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DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda and its members' liability is limited)

(Stock Code: 00544)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The Board of Directors (the “Board”) of Daido Group Limited (the “Company”) would like to report the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024. The interim financial results have been reviewed by the Audit Committee of the Company but have not been reviewed by the auditor of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
	Notes	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue	4		
– Provision of cold storage and related services		67,484	100,998
– Trading and sales of food and beverage		9,017	23,612
– Others		124	127
Total revenue		76,625	124,737
Cost of revenue		(72,774)	(119,677)
Gross profit		3,851	5,060
Other income	5	2,997	6,169
Other gains (losses), net	6	68	(76)
Reversal of (Loss allowances) on trade and other receivables, net		132	(132)
Selling and distribution expenses		(4,646)	(6,013)
Administrative expenses		(18,095)	(18,004)
Finance costs	7	(21,237)	(6,768)
Loss before tax		(36,930)	(19,764)
Income tax expenses	8	-	-

*For identification purpose only

	Notes	Six months ended 30 June	
		2025 <i>HK\$'000</i> (unaudited)	2024 <i>HK\$'000</i> (unaudited)
Loss for the period attributable to equity holders of the Company		(36,930)	(19,764)
Other comprehensive income (losses)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		319	(316)
<i>Item that may not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit plan obligations		<u>(63)</u>	<u>-</u>
Total other comprehensive income (losses)		<u>256</u>	<u>(316)</u>
Total comprehensive losses for the period attributable to equity holders of the Company		<u>(36,674)</u>	<u>(20,080)</u>
			(restated)
Loss per share attributable to equity holders of the Company	10		
Basic		(HK\$1.27)	(HK\$0.68)
Diluted		<u>(HK\$1.27)</u>	<u>(HK\$0.68)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025

		At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
	Notes		
Non-current assets			
Property, plant and equipment		3,187	3,484
Right-of-use assets		443,266	477,303
Goodwill		68	68
Rental deposits paid		13,104	12,618
Pledged bank deposits		<u>1,700</u>	<u>1,700</u>
		<u>461,325</u>	<u>495,173</u>
Current assets			
Inventories		841	578
Trade and other receivables, deposits and prepayments	11	26,048	32,816
Bank and cash balances		<u>21,555</u>	<u>59,765</u>
		<u>48,444</u>	<u>93,159</u>
Current liabilities			
Trade and other payables	12	10,179	10,163
Contract liabilities		4,567	5,259
Defined benefit plan obligations		3,228	3,333
Lease liabilities		54,563	52,960
Bonds payables		70,000	75,000
Bank borrowing		<u>35,000</u>	<u>35,000</u>
		<u>177,537</u>	<u>181,715</u>
Net current liabilities		<u>(129,093)</u>	<u>(88,556)</u>
Total assets less current liabilities		<u>332,232</u>	<u>406,617</u>
Non-current liabilities			
Lease liabilities		391,781	419,492
Bonds payables		<u>-</u>	<u>10,000</u>
		<u>391,781</u>	<u>429,492</u>
NET LIABILITIES		<u>(59,549)</u>	<u>(22,875)</u>

	At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
Capital and reserves		
Share capital	2,901	2,901
Reserves	<u>(62,450)</u>	<u>(25,776)</u>
TOTAL DEFICITS	<u>(59,549)</u>	<u>(22,875)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In preparing the condensed 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\$36,930,000 for the six months ended 30 June 2025 and, as at that date, the Group’s current liabilities exceed its current assets of approximately HK\$129,093,000 and its total liabilities exceed its total assets of approximately HK\$59,549,000 as at 30 June 2025. The Group is exposed to liquidity risk if it is not able to raise sufficient funds to meet its financial obligations. The Directors considered that the net current liabilities and net liabilities positions of the Group as of 30 June 2025 were primarily due to the bonds payables amounted to HK\$70,000,000 and a bank borrowing amounted to HK\$35,000,000 which are due for repayment within twelve months after 30 June 2025. Subsequent to the end of the reporting period until the date of this announcement, the bank borrowing of HK\$35,000,000 was fully repaid.

Having regard to the cash flow projection of the Group, which covers a period of not less than twelve months from 30 June 2025, the Directors are of the opinion that the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months taking into account the internal resources available, repayment schedule of bonds payables, implementing measures to tighten cost controls over various expenses, the cash generated from operation and new financing arrangement. The Directors are satisfied that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional/changes in accounting policies resulting from adoption of new/ revised to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2024.

Adoption of new/revised to HKFRSs

In the current interim period, the Group has adopted the following new/revised to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The adoption of the new/revised to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for current interim period.

3. SEGMENT INFORMATION

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 People's Republic of China (the "PRC") and 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 revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

Six months ended 30 June 2025 (unaudited)

	Cold storage and related services <i>HK\$'000</i>	Trading and sales of food and beverage <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>67,484</u>	<u>9,017</u>	<u>76,501</u>
Segment results	<u>(24,528)</u>	<u>(2,225)</u>	(26,753)
Unallocated other revenue			124
Unallocated other income			31
Unallocated other losses, net			(43)
Unallocated finance costs			(2,486)
Unallocated expenses			<u>(7,803)</u>
Loss before tax			<u>(36,930)</u>

Six months ended 30 June 2024 (unaudited)

	Cold storage and related services <i>HK\$'000</i>	Trading and sales of food and beverage <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>100,998</u>	<u>23,612</u>	<u>124,610</u>
Segment results	<u>(9,684)</u>	<u>(447)</u>	(10,131)
Unallocated other revenue			127
Unallocated other income			41
Unallocated other losses, net			(32)
Unallocated finance costs			(3,028)
Unallocated expenses			<u>(6,741)</u>
Loss before tax			<u>(19,764)</u>

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, 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) and certain finance costs and if applicable, certain other gains and losses, net.

Geographical information

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's revenue from external customers by geographical locations is set forth below:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	67,616	101,125
The PRC	9,009	23,612
	<u>76,625</u>	<u>124,737</u>

4. REVENUE

Revenue is analysed by categories as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<i>Revenue from contracts with customers within HKFRS 15</i>		
Provision of cold storage and related services		
– Cold storage services	58,818	88,840
– Handling services	884	1,292
– Logistic services	7,782	10,866
	<u>67,484</u>	<u>100,998</u>
Trading and sales of food and beverage	9,017	23,612
	<u>76,501</u>	<u>124,610</u>
Total revenue from contracts with customers within HKFRS 15		
	<u>76,501</u>	<u>124,610</u>
Other revenue	124	127
	<u>124</u>	<u>127</u>
Total revenue	<u>76,625</u>	<u>124,737</u>

In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 disaggregated as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
At a point in time	9,017	23,612
Overtime	67,484	100,998
	<u>76,501</u>	<u>124,610</u>

5. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Imputed interest income on rental deposits paid	487	1,496
Interest income from bank deposits	26	37
Other services income	2,455	4,610
Sundry income	29	26
	<u>2,997</u>	<u>6,169</u>

6. OTHER GAINS (LOSSES), NET

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Exchange losses, net	(78)	(84)
Gains (Losses) on disposal/written-off of property, plant and equipment, net	110	(43)
Recovery of loan receivables	36	51
	<u>68</u>	<u>(76)</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expense on a bank borrowing	1,323	863
Interest expense on bonds payables	2,475	3,000
Interest expense on lease liabilities	17,388	2,905
Interest expense on defined benefit plan obligations	51	-
	<u>21,237</u>	<u>6,768</u>

8. 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 six months ended 30 June 2025 and 2024.

Income taxes outside Hong Kong

The Company and its subsidiaries established in Bermuda and the British Virgin Islands 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% (six months ended 30 June 2024: 25%).

9. DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2025 (six months ended 30 June 2024: nil). The directors of the Company have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2024: nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<i>Loss</i>		
Loss for the period attributable to equity holders of the Company for the purposes of basic and diluted loss per share	(36,930)	(19,764)
<i>Number of shares</i>	'000	'000
		(restated)
Weighted average number of ordinary shares for the purpose of basic loss per share (Note a)	29,011	29,011
Effect of dilutive potential ordinary shares:		
— Shares issuable from the Company's share option (Note b)	-	-
Weighted average number of ordinary shares for the purpose of diluted loss per share	29,011	29,011

Notes:

- (a) The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 June 2025 and 2024 has been adjusted, taking into account the share consolidation on 16 July 2025, and assuming the share consolidation has been completed on 1 January 2024.
- (b) The computation of diluted loss per share for the six months ended 30 June 2025 and 2024 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market prices for shares. Diluted loss per share is same as the basic loss per share for the six months ended 30 June 2025 and 2024 as there were no potential ordinary shares in issue for both periods.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

At 30 June 2025, included in trade and other receivables, deposits and prepayments are trade receivables, net of allowances, of approximately HK\$23,114,000 (31 December 2024: approximately HK\$29,990,000).

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 is as follows:

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Within 30 days	12,060	13,142
31 to 60 days	6,195	8,069
61 to 90 days	663	3,352
91 to 120 days	801	1,269
More than 120 days	3,395	4,158
	<u>23,114</u>	<u>29,990</u>

At 30 June 2025, included in the carrying amounts of trade receivables are loss allowances of approximately HK\$505,000 (31 December 2024: approximately HK\$637,000).

12. TRADE AND OTHER PAYABLES

At 30 June 2025, included in trade and other payables are trade payables of approximately HK\$3,075,000 (31 December 2024: approximately HK\$2,760,000).

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:

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Within 30 days	2,309	2,158
31 to 60 days	739	602
61 to 90 days	27	-
	<u>3,075</u>	<u>2,760</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL RESULTS

For the six months ended 30 June 2025, the Group's total revenue amounted to approximately HK\$76.6 million, representing a decrease of about 38.6%, compared to approximately HK\$124.7 million from the corresponding period of last year.

For the six months ended 30 June 2025, the Group recorded a loss attributable to the equity holders of the Company of approximately HK\$36.9 million, compared to the loss of approximately HK\$19.8 million recorded in the corresponding period of last year, representing an increase of loss about 86.4%.

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 33.2%; (ii) the decrease in revenue from the trading and sales of food and beverage business in Mainland China by approximately 61.8%, 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 aggregate accounting impacts of lease agreements of cold storage warehouse being extended at the end of 2024.

REVIEW OF OPERATING SEGMENTS

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

Cold Storage and Logistics

This segment faced headwinds from a broader economic environment in Hong Kong, where real GDP increased by 3.1% in the first half of 2025, compared with the increase of 2.5% in the fourth half of 2024, according to data from the Hong Kong Census and Statistics Department. Despite this overall expansion, consumer behaviour has shifted notably, with many Hong Kong local consumption opting for cross-border purchases in Mainland China due to competitive pricing, variety, and affordability. This trend has impacted local supermarkets, restaurants, retailers and wholesalers, which are the Group's primary clients by reducing domestic demand for stored goods and logistics services.

The segment experienced some customer attrition amid these conditions, as smaller clients consolidated operations or sought lower-cost alternatives to cope with squeezed margins. Increased competition driven by new entrants and/or market consolidation, prompted selective price adjustments to maintain market share. However, the Group prioritised preserving its competitive edge through superior service offerings, such as timely delivery, customised storage solutions, and enhanced hygiene protocols to ensure services integrity.

To mitigate these challenges, the Group optimised its warehouse operations, including the relocation of activities from the expired Tsing Yi warehouse to the upgrading Kwai Hei Street facility. This move not only improved overall efficiency but also generated cost savings through better resource utilisation. Workforce adjustments were implemented to align staffing with current demand levels, while maintaining strong relationships with major clients in the food and beverage industry. Management remains focused on leveraging the Group's strategic locations in Kwai Chung to adapt to market dynamics and capture emerging opportunities in a gradually recovering sector.

Trading and Sales of Food and Beverage Products

The trading business in Mainland China continued to operate under a refined model, emphasising higher-margin wholesale channels and select retail products, similar to that of the prior year. This strategic shift involved streamlining distribution networks to focus on profitable offerings while phasing out lower-margin items, allowing the Group to better respond to market fluctuations.

Mainland China's economy showed positive momentum, with GDP growth at 5.3% in the first half of 2025 per data from the National Bureau of Statistics, supported by steady industrial output and export resilience. However, ongoing property sector challenges and cautious consumer spending led to intensified competition in the food trading space, with market consolidation contributing to a shrinkage in overall demand for certain products.

Despite these factors, the Group maintained strong ties with reputable supermarket brands and expanded its convenience store network, which helped stabilise operations and foster long-term partnerships. Management swiftly adapted by implementing stringent cost controls, improving sourcing efficiencies, and prioritising premium imported products to meet evolving consumer preferences. By exploring cross-border synergies with the Hong Kong operations, such as integrated supply chains, the Group aims to build resilience and capitalise on potential demand upticks from improving urban consumption trends and government stimulus measures.

PROSPECTS

Looking ahead, the Group is cautiously optimistic about the second half of 2025 and beyond, despite facing the persistent economic uncertainties in Hong Kong and Mainland China. Recent material financing events, including the subscription of new shares and convertible bonds announced on 21 April 2025 and completed on 21 and 22 July 2025, have injected fresh capital, enabling the settlement of outstanding debts and bolstering liquidity. This financial reinforcement, coupled with the appointment of the new Executive Director with expertise in capital markets and fund-raising following board changes, introduces innovative perspectives to drive strategic growth.

Cold Storage and Logistics

In Hong Kong, the cold storage and logistics segment stands to benefit from a rebound in tourism, with visitor arrivals surging 12% year-on-year to over 24 million in the first half of 2025. This momentum, the highest quarterly growth since post-pandemic recovery is fuelled by international events like concerts and exhibitions, alongside government initiatives such as the extended "Hello Hong Kong" campaign and the allocation of over HK\$1.23 million to the Hong Kong Tourism Board for promoting the city as a mega-events capital, targeting high-value visitors from the Middle East and ASEAN regions. Moreover, the Development Blueprint for Hong Kong's Tourism Industry 2.0, with its 133 measures focused on product development and cultural tourism, is expected to further stimulate consumer spending in the food and beverage sector, creating indirect demand for the Group's specialised services. The Group plans to diversify its client base, leveraging expanded capacity at the Kwai Hei Street warehouse to offer value-added solutions like integrated supply chain management.

Furthermore, we are seeking suitable strategic partners to establish a joint venture which is anticipated to fuel the overall development of the Group.

Trading and Sales of Food and Beverage Products

For the trading segment in Mainland China, the Group will continue optimising its product mix and distribution channels, including sourcing high-margin imports for cross-border sales. Mainland China's economy demonstrated resilience with 5.3% GDP growth in the first half of 2025, supported by steady industrial output and export strength, while the International Monetary Fund ("IMF") has upgraded its full-year forecast to 4.8%. Policies like the Chinese government's consumption stimulus measures (for example, subsidies for green and smart appliances announced in March 2025) could enhance retail sentiment. These policies present exciting opportunities for the Group to explore expanding into convenience stores and online retail, tapping into urban consumption trends and potentially boosting margins through innovative, eco-friendly product lines.

The Group is also considering a premiumisation strategy to shift towards premium imported products, health-focused items, and niche categories as specified by our existing and potential customers and leverage consumer data to tailor offerings by region and demographic.

Overall, while challenges such as geopolitical tensions and inflationary pressures persist, the Group's enhanced financial stability, operational efficiencies, and adaptive strategies position it well to seize recovery opportunities. Management is actively monitoring market trends and exploring partnerships to foster sustainable growth, aiming to transition from stabilisation to expansion in the coming periods.

FINANCIAL REVIEW

Liquidity and financial resources

At 30 June 2025, the Group had bank and cash balances of approximately HK\$21.6 million (31 December 2024: approximately HK\$59.8 million), which was denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB") as to approximately 95.0% and 5.0% (31 December 2024: approximately 92.1% and 7.9%), respectively. The decline was principally attributable to the settlement of bonds payables of HK\$15 million and the loss recognised during the six months ended 30 June 2025.

The gearing ratio, measured as total borrowings (excluded lease liabilities) over total deficits was approximately -176.3% as at 30 June 2025 (31 December 2024: approximately -524.6%). The decrease was primarily attributable to the settlement of bonds payables during the six months ended 30 June 2025, as well as an increase in the total deficits.

In 2014 and 2015, the Company issued bonds with aggregate principal amount of HK\$100 million (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.

In 2023 and 2024, the Company agreed to issue the bonds (the "2023 Bonds") and (the "2024 Bonds") and bondholders agreed to accept the 2023 Bonds and 2024 Bonds in place of the Original Bonds in the principal amount of HK\$40 million and HK\$60 million, respectively.

Certain of the 2023 Bonds and 2024 Bonds were matured and the Company has settled in the principal amount of HK\$15 million (year ended 31 December 2024: HK\$15 million) during the six months ended 30 June 2025. At 30 June 2025, the aggregate principal amount of bonds remaining outstanding was HK\$70 million (31 December 2024: HK\$85 million). At 30 June 2025, the maturity dates are ranging from December 2025 to May 2026 (31 December 2024: February 2025 to January 2026).

At 31 December 2024, the Group had a bank borrowing of HK\$35 million denominated in HK\$. The bank borrowing matured in April 2025 and carried a fixed interest rate of 5% per annum. In April 2025, the Group extended the maturity date of the bank borrowing to July 2025 at an interest rate of 13% per annum. Subsequent to the end of the reporting period until the date of this announcement, the bank borrowing of HK\$35 million was fully repaid.

During the six months ended 30 June 2025, the Group's capital expenditure was mainly financed by internal resources. Going forward, we intend to satisfy our liquidity requirements by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time, and the net proceeds received from the subscription of new shares and convertible bonds in July 2025.

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 six months ended 30 June 2025, the Group did not have any material foreign exchange exposure and had not used any financial instruments for hedging purpose.

Share capital structure

At 30 June 2025, the total issued share capital of the Company was HK\$2,901,104 (31 December 2024: HK\$2,901,104) divided into 290,110,400 ordinary shares (31 December 2024: 290,110,400 ordinary shares) with a par value of HK\$0.01 each.

On 14 July 2025, an ordinary resolution of the Company was passed at the special general meeting to consolidate every ten (10) issued and unissued existing shares in the share capital of the Company into one (1) consolidated share. The share consolidation became effective on 16 July 2025 and 290,110,400 shares in the issued share capital of the Company were consolidated into 29,011,040 consolidated shares, with a par value of HK\$0.1 each.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the six months ended 30 June 2025, 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

At 30 June 2025, 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 (31 December 2024: HK\$3.5 million) and are secured by bank deposits amounting to HK\$1.7 million (31 December 2024: HK\$1.7 million). At 30 June 2025, the utilised banking facilities in this regard was approximately HK\$1.4 million (31 December 2024: approximately HK\$1.4 million).

At 30 June 2025, 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\$107.0 million (31 December 2024: approximately HK\$107.0 million).

At 30 June 2025, the carrying amount of motor vehicles of approximately HK\$0.6 million (31 December 2024: approximately HK\$0.7 million) were pledged as the lessors' charge over the leased assets to secure the lease liabilities of approximately HK\$0.6 million (31 December 2024: approximately HK\$0.7 million).

Future plans for material investments or capital assets

At 30 June 2025, the Group did not have any concrete future plans for material investments or capital assets.

Contingent liabilities

At 30 June 2025, the Group did not have any contingent liabilities (31 December 2024: nil).

EMPLOYMENT AND REMUNERATION POLICY

As of 30 June 2025, the Group combining the total number of full-time employees in Hong Kong and Mainland China employed approximately 130 and 20 respectively (30 June 2024: approximation 160 Hong Kong employees and 30 Mainland China employees), reflecting targeted workforce adjustments to align with business needs amid economic pressures. Remuneration policies remain competitive, with packages comprising basic salaries, performance-based bonuses, contributions to Mandatory Provident Fund, medical insurance, meal allowances and professional tuition/training subsidies designed to attract and retain talent. Total staff related costs for the six months ended 30 June 2025 amounted to approximately HK\$29,425,000 (six months ended 30 June 2024: approximately HK\$33,696,000).

In response to the challenging environment, the Group implemented extensive cost-control measures. These changes have not materially impacted day-to-day operations, as they focused on streamlining non-core roles while preserving essential expertise in cold storage and trading.

To motivate employees, the Group is considering extending its share option scheme currently limited to senior management to include middle management, fostering alignment with long-term shareholder value. Ongoing training programs emphasise skills in cold storage and supply chain innovation, ensuring the workforce is equipped for future growth. The Group remains committed to a supportive work environment, prioritising employee well-being and professional development.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save for the important events after the end of the reporting period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2025. The Company did not hold any treasury shares during the six months ended 30 June 2025.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed below, no important events affecting the Group occurred since 30 June 2025 and up to the date of this announcement.

Subscription of new shares under the general mandate

As disclosed in the announcement issued by the Company dated 21 April 2025, the Company entered into Subscription Agreements with three Subscribers on 20 April 2025 for the Subscription of aggregate of 58,022,079 Subscription Shares. Pursuant to which (a) YuYu Future Investment Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 19,340,693 Subscription Shares at the Subscription Price of approximately HK\$0.04801 per Subscription Share; (b) Mr. Bi Wei has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 19,340,693 Subscription Shares at the Subscription Price of approximately HK\$0.04801 per Subscription Share; and (c) Providence Capital Group Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 19,340,693 Subscription Shares at the Subscription Price of approximately HK\$0.04801 per Subscription Share.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscribers and their ultimate beneficial owners are independent of and not connected with the Company and its connected persons (as defined by the Listing Rules).

On 21 July 2025, a total of 1,934,069 (as adjusted by the Share Consolidation) new shares of the Company were issued and allotted under general mandate at the Subscription Price of HK\$0.4801 (as adjusted by the Share Consolidation) per share to Providence Capital Group Limited pursuant to the Subscription Agreement C.

On 22 July 2025, the Company issued and allotted an aggregate of 3,868,138 new shares of the Company (as adjusted by the Share Consolidation) under the general mandate, comprising 1,934,069 new shares of the Company to each of YuYu Future Investment Limited and Mr. Bi Wei, respectively. The shares were issued at a Subscription Price of HK\$0.4801 per share (as adjusted by the Share Consolidation), pursuant to the terms of Subscription Agreement A and Subscription Agreement B entered into with the respective subscribers.

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the ordinary shares of the Company in issue on the date of allotment and issue of the Subscription Shares.

The net Subscription Price of each of the Subscription Share, after deduction of relevant expenses, is approximately HK\$0.4339 (as adjusted by the Share Consolidation) per Subscription Share. The gross proceeds and net proceeds of the Subscription are approximately HK\$2.79 million and HK\$2.52 million respectively. The aggregate nominal value of the Subscription Shares was HK\$580,220.79. As at 17 April 2025, being the last trading day immediately preceding the date of the Subscription Agreements, the closing market price of the Company's ordinary shares was HK\$0.06 per share (prior to the Share Consolidation).

The Directors consider raise funds by issuing the Subscription is justifiable considering the recent market conditions and consider that the Subscription represents an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position. The Subscription does not only represent an opportunity to raise capital for the Company, it also enlarges and broadens the shareholder base and capital base of the Company.

Use of proceeds of the Subscription Shares

The following table sets forth a breakdown of the use of the net proceeds as at 30 June 2025:

Use of net proceeds	Available for use <i>HK\$ million</i>	Utilised (as at 30 June 2025) <i>HK\$ million</i>	Unutilised (as at 30 June 2025 and up to the date of this announcement) <i>HK\$ million</i>	Expected time of use
(i) repayment of indebtedness of the Group	2.00	-	2.00	by the end of 2025
(ii) fund working capital of the Group	0.52	-	0.52	by the end of 2025
	<u>2.52</u>	<u>-</u>	<u>2.52</u>	

As at 30 June 2025 and up to the date of this announcement, the net proceeds from the Subscription have not been utilised. The unutilised net proceeds from the Subscription as at 30 June 2025, being approximately HK\$2.52 million were deposited with the licensed banks in Hong Kong.

As at the date of this announcement, the Board has no intention to change the planned use of the net proceeds as disclosed above. The expected timeline for using the unutilised net proceeds is based on the best estimation of the business market situations made by the Board. It might be subject to changes based on the market conditions.

Further announcement(s) and/or disclosure in the Company's annual report(s) in respect of change in timeline, if any, will be made by the Company in accordance with the requirements of the Listing Rules as and when appropriate to update its Shareholders and potential investors.

Details of the Subscription are set out in the Company's announcements dated 21 April 2025, 21 July 2025 and 22 July 2025, and the Company's circular dated 27 June 2025. Unless otherwise specified by the context, all capitalised terms used herein shall carry the same meanings as those defined in the aforementioned announcements and circular.

Subscription of convertible bonds under the specific mandate

On 20 April 2025, the Company entered into three separate CB Subscription Agreements with YuYu Future Investment Limited, Protoss Global Opportunities Fund and Providence Discovery Fund, respectively. Each of the CB Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the unlisted convertible bonds with principal amount of HK\$15,000,000 per CB Subscriber, representing an aggregate principal amount of HK\$45,000,000.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the CB Subscribers and their ultimate beneficial owners are independent of and not connected with the Company and its connected persons (as defined by the Listing Rules).

The Convertible Bonds may be converted into aggregate 93,730,470 new shares of the Company (as adjusted by the Share Consolidation) at the Conversion Price of HK\$0.4801 (as adjusted by the Share Consolidation) per Conversion Share. Each CB Subscriber will be entitled to receive 31,243,490 Conversion Shares. The maximum aggregate nominal value of the Conversion Shares is HK\$9,373,047 (as adjusted by the Share Consolidation).

The Conversion Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

As at 17 April 2025, being the last trading day immediately preceding the date of the Subscription Agreements, the closing market price of the Company's ordinary shares was HK\$0.06 per share (prior to the Share Consolidation).

On 21 July 2025, the Convertible Bonds with an aggregate principal amount of HK\$45,000,000 have been issued to the CB Subscribers in accordance with the terms and conditions of their respective CB Subscription Agreements. Subject to full conversion, a maximum of 93,730,470 new shares of the Company (as adjusted by the Share Consolidation) may be allotted and issued pursuant to the conversion rights attached to the Convertible Bonds. Each CB Subscriber will be entitled to receive 31,243,490 Conversion Shares.

Based on the initial conversion price of HK\$0.4801 (as adjusted by the Share Consolidation), a maximum number of 93,730,470 Conversion Shares (as adjusted by the Share Consolidation) represents: (i) approximately 323.09% of the issued share capital of the Company as at 30 June 2025; (ii) approximately 269.24% of the issued share capital of the Company as at the date of this announcement; and (iii) approximately 72.92% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full (assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the full conversion of the Conversion Shares).

The Convertible Bonds carry an annual interest rate of 6% on the outstanding principal amount. Accrued interest is payable on each anniversary of the initial issue date of the Convertible Bonds. The Convertible Bonds will mature three years from the issue date of the Convertible Bonds, with an option to extend the maturity by an additional two years thereafter.

The gross proceeds and net proceeds of the CB Subscription are approximately HK\$45.00 million and HK\$40.67 million respectively.

The Board has carefully considered the Group's financial position, including the net liabilities and the aggregate outstanding debt. In light of the Group's limited cash resources and the need to strengthen liquidity while minimizing immediate equity dilution, the Board believes that the issuance of Convertible Bonds represents a strategic and cost-effective financing solution. Convertible bonds allow the Company to raise capital at a lower interest rate compared to conventional borrowings, while offering flexibility to convert debt into equity over time. This structure not only aligns investor interests with the Company's long-term growth but also supports ongoing negotiations for debt extensions and provides a prudent buffer should alternative fundraising be required.

Details of the CB Subscription are set out in the Company's announcements dated 21 April 2025, 21 July 2025 and 22 July 2025, and the Company's circular dated 27 June 2025. Unless otherwise specified by the context, all capitalised terms used herein shall carry the same meanings as those defined in the aforementioned announcements and circular.

The use of net proceeds of approximately HK\$40.67 million raised from the CB Subscription as follows:

Intended application of the net proceeds	Approximate percentage of net proceeds allocated	Approximate amount of net proceeds allocated	Amount utilised as at 30 June 2025	Amount utilised as at the date of this announcement
(i) repayment of bank loan	86%	HK\$35 million by end of July 2025	-	HK\$35 million
(ii) general working capital of the Group including staff cost and other office overhead	14%	HK\$5.67 million by end of 2025	-	-

The Board confirmed that (i) HK\$35 million of the net proceeds from the CB Subscription had fully utilised as at the date of this announcement and there was no material change or delay in the use of the net proceeds. It is contemplated that the remaining balance of approximately HK\$5.67 million of the net proceeds for general working capital will be utilised by end of 2025.

The unutilised net proceeds from the CB Subscription as at 30 June 2025, being approximately HK\$5.67 million were deposited with the licensed banks in Hong Kong.

As at the date of this announcement, the Board has no intention to change the planned use of the net proceeds as disclosed above. The expected timeline for using the unutilised net proceeds is based on the best estimation of the business market situations made by the Board. It might be subject to changes based on the market conditions.

Further announcement(s) and/or disclosure in the Company's annual report(s) in respect of change in timeline, if any, will be made by the Company in accordance with the requirements of the Listing Rules as and when appropriate to update its Shareholders and potential investors.

Share Consolidation

On 13 June 2025, the Board proposed to implement a share consolidation on the basis that every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company would be consolidated into one (1) Consolidated Share of par value of HK\$0.10.

Pursuant to an ordinary resolution of the Company passed on 14 July 2025, the share consolidation was approved by the Shareholders and has become effective on 16 July 2025. For details, please refer to the announcements of the Company dated 13 June 2025 and 14 July 2025, and the circular dated 27 June 2025.

CORPORATE GOVERNANCE

Code on corporate governance practices

For the first half of 2025, the Board is of the view that the Company has complied with the principles and the code provisions set out in the Corporate Governance Code in Appendix C1 (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save for the exceptions specified and explained below:

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 six months ended 30 June 2025, there have been no Chairman in the Company. Mr. Fung Pak Kei ("Mr. Fung"), Mr. Ho Hon Chung, Ivan ("Mr. Ho") and Mr. Cheung Hoi Kin ("Mr. Cheung") acted as Chief Executive Officer, Acting Chief Executive Officer and Chief Financial Officer of the Group respectively. Subsequently, Mr. Ho was retired on 30 May 2025 and did not hold any positions within the Company or its subsidiaries after his retirement. Mr. Fung is responsible for all day-to-day corporate management matters and Mr. Cheung is responsible for corporate financial matters.

According to the code provision F.1.3 of the CG Code, the chairman of the Board should attend the annual general meeting and invite for 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 six months ended 30 June 2025, the Company did not comply with code provision F.1.3 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 2025 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.

Model code for securities transactions by Directors

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 six months ended 30 June 2025. No incident of non-compliance was noted by the Company during the six months ended 30 June 2025.

Audit Committee

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters including a review of the unaudited condensed consolidated results of the Group for the six months ended 30 June 2025 with the Directors. The Audit Committee is of the opinion that the unaudited condensed consolidated results of the Group for the six months ended 30 June 2025 comply with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosure has been made.

The Audit Committee comprises all three Independent Non-executive Directors, namely Mr. Leung Chi Hung, Ms. Li Dan and Mr. Lo Chi Wang. Mr. Leung Chi Hung is the chairman of the Audit Committee.

Risk management and internal control

The Board is responsible for ensuring the Group possesses adequate and effective risk management and internal control systems (the “RM and IC Systems”). The Audit Committee then reviews this system. The RM and IC Systems aim to manage potential risks of failure in operational systems so that the Group’s objectives are met, offering reasonable assurance against material misstatements or losses but can never offer an absolute guarantee.

The Group has adopted a series of internal control measures including strengthening of reporting lines of senior management. As a routine procedure and part of the Group’s RM and IC Systems, Executive Directors and senior management meet regularly to review the financial and operating performance of the Group’s key operating subsidiaries. Senior management of each department is also required to keep Executive Directors informed of significant developments in the department’s business and regularly implement strategies and policies set by the Board.

To further strengthen the RM and IC systems of the Group, the Company has engaged an independent professional adviser (the “Internal Control Adviser”) to carry out the internal audit functions by performing an independent appraisal of the adequacy and effectiveness of certain subsidiaries’ RM and IC systems. The Internal Control Advisor is conducting their appraisal for the current fiscal year as of the report date.

During the six months ended 30 June 2025, the Audit Committee, with the assistance of the Internal Control Adviser, has developed the current year’s RM and IC systems appraisal plan. The scope of the current fiscal year’s RM and IC system evaluation plan focused on reviewing the following:

- (i) Follow-up review on “Moderate” risk and “High” risk findings in FY 2024 report
- (ii) Entity level: Assess the compliance on Listing Rules; Appendix C1 – Corporate Governance Code; and Appendix C3 – Model Code for Securities Transactions by Directors of Listed Issuer

(iii) the cold storage and related services segment: Fixed assets; Financial reporting; and I.T. general controls

(iv) the ancillary logistic services segment: Financial reporting and I.T. general controls

During the six months ended 30 June 2025, the Board was satisfied that the Group's risk management and internal control processes were adequate to meet the needs of the Group in its current business environment and that nothing had come to their attention to cause them to believe the Group's RM and IC Systems were inadequate. The existing RM and IC Systems were effective and adequate, and the Board would continue to review, strengthen, or update them in response to changes in the operating environment.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/daido/index.htm.

The 2025 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Executive Directors, namely, Mr. Fung Pak Kei and Mr. He Xinyu; Non-executive Director, namely, Ms. Kwan Nga Chung; and Independent Non-executive Directors, namely, Mr. Leung Chi Hung, Ms. Li Dan and Mr. Lo Chi Wang.

By order of the Board
Daido Group Limited
He Xinyu
Executive Director

Hong Kong, 28 August 2025