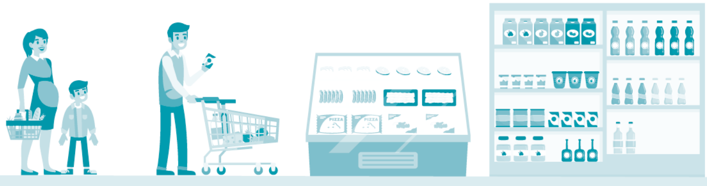
DAIDO

(Incorporated in Bermuda and its members' liability is limited)
（在百慕達成立為法團，而其成員的法律責任是有限度的）

Stock Code 股份代號：00544

2024 年報 ANNUAL REPORT

DAIDO GROUP LIMITED
大同集團有限公司



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fung Pak Kei *(appointed as Chief Executive Officer on 22 February 2024)*
Mr. Ho Hon Chung, Ivan *(Acting Chief Executive Officer)*

Non-executive Directors

Mr. Au Tat Wai
Mr. Fung Wa Ko
Ms. Kwan Nga Chung *(appointed on 30 December 2024)*

Independent Non-executive Directors

Mr. Leung Chi Hung
Mr. Lo Chi Wang
Mr. Tse Yuen Ming

COMMITTEES

Audit Committee

Mr. Leung Chi Hung *(Chairman)*
Mr. Lo Chi Wang
Mr. Tse Yuen Ming

Nomination Committee

Mr. Tse Yuen Ming *(Chairman)*
Mr. Leung Chi Hung
Mr. Lo Chi Wang

Remuneration Committee

Mr. Lo Chi Wang *(Chairman)*
Mr. Leung Chi Hung
Mr. Tse Yuen Ming

COMPANY SECRETARY

Mr. Cheung Hoi Kin

STOCK CODE

00544

WEBSITE

www.irasia.com/listco/hk/daido/index.htm
www.daidohk.com

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit No. 1301, Level 13, Tower 1
Kowloon Commerce Centre
No. 51 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

AUDITOR

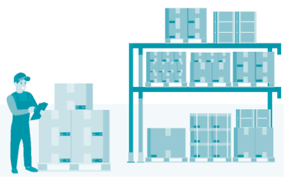
Forvis Mazars CPA Limited
(formerly known as Mazars CPA Limited)
Certified Public Accountants and
Registered Public Interest Entity Auditor
42nd Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
Nanyang Commercial Bank, Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong



ACTING CHIEF EXECUTIVE OFFICER’S STATEMENT

On behalf of the Board of Directors/Management, I am pleased to present the annual results of the Group for the financial year ended 31 December 2024.

2024 was marked by a sluggish economic recovery and conservative global consumption patterns. Global turmoil, along with intricate international relations, further compounded the uncertainty in the global economic landscape.

Despite this challenging and uncertain operating environment, the Group has enhanced its operational efficiency. This accomplishment is attributable to a comprehensive suite of strategies, such as diversifying risks, improving operational efficiency, and implementing effective governance measures.

In 2024, the Group’s cold storage and logistics business in Hong Kong experienced a downturn in demand from food and beverage (F&B) catering clients. The continued trend of travel and consumption both in Mainland China and overseas, along with a shift in consumer spending patterns, were the main causes of this decline. Nonetheless, the Group effectively mitigated these risks by broadening, attracting new customers with requirements for warehouse storage and logistics services, and making appropriate rate adjustments.

In Mainland China, the Group conducts its food and beverage trading business through a network of supermarkets and convenience stores. Through internal business restructuring, we adjusted our sales strategies by concentrating on a moderate margin product portfolio targeting the mass market and adopted effective cost-saving measures. This strategic realignment has been successfully implemented.

Looking forward, with the resumption of normal economic activities, the Group remains cautiously optimistic about the economic recovery in Mainland China, Hong Kong, and around the world. The Group will continue to enhance the operational efficiency of its cold storage facilities, manage costs effectively, and adapt its business strategies flexibly. This will enable us to better manage risks and optimise returns within our core business segments in Mainland China and Hong Kong.

Finally, I would like to extend my sincere gratitude to our shareholders for their unwavering support and trust in the Group. I also wish to express my appreciation to our employees for their hard work, dedication, and professional excellence.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL RESULTS

For the year ended 31 December 2024, the Group's total revenue amounted to approximately HK$219 million, representing a decrease of about 26.5%, compared to approximately HK$298 million from the preceding year.

For the year ended 31 December 2024, the Group recorded a loss attributable to the equity holders of the Company of approximately HK$40.2 million, compared to the profit of approximately HK$5.9 million (restated) recorded in the year ended 31 December 2023.

The Board considers that the loss was primarily attributable to (i) the decrease in revenue from the cold storage and related services business by approximately 21.8%; and (ii) the decrease in revenue from the trading and sales of food and beverage business in Mainland China by approximately 42.6%, the decrease in revenue as mentioned in (i) and (ii) was mainly resulting from the challenging macroeconomic conditions, thereby weakening the demand for the Group's products and services; and (iii) the absence of one-off gain from the disposal of a subsidiary recorded in 2023.

REVIEW OF OPERATING SEGMENTS

The Group is mainly engaged in cold storage and related services business, trading and sale of food and beverage business, and investment holding.

Cold storage and logistics

The Group's principal source of income stems from operating the cold storage business and related activities. This includes offering a range of ancillary services, such as transportation, distribution, container hauling and devanning, packaging, and logistics services to customers in this segment.

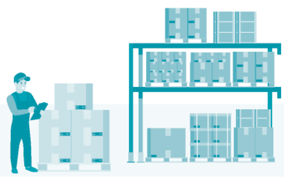
During 2024, the persistent trend of traveling to Mainland China and overseas countries has been unabated. This led to a shift in consumer spending away from Hong Kong, negatively impacting local demand for frozen food in the food and beverage (F&B) industry. Despite this unfavorable trend, the Group maintained its cold storage and logistics operations at a reduced pace during 2024, compared to the corresponding period of last year, thanks to improved operating efficiency and cost saving strategies.

The facilities agreement for the Group's Tsing Yi warehouse expired at the end of June 2024. Instead of renewing the agreement, the decision was made to relocate all customers and goods from the Tsing Yi warehouse to the Kwai Hei Street warehouse. This strategy improved the overall utilisation of the Kwai Hei Street warehouse and generates significant cost savings, starting from the second half of the year.

Additionally, to optimise operational resources, the Group replaced its inefficient workforce, contributing to further cost reductions and efficiency improvements.

In light of this situation, the management is cautiously optimistic and has sought to diversify its customer base in order to maintain and attract demand usage for warehouse storage and logistics services. Through various internal restructuring and resource allocation, the Group aims to focus on its core business with the view to manage foreseeable market rebounds and to achieve sustainable corporate growth in the long run.

The grocery distributors, supermarkets, frozen-food outlets and restaurants sectors continued to be our primary sources of customers. In response to the market demand from these sectors, the Group has enhanced operational efficiency of temperature-controlled storage areas at our warehouse. During the current period, we maintained good relationships and stable business volume with existing customers while continued to reach out and develop business with other operators in these sectors.



REVIEW OF OPERATING SEGMENTS (continued)

Cold storage and logistics (continued)

The Group maintained warehouse disinfection and food package of cold stores at industry standards. We will continue to uphold these hygienic actions to protect our employees and customers. The cooling system replaced during last renovation of Kwai Hei Street warehouse made us well equipped for the increasing required standard of cold storage and logistics services in the industry.

During the first half of 2024, there was a considerable increase of rental cost imposed by our landlord for the cold storage warehouse that the Group operated, which remains as a key cost item. Consequently, we adjusted prices with a higher rate to some selected customers thereupon. However, to retain customers, we also lowered the rates for several customers during the second half of the 2024 for a return of higher volumes. The management is also expecting an increase in business volume from customers who enjoyed unadjusted and lower rates.

The reconstruction of part of the Kwai Hei Street warehouse has been completed during the second half of the 2024. The facility is converted from a bonded warehouse into a cold storage warehouse. As a result, the warehouse now has increased cold storage capacity to better support the Group's higher-margin cold storage business.

The logistics business, which primarily support the Group's warehousing customers, has remained stable.

Trading and sales of food and beverage products

The Group conducts its trading and sales business of food and beverage products through a network of supermarkets, convenient stores and distributors in Mainland China. To optimise revenue under this business segment, the Group focuses on developing higher margin wholesale channels.

Anticipating a continued decrease in consumer demand during the year 2024, the Group undertook a continuous review and assessment of its existing wholesale channels and product portfolio. Consequently, the Group ceased certain unprofitable distribution channels and products while building up moderate margin offerings, targeting the bigger mass consumers, particularly by expanding its network of major convenience store partners.

The Group responded swiftly and implemented stringent cost control measures; therefore, only a slight loss was recorded for this business. Through these strategies, the Group successfully maintained good relationships with reputable supermarket brands while also developing its convenience store network smoothly during 2024.

We remain committed to enriching our product mix by identifying new products that align with market demand. Recently, we successfully negotiated partnerships with ice cream brands, which will allow us to introduce high-quality ice cream products to our portfolio. To maximise sales, we have adopted a high-volume and moderate-margin strategy for the ice cream line, aiming to attract a larger customer base through competitive pricing while maintaining profitability through increased sales volume.

Overall, the Group recorded a loss in this segment during 2024, with a decrease of revenue due to less demand of our products under the challenging macroeconomic conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

For each major risk identified, the Group has conducted a thorough assessment and planned action steps planned for mitigation. The objective of this exercise is to safeguard the Group's best interests, including its business outlook, financial position, growth potential and business sustainability.

For details of financial risk are set out in "Going concern" sub-section in note 3 to the consolidated financial statements of this Annual Report.

The Group manages its business and operation risks through diversifying its business portfolio, ensuring a balance between safety and profitability. To grow its more promising segments, both cost saving measures and resource re-allocation are adopted to reduce exposure to market volatility such as that caused by the US-China trade dispute and the uncertain economy in Mainland China and Hong Kong.

The Group recognises its vulnerability to political and economic risks in the macroeconomic environment, which could undermine demand for its products and services. We are also aware of other hazards, such as long-term depreciation on the warehouse property that could compromise our storage capacity, efficiency and business growth. To safeguard the continuous performance of our operations, we enacted financial prudence to safeguard the continual performance of our operation by reducing operating expense, coping with narrowing profit but rapid turnover, and conserving internal resources to counter any negative impact from the macroeconomic environment.

With the trend of travelling in Mainland China and oversea countries and consumption power, the spending power of Hong Kong citizens has been redirected outside Hong Kong, adversely affecting on the local demand of frozen food from F&B catering industry. As our cold storage business is highly related to the domestic market, the Group is experiencing the unfavorable decline on the demand of frozen food.

Market risk is another area of threat we seek to control. Recognising that market demand for our products and services is highly dependent on how the economy performs and consumer sentiments, we closely monitor the macroeconomic conditions closely and are ready to realign our strategies and direction swiftly. Buffering the Group from market risks also requires us to constantly revamp our business structure, product and service and customers portfolios, adopt high margin products and switch to more effective sales channels when necessary, as we have been doing on our trading and sales segment.

The Group's risk-control framework has been in force to guide our business segments into long-term growth and sustainability.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event required to be disclosed after the reporting period and up to the date of this Annual Report.

PROSPECTS

With support from the Hong Kong Government, the resume of economic activities, such as plans to attract talents and tourists, had stimulated consumer spending in the domestic market. According to the Census and Statistics Department of the Hong Kong Government, GDP increased by 2.5% in 2024, compared with the increase of 3.2% in 2023. However, the volume index of restaurant receipts for 2024 decreased by 2.4%, which means the sales receipts of local catering establishments had actually decreased after excluding price changes.

We expect the Group's cold storage and logistics operations in Hong Kong as well as food and beverage distribution operations in Mainland China to gradually recover through our continuous internal restructuring and reallocation of resources together with measures to stimulate the economy taken by the Hong Kong Government and the Mainland China Government.

PROSPECTS (continued)

Cold storage and logistics

As the core business unit of the Group, our aim is to continue stabilising it while also seeking more opportunities to make it grow even stronger. The Group has recognised the increasing standards required for cold storage and logistics services in the industry. Furthermore, with the establishment of the Transport and Logistics Bureau in 2022, we expect that the improvements to Hong Kong's transportation and logistics infrastructure will be well-received, attracting more potential investors globally.

With the gradual cooling of the trend of traveling to Mainland China, coupled with the implementation of the multi-entry permit policy for visitors, the management expects resurgence in demand for frozen food in F&B industry in Hong Kong. The Group will continue to actively pursue new opportunities within the cold storage and logistics business sector and reach out to more operators of supermarkets and frozen-food outlets. Our goal is to become a diversified service provider by offering value-added services to our customers, which will enable us to expand our overall client portfolio. By leveraging our expertise and the favorable industry developments, we aim to further strengthen our core business unit and position the Group for sustained growth.

Following the reconstruction of our Kwai Hei Street warehouse, we now have increased cold storage capacity to devote to the higher margin cold storage business. Optimising our manpower will be an ongoing task to achieve greater operational efficiency.

By leveraging our expanded cold storage capacity, optimising our operations and cost saving measures, we aim to capitalise on the growing demand for cold storage services. This will enhance the profitability of our core business unit and solidify our position as a leading provider of integrated logistics solutions.

Additionally, we are discussing cooperating strategies with some suitable strategic partners to establish a joint venture. This partnership is anticipated to fuel the overall development of the Group.

Trading and sales of food and beverage products

The Group anticipates the restoration of profitability of our food and beverage distribution operations in Mainland China, driven by our strategy of developing diversified wholesale channels and enriched product mix. We will continue to replace underperforming products and sales channels, realign our prices in tandem with market conditions, and adjust our portfolio to incorporate more higher-margin products and higher-margin wholesale channels. Additionally, the newly introduced high-volume and moderate-margin ice cream line would also help us regain profitability.

We will maintain our presence in the supermarket chain channel while also exploring the mass network of convenience stores. Resources would be invested in the ice cream business and other innovative products to drive market growth. Furthermore, we will persist in our strategy of sourcing suitable high-margin foreign products for trade in Mainland China, while also identifying appropriate Mainland China-made products to trade in Hong Kong. This diversified approach aims to achieve further profitability.

By optimising our product mix, pricing, and distribution channels, as well as exploring strategic partnerships, we are confident in our ability to return to profitability in our food and beverage distribution operations in Mainland China.

CORPORATE STRATEGY AND LONG-TERM BUSINESS MODEL

The Group is committed to developing a steady and progressive culture that is built on our existing Purpose, Vision and Values. We thrive to nurture innovation, and to exert the best substance from within the Group to customers and stakeholders that enables us to deliver long-term sustainable growth and evolvement. Over the past year, we have demonstrated our achievement on sustaining our cultural framework, in particular operational efficiency, labour performance and service excellence through various initiatives set out in the Business Review and the Environmental, Social and Governance Report sections in this Annual Report.

Our goal is to become the most trusted and efficient cold-chain infrastructure service provider in Hong Kong. We aim to offer quality cold-chain infrastructure to our customers such as food producers, distributors and trading companies, and to provide reliable food supply to our end-consumers in Hong Kong and worldwide. Our Group's values – reliability, safety, service excellence, and collaboration – guides us in achieving this goal.

We primarily measure our performance through metrics including, but not limited to, revenue, revenue growth, gross profit margin, profit margin, gross profit by segment, operational efficiency, and labour performance.

We assess our culture through indicators such as staff turnover rate, whistleblowing data, feedback from our stakeholders obtained via various methods (including annual performance appraisals, surveys and questionnaires), compliance with the regulations, internal control policies, and findings identified by our Internal Control Adviser.

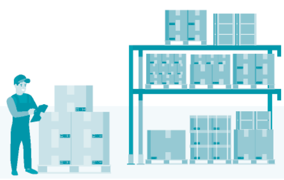
To ensure that the desired culture and expected behaviors are clearly communicated to all employees, we circulate the latest code of conduct and corporate governance related internal control policies periodically and provide relevant training as and when necessary. We also hold routine meetings between (i) the management and the Board, (ii) the management and the employees at all levels, and (iii) the management and our stakeholders. Company's publications including annual report, interim report and circular are published on the Company's website.

In addition to these communication means, we have implemented whistleblowing channels with involvement of Independent Nonexecutive Directors are implemented for sharing ideas and concerns on any misconduct or misalignment identified. Customers, subcontractors and employees are engaged annually in the form of evaluation forms or surveys to understand their opinions and concerns of our Group. We also welcome enquiries from stakeholders through an enquiry channel published on the Company's website. All identified misconduct or misalignment identified will be addressed. For details, please refer to sections headed "Risk Management and Internal Control" of Corporate Governance Report and "Anti-Corruption" of Environmental, Social and Governance Report of this Annual Report.

We provide competitive remuneration packages are provided to our employees and Board members, with annual appraisals and performance evaluation being assessed. Please refer to sections headed "Employment and Remuneration Policy" of Management Discussion and Analysis and "Remuneration Policy" of Corporate Governance Report of this Annual Report. The Company's values and culture (including expected behaviors) are embedded in the recruitment criteria. Training and materials are provided to Directors and employees to refresh their knowledge, exercise their duties and develop the required competencies. More broadly, the elements supporting a sound risk culture, including effective challenge and open communication.

With the above measures and cultures developed, we believe these can help improve our corporate governance and improve our Group's performance.

We believe generating long-term values for shareholders and stakeholders is the essence for the Group to sustain and grow. The Group has a manifesting and continuous strategy planning process to access, evaluate and identify our organisation's strengths and weaknesses, as well as opportunities and threats that the Group might be facing. We develop and implement strategies based on the results of our planning process and align the mindset of achievability that the executives and employees.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL KEY PERFORMANCE INDICATORS

		As at 31 December	
		2024	2023 (Restated)
(Loss) Earnings per share – basic and diluted	HK$ cents	(13.87)	2.02
Net (liabilities) assets per share attributable to equity holders of the Company	HK$ cents	(7.88)	6.11
Current ratio	times	0.51	0.86
Total liabilities to total assets ratio	times	1.04	0.93
Gearing ratio	%	-43.7	197.4
Return on equity ratio	%	175.9	33.1
Return on assets	%	-6.8	2.3
Assets turnover ratio	times	0.52	1.15

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2024, the Group had bank and cash balances of approximately HK$59.8 million *(2023: approximately HK$62.0 million)*, which was denominated in Hong Kong dollars ("HK$"), Renminbi ("RMB") and United States dollars ("US$") as to approximately 92.1%, 7.9% and nil *(2023: approximately 73.5%, 10.0% and 16.5%)*, respectively. The decrease was mainly due to decrease in cash generated from operations.

The gearing ratio, measured as non-current borrowings (excluded lease liabilities) over total (deficit) equity was approximately -43.7% as at 31 December 2024 *(2023: approximately 197.4% (restated))*. Such decrease was primarily attributable to the total equity of the Group decreased from approximately HK$17.7 million (restated) as at 31 December 2023 to total deficit approximately HK$22.9 million as at 31 December 2024.

In 2014, the Group announced for the placement of bonds in an aggregated principal amount of up to HK$500 million within the placing period commencing from 13 November 2014 and ending on 12 November 2015. The net proceeds from the issue of the bonds were utilised as the general working capital of the Group. For further details, please refer to the announcements of the Company dated 13 November 2014, 26 January and 23 April 2015. The aggregate principal amount of HK$100 million were issued in the year ended 31 December 2014 and 31 December 2015 with principal amount of HK$40 million and HK$60 million, respectively (the "Original Bonds"). The bonds bear interest at 6% per annum and payable annually in arrears, up to the maturity date of the relevant bonds.

During the year ended 31 December 2023, the Company agreed to issue the bonds (the "2023 Bonds") and bondholders have agreed to accept the 2023 Bonds in place of the Original Bonds in the principal amount of HK$40 million. During the year ended 31 December 2024, the Company agreed to issue the bonds (the "2024 Bonds") and bondholders have agreed to accept the 2024 Bonds in place of the Original Bonds in the principal amount of HK$60 million.

During the year ended 31 December 2024, certain of the 2023 bonds and 2024 Bonds with total principal amount of HK$50 million were matured and the Company has settled in the principal amount of HK$15 million; and for the remaining of HK$35 million of the matured bonds, the Company has obtained consent in writing from the bondholders to extend the maturity date of that bonds for 3 months to one year.

As at 31 December 2024, the aggregate principal amount of bonds remaining outstanding was HK$85 million *(2023: HK$100 million)*. As at 31 December 2024, bonds with principal amount of HK$75 million *(2023: HK$100 million)* will mature within twelve months from the end of the reporting period and was classified as current liabilities; bond with principal amount of HK$10 million *(2023: Nil)* will mature over one year from the end of the reporting period and was classified as non-current liabilities.

As at 31 December 2024, the Group had a bank borrowing of HK$35 million *(2023: HK$35 million)* denominated in HK$. The maturity of borrowing is April 2025 with a fixed interest rate of 5% per annum which is same as 31 December 2023.

During the year ended 31 December 2024, the Group's capital expenditure was mainly financed by internal resources.

Treasury policies

The Group adopts conservative treasury policies and has tight controls over its cash management. The Group's bank and cash balances are held mainly in HK$.

Exposure to fluctuations in exchange rates and related hedges

Monetary assets and liabilities of the Group are principally denominated in HK$. The directors consider the Group's exposure to exchange rate risks to be low. The Group may have relatively high exposure to exchange rate risk when more trading and sales of food and beverage business to be operated in Mainland China. The directors will review the exchange rate risks faced by the Group periodically.

During the year ended 31 December 2024, the Group did not have any material foreign exchange exposure and had not used any financial instruments for hedging purpose.

Share capital structure

As at 31 December 2024, the total issued share capital of the Company was HK$2,901,104 *(2023: HK$2,901,104)* divided into 290,110,400 ordinary shares *(2023: 290,110,400 ordinary shares)* with a par value of HK$0.01 each.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures which is same as the corresponding period of last year.

Charges on assets

As at 31 December 2024, a bank provides the Group with banking facilities which represented guarantees provided in favour of the Group's cold storage business to the extent of HK$3.5 million *(2023: HK$3.5 million)* and are secured by bank deposits amounting to HK$1.7 million *(2023: HK$1.7 million)*. As at 31 December 2024, the utilised banking facilities in this regard was approximately HK$1.4 million *(2023: approximately HK$1.4 million)*.

As at 31 December 2024, the lease liabilities of the Group's cold storage warehouse were secured or guaranteed by the cash deposit, corporate guarantee provided by the Company, floating charges and share charges provided by subsidiaries of the Group, which are aggregately in approximately HK$107 million *(2023: approximately HK$93.5 million)*.

At 31 December 2024, the carrying amount of motor vehicles of approximately HK$0.7 million *(2023: approximately HK$0.5 million)* were pledged as the lessors' charge over the leased assets to secure the lease liabilities of approximately HK$0.7 million *(2023: approximately HK$0.5 million)* and such lease liabilities were also secured by the personal guarantee provided by one of the directors of the Company.

Future plans for material investments or capital assets

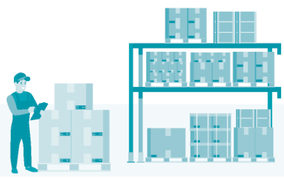
As at 31 December 2024, the Group did not have any concrete future plans for material investments or capital assets.

Contingent liabilities

As at 31 December 2024, the Group did not have any contingent liabilities *(2023: Nil)*.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2024, the total number of full-time employees of the Group in Hong Kong and Mainland China were approximately 150 and 30, respectively *(2023: approximately 170 Hong Kong employees; 30 Mainland China employees)*. Total staff related costs for the year ended 31 December 2024 amounted to approximately HK$63,573,000 *(2023: approximately HK$65,784,000 (restated))*. Remuneration of employees is offered at competitive standards, generally structured with reference to market terms and individual qualifications. The Group reviews employee remuneration annually and in addition to the basic salaries, the Group also provides staff benefits including discretionary bonuses, Mandatory Provident Fund, medical insurance, lunch subsidy, professional tuition/training subsidy and share option scheme for employees' benefit.



DIRECTORS OF THE COMPANY

MR. FUNG PAK KEI, aged 42, has been appointed as Executive Director of the Company in June 2019. Subsequently, he has been appointed as Chief Operating Officer of the Group. In February 2024, Mr. Fung was re-designated from Chief Operating Officer to the Chief Executive Officer of the Group. He has also served as a director of certain subsidiaries of the Company. Mr. Fung is a member of Hong Kong Institute of Certified Public Accountants since 2008 and a member of Hong Kong Institute of Taxation since 2012. He holds Bachelor of Commerce and Bachelor of Arts (Asian Studies) from the University of Queensland and was admitted to the Golden Key International Honour Society in 2000. Mr. Fung was also awarded a scholarship to Hitotsubashi University in Japan and completed a Brand Marketing and a Japanese program in 2002. He worked at PwC from 2005 to 2017 and focused on merger & acquisition and tax planning and was involved in various international/regional business advisory projects. Mr. Fung has years of experience in the cold chain solution industry including running a cold storage business, developing a cold storage facility and innovating a brand-new cold chain business model.

MR. HO HON CHUNG, IVAN, aged 70, was appointed as an Executive Director of the Company in November 2009 and became the Acting Chief Executive Officer and an authorised representative of the Company in June 2019. He has also served as a director of certain subsidiaries of the Company. Mr. Ho has been in the travel industry and consultancy services for over 20 years, principally in the senior managerial position.

MR. AU TAT WAI, aged 52, is currently a Non-executive Director of the Company. Mr. Au joined the Group as an Executive Director and the Chief Executive Officer in September 2009. In June 2019, Mr. Au resigned as the Chief Executive Officer and an authorised representative of the Company. Subsequently, he was re-designated from an Executive Director to a Non-executive Director in December 2019. Mr. Au has over 8 years of experience in information technology and e-commerce businesses, as well as in resort sector project development. He has, among ongoing efforts, promoted long term Chinese interests abroad – acting as a key liaison, bringing together in partnership Western and Chinese interests. Mr. Au graduated from Lakehead University, Ontario, Canada with a Bachelor of Business Administration and subsequently received his Master of Business Administration from The Hong Kong University of Science and Technology.

MR. FUNG WA KO, aged 63, is currently a Non-executive Director of the Company. Mr. Fung joined the Group as an Executive Director and the Chief Executive Officer in October 2003. He was appointed as the Deputy Chairman of the Group in April 2004 and became the Chairman and an authorised representative of the Company in August 2006. In September 2009, Mr. Fung was re-designated from an Executive Director to a Non-executive Director and resigned as the Chief Executive Officer and an authorised representative. He resigned as the Chairman of the Group in October 2011. Mr. Fung has over 20 years of experience in the area of business development, corporate management and budget control. He received his education in the United Kingdom and has worked in various management positions in Hong Kong, Mainland China, and other countries in Asia Pacific Regions.

MS. KWAN NGA CHUNG, aged 38, joined the Group as a Non-executive Director of the Company in December 2024. She is a Chartered Financial Analyst ("CFA") charterholder and holds the CFA Institute Certificate in ESG Investing. Ms. Kwan has over 15 years of experience in finance, focusing on the provision of professional valuation and advisory services for more than 500 listed and private companies for accounting, financing, investment, mergers and acquisitions, initial public offerings, and spin-off purposes. Ms. Kwan is currently the Chief Executive Officer (CEO) and Director of BonVision International Appraisals Limited, a professional valuation and advisory firm. Prior to her role in BonVision, she had been the CEO, Executive Director and Head of Business Valuation of a wholly owned subsidiary of a listed company in Hong Kong for a number of years. Ms. Kwan obtained a Bachelor's degree in Social Sciences with First Class Honours from the University of Hong Kong in 2008, and a Master's degree in Finance (Investment Management) from the Hong Kong Polytechnic University in 2009. In addition, she is a regular member of the CFA Society Hong Kong, and a member of The Hong Kong Institute of Directors ("HKIoD").

DIRECTORS OF THE COMPANY

MR. LEUNG CHI HUNG, aged 69, joined the Group as an Independent Non-executive Director of the Company in September 2003. He is also the chairman of the audit committee and a member of the nomination committee and the remuneration committee of the Company respectively. Mr. Leung has commenced his accountancy professional training since 1976 and is now a member of multiple international accountancy bodies. He is a certified public accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited. Mr. Leung is also an independent non-executive director of REF Holdings Limited (stock code: 1631) and Zhongzheng International Company Limited (stock code: 943), both companies are listed on The Stock Exchange of Hong Kong Limited.

MR. LO CHI WANG, aged 47, joined the Group as an Independent Non-executive Director of the Company in May 2023. He is also the chairman of the remuneration committee; and a member of the audit committee and the nomination committee of the Company respectively. Mr. Lo has over 19 years of experience in accounting and finance. He worked at Deloitte Touche Tohmatsu focused on audit and tax, and was the financial controller of listed groups. Mr. Lo received a degree of Bachelor of Arts (Honour) in Accounting from Manchester Metropolitan University in Manchester, United Kingdom. He is now a member of multiple international accountancy bodies. Mr. Lo is currently the group financial controller and general manager of financial service division and Hong Kong factory of Hung Fook Tong Group Holdings Limited (stock code: 1446, a company listed on the Main Board of the Stock Exchange). Mr. Lo is currently an independent non-executive director of Easy Smart Group Holdings Limited (stock code: 2442, a company listed on Main Board of the Stock Exchange) and is an independent non-executive director of Novacon Technology Group Limited (stock code: 8635, a company listed on GEM of the Stock Exchange).

MR. TSE YUEN MING, aged 57, joined the Group as an Independent Non-executive Director of the Company in August 2003. He is also the chairman of the nomination committee and a member of the audit committee and the remuneration committee of the Company respectively. Mr. Tse is a partner of Messrs. Tung, Ng, Tse & Lam. He holds a bachelor of laws degree with honour from the University of Hong Kong and admitted to The Supreme Court of Hong Kong as a solicitor in 1993. Mr. Tse is also the Vice President of The Hong Kong Chamber of Small and Medium Business and the Legal Adviser of Life Underwriters & Sales Executives Board (HK) Ltd.

DIRECTORS' REPORT

The Directors present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 14 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

A review of the Group's business and an indication of likely future developments in the Group's business as required by Schedule 5 to the Hong Kong Companies Ordinance as well as the important events affecting the Group has occurred since the end of the financial year under review are set out in the Acting Chief Executive Officer ("Acting CEO") Statement and the Management Discussion and Analysis of this Annual Report.

An analysis of the Group's performance during the year using financial key performance indicators is also provided in the Management Discussion and Analysis on page 9 which forms part of the Directors' Report but not part of the audited consolidated financial statements.

Key risks and uncertainties

In addition, description of the principal risks and uncertainties facing the Group are provided in the Management Discussion and Analysis and note 33 to the consolidated financial statements attached to this Annual Report.

Compliance with laws and regulations

During the year, as far as the Group is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Environmental policies and performance, and relationships with key stakeholders

Detailed discussions on the Group's environmental policies and performance, and relationships with key stakeholders are set out in the Environmental, Social and Governance Report of this Annual Report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the aggregate amount of revenue attributable to the Group's five largest customers accounted for approximately 38% of the Group's total revenue and the revenue attributable to the Group's largest customer accounted for approximately 16% of the Group's total revenue.

For the year ended 31 December 2024, the aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 62% of the Group's total purchases and the purchase attributable to the Group's largest supplier accounted for approximately 39% of the Group's total purchases.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this Annual Report.

DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 December 2024 *(2023: nil)*.

RESERVES

Details of the movements during the year in the reserves of the Group are set out in the Consolidated Statement of Changes in Equity of this Annual Report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the Company's reserves consisted of contributed surplus of HK$84,239,000 *(2023: HK$84,239,000)* and accumulated losses of HK$561,209,000 *(2023: HK$519,343,000 (restated))*.

The contributed surplus of the Company represents the difference between the underlying net assets of the subsidiaries acquired by the Company as at the date of the group reorganisation and the nominal amount of the Company's share capital issued as consideration for the acquisition.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities.

BANK BORROWING

Details of bank borrowing of the Group as at 31 December 2024 are set out in note 23 to the consolidated financial statements.

DONATIONS

Detailed discussions on the Group's donations are set out in the Environmental, Social and Governance Report of this Annual Report.

SHARE CAPITAL

Details of the share capital of the Company as at 31 December 2024 are set out in note 27 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTORS' REPORT

SHARE OPTION SCHEME

The Company's current share option scheme (the "2015 Scheme") was adopted on 2 June 2015, under which the board of directors may, at its discretion, grant share options to any eligible participant to subscribe for ordinary shares of the Company subject to the terms and conditions stipulated therein. Apart from the 2015 Scheme, the Group have no other share schemes under Chapter 17 of the Listing Rules during the financial year ended 31 December 2024 and up to the date of this Annual Report. No share options have been granted since the end of the reporting period till the date of this Annual Report.

Summary of the 2015 Scheme as required to be disclosed under Chapter 17 of the Listing Rules are set out in note 29 to the consolidated financial statements. Up to the date of this Annual Report, there were no changes in the disclosure of note 29 to the consolidated financial statements.

Apart from the 2015 Scheme, at no time during the year and up to the date of this report the Company or any associated corporation was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercised any such rights.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed "Share Option Scheme", no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information publicly available to the Company, there was a sufficient public float throughout the year ended 31 December 2024 and as at the latest practicable date prior to the issue of this Annual Report.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, save as disclosed below, so far as is known to the Company's Directors or chief executives of the Company, no person (other than the Company's Directors or chief executives of the Company) had interests or short positions in any shares or underlying shares of the Company which will fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO"), or which are recorded in the register of interests required to be kept by the Company under Section 336 of the SFO and no person (other than the Company's Director or chief executive of the Company), had interests or short positions in any shares or underlying shares of the Company, who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or has any options in respect of such capital.

Long positions in the shares of the Company:

Name of shareholder	Capacity/ nature of interest	Number of shares held Direct interest	Number of shares held Indirect interest	Approximate percentage of total issued share capital (Note 3)
Great Virtue Holding Limited (Note 1)	Beneficial owner	46,880,000	–	16.16%
William Waileung Kong (Note 1)	Interest of controlled corporation	–	46,880,000	16.16%
Ever Achieve Enterprises Limited (Note 2)	Beneficial owner	20,232,313	–	6.97%
Grand Legacy Holdings Limited (Note 2)	Interest of controlled corporation	–	20,232,313	6.97%
Premium Access Holdings Limited (Note 2)	Interest of controlled corporation	–	20,232,313	6.97%

Notes:

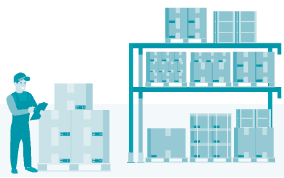
1. The entire issued share capital of Great Virtue Holding Limited ("Great Virtue") is beneficially owned by Mr. William Waileung Kong, and therefore, Mr. William Waileung Kong is deemed to be interested in the same number of shares of the Company in which Great Virtue is interested under provisions of SFO.

2. The shares were held by Ever Achieve Enterprises Limited ("Ever Achieve"). Each of Grand Legacy Holdings Limited and Premium Access Holdings Limited owned as to 50% of Ever Achieve and, therefore, they are deemed to be interested in 20,232,313 shares held by Ever Achieve.

   The entire issued share capital of Grand Legacy Holdings Limited is beneficially owned by Mr. Ho Hon Chung, Ivan, an Executive Director of the Company.

   The entire issued share capital of Premium Access Holdings Limited is beneficially owned by Mr. Fung Pak Kei, an Executive Director of the Company.

3. The percentages are calculated based on the total number of shares of the Company in issue as at 31 December 2024 which was 290,110,400.



DIRECTORS' REPORT

DIRECTORS

The following is the list of Directors during the year and up to the date of this report (unless otherwise stated). Information about Directors' appointments, retirements and remuneration is set out in the Corporate Governance Report of this Annual Report.

Executive Directors

Mr. Fung Pak Kei *(appointed as Chief Executive Officer on 22 February 2024)*
Mr. Ho Hon Chung, Ivan *(Acting Chief Executive Officer)*

Non-executive Directors

Mr. Au Tat Wai
Mr. Fung Wa Ko
Ms. Kwan Nga Chung *(appointed on 30 December 2024)*

Independent Non-executive Directors

Mr. Leung Chi Hung
Mr. Lo Chi Wang
Mr. Tse Yuen Ming

In accordance with the Bye-Laws, one-third of the Directors will retire from office at the Company's annual general meeting. In accordance with bye-law 84 of the Bye-Laws, Mr. Au Tat Wai, Mr. Leung Chi Hung and Mr. Lo Chi Wong will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

In accordance with bye-law 83 of the Bye-Laws, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Ms. Kwan Nga Chung, who was appointed by the Board as non-executive Director on 30 December 2024, will retire from office as Director at the AGM and, being eligible, offer herself for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract which is not determinable by the Group within 1 year without payment of compensation (other than statutory compensation).

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION

Updated biographies of the current Directors are set out in the Directors of the Company section of this Annual Report, as well as the changes in their emoluments as set out in note 10 to the consolidated financial statements.

Save as disclosed above, there is no other changes in the Directors' information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the existing Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

INTERESTS OF DIRECTORS

As at 31 December 2024, save as disclosed below, none of the Company's Directors or chief executives of the Company nor their respective associates had any interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Long positions in the shares and underlying shares of the Company:

Name of Director	Capacity/ nature of interest	Number of shares held (Note 1)	Number of share options held (Note 2)	Total interests	Approximate percentage of total issued share capital (Note 3)
Fung Pak Kei	Interest of controlled corporation and beneficial owner	20,232,313	5,802,208	26,034,521	8.97%
Ho Hon Chung, Ivan	Interest of controlled corporation and beneficial owner	20,232,313	5,802,208	26,034,521	8.97%

Notes:

1. Ever Achieve Enterprises Limited ("Ever Achieve") is 100% owned by Mr. Fung Pak Kei and Mr. Ho Hon Chung, Ivan, through their wholly-owned companies, in equal shares. Therefore, Mr. Fung Pak Kei and Mr. Ho Hon Chung, Ivan are deemed to be interested in all the shares of the Company held by Ever Achieve under provisions of SFO.

2. Details of share options held by the Directors stated in the following section "Share Option Scheme".

3. The percentages are calculated based on the total number of shares of the Company in issue as at 31 December 2024 which was 290,110,400.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Share Option Scheme" above, at no time during the year ended 31 December 2024 the Company or any of its subsidiaries or fellow subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in note 32 to the consolidated financial statements attached to this Annual Report, no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time in 2024 was a Director or his or her connected entity had, directly or indirectly, a material interest was entered into at any time during the year or subsisted at the end of the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Company did not have any non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. The related party transactions described in note 32 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and have complied with the disclosure requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors (not being the Independent Non-executive Directors) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as defined in the Listing Rules during the year and up to the date of this report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, every Director shall be entitled to be indemnified out of the assets and profits of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the management on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report of this Annual Report.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event required to be disclosed after the reporting period and up to the date of this Annual Report.

AUDITOR

Deloitte Touche Tohmatsu has resigned as the auditor of the Company with effect from 27 October 2022. Forvis Mazars CPA Limited (formerly known as "Mazars CPA Limited") was appointed as the auditor of the Company in place of Deloitte Touche Tohmatsu. For the details, please refer to the announcements of the Company dated 27 October 2022. Save as disclosed above, there was no change in auditor during the past three years.

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Forvis Mazars CPA Limited, who will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Forvis Mazars CPA Limited as the auditor of the Company is to be proposed at the Annual General Meeting.

All references above to other sections, reports or notes in this Annual Report form part of this report.

Approved by the Board on 28 March 2025

HO HON CHUNG, IVAN
Executive Director

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board believes that corporate governance is essential to the success of the Company and will bring long-term benefits to the Shareholders. For this reason, the Company is always committed to upholding high standards of corporate governance and has adopted a set of sound governance principles, practices and procedures, to systematically review the work procedures in different departments. Risk Management Policy has been established to formalise the risk management of the Group, to build up a standard and effective risk management system, improve the ability of risk prevention, so as to ensure that the Group is operating in a safe and steady environment, the operations management level could be increased and the Group's operational strategies and targets could be achieved. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code in Appendix C1 (the "CG Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and complied with all the code provisions as set out in the CG Code, except the deviations in paragraph headed "Chairman and Chief Executive".

Following sustained development of the Company, the Board and management will continue to monitor the corporate governance practices of the Company to ensure that daily business activities and decision-making processes are regulated in a proper and prudent manner.

CORPORATE GOVERNANCE STRUCTURE

The Board is charged with the duty to put in place a proper corporate governance structure of the Company. It is primarily responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. Under the Board, there are currently 3 sub-committees, namely audit committee, nomination committee and remuneration committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the management.

BOARD OF DIRECTORS

Board Composition

The Board members for the year ended 31 December 2024 and up to the date of this Annual Report are:

Executive Directors

Mr. Fung Pak Kei *(appointed as Chief Executive Officer on 22 February 2024)*
Mr. Ho Hon Chung, Ivan *(Acting Chief Executive Officer)*

Non-executive Directors

Mr. Au Tat Wai
Mr. Fung Wa Ko
Ms. Kwan Nga Chung *(appointed on 30 December 2024)*

Independent Non-executive Directors

Mr. Leung Chi Hung
Mr. Lo Chi Wang
Mr. Tse Yuen Ming

The biographical details of all Directors and the relationships among them are set out in the "Directors of the Company" on page 11 of this Annual Report.

Except that each of Mr. Fung Pak Kei and Mr. Ho Hon Chung, Ivan, through their wholly-owned companies, indirectly holds 50% of the issued share capital of Ever Achieve Enterprises Limited, a company holding 20,232,313 shares of the Company, to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship between the Directors.

BOARD OF DIRECTORS (continued)

Independent Non-executive Directors

Pursuant to Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed 3 Independent Non-executive Directors, representing more than one-third of the Board, of whom Mr. Leung Chi Hung and Mr. Lo Chi Wang are certified public accountants (Practising) in Hong Kong. Mr. Leung Chi Hung has commenced his accountancy professional training since 1976 and is now a member of multiple international accountancy bodies. Mr. Lo Chi Wang has over 19 years of experience in accounting and finance and is now a member of multiple international accountancy bodies.

The Independent Non-executive Directors take an active role in board meetings, contribute to the development of strategies and policies and make sound judgement in various aspects. They will take lead when potential conflicts of interest arise. They are also the members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company. Thus, the Board considers the current Board size as adequate for its present operations.

The Company has received from each of its Independent Non-executive Directors the written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmations, considers Mr. Leung Chi Hung, Mr. Lo Chi Wang and Mr. Tse Yuen Ming are independent.

Independent View Mechanism

The independent view policy of the Company (the "Independent View Policy") was adopted by the Board and became effective on 1 January 2022.

The Independent View Policy is established to ensure independent views and input are available to the Board.

The Company adopted the director's nomination policy (the "Nomination Policy"). The nomination process of Directors, including Independent Non-executive Directors, is included in the Nomination Policy.

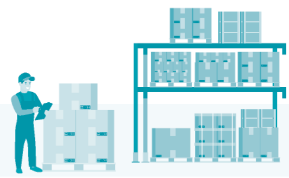
The Board should include at least three Independent Non-executive Directors. At least one of the Independent Non-executive Directors has served less than 9 years on the Board. At least one of the Independent Non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. The Company must appoint Independent Non-executive Directors representing at least one-third of the Board. The Company shall appoint a sufficient number of Independent Non-executive Directors to meet the minimum number required above within three months after failing to meet the requirement(s).

The Board committees should comprise a majority of Independent Non-executive Directors.

Directors should disclose to the Company at the time of their appointments, and in a timely manner for any changes, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed.

When selecting Independent Non-executive Directors, the candidates' availability should be considered as sitting on a Board involves a significant time commitment. Independent Non-executive Directors must dedicate time to reading materials prior to Board meetings in order to make the hours spent in meetings effective. They also have to learn to understand the Company's complex business and operational details, market forces and future perspectives.

The Nomination Committee should be aware of the factors which may affect an individual's time commitment to the Company.



BOARD OF DIRECTORS (continued)

Independent View Mechanism (continued)

Upon reasonable request, Directors may seek independent professional advice in appropriate circumstances, at the Company's expense. All Directors should have access to the advice and services of the company secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed.

The Board was satisfied with the implementation and effectiveness of the Independent View Policy for the year ended 31 December 2024.

The Board shall review the Independent View Policy annually. Any revisions to the Independent View Policy shall be considered and approved by the Board.

Role and Functions of the Board

The Board is responsible for approving and monitoring business plans, evaluating the performance of the Group and overseeing management. The Board also focuses on overall strategies and policies with particular attention paid to the development and financial performance of the Group.

The Board delegates the authority and responsibility for implementing day-to-day operations and management of the Group to Executive Directors and senior management, and certain specific responsibilities to the Board committees. The Board reserves certain key matters for its approval including the Group's long-term strategy, internal control, annual and half-yearly financial results and Shareholder communications, etc. Decisions of the Board are communicated to the management through Executive Directors who have attended the Board meetings.

When the Board delegates certain aspects of its management functions to the management, it has given clear directions as to the powers of management, in particular, with respect to the circumstances. The final decision still rests with the Board unless otherwise provided for in the terms of reference of relevant committees.

BOARD OF DIRECTORS (continued)

Board Meetings and Board Practices

The Board meets at least 4 times regularly a year to review the financial and operating performance of the Group. Throughout the year ended 31 December 2024, 1 general meeting and 9 Board meetings were held, in which 4 are regular Board meetings. Details of the Directors' attendance are as follows:

	Attendance in general meetings	Attendance in Board meetings
Executive Directors		
Mr. Fung Pak Kei *(Chief Executive Officer)*	1/1	9/9
Mr. Ho Hon Chung, Ivan *(Acting Chief Executive Officer)*	1/1	9/9
Non-executive Directors		
Mr. Au Tat Wai	1/1	8/9
Mr. Fung Wa Ko	1/1	8/9
Ms. Kwan Nga Chung *(appointed on 30 December 2024)*	N/A	N/A
Independent Non-executive Directors		
Mr. Leung Chi Hung	1/1	8/9
Mr. Lo Chi Wang	1/1	8/9
Mr. Tse Yuen Ming	1/1	8/9

Notice of at least 14 days has been given to all Directors for all regular Board meetings and all the Directors can include matter for discussion in the agenda whenever they consider appropriate and necessary. The Directors will receive details of agenda items for decision at least 3 days before regular meetings. Apart from the regular Board meetings of the year, the Board had met on other occasions when a board level decision on a particular matter is required. Minutes of the Board meetings will be received by those Directors within reasonable time after the meetings.

In addition, to facilitate the decision-making process, the Directors are free to have access to the management for enquiries and to obtain further information. Where queries are raised by Directors, the management is responsible to respond as promptly and fully as possible. The Directors can also seek independent professional advice, in appropriate circumstances, at the Company's expense in performing their duties to the Company. All Directors have unrestricted access to the advice and services of the Company Secretary, who ensures that the Board receives appropriate and timely information for its decision-making and that board procedures are being followed. The Company Secretary is also responsible for ensuring the procedures of the board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the board meetings. Moreover, the Company Secretary prepares minutes and keeps records of matters discussed and decisions resolved at all Board meetings. The minutes are open for inspection at any reasonable time on reasonable notice by any Director.

If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical Board meeting rather than a written resolution. Independent Non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at the relevant Board meeting. Any Director who or whose associates have any material interest in any proposed board resolutions will not be counted as a quorum in the relevant Board meeting and will be regarded as no vote for the Board resolutions.

BOARD OF DIRECTORS (continued)

Continuing Professional Development

The Company Secretary is responsible to update the Board on governance and regulatory matters.

Introduction tailored kit will be given to newly appointed directors to their individual needs. This includes introduction to Group activities, induction into their responsibilities and duties, and other regulatory requirements. The Board is regularly updated with management's strategic plans, lines of business, financial objectives, plans and actions.

The Company will arrange and/or introduce some training courses for Directors to develop and explore their knowledge and skills.

According to the code provision C.1.4 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the board remains informed and relevant.

The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on the Directors' training. During the year ended 31 December 2024, the following Directors have participated in continuous professional development by attending seminars or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company:

Directors	Topics on training covered (Notes)
Executive Directors	
Mr. Fung Pak Kei *(Chief Executive Officer)*	(b)
Mr. Ho Hon Chung, Ivan *(Acting Chief Executive Officer)*	(a)
Non-executive Directors	
Mr. Au Tat Wai	(a)
Mr. Fung Wa Ko	(a)
Ms. Kwan Nga Chung *(appointed on 30 December 2024)*	N/A
Independent Non-executive Directors	
Mr. Leung Chi Hung	(a), (b), (c)
Mr. Lo Chi Wang	(c)
Mr. Tse Yuen Ming	(c)

Notes:

(a) corporate governance

(b) regulatory

(c) managerial/financial/economic

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise from the corporate activities, which has been complied with the code provision C.1.8 of the CG Code. The insurance coverage is reviewed on an annual basis.

BOARD OF DIRECTORS (continued)

Appointment, Re-election and Removal

Mr. Au Tat Wai, a Non-executive Director, who was re-elected by the Shareholders in the 2022 annual general meeting, had entered into the letter of appointment with the Company on 26 May 2022.

Mr. Fung Pak Kei, an Executive Director, and Mr. Leung Chi Hung, an Independent Non-executive Director, who were re-elected by the Shareholders in the 2023 annual general meeting, and Mr. Lo Chi Wang, an Independent Non-executive Director, who was appointed by the Shareholders in the 2023 annual general meeting, had entered into the letters of appointment with the Company on 25 May 2023.

Mr. Ho Hon Chung, Ivan, an Executive Director, Mr. Fung Wa Ko, a Non-executive Director, and Mr. Tse Yuen Ming, an Independent Non-executive Director, who were re-elected by the Shareholders in the 2024 annual general meeting, had entered into the letters of appointment with the Company on 30 May 2024.

Ms. Kwan Nga Chung, a Non-executive Director, who was appointed by the Board on 30 December 2024, had entered into the letter of appointment with the Company on 30 December 2024.

The current letters of appointment of all Directors are for an initial term of 3 years from their respective dates of re-election or appointment by Shareholders or the Board. Such term shall end in any event on either: (i) termination by either party given the other not less than 3 months' notice; or (ii) the date on which the Director shall retire by rotation as required by the Bye-Laws of the Company (the "Bye-laws"), whichever is the earlier. The appointment of each Director is subject to retirement by rotation and re-election as required by the Bye-Laws.

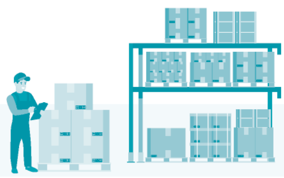
According to the Bye-Laws, any director appointed by the Board to fill a casual vacancy or as an addition to the Board should be subject to election by Shareholders at the first annual general meeting after his/her appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every 3 years, so as to comply with code provision B.2.2 of the CG Code.

Ms. Kwan Nga Chung was appointed as a Non-executive Director on 30 December 2024. She had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 23 December 2024 and has confirmed that she understood her obligations as a Director.

Chairman and Chief Executive

According to the CG Code requirement, the chairman and chief executive of the Company should perform separate functions to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The chairman has executive responsibilities and provides leadership to the Board in terms of establishing policies and business directions. The chairman ensures that the Board works effectively and performs its responsibilities, and all key and appropriate issues are discussed by the Board in a timely manner.

According to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 December 2024, there have been no Chairman in the Company. Mr. Ho Hon Chung, Ivan and Mr. Cheung Hoi Kin acted as Acting Chief Executive Officer and Chief Financial Officer of the Company respectively. Mr. Fung Pak Kei acted as Chief Operating Officer until he has been appointed and re-designated from Chief Operating Officer to Chief Executive Officer of the Group on 22 February 2024. Mr. Ho Hon Chung, Ivan and Mr. Fung Pak Kei are responsible for all day-to-day corporate management matters and Mr. Cheung Hoi Kin is responsible for corporate financial matters. Since there is no Chairman in the Company during the year ended 31 December 2024, there was no meeting held between the Chairman and the Independent Non-executive Directors without the presence of other Directors and the Company did not comply with the code provision C.2.7 of the CG Code.



BOARD OF DIRECTORS (continued)

Chairman and Chief Executive (continued)

According to the code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting and invite the chairmen of the Audit, Nomination and Remuneration Committees to answer the questions at the general meeting. Since there was no Chairman in the Company during the year ended 31 December 2024, the Company did not comply with code provision F.2.2 of the CG Code. The Company had arranged for other Directors and management who are well-versed in the Company's business and affairs to attend the 2024 annual general meeting and communicate with the Shareholders.

The Board does not have the intention to fill the position of Chairman at present and believes that the absence of a Chairman will not have adverse effect to the Company, as decisions of the Company will be made collectively by the Board. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of Chairman. Appointment will be made to fill the post to comply with the CG Code if necessary.

COMMITTEES OF THE BOARD

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 30 June 2005 with adoption of its terms of reference on 12 July 2005. In order to comply with the CG Code, the terms of reference of the Nomination Committee were amended and approved on 28 March 2012. They include making recommendations for all appointment and re-appointment of Directors to the Board and the relevant terms of reference are available on the websites of the Stock Exchange and the Company. The Nomination Committee currently comprises 3 members, all of whom are Independent Non-executive Directors and its members are:

Mr. Tse Yuen Ming *(Chairman)*
Mr. Leung Chi Hung
Mr. Lo Chi Wang

Director's Nomination Policy

The latest updated version of the Nomination Policy was adopted by the Board and became effective on 1 January 2022 and the Nomination Committee is responsible for execution.

Director Nomination Process

The Nomination Committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and headhunters. The Nomination Committee may also put forward director candidates who are not nominated by Board members. In addition, the Nomination Committee will consider director candidates properly submitted by Shareholders through formal procedures set out in the Company's Procedures for Shareholders to Propose a Person for Election as a Director.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing director candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the Nomination Committee based upon the director's qualifications. While director candidates will be evaluated on the same criteria, the Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, and experiences of the collective Board rather than on the individual candidate.

The Board shall have the final decision on all matters relating to the recommendation of director candidates by the Nomination Committee to stand for election at any general meeting. The Board will take such recommendations under advisement and is responsible for designating the director candidates to be elected at the annual general meeting of the Company and electing directors to fill Board vacancies.

COMMITTEES OF THE BOARD (continued)

Nomination Committee (continued)

Director's Nomination Policy (continued)

Procedure for Appointment of New Director

Director candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director.

The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the director candidate, evaluate such director candidate based on the criteria as set out below to determine whether such director candidate is qualified for directorship.

If the process yields one or more desirable director candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each director candidate (where applicable).

For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such director candidate based on the criteria as set out below to determine whether such director candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

A director candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

Until the issue of the Shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

Procedure for Re-appointment of Director at General Meeting

The Nomination Committee shall review the overall contribution and service to the Company of the retiring Directors including their attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

The Nomination Committee shall also review and determine whether the retiring Directors continue to meet the criteria as set out below.

The Nomination Committee and/or the Board shall then make recommendation to the Shareholders in respect of the proposed re-election of Directors at the general meeting.

COMMITTEES OF THE BOARD (continued)

Nomination Committee (continued)

Director's Nomination Policy (continued)

Director Selection Criteria

The Nomination Committee considers the following qualifications are at a minimum to be required of a director candidate in recommending to the Board potential new Director, or the continued service of existing Director:

1. the highest personal and professional ethics and integrity;

2. proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;

3. qualifications including professional qualifications, skills, knowledge and experience that are complementary to those of the existing Board;

4. the ability to assist and support management and make significant contributions to the Company's success;

5. the contribution on diversity of the Board and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;

6. an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and

7. meet the "independence" criteria as required under the Listing Rules and the composition of the Board is in conformity with the provisions of the Listing Rules from time to time (where applicable).

Other than the foregoing, there are no stated minimum criteria for director candidate, although the Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders.

Review and Revision

The Nomination Committee shall review the Nomination Policy to ensure the effectiveness of the Nomination Policy annually. The Nomination Committee shall discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee is also responsible for assessing the independence of each Independent Non-executive Director and conducting formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. In evaluating the Board's composition, the Nomination Committee considers a number of factors, including those set out in the CG Code.

COMMITTEES OF THE BOARD (continued)

Nomination Committee (continued)

Nomination of Candidate

In accordance with the Bye-Laws, one-third of the Directors will retire from office at the Company's annual general meeting. In accordance with bye-law 84 of the Bye-Laws, Mr. Au Tat Wai, Mr. Leung Chi Hung and Mr. Lo Chi Wang will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

In accordance with bye-law 83(2) of the Bye-Laws, Ms. Kwan Nga Chung will hold office until the forthcoming annual general meeting of the Company and, being eligible, offer herself for re-election.

During the year ended 31 December 2024, the Nomination Committee has reviewed the structure, size and composition of the Board, including the balance of skills, knowledge and experience and independence of the Independent Non-executive Directors and made recommendation to the Board accordingly.

Board Diversity Policy

The latest updated version of the board diversity policy of the Company (the "Board Diversity Policy") was adopted by the Board and became effective on 1 January 2022 and the Nomination Committee is responsible for execution.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board is committed to maintaining diversity at all levels. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The recruitment and selection practices of the Board are appropriately structured in the Nomination Policy so that a diverse range of candidates are considered.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. the number of Independent Non-executive Directors should be not less than three and one-third of the Board;

2. at least one of the Independent Non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise;

3. at least one Director should be the professional or have intensive experience of the industry on which the business of the Group is; and

4. the Board will not consider diversity to be achieved for a single gender Board.

After the appointment of Ms. Kwan Nga Chung on 30 December 2024, the Board has achieved the measurable objectives under Board Diversity Policy for the year ended 31 December 2024.

The Nomination Committee shall review the Board Diversity Policy annually, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

COMMITTEES OF THE BOARD (continued)

Nomination Committee (continued)

Board Diversity Policy (continued)

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy. The Nomination Committee reviews the composition of the Board from diversified angles up to the date of this Annual Report and summarised as follows:

		No. of Director
Age group:	35–50	3
	51–60	2
	≥ 61	3
Gender:	Male	7
	Female	1
Educational background:	Hong Kong	3
	Overseas	5
Professional experience:	Professional associated	5
	Entrepreneur/Merchant	3
Length of service (year):	<1	1
	1–10	2
	≥ 11	5
Designation:	Executive Director	2
	Non-executive Director	3
	Independent Non-executive Director	3

Workforce Level

The Group's core business is engaged in the operations of cold storage and logistics services. Our business also provides customers in this segment with a host of ancillary services, from transportation to distribution, container hauling and devanning, packaging and logistics services. Due to the uniqueness of the industry, traditionally most of the Company's employees are males.

The details of workforce composition in our cold storage and logistics services business were disclosed under Environmental, Social and Governance Report in this Annual Report. Setting a measurable objective for achieving gender diversity at workforce level is not yet suitable for cold storage and logistics services industry at current stage.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 30 June 2005 with adoption of its terms of reference on 12 July 2005. In order to comply with the CG code, the latest terms of reference of the Remuneration Committee were amended and approved on 1 January 2023. The latest terms of reference are available on the websites of the Stock Exchange and the Company.

COMMITTEES OF THE BOARD (continued)

Remuneration Committee (continued)

The Remuneration Committee currently comprises 3 Independent Non-executive Directors and its members are:

Mr. Lo Chi Wang *(Chairman)*
Mr. Leung Chi Hung
Mr. Tse Yuen Ming

The Remuneration Committee performed the responsibility of making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, including benefits-in-kind, pension rights, and compensation payments, including any compensation payable for loss or termination of their office or appointment and advising the Board on the remuneration of all Non-executive Directors. In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management, the Remuneration Committee takes into account of the corporate goals and objectives of the Group as well as the performance of those individual Directors and senior management.

Remuneration package for Executive Directors:

1. The remuneration for the Executive Directors comprises basic salary, annual bonus, other benefits and retirement benefits scheme.

2. Salaries are reviewed annually. Salary increases are made where the Remuneration Committee believes that adjustments are appropriate to reflect performance, contribution, increased responsibilities and/or by reference to market/sector trends.

3. In addition to basic salary, Executive Directors and employees of the Company and its subsidiaries are eligible to receive a discretionary bonus taking into consideration factors such as market conditions as well as corporate and individual performances.

4. In order to attract, retain and motivate executives and key employees of the Group, the Company has adopted a share option scheme on 2 June 2015 (the "Share Option Scheme"). Such incentive scheme enables the eligible persons to obtain an ownership interest in the Company and thus will motivate them to optimise their contributions to the Group.

Details of the amount of Directors' emoluments during the financial year ended 31 December 2024 are set out in note 10 to the consolidated financial statements and details of the Share Option Scheme are set out in the Directors' Report and note 29 to the consolidated financial statements.

During the year ended 31 December 2024, the significant matters discussed by the Remuneration Committee are summarised as follows:

- Reviewed the current remuneration policy of the Group and made recommendation to the Board;

- Reviewed the remuneration package of the board members of the Group and made recommendation to the Board; and

- Reviewed the remuneration package of Ms. Kwan Nga Chung, who has been appointed as a Non-executive Director on 30 December 2024.

COMMITTEES OF THE BOARD (continued)

Remuneration Committee (continued)

Remuneration Policy

The latest updated version of the remuneration policy of the Company (the "Remuneration Policy") was adopted by the Board on 1 January 2022.

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Remuneration Policy is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Remuneration Policy is, therefore, aiming at being competitive but not excessive.

The remuneration structure is designed to ensure that there is an appropriate balance of fixed and variable rewards, which include both short-term and long-term incentives, and is weighted towards performance-related elements that take into account individual, functional and corporate performance. No one should be involved in deciding his or her own remuneration.

The Remuneration Committee has been delegated to make recommendations to the Board on the remuneration packages of individual Executive Directors and Non-executive Directors.

The remuneration for the Executive Directors comprises basic salary, annual bonus, other benefits and retirement benefits scheme.

Salaries should be reviewed annually. Salary increases are made where the Remuneration Committee believes that adjustments are appropriate to reflect performance, contribution, increased responsibilities and/or by reference to market/sector trends. In addition to basic salary, Executive Directors of the Group are eligible to receive a discretionary bonus taking into consideration factors such as market conditions as well as corporate and individual performances.

The remuneration for the Non-executive Directors (Remark: including Independent Non-executive Directors) comprises directors' fee and are not covered by any type of incentive or performance-related remuneration for now.

The objective of remunerating Non-executive Directors is to ensure that there is an appropriate level of remuneration to attract and retain experienced people of high caliber to oversee the Group's business and development. Their remuneration is reviewed annually with reference to companies of comparable business or scale, and any changes are subject to Board approval.

Executive Directors and Non-executive Directors are eligible participants of the Share Option Scheme.

The Remuneration Committee shall review the Remuneration Policy, to ensure the effectiveness of the Remuneration Policy annually. The Remuneration Committee shall discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

COMMITTEES OF THE BOARD (continued)

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 12 January 2000 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. In accordance with the requirements of the CG Code, the latest terms of reference of the Audit Committee were adopted on 31 December 2018 and are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently comprises 3 Independent Non-executive Directors and its members are:
Mr. Leung Chi Hung *(Chairman)*
Mr. Lo Chi Wang
Mr. Tse Yuen Ming

The primary duties of the Audit Committee are to review, supervise and ensure the objectivity and credibility of financial reporting system, the internal audit function, risk management and internal control systems as well as to maintain an appropriate relationship with the external auditors of the Company.

During the year ended 31 December 2024, the Audit Committee had performed the following work:

1. Financial Reporting

   - reviewed the audited annual consolidated financial statements for the year ended 31 December 2023 in conjunction with the external auditor;
   - reviewed the unaudited quarterly consolidated financial statements for the 3 months ended 31 March 2024 and 9 months ended 30 September 2024 and the unaudited interim consolidated financial statements for the 6 months ended 30 June 2024;
   - reviewed the financial and accounting policies and practices adopted by the Group;
   - reviewed the auditing and financial reporting matters, including the key audit matters of the consolidated financial statements for the year ended 31 December 2023 which are set out in the annual report of the Company for the year ended 31 December 2023;
   - reviewed the audit planning for the year ended 31 December 2024 in conjunction with the external auditor;

2. External Auditor

   - reviewed and approved the remuneration of external auditors of the Company;
   - reviewed the re-appointment of external auditor of the Company and was satisfied with their work, their independence, and their objectivity, and therefore recommended the re-appointment of Forvis Mazars CPA Limited (which had indicated their willingness to continue in office) as the Group's external auditor for Shareholders' approval at the 2024 annual general meeting;

COMMITTEES OF THE BOARD (continued)

Audit Committee (continued)

3. Internal Audit

   - reviewed the effectiveness of the internal audit function performed by independent professional adviser;

4. Risk Management and Internal Controls

   - reviewed the daily operation work-flow of the major departments and divisions for sub-group; and

   - reviewed the effectiveness of risk management and internal control systems.

Each member of the Audit Committee has unrestricted access to the auditors and all management of the Group. During the year ended 31 December 2024, the Audit Committee had met twice with the external auditors of the Company.

The Audit Committee has recommended to the Board that Forvis Mazars CPA Limited, Certified Public Accountants and Registered Public Interest Entity Auditor, be nominated for re-appointment as auditor of the Company at the forthcoming annual general meeting of the Company.

At the meeting held on 28 February 2025, the Audit Committee reviewed the risk management and internal control review report. At the meeting held on 26 March 2025, the Audit Committee reviewed the Directors' report and audited consolidated financial statements for the year ended 31 December 2024 together with the annual results announcement, with a recommendation to the Board for approval.

Attendance Record at Board Committee Meetings

The following table shows the attendance of the Board Committee meetings during the year ended 31 December 2024:

	Number of meetings attended/ Number of meetings held		
	Audit Committee	Nomination Committee	Remuneration Committee
Mr. Leung Chi Hung	7/7	2/2	1/1
Mr. Lo Chi Wang	7/7	2/2	1/1
Mr. Tse Yuen Ming	6/7	2/2	1/1

The Board has ensured that the Board Committees are provided with sufficient resources to perform their duties.

COMMITTEES OF THE BOARD (continued)

Corporate Governance Functions

According to code provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board on 28 March 2012. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the Group's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Group's compliance with the corporate governance code as set out in Appendix C1 to the Listing Rules and disclosure in the corporate governance report in annual report of the Company.

During the year ended 31 December 2024, the Board has held 2 meetings for discussing corporate governance functions.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Audit Committee and the Board have reviewed the Company's audited financial statements for the year ended 31 December 2024. The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

The statement of the external auditor of the Company, Forvis Mazars CPA Limited, about its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 70 to 73.

We draw attention to the "Going concern" section in Note 3 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group incurred net loss of approximately HK$40,228,000 for the year ended 31 December 2024 and, as at that date, the Group had net current liabilities of approximately HK$88,556,000 and net liabilities of approximately HK$22,875,000, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors considered that the net current liabilities and net liabilities positions of the Group as of 31 December 2024 were primarily due to the bonds payables amounted to HK$75,000,000 and a bank borrowing amounted to HK$35,000,000 which are due for repayment within 12 months after 31 December 2024. The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements, after taking into consideration of the followings:

(1) the Group is negotiating and discussing with the bondholders for the existing and future settlement/schedule plans related to the bonds and actively exploring the availability of fund-raising activities as and when appropriate;

(2) the Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various expenses, in particular, the Group has suspended certain non-profitable services lines during the second half of the financial year of 2024, in order to enhance its profitability and to improve the cash flow from its operation in future; and

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS (continued)

(3) the Group will actively negotiate with the banks and other financial institutions in Hong Kong to secure new financing arrangement to meet the Group's working capital and financial requirements in the near future. The Group will also actively seek opportunities to carry out fund raising activities including but not limited the placing of new shares as alternative sources of funding.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, the Directors are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. The Directors believe that the aforementioned measures will be successful, based on the continuous efforts by the management of the Group.

However, should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively and to provide for any further liabilities which might arise.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a written securities dealing policy which contains a set of code of conduct regarding securities transactions by Directors, the terms of which are on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "Securities Dealing Policy").

Having made specific enquiry of all Directors of the Company, all Directors have confirmed that they had complied with the required standard set out in the Securities Dealing Policy during the year ended 31 December 2024. No incident of non-compliance was noted by the Company during the year ended 31 December 2024.

EXTERNAL AUDITORS AND THEIR REMUNERATION

The Group's external auditor is Forvis Mazars CPA Limited for the year ended 31 December 2024 and they will hold office until the conclusion of the forthcoming annual general meeting of the Company. The annual financial statements for the year ended 31 December 2024 have been audited by Forvis Mazars CPA Limited.

The Audit Committee is responsible for considering the appointment of the external auditors and also reviewing any non-audit functions performed by the external auditors of the Group. In particular, the Audit Committee will consider, in advance of them being contracted for and performed, whether such non-audit functions could lead to any potential material conflict of interest. The Audit Committee reviews each year a letter from the external auditor confirming its independence and objectivity and holds meeting with Forvis Mazars CPA Limited to discuss the scope of its audit.

For the year ended 31 December 2024, the external auditor of the Group provided the following services to the Group:

	2024 **HK$'000**	2023 HK$'000
– Audit service for the audit of consolidated financial statements of the year ended 31 December 2024	**1,245**	1,245
– Non-audit services (Note)	**235**	55
Total	**1,480**	1,300

Note: The non-audit services for the year ended 31 December 2024 include (i) provision of agreed-upon-procedures on preliminary announcement of annual result; (ii) attendance of annual general meeting and (iii) provision of professional services in respect of a very substantial acquisition transaction.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has responsibility for maintaining appropriate and effective risk management and internal control systems (the "RM and IC Systems") of the Group and reviewing its effectiveness through the Audit Committee. The Board has delegated its audit committee to review the Group's risk management and internal control matters every half-year. The RM and IC Systems are designed to manage rather than eliminate risks of failure in operational systems so that the Company's objectives can be achieved, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has an effective financial reporting system including the adequacy of resources, qualified and experienced staff and its training programmes and budget of the Group's accounting and financial reporting function.

The internal control system is established to ensure that the financial and operational function, compliance control system, material control, asset management and risk management function are in place and functioning effectively to achieve business objective of the Group and prevent damage to the public image.

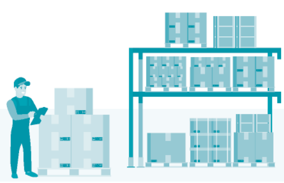
The Group has adopted a set of internal control procedures and policies for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial reporting used for business and publication, and ensuring the compliance with the relevant legislation and regulations.

The latest updated version of the whistle blowing policy of the Company (the "Whistle Blowing Policy") was adopted by the Board on 1 January 2022. The Whistle Blowing Policy is intended to encourage and enable employees to report violations or suspected violations and to raise serious concerns about possible improprieties in matters of financial reporting or other matters. For details of the Whistle Blowing Policy, please refer to the Company's website. No case of whistleblowing was noted by the Audit Committee during the year under review.

The Board, through the Audit Committee, conducts the periodic risk management and internal control reviews. The Company has been putting significant effort for improving the RM and IC Systems. Risk Management Policy has been established to formalise the risk management practice of the Group.

The Board sets the risk management objectives through board meetings from time to time. The Group has adopted a series of internal control measures including the strengthening of reporting lines to management. As a routine procedure and part of the RM and IC Systems, Executive Directors and the management meet regularly to review the financial and operating performance of the key operating subsidiaries. Management of each department is also required to keep Executive Directors informed of material developments of the department's business and implementation status of strategies and policies set by the Board on a regular basis.

To further strengthen the risk management and internal control of the Group, the Company has engaged an independent professional adviser (the "Internal Control Adviser") to carry out the internal audit functions by performing independent assessment of the adequacy of certain subsidiaries' RM and IC systems. The Internal Control Advisor has conducted a review and made recommendations to improve the effectiveness of the Group's RM and IC Systems.



RISK MANAGEMENT AND INTERNAL CONTROL (continued)

The Company also has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest. The Company conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities & Futures Commission in 2012; and the "Guide on Disclosure of Price-sensitive Information" and "Recent Economic Developments and the Disclosure Obligations of Listed Issuers" issued by the Stock Exchange in 2002 and 2008 respectively. The Company has adopted an overall policy of open communication by pursuing the broad, non-exclusionary distribution of information to the public. The Company has imposed a strict prohibition on the unauthorised use of confidential or inside information. Such prohibition is included respectively in the Code of Conduct of the Board which applies to all Directors and the Employee Handbook which applies to all staff. Information which is expected to constitute inside information under the Listing Rules or the Securities & Futures Ordinance (the "SFO") will be announced as soon as reasonably practicable after it becomes known to the Board and/or is the subject of a decision by the Board unless the information falls within any of the safe harbours as provided in the SFO. To ensure that the existing procedures continue to operate smoothly in practice, the Company undertakes regular reviews of the procedures having regard to the regulatory requirements and the expectations of the Shareholders and other stakeholders.

During the year ended 31 December 2024, the Audit Committee, with the assistance of the Internal Control Adviser, has developed current year RM and IC systems assessment plan, and focused on reviewing (i) operating process of the cold storage and related services segment (sales, receivables and receipt cycle and human resources management cycle); (ii) operating process of the ancillary logistics services segment (procurement, payables and payment cycle and human resources management cycle); (iii) compliance risk management controls of the Group; and (iv) follow up on recommendations from the previous year's report.

During the year ended 31 December 2024, the Board was satisfied that the Group's risk management and internal control processes are adequate to meet the needs of the Group in its current business environment and that nothing has come to its attention to cause the Board to believe the Group's RM and IC Systems are inadequate. Moreover, the existing RM and IC Systems are effective and adequate, and will continue to be reviewed, added on or updated to provide for changes in the operating environment.

COMPANY SECRETARY

All Directors have access to the advice and services of our Company Secretary to ensure that the Board procedures and all applicable laws are followed. Moreover, our Company Secretary is responsible for facilitating communications among Directors as well as with the management. Mr. Cheung Hoi Kin has been appointed as Company Secretary since 5 June 2020. According to the Rule 3.29 of the Listing Rules, Mr. Cheung Hoi Kin has taken no less than 15 hours of relevant professional training for the year ended 31 December 2024.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. The Company values communication with Shareholders and investors. Enquiries and suggestions from Shareholders or investors are welcomed, and enquiries from Shareholders may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's head office at Unit No. 1301, Level 13, Tower 1, Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong;

2. By telephone at telephone number (852) 3107 8600;

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS (continued)

3. By fax at fax number (852) 2111 1438; or

4. By email at irelations@daidohk.com.

The annual general meeting is the principal forum for formal dialogue with Shareholders, where the Board is available to answer questions about specific resolutions being proposed at the meeting and also about the business of the Group. The management will ensure the external auditors of the Company to attend the forthcoming annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditors independence.

According to the Bye-Laws, Shareholders may request the Board at all times to call special general meetings if Shareholder(s) holds not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company at the date of deposit of the requisition. Shareholders shall request the Board to call special general meetings by written requisition to the Board or the Company Secretary of the Company through the above channels for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of the act of Bermuda.

Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening a special general meeting following the procedures as set out in the paragraph above.

If a Shareholder wishes to propose a person (the "Candidate") other than the retiring Directors, for election as a Director at a general meeting, a written notice (the "Notice") shall be deposited at the Company's head office in Hong Kong at Unit No. 1301, Level 13, Tower 1, Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

The Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (ii) must be signed by the Shareholder concerned including the information/documents to verify the identity of the Shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data.

The period for lodgement of the Notice shall commence no earlier than the date after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for such election.

Extensive information about the Group's activities is provided in its annual reports and interim reports which are sent to Shareholders and investors. The Company's announcements, press release and publication are circulated and are also available on the website of the Stock Exchange. In order to provide effective disclosure to the Shareholders and investors and to ensure they all receive equal access to the same information at the same time, information considered to be of a price sensitive nature is released by way of formal public announcement as required by the Listing Rules.

In order to promote effective communication, the Company also maintains website (https://www.irasia.com/listco/hk/daido/index.htm) which discloses the latest information relating to the Group and its businesses.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS (continued)

Shareholders Communication Policy

The latest updated version of the shareholders communication policy of the Company (the "Shareholders Communication Policy") was adopted by the Board on 1 January 2022.

The Company aims at establishing a two-way relationship between the Company and the Shareholders and promoting and facilitating continuous effective communication with the Shareholders. The objective of the Shareholders Communication Policy is to ensure that the Company provides timely, clear, reliable, material and comprehensive information for the Shareholders in exercising their rights as Shareholders in an informed manner. A dedicated section is available on the Company's website (https://www.irasia.com/listco/hk/daido/index.htm / https://www.daidohk.com).

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at general meetings for and on their behalf if they are unable to attend the general meetings.

The Company regards the annual general meeting as an important event in the financial year. All Directors and senior executives make a special effort to attend the annual general meetings. The chairman of the Board shall attend the annual general meetings. (Remark: as there have been no Chairman in the Company, the Company has arranged one of the Executive Directors acting as the general meeting chairman (the "Chairman")). The Chairman shall invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meetings. In their absence, the chairman shall invite another member of the committee or failing this their duly appointed delegate, to attend the annual general meetings. These persons shall be available to answer questions at the annual general meetings. The management of the Company shall ensure the external auditor attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The chairman of the independent board committee (if any) shall be available to answer questions at the general meetings to approve a connected transaction or any other transaction that requires independent shareholders' approval.

For each substantially separate issue, in particular on the financial statements and election or re-election of Directors, at the general meetings, a separate resolution shall be proposed. The Company shall avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the Company shall explain the reasons and material implications in the notice of the general meetings.

The Chairman shall ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from Shareholders on voting by poll.

The Company shall give the Shareholders reasonable notice of general meetings. "Reasonable written notice" normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings. This is unless it can be demonstrated that reasonable written notice can be given in less time. The Company shall ensure that notice of the general meetings is published on the websites of the Company and the Stock Exchange.

The Company shall despatch a circular to the Shareholders at the same time as (or before) the Company gives notice of the general meetings to approve the transaction referred to in the circular.

The Company shall provide the Shareholders with any material information on the subject matter to be considered at a general meeting that comes to the Directors' attention after the circular is issued. The Company must provide the information either in a supplementary circular or by way of an announcement not less than 10 business days before the date of the relevant general meeting to consider the subject matter. The meeting must be adjourned before considering the relevant resolution to ensure compliance with this 10 business days requirement by the chairman or, if that is not permitted by the Company's constitutional documents, by resolution to that effect.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS (continued)

Shareholders Communication Policy (continued)

The Company shall send to the Shareholders a copy of its annual report including its annual accounts and, the group accounts, together with a copy of the auditors' report thereon, (or its summary financial report) not less than 21 days before the date of the Company's annual general meetings and in any event not more than 4 months after the end of the financial year to which they relate.

In respect of each of the first 6 months of each financial year, the Company shall send to the Shareholders a copy of its interim report (or its summary interim report) not later than 3 months after the end of that period of 6 months.

The Company shall send with the notice convening a meeting of Shareholders to all persons entitled to vote at the meeting proxy forms, with provision for two-way voting ("for" or "against") on all resolutions intended to be proposed thereat.

Shareholders shall direct their questions about their shareholdings to the Company's share registrar or the Company's branch share registrar and transfer office in Hong Kong.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

The Shareholders Communication Policy shall not prevail over the Bye-Laws.

The Bye-Laws regulating the right of the Shareholders and the proceedings of the meetings of the Shareholders, so far as the same are applicable and not inconsistent with the provisions of these regulations, shall be applicable.

The Board shall review the implementation and effectiveness of the Shareholders Communication Policy and its effectiveness annually.

The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

The Board has reviewed the Shareholders Communication Policy and its effectiveness for the year ended 31 December 2024. The Company has provided appropriate communication channels to the Shareholders in accordance with the Shareholders Communication Policy and therefore the existing Shareholders Communication Policy is appropriate to the Company.

DIVIDEND POLICY

The dividend policy of the Company (the "Dividend Policy") was adopted by the Board and became effective on 1 January 2019.

The Dividend Policy is to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Company. The Board endeavors to strike a balance between the Shareholders' interests and prudent capital management with a sustainable dividend policy.

The declaration and recommendation of dividends are subject to the decision of the Board after considering the Company's ability to pay dividends, which will depend upon, among other things:

- the Group's financial results;
- the Group's cashflow, liquidity and capital requirements;

DIVIDEND POLICY (continued)

- the Group's debt to equity ratios and the debt level;
- the retained earnings and distributable reserves of the Group;
- the Group's shareholders' interests;
- the Group's current and future business operations, conditions, cycle and strategies;
- the general market conditions;
- the Shareholders' and the investors' expectation and industry's norm;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- statutory and regulatory restrictions;
- past dividend record; and
- any other factors the Board may deem relevant.

The Board has complete discretion on whether to pay a dividend and the form to pay, subject to any restrictions under the Companies Act of Bermuda and the Bye-laws. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends. There is no assurance that dividends will be paid in any particular amount for any given period.

The Company shall review and reassess the Dividend Policy and its effectiveness from time to time. Any revisions to the Dividend Policy shall be considered and approved by the Board.

ANTI-CORRUPTION POLICY

The anti-corruption policy of the Company (the "Anti-corruption Policy") was adopted by the Board and became effective on 1 January 2022.

Integrity, honesty, fairness, impartiality, and ethical business practices are important core values of the Group. The Group is committed to upholding high standards of business integrity, honesty and transparency in all its business dealings. The Group strictly prohibits any form of fraud or bribery, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery.

For details of the Anti-corruption Policy, please refer to the Company's website.

SCOPE AND REPORTING PERIOD

This is the Environmental, Social, and Governance report (the "ESG Report", "Report") by Daido Group Limited (the "Group", "We", "Us"), highlighting its sustainability approaches, practices and performance for the period from 1 January 2024 to 31 December 2024 (the "Reporting Period", "2024"), with disclosure references made to the ESG Reporting Guide as described in Appendix C2 of the Rules Governing the Listing of Securities on the SEHK.

The Group is principally engaged in cold storage and related services business, and trading and sales of food and beverage business. It provides customers in this segment with a host of ancillary services, from transportation to distribution, container hauling and devanning, packaging and logistics services.

This ESG Report covers the Group's overall performance in two subject areas, namely, Environmental and Social aspects of the business operations in Hong Kong, including its core cold storage and logistics businesses covering the following two operation points in Hong Kong:

- Warehouse 1, No. 8 Kwai Hei Street, Kwai Chung, New Territories;
- 8/F, China Merchants Logistics Centre, 38 Tsing Yi Hong Wan Road, New Territories[1].

The trading and sales of food and beverage business in Mainland China is excluded in the Reporting Period as this business had no significant impact on the Group's ESG impact.

REPORTING PRINCIPLES

The preparation of this ESG Report applied the following principles as stipulated by the ESG Reporting Guide:

Materiality – materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other significant stakeholders, the processes involved have been verified by the Board and the results of the engagement process are presented in the "Stakeholder Engagement and Materiality" section in this Report.

Quantitative – key performance indicators ("KPI"s) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed where applicable.

Balance – performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.

Consistency – consistent statistical methodologies and the presentation of KPIs have been used to allow meaningful comparisons related to data over time.

[1] The operations of the Tsing Yi Warehouse were suspended at the end of May 2024.

THE GROUP'S SUSTAINABILITY MISSION AND VISION

Management message

In recent years, we have learnt the lesson that to withstand difficult macroeconomic situations, sustainability is the key to success. At the same time, stakeholders are increasingly nudging corporations to consider sustainability factors when doing business. As a corporate citizen, the Group recognises this and continues to make sustainability its operational focus. We are dedicated to improving our sustainability performance in our operations.

We understand that sustainability governance is the foundation of a successful operation. The Board is, therefore, responsible for setting our strategic direction, ensuring that our ESG strategy reflects the Group's values and core businesses. In the future, the Board will review the progress made against ESG-related goals to guide the Group in monitoring its ESG performance, and also review the mitigating measures to cope with the challenges brought by climate-related risks.

We care about the communication between the Group and stakeholders. To better understand the demands and expectations of our stakeholders, we invite employees, suppliers, and clients to participate in a survey to maintain effective communication, allowing us to better accommodate their needs. By embedding sustainability in our business concept, we create greater value for both our stakeholders and society. Without the contribution of our employees, customers, business partners and communities, it would not have been possible for Daido to have achieved so much.

The Group also has tried to leverage its expertise in helping local communities to flourish by offering special discounts to a local food charity by storing surplus food in its cold storage facilities, helping to reduce food waste as well as giving support to people in need.

Looking ahead, to tackle future challenges, we will continue to drive our sustainability performance and further incorporate sustainability into our core strategy. This Report sets out our sustainability practices and approaches throughout the past year. We hope this report will provide our stakeholders with an overview of our sustainability performance.

HO HON CHUNG, IVAN
Executive Director
Daido Group Limited

THE BOARD STATEMENT

Sound corporate governance forms the foundation of Daido's operations. The Board is committed to the long-term sustainability of the environment and the community surrounding its operations. The Group are dedicated to promoting sustainable development, which is crucial for creating long-term value for the Group's shareholders, clients, employees, other stakeholders, and the general public. The Board understands that ESG matters may threaten the organisation's shareholder value, reputation, supply chain, and other issues that affect sustainability; business sustainability is critical to the long-term trust that the Group has built with the public.

The Board is responsible for ESG strategic direction and ensuring that this strategy reflects the Group's values and core business issues. The Group cares about the impact of its daily operations on the environment and society and strives to set a good example for the public while conducting business. We make every effort to meet the interests of all stakeholders—economically, environmentally, socially, and with good corporate governance—to achieve a fine balance.

The Board regularly reviews progress against ESG-related goals, monitors the Group's ESG performance, and discusses the latest disclosure requirements of the ESG report in the annual Board meeting. Apart from setting environmental goals, the Board has initiated other ESG initiatives to contribute to a better environment.

The Group's Risk Management policy governs a systematic approach to risk management practices, ensuring the efficiency of financial and operational functions, compliance mechanisms, material control, and overall risk management. The Audit Committee prioritises the formulation of risk management strategies, while the Board is tasked with evaluating and addressing the Group's ESG risks, ensuring that robust ESG risk management and internal control systems are in place. For detailed information on climate-related risks and opportunities identified by the Board, please refer to the "A4. Climate Change" section.

Recognising the importance of ESG risks, the Board has established robust environmental practices. Additionally, they have introduced an ESG policy to promote sustainability throughout the Group. This policy ensures compliance with environmental protection laws and regulations. It also encourages efficient resource use and commits to responsible employment and operational practices.

Moving forward, the Group will make great efforts to facilitate its business sustainability, adopt various effective ESG-related initiatives, and establish strong connections with all its stakeholders. Starting from the coming financial year, the Group plans to actively participate in ESG-related programs to continuously improve its ESG performance and satisfy stakeholder needs.

Following HKEx's rules and guidelines strictly

- Material issues were identified in line with the provisions of the ESG guide
- Issues and matters regarded as important to stakeholders were disclosed publicly and transparently and communications improved

Taking environmental advice from the Hong Kong government

- Waste management suggestions by the government were being listened and adopted

Establishing effective and open relationships with stakeholders

- Communication channels were set up for the Group to hear the voices of various stakeholders, including investors, employees, customers, etc.

Creating an engaging working environment

- Efforts were put into making a comfortable, healthy, and nurturing office
- Internal celebratory activities were held for employees to bond

Improving communications with customers

- Services and internal procedures of the sales process were reviewed to better cater to customers' needs
- Customers' feedback was listened to and responded to in a quick manner to enhance trust

RECOGNITIONS

During the Reporting Period, the Group has achieved the following management systems:

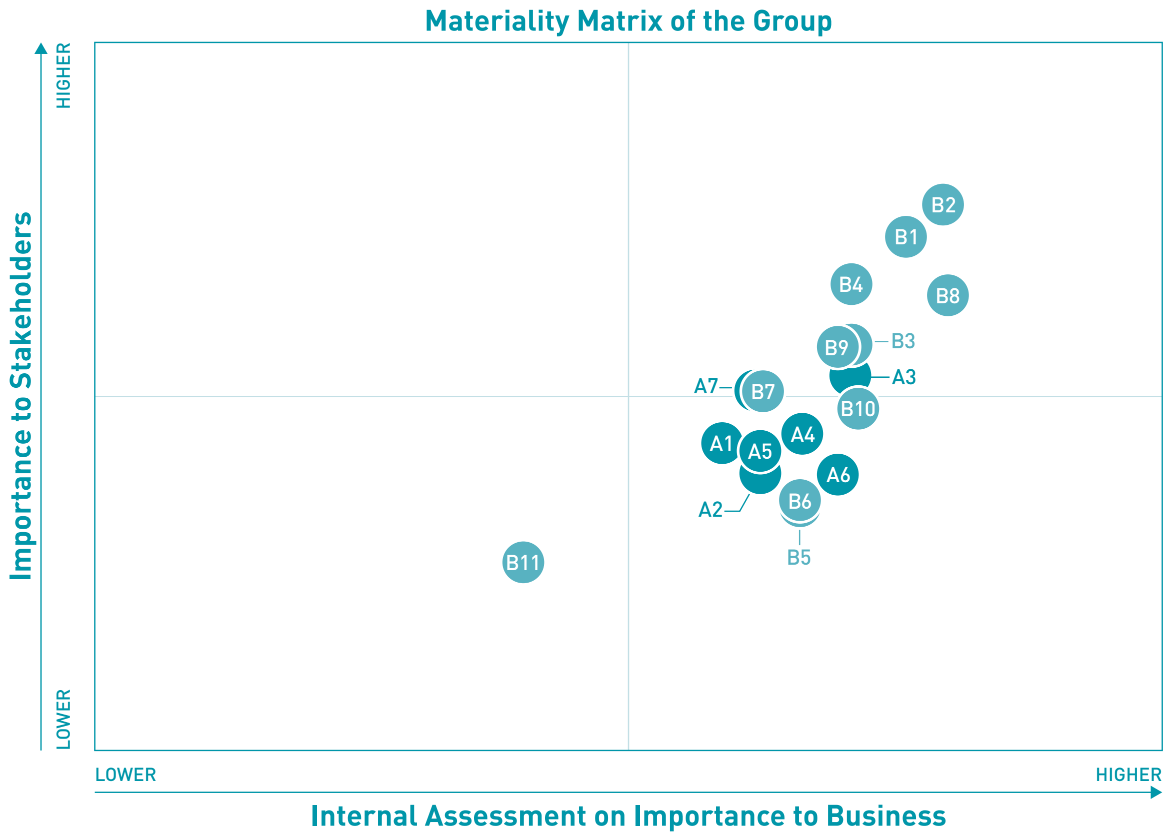
- ISO 9001:2015 Quality Management System

  Additionally, the Group participated in the HKQAA ESG Connect Program. This initiative allows the Group to disclose its implementation of ESG measures and establish connections with stakeholders, demonstrating its commitment to ESG. The Group will also disclose KPI settings and progress information for its ESG initiatives based on the HKQAA's definition of the structure of ESG factors.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group engages with stakeholders such as employees, customers, suppliers, shareholders, directors, NGOs, local communities, trade unions, and other civil organisations in society to understand and address the various needs and concerns of stakeholders. The Group communicates with key stakeholders, utilising formal stakeholder surveys to identify the most significant ESG aspects, which is followed by a materiality assessment.

The Board reviews ESG-related topics annually in the Board meeting. The Board will take immediate action if ESG-related issues are discovered that seriously affect the Group's business operation.



Environmental		Social	
A1	Energy	B1	Employment
A2	Water	B2	Occupational Health and Safety
A3	Air Emissions	B3	Development and Training
A4	Effluents and Waste	B4	Labour Standards
A5	Other Raw Materials Consumption	B5	Supply Chain Management
A6	Environmental Protection Policies	B6	Intellectual Property Rights
A7	Climate Change	B7	Data Protection
		B8	Customer Service
		B9	Product/Service Quality
		B10	Anti-Corruption
		B11	Community Investment

The top 5 material topics are as below:

- Employment
- Occupational Health and Safety
- Labour Standards
- Customer Service
- Product/Service Quality

During this Reporting Period, the majority of material topics identified fall within the Social aspect, while "Employment" in the Social aspect remains significant, consistent with the previous Reporting Period. These topics have been prioritised by the Group's management, leading to the implementation of various measures and initiatives to address them effectively.

The Group is committed to investing both financial and non-financial resources to enhance the management of these critical areas. Ongoing efforts will focus on identifying opportunities for improvement in these aspects, alongside maintaining open communication with stakeholders to share insights and collaborate on advancing the Group's ESG management.

Recognising the growing importance of ESG risks among stakeholders, the Group is actively managing these risks to protect its value and leverage revenue-generating opportunities in the current and future reporting periods. Awareness of these risks has been heightened through stakeholder engagement, analyses conducted by the task force, and discussions at the board level with management.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on the ESG approach and performance by giving suggestions or sharing views via email at: irelations@daidohk.com.

A. ENVIRONMENTAL

The Group is committed to promoting long-term sustainability for both the environment and the surrounding community. To achieve this, it ensures compliance with environmental protection laws and regulations, including the Environmental Impact Assessment Ordinance and the Waste Disposal Ordinance.

The Group actively implements effective measures to enhance energy conservation, reduce waste, and optimise resource use.

During the Reporting Period, no instances of non-compliance with relevant laws and regulations were identified that significantly impact the Group concerning air and greenhouse gas (GHG) emissions, discharges into water and land, or the generation of hazardous and non-hazardous waste.

A1. Emissions

A1.1 Air Emissions

The Group operates a fleet of vehicles. Their combustion generated several air emissions ("non-GHG"), including nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and respiratory-suspended particles ("PM").

Air emissions (non-GHG) from gasoline and diesel consumption for Group-owned vehicles

	2024	2023	2022
SO_x (kg)	**2.15**	2.83	2.96
NO_x (kg)	**1,304.95**	1,689.86	1,966.61
PM (kg)	**93.83**	121.5	141.4

Note: Emission factors for calculations on environmental parameters were made with reference to Appendix C2 of the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise.

A1.2 Greenhouse Gas (GHG) Emissions

GHG emissions were generated directly from the consumption of mobile fuel (i.e. gasoline and diesel for Group-owned vehicles). Indirect GHG emissions were also generated from the consumption of purchased electricity.

During the Reporting Period, 3,889.52 tonnes of carbon dioxide equivalent (tCO_2eq) GHG (mainly CO_2, CH_4 and N_2O) were emitted from the Group's operations. The overall intensity of the GHG emissions was 0.10 tCO_2eq/m^2, or 27.20 tCO_2eq/employee. See Table 1 for the contribution of GHG emissions across scopes and activities.

Table 1. Sources of GHG Emissions during the Reporting Period

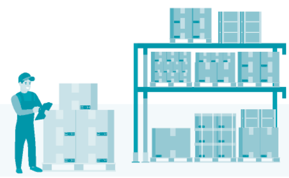
Scope of GHG emissions	Emission sources	GHG Emission (2024) (in tCO_2eq)	GHG Emission (2023) (in tCO_2eq)
Scope 1 Direct emissions	Combustion of fuel (gasoline and diesel) in mobile sources	**352.08**	466.30
	Release of refrigerants from the operation of equipment and systems	**0**	416.06
Scope 2 Energy indirect emissions	Purchased electricity	**3,533.81**	4,284.09
Scope 3 Other indirect emissions	Paper waste	–	9.88
	Electricity used for processing fresh water by government departments/third parties	**2.43**	2.04
	Electricity used for processing sewage by government departments/third parties	**1.20**	1.03
Total		**3,889.52**	5,179.40
Intensity (tCO_2eq/m^2)		**0.10**	0.12
Intensity (tCO_2eq/employee)		**27.20**	32.99

Note 1: Emission factors for calculations on environmental parameters were made with reference to Appendix C2 of the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise.

Note 2: Scope 3 GHG emissions were calculated based on available emission factors referred by the Appendix C2 to the Listing Rules and their referred documentation.

Note 3: The total area of the Group during the Reporting Period was 37,742.42 m². Due to the suspension of operation at the Tsing Yi Warehouse, the operational surface area is calculated based on an average of months of activity throughout the year.

Note 4: All paper waste was recycled, hence there were no indirect emissions from paper waste disposal during the Reporting Period.



A1.3 Hazardous Waste

The Group generated an approximate total of 10.11 kg of hazardous waste during the Reporting Period, of which the intensity was 0.0003 g/m^2, or 0.07 g/employee.

Table 2. Hazardous Waste Generation during the Reporting Period

Hazardous Waste Type	Annual disposal amount (kg)	Treatment of Waste
Computer monitor	10.11	Recycled by the third party

Note: The calculation of the overall total amount of hazardous waste is limited as the weight data of IT hazardous waste is not available.

A1.4 Non-hazardous Waste

The Group generated an approximate total of 26,080 kg of non-hazardous waste during the Reporting Period, of which the intensity was 0.69 kg/m^2, or 182.38 kg/employee. Waste was generated from office consumption, domestic waste and packaging materials from suppliers and other factories.

Table 3. Non-hazardous Waste Generation during the Reporting Period

Non-hazardous Waste Type	Annual disposal amount (kg)	Treatment of Waste
Domestic refuse[1]	26,282	Handled by the third-party disposal service company
Office Paper waste	1,382	Handled by the third-party disposal service company
Paper Recycled	1,584	Recycled
Total	**26,080**	

Note 1: The annual domestic refuse is estimated based on the weekly waste, weighted by the third-party disposal service company.

A1.5 Measures to Mitigate Air and Greenhouse Gas Emissions

The primary contributors to the Group's carbon footprint are our daily electricity consumption and motor vehicle usage. We are dedicated to continuously monitoring and disclosing our carbon footprint to minimise the environmental impact of our operations. In addition, the Group is committed to using environmentally friendly refrigerants continuously in order to reduce GHG emissions.

To further reduce emission, the Group has implemented several measures during daily operations:

Category	Measures
Vehicle Efficiency	– Install electric vehicle charging stations in parking areas to encourage the use of electric vehicles. – Use aluminium-free gasoline for private vehicles. – Install high-performance vehicles or machinery wherever possible. – Replace older, less efficient vehicles with newer, fuel-efficient models compliant with Euro VI. – Transition to Euro 6 emission standards for the fleet, replacing older vehicles.
Lighting and Energy Use	– Utilise LED lighting in workplaces and offices when feasible. – Turn off lights and unnecessary energy devices to minimise energy consumption. – Maximise the use of natural light in office spaces. – By actively participating in the Feed-in Tariff (FiT) scheme, the Group has gathered energy usage data through smart meters, enabling further reductions in electricity consumption during peak hours.
Air Conditioning	– Set air-conditioning temperatures to 24–26 degrees Celsius, an energy-saving range. – Regularly clean air-conditioning filters to enhance cooling efficiency.
Travel and Conferencing	– Optimise driving routes to reduce emissions. – Promote online or telephone conferences to reduce travel, both local and overseas.
Reduce Idle Operation	– Ensure idling vehicles are switched off in accordance with regulations. – Power down unused equipment, such as computers, when leaving the office.
Carbon Compensation	– Participate in the "Carbon Compensation Program" organised by Shell Hong Kong Limited

Target Review

The Group has set a target of reducing air emissions by 5%–8% within 10 years, with 2021 as the base year, and reducing GHG emissions intensity by 5%–8% within 9 years, with 2022 as the base year.

Indicator	2021 baseline (kg)	2024(kg)	2031 Target
Air emissions (NO_x, SO_x and PM)	NO_x: 2,092.75 SO_x: 3.70 PM: 150.50	**NO_x: 1,304.95** **SO_x: 2.15** **PM: 93.83**	Reducing air emissions by 5%–8% within 10 years, of which 2021 is the base year.

Indicator	2022 baseline (tCO_2eq/m^2)	2024 (tCO_2eq/m^2)	2031 Target
The total GHG emissions intensity	0.73	**0.10**	Reducing GHG emissions intensity by 5%–8% within 9 years, with 2022 as the base year.

During the Reporting Period, the Group achieved a notable decrease in overall emissions. NO_x, SO_x, and PM emissions were reduced by 42%, 38%, and 38%, respectively, compared to the Last Reporting Period. This accomplishment demonstrates that the Group has successfully met its emissions reduction targets. Moving forward, the Group remains committed to pursuing excellence in emissions reduction and will continue to implement strategies aimed at further minimising its environmental impact.

Due to the absence of refrigerant release in the past and this Reporting Periods, the intensity (tCO_2eq/m^2) has decreased significantly compared to 2022 intensity level. Consequently, the Group will continue to monitor GHG emissions using the intensity level of 2022 as a baseline, while actively tracking other emission sources to minimise overall GHG emissions.

A1.6 Waste Handling and Reduction Initiatives

The Group reuses and recycles materials whenever possible to achieve higher levels of waste reduction and resource conservation.

In the office, the Group has introduced a variety of strategies to strive for a more environmentally friendly workspace. In light of the potential adoption of the domestic waste charging policy by the HKSAR, the Group has proactively taken steps to enhance the effectiveness of waste reduction in its business operations.

During the Reporting Period, the Group has discussed the pay-as-you-throw issue in meetings and adopted more corresponding measures for minimising waste disposal from the Group's business operations.

The Group has implemented the following measures for reducing waste:

- Promote the use of e-copy documentation rather than physical copies wherever possible;
- Use electronic communication channels (e.g. e-fax, emails) instead of traditional communication channels (e.g. fax, mail) if possible;
- Promote a "think before you copy" attitude. Print only the number of copies needed for the meeting;
- Share documents with co-workers;
- Arrange with the supplier to collect toner cartridges for recycling;
- Arrange with the waste recycling company to collect wastepaper;
- Adopt double-sided printing wherever possible;
- Cooperate with a waste management company to inspect and manage domestic waste in warehouses. Recyclable waste, including carton boxes and plastic films, are collected for recycling.

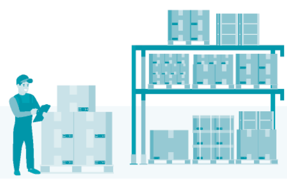
In the Last Reporting Period, the Group successfully achieved its waste reduction target by collecting used paper and sending it to reputable recyclers, while also encouraging colleagues to minimise food waste through responsible consumption. Looking ahead, the Group has set a renewed waste reduction target of a 10% decrease in waste intensity (kg/m^2) by 2031, with 2024's intensity a baseline level.

A2. Use of Resources

A2.1 Energy Consumption

During the Reporting Period, direct electricity consumption by the Group was 10,487.44 Megawatt-hour (MWh). The total consumption of petrol and diesel was 1,997.56 litres and 131,459.52 litres respectively, which equals 1,426.40 MWh after conversion. The total amount of energy consumed was therefore an equivalent of 10,487.44 MWh (electricity, diesel and petrol combined), with an intensity of 0.28 MWh/m^2, and 80.1 MWh/employee.

		Annual Energy Consumption (MWh)		
		2024	2023	2022
Direct energy	Petrol & Diesel	**1,426.40**	1,877.60	1,968.1
Indirect energy	Electricity	**9,061.04**	10,984.85	10,927.50
Total energy consumption		**10,487.44**	12,862.45	12,895.60
Energy intensity (MWh/m^2)		**0.28**	0.31	0.31
Energy intensity (MWh/employee)		**73.34**	80.10	80.10



A2.2 Water Consumption

During the Reporting Period, the Group consumed 5,551 m^3 of fresh water for cold storage, cleaning, and daily operations, resulting in an intensity of 0.15 m^3/m^2 and 38.82 m^3 per employee. Water was sourced from municipal tap water. No issues on sourcing water were reported during the Reporting Period.

A2.3 Energy Use Efficiency Initiatives

To consume energy more efficiently, the Group has implemented certain policies within the office. It also continues to promote energy-saving behaviour among employees focusing on various aspects. The measures are as follows:

- Use energy-efficient appliances;
- Ensure that the central air conditioning in the office is kept at a temperature of between 24°C and 26°C;
- Arrange regular air-conditioning repair and maintenance to ensure maximum efficiency;
- Turn off lighting when natural lighting is available or during low occupancy periods;
- Set up computers to go into standby or sleeping mode when idle for a certain amount of time;
- Turn off unnecessary technology (including monitors and CPUs) after office hours;
- Use smart electricity meters throughout the premises to reduce electricity consumption during peak hours;
- Subdivide the cold storage warehouse to optimise control over room temperature to increase energy efficiency.

The Group has participated in a Feed-in-tariff Scheme ("FiT Scheme") launched by CLP Power Hong Kong Limited. The scheme supported the development of renewable energy in the Group's business operation and reduced electricity consumption from the grid.

Starting from 2021, a solar power renewable energy system ("Solar Panel System") has been installed at the warehouse. A total of 188,830 kWh of electricity has been generated by the solar power renewable energy system.

By harnessing the savings from solar power and optimising energy use within the warehouse, the Group looks forward to achieving a reduction in electricity consumption in the near future.

Indicator	2022 baseline	2024	2031 Target
The total energy consumption intensity (MWh/m^2)	0.31	**0.28**	A 5%–8% reduction in energy consumption intensity over the next 10 years, of with 2022 as the base year.

Previously, the Group set a target to reduce energy consumption intensity by 5% to 8% over the next nine years, using 2022 as the base year. Compared to this baseline, the Group has successfully reduced energy consumption by 9.68%, exceeding the initial target. As a result, the Group has established a new target to achieve a 10% reduction in energy consumption intensity (MWh/m^2) by 2031. The Group is committed to continuously reviewing and improving energy-saving measures to achieve its long-term energy-saving goals.

A2.4 Water Use Efficiency Initiatives

To address water consumption, the Group has set a target to reduce water use by 5% to 8% in terms of intensity (m^3/m^2) by 2031, with 2024 intensity level as a baseline. We actively monitor daily water usage and promptly address any leaks within our facilities. Additionally, we have replaced the existing water-cooling system with an environmentally friendly air-cooling system.

A2.5 Packaging Material

The packaging materials used in the Group are biodegradable and recyclable. All the waste plastic films are collected and then further handled by waste recycling companies. A total amount of 11,281 kg of packaging materials was purchased during the Reporting Period, which decreased by 26.85% compared with last year.

Table 4 Packaging Materials Purchased during the Reporting Period

Type of Packaging Material	Application of Packaging Material	Annual Consumption (kg)
Shrink-wrap	Product wrapping	11,281

A3. The Environment and Natural Resources

A3.1 Significant Impacts of Activities on the Environment

As the Group is not involved in the mining, chemical, or oil and gas industry, its business operation does not have a significant impact on the environment and natural resources. However, the Group acknowledges its environmental impact made in the past, such as the depletion of the ozone layer caused by the use of refrigerants, so the Group explores measures to reduce pollutions and use of natural resources actively. The detailed reduction measures of air pollutants, GHG emissions, water consumption and energy consumption are stated in sections A1.5, A1.6, A2.3 and A2.4. The Group strictly abides by the relevant environmental laws and regulations in its daily operations.

A4. Climate Change

A4.1 Governance of Climate-related Risks Management

The Board is dedicated to managing the risks associated with climate change by integrating ESG considerations, including climate-related issues, into the corporate governance process. This approach enhances board-level oversight and guides management in addressing climate risks within existing business processes and their impact on the Group's overall strategy.

Climate-related risk management has been incorporated into the Group's risk management system. The Board is responsible for monitoring the effectiveness of this management strategy, engaging in discussions, reporting, and formulating related measures during Board meetings. Additionally, emergency plans are developed based on identified risks to bolster the Group's resilience against the adverse effects of extreme weather events.

The Group is committed to ensuring uninterrupted production and operations while safeguarding public security and the well-being of employees and their property. For more detailed information about the Group's ESG governance, please refer to the "Board Statement" section.

A4.2 Climate-related Risks Management

An ESG risk assessment was conducted based on assessing the possibility and impact of each identified risk into three levels: high, medium and low.

Risk levels	Definition of the overall risk levels
High	Risks at this level may have serious consequences. There will highly likely be some impacts on the Group and hindrances for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher.
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

A4.3 The Group's Climate-related Risks Identification

A warming planet introduces a variety of risks for businesses, including disrupted supply chains, rising insurance costs, and labour challenges. As the threat of climate change escalates, the associated physical damage, changes in market perception, and a growing public preference for environmentally friendly products and services become more pronounced. Consequently, the financial, reputational, and strategic risk implications are increasingly significant.

The risks stemming from climate change will undoubtedly remain a major concern for the Group and the industry as a whole for the foreseeable future. To address these challenges, the Group has identified climate-related risks and opportunities using the following matrix.

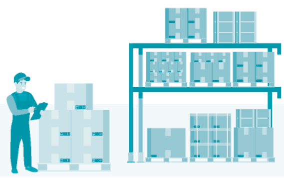
Physical and Transition Risks:

Climate-related Risk	Time Horizon	Potential financial impacts	Risk level
		Physical Risks	
Extreme weather	Short term and Long term	Extreme weather events, such as typhoons, storm surges and rainstorms, may cause physical damage to infrastructure and operations, and failure of technology and equipment incur costs on recovery and repair. Recovery and repair can take months or even years.	High
		Transition Risks	
Tightening of climate-related policies	Long term	Tightened environmental policies increase the cost of fulfilling such requirements. It might also raise the operating costs, insurance costs and penalties for non-compliance.	Medium
Cost to transition to lower emissions technology	Medium term	Substitution of existing technology and equipment with lower emissions or resource-saving options to comply with the new energy and sustainability standards incur investment and maintenance costs.	Medium
Changing customer behaviour	Medium term	A change in customer or user behaviour and preferences leads to a loss in customer and income if there is a failure to meet stakeholders' expectations on climate risk management and goals.	Medium
Reputation Risk	Medium term	The change in customer or user preferences may increase the chance of receiving negative stakeholder feedback about the existing logistic services. It may affect the reputation of the Group.	Medium

A4.4 Measures to Cope with the Climate-related Physical and Transition Risks

1. Employee Safety and Training
   - Safety Protocols: During extreme weather events, employees should remain in safe locations until conditions allow a return to normal activities.
   - Training Programs: The Group enhances training and awareness initiatives on climate risks for professionals to improve resilience against extreme weather impacts.

2. Adoption of Best Practices
   - Energy Efficiency: Implementation of industry best practices to enhance energy efficiency across all operations.
   - Daily Procedures: All staff members are encouraged to focus on daily practices that contribute to mitigating climate change.



3. Research and Development of Low-Carbon Technologies
   - Trend Analysis: Regular research on low-carbon technology trends to identify and mitigate transition risks.
   - Technology Development: Focus on developing intelligent technologies to:
     - o Enhance logistics efficiency
     - o Monitor logistics processes
     - o Increase service capacity
     - o Reduce resource overuse

4. Stakeholder Engagement and Green Services
   - Stakeholder Research: Active assessment of stakeholder preferences regarding climate-related performance and transparent communication.
   - Green Initiatives: Promotion of environmentally friendly services, including:
     - o Air-cooling systems
     - o Sustainable pallets and packaging materials
     - o New energy vehicles

A4.5 Climate-related Opportunities

The Group identifies several key opportunities arising from climate change:

1. Leveraging Cold Storage Facilities
   - Supply Chain Resilience: Increased demand for cold storage due to supply chain disruptions (transportation interruptions and food shortages).
   - Customer Base Expansion: Opportunity to stockpile essential perishable goods, expanding the customer base and diversifying clientele.

2. Enhancing Delivery Services
   - Delivery Network: A robust network of delivery vehicles supports "just in time" deliveries, especially for e-commerce operators.
   - Risk Mitigation: This capability helps broaden the customer base and reduces risks linked to climate change.

3. Developing Digital Intelligence Technologies
   - Market Demand: Rising demand for efficient low-carbon cold storage and logistics services.
   - Technology Opportunities: Development of technologies to optimise:
     - o Warehousing efficiency
     - o Transportation processes
     - o Resource allocation
   - Service Expansion: Efficient and automated services can lead to expanded offerings and increased revenue potential.

A4.6 Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in tCO_2eq), total GHG emissions (in tCO_2eq) and the GHG emission intensity (in tCO_2eq/m^2) regularly. The GHG emission data and information about target setting are shown in the section "A1. Emissions" of this report.

B. SOCIAL

1. Employment and Labour Practices

The Group places a high value on its employees, committing to uphold their rights, treat them fairly and equally, support their career development, and foster a safe working environment. We strictly comply with all provisions of the Employment Ordinance, Chapter 57.

Compliance Overview

During the Reporting Period, no instances of non-compliance with relevant laws and regulations significantly impacting the Group were identified. This encompasses areas such as:

- Compensation and dismissal
- Recruitment and promotion
- Working hours and rest periods
- Equal opportunity and diversity
- Anti-discrimination
- Other benefits and welfare

Employment System and Labour Standards

The Group is dedicated to fostering a fair, respectful, and inclusive work culture. The ESG Policies and Staff Handbook clearly outline various aspects of employment, including:

- Compensation and dismissal
- Recruitment and promotion
- Working hours and rest periods
- Equal opportunity and diversity
- Anti-discrimination
- Other benefits and welfare

Compensation and Benefits

To attract and retain talent, the Group offers competitive remuneration packages, which are reviewed regularly to ensure competitiveness in the local market. The Human Resources Department oversees the evaluation of overall salary and benefits.

Dismissal Policies

All employees are protected under Hong Kong employment laws. Key policies include:

- **Exit Interviews:** Conducted by the Human Resources Department when an employee resigns or is made redundant to understand their reasons.
- **Employment Verification:** Dismissed employees receive an employment verification document, unless terminated for misconduct or employed for less than three months.
- **Notice Period:** Employees receive due notice or wages in lieu of notice, which cannot coincide with annual leave or maternity leave.
- **Pregnancy Protection:** Employees cannot be dismissed during pregnancy or when on paid sick leave.
- **Legal Protections:** Dismissals related to legal actions regarding labor laws or union activities are prohibited.
- **Injury on Duty:** Employees injured at work cannot be dismissed until compensation agreements are settled.

Recruitment and Promotion

The Group is committed to providing development opportunities for all employees. Annually, employees are assessed and rewarded based on their contributions, work performance, and skills.

Working Hours and Rest Periods

The Group promotes a work-life balance culture. Working hours and rest periods are clearly outlined in the staff handbook for each company and its subsidiaries.

Benefits and Welfare

The Group offers attractive benefits, including:

- Annual leave, marriage leave, maternity leave, paternity leave, and compassionate leave
- Tuition fee reimbursement
- Medical insurance
- Discretionary bonuses
- Transportation allowances

Diversity, Equal Opportunities, and Anti-discrimination

The Group strictly adheres to local regulations to promote equal opportunities and eliminate discrimination, complying with the Disability Discrimination Ordinance, Sex Discrimination Ordinance, Family Status Discrimination Ordinance, and Race Discrimination Ordinance. Employees are treated equally regardless of age, gender, health status, marital status, family status, race, skin colour, nationality, religion, political affiliation, or sexual orientation. The Group maintains a zero-tolerance policy for workplace harassment, allowing employees to report incidents directly to the Executive Directors for investigation.

Retention of Experienced Workers

To leverage the insights of experienced employees, the Group has eliminated the compulsory retirement age of 60, facilitating the retention of valuable talent.

B1. Employment

B1.1 Employment Figures

As of 31 December 2024, The Group had a total number of 161 employees, and all of them were full-time Hong Kong employees. See Charts 1-3 for the detailed composition of its workforce.

Chart 1 Total Workforce by Employee Categories

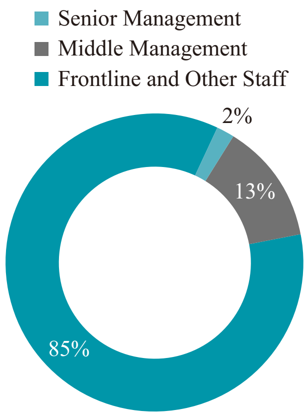


Chart 2 Total Workforce by Age

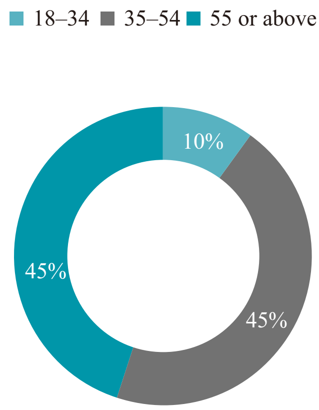
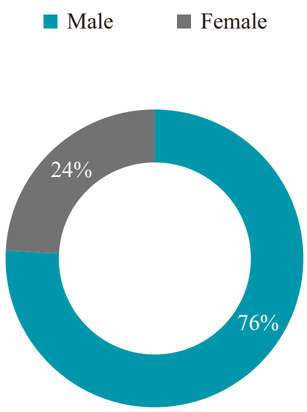


Chart 3 Total Workforce by Gender



B1.2 Turnover Rate

A total of 27 employees left the Group during the Reporting Period, who were all full-time employees from Hong Kong, representing a turnover rate of 19% for the Group. See the following table:

Turnover rate by employee category	
Senior management	0.00%
Middle management	15.79%
Frontline and other staff	19.67%
Turnover rate by age group	
18–34	21.43%
35–54	17.19%
55 or above	20.00%
Turnover rate by gender	
Male	17.43%
Female	24.53%

Note: Turnover rate (by category)=Employees in the specified category leaving employment/The total number of employees in the specified category as of the end of the Reporting Period*100

B1.3 Employee Policies

The Employee Handbook serves as a comprehensive guideline for managing employment and labour-related practices.

Employee Benefits and Welfare

The Group is committed to providing benefits and welfare in compliance with all applicable laws and regulations. Employees are entitled to various forms of leave, including:

- Paid annual leave
- Sick leave
- Marriage leave
- Maternity leave
- Paternity leave
- Injury leave
- Compensation leave

Additionally, the Group offers medical and dental insurance to ensure employees' well-being. We actively encourage employees to spend quality time with their families, supporting a healthy work-life balance.

B2. Employee Health and Safety

The health and safety of employees are the Group's top priorities. We are dedicated to providing a healthy and safe workplace that complies with the Occupational Safety and Health Ordinance, Chapter 509, of Hong Kong law.

Safety Management Framework

Guided by the ESG Policies, our Safety Guidelines encompass a wide range of safety-related processes and practices, focusing on:

- General safety
- First aid
- Fire prevention measures
- Cold storage warehouse safety
- Elevator safety
- Manual lifting and handling

The Safety Committee, led by the Group's Acting CEO and comprising representatives from various departments, meets quarterly to discuss safety issues and improvements.

Emergency Preparedness

To equip employees for emergencies, we conduct regular training sessions, including fire drills and response protocols for ammonia leakage. Personal protective equipment is provided to minimise exposure to hazardous materials and environments.

Health Initiatives

The Group offers free annual influenza vaccinations at operational locations, including cold storage and logistics services. Additionally, health insurance is provided, covering outpatient services and hospitalisation expenses, ensuring comprehensive support for employee well-being.

Table 5. Work-Related Fatalities and Lost Days

	2024	2023	2022
Work-related fatality (Work-related fatality rate)	**0 (0%)**	0 (0%)	0 (0%)
Work injury > 3 lost days	**3**	4	9
Work injury ≤ 3 lost days	**0**	0	0
Lost days due to work injury	**62**	421	315

During the Reporting Period, there were no work-related fatalities, yet 3 injury cases and 62 lost days were reported. Additionally, there were no instances of non-compliance regarding laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards were identified.

B3. Development and Training

The Group believes that investing in employees' personal development is critical to the continued success of the Group. Guided by the ESG Policies and Staff Handbook, the Group emphasises all employees' ongoing development and training.

Every year, the Group encourages staff to attend training courses, and the Group offers job, development, and promotion opportunities for outstanding employees to obtain professional or academic qualification training to improve their skills and knowledge base. In order to increase the incentive of the employees to participate in training, the Group offers training sponsorship for them. Employees can apply for the training sponsorship according to the application procedure stated in the Staff Handbook.

Table 6. The percentages of employees trained and average training hours per employee by gender and employee category

	Proportion of employees trained	Average training hours per employee
Overall	**15.38%**	**8.02**
By employee categories		
Senior management	0%	8.02
Middle Management	5.26%	1.50
Frontline & other staff	17.21%	8.33
By gender		
Male	19.27%	8.33
Female	2.94%	1.50

Note: The percentage of employees trained in the specified category=(the total number of employees who took part in training in the specified category/the total number of employees in the specified category as of the end of the Reporting Period)*100%

Note: Average training hours completed per employee in the specified category=(the total number of training hours for employees in the specified category/the total number of employees in the specified category as of the end of the Reporting Period)

Table 7. The breakdown of training by topics, the number of employees trained and training hours

Training topics	The number of employees trained	Training hours
Forklift Operation Training	21	175
ICAC Webinar on anti-corruption topic	1	1.5

B4. Labour Standards

The Group strictly complies with the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong). The Human Resources Department has a comprehensive background checking system during the recruitment process, with newly engaged employees required to provide an identification document or Passport upon enrolment in the Group. If a violation of the law is discovered, immediate action in terminating the enrolment will be taken.

There were no major risks associated with incidents of child labour, forced or compulsory labour within the Group. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour had been identified during the Reporting Period.

2. Operating Practices

B5. Supply Chain Management

The Group recognises its responsibility to manage ESG risks within its supply chain. In line with our ESG Policies, we prioritise long-term relationships with suppliers who share our moral values and standards. We expect our suppliers to adopt sustainable practices, including:

- Raising employee environmental awareness
- Encouraging energy conservation
- Promoting waste reduction
- Providing a safe and risk-free working environment

Supplier Assessment and Approval

The Group conducts thorough assessments of new suppliers, evaluating the quality of their products and services. Our list of approved suppliers is updated regularly to reflect these evaluations.

Procurement Considerations

When procuring goods and services, we consider environmental and social factors alongside technical capabilities and price competitiveness. A standardised procurement management process has been established, covering selection, hiring, evaluation, management, and monitoring of suppliers to ensure consistent performance tracking.

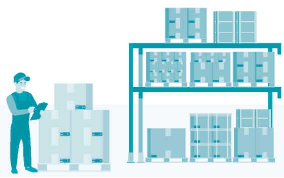
Performance Evaluation

Suppliers are evaluated annually, and we conduct regular certificate checks to maintain product and service quality while ensuring compliance with environmental and social standards. Suppliers who do not meet our minimum standards will be removed from our approved list.

Green Procurement Policy

The Group has implemented a green procurement policy that prioritises products and services with minimal environmental impact. We favour environmentally friendly and energy-saving products for daily operations and encourage the procurement of items with the following characteristics:

- Recyclable
- Refillable
- Energy-efficient
- Utilising clean technology and fuels
- Requiring minimal water consumption
- Pollution-free



By adopting these practices, the Group aims to enhance sustainability throughout its supply chain.

Table 8. Number of suppliers by geographical region/country

Region	Number of supplier(s)	Type of supplies
China	2	Compressor components/parts, cartons, fittings
Hong Kong	116	Equipment supplier, raw material
Taiwan	1	Refrigeration oil
Overall total number of suppliers	**119**	

B6. Product Responsibility

B6.1 Product Labelling, Health and Safety, and Advertising

Due to the business nature, product labelling, health and safety, and advertising issues are not applicable to the Group. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided have been identified during the Reporting Period.

B6.2 Quality Assurance

The Group recognises that service quality is a fundamental competitive advantage in our daily operations. Our ESG Policies not only establish high standards but also reflect the Group's dedication to delivering exceptional services.

Quality Management System

We have implemented a comprehensive quality management system, certified to ISO 9001:2015 standards, across our cold storage business. To support this initiative, we developed a Quality Control Manual, alongside detailed Working Operation Procedures and Working Instructions, ensuring effective implementation of these standards.

The Quality Assurance Department plays a crucial role in monitoring operations and identifying necessary corrective actions. This management system is designed to uphold our performance by:

- Demonstrating leadership
- Addressing risks and opportunities
- Implementing operational planning and control
- Evaluating overall performance

Importantly, we received no service complaints during the Reporting Period, reflecting our commitment to quality.

Customer Feedback

The Group places significant importance on customer feedback. We conduct annual client surveys to gather insights into our services, enabling us to continuously enhance our offerings and effectively meet customer expectations.

B6.3 Data Protection

The Group is dedicated to protecting personal data and complies with the principles outlined in the Hong Kong Personal Data (Privacy) Ordinance.

Information Security Measures

To safeguard customer information, we implement robust security controls, including system encryption. All collected customer data is strictly used for business purposes and handled with the utmost care.

To maintain the security of sensitive data and ensure the stability of our online data systems, we have installed the following security measures:

- Firewall
- VPN
- Antivirus software
- LAN Scanner

These tools are regularly updated to defend against potential threats.

Incident Response Protocol

In the event of a data breach, incidents must be reported to management for investigation and remedial action. Affected customers will be notified promptly. For serious incidents, the Group may seek assistance from the Hong Kong Computer Emergency Response Team Coordination Centre and the Hong Kong Police Force.

Compliance Record

During the Reporting Period, the Group recorded no violations of the Hong Kong Personal Data (Privacy) Ordinance, underscoring our commitment to data protection.

B6.4 Intellectual Property

The Group also closely monitors the infringement actions in the market and actively combats any infringements in accordance with all provisions of the Copyright Ordinance. Any unauthorised use of IP rights may give rise to legal liability. No major incidents relating to the infringement of IP rights occurred during the Reporting Period.

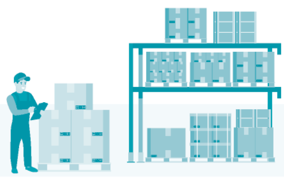
B7. Anti-corruption

As a responsible cold storage and logistics service provider, the Group is dedicated to upholding integrity and promoting fairness in society. We strictly prohibit all forms of bribery, extortion, fraud, and money laundering, ensuring compliance with the Prevention of Bribery Ordinance and our internal ESG Policies and Staff Handbook. During the Reporting Period, one staff member completed the ICAC webinar on the topic of anti-corruption.

Anti-Corruption Measures

The Group has implemented various internal processes to combat corruption, including:

- Prohibiting employees from offering or soliciting benefits from third parties.



- Mandating that employees report any high-value gifts received from business partners or clients to senior management or the Human Resources Department.

- Reinforcing the importance of avoiding conflicts of interest and requiring employees to disclose any unavoidable conflicts in advance.

Financial Crime Prevention

In our ESG Policies and Staff Handbook, the Group has established written guidelines to protect our business from financial crime. We encourage employees to:

- Verify the true identity of each customer.

- Report any suspicious activities or cash movements.

Whistle-Blowing Mechanism

To promote transparency, a whistle-blowing platform is in place, providing a fair and efficient mechanism for reporting misconduct. Employees can confidentially report suspected violations to Executive Directors or the Chair of the Audit Committee. All reported cases are handled confidentially to protect whistle-blowers from harassment and reprisals.

Compliance Record

During the Reporting Period, there were concluded no legal cases related to corrupt practices against the Group or its employees. The Group actively encourages employees to review anti-corruption resources from the ICAC website to enhance their understanding of corruption concepts.

B8. Community Investment

The Group is committed to fulfilling its corporate social responsibility and actively engages in public welfare activities through various initiatives, including investments, monetary contributions, time, products, services, expertise, and other resources. Moving forward, the Group will continue to strengthen its connections with the community and better understand the needs of citizens to enhance its reputation within the community.

Guided by the Group's ESG Policies, we have participated in various community activities, detailed in the following table:

Table 9. Community Investment

Focus Area	Activities	Resources contributed
Community Support	A charity mooncake sale held by the Community Chest	HKD39,475
Environmental Protection	"60+ Earth Hour" organised by World Wildlife Fund ("WWF")	Encouraged all employees to switch off unnecessary lights for 1 hour

Looking ahead, the Group will continue to strengthen its ties with the community and understand citizens' needs to enhance its standing within the community.

FORVIS MAZARS CPA LIMITED
富睿瑪澤會計師事務所有限公司
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話：(852) 2909 5555
Fax 傳真：(852) 2810 0032
Email 電郵：info@forvismazars.hk
Website 網址：forvismazars.com/hk

TO THE MEMBERS OF DAIDO GROUP LIMITED
(Incorporated in the Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Daido Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 74 to 151, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the "Going concern" section in Note 3 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group incurred net loss of approximately HK$40,228,000 for the year ended 31 December 2024 and, as at that date, the Group had net current liabilities of approximately HK$88,556,000 and net liabilities of approximately HK$22,875,000, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company (the "Directors"), having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of the property, plant and equipment and right-of-use assets related to the cold storage and related services business (the "Cold Storage Business") *Refer to Notes 3, 15 and 16 to the consolidated financial statements* The management of the Group performs impairment assessments on the Group's property, plant and equipment and right-of-use assets under its Cold Storage Business which is considered as a separate identifiable cash-generating unit (the "Cold Storage CGU") of the Group. The carrying amounts of the Group's property, plant and equipment and right-of-use assets related to the Cold Storage Business (before impairment allowances) at 31 December 2024 amounted to approximately HK$3,089,000 and HK$476,121,000, respectively. The management of the Group has to exercise judgement and make estimation, particularly in assessing: (1) any event occurred or any indicator showed that the Group's property, plant and equipment and right-of-use assets impaired; (2) whether the carrying amounts of the Group's property, plant and equipment and right-of-use assets can be supported by the respective recoverable amounts by using value in use which are deriving from the net present value of future cash flows estimated by assuming the Group's property, plant and equipment and right-of-use assets continuously be used; and (3) the appropriateness of the key assumptions and discount rates applied in estimating the recoverable amounts, including cash flow projections. The management of the Group engaged an independent professional valuer (the "Valuer") in assisting the preparation of cash flow projections of the Cold Storage CGU for estimating the respective recoverable amounts (the "Valuation"). Certain assumptions, including occupancy rates and growth in charge rates, made by the Directors and the estimation of discount rates applied by the Valuer in estimating the recoverable amounts for impairment assessments are considered involving significant judgement. Based on the results of the estimation of the recoverable amounts, no impairment allowance in respect of the property, plant and equipment and right-of-use assets under the Cold Storage CGU are recognised in profit or loss for the year ended 31 December 2024. We identified the impairment assessments of the property, plant and equipment, and right-of-use assets related to the Cold Storage Business as a key audit matter due to their significances to the consolidated financial statements and the involvement of subjective judgement and management's estimation in determining the respective recoverable amounts.	Our key procedures, among others, consisted of: • obtaining an understanding of the Group management's processes in order to review and evaluate the impairment assessments of the property, plant and equipment and right-of-use assets related to the Cold Storage Business; • assessing the competence, capabilities and objectivity of the Valuer for the estimation of the recoverable amounts of the property, plant and equipment and right-of-use assets related to the Cold Storage Business; • discussing the scope of work of the Valuer with the management of the Group and reviewing the terms of the Valuation engagement to determine is there any scope limitations imposed to the valuation; • obtaining an understanding from the Group's management and the Valuer about the methodologies used and key inputs applied, such as occupancy rates, growth in charge rates and discount rates, in the Valuation and assessing the appropriateness of these methodologies, key inputs and discount rates based on our understanding on the Cold Storage Business, relevant HKSAs, and certain market data; • comparing the key inputs mentioned above applied in the Valuation to the entity-specific historical information and public available information to evaluate the appropriateness of using these inputs in the Valuation; • engaging our valuation specialist to evaluate the appropriateness and reasonableness of methodologies used and key inputs applied in the Valuation; and • checking arithmetic accuracies of the calculation of the recoverable amounts, including the cash flow projection.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

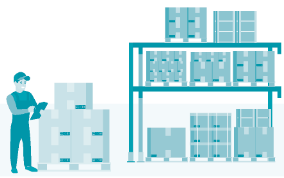
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Company.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2025

The engagement director on the audit resulting in this independent auditor's report is:
Fong Chin Lung
Practising Certificate number: P07321

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
Revenue	6		
– Provision of cold storage and related services		**180,408**	230,574
– Trading and sales of food and beverage		**38,747**	67,551
– Others		**233**	261
Total revenue		**219,388**	298,386
Cost of revenue		**(209,496)**	(245,903)
Gross profit		**9,892**	52,483
Other income	7	**12,152**	10,088
Other gains (losses), net	8	**87**	(2,704)
Gain on disposal of a subsidiary	31	**–**	12,729
Loss allowances on trade and other receivables, net		**(323)**	(60)
Reversal of loss allowance on loan receivables, net		**–**	55
Selling and distribution expenses		**(11,208)**	(10,543)
Administrative expenses		**(36,629)**	(36,374)
Finance costs	9	**(14,199)**	(10,241)
(Loss) Profit before tax	9	**(40,228)**	15,433
Income tax expenses	12	**–**	–
(Loss) Profit for the year		**(40,228)**	15,433
Other comprehensive losses			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(358)**	(336)
Item that may not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plan obligations		**(20)**	(610)
Total other comprehensive losses		**(378)**	(946)
Total comprehensive (losses) income for the year		**(40,606)**	14,487
(Loss) Profit for the year attributable to:			
Equity holders of the Company		**(40,228)**	5,872
Non-controlling interests		**–**	9,561
		(40,228)	15,433
Total comprehensive (losses) income for the year attributable to:			
Equity holders of the Company		**(40,606)**	4,926
Non-controlling interests		**–**	9,561
		(40,606)	14,487
(Loss) Earnings per share attributable to equity holders of the Company			
Basic and diluted	13	**HK$(13.87) cents**	HK$2.02 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	15	**3,484**	3,173
Right-of-use assets	16	**477,303**	76,803
Goodwill		**68**	68
Rental deposits paid	17	**12,618**	195
Pledged bank deposits	18	**1,700**	1,700
		495,173	81,939
Current assets			
Inventories	19	**578**	886
Trade and other receivables, deposits and prepayments	17	**32,816**	107,761
Bank and cash balances	20	**59,765**	61,952
		93,159	170,599
Current liabilities			
Trade and other payables	21	**10,163**	13,790
Contract liabilities	22	**5,259**	7,366
Defined benefit plan obligations	26	**3,333**	3,779
Lease liabilities	16	**52,960**	73,918
Bonds payables	25	**75,000**	100,000
Bank borrowing	23	**35,000**	–
		181,715	198,853
Net current liabilities		**(88,556)**	(28,254)
Total assets less current liabilities		**406,617**	53,685
Non-current liabilities			
Lease liabilities	16	**419,492**	954
Bonds payables	25	**10,000**	–
Bank borrowing	23	**–**	35,000
		429,492	35,954
NET (LIABILITIES) ASSETS		**(22,875)**	17,731

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
Capital and reserves			
Share capital	27	**2,901**	2,901
Reserves	28	**(25,776)**	14,830
TOTAL (DEFICIT) EQUITY		**(22,875)**	17,731

These consolidated financial statements on pages 74 to 151 were approved and authorised for issue by the Board of Directors on 28 March 2025 and signed on its behalf by:

Fung Pak Kei
Director

Ho Hon Chung, Ivan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2024

	Share capital HK$'000 (Note 27)	Share premium HK$'000 (Note 28(a))	Capital reserve HK$'000 (Note 28(b))	Exchange reserve HK$'000 (Note 28(c))	Share option reserve HK$'000 (Note 29)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2024, as previously reported	2,901	381,060	66,094	332	3,944	(433,482)	20,849
Change in an accounting policy (Note 3)	–	–	–	–	–	(3,118)	(3,118)
At 1 January 2024 (Restated)	2,901	381,060	66,094	332	3,944	(436,600)	17,731
Loss for the year	–	–	–	–	–	(40,228)	(40,228)
Other comprehensive losses:							
Item that may be reclassified subsequently to profit or loss							
Exchange differences on translation of foreign operations	–	–	–	(358)	–	–	(358)
Item that may not be reclassified subsequently to profit or loss							
Remeasurement of defined benefit plan obligations	–	–	–	–	–	(20)	(20)
Total other comprehensive losses	–	–	–	(358)	–	(20)	(378)
Total comprehensive losses for the year	–	–	–	(358)	–	(40,248)	(40,606)
At 31 December 2024	2,901	381,060	66,094	(26)	3,944	(476,848)	(22,875)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2024

	Attributable to equity holders of the Company									
	Share capital HK$'000 (Note 27)	Share premium HK$'000 (Note 28(a))	Capital reserve HK$'000 (Note 28(b))	Exchange reserve HK$'000 (Note 28(c))	Financial assets at fair value through other comprehensive income ("FVOCI") reserve HK$'000 (Note 28(d))	Share option reserve HK$'000 (Note 29)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023, as previously reported	2,901	381,060	66,094	668	(102,078)	3,944	(337,076)	15,513	3,163	18,676
Change in an accounting policy	–	–	–	–	–	–	(2,708)	(2,708)	–	(2,708)
As 1 January 2023 (Restated)	2,901	381,060	66,094	668	(102,078)	3,944	(339,784)	12,805	3,163	15,968
Profit for the year as previously reported	–	–	–	–	–	–	5,672	5,672	9,561	15,233
Change in an accounting policy (Note 3)	–	–	–	–	–	–	200	200	–	200
Profit for the year (Restated)	–	–	–	–	–	–	5,872	5,872	9,561	15,433
Other comprehensive losses as previously reported:										
Item that may be reclassified subsequently to profit or loss										
Exchange differences on translation of foreign operations	–	–	–	(336)	–	–	–	(336)	–	(336)
Total other comprehensive losses as previously reported	–	–	–	(336)	–	–	–	(336)	–	(336)
Change in an accounting policy (Note 3)										
Item that may not be reclassified subsequently to profit or loss										
Remeasurement of defined benefit plan obligations	–	–	–	–	–	–	(610)	(610)	–	(610)
Total other comprehensive loss (Restated)	–	–	–	(336)	–	–	(610)	(946)	–	(946)
Total comprehensive income for the year (Restated)	–	–	–	(336)	–	–	5,262	4,926	9,561	14,487
Transactions with owners:										
Change in ownership interest										
Disposal of a subsidiary (Note 31)	–	–	–	–	–	–	–	–	(12,724)	(12,724)
Total transactions with owners	–	–	–	–	–	–	–	–	(12,724)	(12,724)
Release of FVOCI reserve upon disposal of a subsidiary (Note 31)	–	–	–	–	102,078	–	(102,078)	–	–	–
At 31 December 2023 (Restated)	2,901	381,060	66,094	332	–	3,944	(436,600)	17,731	–	17,731

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2024

	2024 HK$'000	2023 HK$'000 (Restated)
OPERATING ACTIVITIES		
(Loss) Profit before tax	**(40,228)**	15,433
Adjustments for:		
Amortisation of intangible assets	**–**	88
Depreciation of property, plant and equipment	**1,528**	1,818
Depreciation of right-of-use assets	**83,370**	69,355
Finance costs	**14,199**	10,241
Interest income	**(3,370)**	(3,157)
Loss allowances on trade and other receivables, net	**323**	60
Reversal of loss allowance on loan receivables, net	**–**	(55)
(Gains) Losses on disposal/written-off of property, plant and equipment, net	**(146)**	835
Gain on disposal of a subsidiary	**–**	(12,729)
Written-off of intangible assets	**–**	234
Written-off of inventories	**15**	185
(Recovery) Written-off of loan receivables	**(81)**	21
Written-off of trade receivables	**8**	1,517
Provision for defined benefit plan obligations	**212**	168
Operating cash flows before movements in working capital:	**55,830**	84,014
Inventories	**293**	(28)
Trade and other receivables, deposits and prepayments	**21,589**	8,237
Loan receivables	**81**	55
Trade and other payables	**(2,976)**	(2,896)
Contract liabilities	**(2,107)**	(1,253)
Defined benefit plan obligations	**(778)**	(963)
Cash generated from operations	**71,932**	87,166
Interest received	**233**	261
Net cash from operating activities	**72,165**	87,427
INVESTING ACTIVITIES		
Additions in property, plant and equipment	**(1,901)**	(1,662)
Interest received	**87**	344
Proceeds from disposal of a subsidiary	**–**	5
Proceeds from disposal of property, plant and equipment	**208**	–
Refund of rental deposits of right-of-use assets	**34,791**	–
Net cash from (used in) investing activities	**33,185**	(1,313)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
FINANCING ACTIVITIES			
Repayment of lease liabilities	16, 30	**(77,404)**	(74,113)
Interest paid	30	**(14,750)**	(10,130)
Repayment of bonds payables	25, 30	**(15,000)**	–
Net cash used in financing activities		**(107,154)**	(84,243)
Net (decrease) increase in cash and cash equivalents		**(1,804)**	1,871
Cash and cash equivalents at the beginning of the reporting period		**61,952**	60,411
Effect on exchange rate changes		**(383)**	(330)
Cash and cash equivalents at the end of the reporting period, represented by bank and cash balances	20	**59,765**	61,952

1. CORPORATE INFORMATION

Daido Group Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office and principal place of business are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit No. 1301, Level 13, Tower 1, Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong, respectively. The Company is an investment holding company and the principal activities of its subsidiaries are set out in Note 14.

The Company and its subsidiaries are herein collectively referred to as the "Group".

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements, except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period and the change in an accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") and long service payments ("LSP") offsetting mechanism in Hong Kong (the "Abolition"). The adoption of the new/revised HKFRSs had no significant effects on the results and financial position of the Group for the current and prior periods whereas for the change in an accounting policy, certain measurement, presentation and disclosures of financial statements items have been revised accordingly and comparative information has been restated to achieve a consistent presentation.

The consolidated financial statements are rounded to the nearest thousand, unless otherwise indicated.

A summary of the principal accounting policies adopted by the Group is set out in Note 3.

3. PRINCIPAL ACCOUNTING POLICIES

Adoption of new/revised HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This Interpretation is revised as a consequence of the above Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Change in an accounting policy

Application of the HKICPA guidance on the accounting implications of the Abolition

In June 2022, the Government of the Hong Kong Special Administrative Region ("HKSAR") gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP. The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published the Abolition which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition (the "HKICPA Guidance").

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee, and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA Guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pretransition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

The impacts of the adoption of the HKICPA Guidance on the comparative information presented in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and consolidated statement of financial position as at 31 December 2023 are summarised as below.

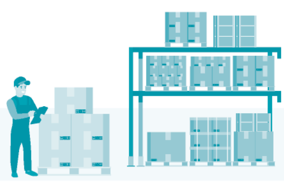
3. PRINCIPAL ACCOUNTING POLICIES (continued)

Change in an accounting policy (continued)

	As previously reported HK$'000	Effect of the Abolition HK$'000	As restated HK$'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023			
Cost of revenue	(246,510)	607	(245,903)
Selling and distribution expenses	(10,537)	(6)	(10,543)
Administrative expenses	(36,084)	(290)	(36,374)
Finance costs	(10,130)	(111)	(10,241)
Profit for the year	15,233	200	15,433
Profit attributable to equity holders of the Company	5,672	200	5,872
Total other comprehensive losses	(336)	(610)	(946)
Total comprehensive income for the year	14,897	(410)	14,487
Total comprehensive income attributable to equity holders of the Company	5,336	(410)	4,926
Earnings per share attributable to equity holders of the Company			
– Basic and diluted	HK$1.96 cents	HK$0.06 cents	HK$2.02 cents
Consolidated Statement of Financial Position as at 31 December 2023			
LIABILITIES			
Current liabilities			
Defined benefit plan obligations*	(661)	(3,118)	(3,779)
EQUITY			
Reserves	17,948	(3,118)	14,830

Except for the above changes under the consolidated financial statements which triggered certain non-cash changes of the items under the consolidated statement of cash flows, there is no cash flow impact arising from the change in an accounting policy affected the consolidated statement of cash flows for the year ended 31 December 2023.

* The liabilities arising from defined benefit plan obligations were recognised under "Other payables" in the consolidated statement of financial position as at 31 December 2023.



3. PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration of the future liquidity of the Group in light of the fact that the Group incurred a net loss of approximately HK$40,228,000 for the year ended 31 December 2024 and, as at that date, the Group's current liabilities exceed its current assets of approximately HK$88,556,000 and its total liabilities exceed its total assets of approximately HK$22,875,000 as at 31 December 2024. There is a material uncertainty related to these matters that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors considered that the net current liabilities and net liabilities positions of the Group as of 31 December 2024 were primarily due to the bonds payables amounted to HK$75,000,000 and a bank borrowing amounted to HK$35,000,000 which are due for repayment within 12 months after 31 December 2024. The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements, after taking into consideration of the followings:

(1) the Group is negotiating and discussing with the bondholders for the existing and future settlement/schedule plans related to the bonds and actively exploring the availability of fund-raising activities as and when appropriate;

(2) the Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various expenses, in particular, the Group has suspended certain non-profitable services lines during the second half of the financial year of 2024, in order to enhance its profitability and to improve the cash flow from its operation in future; and

(3) the Group will actively negotiate with the banks and other financial institutions in Hong Kong to secure new financing arrangement to meet the Group's working capital and financial requirements in the near future. The Group will also actively seek opportunities to carry out fund raising activities including but not limited the placing of new shares as alternative sources of funding.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, the Directors are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. The Directors believe that the aforementioned measures will be successful, based on the continuous efforts by the management of the Group.

However, should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively and to provide for any further liabilities which might arise.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when the control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when the control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when the control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented in Note 35, an investment in a subsidiary is stated at cost less impairment losses. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The result of the subsidiary is accounted for by the Company on the basis of dividends received and receivable.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interests in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary.

Goodwill on an acquisition of a subsidiary is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired subsidiary over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Any resulting gain or loss arising from remeasuring the previously held equity interests in the acquiree at the acquisition-date fair value is recognised in profit or loss or other comprehensive income, as appropriate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write-off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method at following annual rates. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvements	Over the shorter of terms of the leases, or 10%
Furniture and fixtures	10%–33.3%
Motor vehicles	20%–33.3%
Plant and machinery and equipment	15%–50%

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at FVOCI; (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Recognition and derecognition (continued)

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost included rental deposits paid, pledged bank deposits, trade and other receivables and other deposits paid, and bank and cash balances.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, contract liabilities, defined benefit plan obligation, bonds payables and bank borrowings. All financial liabilities, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9 *Financial Instruments*. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

(vi) external credit risk ratings (if available)

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Simplified approach of ECL

For trade receivables without a significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and the Group uses internal credit rating to assess with the impairment for its customers because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical default rates taking into consideration the historical data and forward-looking information that is available without undue cost or effort.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent bank and cash balances and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The natures of the goods or services provided by the Group are as follows:

(i) Provision of cold storage, handling and logistics services

(ii) Trading and sales of food and beverage

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers within HKFRS 15 (continued)

Revenue is recognised on the following basis:

Provision of cold storage, handling and logistics services

For the provision of cold storage, handling and logistics services, as the customers simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the services fee received or receivable from the customers as its revenue over time using output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customers to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Provision of cold storage, handling and logistics services are considered to be separate distinct services as they are regularly supplied by the Group to customers on a standalone basis and are available for customers. Revenue relating to these services is recognised over time. The normal credit term is ranging from 30 days to 60 days.

Trading and sales of food and beverage

For trading and sales of food and beverage, revenue is recognised at a point in time when the customer obtains the control of the goods, the Group has present right to payment and the collection of the consideration is probable.

The Group sells food and beverage directly to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location (delivery). Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is ranging from 30 days to 60 days upon delivery.

Other source of income

Income from financial assets

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets. For financial assets measured at amortised cost that are credit-impaired, interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Other service income

Other services income is recognised at the point in time when the services provided are accepted and confirmed by counterparties.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Hong Kong Dollars ("HK$") is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented and, where applicable, goodwill and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period;

- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates;

- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;

- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and

- on all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of non-financial assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment and right-of-use assets or interest in a subsidiary may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit (the "CGU")).

If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or CGU that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment losses is recognised as an income in profit or loss immediately.

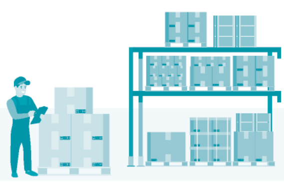
The accounting policy for recognition of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.



3. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any leases payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Cold storage warehouse	Over the shorter of unexpired term of lease and their estimated useful life
Office premises	Over the term of lease
Motor vehicles	Over the term of lease

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases (continued)

As lessee (continued)

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases (continued)

As lessee (continued)

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;

(b) the Group determines the lease term of the modified contract;

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme in Hong Kong are recognised as expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group's entities established in Hong Kong in an independently administered fund.

In accordance with the rules and regulations in the People's Republic of China (the "PRC"), the employees of the Group's entities established in the PRC are required to participate in defined contribution retirement plans organised by local governments. Contributions to those plans are expensed as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

Long service payments

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

The Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The Group recognises reimbursement as a separate asset because it is virtually certain that another party (e.g. the trustee) will reimburse some or all of the expenditure required to settle LSP obligation of the Group, capped at the portion related to accrued benefits before the Transition Date. The Group measures the reimbursement assets at fair value at the end of the reporting period. The changes in fair value are disaggregated and recognised in the same way as for changes in fair value of plan assets. The components of the defined benefit cost recognised are recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Share-based payment transactions

Equity-settled transactions

The Group's employees, including Directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account any market conditions and non-vesting conditions. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions (the "vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the period of the review, with a corresponding adjustment to the reserve within equity.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

No expense is recognised for awards that do not ultimately vest, except for awards conditional on a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting conditions satisfied, provided that all other performance conditions are satisfied. Where the terms of an equity-settled award are modified, an additional expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

Share-based compensation cost payment transactions with parties other than employees are measured at fair value of the goods or services received, except where the fair value cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. In all cases, the fair value is measured at the date the Group obtains the goods or the counterparty renders the services.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill, or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on an interest in a subsidiary, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the holding company of the Group (if any).

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and/or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group (if any).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the chief operating decision makers for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Operating segments that meet the quantitative thresholds are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Other operating segments may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

(i) Impairments of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation, and any impairment losses. In determining whether an asset is impaired, the Group has to exercise judgements and make estimations, particularly in assessing: (1) any event occurred or any indicator showed that the Group's property, plant and equipment and right-of-use assets impaired; (2) whether the carrying amounts of the Group's property, plant and equipment and right-of-use assets can be supported by the respective recoverable amounts by using value in use which are deriving from the net present value of future cash flows estimated by assuming the Group's property, plant and equipment and right-of-use assets continuously be used; and (3) the appropriateness of the key assumptions and discount rates applied in estimating the recoverable amounts, including cash flow projections. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belong to. Changing the assumptions and estimates, including discount rates or growth rates in the cash flow projections, could materially affect the net present values used in the calculation of recoverable amounts, hence, affect the impairment tests.

The management of the Group engaged an independent professional valuer (the "Valuer") in assisting the preparation of cash flow projections of CGU *(2023: two CGUs)* of the cold storage and related services business (the "Cold Storage Business") (the "Cold Storage CGU") to which the property, plant and equipment and right-of-use assets belong in estimating the recoverable amounts of the Cold Storage CGU. Certain assumptions, including occupancy rates and growth in charge rates, made by the Directors and the estimation of discount rates applied by the Valuer in estimating the recoverable amounts for impairment assessments are considered involving significant judgement. The discount rates represent the rates that reflect current market assessments of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted. If the discount rates in estimating the recoverable amounts of the Cold Storage CGU had been 1% higher/lower at the end of the reporting period, with other assumptions held constant, the recoverable amounts would have been approximately HK$16,065,000 *(2023: approximately HK$593,000)* and approximately HK$15,281,000, respectively *(2023: approximately HK$593,000)* lower/higher.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

(ii) Impairment of an interest in a subsidiary and receivables

The Group assesses at the end of each reporting period if its interest in a subsidiary suffered any impairment in accordance with HKAS 36 *Impairment of Assets* and follows the guidance of HKFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause in the adjustments of their carrying amounts.

(iii) Loss allowances for ECL

The Group's management estimates the loss allowances for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amounts of trade and other receivables. Details of the key assumptions and inputs used in estimating ECL are set out in Note 33. If the ECL rates on the trade and other receivables had been 1% higher/lower at the end of the reporting period, with other assumptions held constant, the loss allowances would have been approximately HK$306,000 *(2023: approximately HK$449,000)* higher/lower.

(iv) Discount rates for calculating lease liabilities – as lessee

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

4. FUTURE CHANGES IN HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Annual Improvements to HKFRSs	Volume 11[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 The effective date to be determined

The Directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results of the Group.

5. SEGMENT REPORTING

The executive directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments.

Based on risks and returns and the Group's internal financial reporting, the executive directors consider that the operating segments of the Group comprise:

(i) Cold storage and related services in Hong Kong; and

(ii) Trading and sales of food and beverage in the PRC and in Hong Kong.

In addition, the executive directors consider that the Group's place of domicile is Hong Kong, where the central management and control is located.

Segment results, which are the measures reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of certain other revenue and other income, central administration costs (including certain auditor's remuneration, certain depreciation of right-of-use assets and property, plant and equipment and directors' remuneration), certain finance costs and if applicable, certain other gains and losses, net and gain on disposal of a subsidiary.

All assets are allocated to operating segments other than certain rental deposits paid, certain bank and cash balances, certain property, plant and equipment, certain right-of-use assets and certain other receivables, deposits and prepayments as these assets are managed on a group basis.

All liabilities are allocated to operating segments other than certain lease liabilities, bonds payables, certain other payables and certain defined benefit plan obligations as these liabilities are managed on a group basis.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location where services are provided and based on the entity's places of domicile for the provision of cold storage and related services and trading and sales of food and beverage, assets and capital expenditure are attributed to the segments based on the location of the assets. The geographical segment information is reflected within operating segment information as the Group's two distinctive business activities are provided in two different locations.

5. SEGMENT REPORTING (continued)

Revenue from customers contributing 10% or more of the total revenue of the Group is reflected within the below operating segment information as "Major Customer".

Year ended 31 December 2024

	Cold storage and related services HK$'000	Trading and sales of food and beverage HK$'000	Consolidated HK$'000
Segment revenue			
Major Customer A	35,388	–	35,388
Other customers	145,020	38,747	183,767
Total revenue	180,408	38,747	219,155
Segment results	(19,260)	(1,215)	(20,475)
Unallocated other revenue			233
Unallocated other income			96
Unallocated other losses, net			(49)
Unallocated finance costs			(5,774)
Unallocated expenses			(14,259)
Loss before tax			(40,228)

5. SEGMENT REPORTING (continued)

Year ended 31 December 2023

	Cold storage and related services HK$'000 (Restated)	Trading and sales of food and beverage HK$'000	Consolidated HK$'000 (Restated)
Segment revenue			
Major Customer A	35,032	–	35,032
Major Customer B	–	50,160	50,160
Other customers	195,542	17,391	212,933
Total revenue	230,574	67,551	298,125
Segment results	23,234	(1,111)	22,123
Unallocated other revenue			261
Unallocated other income			353
Unallocated other losses, net			(63)
Gain on disposal of a subsidiary			12,729
Unallocated finance costs			(6,086)
Unallocated expenses			(13,884)
Profit before tax			15,433

5. SEGMENT REPORTING (continued)

Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segments is set out below:

At 31 December 2024

	Cold storage and related services HK$'000	Trading and sales of food and beverage HK$'000	Unallocated HK$'000	Consolidated HK$'000
Property, plant and equipment	3,115	365	4	3,484
Right-of-use assets	476,121	654	528	477,303
Other assets	45,068	11,054	51,423	107,545
Total assets	524,304	12,073	51,955	588,332
Total liabilities	519,934	1,787	89,486	611,207
Additional segment information:				
Depreciation of property, plant and equipment	1,394	104	30	1,528
Depreciation of right-of-use assets	82,032	545	793	83,370
Loss allowances on trade receivables, net	290	33	–	323
Written-off of inventories	–	15	–	15
Recovery of loan receivables	–	–	(81)	(81)
Written-off of trade receivables	8	–	–	8
Gains on disposal/written-off of property, plant and equipment, net	(129)	(17)	–	(146)
Additions in property, plant and equipment	1,901	–	–	1,901
Additions in right-of-use assets	349	774	–	1,123
Reassessment of lease liabilities	482,775	–	–	482,775
Interest income from bank deposits	(26)	(9)	(52)	(87)
Finance costs	8,407	18	5,774	14,199

5. SEGMENT REPORTING (continued)

Segment assets and liabilities (continued)

At 31 December 2023

	Cold storage and related services HK$'000 (Restated)	Trading and sales of food and beverage HK$'000	Unallocated HK$'000 (Restated)	Consolidated HK$'000 (Restated)
Property, plant and equipment	2,670	468	35	3,173
Right-of-use assets	75,028	453	1,322	76,803
Other assets	121,791	15,821	34,950	172,562
Total assets	199,489	16,742	36,307	252,538
Total liabilities	126,201	2,781	105,825	234,807
Additional segment information:				
Amortisation of intangible assets	–	88	–	88
Depreciation of property, plant and equipment	1,367	418	33	1,818
Depreciation of right-of-use assets	67,952	610	793	69,355
Loss allowances on trade receivables, net	38	22	–	60
Reversal of loss allowance on loan receivables, net	–	–	(55)	(55)
Written-off of intangible assets	–	234	–	234
Written-off of inventories	–	185	–	185
Written-off of loan receivables	–	–	21	21
Written-off of trade receivables	1,517	–	–	1,517
Losses on disposal/written-off of property, plant and equipment, net	23	812	–	835
Additions in property, plant and equipment	1,158	504	–	1,662
Additions in right-of-use assets	573	–	–	573
Reassessment of lease liabilities	66,145	–	–	66,145
Interest income from bank deposits	(19)	(17)	(308)	(344)
Finance costs	4,117	38	6,086	10,241

5. SEGMENT REPORTING (continued)

Geographical information

The Group's operations are located in Hong Kong and the PRC.

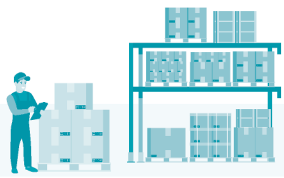
Information about of the Group's revenue from external customers and non-current assets by geographical locations of the assets (excluding pledged bank deposits and rental deposits paid) are set forth below:

	Revenue from external customers		Non-current assets	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**180,692**	230,980	**480,195**	79,581
The PRC	**38,696**	67,406	**660**	463
	219,388	298,386	**480,855**	80,044

6. REVENUE

Revenue is analysed by categories as follows:

	2024	2023
	HK$'000	HK$'000
Revenue from Contracts with Customers within HKFRS 15		
Provision of cold storage and related services		
– Cold storage services	**158,199**	201,429
– Handling services	**2,285**	3,270
– Logistics services	**19,924**	25,875
	180,408	230,574
Trading and sales of food and beverage	**38,747**	67,551
	219,155	298,125
Other revenue	**233**	261
Total revenue	**219,388**	298,386
Timing of revenue recognition		
At a point in time	**38,747**	67,551
Overtime	**180,408**	230,574
	219,155	298,125



7. OTHER INCOME

	2024 HK$'000	2023 HK$'000
Government subsidies (Note)	–	354
Imputed interest income on rental deposits paid	**3,050**	2,552
Interest income from bank deposits	**87**	344
Other services income	**8,950**	6,768
Sundry income	**65**	70
	12,152	10,088

Note: During the year ended 31 December 2023, the Group recognised government subsidies of approximately HK$97,000 in respect of Covid-19-related subsidies, of which (i) approximately HK$9,000 relates to Employment Support Scheme from the Government of HKSAR for recognised staff costs; and (ii) approximately HK$88,000 related to motivation of business development in respect of trading and sales of food and beverage business in Hong Kong. During the year ended 31 December 2023, the Group recognised government subsidy of approximately HK$257,000 in respect of Phasing out Euro IV Diesel Commercial Vehicles-Ex-gratia Payment Scheme provided by the Government of HKSAR.

In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these grants.

8. OTHER GAINS (LOSSES), NET

	2024 HK$'000	2023 HK$'000
Exchange losses, net	**(132)**	(97)
Gains (Losses) on disposal/written-off of property, plant and equipment, net	**146**	(835)
Written-off of intangible assets	–	(234)
Recovery (Written-off) of loan receivables	**81**	(21)
Written-off of trade receivables	**(8)**	(1,517)
	87	(2,704)

9. (LOSS) PROFIT BEFORE TAX

This is stated after charging:

		2024 HK$'000	2023 HK$'000 (Restated)
(a)	**Finance costs**		
	Interest expense on a bank borrowing	**1,726**	1,726
	Interest expense on bonds payables	**5,724**	6,000
	Interest expense on lease liabilities	**6,649**	2,404
	Interest expense on defined benefit plan obligations	**100**	111
		14,199	10,241
(b)	**Staff costs, including key management's remuneration**		
	Salaries, allowances, bonus and other short-term employee benefits	**60,152**	62,287
	Contributions to defined contribution plans	**3,209**	3,329
	Expenses arising from defined benefit plan obligations	**212**	168
		63,573	65,784
(c)	**Key management's remuneration, including directors' remuneration**		
	Salaries, allowances, bonus and other short-term employee benefits	**8,503**	8,275
	Contributions to defined contribution plans	**191**	189
	Expenses arising from defined benefit plan obligations	**4**	3
		8,698	8,467
(d)	**Other items**		
	Amortisation of intangible assets	**–**	88
	Auditor's remuneration		
	– audit services	**1,245**	1,245
	– non-audit services	**235**	55
	Cost of inventories recognised as expenses	**33,171**	52,619
	Depreciation of property, plant and equipment (included in "cost of revenue" and "administrative expenses", as appropriate)	**1,528**	1,818
	Depreciation of right-of-use assets (included in "cost of revenue" and "administrative expenses", as appropriate)	**83,370**	69,355
	Written-off of inventories	**15**	185

10. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

(a) Directors' remuneration

The aggregate amounts of remuneration received and receivable by the Directors are as follows:

	Directors' fees HK$'000 (Note i)	Salaries, allowances and other short-term employee benefits HK$'000 (Note ii)	Contributions to defined contribution plans HK$'000	Expenses arising from defined benefit plan obligations HK$'000	Discretionary, performance-based bonus HK$'000 (Note vii)	Total HK$'000
Year ended 31 December 2024						
Executive directors						
Mr. Fung Pak Kei (Note iii)	132	2,444	25	1	–	2,602
Mr. Ho Hon Chung, Ivan	132	1,469	–	1	–	1,602
	264	3,913	25	2	–	4,204
Non-executive directors						
Mr. Fung Wa Ko	180	–	–	–	–	180
Mr. Au Tat Wai	72	–	–	–	–	72
Ms. Kwan Nga Chung (Note vi)	1	–	–	–	–	1
	253	–	–	–	–	253
Independent non-executive directors						
Mr. Leung Chi Hung	180	–	–	–	–	180
Mr. Tse Yuen Ming	180	–	–	–	–	180
Mr. Lo Chi Wang (Note v)	180	–	–	–	–	180
	540	–	–	–	–	540
	1,057	3,913	25	2	–	4,997

10. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (continued)

(a) Directors' remuneration (continued)

	Directors' fees HK$'000 (Note i)	Salaries, allowances and other short-term employee benefits HK$'000 (Note ii)	Contributions to defined contribution plans HK$'000	Expenses arising from defined benefit plan obligations HK$'000 (Restated)	Discretionary, performance-based bonus HK$'000 (Note vii)	Total HK$'000 (Restated)
Year ended 31 December 2023						
Executive directors						
Mr. Fung Pak Kei (Note iii)	132	2,184	25	1	100	2,442
Mr. Ho Hon Chung, Ivan	132	1,412	–	1	32	1,577
	264	3,596	25	2	132	4,019
Non-executive directors						
Mr. Fung Wa Ko	180	–	–	–	–	180
Mr. Au Tat Wai	72	–	–	–	–	72
	252	–	–	–	–	252
Independent non-executive directors						
Mr. Leung Chi Hung	180	–	–	–	–	180
Mr. Tse Yuen Ming	180	–	–	–	–	180
Mr. Fung Siu Kit, Ronny (Note iv)	72	–	–	–	–	72
Mr. Lo Chi Wang (Note v)	108	–	–	–	–	108
	540	–	–	–	–	540
	1,056	3,596	25	2	132	4,811

Notes:

(i) The emoluments were for their services as directors of the Company.

(ii) The emoluments were for their services in connection with management of affairs of the Group.

(iii) Mr. Fung Pak Kei was appointed and re-designated from Chief Operating Officer (the "COO") to the Chief Executive Officer (the "CEO") with effect from 22 February 2024. His emoluments for both years disclosed above include those for services rendered by him as the COO.

(iv) Mr. Fung Siu Kit, Ronny retired as an independent non-executive director of the Company on 25 May 2023.

(v) Mr. Lo Chi Wang was appointed as an independent non-executive director of the Company on 25 May 2023.

(vi) Ms. Kwan Nga Chung was appointed as a non-executive director of the Company on 30 December 2024.

(vii) Certain executive directors of the Company are entitled to bonus payments which are determined based on the financial performance of the Group in prior year.

10. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (continued)

(a) Directors' remuneration (continued)

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2024 and 2023. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 31 December 2024 and 2023.

(b) Loans, quasi-loans and other dealings in favour of the Directors

There were no other loans, quasi-loans or other dealings in favour of the Directors or its holding company, or their connected entities that were entered into or subsisted during the years ended 31 December 2024 and 2023.

(c) Directors' material interests in transactions, arrangements or contracts

After consideration, other than disclosed in Notes 10, 29 and 32, no other transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which the Directors, or an entity connected with the Directors, had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2024 and 2023.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two *(2023: two)* directors, whose remunerations are set out in Note 10. Details of the remunerations of the remaining three *(2023: three)* non-director, highest paid employees for the years are as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances, bonus and other short-term employee benefits	**3,907**	3,774
Contributions to defined contribution plans	**54**	54
	3,961	3,828

The number of these non-director, highest paid employees whose remunerations fell within the following bands:

	Number of employees	
	2024	2023
Band		
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	1
	3	3

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration for the years ended 31 December 2024 and 2023.

12. INCOME TAX EXPENSES

Hong Kong Profits Tax

Hong Kong Profits Tax at the rate of 16.5% has not been provided as certain Group entities' estimated assessable profits were absorbed by unrelieved tax losses brought forward from previous year and some of the Group's entities incurred losses for taxation purposes in Hong Kong for the years ended 31 December 2024 and 2023.

Income taxes outside Hong Kong

The Company and its subsidiaries established in Bermuda and the British Virgin Islands ("BVI") respectively are exempted from the enterprise income tax of their respective jurisdictions.

The Group's operations in the PRC are subject to the PRC's enterprise income tax at 25% *(2023: 25%)*.

Reconciliation of income tax expenses

	2024 **HK$'000**	2023 HK$'000 (Restated)
(Loss) Profit before tax	**(40,228)**	15,433
Income tax at tax rate of 16.5%	**(6,638)**	2,546
Non-deductible expenses	**1,394**	1,411
Tax effect on other deductible temporary differences not recognised	**(216)**	3
Tax exempt revenue	**(18)**	(2,213)
Unrecognised tax losses	**5,950**	2,167
Utilisation of deductible temporary differences previously not recognised	**10**	(502)
Utilisation of previous unrecognised tax losses	**(192)**	(3,256)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(290)**	(156)
Income tax expenses for the year	**–**	–

Details of deferred taxation are set out in Note 24.

13. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share is calculated based on the loss for the year ended 31 December 2024 attributable to the equity holders of the Company of approximately HK$40,228,000 *(2023: profit for the year attributable to the equity holders of the Company of approximately HK$5,872,000 (restated))* and on the weighted average number of approximately 290,110,000 ordinary shares *(2023: approximately 290,110,000 ordinary shares)* in issue during the year ended 31 December 2024.

Diluted (loss) earnings per share is the same as basic (loss) earnings per share as there were no potential dilutive ordinary share outstanding.

14. SUBSIDIARIES

In the opinion of the Directors, a complete list of the particulars of all subsidiaries will be of excessive length and therefore the table below lists the principal subsidiaries at the end of the reporting period, which principally affected the result for the year or formed a substantial portion of the net assets of the Group:

Name of the subsidiaries	Place of incorporation/ establishment	Particulars of issued and paid-up capital/ registered capital	Effective ownership interests held by the Company 2024	2023	Principal activities/ place of operation
Directly held by the Company					
Daido (BVI) Limited	BVI	Ordinary shares, United States dollars ("US$") 2	**100%**	100%	Investment holding/ Hong Kong
Indirectly held by the Company					
Brilliant Cold Chain Worldwide Limited *(formerly known as "Gold View Management Limited")*	Hong Kong	Ordinary share, HK$1	**100%**	100%	Provision of cold storage and related services/ Hong Kong
Brilliant Cold Storage Management Limited	Hong Kong	Ordinary shares, HK$2	**100%**	100%	Provision of cold storage and related services, and sales of food and beverage/ Hong Kong
Brilliant Top In Logistics Limited	Hong Kong	Ordinary shares, HK$2	**100%**	100%	Provision of logistics and related services/ Hong Kong
Diamond Sparkling Limited	Hong Kong	Ordinary share, HK$10	**100%**	100%	Provision of management service/Hong Kong
Lubrano Properties Limited	BVI	Ordinary shares, US$50,000	**100%**	100%	Investment holding/ Hong Kong
Sky Elegant Development Limited	Hong Kong	Ordinary share, HK$1	**100%**	100%	Investment holding/ Hong Kong
Tansun Trading (Guangzhou) Limited* 同瞬貿易(廣州)有限公司#	PRC	Registered capital RMB30,000,000 Paid-up capital RMB20,000,000	**100%**	100%	Trading and sales of food and beverage/PRC
Topgain Investments Limited	BVI	Ordinary share, US$1	**100%**	100%	Investment holding/ Hong Kong

Registered under the law of the PRC as a wholly-owned foreign enterprise.

* For identification purposes only.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Plant and machinery and equipment HK$'000	Total HK$'000
Cost					
At 1 January 2023	11,338	1,645	9,799	16,842	39,624
Additions	–	34	500	1,128	1,662
Write-off	(1,473)	(1,015)	(118)	(6,542)	(9,148)
At 31 December 2023 and at 1 January 2024	**9,865**	**664**	**10,181**	**11,428**	**32,138**
Additions	**330**	**2**	**–**	**1,569**	**1,901**
Disposals	**–**	**–**	**(1,917)**	**(190)**	**(2,107)**
Write-off	**(278)**	**(183)**	**–**	**(3,036)**	**(3,497)**
Transfer from right-of-use assets	**–**	**–**	**658**	**–**	**658**
At 31 December 2024	**9,917**	**483**	**8,922**	**9,771**	**29,093**
Accumulated depreciation and impairment					
At 1 January 2023	10,367	1,319	9,705	14,069	35,460
Charges	291	164	53	1,310	1,818
Write-off	(826)	(932)	(118)	(6,437)	(8,313)
At 31 December 2023 and at 1 January 2024	**9,832**	**551**	**9,640**	**8,942**	**28,965**
Charges	**62**	**75**	**100**	**1,291**	**1,528**
Disposals	**–**	**–**	**(1,857)**	**(188)**	**(2,045)**
Write-off	**(278)**	**(183)**	**–**	**(3,036)**	**(3,497)**
Transfer from right-of-use assets	**–**	**–**	**658**	**–**	**658**
At 31 December 2024	**9,616**	**443**	**8,541**	**7,009**	**25,609**
Net carrying amount					
At 31 December 2024	**301**	**40**	**381**	**2,762**	**3,484**
At 31 December 2023	33	113	541	2,486	3,173

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	Cold storage warehouse HK$'000	Offices HK$'000	Motor vehicles HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 December 2023				
At 1 January 2023	76,080	3,201	183	79,464
Additions	–	–	573	573
Reassessment of lease liabilities	66,145	–	–	66,145
Depreciation	(67,737)	(1,403)	(215)	(69,355)
Exchange realignments	–	(24)	–	(24)
At 31 December 2023	74,488	1,774	541	76,803
Reconciliation of carrying amount – year ended 31 December 2024				
At 1 January 2024	**74,488**	**1,774**	**541**	**76,803**
Additions	**–**	**774**	**349**	**1,123**
Reassessment of lease liabilities	**482,775**	**–**	**–**	**482,775**
Depreciation	**(81,847)**	**(1,338)**	**(185)**	**(83,370)**
Exchange realignments	**–**	**(28)**	**–**	**(28)**
At 31 December 2024	**475,416**	**1,182**	**705**	**477,303**
At 31 December 2023				
Cost	382,174	8,828	1,231	392,233
Accumulated depreciation and impairment	(307,686)	(7,054)	(690)	(315,430)
Net carrying amount	74,488	1,774	541	76,803
At 31 December 2024				
Cost	**864,949**	**9,440**	**922**	**875,311**
Accumulated depreciation and impairment	**(389,533)**	**(8,258)**	**(217)**	**(398,008)**
Net carrying amount	**475,416**	**1,182**	**705**	**477,303**

The total cash outflow for leases was approximately HK$84,121,000 *(2023: approximately HK$76,589,000)* for the year ended 31 December 2024.

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Right-of-use assets (continued)

For the years ended 31 December 2024 and 2023, the Group leases cold storage warehouses, offices premises, and motor vehicles for its operations. Lease contracts are entered into for fixed terms ranged from 2 to 13 years *(2023: 2 to 8 years)*, but may have termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Cold storage warehouses

During the year ended 31 December 2023, the Group reassessed the lease term of one of the cold storage warehouse (the "Cold Storage Warehouse") and extended the lease term to additional one year from 31 December 2023 (the "2023 Reassessment") based on the original lease agreement signed on 27 May 2019 (the "Original Lease Agreement"). During the year ended 31 December 2023, the Group recognised additional right-of-use assets arising from reassessment of approximately HK$66,145,000 and lease liabilities of approximately HK$63,355,000 as a result of the 2023 Reassessment.

On 27 December 2024, the Group and the landlord of the Cold Storage Warehouse (the "Landlord") have reassessed the terms and conditions of the Original Lease Agreement and (1) entered into a confirmation letter (the "Confirmation Letter") with the Landlord in respect of the lease for 3 years from 15 February 2024 and (2) entered into an offer letter in respect of the lease for 5 years from 15 February 2027 (the "Offer Letter") in respect of the lease of the Cold Storage Warehouse with renewed terms and conditions (collectively referred to as the "2024 Reassessment"). In regard to the 2024 Reassessment, the Group has recognised right-of-use assets of approximately HK$482,775,000 (approximately HK$175,926,000 was recognised under the Confirmation Letter while approximately HK$306,849,000 was recognised under the Offer Letter) and lease liabilities of approximately HK$473,932,000 (approximately HK$172,789,000 was recognised under the Confirmation Letter while approximately HK$301,143,000 was recognised under the Offer Letter) as a result of the reassessment of the lease.

At 31 December 2024, the lease liabilities of the Group's Cold Storage Warehouse were secured or guaranteed by the cash deposit and the corporate guarantee provided by the Company which are aggregately in approximately HK$106,984,000 *(2023: approximately HK$93,472,000)* and the floating charges and share charges provided by the subsidiaries of the Group *(2023: share charges provided by the subsidiary of the Group)*.

Motor vehicles

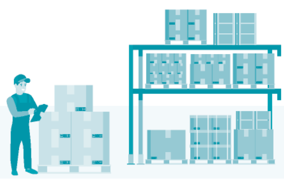
During the year ended 31 December 2024, the Group entered into a new lease agreement for the use of one motor vehicle for 5 years *(2023: for the use of one motor vehicle for 5 years)*. On the lease commencement, the Group recognised right-of-use assets of HK$349,000 *(2023: HK$573,000)* and lease liabilities of HK$315,000 *(2023: HK$573,000)*.

At 31 December 2024, the carrying amount of motor vehicles of approximately HK$705,000 *(2023: approximately HK$541,000)* were pledged as the lessors' charge over the leased assets to secure the lease liabilities of approximately HK$655,000 *(2023: approximately HK$507,000)* and such lease liabilities are secured by the personal guarantee provided by one of the directors of the Company.

Termination option

The Group has a termination option in a lease for its Cold Storage Warehouse under the Original Lease Agreement. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The termination option held is exercisable by both the Group and the lessor. There is no termination option under the Confirmation Letter and the Offer Letter.

The Group assesses at lease commencement date whether it is reasonably certain not to exercise the termination option. For the termination option under the Original Lease Agreement, the potential exposures to these future lease payments for termination option in which the Group is not reasonably certain not to exercise at 31 December 2023 are summarised below:



16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Termination option (continued)

	Lease liabilities recognised (discounted) HK$'000	Potential future lease payments not included in lease liabilities (undiscounted) HK$'000
Cold storage warehouse – Hong Kong	72,548	158,902

In addition, the Group reassesses whether it is reasonably certain not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2023, there is no such triggering event.

Under the agreements for the Confirmation Letter and the Offer Letter, the Group has no termination option for its leases of the Cold Storage Warehouse, hence, there are no potential exposures to the future lease payments for termination options disclosed for the year ended 31 December 2024.

Lease liabilities

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**52,960**	73,918
Within a period more than one year but not exceeding two years	**56,390**	664
Within a period more than two years but not exceeding five years	**195,646**	290
Over five years	**167,456**	–
	472,452	74,872
Less: Amount due for settlement within twelve months shown under current liabilities	**(52,960)**	(73,918)
Amount due for settlement over twelve months shown under non-current liabilities	**419,492**	954

The Group has recognised the following amounts regard to the Group's leases for the year:

	2024 HK$'000	2023 HK$'000
Interest expenses on lease liabilities	**6,649**	2,404
Depreciation of right-of-use assets	**83,370**	69,355
Expenses relating to short-term leases	**68**	72
Total amount recognised in profit or loss	**90,087**	71,831

At 31 December 2024, the weighted average effective interest rate for the lease liabilities of the Group was 7.53% per annum *(2023: 5.59%)*.

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Restrictions or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessors, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those properties in a good state of repair and return the properties in their original condition at the end of the leases.

Commitment under leases

At 31 December 2024, the Group was committed to pay approximately HK$6,000 *(2023: approximately HK$61,000)* for short-term leases.

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	2024 HK$'000	2023 HK$'000
Trade receivables from third parties		**30,627**	44,856
Less: Loss allowances	33(a)(iii)	**(637)**	(314)
	(a)	**29,990**	44,542
Other receivables			
Other receivables		**203**	252
Rental deposits paid		**12,829**	53,431
Deposits and prepayments		**2,412**	2,831
Other deposit paid	(b)	**–**	6,900
		15,444	63,414
Sub-total		**45,434**	107,956
Less: Presented under non-current assets			
Rental deposits paid		**(12,618)**	(195)
Total presented under current assets		**32,816**	107,761

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(a) Trade receivables

The Group does not allow any credit period to its trade debtors except for certain customers who are allowed for credit period ranged from 30 to 60 days. At the end of the reporting period, the ageing analysis of the trade receivables (net of loss allowances) by invoice date are as follows:

	2024	2023
	HK$'000	HK$'000
Within 30 days	**13,142**	22,919
31 to 60 days	**8,069**	12,353
61 to 90 days	**3,352**	5,674
91 to 120 days	**1,269**	1,203
More than 120 days	**4,158**	2,393
	29,990	44,542

At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowances) by due date are as follows:

	2024	2023
	HK$'000	HK$'000
Current	**8,974**	15,177
Past due:		
1 to 30 days	**12,370**	20,128
31 to 60 days	**3,297**	6,006
61 to 90 days	**1,155**	1,950
91 to 120 days	**1,120**	1,088
More than 120 days	**3,074**	193
	21,016	29,365
	29,990	44,542

At 31 December 2024, included in the carrying amounts of trade receivables are loss allowances of approximately HK$637,000 *(2023: approximately HK$314,000)*. Details of impairment assessments of trade receivables are set out in Note 33(a)(iii).

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) Other deposit paid

At 31 December 2023, the Group's other deposit paid represented a deposit of HK$6,900,000 placed at a cold storage facility services provider in respect of the cold storage facility service, including cold storage space, related management and consulting services and logistics services with initial commitment of two years. Such a deposit was refundable upon the expiration of the contract or termination of the services with a minimum of six months notice period. During the year ended 31 December 2024, along with the expiration of the cold storage facility services agreement, the Group received the refund of the deposit from the service provider.

At 31 December 2023, the Group was committed to pay HK$12,400,000 for the abovementioned cold storage facility services.

18. PLEDGED BANK DEPOSITS

At 31 December 2024, a bank provides the Group with banking facilities which represented guarantees provided in favour of the Group's Cold Storage Business to the extent of HK$3,500,000 *(2023: HK$3,500,000)* and are secured by bank deposits amounting to HK$1,700,000 *(2023: HK$1,700,000)*. At 31 December 2024, the utilised banking facilities in this regard was HK$1,410,000 *(2023: HK$1,410,000)*.

The pledged bank deposits were bearing a fixed interest rate of 0.82% *(2023: 0.82%)* per annum at 31 December 2024.

The Group performed impairment assessments on its pledged bank deposits and concluded that the probability of defaults from the bank was insignificant, hence, no loss allowance was provided.

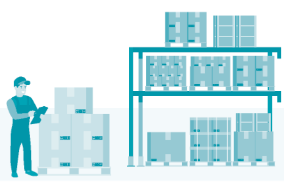
19. INVENTORIES

	2024	2023
	HK$'000	HK$'000
Finished goods	**578**	886

20. BANK AND CASH BALANCES

Bank and cash balances comprise short-term bank deposits which carried at average prevailing market interest rates of approximately 0.12% *(2023: approximately 0.54%)* per annum.

The Group performed impairment assessments on bank balances and concluded that the probability of defaults of the banks were insignificant, hence, no loss allowance was provided.



21. TRADE AND OTHER PAYABLES

	Note	2024 HK$'000	2023 HK$'000 (Restated)
Trade payables	(a)	**2,760**	4,590
Other payables			
Accruals and other payables		**3,253**	2,651
Accrued staff costs		**1,809**	3,557
Bonds interest payables		**2,341**	2,992
		7,403	9,200
		10,163	13,790

(a) Trade payables

Except for certain trade creditors who allowed the Group with 30 days credit period, no credit period is generally allowed by trade creditors and no interest is charged by trade creditors. At the end of the reporting period, the ageing analysis of the trade payables by invoice date is as follows:

	2024 HK$'000	2023 HK$'000
Within 30 days	**2,158**	3,305
31 to 60 days	**602**	1,245
61 to 90 days	**–**	33
91 to 120 days	**–**	7
	2,760	4,590

22. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Cold storage and related services	**5,200**	7,315
Trading and sales of food and beverage	**59**	51
	5,259	7,366

At 31 December 2024 and 2023, the contract liabilities were expected to be settled within 12 months from the end of the reporting period. As permitted under HKFRS 15, the transaction price allocation to the unsatisfied contracts is not disclosed.

Contract liabilities mainly represent advance billings to customers for the provision of cold storage and related services but revenue has not been recognised as performance obligations have not yet been satisfied before the end of the reporting period. The Group normally request payments from customers with one month in advance in regard to the provision of cold storage and related services.

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**7,366**	8,619
Recognised as revenue	**(7,366)**	(8,619)
Receipt in advances	**5,259**	7,366
At 31 December	**5,259**	7,366

23. BANK BORROWING

	2024 HK$'000	2023 HK$'000
Fixed-rate secured bank borrowing	**35,000**	35,000
Carrying amounts of the bank borrowing and the maturity analysis based on the scheduled repayment date set out in the loan agreement were:		
Within one year	**35,000**	–
More than one year, but not exceeding two years	**–**	35,000
	35,000	35,000

The Group is required to comply with certain restrictive non-financial covenants and undertaking requirements. The Directors had reviewed all required covenant requirements of the Group and no breach of covenants noted for both years.

The bank borrowing is secured by the corporate guarantee provided by the Company.

At 31 December 2024 and 2023, the bank borrowing is to be payable in full on 23 April 2025. The effective interest rate (which are also equal to contracted interest rates) on the Group's fixed-rate bank borrowing is 5% per annum.

24. DEFERRED TAXATION

The movements for the Group's deferred tax assets (liabilities) were as follows:

	Tax losses HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 January 2023	20	(20)	–
(Charged) Credited to profit or loss	(20)	20	–
At 31 December 2023, 1 January 2024 and **31 December 2024**	–	–	–

Unrecognised deferred tax assets

At the end of the reporting period, the Group has unused tax losses of approximately HK$215,819,000 *(2023: approximately HK$183,126,000 (restated))* available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

At the end of the reporting period, the Group has other deductible temporary differences of approximately HK$3,167,000 *(2023: approximately HK$3,073,000)* in respect of which no deferred tax asset has been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group has the following tax losses arising in the PRC that can be offset against future taxable profits of the respective subsidiaries for a maximum of five years from the year in which the tax loss was incurred:

	2024 **HK$'000**	2023 HK$'000
Year of expiry		
2026	**9,107**	9,107
2027	**9,795**	9,795
2028	**2,645**	2,645
2029	**3,265**	–
	24,812	21,547

Except for the tax losses arising in the PRC, remaining tax losses are carried forward indefinitely.

25. BONDS PAYABLES

On 13 November 2014, the Company and the placing agent entered into the placing agreement, pursuant to which placing agent has agreed to, on a best effort basis, to procure independent placees to subscribe in cash for the bonds ("Original Bonds") in an aggregated principal amount of up to HK$500,000,000. The aggregate principal amount of HK$100,000,000 were issued in the years ended 31 December 2014 and 31 December 2015 with principal amount of HK$40,000,000 and HK$60,000,000, respectively.

The principal terms of the Original Bonds are summarised as below:

Aggregate principal amount	:	Up to HK$500,000,000
Denomination	:	In denomination of HK$10,000,000 each in the minimum (or for any amount over HK$10,000,000, in integral multiples of HK$10,000,000 each).
Interest	:	6% per annum, accrued daily on a 360-day basis and payable annually in arrears, up to the maturity date of the relevant bonds.
Maturity date	:	The ninth anniversary of the date of issue of the relevant bonds.
Early redemption	:	The Company may at any time before the maturity date and from time to time by serving at least 60 days' prior written notice to the bondholder with the total amount proposed to be redeemed from the bondholder specified therein, redeem the bonds (in whole or in part) at 100% of the total amount of such bonds together with payment of interests accrued up to the date of such early redemption.

On 17 November 2023, 11 December 2023 and 28 December 2023, the Company agreed to issue the bonds (the "2023 Bonds") and four bondholders have agreed to accept the 2023 Bonds in place of the Original Bonds in the principal amount of HK$40,000,000. The bondholders have agreed to instruct and authorise the placing agent to surrender the Original Bonds to the Company for cancellation. The monies payable by the bondholders to the Company for issuing the 2023 Bonds shall be set off against the principal amounts of the Original Bonds on a dollar-to-dollar basis.

On 15 January 2024, 5 February 2024, 12 March 2024, 21 May 2024 and 28 May 2024, the Company agreed to issue the bonds (the "2024 Bonds") and six bondholders have agreed to accept the 2024 Bonds in place of the Original Bonds in the principal amount of HK$60,000,000. The bondholders have agreed to instruct and authorise the placing agent to surrender the Original Bonds to the Company for cancellation. The monies payable by the bondholders to the Company for issuing the 2024 Bonds shall be set off against the principal amounts of the Original Bonds on a dollar-to-dollar basis.

25. BONDS PAYABLES (continued)

The principal terms of the 2023 Bonds and the 2024 Bonds are summarised below:

Aggregate principal amount	:	HK$10,000,000 for each bond issued.
Denomination	:	In denomination of HK$10,000,000 each in the minimum.
Interest	:	6% per annum, accrued daily on a 360-day basis and payable annually in arrears, up to the maturity date of the relevant bonds.
Maturity date	:	From six months to the first anniversary of the date of issue of the relevant bonds (maturity date of certain the 2023 Bonds and the 2024 Bonds can be further extended from six months or one year to the first anniversary of the date of the renewal of the relevant bonds once the Company and the respective bondholders mutually agreed).
Early redemption	:	The Company may not early redeem the bonds before the maturity date, unless agreed with the bondholders.

During the year ended 31 December 2024, certain of the 2023 Bonds and 2024 Bonds with total principal amount of HK$40,000,000 and HK$10,000,000, respectively, were matured and the Company has settled in the principal amount of HK$5,000,000 and HK$10,000,000, respectively; and for the remaining of HK$35,000,000 of the matured 2023 Bonds, the Company has obtained consent in writing from the bondholders to extend the maturity date of that bonds for 3 months to one year. In addition, in December 2024, the Company has also obtained consent in writing from one of the 2024 Bonds' bondholders to extend the maturity date of that bond with principal amount of HK$10,000,000 for which the original maturity date is 15 January 2025.

Bonds payables with principal amount of HK$75,000,000 *(2023: HK$100,000,000)* will mature within twelve months from the end of the reporting period and was classified as current liabilities; and bonds payable with principal amount of HK$10,000,000 *(2023: Nil)* will mature over one year from the end of the reporting period and was classified as non-currents liabilities.

At the end of the reporting period, interest in bonds payables at par value of HK$85,000,000 *(2023: HK$100,000,000)* is payable annually and the principal is repayable in full upon maturity.

26. DEFINED BENEFIT PLAN OBLIGATIONS

	2024 HK$'000	2023 HK$'000 (Restated)
Long service payments liabilities	**3,333**	3,779

Long service payments liabilities

Defined contribution scheme

The Group operates a MPF scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance") in December 2000 for all qualifying employees including Directors in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of the independent trustee. Contributions to the MPF Scheme are in accordance with the statutory limits prescribed by the MPF Ordinance. Both employees' and the Group's contributions are calculated at 5% of the employee's monthly relevant income with the mandatory cap. Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit schemes. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. Where there are employees who leave the state-managed retirement benefit schemes prior to vesting fully in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group.

LSP obligation

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × years of services

Last monthly wages are capped at HK$22,500 while the amount of LSP shall not exceed HK$390,000. This obligation is accounted for as a postemployment defined benefit plan.

The MPF Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement').

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

26. DEFINED BENEFIT PLAN OBLIGATIONS (continued)

Long service payments liabilities (continued)

LSP obligation (continued)

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. On the other hand, the accrued benefits derived from the Group's voluntary contributions made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has an impact on the Group's LSP liability with respect to employees that participate in MPF Scheme and the Group has accounted for the offsetting mechanism and its abolition as disclosed in Note 3.

The present value of unfunded LSP obligations and its movements are as follows:

	2024	2023
	HK$'000	HK$'000
		(Restated)
At the beginning of the year	**3,779**	3,853
Expenses recognised in profit or loss:		
Current service costs	**212**	168
Interest expenses	**100**	111
	312	279
Remeasurements recognised in other comprehensive income:		
Actuarial gains arising from changes in demographic assumptions	**(1)**	–
Actuarial (gains) losses arising from changes in financial assumptions	**(104)**	158
Actuarial losses arising from changes in experience adjustments	**125**	452
	20	610
Benefits paid directly by employer	**(778)**	(963)
At the end of the reporting period	**3,333**	3,779

The weighted average duration of the LSP obligation at 31 December 2024 is 7.6 years *(2023: 7.3 years)*.

Cost of revenue of approximately HK$167,000 *(2023: approximately HK$144,000)*, selling and distribution expenses approximately HK$2,000 *(2023: approximately HK$5,000)* and administrative expenses approximately HK$43,000 *(2023: approximately HK$19,000)* have been recognised in profit or loss for the year ended 31 December 2024, respectively.

26. DEFINED BENEFIT PLAN OBLIGATIONS (continued)

Long service payments liabilities (continued)

LSP obligation (continued)

A portion of the above liabilities is expected to be settled after more than one year. However, it is not practical to segregate the amount from the amounts payable in the next twelve months, as the retirement benefit payable will also depend on staff turnover and future changes in actuarial assumptions.

The significant actuarial assumptions adopted were as follows:

	2024	2023
Discount rate	**3.50%**	3.10%
Expected rate of salary increases	**3.00%**	3.00%
Expected investment return on offsettable MPF accrued benefits	**4.00%**	4.00%

The sensitivity of the LSP obligation to reasonable possible changes for each significant actuarial assumption as at the reporting period is as follows:

	2024		2023	
	Change in assumption (approximately)	**Change in defined benefit plan obligations (approximately)**	Change in assumption (approximately)	Change in defined benefit plan obligations (approximately)
Discount rate	**Increase/ Decrease 0.25%**	**Decrease/ Increase 1.9%**	Increase/ Decrease 0.25%	Decrease/ Increase 1.9%
Expected rate of salary increases	**Increase/ Decrease 0.25%**	**Increase/ Decrease 0.1%**	Increase/ Decrease 0.25%	Increase/ Decrease 0.1%
Expected investment return on offsettable MPF accrued benefits	**Increase/ Decrease 0.25%**	**Decrease/ Increase 0.9%**	Increase/ Decrease 0.25%	Decrease/ Increase 1.1%

The above sensitivity analyses are prepared based on a reasonable possible change in each actuarial assumption adopted, with other assumptions held constant. Other actuarial assumptions may also change with the above assumptions. Such change is not accounted for in the above analyses. The projected unit credit method is used to determine the present value of the LSP obligations and the related current service costs and where applicable the past service costs. The same method and the type of actuarial assumptions were adopted in preparing the sensitivity analyses for the years ended 31 December 2024 and 2023.

27. SHARE CAPITAL

	Number of shares '000	HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and **31 December 2024**	60,000,000	600,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and **31 December 2024**	290,110	2,901

28. RESERVES

(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981.

(b) Capital reserve

The capital reserve represents:

(i) on 24 November 2009, every five issued and unissued existing shares of HK$0.01 each in share capital of the Company was consolidated into one consolidated share of HK$0.05 (the "2009 Share Consolidation"). After the completion of the 2009 Share Consolidation, the par value of each issued consolidated share is reduced from HK$0.05 to HK$0.01 by cancelling the paid up capital to the extent of HK$0.04 on each issued consolidated share (the "2009 Capital Reduction"). The credit arising in the accounts of the Company from the 2009 Capital Reduction was credited to capital reserve account of the Company on 18 December 2009; and

(ii) on 24 March 2022, every ten issued existing shares of HK$0.01 each in share capital of the Company were consolidated into one consolidated share of HK$0.10 (the "2022 Share Consolidation"). After the completion of the 2022 Share Consolidation, the par value of each issued consolidated share is reduced from HK$0.10 to HK$0.01 by cancelling the paid up capital to the extent of HK$0.09 on each issued consolidated share (the "2022 Capital Reduction"). The credit arising in the accounts of the Company from the 2022 Capital Reduction was credited to capital reserve account of the Company on the same date.

(c) Exchange reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group's subsidiaries. The reserve is dealt with in accordance with the accounting policies as set out in Note 3.

(d) FVOCI reserve

The reserve comprises the cumulative net change in the fair value of financial assets at FVOCI held in prior years.

(e) Dividend

The Directors do not recommend the payment of a dividend for the years ended 31 December 2024 and 2023.

29. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "2015 Scheme") on 2 June 2015, under which the Board of Directors may, at its discretion, grant share options to any eligible participant to subscribe for ordinary shares of the Company subject to the terms and conditions stipulated therein. Apart from the 2015 Scheme, the Group has no other share schemes as at the end of reporting period.

The scheme mandate limit of the 2015 Scheme was refreshed at the annual general meeting of the Company held on 27 May 2021. At 31 December 2024, there are outstanding 23,208,832 *(2023: 23,208,832)* share options, entitling the holders thereof to convert into an aggregate of 23,208,832 *(2023: 23,208,832)* shares at the time upon exercise of the share options. All the 23,208,832 *(2023: 23,208,832)* share options are granted under the 2015 Scheme, details of which were disclosed in paragraph (j) below. There are no other share options granted under the 2015 Scheme.

Summary of the 2015 Scheme are set out below:

(a) Purpose

The purpose of the 2015 Scheme is to provide incentives and rewards to the eligible participants who, in the sole discretion of the Board of Directors, has contributed or may contribute to the growth and development of the Group in recognition of their contribution to the Group.

(b) Eligible participants

Eligible participants include any full time or part time employees of the Group or any invested entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary or any invested entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensees) or distributors, landlords or tenants (including any sub-tenants) of the Group or any invested entity or any person who, in the sole discretion of the Board of Directors, has contributed or may contribute to the growth and development of the Group eligible for options under the 2015 Scheme.

(c) Maximum number of shares available for issue

(1) Total number of shares available for issue under the 2015 Scheme as at the end of reporting period: 17,406,624 *(2023: 17,406,624)*; and

(2) Percentage of the issued share capital that it represents as at the end of reporting period: 6% *(2023: 6%).*

(d) Maximum entitlement of each eligible participant

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-months period to:

(1) each eligible participant must not exceed 1.0% of the total number of shares in issue; and

(2) a substantial shareholder of the Company or an independent non-executive director must not in aggregate exceed 0.1% of the total number of shares in issue and not exceed HK$5 million in aggregate value.

29. SHARE OPTION SCHEME (continued)

(e) Option period

An option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of 10 years from the date of the grant of the particular option but subject to the provisions for early termination of the 2015 Scheme.

(f) Vesting schedule for an option

Vesting period (as the case may be) may specify by the Board of Directors at the time of grant. Unless the options have been withdrawn and cancelled or been forfeited in whole or in part, the grantee may exercise his rights according to the vesting schedule set out in the relevant grant letter. The option must be exercised no more than 10 years from the grant date.

No specified minimum period for which an option must be held, unless otherwise specified by the Board of Directors at the time of grant.

(g) Acceptance of offer

(1) Amount payable on application or acceptance of the option:
A non-refundable nominal consideration of HK$1 is payable by the grantee upon acceptance of an option;

(2) The period within which payments or calls must or may be made:
21 days inclusive of, from the offer date of an option (the "Offer Date"); and

(3) The period within which loans for the purposes of the payments or calls must be repaid:
Not applicable.

(h) Exercise price

The exercise price for shares under the 2015 Scheme shall be determined by the Board of Directors at its absolute discretion but in any event will not be less than the highest of:

(1) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on Offer Date, which must be a business day;

(2) the average of the closing prices of the shares on the Stock Exchange as shown in the daily quotations sheets of the Stock Exchange for the 5 business days immediately preceding the Offer Date; and

(3) the nominal value of the shares on the Offer Date.

(i) The remaining life of the 2015 Scheme

Approximately 1 year *(2023: approximately 2 years)* (expiring on 1 June 2025).

29. SHARE OPTION SCHEME (continued)

(j) Outstanding options under the 2015 Scheme

At 31 December 2024

Grantees	Notes	Date of grant	Exercise price per share HK$	Closing price immediately before the date of grant HK$	Exercise period	Number of share options: Outstanding at 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2024
Category 1: Directors											
Fung Pak Kei	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	2,901,104	–	–	–	–	2,901,104
	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	2,901,104	–	–	–	–	2,901,104
Ho Hon Chung, Ivan	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	2,901,104	–	–	–	–	2,901,104
	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	2,901,104	–	–	–	–	2,901,104
Sub-total:						11,604,416	–	–	–	–	11,604,416
Category 2: Employees											
Five highest paid individuals during 2021 (excluding Directors) – In aggregate	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	5,802,208	–	–	–	–	5,802,208
Five highest paid individuals during 2022 (excluding Directors) – In aggregate	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	5,802,208	–	–	–	–	5,802,208
Sub-total:						11,604,416	–	–	–	–	11,604,416
Total:						23,208,832	–	–	–	–	23,208,832

29. SHARE OPTION SCHEME (continued)

(j) Outstanding options under the 2015 Scheme (continued)

At 31 December 2023

						Number of share options					
Grantees	Notes	Date of grant	Exercise price per share HK$	Closing price immediately before the date of grant HK$	Exercise period	Outstanding at 1 January 2023	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2023
Category 1: Directors											
Fung Pak Kei	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	2,901,104	–	–	–	–	2,901,104
	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	2,901,104	–	–	–	–	2,901,104
Ho Hon Chung, Ivan	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	2,901,104	–	–	–	–	2,901,104
	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	2,901,104	–	–	–	–	2,901,104
Sub-total:						11,604,416	–	–	–	–	11,604,416
Category 2: Employees											
Five highest paid individuals during 2021 (excluding Directors) – In aggregate	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	5,802,208	–	–	–	–	5,802,208
Five highest paid individuals during 2022 (excluding Directors) – In aggregate	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	5,802,208	–	–	–	–	5,802,208
Sub-total:						11,604,416	–	–	–	–	11,604,416
Total:						23,208,832	–	–	–	–	23,208,832

29. SHARE OPTION SCHEME (continued)

(j) Outstanding options under the 2015 Scheme (continued)

Notes:

1. The vesting period of the options was from the date of grant till commencement of its exercise period, which would be from 30 April 2021 to 31 December 2021. The performance targets relate to the performance of the Group and the performance targets have been achieved. The option period during which the options may be exercised is the period from 1 January 2022 to 29 April 2031 (subject to the provisions for early termination of the 2015 Scheme and the achievement of performance target to be determined from time to time at the absolute discretion of the Board of Directors). The date of grant was 30 April 2021. The weighted average closing price of the shares immediately before the vesting was approximately HK$0.37 per share (as adjusted by the 2022 Capital Reorganisation).

2. The vesting period of the options was from the date of grant till commencement of its exercise period, which would be from 4 May 2022 to 31 December 2022. The performance targets relate to the performance of the Group and the performance targets have been achieved. The option period during which the options may be exercised is the period from 1 January 2023 to 3 May 2032 (subject to the provisions for early termination of the 2015 Scheme and the achievement of performance target to be determined from time to time at the absolute discretion of the Board of Directors). The date of grant was 4 May 2022. The weighted average closing price of the shares immediately before the vesting was approximately HK$0.179 per share.

3. All grantees shown in this table are employees of the Group working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

4. The adjustments in relation to the outstanding share options have been made upon the 2022 Capital Reorganisation on the exercise price and the closing price immediately before the date of grant.

(k) Scheme Limit, refreshment of Scheme Limit and maximum number of shares which may be issued

A total of 17,406,624 shares *(2023: 17,406,624 shares)* may be granted under the 2015 Scheme, representing 6% *(2023: 6%)* of the issued share capital (the "Scheme Limit") as at the end of reporting period, unless otherwise permitted by the Listing Rules and the Company obtaining the approval of its shareholders to refresh the Scheme Limit. The Company may seek the approval of its shareholders in general meeting to refresh the Scheme Limit such that the total number of shares which may be issued upon exercise of all options that may be granted under the 2015 Scheme and any other option scheme involving the issue or grant of options over shares or other securities by the Company under the limit as refreshed shall not exceed 10% of the issued share capital of the Company as at the date of approval of the refreshed limit.

The Company may seek the approval of its shareholders in general meeting to grant options which will result in the number of shares in respect of all the options granted under the 2015 Scheme and all the options granted under any other option scheme exceeding 10% of the issued share capital of the Company, provided that such options are granted only to participants specifically identified by the Company before the approval of shareholders is sought.

23,208,832 shares *(2023: 23,208,832 shares)* that may be issued in respect of options granted under 2015 Scheme during the year ended 31 December 2024 divided by the weighted average number of shares of the relevant class in issue of 290,110,400 shares *(2023: 290,110,400 shares)* for the year is 8% *(2023: 8%)*.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Scheme and any other options granted and yet to be exercised under any other option scheme shall not exceed 30% of the issued share capital of the Company from time to time.

29. SHARE OPTION SCHEME (continued)

(l) Fair value of options

The fair value of outstanding share options granted on 4 May 2022 and 30 April 2021 are calculated using the Binomial Option Pricing Model, with the following key inputs:

	Date of grant	
	4 May 2022	30 April 2021
Fair value – Category 1	HK$0.12	HK$0.24*
– Category 2	HK$0.11	HK$0.21*
Share price immediately before the grant date	HK$0.188	HK$0.37*
Share price at grant date	HK$0.188	HK$0.39*
Exercise price	HK$0.192	HK$0.39*
Expected volatility	72.33%	71.63%
Risk-free interest rate	3.08%	1.42%
Expected dividends	Nil	Nil

* The adjustments in relation to the outstanding share options have been made upon the 2022 Capital Reorganisation on the exercise price and other key inputs.

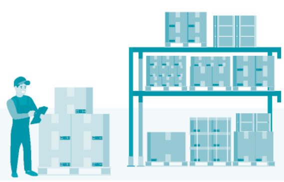
The expected volatility was determined using the historical volatility of the Company's share prices. The values of above share options vary with different variables of certain subjective assumptions in regard to the limitation of calculation model applied.

During the years ended 31 December 2024 and 2023, there is no share option granted.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Details of the changes in the Group's liabilities from financing activities are as follows:

	Bank borrowing HK$'000	Lease liabilities HK$'000	Bonds payables HK$'000	Bonds interest payables HK$'000	Total HK$'000
At 1 January 2023	35,000	85,080	100,000	2,992	223,072
Financing cash flows:					
Interest paid	(1,726)	(2,404)	–	(6,000)	(10,130)
Repayment of lease liabilities	–	(74,113)	–	–	(74,113)
Non-cash transactions:					
Interest expenses	1,726	2,404	–	6,000	10,130
New lease entered/lease reassessment	–	63,928	–	–	63,928
Cancellation of the bonds	–	–	(40,000)	–	(40,000)
Issuance of the bonds	–	–	40,000	–	40,000
Exchange realignments	–	(23)	–	–	(23)
At 31 December 2023 and 1 January 2024	**35,000**	**74,872**	**100,000**	**2,992**	**212,864**
Financing cash flows:					
Interest paid	**(1,726)**	**(6,649)**	**–**	**(6,375)**	**(14,750)**
Repayment of lease liabilities	**–**	**(77,404)**	**–**	**–**	**(77,404)**
Repayment of bonds payables	**–**	**–**	**(15,000)**	**–**	**(15,000)**
Non-cash transactions:					
Interest expenses	**1,726**	**6,649**	**–**	**5,724**	**14,099**
New lease entered/lease reassessment	**–**	**475,012**	**–**	**–**	**475,012**
Cancellation of the bonds	**–**	**–**	**(95,000)**	**–**	**(95,000)**
Issuance/Renewal of the bonds	**–**	**–**	**95,000**	**–**	**95,000**
Exchange realignments	**–**	**(28)**	**–**	**–**	**(28)**
At 31 December 2024	**35,000**	**472,452**	**85,000**	**2,341**	**594,793**



31. DISPOSAL OF A SUBSIDIARY

On 28 June 2023, the Group disposed of its 75% interests in Brilliant Gold International Limited at a consideration of approximately HK$5,000. The details are as follows:

	2023 HK$'000
Net assets disposed of:	
Equity instrument at FVOCI	–
Other receivables	–*
	–*

	2023 HK$'000
Consideration received:	
Cash consideration	5

Analysis of net inflow of cash and cash equivalents in respect of disposal of a subsidiary:

	2023 HK$'000
Cash consideration and net inflow of cash and cash equivalents	5

	2023 HK$'000
Gain on disposal of a subsidiary:	
Consideration received	5
Net assets disposed of	–*
Non-controlling interests derecognised	12,724
	12,729

The gain on disposal of a subsidiary is included in the profit for the year in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

* Amounts have been rounded to the nearest thousand.

32. RELATED PARTY TRANSACTIONS

During the years ended 31 December 2024 and 2023, the Group entered into the following transactions with related parties:

(1) A company controlled by a close family member of Mr. Fung Pak Kei (an executive director of the Company) made sales of goods to the Group amounted to approximately HK$51,000 *(2023: approximately HK$171,000)* during the year ended 31 December 2024.

(2) A company controlled by a close family member of Mr. Fung Pak Kei (an executive director of the Company) sold a motor vehicle to the Group amounted to HK$500,000 during the year ended 31 December 2023.

Except for the above disclosed, the Group did not enter into other transaction with its related parties during the years ended 31 December 2024 and 2023.

Balances with related parties and the terms thereof are disclosed in the respective notes to these consolidated financial statements.

Details of the remuneration for key management personnel are set out in Note 9(c). The remuneration of the Directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

33. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's principal financial instruments comprise of rental deposits paid, other deposit paid, pledged bank deposits, bank and cash balances, contract liabilities, defined benefit plan obligations, bank borrowing and bonds payables. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are (i) interest rate risk, (ii) liquidity risk and (iii) credit risk. The Directors meet regularly and co-operate closely with key management to identify and evaluate risks and generally adopt conservative strategies on the risk management and limit the Group's exposure to these risks to a minimum as follows:

(i) Interest rate risk

The Group's exposure to market risk for changes in interest rates is related primarily to its interest-bearing financial assets including pledged bank deposits and bank balances and interest-bearing financial liabilities including fixed-rate bank borrowing (Note 23), defined benefit plan obligations (Note 26), bonds payables (Note 25) and lease liabilities (Note 16).

Since the interest rate risk is not significant with the major balances are carried at fixed interest rates, no sensitivity analysis is presented accordingly.

33. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(ii) Liquidity risk

Management of the Group aims at maintaining sufficient level of cash and cash equivalents to finance the Group's operations and expected expansion. The Group's primary cash requirements include payments for operating expenses and additions or upgrades of property, plant and equipment. The Group finances its working capital requirements mainly by the funds generated from operations and inception of interest-bearing borrowings (if any).

The Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments are summarised below:

	Weighted average effective interest rate %	On demand or within 6 months HK$'000	6 to 12 months HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
At 31 December 2024								
Trade and other payables	–	5,834	–	–	–	–	5,834	5,834
Contract liabilities	–	5,259	–	–	–	–	5,259	5,259
Defined benefit plan obligations	3.50	3,333	–	–	–	–	3,333	3,333
Lease liabilities	7.53	43,513	43,232	86,087	257,077	181,749	611,658	472,452
Bonds payables and bonds interest payables	6.00	58,300	21,200	10,600	–	–	90,100	87,341
Bank borrowing	5.00	35,575	–	–	–	–	35,575	35,000
		151,814	64,432	96,687	257,077	181,749	751,759	609,219
At 31 December 2023 (Restated)								
Trade and other payables	–	7,001	–	–	–	–	7,001	7,001
Contract liabilities	–	7,366	–	–	–	–	7,366	7,366
Defined benefit plan obligations	3.10	3,779	–	–	–	–	3,779	3,779
Lease liabilities	5.59	38,197	38,036	695	311	–	77,239	74,872
Bonds payables and bonds interest payables	6.00	73,900	31,800	–	–	–	105,700	102,992
Bank borrowing	5.00	863	863	35,575	–	–	37,301	35,000
		131,106	70,699	36,270	311	–	238,386	231,010

33. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts or debtor frequently repays after due dates	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost which are subject to ECL assessment:

Type of financial assets	Notes	External credit rating	Internal credit rating	Lifetime ECL/ 12-month ECL	Gross carrying amount 2024 HK$'000	Gross carrying amount 2023 HK$'000
Trade receivables	a	N/A	Low risk	Lifetime ECL (collective basis)	**13,648**	21,942
			Low risk	Lifetime ECL (individual basis)	**16,979**	22,914
					30,627	44,856
Other receivables	c	N/A	Low risk	12-month ECL	**203**	252
Rental deposits paid	c	N/A	Low risk	12-month ECL	**12,829**	53,431
Other deposit paid	c	N/A	Low risk	12-month ECL	**–**	6,900
Pledged bank deposits	c	A or above	N/A	12-month ECL	**1,700**	1,700
Bank balances	c	A or above	N/A	12-month ECL	**59,577**	61,755

33. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

Notes:

(a) **Trade receivables**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period between 30 to 60 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date. Except for trade receivables with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's ageing of outstanding balances. Loss allowances on trade receivables of approximately HK$323,000 *(2023: approximately HK$60,000)* is recognised during the reporting period. As part of the Group's credit risk management, the Group use internal credit rating to assess with the impairment for its customers because these customers consists of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical default rates taking into consideration the historical data and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the Group's management to ensure relevant information about specific debtors is updated.

The Group writes off trade receivables when there is information indicating that the debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors have been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. Trade receivables amounted to approximately HK$8,000 have been written off and recognised in profit or loss during the year ended 31 December 2024 *(2023: written off of approximately HK$2,059,000 of which approximately HK$1,517,000 was recognised in profit or loss during the year ended 31 December 2023 and approximately HK$542,000 was recognised in profit or loss in previous year)*.

33. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

Notes: (continued)

(a) **Trade receivables** (continued)

The information about the ECL for the trade receivables at 31 December 2024 and 2023 is summarised below. The gross carrying amounts of trade receivables, by credit risk rating grades, are as follows:

At 31 December 2024

Internal credit rating	Expected loss rate %	Gross carrying amount HK$'000	ECL	Loss allowances HK$'000	Net carrying amount HK$'000
Low risk (assess in collective basis)	**0.51%**	**13,648**	**Lifetime ECL (collective basis)**	**(69)**	**13,579**
Low risk (assess in individual basis)	**3.35%**	**16,979**	**Lifetime ECL (individual basis)**	**(568)**	**16,411**
		30,627		**(637)**	**29,990**

At 31 December 2023

Internal credit rating	Expected loss rate %	Gross carrying amount HK$'000	ECL	Loss allowances HK$'000	Net carrying amount HK$'000
Low risk (assess in collective basis)	0.48%	21,942	Lifetime ECL (collective basis)	(106)	21,836
Low risk (assess in individual basis)	0.91%	22,914	Lifetime ECL (individual basis)	(208)	22,706
		44,856		(314)	44,542

Trade receivables with significant outstanding balances with gross carrying amount of approximately HK$16,979,000 *(2023: approximately HK$22,914,000)* at 31 December 2024 for ECL were assessed individually. The default risk of these debtors is low after considering the credit worthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. At 31 December 2024, loss allowance of approximately HK$568,000 *(2023: approximately HK$208,000)* is provided on these balances based on individual assessment.

33. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

Notes: (continued)

(a) Trade receivables (continued)

The remaining trade receivables of approximately HK$13,648,000 *(2023: approximately HK$21,942,000)* which consists of a large number of customers which share common risk characteristics are assessed on a collective basis. The above table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis at 31 December 2024. At 31 December 2024, the Group considered these trade receivables as low risk of default. Loss allowances of approximately HK$69,000 *(2023: approximately HK$106,000)* is provided on these balances based on collective assessment, which is performed by grouping trade receivables based on the Group's internal credit rating with reference to trade receivables' ageing.

At 31 December 2024, the Group recognised loss allowances of approximately HK$637,000 *(2023: approximately HK$314,000)* on trade receivables. The movements in loss allowances for trade receivables were summarised as below.

	2024	2023
	HK$'000	HK$'000
At the beginning of the reporting period	**314**	796
Increase in allowances:		
Loss allowances recognised in profit or loss during the year	**323**	60
Amount written off	**–**	(542)
At the end of the reporting period	**637**	314

Changes in loss allowances for trade receivables are mainly due to the write-off of a trade receivable of approximately HK$8,000 *(2023: approximately HK$2,059,000)*, the settlement in full of trade receivables with gross amount of approximately HK$44,856,000 *(2023: approximately HK$54,015,000)* and new trade receivables with gross carrying amount of approximately HK$30,627,000 *(2023: approximately HK$44,856,000)*.

There was no change in the estimation techniques or other significant assumptions made during the years ended 31 December 2024 and 2023.

The Group does not hold any collateral over trade receivables at 31 December 2024 and 2023.

At the end of the reporting period, the Group had a concentration of credit risk as 19% *(2023: 18%)* and 49% *(2023: 50%)* of the total trade receivables from cold storage and related services and trading and sales of food and beverage segments were due from the Group's largest debtors and the five largest debtors, respectively.

33. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

Notes: (continued)

(b) Loan receivables

Loan receivables are assessed for ECL individually. At 31 December 2023, the credit risk of loan receivables with gross carrying amount of approximately HK$2,507,000 were considered as write-off because the principal of the loans were overdue over 365 days and the Group had no realistic prospect of recovery.

The loan receivables have been fully written off during the year ended 31 December 2023. During the year ended 31 December 2024, the Group had collected approximately HK$81,000 from a borrower of these previously write-off loan receivables.

The movements in loss allowances for loan receivables were summarised as below.

	2023 HK$'000
At the beginning of the reporting period	2,540
Decrease in allowance:	
Reversal of loss allowance recognised in profit or loss during the year	(55)
Amount written off	(2,485)
At the end of the reporting period	–

During the year end 31 December 2023, the changes in loss allowances for loan receivables were mainly due to the written-off of loan receivables of approximately HK$2,507,000.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2024 and 2023.

(c) Other financial assets

ECL for all other instruments including other receivables, rental deposits paid and other deposit paid were assessed individually. All other instruments that are considered, with reference to internal credit rating, as low risk are assessed under 12-month ECL. All other instruments that are considered as doubtful or loss are assessed under lifetime ECL. The assessment of whether lifetime ECL should be recognised based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The Group has assessed and concluded that the risk of default rate for other financial assets are steady based on the Group's assessment of the financial health of the counterparties, historical default experience and forward-looking information available at the end of the reporting period. Thus, the Directors considered that the ECL of the other financial assets of the Group is insignificant at 31 December 2024 and 2023.

The Group has concentration of credit risk relating to rental deposits paid of approximately HK$12,829,000 *(2023: approximately HK$53,431,000)* and other deposit paid of nil *(2023: HK$6,900,000)* to the Landlord and a service provider, respectively.

The credit risk on bank balances and pledged bank deposits are limited because the counterparties are banks with good reputation and high credit ratings assigned by international credit-rating agencies.

33. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments

Categories of financial instruments of the Group are set out as follows:

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
Financial assets			
Financial assets at amortised costs	(i)	**104,487**	168,779
Financial liabilities			
Financial liabilities measured at amortised costs	(ii)	**136,768**	156,138

Notes:

(i) Financial assets at amortised cost include rental deposits paid, other deposit paid, trade and other receivables, pledged bank deposits and bank and cash balances.

(ii) Financial liabilities at amortised cost include trade and other payables, contract liabilities, defined benefit plan obligations, bond payables and bank borrowing.

34. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The Directors consider the total equity as disclosed in the consolidated statement of financial position as the Group's capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
Non-current assets			
Interest in a subsidiary	14	**1**	1
Amounts due from subsidiaries		**48,375**	85,404
		48,376	85,405
Current assets			
Deposits and prepayments		**503**	599
Amounts due from subsidiaries		**19,947**	24,784
Bank balances		**137**	11,905
		20,587	37,288
Current liabilities			
Other payables		**3,392**	3,798
Bonds payables	25	**75,000**	100,000
Amount due to a subsidiary		**3,542**	–
		81,934	103,798
Net current liabilities		**(61,347)**	(66,510)
Non-current liabilities			
Bonds payables	25	**10,000**	–
NET (LIABILITIES) ASSETS		**(22,971)**	18,895
Capital and reserves			
Share capital	27	**2,901**	2,901
Reserves	35(a)	**(25,872)**	15,994
TOTAL (DEFICIT) EQUITY		**(22,971)**	18,895

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Movements of the reserves

	Share premium HK$'000 (Note 28(a))	Capital reserve HK$'000 (Note 28(b))	Contributed surplus HK$'000	Share option reserve HK$'000 (Note 29)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	381,060	66,094	84,239	3,944	(537,358)	(2,021)
Profit for the year and total comprehensive income for the year (Restated)	–	–	–	–	18,015	18,015
At 31 December 2023 (Restated)	381,060	66,094	84,239	3,944	(519,343)	15,994
At 1 January 2024	**381,060**	**66,094**	**84,239**	**3,944**	**(519,343)**	**15,994**
Loss for the year and total comprehensive loss for the year	–	–	–	–	**(41,866)**	**(41,866)**
At 31 December 2024	**381,060**	**66,094**	**84,239**	**3,944**	**(561,209)**	**(25,872)**

Other than contributed surplus which is subject to clause 54 (1) of Companies Act 1981 of Bermuda, no other distributable reserve is available for distribution to shareholders by the Company.

FINANCIAL SUMMARY

	Year ended 31 December				
	2024	2023 (Restated)	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**219,388**	298,386	273,308	235,068	254,636
(Loss) Profit for the year	**(40,228)**	15,433	4,760	(80,270)	(40,584)

	As at 31 December				
	2024	2023 (Restated)	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**588,332**	252,538	265,206	324,692	458,535
Total liabilities	**(611,207)**	(234,807)	(246,530)	(310,897)	(367,620)
	(22,875)	17,731	18,676	13,795	90,915
Attributable to:					
Equity holders of the Company	**(22,875)**	17,731	15,513	10,632	87,752
Non-controlling interests	**–**	–	3,163	3,163	3,163
	(22,875)	17,731	18,676	13,795	90,915