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Shenzhen Pagoda Industrial (Group) Corporation Limited

深圳百果园实业(集团)股份有限公司

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

(Stock Code: 2411)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025

FINANCIAL HIGHLIGHTS

The table below sets forth certain key financial information of the Group for the years indicated.

	Year Ended December 31,		Year-over-year Change
	2025	2024	
	RMB'000	RMB'000	%
Revenue ^{(1) (2)}	8,174,438	10,273,253	(20.4)
Gross profit	597,207	764,354	(21.9)
Loss before income tax	(328,989)	(391,493)	(16.0)
Loss attributable to owners of the Company	(317,487)	(386,027)	(17.8)
Basic and diluted loss per share (RMB cents per share)	(20.83)	(25.52)	(18.4)

- (1) The majority of the Group's revenue was derived from sales of fruits and other food products. For the years ended December 31, 2024 and 2025, revenue from sales of fruits and other food products amounted to RMB10,014.2 million and RMB8,040.4 million, respectively, accounting for approximately 97.5% and 98.4% of the Group's total revenue for the years ended December 31, 2024 and 2025, respectively. The remaining revenue was derived from royalty and franchising income, membership income and others.
- (2) The Group mainly distributes its products through offline store network, comprising franchised stores supervised by itself, franchised stores supervised by its regional dealers, and a limited numbers of self-operated stores. For the years ended December 31, 2024 and 2025, aggregate revenue from sales of products contributed by franchised stores amounted to RMB7,396.3 million and RMB5,912.4 million, accounting for approximately 72.0% and 72.3% of the Group's total revenue for the years ended December 31, 2024 and 2025, respectively.

OPERATIONAL HIGHLIGHTS

The table below sets forth the Group's total number of franchised stores and self-operated stores as of the dates indicated.

	As of December 31,	
	2025	2024
Franchised stores		
Franchised stores supervised by the Group	3,639	4,039
Others	821	1,077
Sub-total	4,460	5,116
Self-operated stores	8	11
Total	4,468	5,127

The table below sets forth certain other key operational information of the Group for the years or as of the dates indicated.

	Year Ended/As of December 31,	
	2025	2024
Gross retail sales (RMB'000)⁽¹⁾	10,341,604	12,703,257
Total direct sales (RMB'000)⁽²⁾	1,191,491	1,255,683
Domestic direct sales (RMB'000)⁽²⁾	969,220	960,730
Overseas direct sales (RMB'000)⁽²⁾	222,271	294,953
Number of members ('000)	95,304	90,743
Number of self-owned product brands	53	46

(1) Gross retail sales represent the aggregate of (i) gross store retail sales, which represent total sales amount of retail stores after discounts or rebates, and (ii) gross online retail sales, which represent total value of goods sold via all online distribution channels of the Group. While being an useful performance indicator, gross retail sales are not equivalent to the Group's revenue for the relevant years.

(2) Total direct sales represent the total sales amount to the Group's 2B customers which are directly counted for as the Group's revenue. Domestic direct sales represent the total sales amount to the Group's domestic 2B customers which are directly counted for as the Group's revenue. Overseas direct sales represent the total sales amount to the Group's overseas 2B customers which are directly counted for as the Group's revenue.

PROPOSED FINAL DIVIDEND

The Board has recommended a final dividend for the year ended December 31, 2025 of RMB0.0050 per ordinary share (tax inclusive) to all Shareholders, amounting to approximately a total of RMB10.0 million for the same year.

The board (the “**Board**”) of directors (the “**Directors**”) of Shenzhen Pagoda Industrial (Group) Corporation Limited (the “**Company**”) is pleased to announce the consolidated annual results (the “**Annual Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2025 (the “**Reporting Period**”). The Annual Results were prepared based on the consolidated financial statements of the Group, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS**”), which include all HKFRS, Hong Kong Accounting Standards (the “**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the Annual Results have also been reviewed by the audit committee of the Board (the “**Audit Committee**”).

In this announcement, “we”, “us”, and “our” refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

PERFORMANCE REVIEW

Market Overview

In 2025, China’s gross domestic product (“**GDP**”) recorded a year-on-year growth of approximately 5.0%, reflecting a broadly stable economic environment. According to the National Bureau of Statistics, final consumption expenditure in 2025 drove GDP growth by 2.6 percentage points, further underscoring its role as a key driver of economic expansion. In 2025, the consumer price index (“**CPI**”) remained stable compared to the previous year. In addition, in 2025, food prices had a year-on-year decline of approximately 1.5%, representing a widened decrease of approximately 0.9% compared to the previous year, while fresh fruit prices increased by approximately 1.2% against such trend, highlighting the strong resilience and stability of fruit consumption.

In 2025, fruit consumption in China continued to demonstrate robust demand and steady volume growth, and the fruit consumption scenarios continued to expand, showing a trend toward diversification, differentiation and convenience. According to Frost & Sullivan, China’s fruit consumption volume recorded a year-on-year increase of approximately 2.0%, reaching 78.3 million tons in 2025. The consumption structure remained concentrated on five core category products, including citrus, apple, banana, pear and grape, which together accounted for approximately half of total fruit consumption in China. In terms of consumption scenarios, rising health awareness among consumers has cemented the concept of “safe, green, and nutritious.” In addition, emerging categories such as functional fruits, specialty varieties, and niche-flavored products saw significant growth, with notable increases in search volumes for red guoseng (紅果參) and crisp honey kumquat (脆蜜金桔). The younger-generation consumers continued to fuel upgrades in ready-to-eat offerings, resulting in higher penetration of convenient products such as fruit cuts and fruit bowls in both supermarkets and food delivery platforms.

In respect of the supply chain and production, benefiting from smart agriculture, the popularization of post-harvest treatment technology and the optimization of variety mix, the overall efficiency of the industrial chain continued to improve. Key initiatives included the promotion of specialty varieties (such as differentiated and rare fruit products), application of smart agricultural technologies (including intelligent water and fertiliser management and drone operations), and extension of the industry chain (such as deep processing and integration of agriculture and tourism) to optimize the structure of the fruit industry, driving the large-scale development in regions with distinct industry features, abundant resources and strong market competitiveness achieved scalable development and product branding. Modern technologies such as varietal improvement, standardised cultivation, cold chain preservation, pressure difference pre-cooling and temperature control have been widely applied to effectively enhance fruit quality and extend the distribution radius (with prolonged freshness enabling expansion of the sales network).

From channel perspective, on one hand, as consumers increasingly demand convenience and consistent quality, the market share of traditional agricultural markets continued to decline, decreasing from 21.5% in 2024 to 20.4% in 2025. On the other hand, the penetration rate of online channels increased steadily, rising from 23.6% in 2024 to 26.6% in 2025. In addition, offline channels are also undergoing a near-field restructuring with consumer purchasing patterns shifting from concentrated supermarket purchase to high-frequent replenishment through community-based near-field retail shops, resulting in a continuing increase in the proportion of community-based near-field consumption.

Last but not the least, in 2025, the PRC government continued to focus on technological support for agricultural products and enhanced regulatory supervision of food safety, promoting the fruit industry's transition towards higher quality, efficiency, and safety standards. In January 2025, Auramine was detected in certain imported durians from Thailand and Vietnam which resulted in stricter regulatory scrutiny food safety. In April 2025, the General Administration of Customs of the PRC introduced additive control requirements for Cambodian durians, further strengthening safety standards for imported fruit. In March 2025, the General Office of the Central Committee of the Chinese Communist Party and the State Council issued Opinions on Further Strengthening Full-Chain Food Safety Supervision (《關於進一步強化食品安全全鏈條監管的意見》) which clarified the core requirements for the connection between the production area certification and market access, quality and safety traceability, storage and transportation supervision of edible agricultural products. By end of 2025, the Ministry of Agriculture and Rural Affairs introduced management measures with effect from February 1, 2026 clarified that a management system for the commitment-based certificate of compliance with standards will be implemented for agricultural products such as fruits, promoting that agricultural products must be accompanied by a commitment-based certificate of compliance with standards before entering the circulation. These governmental initiatives aim to ensure traceable sources, trackable destinations, and accountable responsibilities, thereby further advancing the quality development of the fruit industry.

Overall, the tightened food safety regulations in the fruit industry, coupled with consumers' increasing attention to pesticide residue detection, freshness management, and quality after-sales services, is driving companies and enterprises to continuously increase their investment in quality control, accelerating the industry's overall shift towards standardisation and high-quality development.

Company Performance Overview

As the largest fruit retail operator in China, we have not only ranked first in terms of fruit sales volume for ten consecutive years, but also continued to lead the industry development in areas such as fruit standard setting, stable quality improvement and food safety assurance. In 2025, we firmly implemented our core strategy of “Expert and Leader in High-quality and Cost-effective Fruit Industry” (高品質與高性價比水果專家與領導者) through (i) advancing our service quality, including enhancements to the refund policy and gift return services, as well as upgrades to store service standards, (ii) optimizing our product mix, such as upgrading and renewing gift product standards and packaging, deepening the product portfolio strategy of “large single products with massive customer flow” (流量屬性大單品) and “seasonal products with the best value for money” (極致性價比應季品) and (iii) with focus on the core aspects of retail, comprehensively upgrading the digital and intelligent system to promote the improvement of management capability and operational efficiency of the store. As a result, we achieved a positive turnaround in both operating and financial performance. Throughout the year, our scale of losses narrowed compared to the year of 2024, principally owing to profits generated in the second half of 2025. By encouraging franchisees to relocate or close underperformed stores with high rental costs, elevated labor expenses or poor business performance and to focus more resources on advantageous stores, we further optimised our store network. We consider our retail stores nowadays are healthier, with stronger operational efficiency. Upon the nearly two-year enhancement to our store network, we have returned to a sustainable store expansion strategy. The total number of our retail stores increased from 4,386 as of June 30, 2025 to 4,468 as of December 31, 2025, representing a net increase of 82 stores, laying a solid network foundation for the growth in our further market share. This marks that our Group’s strategic adjustment in relation to our existing franchise business has been substantially completed, and our Group has officially commenced a new phase of development characterised by turnaround and growth momentum.

The Group’s revenue decreased by approximately 20.4% from RMB10,273.3 million in 2024 to RMB8,174.4 million in 2025. The Group’s gross profit decreased by approximately 21.9% from RMB764.4 million in 2024 to RMB597.2 million in 2025. Loss attributable to owners of the Company decreased by approximately 17.8% from RMB386.0 million in 2024 to RMB317.5 million in 2025.

Company Business Highlights

Retail Business Unit

Offline Store Network Development

As of December 31, 2025, our Group’s offline store network had a total of 4,468 stores located in over 170 cities covering 22 provinces and municipalities in China.

The table below sets forth the Group's total number of franchised stores and self-operated stores as of the dates indicated.

	As of December 31,			
	2025		2024	
		%		%
Franchised stores				
Franchised stores supervised by the Group	3,639	81.4	4,039	78.8
Others	821	18.4	1,077	21.0
Sub-total	4,460	99.8	5,116	99.8
Self-operated stores	8	0.2	11	0.2
Total	4,468	100.0	5,127	100.0

As part of the Group's expansion strategy, through diversifying our category products and extending our reach to broader base of customers, we continue to develop franchised stores in different tier cities. The table below sets forth the Group's total number of stores by city tiers as of the dates indicated.

	As of December 31,			
	2025		2024	
		%		%
First-tier cities ⁽¹⁾	1,137	25.5	1,264	24.7
Second-tier cities ⁽²⁾	1,600	35.8	1,907	37.2
Third-and lower-tier cities ⁽³⁾	1,731	38.7	1,956	38.1
Total	4,468	100.0	5,127	100.0

(1) Referring to Beijing, Shanghai, Guangzhou and Shenzhen.

(2) Referring to Chengdu, Chongqing, Hangzhou, Wuhan, Xi'an, Tianjin, Nanjing, Changsha, Zhengzhou, Qingdao, Shenyang, Hefei, Ningbo, Kunming, Xiamen, Jinan, Fuzhou, Dalian, Harbin, Changchun, Shijiazhuang, Nanning, Guiyang, Nanchang, Taiyuan, Lanzhou, Taipei, Yinchuan, Haikou, Xining, Hohhot, Lhasa and Urumqi.

(3) Referring to cities other than the first- and second-tier cities in China.

In the first half of 2025, we continued to enhance the operational efficiency of our retail stores nationwide by optimizing our retail store network. We proactively guided franchisees to re-evaluate store locations and their surrounding business districts, relocating or closing underperformed stores with high rental costs, elevated labor expenses or poor business performance, and to focus more resources on advantageous stores. As of December 31, 2025, the Group recorded a net increase of 82 retail stores as compared with that of June 30, 2025, representing an increase of approximately 1.9% from 4,386 retail stores as of June 30, 2025 to 4,468 retail stores as of December 31, 2025. This increase was primarily attributable to that (i) we reduced investment in store decoration and equipment per store, thereby lowering the store opening costs for franchisees and (ii) we optimized pricing strategy and product mix to attract customers' visiting frequency to our stores, further boosting the sales volume of stores. For details on our product strategy, see "Retail Business Unit" and "Category Business Unit". These factors collectively encouraged certain franchisees that had previously closed their stores to reopen at new locations.

The table below sets forth the Group's revenue contribution derived from sales of products by types of retail stores for the years indicated.

	Year Ended December 31,			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Franchised stores				
Franchised stores supervised by the Group	5,911,116	99.6	7,388,025	99.4
Others	1,279	0.0	8,242	0.1
Sub-total	5,912,395	99.6	7,396,267	99.5
Self-operated stores	21,277	0.4	40,584	0.5
Total	5,933,672	100.0	7,436,851	100.0

In 2024, we have completed the storefronts upgrading and renovation of all stores to comprehensively promote the standardized presentation of Pagoda's brand and IP image. In 2025, we continued to benefit from such upgrades, which further enhanced consumers' awareness of our products and brand image. We also set up dedicated areas within selected eligible stores for dried fruits, fruit products and gift items. As of December 31, 2025, we had opened eight stores in Indonesia, continuing solidifying and expanding our regional market layout and enhancing our regional foundation for further overseas market expansion in the future.

In 2025, we carefully selected high-quality seasonal fruits and launched more than 50 themed store campaigns, including the Spring Festival themed store (春節主題店), Thai Fruit Festival themed store (泰國水果節主題店), Zespri series themed store (佳沛系列主題店) and Excellent Ruanxiangyu Melon themed store (招牌軟香玉蜜瓜主題店). Through the implementation of the themed store activities, we successfully transformed the traditional shopping experience into a social check-in experience, which significantly increased our brand exposure, boosted in-store sales, and enhanced brand loyalty and word-of-mouth dissemination effect.

Meanwhile, to elevate customer shopping experience and strengthen our brand image, we further upgraded display standards with particular emphasis on the display standards for festive gift boxes. In addition, we developed dedicated and customized materials for seasonal products, such as apple buckets, durian hanging tags, and pomelo pulp trays. Through the implementation of refined pomelo peeling services and scenario-based displays, we successfully transformed pomelo from a traditional loose-selling fruit item into a high-value, experience-enhanced “snack-like” product, thereby effectively attracting new customers.

In terms of our operational strategy, we continued to promote product portfolio that combined “large single products with massive customer flow” (強流量屬性大單品) and “seasonal products with the best value for money” (極致性價比應季品) alongside the “best fruit for you” (好果報恩) campaign. For example, in 2025, we successfully launched Ponkan mandarins (耙耙柑), blueberries, Feizixiao lychees (妃子笑荔枝) and other seasonal products with the best value for money in 22 sessions of “best fruit for you” campaign, driving substantial growth in new and repeat customers purchase with accumulated sales of over RMB500 million and reaching approximately 25 million orders. This operational strategy effectively boosted store traffic and laid a solid foundation for turning around loss and optimizing our long-term sustainable probability.

In order to enhance franchisee satisfaction, we required each region to organise monthly franchisee meetings to address enquiries and concerns of our franchisees. At the same time, we encouraged open communication and exchange among franchisees, allowing them to learn from one another’s store management and operational practices. By establishing model franchisees, we further aimed to boost franchisees’ confidence in the prospects of their business operations. We have also proactively upgraded our service assurance system to provide end-to-end follow-up on franchisee feedback, and have established a dedicated customer service channel for franchisees to increase our efficiency of resolving their enquiries. Such measures have laid a solid foundation for the further expansion of our store network.

Online-merge-offline (“OMO”) Model

We have a technical team of more than 200 people, and have built a full-chain digitalization system with self-developed research and development as the core to continuously escort the Company’s deep integration of online and offline integration, omni-channel business growth, refined operation and long-term value enhancement. In 2025, orders placed through our self-operated APP and mini-program as well as other online channels such as Meituan and Ele.me accounted for approximately 26.6% of the Group’s total orders, of which orders placed through Meituan accounted for approximately 51.4%. In May 2025, we launched our “daily surprises” (天天有驚喜) campaign, a marketing initiative that featured daily discounted fruit selection exclusively for WeChat communities followers, which successfully promoted daily bestsellers while simultaneously enhancing the engagement of our WeChat communities followers and driving increased customer traffic to our offline retail stores. As a result, as of December 31, 2025, the total number of store-based WeChat groups established by the Group’s store managers increased to approximately 32,000 with an aggregate of approximately 16.9 million WeChat community

followers. Sales through WeChat Community Group Note (微信社群接龍) exceeded RMB115.6 million, representing a year-on-year increase of approximately 14.0% as compared to the year of 2024.

In order to satisfy consumers' consumption needs in multiple scenarios and channels, we have been actively expanding our content e-commerce segment by launching our online business and carrying our brand promotions and collaborations on various platforms such as Douyin, Tmall and JD.com. Such initiatives included live commerce on Douyin and establishing the Pagoda flagship store on Tmall for direct sales. In 2025, we achieved breakthroughs and innovations in Douyin livestream content by conducting origin-tracing livestreams at the production bases of fruits including watermelons and Ponkan mandarins. This allowed consumers to witness our efforts in supporting rural revitalization and ecological and environmental protection, which enhanced our brand exposure as well as consumers' brand affinity. As of December 31, 2025, the total number of orders placed by customers through the Douyin group-buying channel to purchase the Group's fruits and fruit products reached approximately 3.37 million, representing a year-on-year increase of approximately 21.6%. The total retail sales of the Group's fruits and fruit products generated from the Douyin group-buying channel amounted to RMB107 million, representing a year-on-year increase of approximately 30.9% as compared to the year of 2024.

In May 2025, we executed an IP collaboration with the TV series "The Litchi Road" (《長安的荔枝》), integrating marketing initiatives including lychees as best fruit for you (荔枝好果報恩), launching themed stores, livestreams with historical storytelling, and origin-tracing marketing activities, which successfully enhanced our brand affinity and contributed to drive store sales growth, with lychee sales amount recording a year-on-year increase of approximately 35.7% as compared to the year of 2024. In addition, in 2025, we focused on the promotion of our seasonal Excellent fruits (四季招牌果推廣) to highlight the differentiation of our products. In April 2025, we introduced Spring Excellent Fruit Series (春季招牌果系列), which included the Excellent Huahuang Golden Pineapple (花凰金鳳梨), the Excellent Tears of Rouge Imperial Mango (胭脂淚貴妃芒) and Excellent Shuifengling Wax Apple (水風鈴蓮霧) from Hainan and Chanee King Durian (青妮王榴蓮) from Thailand. In August 2025, we held the Autumn Excellent Fruit Launch (秋季招牌果發布) and Excellent Yake Plum (招牌亞克西梅) Origin-Tracing Event in Kashgar, Xinjiang, and concurrently announced the upgrade of the "Pagoda Excellent Fruit Standard." In October 2025, we further launched "Guochao Excellent Fruit Wellness Season" (國潮好果養生季) as key autumn brand campaign. Leveraging the Group's digitalized supply chain, the campaign integrated national trend culture with wellness concepts to build a matrix of seven Excellent premium fruits and promote seasonal autumn wellness fruit products, aiming to achieve an upgrade from product retailing to emotional value delivery. Through the integrated approach of "product launch, standardization and industry chain empowerment", we have reinforced our leading position in the fruit retail market and established a solid foundation for the future expansion of product categories and further extension along the industry value chain.

In 2025, as an initiative to promote our fruit as gift business strategy, we further upgraded our gift boxes. Through in-depth cooperation with intangible cultural heritage projects and renowned IPs, we developed a series of fruit gift boxes characterized with cultural content to enhance product value. We also established professional assembly standards and fostered a gift-oriented atmosphere at our retail stores to further strengthen product competitiveness. Meanwhile, we pioneered the "Hassle-Free Gift Delivery" (禮品無憂送) service, under which gift recipients may independently apply for "Not Satisfied? Hassle-Free Refund!" (不滿意, 隨心退). As a result, the proportion of gift sales to the Group's total retail sales at Pagoda stores increased from approximately 12.4% for 2024 to approximately 14.0% for 2025.

As of December 31, 2025, we had over 95.3 million members across all distribution channels, representing a year-on-year increase of approximately 5.0% as compared with 2024; and we had a cumulative number of user visits to the WeChat mini-program reached 81.96 million, representing a year-on-year increase of approximately 8.3% as compared with 2024. However, due to the increasing uncertainty in the macroeconomic environment, certain customers have become more cautious in their decision-making when it comes to paying for membership and their willingness to pay for membership has weakened. Since 2023, we have strategically diverted from our focus on developing paying members and steered our development focus on in-depth cultivation of existing member base through improving purchase amount and purchase frequency of our existing members. The core value and implementation approach of this strategy are to provide differentiated and tailored services and benefits to our customers based on their purchase frequency, spending amount and other consumption or user profiles, fully unlock the potential value of individual customers, improve member repurchase rates and engagement, and ultimately maximize customer lifetime value (LTV).

2B Business Unit

In 2025, we continued to leverage our strong supply chain capabilities and product resources to expand our customer base and market coverage in both domestic and overseas markets. In respect of our 2B business in the domestic market, we have partnered with a number of traditional supermarkets, emerging online retail platforms, corporate clients and governmental entities, and pursuant to such partnership, we directly supply fruits and fruit products to them for consumption or for on sale to their customers. In respect of our 2B business in the overseas markets, we primarily sell high-quality domestic products including apples and pears to supermarkets and wholesalers in regions and countries such as Hong Kong, Singapore, Indonesia and Thailand. The Group's revenue from total direct sales of fruits and other food products decreased by approximately 5.1% from RMB1,255.7 million in 2024 to approximately RMB1,191.5 million in 2025, of which the direct sales of fruits in overseas market recorded a year-on-year decrease of approximately 24.6% as compared to 2024. The decrease of sales in overseas market is due to changes in overseas market tariff policies and unstable product quality of certain goods due to weather conditions.

Shenzhen Banguo Technology Co., Ltd.* (深圳般果科技有限公司) (“**Shenzhen Banguo**”) is a non-wholly subsidiary of our Company and it 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) who do not have access to established supply chain system and therefore have difficulty in procuring cost-effective products and are lack of bargaining power. In 2025, the gross merchandise value (GMV) of Shenzhen Banguo amounted to approximately RMB2.38 billion, representing a decrease of approximately 8.1% compared to RMB2.59 billion as at December 31, 2024, primarily attributable to warehouse relocation and increased competition from regional peers. As of December 31, 2025, Shenzhen Banguo had established eight main warehouses nationwide and through collaborating with local partners, had established 448 city warehouses, further expanding its market share. We believe that Shenzhen Banguo is well-positioned to effectively meet the procurement needs of small and medium-sized fruit suppliers and mom-and-pop stores, and possesses significant potential for further penetration along the industry value chain. This, in turn, is expected to enhance the Group's supply chain efficiency and facilitate the expansion of market share and competitiveness in the 2B sector.

Furthermore, our Government and Enterprise Division (政企事業部) has continued to deepen its engagement in the government and enterprise services sector, with a focus on delivering diversified welfare solutions and comprehensive product offerings across all consumption scenarios tailored to client needs. Principal offerings of our Government and Enterprise Division include the card and coupon business, such as “Haochi Card” (好吃卡) and “Haochi Voucher” (好吃券), as well as the sale of fruits and fruit products. In terms of sales channels, we have established a multi-dimensional, highly synergistic and widely covered channel network. In 2025, we successfully rolled out the “in-store pick-up + home delivery” business model for corporate welfare. By partnering with leading welfare platforms and collaborating with JD.com in the government and enterprise sector, we enabled on-demand consumption of corporate employee benefits through both physical stores and food delivery channels. In addition, we established internal sales outlets at a number of large enterprises and entered into in-depth strategic cooperation with clients in industries including high-speed rail, healthcare and wellness, as well as trade unions across various regions. This has allowed us to precisely cover diverse consumption scenarios and fully satisfy the diversified fruit consumption needs of corporate clients. As a result, the domestic direct sales increased slightly by approximately 0.9% from RMB960.7 million in 2024 to RMB969.2 million in 2025.

Category Business Unit

We have simplified our fruit grading system and our fruits are categorized under “Excellent, Grade A and Grade B” under our pioneered fruit grading system based on the criteria of “Saccharinity, Crispness, Tenderness, Freshness, Flavor and Safety” (四度一味一安全), allowing consumers to easily identify our high-quality Excellent fruits, while also offering customers with more cost-effective Grade A and Grade B fruits. We continued to enrich our category product offerings and deepen category brand development in 2025, with the aim of meeting the changing and diversified market demands.

As of December 31, 2025, we had successfully introduced to the market a total of 53 Excellent fruits onto the market, representing approximately 12.8% of the Group’s total retail sales at Pagoda stores for the year ended December 31, 2025, representing a decrease by approximately 1.9% as compared to that for the year of 2024. Such decrease in sales was primarily attributable to adverse climatic conditions at the places of origins of certain Excellent fruits, such as Liangzhi apples and Red Ballet strawberries, which adversely affected the quality of such fruits so that they did not meet the quality standards for our Excellent fruits.

To further deepen customers’ awareness of our Excellent fruits and highlight our differentiated advantages, in January 2025, we held the launch event for our Excellent fruit, Mozhenbao Red Guoseng (墨珍寶紅果參) in Maguan County, Yunnan Province; in March 2025, we organized an origin-tracing event for Huahuang Golden Pineapple (花凰金鳳梨), inviting multiple key opinion leaders (KOLs) and our members to engage in interactive experiences at the production site; and in April 2025, we collaborated with the Weifang Kite Festival (濰坊風箏節) and simultaneously launched a spring-limited pop-up event for Excellent fruits in Qingdao, featuring Excellent fruits such as the Tears of Rouge Imperial Mango (胭脂淚貴妃芒), Huahuang Golden Pineapple (花凰金鳳梨), and Chanee King Durian (青妮王榴槤). These initiatives were undertaken to further enhance the brand strength of the Excellent fruit products and accentuate their differentiated advantages.

In addition, we continue to provide our suppliers with support in soil improvement, agricultural management and post-harvest preservation technologies to improve the quality of our fruits, secure the stable supply of goods and build a high-standard supply chain ecosystem, laying the foundation for launching more Excellent fruits and category brands.

Other Business Updates

Focusing on the core aspects of retail and upgrading our digital and intelligent system

Focusing on the core aspects of retail operations, the Group advanced the upgrade of its digital and intelligent systems in 2025, adhering to the principles of “scaled operation and refined management.” The Group comprehensively reinforced its digitalization initiatives by upgrading the “Baiguo Secretary” (百果秘書) intelligent one-stop work platform for franchisees, which effectively integrated key operational data, tasks and guidance and other communication relating to store operations and fruit product selling points. This platform provides store managers with a unified management interface, significantly enhancing the efficiency of store management and operation. We further enhanced store operation system by launching a new generation point-of-sale system (POS2.0), which significantly reduced hardware costs per unit. We also promoted the adoption of mobile inventory checking system and AI-based product identification system to improve store operational efficiency and inventory management accuracy, which in turn optimized consumer experience. Moreover, we continued to strengthen our intelligent decision-making systems by iterating the AI-driven smart ordering system, optimising demand forecasting and inventory management of franchised stores. In addition, we launched a brand new AI store operating diagnostic system (AI門店營運診斷系統), which conducts targeted diagnostics based on actual historical operating data and product structures at each store, enabling scalable and standardised operating guidance for franchisees and supporting overall operating enhancement across the Group’s store network. Meanwhile, we have developed a fruit industry-specific large language model on top of general-purpose large language models (LLMs), which systematically integrates our over 20 years of accumulated professional knowledge in fruits, forming a reusable digital asset to empower staff training, quality control standards and sales competencies, further consolidating the Group’s long-term professional barriers. Benefited from the upgrade of the digital and intelligent system, the Company has significantly improved its operational efficiency while reducing its workforce. As a result, the employee benefit expenses (excluding reversal of provision and redundancy compensation) decreased by approximately 20.3% from RMB662.2 million in 2024 to RMB527.9 million in 2025.

Enhancing Consumer Experience and Supply Chain Foundations for Sustainable Growth

In 2025, adhering to the core philosophy of “mutual benefit and symbiosis” (利他共生), we deeply integrated social responsibility into our business operations and made key progress in enhancing consumer experience and strengthening industrial foundations, further consolidating the Group’s long-term development moat. In August 2025, we fully upgraded our “Three-no Return” (三無退貨) service, which had been implemented for 16 years, to the “Buy with Confidence, Return with Ease” (放心買•隨心退) service, and innovatively launched the “Hassle-Free Gift Delivery” (禮品無憂送) service. This upgrade precisely addressed after-sales issues in fruit consumption and gifting scenarios, simplified processes through pre-emptive trust commitments, significantly enhanced consumer experience and brand loyalty, and reinforcing consumers’ repurchase willingness and positive word-of-mouth. Over the past three years, our return rate has remained around eight per thousand, demonstrating our strong quality control capabilities and high customer satisfaction.

Further, in April 2025, we commenced vigorous promotion of the BLOF ecological harmonious planting technology (a soil improvement technology combining solar thermal energy with composting) we introduced from Japan back in 2016 and has been engaged in pilot promotion over the past several years, which was selected as a key national agricultural technologies for 2025 by the Ministry of Agriculture and Rural Affairs (農業農村部). The BLOF technology has been deployed at scale in demonstration bases in Shanxi, Ningxia and other regions, which has not only effectively increased farmers' income, but also improved fruit quality through soil enhancement, reinforcing the stability and product competitiveness of the Group's upstream supply chain from the source, which in turn provided robust support for the Group's long-term sustainable growth.

BUSINESS OUTLOOK AND GROUP STRATEGIES

The year 2026 marks a pivotal year for the Company as we advance toward high-quality development. We will firmly uphold the strategy of "Expert and Leader in High-Quality and Cost-Effective Fruit Industry". We plan to leverage our over 20 years of industry-wide experience, digitalization capabilities and brand advantages and adopt a core development strategy centered on omni-channel coverage, comprehensive product category management, and penetration across all grades to promote the synergistic development of all business units, steadily advancing store expansion and efficiency improvement, achieving shared benefits across the entire industry chain.

In terms of our retail business, following two years of strategic business adjustment in 2024 and 2025, we have completed phased optimization of our store network and formed a new franchised store model, product mix and operating strategy adapted to the changing market conditions and aligned with market demands. Looking ahead in 2026, we will resume to drive large-scale expansion of our retail business with products becoming more refined and comprehensive and services becoming more personalised, fundamentally extending our reach to end-customers. In terms of products, we will build a high-value product matrix centered on the "best fruit for you" (好果報恩) campaign, complemented by Excellent fruits to achieve differentiation and deepen consumers' brand awareness of our products, broadening the appeal of our Excellent fruit products and deepen customer loyalty to our brand, making Pagoda the preferred choice for fruit purchases. In terms of operations and systems, we will further iterate our intelligent ordering and omni-channel marketing systems, optimizing the standardized franchisee inspection and training system, so as to effectively reduce store inventory losses and improve store operational efficiency. Meanwhile, we will upgrade full-chain quality control standards to ensure stable and consistent product quality, further enhancing single-store operational efficiency and customer repurchase frequency. We will refine the standardization for fruit gift boxes, innovate product combinations and packaging designs to adapt to diverse consumption scenarios such as festival gifting and corporate welfare. Relying on the Group's "OMO + Community" omni-channel advantages, we will expand the omni-channel sales coverage of gift box products, including online one-click gifting, offline gift box display zones in stores, and sales to supermarket, snack stores and other channels, fostering new growth drivers for our business performance.

Meanwhile, leveraging our core expertise in fruit specialty retail and franchising built up for over 20 years, we have strategically commenced the trial operation of "fruit + snacks" segment. Through establishment of non-wholly owned subsidiary, we build up cooperative relationships with local retail channels in key cities to rapidly pilot and iterate new store models. This initiative aims to roll out and apply our mature global supply chain system and operational standards to other product categories. It not only maximizes the efficiency of our core supply chain, but also seeks to build a more robust new growth driver. By fundamentally breaking through the growth constraints of single-category fruit retail, we aim to develop an incremental market that delivers both scale and profitability for the Company.

In terms of our 2B business, it is supported by a nationwide system comprising of 26 distribution warehouses and a professional procurement team of nearly 300 members. Capitalizing on the advantages of fruits as daily essentials with high consumption frequency and green and healthy attributes, we plan to continue to penetrate various retail channels such as convenience stores and discount supermarkets, focusing on empowering all business formats and achieving omni-channel coverage to build a second growth curve of our business. We will provide customized supply chain solutions for retail channel partners, upgrading from fundamental product supply to holistic operational empowerment covering supply, deployment of personnel to guide post-harvest preservation and packaging at suppliers' sites, and deployment of personnel at sales venues to guide operations and sales, thus achieving a win-win situation for both suppliers and retailers. Meanwhile, we will optimize domestic and overseas distribution channels, promote the export of domestic fruits and the two-way flow of high-quality fruits around the world, enhancing our influence in the fruit industry. We will also deepen cooperation with beverage companies, healthcare enterprises, government entities and other government and enterprise customers, and leverage government resources to develop specialty products for rural revitalization, so as to build a full-scenario consumption ecosystem and further expand our market penetration.

The Category Business Unit is the department responsible for improving fruit quality at the source, and looking ahead in 2026, we will continue to leverage technological capabilities in seed breeding and agricultural services, focus on the development of benchmark category brands and empowering the entire industry chain to facilitate the transformation of domestic fruits from "selling products" to "building brands". We will continue to strengthen in-depth partnerships with upstream suppliers, reinforcing upstream control, providing full empowerment to suppliers, such as variety selection optimisation, soil improvement, and supply of agricultural materials, to explore differentiated product categories. Furthermore, while adhering to full-chain food safety standards, we will extend our fruit business to incubate other health products such as fruit and vegetable derivatives, unlocking the full life-cycle value of fruits.

To conclude, we will utilise our three major business units to deepen the strategy of a comprehensive supply chain, solidify the foundation of our retail business and enhance our leading position throughout the industry value chain. We are committed to building a world-leading fruit eco-technology company and a full-service fruit supply chain service platform, balancing commercial value with social responsibility, and creating sustained and stable integrated value returns for shareholders, customers, employees, and society.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's consolidated financial results for the year ended December 31, 2025 with comparative figures for the year ended December 31, 2024.

	Year Ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	8,174,438	10,273,253
Cost of sales	(7,577,231)	(9,508,899)
Gross profit	597,207	764,354
Other income	40,235	46,700
Other losses, net	(21,494)	(43,302)
Selling expenses	(535,097)	(605,097)
Administrative expenses	(203,472)	(329,622)
Net provision of impairment loss on financial assets	(59,515)	(38,045)
Research and development expenses	(105,244)	(136,447)
Operating loss	(287,380)	(341,459)
Finance income	28,069	44,144
Finance costs	(98,977)	(99,960)
Finance costs, net	(70,908)	(55,816)
Share of profits of associates and joint venture, net	29,299	5,782
Loss before income tax	(328,989)	(391,493)
Income tax expense	(13,950)	(8,295)
Loss for the year	(342,939)	(399,788)
Loss for the year attributable to:		
Owners of the Company	(317,487)	(386,027)
Non-controlling interests	(25,452)	(13,761)
	(342,939)	(399,788)

Revenue

The following table sets forth the Group's revenue by operating segments, each expressed in the absolute amount and as a percentage of total revenue, for the year ended December 31, 2024 and 2025, respectively.

	Year Ended December 31,			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Sales of fruits and other food products	8,040,361	98.4	10,014,232	97.5
Royalty and franchising income	17,738	0.2	82,172	0.8
Membership income	35,964	0.4	76,598	0.7
Others	80,375	1.0	100,251	1.0
Total	<u>8,174,438</u>	<u>100.0</u>	<u>10,273,253</u>	<u>100.0</u>

The Group's total revenue decreased by approximately 20.4% from RMB10,273.3 million in 2024 to RMB8,174.4 million in 2025. Revenue generated from sales of fruits and other food products represented the majority portion of the Group's total revenue, representing approximately 97.5% and 98.4% of total revenue of the Group for the years ended December 31, 2024 and 2025, respectively. The decrease in revenue from sales of fruits and other food products was primarily due to the decrease in revenue from franchised stores.

The Group mainly distributes fruits and other food products through offline store network, comprising franchised stores operated by franchisees recruited by itself or referred by its regional dealers and self-operated stores. It also distributes through online channels. In addition, it engages in direct sales to certain major customers and, on a small scale, engages in wholesale business.

The following table sets forth a breakdown of the Group's revenue from sales of fruits and other food products by distribution channels, each expressed in the absolute amount and as a percentage of revenue from sales of fruits and other food products, for the years ended December 31, 2024 and 2025, respectively.

	Year Ended December 31,			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Franchised stores	5,912,395	73.5	7,396,267	73.9
Self-operated stores	21,277	0.3	40,584	0.4
Regional dealers	854,545	10.6	1,215,463	12.1
Direct sales	1,191,491	14.8	1,255,683	12.5
Online channels	60,653	0.8	106,235	1.1
Total	<u>8,040,361</u>	<u>100.0</u>	<u>10,014,232</u>	<u>100.0</u>

The decrease in revenue from franchised stores was primarily due to (i) the Company's initiatives to optimize its product mix with lower gross profit margin in the second half of 2024 to satisfy consumers' demand for high-quality and cost-effective products in view of the weak domestic consumption, which continued until September 2025; and (ii) the Company's encouragement to franchisees to relocate stores from places of high rent-to-revenue ratio to those of low rent-to-revenue ratio, as well as franchisees' focus on advantageous stores with more sustainable rent-to-revenue ratio. These factors resulted in a decrease in the number of franchised stores from 5,116 as of December 31, 2024 to 4,460 as of December 31, 2025. The store optimization was completed by June, 2025, and the number of franchised stores increased from 4,375 as of June 30, 2025 to 4,460 as of December 31, 2025.

The decrease in revenue from direct sales was primarily due to the decline of the Group's 2B business in overseas markets. The Group's total sales amount derived from exporting fruits and fruit products to 2B customers in overseas market decreased by approximately 24.6% from RMB295.0 million in 2024 to RMB222.3 million in 2025 due to changes in overseas market tariff policies and restrictions on certain domestic fruit exports in overseas markets since 2025. The Group's total sales amount derived from 2B customers in domestic market increased slightly by approximately 0.9% from RMB960.7 million in 2024 to RMB969.2 million in 2025, as the Group continued to deepen its engagement in the government and enterprise services sector, with a focus on delivering diversified welfare solutions and comprehensive product offerings across all consumption scenarios tailored to customers' needs.

Cost of Sales

Cost of sales decreased by approximately 20.3% from RMB9,508.9 million in 2024 to RMB7,577.2 million in 2025. Cost of inventories sold represented the majority portion of the Group's cost of sales, accounting for approximately 95.7% and 95.1% of the Group's total cost of sales for the years ended December 31, 2024 and 2025, respectively. The decrease of cost of sales was in line with the decrease of sales of fruits and other food products.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by approximately 21.9% from RMB764.4 million in 2024 to RMB597.2 million in 2025. The Group's gross profit margin remained relatively stable, amounting to 7.4% in 2024 and 7.3% in 2025.

Other Income

The Group's other income decreased by approximately 13.8% from RMB46.7 million in 2024 to RMB40.2 million in 2025. The decrease was primarily due to the net impact of (i) decrease of government grants from RMB17.6 million in 2024 to RMB6.3 million in 2025 mainly due to one-off government grant of HK\$3.2 million received in 2024 regarding to our Company's relocation of headquarter to Yantian, Shenzhen and (ii) increase in rental and management income from RMB2.6 million in 2024 to RMB8.6 million in 2025, mainly because Shenzhen Banguo started charging its upstream customers management income in 2025 with an aggregate of HK\$4.7 million income in 2025.

Other Losses, Net

The Group recorded other losses, net of RMB43.3 million and RMB21.5 million in 2024 and 2025, respectively. It was primarily due to net impact of (i) no impairment of property, plant and equipment was recorded in 2025 while the impairment of property, plant and equipment for 2024 was RMB50.7 million and (ii) losses of RMB31.0 million was recorded on disposal of associates in 2025 while there was no loss on disposal of associates in 2024. The impairment of property, plant and equipment in 2024 was mainly regarding to one of our agricultural plants in Jiangxi, China. Due to spread of Huanglongbing (黃龍病) in Jiangxi, China, the Company reassessed the carrying amount of agricultural plant which led to the impairment for 2024. The losses on disposal of associates arose from the disposal of all equity interests in Hainan Xinfu Ecological Fruit Co., Ltd.* (海南信福生態果業有限公司) (“**Hainan Xinfu**”) and Guangdong Jinjin Fruit Industry Co., Ltd.* (廣東金津果業有限公司) (“**Guangdong Jinjin Fruit**”) in 2025.

Selling Expenses

The Group’s selling expenses decreased by approximately 11.6% from RMB605.1 million in 2024 to RMB535.1 million in 2025. The decrease was primarily due to the Company’s full implementation of its new strategy of “Expert and Leader in High-quality and Cost-effective Fruit Industry”, including store refurbishment, marketing campaigns and engagement of good life ambassadors in 2024 which led to decrease in marketing and promotion expenses from RMB113.3 million in 2024 to RMB77.8 million in 2025 and decrease in professional fees from RMB82.7 million in 2024 to RMB64.0 million in 2025.

Administrative Expenses

The Group’s administrative expenses decreased by approximately 38.3% from RMB329.6 million for 2024 to RMB203.5 million for 2025. The decrease was mainly due to net impact of (i) the increase in redundancy compensation in relation to layoff or workforce adjustment from RMB4.5 million in 2024 to RMB28.9 million in 2025 and (ii) the reversal of provision of RMB106.2 million in 2025, as a result of the reassessment of the estimated provision in respect of shortfalls and administrative penalties relating to the Group’s social insurance and housing fund contributions. Based on the advice of the Group’s PRC legal counsel, management is of the view that the risk of the Group being required to settle the relevant outstanding contributions and administrative penalties is remote.

Net Provision of Impairment Loss on Financial Assets

Net impairment loss on financial assets in 2024 and 2025 mainly represented a general expected credit loss on trade and other receivables. Net provision of impairment loss on financial assets increased from RMB38.0 million in 2024 to RMB59.5 million in 2025. It was mainly due to closure of franchised stores which led to longer ageing, which in turn resulted in the increase in provision of impairment loss on financial assets.

Research and Development Expenses

The Group’s research and development expenses decreased by approximately 22.9% from RMB136.4 million in 2024 to RMB105.2 million in 2025. The decrease was primarily due to decrease in headcounts of the Group’s research and development staff from 336 as of December 31, 2024 to 262 as of December 31, 2025.

Finance Costs, Net

Finance income decreased by approximately 36.4% from RMB44.1 million in 2024 to RMB28.1 million in 2025, which was mainly attributable to the decrease in interest income arising from bank deposits.

Finance costs decreased slightly from RMB100.0 million in 2024 to RMB99.0 million in 2025 as we optimized our bank borrowings with lower interest rate.

Share of Profits of Associates and Joint Venture, Net

The Group recorded share of profits of associates and joint venture, net of RMB5.8 million and RMB29.3 million in 2024 and 2025, respectively. The increase in 2025 was mainly contributed by Henan Zhanxin Baiguoyuan Industrial Fund L.P.* (河南戰新百果園產業基金(有限合夥)), an associate of the Company, that primarily engaged in investments in two projects in relation to eggs and candies.

Loss Before Income Tax

As a result of the foregoing, the Group recorded loss of RMB391.5 million and RMB329.0 million before tax in 2024 and 2025, respectively. The decrease in loss before income tax from 2024 to 2025 was mainly due to (i) the Company's continued optimization of its product line-up with lower gross profit margin from the second half of 2024 to September 2025 and (ii) the Company optimized its cost structure and improved operational efficiency through self-developed IT systems.

Income Tax Expense

Income tax expense increased by approximately 68.2% from RMB8.3 million in 2024 to RMB14.0 million in 2025, primarily due to the decrease in operating loss which led to an increase in taxable income. The difference in magnitude of the decrement in the Group's loss before income tax and its taxable income in 2025 was primarily because some of the Group's subsidiaries enjoyed preferential tax treatments and tax exemptions in 2025.

Loss for the Year

As a result of the foregoing, the Group recorded net loss of approximately RMB399.8 million and RMB342.9 million in 2024 and 2025, respectively. The Group's net loss margin was 3.9% and 4.2% in 2024 and 2025, respectively. The Group's net loss decreased whereas its net loss margin increased in 2025 was primarily the decrease in the Group's revenue outweighing the decrease in the Group's net loss, as a result of the Company's combined initiatives of relocating stores with high costs or closing underperformed stores, which resulted in significant decline in revenue, while improving its operation efficiency through lay-offs, discontinuation of loss-making projects etc. which led to decrease in net loss.

Non-HKFRS Measures – Adjusted Net Loss and Adjusted Net Loss Margin

To supplement the Group's consolidated financial information, which is presented in accordance with HKFRS, the Group presents adjusted net loss and adjusted net loss margin, each a non-HKFRS measure, as additional financial measures. Adjusted net loss is defined as the loss for the year, adjusted by adding back impairment of property, plant and equipment, share-based payment expenses, redundancy compensation in relation to layoffs or workforce adjustments, loss/(gain) on dilution of investment in associates, and losses on disposals of associates. Adjusted net loss margin is calculated as adjusted net loss for the year divided by total revenue for the relevant year. The impairment of property, plant and equipment mainly related to one of the Group's agricultural plants in Jiangxi, China. Due to the spread of Huanglongbing (黃龍病) in Jiangxi, the Company reassessed the carrying amount of the agricultural plants, which led to the impairment for 2024. Share-based payment expenses represent expenses relating to award shares granted pursuant to the Company's 2023 share award scheme on May 20, 2024 and November 20, 2024, and restricted share units granted pursuant to the Company's 2025 restricted share units scheme on December 1, 2025. Redundancy compensation relates to mass systematic staff layoffs kicked off in the fourth quarter of 2024. Loss on dilution of investment in associates represents the loss on dilution of investment in an associate, Xiamen Weiyu Ecological Agriculture Co., Ltd.* (廈門微玉生態農業有限公司), and a joint venture, Nanjing Jinse Zhuangyuan Agricultural Products Co., Ltd.* (南京金色莊園農產品有限公司). Gain on dilution of investment in associates represents the gain on dilution of investment in an associate, Shanghai Niuguo Agricultural Technology Co., Ltd.* (上海牛果農業科技有限公司). Losses on disposals of associates relates to our disposal of all equity interest held in Hainan Xinfu and Guangdong Jinjin Fruit.

The Group uses unaudited non-HKFRS measures as an additional financial measure to supplement the consolidated financial information and to evaluate the financial performance of the Group by eliminating the impact of certain non-recurring items and other items that the Group does not consider indicative of the performance of the business of the Group. Other companies in the industry the Group operates in may calculate the non-HKFRS measures differently than the Group does. The non-HKFRS measures are not a measure of operating performance or liquidity under HKFRS and should not be considered as a substitute for, or superior to, profit before tax or cash flow from operating activities in accordance with HKFRS.

The non-HKFRS measures have limitation as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Group's results as reported under HKFRS. The Group's presentation of this non-HKFRS item should not be construed as an inference that the Group's future results will be unaffected by unusual or non-recurring items.

The table below sets forth the reconciliation of loss for the year and net loss margin under HKFRS to adjusted net loss for the year and adjusted net loss margin, respectively, for the years indicated.

	Year Ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year (as reported under HKFRS)	(342,939)	(399,788)
Add: Impairment of property, plant and equipment	–	50,662
Add: Share-based payment expense	8,806	21,074
Add: Redundancy compensation in relation to layoff or workforce adjustment	28,940	4,507
Add: Loss/(gain) on dilution of investment in associates and joint venture	8,302	(3,657)
Add: Loss on disposals of associates	30,899	–
Adjusted net loss for the year (non-HKFRS measure)	<u>(265,992)</u>	<u>(327,203)</u>
Net loss margin (as reported under HKFRS)	(4.20%)	(3.89%)
Adjusted net loss margin (non-HKFRS measure)	(3.25%)	(3.18%)

Liquidity and Capital Resources

For the year ended December 31, 2025, the Group financed its operations primarily through cash generated from its business operations, capital contributions by the shareholders of the Company (the “**Shareholders**”) and bank borrowings.

In addition, the Company completed its placing of new 279,500,000 H shares under general mandate on October 9, 2025 and received net proceeds of approximately HK\$325.0 million (after deduction of all applicable costs and expenses of the placing, including commission and legal fees).

Capital Structure

As of December 31, 2025, the Group had net assets of RMB2,760.5 million, as compared to RMB2,810.3 million as of December 31, 2024. Net assets as of December 31, 2025 primarily comprised current assets of RMB5,651.6 million, non-current assets of RMB1,952.2 million, current liabilities of RMB4,132.9 million and non-current liabilities of RMB710.3 million.

Cash and Bank Balances

As compared with RMB2,340.2 million as of December 31, 2024, the Group had cash and bank deposits of RMB2,888.3 million as of December 31, 2025, which was consisted of unrestricted cash and cash equivalents of RMB2,037.3 million and restricted bank deposits of RMB851.0 million.

As of December 31, 2024 and December 31, 2025, the cash and cash equivalents of the Group were mainly denominated in Renminbi (“**RMB**”).

Financial Risks

The Group is exposed to interest rate risk in relation to its cash and bank balances, bank borrowings and fixed rate loan receivables. The management considers the overall interest rate risk to be insignificant. The Group has cash at banks denominated in foreign currencies, which subject the Group to foreign exchange risk. The Group does not use any derivative contracts to hedge against its exposure to foreign exchange risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and will take prudent measures to minimize the currency translation risk.

Use of Proceeds from the Global Offering

The Company completed its global offering (the “**Global Offering**”) and listing in the first quarter of 2023 and its H shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on January 16, 2023 (the “**Listing Date**”). Net proceeds the Company raised from the Global Offering (including the partial exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Global Offering, amounted to approximately HK\$474.0 million (the “**Net Proceeds**”).

The table below sets forth the utilization of the Net Proceeds by the Group as of December 31, 2025:

Intended use of Net Proceeds	Adjusted allocation of Net Proceeds ⁽¹⁾ <i>(million)</i>	Adjusted percentage of total Net Proceeds ⁽¹⁾	Amount of Net Proceeds utilized up to December 31, 2024 <i>(million)</i>	Balance of Net Proceeds unutilized as of December 31, 2024 <i>(million)</i>	Amount of Net Proceeds utilized during the year ended December 31, 2025 <i>(million)</i>	Balance of Net Proceeds unutilized as of December 31, 2025 <i>(million)</i>	Expected Timeframe ⁽²⁾
To improve and enhance operation and supply chain systems	HK\$23.3	4.9%	HK\$11.4	HK\$11.9	HK\$11.9	nil	–
To upgrade and improve core backbone IT systems and infrastructure	HK\$169.5	35.8%	HK\$92.4	HK\$77.1	HK\$68.2	HK\$8.9	Before December 31, 2026
To repay part of interest-bearing bank borrowings	HK\$91.5	19.3%	HK\$91.5	nil	nil	nil	–
To use as working capital and for general corporate purposes ⁽³⁾	HK\$189.7	40.0%	HK\$23.3	HK\$166.4	HK\$166.4	nil	–
TOTAL	HK\$474.0	100.0%	HK\$218.6	HK\$255.4	HK\$246.5	HK\$8.9	

Notes:

- (1) Based on the actual amounts of Net Proceeds adjusted on pro rata basis and subsequently adjusted based on the reallocation of the unutilized Net Proceeds as of February 7, 2025 resolved by the Board on February 7, 2025 after taking into account the Company’s operating conditions and business strategies and approved by the Company’s Shareholders on March 6, 2025, except for the fixed amount of HK\$91.5 million used to repay the Group’s interest-bearing bank borrowings. Details of the adjustment of the allocation of the Net Proceeds was set out in the announcement of the Company dated February 7, 2025 and the circular of the Company dated February 18, 2025 (the “**Reallocation and Adjustment Announcement and Circular**”).

- (2) Based on the Group's current estimates of its business plans and market conditions, and subject to change and adjustment.
- (3) Based on the Group's actual operational needs, the proceeds allocated for use as working capital and general corporate purposes were utilised as follows: (i) HK\$105.1 million for the payment of trade payables in the usual and ordinary course of business, (ii) HK\$30.8 million for employee benefit expenses, (iii) HK\$30.2 million for marketing and promotion expenses, and (iv) HK\$23.6 million for legal and professional expenses.

As of December 31, 2025, the Net Proceeds unutilized had been deposited into short-term interest-bearing deposits placed in licensed banks in China. The Group intends to utilize the Net Proceeds in the manner as disclosed in the Reallocation and Adjustment Announcement and Circular.

Use of Proceeds from Placing of Shares under General Mandate

On September 19, 2025, the Company entered into a placing agreement with First Shanghai Securities Limited in relation to the placing of 279,500,000 new H Shares at HK\$1.17 per placing share to not less than six placees who and whose ultimate beneficial owner(s) (where applicable) shall be independent third parties (the “**2025 Placing**”). As additional time was required for the fulfilment of the conditions precedent, the Company and First Shanghai Securities Limited, after arm's length negotiation, entered into a supplemental agreement to the placing agreement on October 6, 2025, whereby the parties agreed to extend the completion date to on or before October 9, 2025 (collectively, the “**2025 Placing Agreements**”). All the conditions set out in the 2025 Placing Agreements were fulfilled and the 2025 Placing was completed on October 9, 2025, where a total of 279,500,000 placing shares, representing approximately 18.2% of the number of issued Shares immediately before the completion of the 2025 Placing and approximately 15.4% of the number of issued Shares as enlarged by the issue of the placing shares immediately upon the completion of the 2025 Placing, have been successfully placed by First Shanghai Securities Limited to no fewer than six independent placees at the placing price of HK\$1.17 pursuant to the terms and conditions of the 2025 Placing Agreements. For details, please refer to the announcements of the Company dated September 21, 2025, October 6, 2025 and October 9, 2025.

The Directors considered that the 2025 Placing represents a suitable financing option for the Company to raise further funding to support the Group's continuous development and business growth, which is in the interest of the Company and its Shareholders as a whole.

The net proceeds from the 2025 Placing, after deducting all applicable costs and expenses including commission and legal fees, amounted to approximately HK\$325.0 million (representing a net issue price of approximately HK\$1.16 per placing share). The Company intends to use such net proceeds mainly for paying trade payables in its ordinary course of business, repaying the Company's bank loans, and the general working capital and administrative expenses of the Group. As at December 31, 2025, such net proceeds had been significantly utilised, details of which are set out below:

<u>Intended purposes</u>	<u>Percentage of the planned use of the net proceeds</u>	<u>Planned use of the net proceeds</u> <i>(million)</i>	<u>Actual use of net proceeds during the year ended December 31, 2025</u> <i>(million)</i>	<u>Net proceeds unused as of December 31, 2025</u> <i>(million)</i>	<u>Expected time frame for fully utilising the net proceeds⁽¹⁾</u>
Paying the trade payables in the ordinary course of business	61.5%	HK\$200.0	HK\$172.12	HK\$27.88	Before December 31, 2026
Repaying the Company's bank borrowings	30.8%	HK\$100.0	HK\$100.00	nil	–
To be used for the general working capital and administrative expenses of the Group ⁽²⁾	7.7%	HK\$25.0	HK\$25.00	nil	–
TOTAL	<u>100.0%</u>	<u>HK\$325.0</u>	<u>HK\$297.12</u>	<u>HK\$27.88</u>	

Notes:

- (1) Based on the Group's current estimates of its business plans and market conditions, and subject to change and adjustment.
- (2) The proceeds allocated to be used for working capital and general corporate purposes was fully utilized for employee benefit expenses in 2025.

Indebtedness

As of December 31, 2025, the Group had an aggregate (i) non-current bank borrowings of RMB252.6 million with interest rates ranging from 3.1% to 4.2% per annum and shall become payable in two to six years, and (ii) short-term bank borrowings of RMB2,342.2 million with interest rates ranging from 1.9% to 3.4% per annum and shall become payable in one year (December 31, 2024: approximately RMB2,346.7 million). Such outstanding bank borrowings were denominated in Renminbi and the majority portion was at fixed interest rates with the remaining at variable interest rates.

The Group uses the gearing ratio (gearing ratio = total borrowings/total equity at the end of year and multiplied by 100%) to monitor its capital structure. The Group's gearing ratio increased from 89.3% as of December 31, 2024 to 94.0% as of December 31, 2025, which was primarily due to loss incurred for the six months ended June 30, 2025.

Pledged Assets

As of December 31, 2025, the Group's right-of-use assets of RMB44.6 million (December 31, 2024: RMB47.7 million) and the Group's building classified under property, plant and equipment of RMB20.9 million (December 31, 2024: RMB22.0 million) were pledged as collateral for the Group's bank borrowings.

Cash Flows

For the year ended December 31, 2025, net cash used in operating activities was RMB150.1 million, while net cash generated from operating activities was RMB164.6 million for the year ended December 31, 2024, which was mainly attributable to an increase in deposits, prepayments and other receivables of RMB117.0 million in 2025.

For the year ended December 31, 2025, net cash generated from investing activities was RMB581.6 million, while net cash used in investing activities was RMB760.2 million for the year ended December 31, 2024, which was mainly attributable to net proceeds from redemption of financial assets at FVTPL of RMB606.9 million in 2025.

For the year ended December 31, 2025, net cash used in financing activities was RMB243.2 million, while the cash generated from financing activities was RMB239.1 million for the year ended December 31, 2024, which was mainly attributable to net impact of the receipt of proceeds from issuance of ordinary shares of RMB296.7 million and placement of restricted bank deposits of RMB560.0 million in 2025.

Financial Assets, Capital and Investment Management

The Group from time to time invests in wealth management products, primarily structured deposits, in order to better facilitate its cash management. Structured deposits were principal-protected products which typically had a fixed short term and may be redeemed upon had their respective expiry dates, therefore, were relatively low risk in nature. The Group's structured deposits were accounted as financial assets measured at FVTPL. To a lesser extent, the Group also recorded fair value gains on long-term financial assets at FVTPL which mainly represented convertible debts in connection with loans convertible to equity interests in the borrowers pursuant to the relevant agreements. Moreover, the Group also recorded financial assets at FVOCI, which comprised (i) unlisted equity securities and (ii) listed equity securities whereby the Group invested in companies that it considered have development potentials.

As of December 31, 2025, the Group had (i) structured deposits which accounted for as financial assets at FVTPL of RMB108.4 million (December 31, 2024: RMB669.7 million), (ii) other financial assets at FVTPL of RMB52.5 million (December 31, 2024: RMB83.7 million), and (iii) financial assets at FVOCI of RMB33.9 million (December 31, 2024: RMB35.9 million).

The Group has implemented capital and investment policies to monitor and control the risks relating to its investment activities. The Group generally only makes investments in asset management products when it has surplus cash, and in principle, is only entitled to invest in products with low-risk and high liquidity, and such investments should be non-speculative in nature. The Group's capital and investment policies also specify the criteria for selecting investments to be considered and the detailed review procedures that each proposed investment shall go through.

In view of an upside of earning a relatively higher return than current saving or fixed deposit rate under the low interest rate trend, as well as the principal-protected nature and a relatively short term of maturity of the structured deposits, the Directors are of the view that the structured deposits pose little risk to the Group and the terms and conditions of each of the structured deposits are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Capital Expenditure

The Group's capital expenditures amounted to RMB50.1 million for the year ended December 31, 2025, mainly for the payments of construction in progress of the Group's new office building located in Yantian District, Shenzhen, China.

The Group financed its capital expenditures primarily with cash generated from operations, bank borrowings and the proceeds raised from issuance of ordinary shares.

Contingent Liabilities and Guarantees

As of December 31, 2025, the Group did not have any contingent liabilities, guarantees or any significant litigation against it.

Significant Investments, Material Acquisitions, and Disposals of Subsidiaries, Associates and Joint Ventures

Subscriptions of Wealth Management Products

In 2025, the Group subscribed for certain wealth management products offered by China CITIC Bank Corporation Limited ("CITIC") and Bank of Beijing Co., Ltd. ("BOB"), details of which are set out below.

- *Subscriptions of Wealth Management Products Offered by CITIC*

On January 2, 2025, the Company subscribed for a structured deposit product offered by CITIC with an aggregated principal amount of RMB200 million with expected annual return rate of 1.05% or 2.18%, depending on the fixed price of relevant linked indicators (the Thirteenth Subscription).

On March 11, 2025, the Company subscribed for a structured deposit product offered by CITIC with an aggregated principal amount of RMB140 million with expected annual return rate of 1.05% or 2.20%, depending on the fixed price of relevant linked indicators (the Fifteenth Subscription).

On April 9, 2025, the Company subscribed for a structured deposit product offered by CITIC with an aggregated principal amount of RMB160 million with expected annual return rate of 1.05% or 2.13%, depending on the fixed price of relevant linked indicators (the Seventeenth Subscription).

- *Subscriptions of Wealth Management Products Offered by BOB*

On January 15, 2025, the Company subscribed for a structured deposit product offered by BOB with an aggregated principal amount of RMB170 million with expected annual return rate of 1.05% or 2.15%, depending on the fixed price of relevant linked indicators (the Fourteenth Subscription).

On March 18, 2025, the Company subscribed for a structured deposit product offered by BOB with an aggregated principal amount of RMB180 million with expected annual return rate of 1.30% or 1.85%, depending on the fixed price of relevant linked indicators (the Sixteenth Subscription).

Each of the CITIC wealth management structured deposit products and the BOB wealth management structured deposit products are short-term principal-protected wealth management products that have relatively low associated risks issued by a reputable commercial bank. Therefore, the subscriptions of such wealth management structured deposit products were considered to have relatively low risk and are also in line with the internal risk management, cash management and investment policies of the Group. The subscriptions of such wealth management structured deposit products are considered to be part of the Group's treasury management to maximize the return on the unutilized funds of the Company after taking into account, among others, the level of risk, return on investment and the term to maturity, and to bring higher return on capital. As of December 31, 2025, all subscriptions as mentioned above were matured and fully redeemed. For further details, please refer to the Company's announcements dated January 3, January 16, March 12, March 19, and April 9, 2025.

Save as disclosed above, the Company had no significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures in 2025.

In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus and subsequent adjustments set out in the Reallocation and Adjustment Announcement and Circular, the Group currently has no specific plan for material investment in or acquisition of major assets or other business, or disposal of subsidiaries, associates and joint ventures. However, the Group will continue to identify new opportunities for business development.

Turnover Ratios

Average inventory turnover days increased from 12.6 days for the year ended December 31, 2024 to 14.3 days for the year ended December 31, 2025, primarily contributed by the increase in inventory balance of apple and other fruits for the Group's overseas direct sales from RMB59.8 million as of December 31, 2024 to RMB67.9 million as of December 31, 2025 as a result of additional inventory procurement and stockpiling by the Group towards the end of 2025 in anticipation of growth in the overseas direct sales market.

Average trade receivables turnover days increased from 36.0 days for the year ended December 31, 2024 to 38.8 days for the year ended December 31, 2025, primarily due to the increase in proportion of direct sales in sales of fruits and other food products from 12.5% in 2024 to 14.8% in 2025.

Average trade payables turnover days increased from 17.1 days in 2024 to 26.6 days in 2025, primarily because the Company extended its settlement policy from 15 days to 30 days since fourth quarter of 2024.

Employees and Employee Benefit Expenses

As of December 31, 2025, the Group had a total of 2,174 employees, among which approximately 17.5% were from marketing department, 15.5% were from operating and store management department, 15.3% were from production and logistics department and 12.1% were from IT department.

The Group attaches great importance to the development and retention of talents to support the sustainable growth. It has established a comprehensive talent training system for its management and other employees. It offers all-round talent training programs, respectively focusing on developing talents in various fields of general management, upstream planting and market operation.

The Group has developed a performance evaluation system to assess the performance of its employees annually, which forms the basis for determining the salary levels, bonuses and promotions an employee may receive. Sales and marketing personnel may also receive bonuses based on the sales targets they accomplish, by taking into account the overall sales performance of the stores in the same regional market in the relevant period.

In 2025, the Group incurred total employee benefit expenses of RMB450.6 million, representing approximately 5.5% of total revenue of the Group for the same year.

Major Suppliers and Major Customers

For the year ended December 31, 2025, purchases from the Group's largest supplier in terms of dollar amount accounted for approximately 6.3% of total purchase cost of the Group for the same year, and the aggregate purchases from its top five suppliers in aggregate accounted for 20.9% of total purchase cost of the Group for the same period.

For the year ended December 31, 2025, revenue contributed by the Group's largest customer accounted for approximately 1.6% of total revenue of the Group for the same year, and the aggregate revenue contributed by its top five customers accounted for approximately 6.7% of total turnover of the Group for the same period. All top five customers were the Group's franchisees.

Reserves

As of December 31, 2025, the Company's reserves available for distribution to Shareholders amounted to approximately RMB78.0 million.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	8,174,438	10,273,253
Cost of sales	6	(7,577,231)	(9,508,899)
Gross profit		597,207	764,354
Other income	4	40,235	46,700
Other losses, net	5	(21,494)	(43,302)
Selling expenses	6	(535,097)	(605,097)
Administrative expenses	6	(203,472)	(329,622)
Net provision for impairment loss on financial assets		(59,515)	(38,045)
Research and development expenses	6	(105,244)	(136,447)
Operating loss		(287,380)	(341,459)
Finance income	7	28,069	44,144
Finance costs	7	(98,977)	(99,960)
Finance costs, net	7	(70,908)	(55,816)
Share of profits of associates and joint venture, net		29,299	5,782
Loss before income tax		(328,989)	(391,493)
Income tax expense	8	(13,950)	(8,295)
Loss for the year		(342,939)	(399,788)
Loss for the year attributable to:			
Owners of the Company		(317,487)	(386,027)
Non-controlling interests		(25,452)	(13,761)
		342,939	(399,788)
Loss per share attributable to the owners of the Company			
Basic and diluted (expressed in RMB cents per share)	9	(20.83)	(25.52)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>Year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
	<u>RMB'000</u>	<u>RMB'000</u>
Loss for the year	(342,939)	(399,788)
Other comprehensive (loss)/income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(175)	–
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of financial assets at fair value through other comprehensive income (“FVOCI”)	(4,625)	5,933
Income tax relating to these items	86	285
Share of other comprehensive loss of joint venture	–	(44)
Other comprehensive (loss)/income for the year, net of tax	<u>(4,714)</u>	<u>6,174</u>
Total comprehensive loss for the year	<u>(347,653)</u>	<u>(393,614)</u>
Total comprehensive loss for the year attributable to:		
Owners of the Company	(322,201)	(379,853)
Non-controlling interests	(25,452)	(13,761)
	<u>(347,653)</u>	<u>(393,614)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Assets			
Non-current assets			
Property, plant and equipment		595,986	628,200
Right-of-use assets		427,811	458,651
Investment property		2,263	2,352
Intangible assets		247,875	257,960
Interests in associates and joint venture		313,297	357,283
Financial assets at FVOCI		33,850	35,913
Financial assets at fair value through profit or loss ("FVTPL")		7,000	61,960
Restricted bank deposits		1,009	1,009
Long-term bank deposits		24,130	81,835
Deposits, prepayments and other receivables		289,881	428,792
Deferred tax assets		9,070	9,153
		1,952,172	2,323,108
Current assets			
Inventories		262,770	330,131
Biological assets		8,458	7,133
Trade receivables	10	772,834	965,281
Deposits, prepayments and other receivables		1,552,321	1,224,273
Financial assets at FVTPL		153,889	691,441
Amounts due from associates and joint venture		38,110	20,906
Restricted bank deposits		850,000	445,436
Short-term bank deposits		66,796	53,586
Cash and cash equivalents		1,946,389	1,758,293
		5,651,567	5,496,480
Total assets		7,603,739	7,819,588

		As at 31 December	
	Notes	<u>2025</u>	<u>2024</u>
		<i>RMB'000</i>	<i>RMB'000</i>
Liabilities			
Non-current liabilities			
Bank borrowings		252,593	161,924
Other payables		76,763	92,521
Contract liabilities		5,716	11,212
Lease liabilities		369,897	378,098
Deferred tax liabilities		5,290	6,295
		<u>710,259</u>	<u>650,050</u>
Current liabilities			
Trade payables	11	575,148	527,870
Accruals and other payables		1,133,546	1,291,407
Contract liabilities		17,720	13,429
Income tax payables		2,723	1,106
Amounts due to associates		31,599	19,527
Liabilities under supplier finance arrangements		–	128,721
Bank borrowings		2,342,190	2,346,721
Lease liabilities		30,021	30,459
		<u>4,132,947</u>	<u>4,359,240</u>
Total liabilities		<u>4,843,206</u>	<u>5,009,290</u>
Net assets		<u>2,760,533</u>	<u>2,810,298</u>
Equity			
Equity attributable to the owners of the Company			
Share capital		2,000,721	1,588,544
Reserves		680,653	1,119,024
Capital and reserves attributable to owners of the Company		<u>2,681,374</u>	<u>2,707,568</u>
Non-controlling interests		79,159	102,730
Total equity		<u>2,760,533</u>	<u>2,810,298</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the People's Republic of China (the "PRC") on 3 December 2001 as a limited liability company under Company Law of the PRC and was converted into a joint stock company with limited liability on 10 April 2020. The address of the Company's registered office is Pagoda Technology Building, No. 2005 Shenyuan Road, Pengwan Community, Haishan Street, Yantian District, Shenzhen, China.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 January 2023.

The Company and its subsidiaries (together, the "Group") are principally engaged in operating a franchised retail network and trading of fruits. The ultimate controlling party of the Group is Mr. Yu Huiyong ("Mr. Yu").

These consolidated financial statements are presented in thousands of units of Renminbi ("RMB'000") unless otherwise stated. These consolidated financial statements have been approved by the Board of directors on 26 March 2026.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for the following:

- certain financial assets and investment property – measured at fair value; and
- biological assets – measured at fair value less costs to sell.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Amended standards adopted by the Group

The Group has applied the following amended standards for its annual reporting period commencing on 1 January 2025:

Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards and interpretation not yet adopted by the Group

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group are set out as below:

		Effective for accounting year beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKAS 21	Translation to Hyperinflation Presentation Currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new and amended standards and interpretation as and when they become effective. Except for the expected changes in presentation and disclosure under HKFRS 18 as mentioned below, the directors of the Group are currently assessing the impact on the other new and amended standards and interpretation on the Group's financial position and results of operations.

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying this new standard on the Group's consolidated financial statements.

The line items presented on the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- management-defined performance measures;
- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
- for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

3 REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker (“**CODM**”) has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources and has determined the operating segments based on these reports.

The CODM assesses the performance of the Group by the below reportable operating segments:

- Operation of franchised and self-owned retail networks (“**Franchising**”)
- Sales of fruit and other food products – trading of fruits (“**Trading**”)
- Others

The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of fair value gain on structured deposits, legal and professional fees, remuneration of auditors, depreciation and amortisation expenses of corporate assets, income tax expense, interest income on bank deposits and interest expenses on bank borrowings. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

(b) Segment revenue and results

An analysis of the Group's revenue and results during the years ended 31 December 2025 and 2024 by operating segment is as follows:

	<u>Franchising</u>	<u>Trading</u>	<u>Others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2025				
Revenue from contracts	7,196,214	1,204,965	48,021	8,449,200
Less: inter-segment revenue	–	(254,887)	(19,875)	(274,762)
Revenue from external customers	<u>7,196,214</u>	<u>950,078</u>	<u>28,146</u>	<u>8,174,438</u>
Segment results	(160,107)	19,801	(17,700)	(158,006)
Unallocated other gains, net				8,016
Unallocated corporate expenses				(132,301)
Unallocated finance income				28,069
Unallocated finance costs				(74,767)
Loss before income tax				(328,989)
Income tax expense				(13,950)
Loss for the year				<u>(342,939)</u>
Cost of inventories sold	6,407,332	776,081	22,745	7,206,158
Employee benefit expenses	384,457	61,838	4,333	450,628
Delivery charges	128,458	31,669	462	160,589
Labour cost	89,888	17,667	2,416	109,971
Depreciation and amortisation	101,837	13,985	11,695	124,494
Additions to:				
Property, plant and equipment	16,896	8,557	24,694	50,147
Right-of-use assets	37,911	11,024	–	48,935
Intangible assets	<u>2,488</u>	<u>11</u>	<u>–</u>	<u>2,499</u>

	<u>Franchising</u>	<u>Trading</u>	<u>Others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024				
Revenue from contracts	9,243,832	1,309,843	45,434	10,599,109
Less: inter-segment revenue	–	(304,094)	(21,762)	(325,856)
Revenue from external customers	<u>9,243,832</u>	<u>1,005,749</u>	<u>23,672</u>	<u>10,273,253</u>
Segment results	(203,651)	29,943	(68,314)*	(242,022)
Unallocated other gains, net				14,136
Unallocated corporate expenses				(134,992)
Unallocated finance income				44,144
Unallocated finance costs				<u>(72,759)</u>
Loss before income tax				(391,493)
Income tax expense				<u>(8,295)</u>
Loss for the year				<u><u>(399,788)</u></u>
Cost of inventories sold	8,230,755	834,390	35,599	9,100,744
Employee benefit expenses	603,690	58,974	4,056	666,720
Delivery charges	132,951	51,953	1,130	186,034
Labour cost	68,791	19,917	1,396	90,104
Depreciation and amortisation	101,837	14,625	8,032	124,494
Additions to:				
Property, plant and equipment	129,277	23,710	66,721	219,708
Right-of-use assets	17,768	4,460	–	22,228
Intangible assets	<u>3,088</u>	<u>–</u>	<u>–</u>	<u>3,088</u>

* The losses incurred in the segment results of others was mainly due to the impairment loss on property, plant and equipment of RMB50,662,000 and right-of-use assets of RMB1,732,000, which is non-recurring in nature.

(c) **Geographical segment**

Analysis of revenue of the Group by geographical market is as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	7,952,167	9,978,300
Indonesia	88,317	148,295
Singapore	70,273	59,502
Hong Kong and other countries	63,681	87,156
	8,174,438	10,273,253

4 OTHER INCOME

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	6,301	17,598
Penalty income from franchisees	1,812	2,431
Interest income arising from loan receivables	17,128	20,280
Parking fee income	3,571	3,228
Rental and management income	8,553	2,570
Others	2,870	593
	40,235	46,700

5 OTHER LOSSES, NET

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Fair value losses on biological assets	(1,001)	(2,399)
Fair value gains on financial assets at FVTPL, net	14,348	11,543
Losses on disposals of property, plant and equipment	(11,892)	(11,657)
Impairment of property, plant and equipment	–	(50,662)
Impairment of right-of-use assets	–	(1,732)
Losses on disposals of associates	(30,899)	–
Gains on lease modification	16,525	11,691
Exchange (losses)/gains, net	(5,258)	800
(Losses)/gains on dilution of investment in associates	(8,302)	3,657
Others	4,985	(4,543)
	(21,494)	(43,302)

6 EXPENSES BY NATURE

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold	7,206,158	9,100,744
Employee benefit expenses (including directors' emoluments)	450,628	666,720
Depreciation of property, plant and equipment	64,942	41,895
Depreciation of right-of-use assets	62,661	64,865
Amortisation of intangible assets	12,584	17,734
Legal and professional fees	114,529	129,372
Remuneration of auditors		
– Audit services	4,713	4,580
– Non-audit services	950	1,040
Delivery charges	160,589	186,034
Marketing and promotion expenses	79,183	122,145
Office supplies	6,718	8,630
Labour cost	109,971	90,104
Expense relating to short-term leases	51,672	41,453
Travelling expenses	14,283	17,768
Entertainment	8,874	11,889
Water and electricity	17,441	16,607
Other tax expenses	13,750	17,681
Others	41,398	40,804
	8,421,044	10,580,065
Representing:		
Cost of sales	7,577,231	9,508,899
Selling expenses	535,097	605,097
Administrative expenses	203,472	329,622
Research and development expenses	105,244	136,447
	8,421,044	10,580,065

7 FINANCE COSTS, NET

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Finance costs		
Interest expenses on bank borrowings	74,767	77,543
Interest expenses on lease liabilities	24,210	27,201
	<u>98,977</u>	<u>104,744</u>
Less: amount capitalised in qualifying assets	–	(4,784)
	<u>98,977</u>	<u>99,960</u>
Finance income		
Interest income on bank deposits	(28,069)	(44,144)
Finance costs, net	<u><u>70,908</u></u>	<u><u>55,816</u></u>

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	14,786	13,467
Deferred tax	(836)	(5,172)
Income tax expense	<u><u>13,950</u></u>	<u><u>8,295</u></u>

Companies comprising the Group are established and operating in the PRC. Most of them are subject to PRC corporate income tax (“CIT”) at the rate of 25% for the year ended 31 December 2025 (2024: 25%), except for three subsidiaries which were awarded certificates of High and New Technology Enterprises (“HNTE”) (2024: three). Such entities were entitled to a preferential CIT rate of 15% up to the expiry of the latest certificates in 2026. The further entitlement to such HNTE tax incentive is subject to the successful renewal of certificates by the PRC tax authority. According to Article 27 of the China Corporate Income Tax Law and Article 86 of the Implementation Regulation of the CIT Law, income and expenses attributable to processing of agricultural products are exempted from the CIT for the years ended 31 December 2024 and 2025, subject to annual review by the local PRC tax authority of the Company’s subsidiaries.

9 LOSS PER SHARE FOR THE LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

(a) Basic loss per share

The basic loss per share is calculated on the loss attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding (excluding the ordinary shares purchased by the Company under the share award scheme and for cancellation purpose) during the year ended 31 December 2025 (2024: same).

	Year ended 31 December	
	2025	2024
Loss attributable to owners of the Company (RMB'000)	(317,487)	(386,027)
Weighted average number of shares outstanding ('000)	1,524,242	1,512,799
Basic losses per share (expressed in RMB cent)	<u>(20.83)</u>	<u>(25.52)</u>

(b) Diluted loss per share

During the year ended 31 December 2025, the Company has two (2024: one) category of dilutive potential ordinary share: Share Awards and Restricted Share Unit (2024: Share Awards), which were considered as contingently issuable shares and the condition was not satisfied as at 31 December 2025 (2024: same). Hence, diluted loss per share for the year ended 31 December 2025 is the same as the basic loss per share (2024: same).

10 TRADE RECEIVABLES

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables, gross	834,353	1,034,749
Less: loss allowance	(61,519)	(69,468)
Trade receivables, net	<u>772,834</u>	<u>965,281</u>

The ageing analysis of gross trade receivables by invoice date is as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 90 days	587,864	653,062
91 – 180 days	168,334	285,007
181 – 365 days	36,337	36,101
Over 1 year	41,818	60,579
	<u>834,353</u>	<u>1,034,749</u>

The carrying amounts of the Group's trade receivables, net of loss allowance, are denominated in the following currencies:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	752,315	940,087
US\$	14,516	22,232
HK\$	6,003	2,962
	772,834	965,281

11 TRADE PAYABLES AND NOTE PAYABLES

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	425,486	527,870
Note payables (<i>Note</i>)	149,662	–
	575,148	527,870

Note: Note payables represent bank acceptance bills issued to suppliers based on trade transactions. All notes payables are measured at amortised cost and have a maturity of within one year.

The ageing analysis of the trade payables based on invoice dates is as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	378,147	474,711
31 to 60 days	23,897	20,879
61 to 90 days	8,631	6,859
Over 90 days	14,811	25,421
	425,486	527,870

As at 31 December 2025, the carrying amounts of the Group's trade payables approximate their fair values and are denominated in RMB (2024: same).

12 DIVIDENDS

On June 5, 2025, the Company's shareholders approved 2024 final dividend of RMB0.0065 for every share of the Company's 1,588,544,000 shares, in an aggregate amount of RMB10,006,000. Except for dividend attributable to the repurchased shares held by the trustee of RMB517,000 in relation to employee share incentive scheme, the rest of the dividend of RMB9,489,000 was paid in July 2025.

The proposed 2025 final dividend of RMB0.005 per ordinary share, equivalent to an aggregate of approximately RMB10,000,000 for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting, and is not recognised as a liability at the year end date.

OTHER INFORMATION

Final Dividend

The Board has recommended the payment of a final dividend of RMB0.0050 per ordinary share (tax inclusive) to all Shareholders for the year ended December 31, 2025 (2024: RMB0.0065 per ordinary share).

The proposed final dividend shall be declared in RMB and paid to holders of H shares of the Company (the “**H Shareholders**”) in Hong Kong dollars (“**HK\$**”). The final dividend payable in HK\$ will be converted from RMB at the average exchange rate of RMB against the HK\$ issued by the People’s Bank of China five business days before the forthcoming annual general meeting of the Company (the “**AGM**”), and the final dividend paid to the holders of unlisted shares of the Company will be paid in RMB. This proposed final dividend is subject to the approval of the Shareholders at the forthcoming AGM and is expected to be paid on or around Friday, July 10, 2026.

In accordance with the Enterprise Income Tax Law of the People’s Republic of China and its implementation rules (the “**EIT Law**”), non-resident enterprises shall pay enterprise income tax on income derived from China, and the applicable tax rate is 10.0%. To this end, any H shares registered in the name of non-individual Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups will be treated as being held by non-resident enterprise Shareholders (as defined in the EIT Law), and the Company will distribute the final dividend to such non-resident enterprise Shareholders after withholding such 10.0% enterprise income tax.

The Company distributes the 2025 final dividend to the individual Shareholders, which would be subject to the personal income tax at the rate of 10% or 20%. It would be specifically handle in line with relevant regulations and tax collection and management requirements, unless otherwise required by the tax regulations, relevant tax agreements or notices.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance.

During the year ended December 31, 2025, the Company complied with all applicable code provisions under the CG Code and adopted most of the best practices set out therein.

Model Code for Securities Transactions

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding all dealing by Directors, supervisors of the Company (the “**Supervisors**”) and relevant employees of securities in the Company and other matters covered by the Model Code since the Listing Date.

Having made specific enquiry with all the Directors and Supervisors, all of the Directors and Supervisors confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended December 31, 2025. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company for the aforesaid period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended December 31, 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any). As of December 31, 2025, the Company did not hold any treasury shares.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules during the year ended December 31, 2025 and up to the date of this announcement. The Company maintained the minimum level of public float of at least 25% of its total issued shares.

SUBSEQUENT EVENTS

On February 2, 2026, our Company entered into a capital increase agreement with Mr. Tian Xiqiu (田錫秋) (“**Mr. Tian**”) (an Executive Director and therefore a connected person of the Company) and Mr. Lai Hin Yeung (賴顯陽) (“**Mr. Lai**”) (a deputy general manager and finance director of the Company), pursuant to which Mr. Tian and Mr. Lai agreed to make a capital contribution of RMB660,000 and RMB300,000, respectively, in cash into the registered share capital of Shenzhen Pagoda Commercial Management Co., Ltd.*(深圳百果園商業管理有限公司) (“**Pagoda Commercial Management**”), each, at a consideration of RMB1.0 per share. Upon completion of the aforementioned capital contribution, Mr. Tian and Mr. Lai will hold approximately 33.67% and 15.31% of the equity interest in Pagoda Commercial Management, respectively. As a result, the Company's shareholding in Pagoda Commercial Management will be diluted from 100% to 51.02%, and Pagoda Commercial Management will continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the Company's financial statements.

As of the date of this announcement, save as disclosed above, there was no significant event affecting the Group which occurred subsequent to December 31, 2025.

AUDIT COMMITTEE

The Board has established the Audit Committee, which comprises two independent non-executive Directors and one non-executive Director, namely, Dr. WU Zhanchi (*chairman*), Mr. MA Ruiguang and Mr. JIAO Yue. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has, together with the senior management of the Company, reviewed the accounting principles and practices adopted by the Group as well as the consolidated financial information of the Group for the year ended December 31, 2025. The Audit Committee considered that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group, and the selection and appointment of external auditors.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, and consolidated statement of other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this announcement.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting for the year ended December 31, 2025 will be published on the website of the Company (www.pagoda.com.cn) and the website of the Stock Exchange (www.hkexnews.hk) and will be disseminated to the Shareholders within the prescribed time and in such manner in accordance with the requirements of the Listing Rules.

PUBLICATION OF 2025 ANNUAL RESULTS AND 2025 ANNUAL REPORT

This annual results announcement is published on the website of the Company (www.pagoda.com.cn) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended December 31, 2025 containing all the information required by the Listing Rules will be disseminated to the Shareholders and published on the respective websites of the Company and the Stock Exchange within the prescribed time and in accordance with the requirements under the Listing Rules.

PUBLICATION OF 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report of the Group for the year ended December 31, 2025 will be published on the respective websites of the Company and the Stock Exchange as set out above within the prescribed time and in accordance with the requirements under the Listing Rules.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their continuous support and contribution to the Group.

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
March 26, 2026

As of the date of this announcement, the Board of Directors of the Company comprises Mr. YU Huiyong, Ms. XU Yanlin, Mr. TIAN Xiqiu and Mr. ZHU Qidong as executive Directors, Mr. JIAO Yue 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.

* *For identification purpose only*