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Shenzhen Pagoda Industrial (Group) Corporation Limited

深圳百果园實業（集團）股份有限公司

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

(Stock Code: 2411)

CONNECTED TRANSACTIONS

(1) ACQUISITION OF EQUITY INTEREST IN SHENZHEN BANGUO AND

(2) DEEMED DISPOSAL OF EQUITY INTEREST IN HAINAN SANGELING

ACQUISITION OF EQUITY INTEREST IN SHENZHEN BANGUO

On October 10, 2023 (after trading hours), Pagoda Investment (a wholly-owned subsidiary of the Company) and Shenzhen Tiantu Dongfeng entered into the Equity Transfer Agreement, pursuant to which Shenzhen Tiantu Dongfeng agreed to sell and Pagoda Investment agreed to purchase approximately 19.58% of equity interest (equivalent to registered capital of RMB3,975,345) in Shenzhen Banguo at a cash consideration of RMB14,376,591. Upon completion of the Equity Transfer, Shenzhen Banguo will become an indirect subsidiary of the Company (owned as to approximately 51.00% by Pagoda Investment) and its financial results will be consolidated into the financial statements of the Company.

DEEMED DISPOSAL OF EQUITY INTEREST IN HAINAN SANGELING

In addition, on October 10, 2023 (after trading hours), Pagoda Investment (a wholly-owned subsidiary of the Company), Sangeling Gongchuang LLP (a non-wholly owned subsidiary of the Company), Sangeling Hongshan LLP (a non-wholly owned subsidiary of the Company), Zhixin Bainong (an independent third party), Hainan Tiantu, Hainan Sangeling and Mr. Yu entered into the Investment Agreement, pursuant to which Hainan Tiantu agreed to inject RMB22.00 million into the capital of Hainan Sangeling by way of cash, of which RMB12.76 million will be contributed to the registered capital of Hainan Sangeling and RMB9.24 million will be credited to the capital reserve of Hainan Sangeling. Prior to the Capital Injection, Hainan Sangeling was owned as to approximately 68.97% by the Company (through Pagoda Investment, Sangeling Gongchuang LLP and Sangeling Hongshan LLP) and 31.03% by Zhixin Bainong. Upon completion of the Capital Injection, Hainan Tiantu will hold approximately 18.03% of the total enlarged registered capital of Hainan Sangeling, and the shareholding of the Company (through Pagoda Investment, Sangeling Gongchuang LLP and Sangeling Hongshan LLP) and Zhixin Bainong in Hainan Sangeling will correspondingly be diluted to approximately 56.53% and 25.44%, respectively; and Hainan Sangeling will continue to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Shenzhen Tiantu Dongfeng and Hainan Tiantu is fully controlled and managed by its general partner, Tiantu Center, which is in turn ultimately wholly owned by Tiantu Capital, a substantial shareholder of the Company. As such, each of Shenzhen Tiantu Dongfeng and Hainan Tiantu is an associate of Tiantu Capital and therefore a connected person of the Company, and the transactions contemplated under the Equity Transfer Agreement and the Investment Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Capital Injection also constitutes a deemed disposal of equity interest in Hainan Sangeling by the Company under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of transactions contemplated under each of the Equity Transfer Agreement and the Investment Agreement are more than 0.1% but all are less than 5%, the entering into of each of the Equity Transfer Agreement and the Investment Agreement constitutes a connected transaction of the Company that is subject to the announcement and reporting requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In addition, since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of each of the transactions contemplated under the Equity Transfer Agreement and the Investment Agreement is less than 5%, each of the transactions contemplated under the Equity Transfer Agreement and the Investment Agreement does not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

The completion of the Capital Injection contemplated under the Investment Agreement is subject to the conditions precedent set out in the paragraph headed "Payment Arrangement and Conditions Precedent" in this announcement. Accordingly, the Capital Injection may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

I. ACQUISITION OF EQUITY INTEREST IN SHENZHEN BANGUO

The principal terms of the Equity Transfer Agreement are as follows:

(1) Date

October 10, 2023 (after trading hours)

(2) Parties

(a) Shenzhen Tiantu Dongfeng (as the seller)

(b) Pagoda Investment (as the purchaser)

(3) Subject Matter and Consideration

Pursuant to the Equity Transfer Agreement, Pagoda Investment agreed to acquire and Shenzhen Tiantu Dongfeng agreed to sell approximately 19.58% of the equity interest (equivalent to registered capital of RMB3,975,345) in Shenzhen Banguo at a cash consideration of RMB14,376,591. The consideration is determined by the parties based on arm's length negotiation with reference to Shenzhen Banguo's gross profit for the year ended December 31, 2022 (i.e. approximately RMB17.41 million) multiplied by a price-to-gross profit margin ratio similar to that used by comparable companies in the e-commerce and internet services industry in their recent financings, as well as the historical business scale (i.e. GMV for the year ended December 31, 2022 was approximately RMB2.42 billion) and financial performance of Shenzhen Banguo, the potential business growth and future capital needs of Shenzhen Banguo. The consideration will be financed by internal funds of Pagoda Investment.

Upon completion of the Equity Transfer, Shenzhen Banguo will become an indirect subsidiary of the Company (owned as to approximately 51.00% by Pagoda Investment) and its financial results will be consolidated into the financial statements of the Company.

The shareholding structure of Shenzhen Banguo, the proportion of corresponding capital contribution and shareholding of each shareholder of Shenzhen Banguo immediately before and upon completion of the Equity Transfer are set out as below:

Name of Shareholder	Capital contribution immediately before the Equity Transfer (RMB)	Approximate shareholding immediately before the completion of the Equity Transfer	Capital to be transferred under the Equity Transfer Agreement (RMB)	Total capital contribution immediately upon completion of the Equity Transfer (RMB)	Shareholding immediately upon completion of the Equity Transfer ^{Note}
Shenzhen Tiantu Dongfeng	6,083,333	29.96%	(3,975,345)	2,107,988	10.38%
Ms. WU Weixin (吳委欣)	2,750,000	13.55%	-	2,750,000	13.55%
Mr. XU Yusheng (徐玉生)	3,045,868	15.00%	-	3,045,868	15.00%
Beijing Banguo Yuhuoban Technology Development Center (Limited Partnership)* (北京般果與夥伴科技發展中心(有限合夥))	2,044,628	10.07%	-	2,044,628	10.07%
Pagoda Investment	6,379,201	31.42%	3,975,345	10,354,546	51.00%
TOTAL	20,303,030	100.00%	-	20,303,030	100.00%

Note: Shenzhen Tiantu Dongfeng has also agreed to sell and Ms. WU Weixin has agreed to purchase all the remaining 10.38% of equity interest held by Shenzhen Tiantu Dongfeng in Shenzhen Banguo, as a result of which, (1) Shenzhen Tiantu Dongfeng will cease to be a shareholder of Shenzhen Banguo, (2) Ms. WU Weixin will hold 23.93% of equity interest in Shenzhen Banguo, and (3) Mr. XU Yusheng, Beijing Banguo Yuhuoban Technology Development Center (Limited Partnership)* (北京般果與夥伴科技發展中心(有限合夥)) and Pagoda Investment will continue to hold 15.00%, 10.07% and 51.00% of equity interest in Shenzhen Banguo, respectively.

(4) Payment Terms

According to the Equity Transfer Agreement, Pagoda Investment shall make a lump sum payment of RMB14,376,591 by way of cash to Shenzhen Tiantu Dongfeng once the Equity Transfer Agreement being effective and shall be no later than October 31, 2023.

(5) Taking effect of the agreement

The Equity Transfer Agreement shall take effect upon the affixing of signatures and seals by the legal representatives of the parties or their authorised representatives.

II. DEEMED DISPOSAL OF EQUITY INTEREST IN HAINAN SANGELING

The principal terms of the Investment Agreement are as follows:

(1) Date

October 10, 2023 (after trading hours)

(2) Parties

- (a) Hainan Tiantu (as the investor)
- (b) Hainan Sangeling (as the target company)
- (c) Mr. Yu (as the legal representative of Hainan Sangeling)
- (d) Pagoda Investment (as an Existing Shareholder)
- (e) Sangeling Gongchuang LLP (as an Existing Shareholder)
- (f) Sangeling Hongshan LLP (as an Existing Shareholder)
- (g) Zhixin Bainong (as an Existing Shareholder)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Zhixin Bainong and its ultimate beneficial owners are independent third parties.

(3) Registered Capital Change

Upon completion of the Capital Injection, the registered capital of Hainan Sangeling shall increase by RMB12.76 million from RMB58.00 million to RMB70.76 million.

(4) Means and Amounts of the Capital Injection

According to the Investment Agreement, Hainan Tiantu agreed to inject RMB22.00 million into the capital of Hainan Sangeling, of which RMB12.76 million will be contributed to the registered capital of Hainan Sangeling and RMB9.24 million will be credited to the capital reserve of Hainan Sangeling. The parties to the Investment Agreement agreed that Hainan Tiantu shall settle the Capital Injection (i.e. RMB22.00 million) in Hainan Sangeling by way of cash. To the best of the knowledge of the Company, the Capital Injection will be financed by internal funds of Hainan Tiantu.

The amount of the Capital Injection and the allocation of the amounts to the registered capital and the capital reserve of Hainan Sangeling are determined by the parties based on arm's length negotiation. Given that Hainan Sangeling Group is at its early development stage and it is not profitable yet, the parties agreed to determine the consideration with reference to its sales records for the year ended December 31, 2022 (i.e. RMB12.60 million) and the nine months ended September 30, 2023 (i.e. RMB29.70 million), and the estimated sales amount for the year ending December 31, 2023 (i.e. RMB42.00 million) based on the historical sales for the year ended December 31, 2022 and the nine months ended September 30, 2023. The parties also considered the business development prospects of Hainan Sangeling Group and its capital needs, in particular, for R&D, branding and marketing, of Hainan Sangeling Group, and agreed that the consideration shall be an amount equivalent to the estimated sales amount for the year ending December 31, 2023 multiplied by a price-to-sales (P/S) ratio determined by reference to the average P/S ratio of comparable companies in the consumer staples industry.

The shareholding structure of Hainan Sangeling, the amounts of the Capital Injection, as well as the proportion of capital contribution and shareholding of each shareholder of Hainan Sangeling immediately before and upon completion of the Capital Injection are set out as below:

<u>Name of Shareholder</u>	<u>Capital contribution immediately before the Capital Injection</u> <i>(RMB' million)</i>	<u>Approximate shareholding immediately before the completion of the Capital Injection</u>	<u>Capital to be injected as registered capital under the Investment Agreement</u> <i>(RMB' million)</i>	<u>Total capital contribution immediately upon completion of the Capital Injection</u> <i>(RMB' million)</i>	<u>Shareholding immediately upon completion of the Capital Injection</u>
Pagoda Investment	24.00	41.38%	–	24.00	33.91%
Sangeling Gongchuang LLP	8.00	13.79%	–	8.00	11.31%
Sangeling Hongshan LLP	8.00	13.79%	–	8.00	11.31%
Zhixin Bainong	18.00	31.04%	–	18.00	25.44%
Hainan Tiantu	–	–	12.76	12.76	18.03%
TOTAL	58.00	100.00%	12.76	70.76	100.00%

Upon completion of the Capital Injection, the shareholding of the Company (through Pagoda Investment, Sangeling Gongchuang LLP and Sangeling Hongshan LLP) in Hainan Sangeling will reduce from approximately 68.97% to approximately 56.53%, which will constitute a deemed disposal of equity interest in Hainan Sangeling by the Company. Hainan Sangeling will continue to be a subsidiary of the Company.

(5) Payment Arrangement and Conditions Precedent

According to the Investment Agreement, Hainan Tiantu shall make payment of RMB22.00 million to Hainan Sangeling within 20 business days upon fulfilment (or otherwise waived by Hainan Tiantu) of the following conditions:

- (a) all representations and warranties made by Hainan Sangeling, Mr. Yu and the Existing Shareholders (except Zhixin Bainong) under the Investment Agreement are true, accurate, complete and not misleading;
- (b) all parties to the Investment Agreement have signed all legally required agreements and transaction documents for the purpose of the Capital Injection (including but not limited to, the Investment Agreement, the capital injection agreement (if applicable), and the new articles of association that reflects Hainan Sangeling's new shareholding structure and organizational structure after completion of the Capital Injection as well as other documents for the purpose of effecting the Capital Injection contemplated under the Investment Agreement);
- (c) shareholders of Hainan Sangeling have passed resolutions to approve the Capital Injection, amendments to articles of association, changes in directors and other related matters, and Mr. Yu and the Existing Shareholders have agreed to waive their pre-emptive rights and other related rights in relation to the Capital Injection;
- (d) Hainan Sangeling, Mr. Yu and the Existing Shareholders (except Zhixin Bainong) have provided due diligence documents as required by and to the satisfaction of Hainan Tiantu;
- (e) Hainan Tiantu has obtained necessary compliance documents for the Capital Injection; and
- (f) Hainan Sangeling does not have any material adverse changes to its business operations or is subject to any material penalties during the period from the signing of the Investment Agreement to the fulfillment of the payment obligations under the Investment Agreement.

(6) Anti-dilution

After the completion of the Capital Injection and in the event that Hainan Sangeling conducts refinancing, its refinancing price per registered capital is lower than that paid by Hainan Tiantu, Pagoda Investment shall compensate Hainan Tiantu for the price difference by way of cash or equity transfer at nil consideration. In the event that Mr. Yu or any of the Existing Shareholders (except Zhixin Bainong), with consent of Hainan Tiantu, sells his or its equity interest in Hainan Sangeling at a price lower than that paid by Hainan Tiantu, Hainan Tiantu shall be compensated for the price difference, unless the sale of equity interest are for the purpose of share incentives to the employees of Hainan Sangeling, or the sale of equity interest by Mr. Yu is by way of disposal of his equity interest in the Company, or otherwise agreed by Hainan Tiantu.

(7) Restrictions on Share Transfers and Pre-emptive Rights

As long as Hainan Tiantu is a shareholder of Hainan Sangeling, Mr. Yu or any of the Existing Shareholders (except Zhixin Bainong) shall obtain its approval for any direct or indirect disposal of their equity interests held in Hainan Sangeling. In the event that Mr. Yu or any of the Existing Shareholders (except Zhixin Bainong) directly or indirectly disposes his or its equity interest in Hainan Sangeling, Hainan Tiantu shall have the right to sell its equity interest in Hainan Sangeling to the transferee first under the same conditions. For the avoidance of doubt, Mr. Yu's disposal of equity interest in the Company shall not be subject to the aforementioned restrictions.

In the event that Hainan Sangeling increases its registered capital in any form or issues new equities, Hainan Tiantu, Mr. Yu and the Existing Shareholders are jointly entitled to have the priority to subscribe for such new equities in proportionate to their shareholding in Hainan Sangeling.

(8) Liquidation Preference

In the event that Hainan Sangeling is liquidated, dissolved or terminated, or deemed to be liquidated, in terms of the remaining assets of Hainan Sangeling after the disposal of its assets and the repayment of the relevant fees, taxes and expenses as well as debts in accordance with applicable laws and regulations, Hainan Tiantu shall have the priority to first recover its investment principal and then shall be entitled to have the liquidation surplus in proportion to its equity interests held in Hainan Sangeling.

(9) Corporate Governance Arrangement

Upon completion of the Capital Injection, Hainan Sangeling shall establish a board of directors consisting of seven (7) directors. Mr. Yu and the Existing Shareholders (except Zhixin Bainong) collectively are entitled to nominate five (5) directors to the board of Hainan Sangeling. Zhixin Bainong is entitled to nominate one (1) director to the board of Hainan Sangeling. Hainan Tiantu is entitled to nominate one (1) director to the board and appoint one (1) board observer to attend the directors' meetings of Hainan Sangeling.

(10) Taking effect of the agreement

The Investment Agreement shall take effect upon the affixing of signatures and where applicable, seals by the legal representatives of the parties or their authorised representatives.

III. REASONS FOR AND BENEFITS OF ACQUISITION OF EQUITY INTEREST IN SHENZHEN BANGUO AND DEEMED DISPOSAL OF EQUITY INTEREST IN HAINAN SANGELING

The Group is principally engaged in the sale of fruits as well as fruit-based products. The Group is dedicated to implement its “delicious” strategy with a focus on further development of its distribution channels, wholesale business or 2B (business-to-business) business and product offerings.

Hainan Sangeling Group are eco-friendly agricultural companies. The Capital Injection will enable Hainan Sangeling to finance its further enhancement on its supply chain capabilities in the agricultural industry as well as to satisfy the expected capital needs for its plan to become a high quality vegetable brand. In addition, Tiantu Capital (the ultimate controller of Hainan Tiantu) is a market leading investor in the consumer industry and their capital investment and professional perspectives on branding and consumption activities analysis will benefit Hainan Sangeling’s branding strategy and continuous development, which in turn will benefit the Group in the long run.

Shenzhen Banguo is principally engaged in the provision of procurement platform to small business enterprises which are typically operated by family (such as self-owned fruit stores and independent convenience stores) without an established supply chain system and therefore they have difficulty in procuring cost-effective products and are lack of bargaining power. Further acquisition of equity interest in Shenzhen Banguo and consolidating its financial results into the Company’s financial statements will bring strategic synergies to the business of the Company and Shenzhen Banguo, which will further enhance the supply chain capabilities of the Group as a whole and the Group’s market share of fruits supply to 2B (business-to-business) consumers. In addition, it is believed that the potential needs of the small business enterprises in China for an integrated procurement platform provider is of significant commercial value in terms of generating liquidities and providing a healthy fruit supply chain with faster turnover and lower costs.

The Directors (including the independent non-executive Directors) consider that the Equity Transfer Agreement and the Investment Agreement were entered into (i) on normal commercial terms (after an arm’s length negotiation between the parties or the terms therein are no less favourable to the Company than terms available from independent third parties), (ii) in the ordinary and usual course of business of the Group, and (iii) the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Except (1) Mr. PAN Pan, a non-executive Director and also a director of Hainan Sangeling and Shenzhen Banguo, abstained from voting on the Board resolution(s) approving the Equity Transfer Agreement and the Investment Agreement, and (2) Mr. Yu, a director and the chairman of the board of Hainan Sangeling, abstained from voting on the Board resolution(s) approving the Investment Agreement, none of the other Directors had a material interest in the Equity Transfer Agreement and the Investment Agreement, or was required to abstain from voting on the relevant Board resolution(s) approving the Equity Transfer Agreement and the Investment Agreement.

IV. INFORMATION ON SHENZHEN BANGUO

Shenzhen Banguo was established in 2019 with a registered capital of RMB20,303,030. Shenzhen Banguo is principally engaged in provision of procurement platform to small business enterprises in the fresh retail industry.

The key financial data of Shenzhen Banguo for the years ended December 31, 2021 and 2022 prepared in accordance with the PRC Accounting Standards for Business Enterprises are set out below:

	Year ended December 31,	
	2021	2022
	RMB	RMB
	(Audited)	(Audited)
Profit/(Loss) before tax	(1,100,326)	(6,854,203)
Profit/(Loss) after tax	(1,100,326)	(6,854,203)
Total assets	47,554,838	157,916,862
Net assets	18,312,692	11,458,489

The original acquisition cost of 19.58% of equity interest in Shenzhen Banguo by Shenzhen Tiantu Dongfeng is approximately RMB8.33 million.

V. INFORMATION ON HAINAN SANGELING

Hainan Sangeling was established in September 2023 by Pagoda Investment, Sangeling Gongchuang LLP, Sangeling Hongshan LLP and Zhixin Bainong with a registered capital of RMB58.00 million. Hainan Sangeling is principally engaged in brand marketing business with vertical integration into vegetables planting, R&D and processing.

The key financial data of Hainan Sangeling Group for the period ended December 31, 2022 prepared in accordance with the PRC Accounting Standards for Business Enterprises are set out below^(Note):

	Period ended
	December 31, 2022
	RMB
	(Audited)
Profit/(Loss) before tax	(9,293,369)
Profit/(Loss) after tax	(9,293,369)
Total assets	5,458,897
Net assets	(4,293,369)

Note: Hainan Sangeling was established in September 2023 and Shenzhen Sangeling was established in February 2022. Therefore, only the audited financial numbers of Hainan Sangeling Group for the period from the establishment date of Shenzhen Sangeling to December 31, 2022 are available.

VI. INFORMATION ON THE OTHER PARTIES TO THE AGREEMENTS

Hainan Tiantu

Hainan Tiantu was established in 2021 with a registered capital of RMB1,500.00 million and is principally engaged in venture capital investment (only limited to investment in enterprises that are not listed on any stock exchange).

Hainan Tiantu is managed and controlled by its general partner, Tiantu Center, which is ultimately wholly owned by Tiantu Capital. Tiantu Capital is a private equity investor and fund manager and is principally engaged in the management of capital for institutional investors and high-net-worth individuals, and making investment through its own funds under its management and directly using its own capital. Tiantu Capital is a joint stock company with limited liability listed on the Stock Exchange (stock code: 1973). None of the other limited partners or ultimate beneficial owners is interested in one third or more of the limited partnership interest in Hainan Tiantu.

Pagoda Investment

Pagoda Investment is a wholly owned subsidiary of the Company and is principally engaged in equity investment. Pagoda Investment was established by the Company for the purpose of making investment in the supply chain of the fruit industry and is of significance to the Company's development strategies.

Sangeling Gongchuang LLP

Sangeling Gongchuang LLP is a subsidiary of the Company and is principally engaged in provision of enterprise management services in China.

Sangeling Hongshan LLP

Sangeling Hongshan LLP is a subsidiary of the Company and is principally engaged in provision of enterprise management services in China.

Zhixin Bainong

Zhixin Bainong is principally engaged in venture capital investment (only limited to investment in enterprises that are not listed on any stock exchange) and carrying out other investment activities with its own funds. Zhixin Bainong is ultimately controlled and managed by its general partner, Shenzhen Hande Zhixin Sunshine Private Equity Fund Management Co., Ltd.* (深圳涵德智心陽光私募股權基金管理有限公司), which is in turn ultimately controlled by Mr. Chen Xiaoxu (陳曉旭). None of the limited partners or other beneficial owners of Zhixin Bainong is interested in one third or more of the limited partnership interest in Zhixin Bainong. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Zhixin Bainong and its ultimate beneficial owners are independent third parties.

Shenzhen Tiantu Dongfeng

Shenzhen Tiantu Dongfeng is principally engaged in investment management, equity investment in unlisted enterprises, asset management (excluding trust, financial asset management and securities asset management) and investment consulting. Shenzhen Tiantu Dongfeng is managed and controlled by its general partner, Tiantu Center, which is ultimately wholly owned by Tiantu Capital.

Shenzhen Tiantu Dongfeng is owned as to 0.83% by its general partner, Tiantu Center and 41.67% by a single largest limited partner, Shenzhen Tiantu Dongfeng Investment Consulting Center (Limited Partnership)* (深圳天圖東峰投資諮詢中心(有限合夥)), which is in turn owned as to 2.00% by its general partner, Tiantu Center, 48.00% by its single largest limited partner, Shantou Dongfeng Printing Co., Ltd.* (汕頭東風印刷股份有限公司), a company principally engaged in the design and production of packaging materials and listed on Shanghai Stock Exchange (stock code: 601515) and 37.80% by Shenzhen Tiantu Xing'an Investment Enterprise (Limited Partnership)* (深圳天圖興安投資企業(有限合夥)), a wholly owned subsidiary of Tiantu Capital. Tiantu Capital is a private equity investor and fund manager and is principally engaged in the management of capital for institutional investors and high-net-worth individuals, and making investment through its own funds under its management and directly using its own capital. Tiantu Capital is a joint stock company with limited liability listed on the Stock Exchange (stock code: 1973). None of the other limited partners or ultimate beneficial owners is interested in one third or more of the limited partnership interest in Shenzhen Tiantu Dongfeng.

Mr. Yu

Mr. Yu is an executive Director, the chairman of the Board and a controlling shareholder of the Company. Mr. Yu is the legal representative, a director and the chairman of the board of Hainan Sangeling.

VII. LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Hainan Tiantu and Shenzhen Tiantu Dongfeng is fully controlled and managed by its general partner, Tiantu Center, which is in turn ultimately wholly owned by Tiantu Capital, a substantial shareholder of the Company. As such, each of Hainan Tiantu and Shenzhen Tiantu Dongfeng is an associate of Tiantu Capital and therefore a connected person of the Company and the transactions contemplated under the Equity Transfer Agreement and the Investment Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Capital Injection also constitutes a deemed disposal of equity interest in Hainan Sangeling by the Company under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of each of the Equity Transfer Agreement and the Investment Agreement are more than 0.1% but all are less than 5%, the entering into of each of the Equity Transfer Agreement and the Investment Agreement constitutes a connected transaction of the Company that is subject to the announcement and reporting requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In addition, since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of each of the transactions contemplated under the Equity Transfer Agreement and the Investment Agreement is less than 5%, each of the transactions contemplated under the Equity Transfer Agreement and the Investment Agreement does not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

The completion of the Capital Injection contemplated under the Investment Agreement is subject to the conditions precedent set out in the paragraph headed “Payment Arrangement and Conditions Precedent” in this announcement. Accordingly, the Capital Injection may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Board”	the board of Directors of the Company
“Capital Injection”	the capital injection contemplated under the Investment Agreement
“China” or “PRC” or “People’s Republic of China”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Shenzhen Pagoda Industrial (Group) Corporation Limited (深圳百果園實業(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability on April 10, 2020 and whose H Shares are listed on the Stock Exchange (stock code: 2411)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by domestic investors
“Domestic Shareholder(s)”	holders of Domestic Share(s)
“Equity Transfer”	the equity transfer contemplated under the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into by and between Shenzhen Tiantu Dongfeng (as the seller) and Pagoda Investment (as the purchaser) on October 10, 2023
“Existing Shareholders”	existing shareholders of Hainan Sangeling prior to the completion of the Capital Injection, namely Pagoda Investment, Sangeling Gongchuang LLP, Sangeling Hongshan LLP and Zhixin Bainong
“GMV”	gross merchandise value

“Group”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the content may require), or where the context so requires, in respect of the periods before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“Hainan Sangeling”	Hainan Sangeling Agricultural Technology Development Co., Ltd.* (海南三個零農業科技發展有限公司), a limited liability company established in the PRC on September 12, 2023 and a subsidiary of the Company. Upon completion of the Capital Injection, Hainan Sangeling was owned as to 33.91% by Pagoda Investment, 25.44% by Zhixin Bainong, 11.31% by Sangeling Gongchuang LLP, 11.31% by Sangeling Hongshan LLP and 18.03% by Hainan Tiantu
“Hainan Sangeling Group”	Hainan Sangeling and Shenzhen Sangeling
“Hainan Tiantu”	Hainan Tiantu Xingzhou Venture Capital Partnership (Limited Partnership)* (海南天圖興周創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on September 14, 2021
“H Share(s)”	overseas listed shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on the Stock Exchange
“H Shareholder(s)”	holders of H Share(s)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected persons as defined under the Listing Rules
“Investment Agreement”	the investment agreement entered into by and among Hainan Tiantu, Hainan Sangeling, Mr. Yu and the Existing Shareholders on October 10, 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Yu”	Mr. YU Huiyong (余惠勇), an executive Director and the chairman of the Board, and a controlling shareholder of the Company
“Pagoda Investment”	Shenzhen Pagoda Investment Development Co., Ltd.* (深圳市百果園投資發展有限公司), a limited liability company established in the PRC on June 26, 2015 and a wholly-owned subsidiary of the Company

“R&D”	research and development
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Sangeling Gongchuang LLP”	Shenzhen Sangeling Gongchuang Enterprise Management Center Partnership (Limited Partnership) (深圳三個零共創企業管理中心(有限合夥)), a limited partnership established in the PRC and a non-wholly owned subsidiary of the Company. As at the date of this announcement, Sangeling Gongchuang LLP was managed and controlled by its general partner, Pagoda Investment, and was owned as to 57.00% by Pagoda Investment and 43.00% by 15 employees of the Group and one external consultant engaged by the Group, who are all independent third parties and none of them contributed one third or more of the limited partnership interest of Sangeling Gongchuang LLP
“Sangeling Hongshan LLP”	Shenzhen Sangeling Hongshan Enterprise Management Center Partnership (Limited Partnership) (深圳三個零弘善企業管理中心(有限合夥)), a limited partnership established in the PRC and a non-wholly owned subsidiary of the Company. As at the date of this announcement, Sangeling Hongshan LLP was managed and controlled by its general partner, Pagoda Investment, and was owned as to 99.50% by Pagoda Investment and 0.50% by an individual investor who is an independent third party
“Shares”	ordinary shares of the Company with a nominal value of RMB1.00 each, including the Domestic Shares and the H Shares
“Shareholders”	holders of the Shares of the Company, including the Domestic Shareholders and the H Shareholders
“Shenzhen Banguo”	Shenzhen Banguo Technology Co., Ltd.* (深圳般果科技有限公司), a limited liability company established in the PRC on August 22, 2019. Upon completion of the Equity Transfer, Shenzhen Banguo will become 51.00% owned by Pagoda Investment, 10.38% by Shenzhen Tiantu Dongfeng, 15.00% by Mr. XU Yusheng (徐玉生), 13.55% by Ms. WU Weixin (吳委欣) and 10.07% by Beijing Banguo Yuhuoban Technology Development Center (Limited Partnership)* (北京般果與夥伴科技發展中心(有限合夥)), and will become a subsidiary of the Company

“Shenzhen Sangeling”	Shenzhen Sangeling Agricultural Technology Development Co., Ltd.* (深圳三個零農業科技發展有限公司), a limited liability company established in the PRC on February 18, 2022 and a wholly-owned subsidiary of Hainan Sangeling
“Shenzhen Tiantu Dongfeng”	Shenzhen Tiantu Dongfeng Small, Medium and Micro Enterprise Equity Investment Fund Partnership (Limited Partnership)* (深圳市天圖東峰中小微企業股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on July 25, 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tiantu Capital”	Tian Tu Capital Co., Ltd. (深圳市天圖投資管理股份有限公司), a joint stock company incorporated in the PRC with limited liability on July 22, 2015 and whose H shares are listed on the Stock Exchange (stock code: 1973)
“Tiantu Center”	Shenzhen Tiantu Capital Management Center Limited Partnership* (深圳天圖資本管理中心(有限合夥)), a limited partnership established in the PRC on April 18, 2012
“Zhixin Bainong”	Shenzhen Zhixin Bainong Investment Partnership (Limited Partnership)* (深圳市智心百農投資合夥企業(有限合夥)), a limited partnership established in the PRC on October 27, 2022
“%”	percent

By order of the Board
Shenzhen Pagoda Industrial (Group) Corporation Limited
 深圳百果園實業(集團)股份有限公司
YU Huiyong
Chairman and Executive Director

Shenzhen, the People’s Republic of China
 October 10, 2023

As at the date of this announcement, the Board of Directors of the Company comprises Mr. YU Huiyong, Ms. XU Yanlin, Mr. TIAN Xiqiu, Mr. JIAO Yue and Mr. ZHU Qidong as executive Directors, Mr. PAN Pan and Mr. HU Qihao as non-executive Directors, and Dr. JIANG Yanbo, Mr. MA Ruiguang, Dr. WU Zhanchi, Mr. CHEUNG Yee Tak Jonathan and Ms. ZHU Fang as independent non-executive Directors.

* for identification purposes only