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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)

PROFIT WARNING

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

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2024 (the “**First Half of 2024**”) and the information currently available to the Board, it is expected that the Group’s profit attributable to owners of the Company in the First Half of 2024 will decrease by not more than 70% as compared to the Group’s profit attributable to owners of the Company of approximately RMB260.8 million for the six months ended June 30, 2023, and that the revenue of the Group in the First Half of 2024 will decrease by not more than 15% as compared to the Group’s revenue of approximately RMB6,294.3 million for the six months ended June 30, 2023.

Based on the information currently available, the Board considers that the expected decrease in the Group’s profit attributable to owners of the Company and revenue during the First Half of 2024 is mainly attributable to: (i) the increase in investment in activities such as store refurbishment, marketing campaigns and engagement of good life ambassador by the Company in order to implement the new strategy of “expert and leader in high-quality fruit industry” formulated by the Company in early 2024; (ii) the weak consumption power affected by the external environment, resulting in a downward trend in store sales; and (iii) high base impact of revenue recorded by the Company during the six months ended June 30, 2023 owing to the lifting of pandemic restrictions, therefore the comparable base for the six months ended June 30, 2023 was relatively high.

The Company is closely monitoring the changes in market demand and will adjust its business strategies accordingly if needed. The Company has adopted/will adopt the following measures to improve its operating performance: (i) to continuously optimize product supply and enrich price range to meet the rapid changes in consumer demand and more rational consumption behavior; (ii) to expand product lines such as fruit gifts and fruit cutting, deepening diversified fruit consumption scenarios; (iii) to form an integrated online and offline brand marketing to enhance brand popularity and stimulate the enthusiasm of franchisees; and (iv) to strengthen cost control measures to further improve operational efficiency.

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

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

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

Shenzhen, the People's Republic of China
July 30, 2024

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