

DAIDO

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

(在百慕達成立為法團，而其成員的法律責任是有限度的)

Stock Code 股份代號：00544

2024 中期報告 INTERIM REPORT

DAIDO

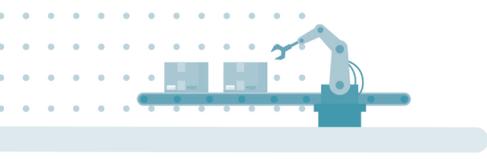
GROUP LIMITED
大同集團有限公司





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fung Pak Kei

*(appointed as Chief Executive Officer on
22 February 2024)*

Mr. Ho Hon Chung, Ivan

(Acting Chief Executive Officer)

Non-executive Directors

Mr. Au Tat Wai

Mr. Fung Wa Ko

Independent Non-executive Directors

Mr. Leung Chi Hung

Mr. Lo Chi Wang

Mr. Tse Yuen Ming

COMMITTEES

Audit Committee

Mr. Leung Chi Hung *(Chairman)*

Mr. Lo Chi Wang

Mr. Tse Yuen Ming

Nomination Committee

Mr. Tse Yuen Ming *(Chairman)*

Mr. Leung Chi Hung

Mr. Lo Chi Wang

Remuneration Committee

Mr. Lo Chi Wang *(Chairman)*

Mr. Leung Chi Hung

Mr. Tse Yuen Ming

COMPANY SECRETARY

Mr. Cheung Hoi Kin

STOCK CODE

00544

WEBSITE

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

www.daidohk.com

REGISTERED OFFICE

Clarendon House, 2 Church Street

Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit No. 1301, Level 13, Tower 1

Kowloon Commerce Centre

No. 51 Kwai Cheong Road

Kwai Chung, New Territories

Hong Kong

AUDITOR

Forvis Mazars CPA Limited

(formerly known as Mazars CPA Limited)

Certified Public Accountants and

Registered Public Interest Entity Auditor

42nd Floor, Central Plaza

18 Harbour Road

Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Bank of Communications (Hong Kong) Limited

Nanyang Commercial Bank, Limited

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking

Corporation Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited

Suites 3301–04, 33/F.

Two Chinachem Exchange Square

338 King's Road

North Point

Hong Kong



MANAGEMENT DISCUSSION AND ANALYSIS



OVERALL RESULTS

For the six months ended 30 June 2024, the Group's total revenue amounted to approximately HK\$125 million, representing a decrease of about 22.8%, compared to approximately HK\$162 million from the corresponding period of last year.

For the six months ended 30 June 2024, the Group recorded a loss attributable to equity holders of the Company of approximately HK\$19.8 million compared to the profit of approximately HK\$11.8 million recorded in the corresponding period of last year, representing a decrease of about 267.8%.

The Board considers that the loss was primarily attributable to (i) the absence of one-off gain from the disposal of a subsidiary recorded in the corresponding period in 2023; (ii) the decrease in revenue from the trading and sales of food and beverage business in Mainland China by approximately 45.0%; and (iii) the decrease in revenue from the cold storage and related services business by approximately 14.9%. The decrease in revenue as mentioned in (ii) and (iii) was mainly resulting from the challenging macroeconomic conditions, thereby weakening the demand for the Group's products and services.

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

The Group's principal source of income is derived from operating the cold storage business and related activities. It also provides customers in this segment with a host of ancillary services, from transportation to distribution, container hauling and devanning, packaging, and logistics services.

During the first half of 2024, Hong Kong residents continued the post-COVID-19 trend of traveling to Mainland China and overseas countries. This led to a shift in consumer spending away from Hong Kong, negatively impacting local demand for frozen food in the food and beverage (F&B) industry. Under this unfavorable trend, the Group was able to maintain its cold storage and logistics operations at a reduced pace during the first half of 2024 compared to the same period the previous year, thanks to improved operating efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING SEGMENTS (continued)

Cold storage and logistics (continued)

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

Additionally, to optimise operational resources, the Group made adjustments to its workforce, which contributed to further cost reductions.

With this situation and further recovery of the economy, the management is cautiously optimistic and has sought to diversify its customer base in order to acquire customers that demand higher usage of warehouse storage and logistics services. With various internal restructuring and resource allocation, the Group aims to focus on its core business with the view to manage foreseeable market rebound and to achieve sustainable corporate growth in the long run.

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

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

There was a considerable increase of rental cost imposed by our landlord for the cold storage warehouse that the Group operated, which remains as a key cost item, during the first half of 2024. We adjusted prices with a higher rate to some selected customers thereupon, and the management is also expecting an increase in business volume from customers who enjoyed unadjusted rates.



MANAGEMENT DISCUSSION AND ANALYSIS



REVIEW OF OPERATING SEGMENTS (continued)

Cold storage and logistics (continued)

During the first half of 2024, part of the Kwai Hei Street warehouse is under reconstruction. The facility will be converted from a bonded warehouse into a cold storage warehouse. As a result of this reconstruction, the warehouse now has increased cold storage capacity to better support the Group's higher-margin cold storage business.

The logistics business that mainly support the Group's warehousing customers has remained stable.

Trading and sales of food and beverage products

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

After experiencing a decrease in consumer demand during the first half of 2024, the Group undertook a continuous review and assessment of its existing wholesale channels and product portfolio. As a result, the Group ceased certain distribution channels and products with lower profit margins, while building up higher-margin offerings, particularly by expanding its network of major convenience store partners.

Concurrently, the Group implemented stringent cost control measures to maintain the profitability of this business segment. Through these strategies, the Group was able to successfully maintain good relationships with reputable supermarket brands, while also developing its convenience store network smoothly during the first half of 2024.

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



MANAGEMENT DISCUSSION AND ANALYSIS



PROSPECTS

With support from the Hong Kong Government, the resume of economic activities, such as plans to attract talents and tourists, had successfully stimulated consumer spending in the domestic market. According to the Census and Statistics Department of the Hong Kong Government, GDP increased by 3.3% in real terms in the second quarter of 2024 from a year earlier, compared with the increase of 2.8% in the first quarter. However, the volume index of restaurant receipts for the first and second quarters 2024 decreased by 0.7% and 4.6% (provisional figure), which means the sales receipts of local catering establishments had actually decreased after excluding price changes.

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

Cold storage and logistics

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

The Group will continue to actively pursue new opportunities within the cold storage and logistics business sector. Our goal is to become a diversified service provider by offering value-added services to our customers, which will enable us to expand our overall client portfolio. By leveraging our expertise and the favorable industry developments, we aim to further strengthen our core business unit and position the Group for sustained growth.

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



MANAGEMENT DISCUSSION AND ANALYSIS



PROSPECTS (continued)

Cold storage and logistics (continued)

We will continue to flexibly and promptly allocate our existing resources to meet the demands of our customers. Additionally, we plan to diversify our customer base by reaching out to more operators of supermarkets and frozen-food outlets, as their need for reliable cold storage facilities remains strong.

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

Furthermore, our plan to seek suitable strategic partners to establish a joint venture is expected to make material progress in the upcoming half-year period. This partnership is anticipated to fuel the overall development of the Group.

Trading and sales of food and beverage products

The Group expects the profitability of our food and beverage distribution operations in Mainland China to continue increasing, driven by our strategy of developing higher-margin wholesale channels. We will continue to replace underperforming products and sales channels, realign our prices in tandem with market conditions, and adjust our portfolio to incorporate more higher-margin products and wholesale channels.

We will maintain our presence in the high-margin supermarket chain channel while also exploring the mass network of convenience stores. Additionally, we will continue our strategy of sourcing suitable high-margin foreign products to trade in Mainland China, while also seeking appropriate Mainland China-made products to trade in Hong Kong. This diversified approach aims to achieve further profitability.

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



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity and financial resources

At 30 June 2024, the Group had bank and cash balances of approximately HK\$46.1 million (31 December 2023: approximately HK\$62.0 million), which was denominated in Hong Kong dollars (“HK\$”), Renminbi (“RMB”) and United States dollars (“US\$”) as to approximately 93.4%, 6.6% and nil (31 December 2023: approximately 73.5%, 10.0% and 16.5%), respectively. The decrease was mainly due to cash used in operations and financing activities.

At 30 June 2024, the gearing ratio of the Group was 175.6 (31 December 2023: 6.5), which was calculated based on total debts including bank borrowing and bonds payables divided by equity attributable to equity holders of the Company.

In 2014, the Group announced for the placement of bonds in an aggregated principal amount of up to HK\$500 million within the placing period commencing from 13 November 2014 and ending on 12 November 2015. The net proceeds from the issue of the bonds were utilised as the general working capital of the Group. For further details, please refer to the announcements of the Company dated 13 November 2014, 26 January and 23 April 2015. The aggregate principal amount of HK\$100 million were issued in the year ended 31 December 2014 and 31 December 2015 with principal amount of HK\$40 million and HK\$60 million, respectively. The bonds bear interest at 6% per annum and payable annually in arrears, up to the maturity date of the relevant bonds. At 30 June 2024, the aggregate principal amount of bonds remaining outstanding was HK\$100 million which is same as 31 December 2023.

At 30 June 2024, bonds with principal amount of HK\$100 million (31 December 2023: HK\$100 million) will mature within twelve months from the end of the reporting period accordingly, classified as current. During the current interim period, the Company and the bondholders entered into agreements with principal amount of HK\$60 million for a maturity date ranging from six months to maximum two years if considering the extension option. In addition, a bond with principal amount of HK\$10 million was further extended for six months by the Company and a bondholder during the current interim period.

At 30 June 2024, the Group had a bank borrowing of HK\$35 million (31 December 2023: HK\$35 million) denominated in HK\$. The maturity of borrowing is April 2025 with a fixed interest rate of 5% per annum which is same as 31 December 2023.

During the current interim period, the Group’s capital expenditure was mainly financed by internal resources.



MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL REVIEW (continued)

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

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the current interim period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures. During the corresponding period of last year, a non-operating subsidiary was disposed by the Group.



MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL REVIEW (continued)

Charges on assets

At 30 June 2024, bank facilities for providing guarantees by a bank in favour of the Group's operation of cold storage services, to the extent of HK\$3.5 million (31 December 2023: HK\$3.5 million) are secured by bank deposits amounting to HK\$1.7 million (31 December 2023: HK\$1.7 million). The amount utilised at 30 June 2024 was approximately HK\$1.4 million (31 December 2023: approximately HK\$1.4 million).

In addition, within the Group's lease liabilities of approximately HK\$83.1 million (31 December 2023: approximately HK\$74.9 million), approximately HK\$0.7 million (31 December 2023: approximately HK\$0.5 million) were secured by the lessors' charge over the leased assets with carrying value of approximately HK\$0.8 million (31 December 2023: approximately HK\$0.5 million).

Future plans for material investments or capital assets

At 30 June 2024, the Group did not have any concrete future plans for material investments or capital assets.

Contingent liabilities

At 30 June 2024, the Group did not have any contingent liabilities (31 December 2023: nil).

EMPLOYMENT AND REMUNERATION POLICY

At 30 June 2024, the total number of full-time employees of the Group in Hong Kong and Mainland China were approximately 160 and 30 respectively (30 June 2023: approximately 170 Hong Kong employees; 40 Mainland China employees). Total staff related costs for the six months ended 30 June 2024 amounted to approximately HK\$33,696,000 (six months ended 30 June 2023: approximately HK\$33,967,000). Remuneration of employees is offered at competitive standards, generally structured with reference to market terms and individual qualifications. The Group reviews employee remuneration annually and in addition to the basic salaries, the Group also provides staff benefits including discretionary bonuses, Mandatory Provident Fund, medical insurance, lunch subsidy, professional tuition/training subsidy and share option scheme for employees' benefit.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2024



	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4		
– Provision of cold storage and related services		100,998	118,670
– Trading and sales of food and beverage		23,612	43,093
– Others		127	131
Total revenue		124,737	161,894
Cost of revenue		(119,677)	(127,831)
Gross profit		5,060	34,063
Other income	5	6,169	3,974
Other gains and losses, net	6	(76)	12,646
Loss allowance on trade and other receivables, net		(132)	(173)
Selling and distribution expenses		(6,013)	(5,085)
Administrative expenses		(18,004)	(18,549)
Finance costs	7	(6,768)	(5,482)
(Loss) Profit before tax	8	(19,764)	21,394
Income tax expenses	9	–	–
(Loss) Profit for the period		(19,764)	21,394
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(316)	(692)
Total comprehensive (expense) income for the period		(20,080)	20,702

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
(Loss) Profit for the period attributable to:			
Equity holders of the Company		(19,764)	11,833
Non-controlling interests		–	9,561
		(19,764)	21,394
Total comprehensive (expense) income for the period attributable to:			
Equity holders of the Company		(20,080)	11,141
Non-controlling interests		–	9,561
		(20,080)	20,702
(Loss) Earnings per share attributable to equity holders of the Company			
Basic	11	(HK6.81 cents)	HK4.08 cents
Diluted		(HK6.81 cents)	HK4.08 cents



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024



		At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	12	3,067	3,173
Right-of-use assets	13	84,269	76,803
Goodwill		68	68
Rental deposits paid		199	195
Pledged bank deposits	14	1,700	1,700
		89,303	81,939
Current assets			
Inventories		1,366	886
Trade and other receivables, deposits and prepayments	15	100,150	107,761
Bank and cash balances		46,054	61,952
		147,570	170,599
Current liabilities			
Trade and other payables	16	12,312	14,451
Contract liabilities		5,693	7,366
Bank borrowing		35,000	–
Lease liabilities	17	82,388	73,918
Bonds payables	18	100,000	100,000
		235,393	195,735
Net current liabilities		(87,823)	(25,136)
Total assets less current liabilities		1,480	56,803

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

		At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Non-current liabilities			
Bank borrowing		–	35,000
Lease liabilities	17	711	954
		711	35,954
NET ASSETS		769	20,849
Capital and reserves			
Share capital	19	2,901	2,901
Reserves		(2,132)	17,948
TOTAL EQUITY		769	20,849



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2024



	Attributable to equity holders of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	FVOCI reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000			
At 1 January 2023 (audited)	2,901	381,060	66,094	668	(102,078)	3,944	(337,076)	15,513	3,163	18,676
Profit for the period	-	-	-	-	-	-	11,833	11,833	9,561	21,394
Other comprehensive expense:										
<i>Item that may be reclassified subsequently to profit or loss</i>										
Exchange differences on translation of foreign operations	-	-	-	(692)	-	-	-	(692)	-	(692)
Total comprehensive (expense) income for the period	-	-	-	(692)	-	-	11,833	11,141	9,561	20,702
Transactions with equity holders:										
<i>Changes in ownership interests</i>										
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(12,724)	(12,724)
Total transactions with equity holders	-	-	-	-	-	-	-	-	(12,724)	(12,724)
Release of fair value through other comprehensive income ("FVOCI") reserve upon disposal of a subsidiary	-	-	-	-	102,078	-	(102,078)	-	-	-
At 30 June 2023 (unaudited)	2,901	381,060	66,094	(24)	-	3,944	(427,321)	26,654	-	26,654
At 1 January 2024 (audited)	2,901	381,060	66,094	332	-	3,944	(433,482)	20,849	-	20,849
Loss for the period	-	-	-	-	-	-	(19,764)	(19,764)	-	(19,764)
Other comprehensive expense:										
<i>Item that may be reclassified subsequently to profit or loss</i>										
Exchange differences on translation of foreign operations	-	-	-	(316)	-	-	-	(316)	-	(316)
Total comprehensive expense for the period	-	-	-	(316)	-	-	(19,764)	(20,080)	-	(20,080)
At 30 June 2024 (unaudited)	2,901	381,060	66,094	16	-	3,944	(453,246)	769	-	769

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net cash from operating activities	31,176	44,824
INVESTING ACTIVITIES		
Additions in property, plant and equipment	(740)	(563)
Interest received	37	129
Proceeds from disposal of property, plant and equipment	19	–
Net cash used in investing activities	(684)	(434)
FINANCING ACTIVITIES		
Repayments of lease liabilities	(38,713)	(36,616)
Interest paid	(7,368)	(6,082)
Net cash used in financing activities	(46,081)	(42,698)
Net (decrease) increase in cash and cash equivalents	(15,589)	1,692
Cash and cash equivalents at the beginning of the reporting period	61,952	60,411
Effect on exchange rate changes	(309)	(684)
Cash and cash equivalents at the end of the reporting period, represented by bank and cash balances	46,054	61,419



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



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”).

At 30 June 2024, the Group has net current liabilities position of approximately HK\$87,823,000. At 30 June 2024, the Group’s total borrowings comprising bank borrowing, lease liabilities and bonds payables amounted to approximately HK\$218,099,000 and the balance of approximately HK\$217,388,000 will be due in the coming twelve months from the end of the reporting period. The Group is exposed to liquidity risk if it is not able to raise sufficient funds to meet its financial obligations. Based on the cash flow projection prepared by management which covers a period of not less than twelve months from 30 June 2024, the directors of the Company 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 and bank borrowing and the cash generated from operation. The directors of the Company are satisfied that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

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 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

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 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



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.

For the six months ended 30 June 2023, the Group had three reportable segments: Cold storage and related services, trading and sales of food and beverage and money lending services.

For the year ended 31 December 2023, in the opinion of the management of the Group, the money lending services segment has ceased to receive fresh financial input from the Group as new resources will be diverted to more profitable segments including the existing business segments. The Group has no plan to engage in money lending services. To reflect the Group's future business development plan and prospect, the money lending services have been reclassified as non-reportable segment.

Comparative figures have been restated to conform to the current period's presentation.

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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

3. SEGMENT INFORMATION (continued)

Segment revenue and results

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

Six months ended 30 June 2024 (unaudited)

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



3. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Six months ended 30 June 2023 (unaudited)

	Cold storage and related services HK\$'000	Trading and sales of food and beverage HK\$'000	Consolidated HK\$'000 (Restated)
Segment revenue	118,670	43,093	161,763
Segment results	15,562	2,742	18,304
Unallocated revenue			131
Unallocated other income			133
Unallocated other gains and losses, net			(51)
Gain on disposal of a subsidiary			12,729
Unallocated finance costs			(3,046)
Unallocated expenses			(6,806)
Profit before tax			21,394

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, certain other income, certain other gains and losses, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

3. SEGMENT INFORMATION (continued)

Geographical information

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

The following table provide an analysis of the Group's revenue from external customers by geographical location:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Hong Kong	101,125	118,933
The PRC	23,612	42,961
	124,737	161,894



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



3. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Assets		
Cold storage and related services	193,051	199,489
Trading and sales of food and beverage	13,930	16,742
Total segment assets	206,981	216,231
Unallocated assets	29,892	36,307
Consolidated assets	236,873	252,538
Liabilities		
Cold storage and related services	129,599	123,175
Trading and sales of food and beverage	1,913	2,781
Total segment liabilities	131,512	125,956
Unallocated liabilities	104,592	105,733
Consolidated liabilities	236,104	231,689

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

4. REVENUE

Revenue is analysed by category as follows:

	Six months ended 30 June	
	2024	2023
	HKS'000	HKS'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within HKFRS 15		
Provision of cold storage and related services		
– Cold storage	88,840	104,585
– Handling services	1,292	1,574
– Logistic services	10,866	12,511
	100,998	118,670
Trading and sales of food and beverage	23,612	43,093
Total revenue from contracts with customers within HKFRS 15	124,610	161,763
Others	127	131
Total revenue	124,737	161,894

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	
	2024	2023
	HKS'000	HKS'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
A point in time	23,612	43,093
Over time	100,998	118,670
	124,610	161,763



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Government subsidies	–	279
Imputed interest income on rental deposits paid	1,496	1,253
Interest income from bank deposits	37	129
Other service income	4,610	2,236
Sundry income	26	77
	6,169	3,974

6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Exchange losses, net	(84)	(83)
Gain on disposal of a subsidiary	–	12,729
Loss on disposal/written-off of property, plant and equipment	(43)	–
Reversal of loan receivables	51	–
	(76)	12,646

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expense on bank borrowing	863	863
Interest expense on bonds payables	3,000	3,000
Interest expense on lease liabilities	2,905	1,619
	6,768	5,482

8. (LOSS) PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Amortisation of intangible assets	–	44
Depreciation of property, plant and equipment	784	869
Depreciation of right-of-use assets	40,994	34,685
Exchange losses, net	84	83
Loss allowance (Reversal of loss allowance) on trade and other receivables, net		
– Trade receivables	132	203
– Loan receivables	–	(30)
	132	173
Loss on disposal/written-off of property, plant and equipment	43	–
Reversal of loan receivables	(51)	–
Written-off of inventories	15	–



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



9. 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, some incurred losses for taxation purposes in Hong Kong for the six months ended 30 June 2024 and 2023.

Income taxes outside Hong Kong

The Company and its subsidiaries established in Bermuda and the British Virgin Islands respectively are exempted from the payment of income tax of the respective jurisdictions.

The Group's operations in the PRC are subject to enterprise income tax of the PRC at 25% (six months ended 30 June 2023: 25%).

10. DIVIDEND

No dividends were paid, declared or proposed during the current interim period (six months ended 30 June 2023: 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 2023: nil).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

11. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HKS'000	HKS'000
	(unaudited)	(unaudited)
<i>(Loss) Profit</i>		
(Loss) Profit for the period attributable to equity holders of the Company for the purposes of basic and diluted (loss) earnings per share	(19,764)	11,833
	'000	'000
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	290,110	290,110
Effect of dilutive potential ordinary shares:		
– Shares issuable from the Company's share option <i>(Note)</i>	–	–
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	290,110	290,110

Note:

The computation of diluted (loss) earnings per share for the six months ended 30 June 2024 and 2023 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) earnings per share is same as the basic (loss) earnings per share for the six months ended 30 June 2024 and 2023 as there were no potential ordinary shares in issue for both periods.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



12. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of approximately HK\$740,000 (six months ended 30 June 2023: approximately HK\$563,000), and disposed and written off of certain items of property, plant and equipment with net carrying amount of approximately HK\$62,000 for proceeds of approximately HK\$19,000, resulting in a net loss on disposal/written off of approximately HK\$43,000 (six months ended 30 June 2023: nil).

13. RIGHT-OF-USE ASSETS

	Cold storage warehouses HK\$'000	Offices HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Reconciliation of carrying amount – six months ended 30 June 2023 (unaudited)				
At 1 January 2023 (audited)	76,080	3,201	183	79,464
Depreciation	(33,869)	(706)	(110)	(34,685)
Exchange realignment	–	(35)	–	(35)
At 30 June 2023 (unaudited)	42,211	2,460	73	44,744
Reconciliation of carrying amount – six months ended 30 June 2024 (unaudited)				
At 1 January 2024 (audited)	74,488	1,774	541	76,803
Additions	–	–	349	349
Lease modification and reassessment of lease liabilities	48,120	–	–	48,120
Depreciation	(40,218)	(693)	(83)	(40,994)
Exchange realignment	–	(9)	–	(9)
At 30 June 2024 (unaudited)	82,390	1,072	807	84,269

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

13. RIGHT-OF-USE ASSETS (continued)

The total cash outflow for leases was approximately HK\$41,653,000 (six months ended 30 June 2023: approximately HK\$38,272,000) for the six months ended 30 June 2024.

At 30 June 2024, the carrying amount of the motor vehicles of approximately HK\$807,000 (31 December 2023: approximately HK\$541,000) was pledged as the lessors' charge over the leased assets to secure the lease liabilities of approximately HK\$736,000 (31 December 2023: approximately HK\$507,000).

14. PLEDGED BANK DEPOSITS

At 30 June 2024, bank facilities for providing guarantees by a bank in favour of the Group's operation cold storage services, to the extent of HK\$3,500,000 (31 December 2023: HK\$3,500,000) are secured by bank deposits amounting to HK\$1,700,000 (31 December 2023: HK\$1,700,000). The amount utilised at 30 June 2024 was HK\$1,410,000 (31 December 2023: HK\$1,410,000).

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

At 30 June 2024, included in trade and other receivables, deposits and prepayments are trade receivables, net of allowance, of approximately HK\$40,678,000 (31 December 2023: approximately HK\$44,542,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The Group does not allow any credit period to its trade debtors except for certain customers who are allowed 30 to 60 days credit period. At the end of the reporting period, the ageing analysis of the trade receivables (net of loss allowance) by invoice date is as follows:

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Within 30 days	16,743	22,919
31 to 60 days	13,072	12,353
61 to 90 days	5,371	5,674
91 to 120 days	877	1,203
More than 120 days	4,615	2,393
	40,678	44,542

At 30 June 2024, included in the carrying amount of trade receivables is loss allowance of approximately HK\$446,000 (31 December 2023: approximately HK\$314,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

16. TRADE AND OTHER PAYABLES

At 30 June 2024, included in trade and other payables are trade payables of approximately HK\$4,077,000 (31 December 2023: approximately HK\$4,590,000).

Except for certain trade creditors who allowed 30 days credit period, no credit period is generally allowed by trade creditors and no interest is charged on 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 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Within 30 days	2,929	3,305
31 to 60 days	1,148	1,245
61 to 90 days	–	33
91 to 120 days	–	7
	4,077	4,590



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



17. LEASE LIABILITIES

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Lease liabilities payable:		
Within one year	82,388	73,918
Within a period more than one year but not exceeding two years	317	664
Within a period more than two years but not exceeding five years	394	290
	83,099	74,872
Less: Amount due for settlement within twelve months shown under current liabilities	(82,388)	(73,918)
Amount due for settlement after twelve months shown under non-current liabilities	711	954

18. BONDS PAYABLES

The bonds payables bear interest at 6% per annum and payable annually in arrears, up to the maturity date of the relevant bonds. At 30 June 2024, the maturity dates are from six months to the first anniversary (31 December 2023: six months to the ninth anniversary) of the dates of issue of the relevant bonds ranging from August 2024 to May 2025 (31 December 2023: January 2024 to December 2024). Bonds payables with principal amount of HK\$100,000,000 (31 December 2023: HK\$100,000,000) will mature within twelve months from the end of the reporting period accordingly, classified as current.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

19. SHARE CAPITAL

	Number of shares	
	'000	HKS'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	60,000,000	600,000
Issued and fully paid:		
At 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	290,110	2,901



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



20. SHARE OPTION SCHEME

The Company adopted a share option scheme (the “2015 Scheme”) on 2 June 2015, under which the Board of Directors may, at its discretion, grant share options to any eligible participant to subscribe for ordinary shares of the Company subject to the terms and conditions stipulated therein. Apart from the 2015 Scheme, the Group has no other share schemes as at the end of reporting period.

The scheme mandate limit of the 2015 Scheme was refreshed at the annual general meeting of the Company held on 27 May 2021. At 30 June 2024, there are outstanding 23,208,832 (31 December 2023: 23,208,832) share options, entitling the holders thereof to convert into an aggregate of 23,208,832 (31 December 2023: 23,208,832) shares at the time upon exercise of the share options. All the 23,208,832 (31 December 2023: 23,208,832) share options are granted under the 2015 Scheme, details of which were disclosed in paragraph (j) below. There are no other share options granted under the 2015 Scheme.

Summary of the 2015 Scheme are set out below:

(a) Purpose

The purpose of the 2015 Scheme is to provide incentives and rewards to the eligible participants who, in the sole discretion of the Board of Directors, has contributed or may contribute to the growth and development of the Group in recognition of their contribution to the Group.

(b) Eligible participants

Eligible participants include any full time or part time employees of the Group or any invested entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary or any invested entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensees) or distributors, landlords or tenants (including any sub-tenants) of the Group or any invested entity or any person who, in the sole discretion of the Board of Directors, has contributed or may contribute to the growth and development of the Group eligible for options under the 2015 Scheme.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

20. SHARE OPTION SCHEME (continued)

(c) Maximum number of shares available for issue

- (1) Total number of shares available for issue under the 2015 Scheme as at the end of reporting period: 17,406,624 (31 December 2023: 17,406,624); and
- (2) Percentage of the issued shares capital that it represents as at the end of reporting period: 6% (31 December 2023: 6%).

(d) Maximum entitlement of each eligible participant

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-months period to:

- (1) each eligible participant must not exceed 1.0% of the total number of shares in issue; and
- (2) a substantial shareholder of the Company or an independent non-executive director must not in aggregate exceed 0.1% of the total number of shares in issue and not exceed HK\$5 million in aggregate value.

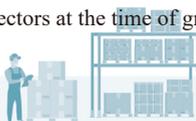
(e) Option period

An option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of 10 years from the date of the grant of the particular option but subject to the provisions for early termination of the 2015 Scheme.

(f) Vesting schedule for an option

Vesting period (as the case may be) may specify by the Board of Directors at the time of grant. Unless the options have been withdrawn and cancelled or been forfeited in whole or in part, the grantee may exercise his rights according to the vesting schedule set out in the relevant grant letter. The option must be exercised no more than 10 years from the grant date.

No specified minimum period for which an option must be held, unless otherwise specified by the Board of Directors at the time of grant.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



20. SHARE OPTION SCHEME (continued)

(g) Acceptance of offer

- (1) Amount payable on application or acceptance of the option:

A non-refundable nominal consideration of HK\$1 is payable by the grantee upon acceptance of an option;

- (2) The period within which payments or calls must or may be made:

21 days inclusive of, from the offer date of an option (the “Offer Date”); and

- (3) The period within which loans for the purposes of the payments or calls must be repaid:

Not applicable.

(h) Exercise price

The exercise price for shares under the 2015 Scheme shall be determined by the Board of Directors at its absolute discretion but in any event will not be less than the highest of:

- (1) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on Offer Date, which must be a business day;
- (2) the average of the closing prices of the shares on the Stock Exchange as shown in the daily quotations sheets of the Stock Exchange for the 5 business days immediately preceding the Offer Date; and
- (3) the nominal value of the shares on the Offer Date.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

20. SHARE OPTION SCHEME (continued)

(i) The remaining life of the 2015 Scheme

Approximately 1 year (31 December 2023: 2 years) (expiring on 1 June 2025).

(j) Outstanding options under the 2015 Scheme

At 30 June 2024 (unaudited)

Grantees	Notes	Date of grant	Exercise price per share HK\$	Closing price immediately before the date of grant HK\$	Exercise period	Number of share options					
						Outstanding at 1 January 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding at 30 June 2024
Category 1:											
Directors											
Fung Pak Kci	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	2,901,104	-	-	-	-	2,901,104
	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	2,901,104	-	-	-	-	2,901,104
Ho Hon Chung, Ivan	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	2,901,104	-	-	-	-	2,901,104
	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	2,901,104	-	-	-	-	2,901,104
Sub-total:						11,604,416	-	-	-	-	11,604,416
Category 2:											
Employees											
Five highest paid individuals during 2021 (excluding Directors) – In aggregate	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	5,802,208	-	-	-	-	5,802,208
Five highest paid individuals during 2022 (excluding Directors) – In aggregate	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	5,802,208	-	-	-	-	5,802,208
Sub-total:						11,604,416	-	-	-	-	11,604,416
Total:						23,208,832	-	-	-	-	23,208,832



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



20. SHARE OPTION SCHEME (continued)

(j) Outstanding options under the 2015 Scheme (continued)

At 30 June 2023 (unaudited) and 31 December 2023 (audited)

Grantees	Notes	Date of grant	Exercise price per share HK\$	Closing price immediately before the date of grant HK\$	Exercise period	Number of share options					Outstanding at 30 June 2023 and 31 December 2023
						Outstanding at 1 January 2023	Granted during the period/year	Exercised during the period/year	Cancelled during the period/year	Lapsed during the period/year	
Category 1:											
Directors											
Fung Pak Kci	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	2,901,104	-	-	-	-	2,901,104
	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	2,901,104	-	-	-	-	2,901,104
Ho Hon Chung, Ivan	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	2,901,104	-	-	-	-	2,901,104
	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	2,901,104	-	-	-	-	2,901,104
Sub-total:						11,604,416	-	-	-	-	11,604,416
Category 2:											
Employees											
Five highest paid individuals during 2021 (excluding Directors) – In aggregate	1, 3, 4	30 April 2021	0.39	0.37	1 January 2022 to 29 April 2031	5,802,208	-	-	-	-	5,802,208
Five highest paid individuals during 2022 (excluding Directors) – In aggregate	2, 3	4 May 2022	0.192	0.188	1 January 2023 to 3 May 2032	5,802,208	-	-	-	-	5,802,208
Sub-total:						11,604,416	-	-	-	-	11,604,416
Total:						23,208,832	-	-	-	-	23,208,832

Notes:

- The vesting period of the options was from the date of grant till commencement of its exercise period, which would be from 30 April 2021 to 31 December 2021. The performance targets relate to the performance of the Group and the performance targets have been achieved. The option period during which the options may be exercised is the period from 1 January 2022 to 29 April 2031 (subject to the provisions for early termination of the 2015 Scheme and the achievement of performance target to be determined from time to time at the absolute discretion of the Board of Directors). The date of grant was 30 April 2021. The weighted average closing price of the shares immediately before the vesting was approximately HK\$0.37 per share (as adjusted by the 2022 Capital Reorganisation).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

20. SHARE OPTION SCHEME (continued)

(j) Outstanding options under the 2015 Scheme (continued)

Notes: (continued)

Details of the 2022 Capital Reorganisation are set out in the Company's announcements dated 31 January 2022; 10 February 2022; 8 March 2022 and 22 March 2022 and the Company's circular dated 25 February 2022.

2. The vesting period of the options was from the date of grant till commencement of its exercise period, which would be from 4 May 2022 to 31 December 2022. The performance targets relate to the performance of the Group and the performance targets have been achieved. The option period during which the options may be exercised is the period from 1 January 2023 to 3 May 2032 (subject to the provisions for early termination of the 2015 Scheme and the achievement of performance target to be determined from time to time at the absolute discretion of the Board of Directors). The date of grant was 4 May 2022. The weighted average closing price of the shares immediately before the vesting was approximately HK\$0.179 per share.
3. All grantees shown in this table are employees of the Group working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).
4. The adjustments in relation to the outstanding share options have been made upon the 2022 Capital Reorganisation on the exercise price and the closing price immediately before the date of grant.

(k) Scheme Limit, refreshment of Scheme Limit and maximum number of shares which may be issued

A total of 17,406,624 shares (31 December 2023: 17,406,624) may be granted under the 2015 Scheme, representing 6% (31 December 2023: 6%) of the issued share capital (the "Scheme Limit") as at the end of reporting period, unless otherwise permitted by the Listing Rules and the Company obtaining the approval of its shareholders to refresh the Scheme Limit. The Company may seek the approval of its shareholders in general meeting to refresh the Scheme Limit such that the total number of shares which may be issued upon exercise of all options that may be granted under the 2015 Scheme and any other option scheme involving the issue or grant of options over shares or other securities by the Company under the limit as refreshed shall not exceed 10% of the issued share capital of the Company as at the date of approval of the refreshed limit.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



20. SHARE OPTION SCHEME (continued)

(k) Scheme Limit, refreshment of Scheme Limit and maximum number of shares which may be issued (continued)

The Company may seek the approval of its shareholders in general meeting to grant options which will result in the number of shares in respect of all the options granted under the 2015 Scheme and all the options granted under any other option scheme exceeding 10% of the issued share capital of the Company, provided that such options are granted only to participants specifically identified by the Company before the approval of shareholders is sought.

23,208,832 shares (year ended 31 December 2023: 23,208,832) that may be issued in respect of options granted under 2015 Scheme during the six months ended 30 June 2024 divided by the weighted average number of shares of the relevant class in issue of 290,110,400 shares (31 December 2023: 290,110,400) for the period/year is 8% (31 December 2023: 8%).

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Scheme and any other options granted and yet to be exercised under any other option scheme shall not exceed 30% of the issued share capital of the Company from time to time.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

20. SHARE OPTION SCHEME (continued)

(1) Fair value of options

The fair value of outstanding share options granted on 4 May 2022 and 30 April 2021 are calculated using the Binomial Option Pricing Model, with the following key inputs:

	Date of grant	
	4 May 2022	30 April 2021
Fair value – Category 1	HK\$0.12	HK\$0.24*
– Category 2	HK\$0.11	HK\$0.21*
Share price immediately before the grant date	HK\$0.188	HK\$0.37*
Share price at grant date	HK\$0.188	HK\$0.39*
Exercise price	HK\$0.192	HK\$0.39*
Expected volatility	72.33%	71.63%
Risk-free interest rate	3.08%	1.42%
Expected dividends	Nil	Nil

* The adjustments in relation to the outstanding share options have been made upon the 2022 Capital Reorganisation on the exercise price and other key inputs.

The expected volatility was determined using the historical volatility of the Company's share prices. The values of above share options vary with different variables of certain subjective assumptions in regard to the limitation of calculation model applied.

During the six months ended 30 June 2024 and 2023, this is no share option granted.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024



21. FAIR VALUE MEASUREMENTS

(i) Assets and liabilities measured at fair value

At 30 June 2024 and 31 December 2023, no financial assets and financial liabilities were measured at fair value.

(ii) Assets and liabilities not measured at fair value

The carrying amounts of financial assets and liabilities measured at amortised cost are carried at amounts not materially different from their fair values at 30 June 2024 and 31 December 2023.

22. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties.

Key management's remuneration, including directors' remuneration

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, allowances and other short-term employee benefits	3,985	3,759
Contributions to defined contribution plans	94	94
	4,079	3,853

OTHER INFORMATION

DISCLOSURE OF INTERESTS

Interests of Directors

At 30 June 2024, save as disclosed below, none of the Company's Directors or chief executives of the Company nor their respective associates had any interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were otherwise required to notify the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

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

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

Notes:

1. Ever Achieve Enterprises Limited ("Ever Achieve") is 100% owned by Mr. Fung Pak Kei and Mr. Ho Hon Chung, Ivan, through their wholly-owned companies, in equal shares. Therefore, Mr. Fung Pak Kei and Mr. Ho Hon Chung, Ivan are deemed to be interested in all the shares of the Company held by Ever Achieve under provisions of SFO.
2. Details of share options held by the Directors stated in the following section "Share Option Scheme".
3. The percentages are calculated based on the total number of shares of the Company in issue at 30 June 2024 which was 290,110,400.



OTHER INFORMATION



DISCLOSURE OF INTERESTS (continued) **Share Option Scheme**

The Company's current share option scheme (the "2015 Scheme") was adopted on 2 June 2015, under which the board of directors may, at its discretion, grant share options to any eligible participant to subscribe for ordinary shares of the Company subject to the terms and conditions stipulated therein. Apart from the 2015 Scheme, the Group have no other share schemes under Chapter 17 of the Listing Rules during the six months ended 30 June 2024 and up to the date of this Interim Report. No share options have been granted since the end of the current interim period till the date of this Interim Report.

Summary of the 2015 Scheme as required to be disclosed under Chapter 17 of the Listing Rules are set out in note 20 to the condensed financial statements. Up to the date of this Interim Report, there were no changes in the disclosure of note 20 to the condensed financial statements.

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

Interests of substantial shareholders

At 30 June 2024, save as disclosed below, so far as is known to the Company's Directors and chief executives of the Company, no person (other than the Company's Director or a chief executive of the Company) had interests or short positions in any shares or underlying shares of the Company which will fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are recorded in the register of interests required to be kept by the Company under Section 336 of the SFO and no person (other than the Company's Director or a chief executive of the Company), had an interest or short position in any shares or underlying shares of the Company, who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or has any options in respect of such capital.



OTHER INFORMATION

DISCLOSURE OF INTERESTS (continued)

Interests of substantial shareholders (continued)

Long positions in the shares of the Company:

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

Notes:

- The entire issued share capital of Great Virtue Holding Limited (“Great Virtue”) is beneficially owned by Mr. William Waileung Kong, and therefore, Mr. William Waileung Kong is deemed to be interested in the same number of shares of the Company in which Great Virtue is interested under provisions of SFO.
- The shares were held by Ever Achieve Enterprises Limited (“Ever Achieve”). Each of Grand Legacy Holdings Limited and Premium Access Holdings Limited owned as to 50% of Ever Achieve and, therefore, they are deemed to be interested in 20,232,313 shares held by Ever Achieve.

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

The entire issued share capital of Premium Access Holdings Limited is beneficially owned by Mr. Fung Pak Kei, an Executive Director of the Company.
- The percentages are calculated based on the total number of shares of the Company in issue at 30 June 2024 which was 290,110,400.



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CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company did not have any discloseable non-exempted connected transactions or non-exempted continuing connected transactions under the Listing Rules during the current interim period and up to the date of this report. The “Related Party Transactions” as disclosed in note 22 to the condensed financial statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and the Company have complied with the disclosure requirements under Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) during the six months ended 30 June 2024. The Company did not hold any treasury shares during the six months ended 30 June 2024.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No important events affecting the Group occurred since 30 June 2024 and up to the date of this report.

CORPORATE GOVERNANCE

Code on corporate governance practices

For the first half of 2024, 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 current interim period, 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. Mr. Fung and Mr. Ho are responsible for all day-to-day corporate management matters and Mr. Cheung is responsible for corporate financial matters.



OTHER INFORMATION

CORPORATE GOVERNANCE (continued)

Code on corporate governance practices (continued)

According to the code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting and invite 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 current interim period, the Company did not comply with code provision F.2.2 of the CG Code. The Company had arranged for other Directors and management who are well-versed in the Company's business and affairs to attend the 2024 annual general meeting and communicate with the Shareholders.

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

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 current interim period. No incident of non-compliance was noted by the Company during the current interim period.

Audit Committee

The interim financial information of the Company in this report has not been audited. However, 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 2024 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 2024 comply with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosure has been made.



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CORPORATE GOVERNANCE (continued)

Audit Committee (continued)

The Audit Committee comprises all three Independent Non-executive Directors, namely Mr. Leung Chi Hung, Mr. Lo Chi Wang and Mr. Tse Yuen Ming. 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 Adviser is conducting their appraisal for the current fiscal year as of the report date.

During the six months ended 30 June 2024, 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 (i) operating process of the cold storage and related services segment (sales, receivables and receipt cycle and human resources management cycle); (ii) operating process of the ancillary logistics services segment (procurement, payables and payment cycle and human resources management cycle); (iii) compliance risk management controls of the Group; (iv) financial reporting and disclosure controls of the Group; and (v) follow up on recommendations from the previous year’s report.

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CORPORATE GOVERNANCE (continued)

Risk management and internal control (continued)

During the six months ended 30 June 2024, 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.

CHANGES IN THE INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

Save as disclosed as follows, there is no changes in the information of directors and chief executives of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published Annual Report.

- Mr. Fung Pak Kei, an Executive Director of the Company, has been re-designated from Chief Operating Officer to Chief Executive Officer of the Group with effect from 22 February 2024. Save for the re-designation, there is no changes to Mr. Fung's other offices in the Group.

By order of the Board
FUNG PAK KEI
Executive Director

Hong Kong, 29 August 2024

