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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board of directors (the “Board”) of Daido Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2025, together with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5		
– Provision of cold storage and related services		132,827	180,408
– Trading and sales of food and beverage		16,653	38,747
– Others		246	233
Total revenue		149,726	219,388
Cost of revenue		(142,019)	(209,496)
Gross profit		7,707	9,892
Other income	6	5,264	12,152
Other gains, net	7	95	87
Loss allowances on trade and other receivables, net		(1,166)	(323)
Selling and distribution expenses		(9,769)	(11,208)
Administrative expenses		(31,715)	(36,629)
Finance costs	8	(42,539)	(14,199)

* For identification purpose only

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Loss before tax		(72,123)	(40,228)
Income tax expense	9	<u>–</u>	<u>–</u>
Loss for the year		<u>(72,123)</u>	<u>(40,228)</u>
Other comprehensive income/(losses)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		335	(358)
<i>Item that may not be reclassified subsequently to profit or loss:</i>			
Remeasurement of employee benefit obligations		<u>283</u>	<u>(20)</u>
Total other comprehensive income/(losses)		<u>618</u>	<u>(378)</u>
Total comprehensive losses for the year		<u>(71,505)</u>	<u>(40,606)</u>
Loss for the year attributable to equity holders of the Company		<u>(72,123)</u>	<u>(40,228)</u>
Total comprehensive losses for the year attributable to equity holders of the Company		<u>(71,505)</u>	<u>(40,606)</u>
Loss per share attributable to equity holders of the Company		HK\$	(Restated) HK\$
Basic and diluted	10	<u>(2.28)</u>	<u>(1.39)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,724	3,484
Right-of-use assets		413,542	477,303
Goodwill		68	68
Rental deposits paid	12	14,191	12,618
Pledged bank deposits		1,700	1,700
		<u>432,225</u>	<u>495,173</u>
Current assets			
Inventories		528	578
Trade and other receivables, deposits and prepayments	12	39,011	32,816
Bank and cash balances		13,117	59,765
		<u>52,656</u>	<u>93,159</u>
Current liabilities			
Trade and other payables	13	15,968	10,163
Contract liabilities		5,193	5,259
Employee benefit obligations		–	3,333
Lease liabilities		58,440	52,960
Bonds payables		67,500	75,000
Bank borrowing		–	35,000
		<u>147,101</u>	<u>181,715</u>
Net current liabilities		<u>(94,445)</u>	<u>(88,556)</u>
Total assets less current liabilities		<u>337,780</u>	<u>406,617</u>
Non-current liabilities			
Lease liabilities		365,155	419,492
Bonds payables		–	10,000
Convertible bonds		35,991	–
Employee benefit obligations		2,689	–
		<u>403,835</u>	<u>429,492</u>
NET LIABILITIES		<u>(66,055)</u>	<u>(22,875)</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Capital and reserves		
Share capital	4,481	2,901
Reserves	<u>(70,536)</u>	<u>(25,776)</u>
TOTAL DEFICITS	<u>(66,055)</u>	<u>(22,875)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

1. CORPORATION 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 is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is Unit 2703, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.

The Company is an investment holding company and the principal activities of its subsidiaries are provision of cold storage and related services and trading and sales of food and beverage.

The consolidated financial statements are presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all individual applicable Hong Kong Financial Reporting Standards (“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 Hong Kong Companies Ordinance (Cap. 622). 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”). The measurement basis used in the preparation of these consolidated financial statements is historical cost.

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

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\$72,123,000 for the year ended 31 December 2025 and, as at that date, the Group’s current liabilities exceed its current assets of approximately HK\$94,445,000 and its total liabilities exceed its total assets of approximately HK\$66,055,000. 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 2025 were primarily due to the bonds payables amounted to HK\$67,500,000 which are due for repayment within 12 months after 31 December 2025. 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, who have a history of extending bonds with the Company, on 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 is actively negotiating with potential investors to secure new equity or debt financing to meet the Group's working capital and financial requirements in the near future;
- (3) the Group continues to develop and operate the cold storage and related services and trading and sales of food beverage business segments such that they can bring operating cash inflows to the Group; and
- (4) the Group is actively negotiating with new potential customers to establish business cooperation, which, if successfully concluded, are expected to improve the liquidity, profitability and revenue of the Group.

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. Furthermore, Providence Capital Group Limited, the Group's shareholder, has confirmed to provide continuing financial support to the Group so as to enable the Group to meet their liabilities as and when they fall due and to carry on its business without a significant curtailment of operations. 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.

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS

3.1 New and amended standards adopted by the Group

The Group has applied the following amendments to HKFRS Accounting Standards for the first time for their annual reporting period commencing on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
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The amendments to HKFRS Accounting Standards listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3.2 New and amended HKFRS Accounting Standards not yet adopted

Certain new and amended HKFRS Accounting Standards have been issued but are not yet effective for the year beginning on 1 January 2025 and have not been early adopted by the Group:

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

The directors have performed assessment on these new and amended HKFRS Accounting Standards, and have concluded on a preliminary basis that these new and amended HKFRS Accounting Standards would not have a significant impact on the Group's consolidated financial statements when they become effective, except for following new HKFRS Accounting Standards.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements.

HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group presents and discloses financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The Group is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

There are no other new HKFRS Accounting Standards that are not yet effective and that would be expected to have material impact on the Group's consolidated financial statements. The Group will adopt the above new HKFRS Accounting Standards when they become effective.

4. SEGMENT INFORMATION

The executive director has been identified as the chief operating decision maker 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 director considers 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 in Hong Kong.

Segment results, which are the measures reported to the chief operating decision maker 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, certain loss allowance on other receivables, 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, net.

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 2025

	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			
Major Customer A	15,996	–	15,996
Other customers	<u>116,831</u>	<u>16,653</u>	<u>133,484</u>
Total revenue	<u>132,827</u>	<u>16,653</u>	<u>149,480</u>
Segment results	<u>(45,097)</u>	<u>(4,624)</u>	(49,721)
Unallocated other revenue			246
Unallocated other income			42
Unallocated other gains, net			48
Unallocated loss allowances on other receivables			(1,642)
Unallocated finance costs			(6,970)
Unallocated expenses			<u>(14,126)</u>
Loss before tax			<u>(72,123)</u>

Year ended 31 December 2024

	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			
Major Customer A	35,388	–	35,388
Other customers	145,020	38,747	183,767
	<u>180,408</u>	<u>38,747</u>	<u>219,155</u>
Total revenue			
	<u>180,408</u>	<u>38,747</u>	<u>219,155</u>
Segment results	<u>(19,260)</u>	<u>(1,215)</u>	<u>(20,475)</u>
Unallocated other revenue			233
Unallocated other income			96
Unallocated other losses, net			(49)
Unallocated finance costs			(5,774)
Unallocated expenses			(14,259)
			<u>(40,228)</u>

5. REVENUE

Revenue is analysed by category as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<u><i>Revenue from Contracts with Customers within HKFRS 15</i></u>		
Provision of cold storage and related services		
– Cold storage services	114,073	158,199
– Handling services	1,909	2,285
– Logistics services	16,845	19,924
	<u>132,827</u>	180,408
Trading and sales of food and beverage	<u>16,653</u>	38,747
	<u>149,480</u>	219,155
Other revenue	<u>246</u>	233
Total revenue	<u>149,726</u>	<u>219,388</u>
Timing of revenue recognition		
At a point in time	16,653	38,747
Overtime	<u>132,827</u>	180,408
	<u>149,480</u>	<u>219,155</u>

6. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Imputed interest income on rental deposits paid	995	3,050
Interest income from bank deposits	29	87
Other services income	4,092	8,950
Sundry income	148	65
	<u>5,264</u>	<u>12,152</u>

7. OTHER GAINS, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Exchange losses, net	(78)	(132)
Gains on disposal/written-off of property, plant and equipment, net	101	146
Recovery of loan receivables	72	81
Written-off of trade receivables	–	(8)
	<u>95</u>	<u>87</u>

8. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest expense on a bank borrowing	1,697	1,726
Interest expense on bonds payables	4,568	5,724
Interest expense on convertible bonds	2,367	–
Interest expense on lease liabilities	33,807	6,649
Interest expense on employee benefit obligations	100	100
	<u>42,539</u>	<u>14,199</u>

9. INCOME TAX EXPENSE

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 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% (2024: 25%).

10. LOSS PER SHARE

Basic loss per share is calculated based on the loss for the year ended 31 December 2025 attributable to the equity holders of the Company of approximately HK\$72,123,000 (2024: approximately HK\$40,228,000) and on the weighted average number of approximately 31,635,000 ordinary shares (2024: approximately 29,011,000 ordinary shares) in issue during the year ended 31 December 2025.

The weighted average number of ordinary shares for the purposes of calculating basic loss per share for the year ended 31 December 2024 had been adjusted, taking into account the share consolidation on 16 July 2025 as defined in Management Discussion and Analysis (“Share Consolidation”), and assuming the Share Consolidation has been completed on 1 January 2024.

There were no dilutive potential ordinary shares during the year ended 31 December 2024. For the year ended 31 December 2025, the Company’s dilutive potential shares comprise shares to be issued under convertible bonds and share option scheme. The Group incurred losses and the potential ordinary shares were not included in the calculation of the diluted loss per share as they are anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2025 is the same as basic loss per share.

11. DIVIDEND

No dividend was paid during the year (2024: Nil), nor has any dividend been proposed since the end of the reporting period (2024: Nil).

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables from third parties	19,432	30,627
Less: Loss allowances	<u>(161)</u>	<u>(637)</u>
	19,271	29,990
Other receivables		
Other receivables	18,830	203
Less: Loss allowances	<u>(1,642)</u>	<u>–</u>
	17,188	203
Rental deposits paid	14,508	12,829
Deposits and prepayments	<u>2,235</u>	<u>2,412</u>
	33,931	15,444
Sub-total	<u>53,202</u>	<u>45,434</u>
Less: Presented under non-current assets		
Rental deposits paid	<u>(14,191)</u>	<u>(12,618)</u>
Total presented under current assets	39,011	32,816

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 (2024: 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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	12,973	13,142
31 to 60 days	4,476	8,069
61 to 90 days	630	3,352
91 to 120 days	106	1,269
More than 120 days	1,086	4,158
	<u>19,271</u>	<u>29,990</u>

13. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	<u>3,003</u>	<u>2,760</u>
Other payables		
Accruals and other payables	5,870	3,253
Accrued staff costs	2,438	1,809
Bonds interest payables	2,290	2,341
Convertible bonds interest payables	2,367	–
	<u>12,965</u>	<u>7,403</u>
	<u>15,968</u>	<u>10,163</u>

Except for certain trade creditors who allowed the Group with 30 days (2024: 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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	2,096	2,158
31 to 60 days	616	602
61 to 90 days	283	–
91 to 120 days	1	–
More than 120 days	7	–
	<u>3,003</u>	<u>2,760</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL RESULTS

For the year ended 31 December 2025, the Group's total revenue amounted to approximately HK\$150 million, representing a decrease of about 31.5%, compared to approximately HK\$219 million from the preceding year.

For the year ended 31 December 2025, the Group recorded a net loss attributable to equity holders of the Company of approximately HK\$72.1 million, compared to the net loss attributable to equity holders of the Company of approximately HK\$40.2 million recorded in the year ended 31 December 2024.

The Board considers that the increase in net loss for FY2025 is primarily attributable to (i) the decrease in revenue from the cold storage and related services business by approximately 26%; (ii) the decrease in revenue from the trading and sales of food and beverage business in Mainland China by approximately 57%; and (iii) the decrease in other services income of approximately 54%. These decreases were mainly due to challenging macroeconomic conditions, which weakened demand for the Group's products and services. In addition, the accounting impacts on increase in finance costs arising from the extension of lease agreements for the cold storage warehouse at the end of 2024 further contributed to the net loss.

REVIEW OF OPERATING SEGMENTS

The Group is strategically positioning itself as a diversified service provider, with core operations deeply rooted in cold storage and logistics services in Hong Kong, and the trading and sales of food and beverage products primarily in Mainland China. Leveraging over two decades of expertise in managing physical infrastructure and supply chains, the Group has deliberately evolved its operational model to enhance resilience and capture emerging regional opportunities.

The year 2025 presented significant macroeconomic headwinds across both established operating segments – sustained cross-border consumption outflows suppressed domestic cold storage demand in Hong Kong, while cautious consumer sentiment intensified competitive pressure in the Mainland China food trading market. Against this backdrop, the Board underwent significant reconstitution during 2025. In August 2025, new directors with deep expertise in equity investment, supply chain integration, and institutional capital markets were appointed. The Board believes these appointments materially enhance the Group's strategic planning, M&A execution, and corporate governance standards, providing critical support for the Group's expansion strategies and long-term sustainable growth.

Both operating segments demonstrated notable resilience throughout the year. The cold storage segment maintained pricing discipline and service quality leadership, capturing market share as smaller competitors exited, with revenue firming up slightly in the fourth quarter. Simultaneously, the Mainland China trading segment completed a strategic channel and product portfolio transformation. Furthermore, as part of the Group's long-term strategy to prudently explore new growth drivers, the Group announced a non-legally binding letter of intent in late 2025 regarding potential acquisition of new infrastructure opportunities overseas. This initiative remains in the preliminary exploratory stage.

INFRASTRUCTURE SERVICES – COLD STORAGE AND LOGISTICS OPERATIONS

The cold storage and logistics segment navigated a persistently challenging demand environment in 2025, shaped by structural shifts across Hong Kong’s food and beverage sector. According to provisional figures from the Census and Statistics Department, local dining activity weakened in real terms, presenting unavoidable revenue headwinds for the local cold storage sector.

The Group’s response was deliberate and forward-looking. Rather than pursuing short-term volume through aggressive price reductions, management maintained pricing stability and doubled down on service excellence. The Group’s hybrid operations model – retaining a core team of dedicated in-house personnel while selectively outsourcing a portion of logistics operations – ensured unmatched service quality alongside cost efficiency.

As market conditions begin to normalise and smaller operators exit the market, the Group’s established reputation for reliability and stringent hygiene standards has translated into accelerating customer acquisition. Seasonally adjusted data in the fourth quarter of 2025 indicated a recovery in local food and beverage activity, positioning the Group advantageously as cargo volumes migrate to well-capitalised, premium providers.

TRADING AND SALES OF FOOD AND BEVERAGES

In Mainland China, the trading and sales segment completed a fundamental strategic transformation. Recognising the structurally unattractive economics of traditional large-format supermarket chains, management executed a decisive pivot towards convenience store channels. This channel shift eliminated intermediary costs and created a more direct, scalable commercial relationship with end retailers.

Concurrent with this channel transformation, the Group overhauled its product portfolio, exiting lower-margin commodity categories in favour of high-margin, niche specialty products with demonstrated consumer demand. The segment remained in a deficit position in 2025, as the impact of the strategic overhaul continues to materialise amid challenging conditions.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group manages its business and operational risks through diversifying its business portfolio and maintaining financial prudence. The Group recognises its vulnerability to macroeconomic fluctuations in Mainland China and Hong Kong, which could undermine demand for its products and services.

To safeguard continuous performance, we have enacted financial prudence by reducing operating expenses and optimising resource allocation. As the Group embarks on its strategic expansion into the Greater Bay Area (“GBA”), we are cognisant of execution risks cross-border regulatory compliance. Furthermore, regarding the Group’s preliminary exploration of overseas infrastructure projects, we recognise the associated regulatory, execution, and due diligence risks. In light of ongoing global trade tensions and potential tariff escalations, the Group remains alert to risks of supply chain disruptions, increased costs for imported goods, and shifts in cross-border trade flows that could impact our food and beverage trading segment and logistics operations. The Group’s robust risk-control framework remains in force to mitigate these exposures and guide our segments toward sustainable growth.

EVENTS AFTER THE REPORTING PERIOD

Writ of summons against the Company

Reference was made to the Interim Report of the Company for the six months ended 30 June 2025. On 9 September 2025, the Company received a writ of summons issued from the High Court of the Hong Kong Special Administration Region by Chen Rijuan as the plaintiff against the Company as the defendant. The plaintiff demanded the Company to repay the 6% coupon bonds (the “Bonds”) held by the plaintiff in the principal sum of HK\$10,000,000 plus interest and costs. Subsequently, the Company and Chen Rijuan reached a settlement arrangement, on 13 March 2026, the Company received a notice of discontinuance filed with the High Court by the Plaintiff, confirming that the legal action against the Company is closed.

Letter of intent for a potential acquisition

On 30 December 2025, the Company announced the signing of a non-legally binding letter of intent to establish a joint venture in the United States for the proposed acquisition of two data centres. As at the date of this results announcement, no legally binding agreement has been entered into. The potential transaction remains subject to comprehensive due diligence, feasibility studies, and the execution of definitive agreements. Further announcements will be made as and when appropriate, in accordance with the Listing Rules.

Save as the above disclosed, no other material events occurred between 31 December 2025 and the date of this results announcement.

PROSPECTS

The Group enters 2026 with strengthened conviction across its core business platforms, supported by a materially improving macroeconomic backdrop, concrete internal catalysts, and a strategic positioning well aligned with the structural integration of the GBA.

COLD STORAGE AND LOGISTICS: INTEGRATING INTO THE GREATER BAY AREA

Building on the operational turnaround witnessed in late 2025, the cold storage and logistics segment is positioned for a meaningful transformation in 2026. Beyond consolidating its market-leading position in Hong Kong, the Group’s strategic priority is to aggressively expand its operational footprint into the GBA.

Leveraging our existing logistics fleet and established reputation for premium service quality in Hong Kong, the Group intends to collaborate deeply with regional governments across the GBA. Our objective is to establish an integrated, end-to-end service ecosystem encompassing cold chain logistics, premium cold storage, and comprehensive unpacking and packaging services. By offering these integrated value-added services, the Group anticipates creating further premium pricing space for its cold storage revenues. This comprehensive supply chain capability will also serve as a critical catalyst to convert and secure large-scale enterprise clients, establishing them as cornerstone partners for our long-term foothold in the GBA.

Complementing the GBA push, the Group will capitalise on Hong Kong's accelerating tourism recovery and rising demand for premium imported perishables. By enhancing temperature-controlled supply chain capabilities for fresh produce, seafood, and high-value F&B items, we aim to secure partnerships with international suppliers and local hospitality operators, creating new revenue streams from value-added services such as just-in-time delivery and customised storage solutions.

In parallel, the Group is prioritising sustainable practices in its cold chain operations, including energy-efficient refrigeration upgrades, exploration of low-carbon refrigerants, and integration of renewable energy sourcing where feasible. These initiatives not only align with Hong Kong's carbon neutrality goals but also enhance our appeal to environmentally conscious clients and support long-term cost optimisation.

The Group will further strengthen synergies between its cold storage/logistics and trading segments by offering integrated end-to-end services to internal and external clients, improving inventory turnover, reducing costs, and enhancing overall supply chain resilience.

TRADING AND SALES: OMNICHANNEL EXPANSION

The Mainland China trading segment enters 2026 with a lean cost structure and a focused high-margin product portfolio. To accelerate revenue growth and brand penetration, the Group is actively expanding its e-commerce capabilities. Simultaneously, the Group will continue curating a premium product portfolio, with emphasis on health-oriented, functional, and imported specialty items that meet evolving consumer preferences for wellness and quality. This includes targeted expansion into ready-to-eat, organic, and low-sugar categories to capture higher-margin opportunities in convenience networks other distribution channels.

To mitigate external supply risks, management will deepen supplier diversification, strengthen procurement efficiency, and explore near-shore or regional sourcing alternatives, ensuring stable supply and competitive pricing amid ongoing global uncertainties.

The Group will reinforce its offline convenience store network as a stable foundation, focusing on localised assortment, in-store promotions, and loyalty programmes to drive footfall and repeat purchases.

PRUDENT EXPLORATION OF NEW OPPORTUNITIES

While maintaining an unwavering focus on its core operations, the Group remains open to exploring diversified business opportunities that can yield long-term shareholder value. Following the December 2025 announcement regarding the non-legally binding letter of intent for potential acquisition of overseas infrastructure assets, the Group will proceed with strict financial discipline. Any progression of such initiatives will be strictly subject to rigorous legal, financial, and operational due diligence. As at the date of this results announcement, this initiative remains in the preliminary exploration stage.

In addition to the potential acquisition of the overseas infrastructure exploration, the Group will prudently evaluate adjacent opportunities to apply its temperature-controlled expertise to sectors such as pharmaceuticals, cosmetics, and high-value perishables, where demand for reliable cold chain solutions is growing steadily.

The Group remains attentive to opportunities in sustainable infrastructure, including potential collaborations on energy-efficient systems or renewable integration for logistics facilities, subject always to rigorous evaluation and alignment with core competencies.

All diversification initiatives will be pursued with strict discipline, prioritising shareholder value, risk mitigation, and alignment with the Group's infrastructure management strengths.

CORPORATE STRATEGY AND LONG-TERM BUSINESS MODEL

The Group is committed to developing a steady and progressive culture built on operational efficiency and service excellence. Our corporate strategy and long-term business model are anchored on three key pillars:

(i) Consolidating Core Foundation and Expanding GBA Synergies

As the foundational pillar of the Group, the cold chain logistics and storage services will transition from a Hong Kong-centric model to a GBA-integrated model. By optimising workflows and offering integrated supply chain solutions (from storage to value-added packaging), the Group aims to capture high-margin enterprise clients and benefit from the region's rapid economic integration.

(ii) Empowering Traditional Trade

In the trading and sales of food and beverage segment, the Group will continue to refine its product matrix by securing premium product portfolios and diversifying its physical retail channels. Deepening penetration in these traditional networks ensures agile responses to consumer trends and maximises overall market share.

(iii) Prudent Diversification and Risk Management

In the face of complex global market dynamics, the Group maintains a prudent yet proactive approach to exploring new infrastructure and investment opportunities. All diversification efforts, including any potential overseas projects, will be governed by stringent risk assessment frameworks to ensure they provide a solid and sustainable cash-flow foundation without compromising the Group's core operational stability.

In summary, the Group will steadily advance these strategic initiatives, ensuring the robust operation of its core businesses while maintaining a healthy financial position. The Board remains fully confident in the Group's future development and is committed to delivering sustainable, long-term returns for our shareholders.

FINANCIAL KEY PERFORMANCE INDICATORS

		As at 31 December	
		2025	2024 (Restated)
Loss per share – basic and diluted	HK\$	(2.28)	(1.39)*
Net liabilities per share attributable to equity holders of the Company	HK\$	2.09	0.79*
Current ratio	times	0.36	0.51
Total liabilities to total assets ratio	times	1.14	1.04
Gearing ratio	%	-156.7	-524.6
Return on equity ratio	%	109.2	175.9
Return on assets	%	-14.9	-6.8
Assets turnover ratio	times	0.28	0.52

* Adjusted

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2025, the Group had bank and cash balances of approximately HK\$13.1 million (2024: approximately HK\$59.8 million), which was denominated in Hong Kong dollars (“HK\$”) and Renminbi (“RMB”) as to approximately 89.1% and 10.9% (2024: approximately 92.1% and 7.9%), respectively. The decline was principally attributable to the loss recognised during the year ended 31 December 2025 and the repayment of bonds principal of HK\$17.5 million.

The gearing ratio, measured as total borrowings (excluded lease liabilities) over total deficits was approximately -156.7% as at 31 December 2025 (2024: approximately -524.6%). The decrease was primarily attributable to the settlement of bonds payables of HK\$17.5 million and a bank borrowing of HK\$35 million during year ended 31 December 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.

During the year ended 31 December 2025, certain of the 2023 Bonds and 2024 Bonds were matured and the Company has settled in the principal amount of HK\$17.5 million (2024: HK\$15 million). As at 31 December 2025, the aggregate principal amount of bonds remaining outstanding was HK\$67.5 million (2024: HK\$85 million). As at 31 December 2025, the maturity dates are ranging from January 2026 to August 2026 (2024: February 2025 to January 2026).

As 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. The bank borrowing of HK\$35 million was fully repaid in July 2025.

On 20 April 2025, the Company entered into three separate convertible bonds subscription agreements (the “CB Subscription Agreements”) with YuYu Future Investment Limited, Protoss Global Opportunities Fund and Providence Discovery Fund (collectively, the “CB Subscribers”) respectively. Each being an independent third party, pursuant to which each CB Subscriber conditionally agreed to subscribe for convertible bonds with a principal amount of HK\$15,000,000, for an aggregate principal amount of HK\$45,000,000 (the “Convertible Bonds”). The Convertible Bonds bear interest at 6% per annum, payable annually on each anniversary of the initial issue date, and carry a maturity of three years from the initial issue date, extendable to five years subject to the holder’s written consent. The holders are entitled to convert all or part of the principal amount into shares at an initial conversion price of HK\$0.4801 per share (as adjusted by Share Consolidation). Based on this conversion price, a maximum of 93,730,472 conversion shares (as adjusted by Share Consolidation) may be issued upon full exercise of the conversion rights attached to the Conversion Bonds, representing a maximum aggregate nominal value of approximately HK\$9,373,047.

On 21 July 2025, all conditions precedent under the CB Subscription Agreements were fulfilled and completion of the Convertible Bonds subscription took place accordingly, with the Convertible Bonds having been issued to the CB Subscribers.

For details, please refer to the announcements of the Company dated 21 April 2025 and 21 July 2025 and the circular of the Company dated 27 June 2025.

During the year ended 31 December 2025, 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 2025, the Group did not have any material foreign exchange exposure and had not used any financial instruments for hedging purpose.

Share capital structure

Share Consolidation

On 14 July 2025, an ordinary resolution of the Company was passed at the special general meeting of the Company to consolidate every ten (10) issued and unissued existing shares in the share capital of the Company into one (1) consolidated share (“Share Consolidation”). 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\$0.10 each. Details of the Share Consolidation are set out in the announcements of the Company dated 13 June 2025 and 14 July 2025 and the circular of the Company dated 27 June 2025.

Subscription of new shares in July 2025

Pursuant to the announcement issued by the Company dated 21 April 2025, the Company entered into separate subscription agreements with three subscribers, respectively on 20 April 2025, for the subscription of aggregate of 58,022,079 subscription shares at the subscription price of approximately HK\$0.04801 per subscription share. The subscription of new shares was completed on 21 July 2025 and 22 July 2025. An aggregate of 5,802,207 (as adjusted by Share Consolidation) new shares were issued and allotted under general mandate of the Company at the subscription price of HK\$0.4801 (as adjusted by Share Consolidation) per subscription share. Particulars of the subscription of new shares were set out in the Company’s announcement dated 21 April 2025.

Subscription of new shares in December 2025

Pursuant to separate subscription agreements dated 31 October 2025 entered between the Company and three subscribers, respectively, for the subscription of aggregate of 10,000,000 subscription shares at the subscription price of HK\$2.00 per subscription share. The subscription of new shares was completed on 31 December 2025. An aggregate of 10,000,000 new shares were issued and allotted under special mandate at the Subscription Price of HK\$2.00 per subscription share. Particulars of the subscription of new shares were set out in the Company’s announcements dated 31 October 2025 and 31 December 2025 and the circular of the Company dated 5 December 2025.

As at 31 December 2025, the total issued share capital of the Company was HK\$4,481,325 (2024: HK\$2,901,104) divided into 44,813,247 ordinary shares (2024: 29,011,040 ordinary shares (as adjusted by Share Consolidation) with a par value of HK\$0.1 (2024: HK\$0.1 (as adjusted by Share Consolidation) 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 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 (2024: HK\$3.5 million) and are secured by bank deposits amounting to HK\$1.7 million (2024: HK\$1.7 million). As at 31 December 2025, the utilised banking facilities in this regard was approximately HK\$1.4 million (2024: approximately HK\$1.4 million).

As at 31 December 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 million (2024: approximately HK\$107 million).

At 31 December 2025, the carrying amount of motor vehicles of approximately HK\$0.5 million (2024: approximately HK\$0.7 million) were pledged as the lessors' charge over the leased assets to secure the lease liabilities of approximately HK\$0.5 million (2024: approximately HK\$0.7 million).

Future plans for material investments or capital assets

On 30 December 2025, the Company entered into a non-legally binding letter of intent in respect of a potential acquisition of two data centers in the United States with an aggregate capacity of approximately 30 Megawatt. The potential acquisition, with an expected consideration of about United States Dollar 11.4 million (equivalent to approximately HK\$88.9 million), would be carried out through a joint venture entity in which the Company's subsidiary would hold a 60% interest.

The potential acquisition is intended to diversify the Group's business and extend its expertise in managing energy-intensive infrastructure. The assets may also provide opportunities for future use in other computing sectors, such as AI data centers, thereby enhancing the resilience and long-term value of the Group's operations.

As at the date of this results announcement, the terms of the potential acquisition are still under negotiation and no legally binding agreement has been entered into. The transaction may or may not proceed, and the final terms may differ from those currently contemplated.

Save for those disclosed in this results announcement, the Group did not have other concrete future plans for material investments or capital asset.

Contingent liabilities

As at 31 December 2025, the Group did not have any contingent liabilities (2024: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2025, the Group combining the total number of full-time employees in Hong Kong and Mainland China employed approximately 130 and 20 respectively (2024: approximately 150 Hong Kong employees; 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 year ended 31 December 2025 amounted to approximately HK\$53,422,000 (2024: approximately HK\$63,573,000).

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.

DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 December 2025 (2024: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SHARE CONSOLIDATION

Reference is made to the announcements of the Company dated 13 June 2025 and 14 July 2025 ("Announcements") and the circular of the Company dated 27 June 2025 ("Circular"), in relation to the share consolidation. Unless otherwise specified, capitalised terms used under this subheading shall have the same meanings as those defined in the Announcements and the Circular.

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.

SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

Reference is made to the announcements of the Company dated 21 April 2025, 21 July 2025 and 22 July 2025 ("Announcement"), and the Company's circular dated 27 June 2025 ("Circular"). Unless otherwise specified, capitalised terms used under this subheading shall have the same meanings as those defined in the Announcements and the Circular.

As disclosed in the announcement issued by the Company dated 21 April 2025, the Company entered into separate Subscription Agreements with three Subscribers, respectively 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 Share Consolidation) Subscription Shares were issued and allotted under the General Mandate at the Subscription Price of HK\$0.4801 (as adjusted by Share Consolidation) per Subscription 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 Subscription Shares of the Company (as adjusted by Share Consolidation) under the General Mandate, comprising 1,934,069 Subscription Shares to each of YuYu Future Investment Limited and Mr. Bi Wei, respectively. The Subscription Shares were issued at a Subscription Price of HK\$0.4801 per Subscription Share (as adjusted by Share Consolidation), pursuant to the terms of Subscription Agreement A and Subscription Agreement B.

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 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 that raising 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.

The following table sets forth a breakdown of the use of the net proceeds as at 31 December 2025:

	Allocation of net proceeds	Utilised during year ended 31 December 2025	Unutilised as at 31 December 2025
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Intended use of net proceeds			
(i) repayment of indebtedness of the Group	2.00	2.00	–
(ii) fund working capital of the Group	0.52	0.52	–
	<u>2.52</u>	<u>2.52</u>	<u>–</u>

The net proceeds from the Subscription has been fully utilised as at 31 December 2025.

SUBSCRIPTION OF CONVERTIBLE BONDS UNDER THE SPECIFIC MANDATE

Reference is made to the announcements of the Company dated 21 April 2025, 21 July 2025 and 22 July 2025 (“Announcement”) and the Company’s circular dated 27 June 2025 (“Circular”). Unless otherwise specified, capitalised terms used under this subheading shall have the same meanings as those defined in the Announcements and the Circular.

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 93,730,473 Conversion Shares (as adjusted by Share Consolidation) at the Conversion Price of HK\$0.4801 (as adjusted by Share Consolidation) per Conversion Share upon exercise of the conversion rights attached to the Convertible Bonds in full. Each CB Subscriber will be entitled to receive 31,243,491 Conversion Shares. The maximum aggregate nominal value of the Conversion Shares is HK\$9,373,047 (as adjusted by 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 93,730,473 Conversion Shares (as adjusted by 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 31,243,491 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 net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.4339 (as adjusted by Share Consolidation).

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.

The following table sets forth a breakdown of the use of the net proceeds as at 31 December 2025:

	Allocation of net proceeds	Utilised during year ended 31 December 2025	Unutilised as at 31 December 2025
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Intended use of net proceeds			
(i) repayment of bank loan	35.00	35.00	–
(ii) general working capital of the Group including staff cost and other office overhead	5.67	5.67	–
	<u>40.67</u>	<u>40.67</u>	<u>–</u>

The net proceeds from the Subscription has been fully utilised as at 31 December 2025.

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

Reference is made to the announcements of the Company dated 31 October 2025 and 31 December 2025 (“Announcement”), and the Company’s circular dated 25 December 2025 (“Circular”). Unless otherwise specified, capitalised terms used under this subheading shall have the same meanings as those defined in the Announcements and the Circular.

On 31 October 2025, the Company entered into separate Subscription Agreements with the three Subscribers, respectively, namely China Aviation Development Limited, Voyage Capital Holdings Limited and Hong Kong Gold and Jewelry Accessories Group Limited, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 10,000,000 Subscription Shares at the Subscription Price of HK\$2.00 per Subscription Share. The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

(a) China Aviation Development Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 2,500,000 Subscription Shares at the Subscription Price of HK\$2.00 per Subscription Share; (b) Voyage Capital Holdings Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 2,500,000 Subscription Shares at the Subscription Price of HK\$2.00 per Subscription Share; and (c) Hong Kong Gold and Jewelry Accessories Group Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 5,000,000 Subscription Shares at the Subscription Price of HK\$2.00 per Subscription Share.

China Aviation Development Limited is a company incorporated in the British Virgin Islands with limited liability which is primarily engaged in investment and consultancy business, is ultimately beneficially wholly-owned by Mr. Guo Ke (郭可), who is the Independent Third Party as at the date of the Subscription Agreements.

Voyage Capital Holdings Limited is a company incorporated in the British Virgin Islands with limited liability which is primarily engaged in investment business, is ultimately beneficially wholly-owned by Mr. Li Yuhang (李宇航). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as the Subscriber B's ultimate beneficial owner directly held 10,414,497 Convertible Bonds, the Subscriber B and its ultimate beneficial owner are Independent Third Parties as at the date of the Subscription Agreements.

Hong Kong Gold and Jewelry Accessories Group Limited is a company incorporated in Hong Kong with limited liability which is primarily engaged in import and export trading business, is ultimately beneficially wholly-owned by Mr. Zhang Jier (張繼兒), who is the Independent Third Party as at the date of the Subscription Agreements.

The Subscription was completed on 31 December 2025. An aggregate of 10,000,000 new shares were issued and allotted under the Specific Mandate at the Subscription Price of HK\$2.00 per Subscription Share.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, each of the Subscribers and its ultimate beneficial owner(s) (if applicable) are Independent Third Parties.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$1.97 per Subscription Share. The aggregate nominal value of the Subscription Shares will be HK\$1,000,000. The closing price as quoted on the Stock Exchange on 31 October 2025, being the date of the Subscription Agreements, is HK\$2.05 per share.

The gross proceeds and net proceeds of the Subscription are HK\$20 million and approximately HK\$19.72 million, respectively. The Directors believe that the Subscription will help reduce the Group's gearing ratio and enhance the Company's overall financial stability.

The following table sets forth a breakdown of the use of the net proceeds as at 31 December 2025:

	Allocation of net proceeds <i>HK\$ million</i>	Utilised during year ended 31 December 2025 <i>HK\$ million</i>	Unutilised as at 31 December 2025 <i>HK\$ million</i>	Expected time of use <i>HK\$ million</i>
Intended use of net proceeds				
(i) repaying debts of the Group	15.00	–	15.00	by the end of 2026
(ii) funding the Group’s working capital	4.72	–	4.72	by the end of 2026
	<u>19.72</u>	<u>–</u>	<u>19.72</u>	

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

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 as stated below.

Since there is no Chairman in the Company during the year ended 31 December 2025, 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.

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 2025, 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 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.

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 2025. No incident of non-compliance was noted by the Company during the year ended 31 December 2025.

Audit Committee

The Audit Committee currently comprises three independent non-executive directors, namely, Mr. Leung Chi Hung (Chairman), Mr. Lo Chi Wang and Ms. Li Dan.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year, including the financial and accounting policies and practices adopted by the Group, and discussed matters relating to auditing, risk management and internal control and financial reporting.

SCOPE OF WORK OF LINKSFIELD CPA LIMITED

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

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Linksfeld CPA Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of the independent auditor's report regarding the consolidated financial statements of the Group for the year ended 31 December 2025:

Our opinion

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of consolidated financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to the “Going concern” section in Note 3.3 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\$72,123,000 for the year ended 31 December 2025 and, as at that date, the Group had net current liabilities of approximately HK\$94,445,000 and net liabilities of approximately HK\$66,055,000 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.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE HKEXNEWS AND THE COMPANY

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

The 2025 annual 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 HKExnews and the Company in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises executive director, namely, 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, 30 March 2026