798,852)</b>	(4,568,196)
Gross profit		<b>1,353,376</b>	849,118
Selling and distribution expenses		<b>(98,954)</b>	(82,075)
Administrative expenses		<b>(94,886)</b>	(52,493)
Impairment losses on trade receivables	5(b)	<b>(124,368)</b>	(21,925)
Other net income	4	<b>30,400</b>	28,869
Other expenses		<b>(1,619)</b>	(2,523)
<b>Profit from operations</b>		<b>1,063,949</b>	718,971
Finance costs	5(a)	<b>(27,456)</b>	(12,055)
Changes in the carrying amount of liabilities recognized for preferential rights issued to investors		–	(598,825)
<b>Profit before taxation</b>		<b>1,036,493</b>	108,091
Income tax	6	<b>(177,682)</b>	(102,541)
<b>Profit for the period</b>		<b>858,811</b>	5,550
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>857,357</b>	5,219
Non-controlling interests		<b>1,454</b>	331
<b>Profit for the period</b>		<b>858,811</b>	5,550
<b>Earnings per share (RMB)</b>			
Basic (RMB)	7(a)	<b>1.89</b>	0.01
Diluted (RMB)	7(b)	<b>1.89</b>	0.01

The notes on pages 26 to 36 form part of the interim financial report.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022 – unaudited  
(Expressed in RMB)

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Profit for the period</b>		<b>858,811</b>	5,550
<b>Other comprehensive income for the period (after tax)</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside of the PRC		<b>1,626</b>	(5,263)
<b>Total comprehensive income for the period</b>		<b>860,437</b>	287
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>858,980</b>	–
Non-controlling interests		<b>1,457</b>	287
<b>Total comprehensive income for the period</b>		<b>860,437</b>	287

The notes on pages 26 to 36 form part of the interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022 – unaudited  
(Expressed in RMB)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8(a)	80,730	81,275
Right-of-use assets	8(b)	61,121	58,698
Intangible assets		16	33
Other non-current assets		890	808
Deferred tax assets		27,049	7,444
		<b>169,806</b>	148,258
<b>Current assets</b>			
Inventories	9	217,227	224,602
Trade and other receivables	10	7,277,549	5,133,722
Financial assets measured at fair value through profit or loss		–	10,000
Cash and cash equivalents	11	389,049	239,534
		<b>7,883,825</b>	5,607,858
<b>Current liabilities</b>			
Trade and other payables	12	671,313	325,411
Bank loans		1,860,215	874,650
Lease liabilities		20,598	19,252
Taxation payable		195,252	92,131
		<b>2,747,378</b>	1,311,444
<b>Net current assets</b>		<b>5,136,447</b>	4,296,414
<b>Total assets less current liabilities</b>		<b>5,306,253</b>	4,444,672
<b>Non-current liabilities</b>			
Lease liabilities		35,735	34,634
Other non-current liabilities		418	375
		<b>36,153</b>	35,009
<b>NET ASSETS</b>		<b>5,270,100</b>	4,409,663

The notes on pages 26 to 36 form part of the interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022 – unaudited  
(Expressed in RMB)

	<i>Note</i>	<b>At 30 June 2022 RMB'000</b>	At 31 December 2021 RMB'000
<b>CAPITAL AND RESERVES</b>			
Share capital	13(b)	453,074	453,074
Reserves		4,812,459	3,953,479
<hr/>			
<b>Total equity attributable to equity shareholders of the Company</b>		<b>5,265,533</b>	4,406,553
<b>Non-controlling interests</b>		<b>4,567</b>	3,110
<hr/>			
<b>TOTAL EQUITY</b>		<b>5,270,100</b>	4,409,663

Approved and authorised for issue by the board of directors on 22 September 2022.

Executive director: Deng Hongjiu

Executive director: Tan Bo

The notes on pages 26 to 36 form part of the interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 – unaudited  
(Expressed in RMB)

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserves	Other reserves	PRC statutory reserves	Exchange reserves	Retained earnings	Total		
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2021</b>	453,074	1,727,308	(2,588,086)	90,183	(695)	318,216	–	2,358	2,358
<b>Changes in equity for the six months ended 30 June 2021:</b>									
Profit for the period	–	–	–	–	–	5,219	5,219	331	5,550
Other comprehensive income	–	–	–	–	(5,219)	–	(5,219)	(44)	(5,263)
Total comprehensive income	–	–	–	–	(5,219)	5,219	–	287	287
<b>Balance at 30 June 2021 and 1 July 2021</b>	453,074	1,727,308	(2,588,086)	90,183	(5,914)	323,435	–	2,645	2,645
<b>Changes in equity for the six months ended 31 December 2021</b>									
Profit for the period	–	–	–	–	–	286,417	286,417	475	286,892
Other comprehensive income	–	–	–	–	(4,922)	–	(4,922)	16	(4,906)
Total comprehensive income	–	–	–	–	(4,922)	286,417	281,495	491	281,986
Reclassification of financial liabilities recognized for preferential rights issued to investors to equity	–	–	2,588,086	–	–	1,536,972	4,125,058	–	4,125,058
Appropriation to statutory reserves	–	–	–	21,706	–	(21,706)	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	(26)	(26)
<b>Balance at 31 December 2021</b>	453,074	1,727,308	–	111,889	(10,836)	2,125,118	4,406,553	3,110	4,409,663

The notes on pages 26 to 36 form part of the interim financial report.



# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2022 – unaudited  
(Expressed in RMB)

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Operating activities</b>		
Cash used in operations	(659,936)	(670,709)
Corporate Income Tax paid		
– The PRC	(82,740)	(66,004)
– Overseas	(11,426)	(6,317)
<b>Net cash used in operating activities</b>	<b>(754,102)</b>	<b>(743,030)</b>
<b>Investing activities</b>		
Payment for the purchase of property, plant and equipment	(6,233)	(17,230)
Cash receipts from disposal of property and equipment	508	–
Cash receipts from redemption of financial assets measured at fair value through profit or loss	30,055	911,627
Payment for investment in financial assets measured at fair value through profit or loss	(20,000)	(750,000)
<b>Net cash generated from investing activities</b>	<b>4,330</b>	<b>144,397</b>
<b>Financing activities</b>		
Proceeds from bank loans	2,081,963	881,607
Repayments of bank loans	(1,140,362)	(156,619)
Interest paid	(23,317)	(13,334)
Capital element of lease rentals paid	(16,078)	(9,774)
Interest element of lease rentals paid	(1,272)	(562)
Payment for listing expenses	(4,000)	–
<b>Net cash generated from financing activities</b>	<b>896,934</b>	<b>701,318</b>
<b>Net increase in cash and cash equivalents</b>	<b>147,162</b>	<b>102,685</b>
<b>Cash and cash equivalents at 1 January</b>	<b>239,534</b>	<b>376,153</b>
Impact of exchange rate changes on cash and cash equivalents	2,353	(2,631)
<b>Cash and cash equivalents at 30 June</b>	<b>389,049</b>	<b>476,207</b>

The notes on pages 26 to 36 form part of the interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
(Expressed in RMB)

## 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, Interim financial reporting, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 22 September 2022.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the accountants’ report included in the prospectus of the Company dated 24 August 2022 (“Accountants’ report”).

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial information as disclosed in the Accountants’ report. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the International Financial Reporting Standards (the “IFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 18.

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from the Accountants’ Report.

## 2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial information.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
(Expressed in RMB)

## 3 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are purchasing, sorting, packaging and wholesale of fruits in the PRC.

#### Disaggregation of revenue

Disaggregation of revenue from contracts with customers is as follows:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Sales of fruits	<b>7,152,228</b>	5,417,314

All of the Group's revenue are recognized at a point in time.

The Group's customer base is diversified. For the six months ended 30 June 2022, the Group did not have any customer with which transaction has exceeded 10% of the Group's total revenue (for the six months ended 30 June 2021: nil).

### (b) Segment reporting

#### (i) Segment information

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment.

Accordingly, no reportable segment information is presented.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
(Expressed in RMB)

## 3 REVENUE AND SEGMENT REPORTING (continued)

### (b) Segment reporting (continued)

#### (ii) Geographical information

The geographical location of customers is based on the location at which the fruits delivered. The revenue of the Group is almost all derived from customers in the PRC for the six months ended 30 June 2022.

The following table sets out information about the geographical location of the Group's non-current assets other than deferred tax assets. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and right-of-use assets, and the location of the operation to which they are allocated, in case of intangible assets and other non-current assets.

#### Non-current assets

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
The PRC (place of domicile)	78,142	76,066
Thailand	37,991	39,894
Vietnam	26,624	24,854
	<b>142,757</b>	140,814

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
(Expressed in RMB)

## 4 OTHER NET INCOME

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Interest income from bank deposits	543	1,257
Government grants (i)	62,678	28,555
Net exchange losses	(41,097)	(4,487)
Changes in fair value of financial assets measured at fair value through profit or loss	55	900
Others	8,221	2,644
	<b>30,400</b>	<b>28,869</b>

- (i) For the six months ended 30 June 2022, the Group recorded unconditional government grants of RMB62,678 thousand (for the six months ended 30 June 2021: RMB28,555 thousand), as rewards of the Group's contribution to regional economic development.

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Interest expenses on bank loans	26,184	11,493
Interest expenses on lease liabilities	1,272	562
	<b>27,456</b>	<b>12,055</b>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
(Expressed in RMB)

## 5 PROFIT BEFORE TAXATION (continued)

### (b) Other items

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Amortization		
– intangible assets	5	47
Depreciation		
– property, plant and equipment	6,634	5,700
– right-of-use assets	16,131	6,928
Impairment losses on trade receivables	124,368	21,925
Reversal of impairment losses on other receivables	(30)	(1,422)
Auditors' remuneration		
– audit services	684	176
Listing expense	14,120	–

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Current tax</b>		
Provision for the period		
– The PRC Corporate Income Tax	150,238	97,629
– Overseas Income Tax	47,049	8,339
	197,287	105,968
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(19,605)	(3,427)
Total	177,682	102,541

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
(Expressed in RMB)

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (continued)

- (i) The Company and its branches were incorporated in the PRC. Under the relevant PRC corporate income tax law and respective regulations, the Company and its branches within the Group are subject to corporate income tax at the statutory rate of 25% for the six months ended 30 June 2022 unless otherwise specified below.

Pursuant to Caishui [2011] No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關稅收政策問題的通知) and Announcement [2020] No. 23 Announcement on the Continuation of the Enterprise Income Tax Policy for the Western Development Strategy (關於延續西部大開發企業所得稅政策的公告), the Company and certain branches of the Company fall within the state encouraged industries in the specified western regions and are entitled to enjoy the preferential income tax rate of 15% for the six months ended 30 June 2022.

- (ii) Taxation for other major overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries and the applicable statutory income tax rates were listed in table below.

	Six months ended 30 June	
	2022	2021
Thailand	20%	20%
Vietnam	20%	20%

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
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## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the interim period.

- (i) Profit attributable to ordinary equity shareholder of the Company used in basic earnings per share calculation:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Profit for the period attributable to all equity shareholders of the Company	857,357	5,219
Allocation of loss for the periods to financial instruments issued to investors with redemption option	–	(4,409)
<b>Profit for the period attributable to equity shareholders of the Company for the purpose of basic earnings per share</b>	<b>857,357</b>	<b>810</b>

- (ii) Weighted average number of ordinary shares:

	Six months ended 30 June	
	2022	2021
Issued ordinary shares at 1 January	453,073,902	453,073,902
Effect of financial instruments issued to investors with redemption option	–	(382,632,600)
<b>Weighted average number of ordinary shares at 30 June</b>	<b>453,073,902</b>	<b>70,441,302</b>

### (b) Diluted earnings per share

There were no dilutive potential ordinary shares during the six months ended 30 June 2022 and 2021, therefore, diluted earnings per share are the same as the basic earnings per share.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
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## 8 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

### (a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2022, the Group acquired items of buildings, machinery, equipment, furniture and others, vehicles, and construction in progress with a cost of RMB6,233 thousand (six months ended 30 June 2021: RMB17,230 thousand). Items of machinery, equipment, furniture and others, and vehicles with a net book value of RMB474 thousand were disposed of during the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB1,164 thousand), resulting in a gain on disposal of RMB34 thousand (for the six months ended 30 June 2021: a loss of RMB1,164 thousand).

### (b) Right-of-use assets

During the six months ended 30 June 2022, the Group entered into a number of lease agreements for warehouse, and therefore recognized the additions to right-of-use assets of RMB17,938 thousand (for the six months ended 30 June 2021: RMB27,288 thousand).

### (c) Valuation

The fair value of investment properties valued by an independent third party valuer is RMB16,261 thousand as at 30 June 2022 (30 June 2021: RMB14,198 thousand).

The Group's investment properties are located in the PRC. The fair value measurement of the Group's investment properties is categorized into Level 3 of fair value measurement. The fair value was determined based on the market approach.

## 9 INVENTORIES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Fruits	205,310	223,757
Packing materials and low-value consumables	12,578	4,569
	<b>217,888</b>	228,326
Less: write-down of inventories	(661)	(3,724)
	<b>217,227</b>	224,602

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
(Expressed in RMB)

## 10 TRADE AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade receivables		
– third parties	6,324,136	3,750,055
– related parties	29,463	12,732
Less: losses allowance	(179,494)	(55,509)
<b>Trade receivables, net</b>	<b>6,174,105</b>	<b>3,707,278</b>
Other receivables		
– third parties	27,842	25,216
– related parties	1,302	1,445
Less: losses allowance	(4,366)	(4,396)
<b>Other receivables, net</b>	<b>24,778</b>	<b>22,265</b>
Value Added Tax (“VAT”) recoverable	36,701	43,972
Prepayments	1,041,965	1,360,207
	<b>7,277,549</b>	<b>5,133,722</b>

### Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 6 months (inclusive)	5,365,782	3,418,078
6 to 12 months (inclusive)	808,323	289,200
	<b>6,174,105</b>	<b>3,707,278</b>

Trade receivables are due within 90 to 180 days from the date of invoice.

Trade receivables of RMB24,660 thousand were pledged for bank loans as at 30 June 2022 (31 December 2021: RMB104,657 thousand).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
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## 11 CASH AND CASH EQUIVALENTS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Cash and cash equivalents in the consolidated statements of financial position	<b>389,049</b>	239,534

As at 30 June 2022, cash and cash equivalents placed with banks in Mainland China amounted to RMB386,131 thousand (31 December 2021: RMB216,384 thousand). Remittance of funds out of Mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

## 12 TRADE AND OTHER PAYABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade payables	<b>580,278</b>	260,761
Accrued payroll and benefits	<b>31,865</b>	41,523
VAT and other tax payables	<b>29,203</b>	8,959
Other payables	<b>29,967</b>	14,168
	<b>671,313</b>	325,411

All of the trade and other payables are expected to be settled or recognized as income within one year or are repayable on demand.

As at the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 1 year	<b>568,649</b>	251,899
1 to 2 years	<b>9,617</b>	7,109
Over 2 years	<b>2,012</b>	1,753
	<b>580,278</b>	260,761

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022 – unaudited  
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## 13 CAPITAL AND RESERVES

### (a) Dividends

No interim dividends were proposed to equity shareholders of the Company attributable to the interim period after the end of the reporting period (for the six months ended 30 June 2021: nil).

### (b) Share capital

	Number of shares	RMB'000
<b>Issued and fully paid:</b>		
At 31 December 2021 and 30 June 2022	453,073,902	453,074

## 14 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 5 September 2022, the Company was listed on Hong Kong Stock Exchange. Upon completion of the initial public offering, the Company issued 14,012,500 shares, with a par value of RMB1.00 each and initial offer price of HK\$40.0 each.

“Alibaba”	Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), a company incorporated in the Cayman Islands with limited liability on June 28, 1999
“Articles of Association”	the articles of association of our Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“China” or “the PRC”	the People’s Republic of China, and for the purposes of this report only and except where the context requires otherwise, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Chongqing Heli”	Chongqing Heli Hongjiu Commerce Center (Limited Partnership) (重慶合利洪九商貿中心(有限合夥)), a limited partnership established under the laws of PRC on March 10, 2017 and one of our Controlling Shareholders
“Chongqing Hezhong”	Chongqing Hezhong Hongjiu Commerce Center (Limited Partnership) (重慶合眾洪九商貿中心(有限合夥)), a limited partnership established under the laws of PRC on March 10, 2017 and one of our Controlling Shareholders
“Company” or “our 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)
“CG Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Deng, Ms. Jiang, Mr. Deng Haoji (鄧浩吉), Ms. Deng Haoyu (鄧浩宇), Chongqing Heli and Chongqing Hezhong
“Director(s)”	the director(s) of our Company

## DEFINITIONS

“Domestic Shares”	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by domestic investors
“Employee Incentive Platforms”	collectively, Chongqing Heli and Chongqing Hezhong
“Entrustment Agreement”	the agreement entered into among Mr. Deng, Mr. Deng Haoji and Ms. Deng Haoyu, pursuant to which the respective voting rights attached to the Shares held by Mr. Deng Haoji and Ms. Deng Haoyu have been entrusted to Mr. Deng solely and exclusively since the respective acquisition of Shares by Mr. Deng Haoji and Ms. Deng Haoyu in October 2020
“Fenghui Entities”	collectively, Zhenjiang Fenghui Joint Investment Fund Management Center (Limited Partnership) (鎮江豐會聯合投資基金管理中心(有限合夥)), Zhenjiang Fenghui Hongjiu Investment Fund Management Center (Limited Partnership) (鎮江豐會洪九投資基金管理中心(有限合夥)), Zhenjiang Fenghui Lianhe Yihao Investment Fund Management Center (Limited Partnership) (鎮江豐會聯合壹號投資基金管理中心(有限合夥)) and Gongqingcheng Fengsheng Yihao Investment Center (Limited Partnership) (共青城豐盛壹號投資中心(有限合夥))
“Group”, “the Group”, “we”, “us” or “our”	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)
“H Share(s)”	overseas listed foreign 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
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“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
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRSs”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Latest Practicable Date”	September 22, 2022, being the latest practicable date for the purpose of ascertaining certain information in this report
“Listing Date”	September 5, 2022, on which the H Shares were listed and on which dealings in the H Shares were first permitted to take place on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Mr. Deng”	Mr. Deng Hongjiu (鄧洪九), the chairman of our Board, our executive Director, spouse of Ms. Jiang and one of our Controlling Shareholders
“Ms. Jiang”	Ms. Jiang Zongying (江宗英), our executive Director, general manager, spouse of Mr. Deng and one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus issued by the Company on August 24, 2022 in connection with the Hong Kong Public Offering
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the period from January 1, 2022 to June 30, 2022
“RMB” or “Renminbi”	the lawful currency of the PRC

## DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of RMB1.00 each in the share capital of our Company
“Shareholder(s)”	holder(s) of our Share(s)
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of our Company

Capitalized terms shall have the meaning in the Prospectus unless otherwise defined.