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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 People's Republic of China with limited liability)

(Stock Code: 2411)

PROFIT WARNING

This announcement is made by Shenzhen Pagoda Industrial (Group) Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended December 31, 2024 (the “**Financial Year of 2024**”) and the information currently available to the Board, it is expected that the Group will record loss attributable to owners of the Company between RMB350.0 million to RMB400.0 million for the Financial Year of 2024, as compared to the profit attributable to owners of the Company of approximately RMB361.7 million for the year ended December 31, 2023 (the “**Financial Year of 2023**”). In addition, the Group’s revenue for the Financial Year of 2024 is expected to decrease by not more than 15.0% as compared to the Group’s revenue of approximately RMB11,390.6 million for the Financial Year of 2023.

Based on the information currently available, the Board considers that the expected loss attributable to owners of the Company and the expected decrease in the Group’s revenue during the Financial Year of 2024 is mainly attributable to: (i) the Company’s initiatives taken to optimise its product line-up with lower gross profit margin in the second half of the year of 2024 to satisfy consumer demand for products of high cost performance ratio in view of the weak domestic consumption; (ii) the Company encouraging franchisees to relocate stores from those of high rent-to-revenue ratio to those of low rent-to-revenue ratio, meanwhile, franchisees focusing on advantageous stores with more sustainable rent-to-revenue ratio, resulting in a decrease in the number of franchised stores from 6,081 stores as at December 31, 2023 to 5,116 stores as at December 31, 2024; and (iii) the Company completing the implementation of its new strategy of “Expert and Leader in High-Quality Fruit Industry (高品質水果專家與領導者)” formulated in early 2024 to enhance customers’ brand recognition of the Company, including the completion of activities such as store refurbishment, marketing campaigns and engagement of good life ambassadors, resulting in an increase in the Company’s expenses for the Financial Year of 2024.

The Company has adopted/will adopt various measures to improve its operating performance, including: (i) to optimise operational efficiency on the basis of continuously meeting the consumer demand for products of high cost performance ratio; (ii) to expand its fruit gift product line, develop limited edition festive gifts and small gift packages, etc., and build its fruit gift brand in order to expand the scale of sales and satisfy market demand; (iii) to further lower the franchising cost threshold, stimulating and incentivising franchisees to continue to expand their franchised stores.

The information as contained in this announcement is only based on a preliminary assessment on the unaudited consolidated management accounts of the Group for the Financial Year of 2024 as well as other relevant information currently available to the Board, and such figures and information have not been reviewed by the auditors of the Company or the audit committee of the Board. The Company is still in the process of finalizing its annual results of the Group for the Financial Year of 2024, which is expected to be released in late March 2025.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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
February 3, 2025

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. SUN Kai as non-executive Director, and Dr. JIANG Yanbo, Mr. MA Ruiguang, Dr. WU Zhanchi, Mr. CHEUNG Yee Tak Jonathan and Ms. ZHU Fang as independent non-executive Directors.