

China's fruit retailer Pagoda Group files IPO in HK

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China's largest fruit retailer Pagoda Industrial Group successfully listed on the Hong Kong stock exchange, with its share price rising more than 20 per cent as well as garnering a total market value of 9.47 billion HKD (\$1.21 billion), becoming the first fruit company to go public in the market arena.

Pagoda Group will issue about 78.9 million shares globally. The 7.9 million to be issued in Hong Kong were oversubscribed 12.2 times, while the international tranche was oversubscribed 2.8 times, according to the local media.

Forty-five per cent of the proceeds, or about HKD165 million, will go toward improving the company's operations and supply chain system.

About 25 per cent will be used to upgrade and reform its core information technology system and related infrastructure, while about 25 per cent will go to repay some bank loans. The rest will be used for working capital and general corporate purposes.

Pagoda was founded by Yu Huiyong and his wife Xu Yanlin in 2001 and opened its first store in 2002. Yu is the actual controller, with a direct stake of 24.32 per cent. The couple and the firm's employee shareholding platform are the majority shareholders, owning a collective 46.63 per cent.

According to its IPO prospectus, Pagoda has 5,643 brick-and-mortar stores in China, of which 5,624 are franchisees and 19 are self-operated outlets.

Net profit soared 369 per cent to CNY230 million (\$34.3 million) in 2021 on a 16 per cent increase in revenue to CNY10.3 billion (\$1.5 billion). In the first half of last year, revenue tallied CNY5.9 billion and net profit came in at about CNY194 million.