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DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

FURTHER ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

Reference is made to the announcement of Daido Group Limited (the “Company” and together with its subsidiaries, the “Group”) dated 31st March, 2020 in connection with the unaudited annual results for the year ended 31st December, 2019 (the “Unaudited Annual Results Announcement”). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

AUDITOR’S AGREEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

The Board of the Company is pleased to announce that the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, has completed its audit of the annual results of the Group for the year ended 31st December, 2019 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, including the financial 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 as set out thereto. The audited annual results for the year ended 31st December, 2019 were reviewed by the Audit Committee and were approved by the Board both on 21st April, 2020, details of which are set out below.

* For identification purpose only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	NOTES	2019 HK\$'000	2018 HK\$'000
Revenue	2		
- Provision of cold storage and related services		191,983	224,567
- Trading of food and beverage		95,044	75,076
- Interest income from money lending services		2,588	9,603
		<hr/>	<hr/>
Total revenue		289,615	309,246
Direct costs		(239,097)	(263,900)
		<hr/>	<hr/>
Gross profit		50,518	45,346
Other income	3	5,980	1,786
Other gains and losses	4	(469)	(6,458)
Impairment losses under expected credit loss model, net of reversal		(373)	(1,355)
Selling and distribution expenses		(20,819)	(17,654)
Administrative expenses		(49,166)	(44,813)
Share of loss of an associate		(21,954)	(8,021)
Impairment loss recognised on interest in an associate		(7,500)	-
Finance costs	5	(23,355)	(6,765)
		<hr/>	<hr/>
Loss before tax		(67,138)	(37,934)
Taxation	6	-	-
		<hr/>	<hr/>
Loss for the year		(67,138)	(37,934)
		<hr/>	<hr/>
Other comprehensive expense for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(454)	(596)
		<hr/>	<hr/>
Total comprehensive expense for the year		(67,592)	(38,530)
		<hr/>	<hr/>
Loss for the year attributable to:			
Owners of the Company		(67,138)	(37,934)
Non-controlling interests		-	-
		<hr/>	<hr/>
		(67,138)	(37,934)
		<hr/>	<hr/>

	NOTES	2019 HK\$'000	2018 HK\$'000
Total comprehensive expense for the year attributable to:			
Owners of the Company		(67,592)	(38,530)
Non-controlling interests		-	-
		<u>(67,592)</u>	<u>(38,530)</u>
Loss per share – basic	8	<u>(HK2.76 cents)</u>	<u>(HK1.56 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2019

	NOTES	2019 HK\$'000	2018 HK\$'000
Non-current Assets			
Property, plant and equipment		10,374	4,876
Right-of-use assets		264,329	-
Goodwill		68	68
Interest in an associate		4,072	10,998
Loan to an associate		39,255	47,525
Financial assets at fair value through profit and loss (“FVTPL”)		686	731
Equity instrument at fair value through other comprehensive income (“FVTOCI”)		-	-
Rental deposits paid		14,901	25,488
Pledged bank deposits		65,568	105,353
Loan receivables	9	-	28,000
		<u>399,253</u>	<u>223,039</u>
Current Assets			
Inventories		2,715	1,207
Trade and other receivables, deposits and prepayments	10	55,474	74,873
Amount due from an associate	11	8,077	-
Loan receivables	9	1,975	40,464
Bank balances and cash		117,966	55,898
		<u>186,207</u>	<u>172,442</u>

	NOTES	2019 HK\$'000	2018 HK\$'000
Current Liabilities			
Trade and other payables	12	23,209	29,365
Contract liabilities		4,894	7,530
Bank borrowing		65,000	65,000
Lease liabilities		63,475	-
Obligations under finance leases		-	203
		<u>156,578</u>	<u>102,098</u>
Net Current Assets		<u>29,629</u>	<u>70,344</u>
Total Assets Less Current Liabilities		<u>428,882</u>	<u>293,383</u>
Capital and Reserves			
Share capital		24,323	24,323
Share premium and reserves		89,236	157,331
		<u>113,559</u>	<u>181,654</u>
Equity attributable to owners of the Company		113,559	181,654
Non-controlling interests		3,163	5,163
		<u>116,722</u>	<u>186,817</u>
Non-current Liabilities			
Lease liabilities		205,435	-
Derivative financial instruments		6,725	6,478
Obligations under finance leases		-	88
Bonds		100,000	100,000
		<u>312,160</u>	<u>106,566</u>
		<u>428,882</u>	<u>293,383</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs and an interpretation that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred to as the "Group") have applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 *Leases*

The Group has applied HKFRS 16 *Leases* ("HKFRS 16") for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1st January, 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1st January, 2019.

As at 1st January, 2019, the Group recognised additional lease liabilities and right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement date, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity) and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities is 4.63%.

	NOTE	At 1st January, 2019 HK\$'000
Operating lease commitments disclosed as at 31st December, 2018		344,053
Lease liabilities discounted at relevant incremental borrowing rates and relating to operating leases recognised upon application of HKFRS 16 as at 1st January, 2019		314,463
Add: Obligations under finance leases recognised at 31st December, 2018	(a)	291
Lease liabilities as at 1st January, 2019		314,754
Analysed as		
Current		65,550
Non-current		249,204
		314,754

The carrying amount of right-of-use assets for own use as at 1st January, 2019 comprises the following:

	NOTES	HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		306,492
Amounts included in property, plant and equipment as at 31st December, 2018 under HKAS 17		
- Assets previously under finance leases	(a)	393
Adjustments on rental deposits paid	(b)	3,336
		<hr/>
		310,221
		<hr/>
Analysed as		
Cold storage warehouses		307,870
Offices		1,958
Motor vehicles		393
		<hr/>
		310,221
		<hr/>

Notes:

- (a) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under leases as at 1st January, 2019 amounting to HK\$393,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK\$203,000 and HK\$88,000 to lease liabilities as current and non-current liabilities respectively at 1st January, 2019.
- (b) The Group elected to measure the right-of-use assets at its carrying amount as if HKFRS 16 has been applied since the commencement date, but discounted using the incremental borrowing rate at the date of initial application. Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under "rental deposits paid" and "trade and other receivables, deposits and prepayments". Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$3,317,000 and HK\$19,000 were adjusted from non-current rental deposits paid and current rental deposits paid as included in trade and other receivables, deposits and prepayments, respectively to right-of-use assets as at 1st January, 2019.
- (c) The net effects arising from the initial application of HKFRS 16 resulted in a decrease in the carrying amounts of interest in an associate of HK\$532,000 with corresponding adjustments to accumulated losses relevant to the difference arising from recognition of lease liabilities and right-of-use assets of the associate.

The following table summarises the impact of transition to HKFRS 16 on accumulated losses and translation reserve at 1st January, 2019.

	Impact of adopting HKFRS 16 at 1st January, 2019 HK\$'000
Accumulated losses	
Difference arising from recognition of lease liabilities and right-of-use assets of the Group	7,986
Decrease in interest in an associate arising from recognition of lease liabilities and right-of-use assets of the associate	532
	<hr/>
Impact at 1st January, 2019	8,518
	<hr style="border-top: 3px solid black;"/>
Translation reserve	
Difference arising from recognition of lease liabilities and right- of-use assets of the Group and impact at 1st January, 2019	(15)
	<hr/>
	8,503
	<hr style="border-top: 3px solid black;"/>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1st January, 2019. Line items that were not affected by the changes have not been included.

	<u>NOTES</u>	Carrying amounts previously reported at 31st December, <u>2018</u> HK\$'000	<u>Adjustments</u> HK\$'000	Carrying amounts under HKFRS 16 at 1st January, <u>2019</u> HK\$'000
Non-current Assets				
Property, plant and equipment	(a)	4,876	(393)	4,483
Right-of-use assets		-	310,221	310,221
Interest in an associate	(c)	10,998	(532)	10,466
Rental deposits paid	(b)	25,488	(3,317)	22,171
Current Assets				
Trade and other receivables, deposits and prepayments	(b)	74,873	(19)	74,854
Capital and Reserves				
Share premium and reserves		157,331	(8,503)	148,828
Current Liabilities				
Lease liabilities	(a)	-	65,550	65,550
Obligations under finance leases	(a)	203	(203)	-
Non-current Liabilities				
Lease liabilities	(a)	-	249,204	249,204
Obligations under finance leases	(a)	88	(88)	-

Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies HKFRS 9 *Financial Instruments* ("HKFRS 9"), including the impairment requirements, to long-term interests in an associate to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

As at 31st December, 2019, loan to an associates of HK\$39,255,000 are considered as long-term interests that, in substance form part of the Group's net investments in the relevant associates. However, the application is not expected to have impact as the Group's existing accounting policies are consistent with the requirements clarified by the amendments.

2. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

	<u>For the year ended 31st December, 2019</u>			<u>For the year ended 31st December, 2018</u>		
	<u>Cold storage and related service segment</u> HK\$'000	<u>Trading of food and beverage segment</u> HK\$'000	<u>Total</u> HK\$'000	<u>Cold storage and related service segment</u> HK\$'000	<u>Trading of food and beverage segment</u> HK\$'000	<u>Total</u> HK\$'000
Types of goods or services						
Revenue from provision of cold storage and related services						
Cold storage	130,955	-	130,955	171,042	-	171,042
Loading and handling services	6,848	-	6,848	9,522	-	9,522
Logistic and packing services	46,774	-	46,774	43,807	-	43,807
Manufacturing and trading of ice	-	-	-	196	-	196
Management income	7,406	-	7,406	-	-	-
	<u>191,983</u>	<u>-</u>	<u>191,983</u>	<u>224,567</u>	<u>-</u>	<u>224,567</u>
Revenue from trading of food and beverage	-	95,044	95,044	-	75,076	75,076
Total	<u>191,983</u>	<u>95,044</u>	<u>287,027</u>	<u>224,567</u>	<u>75,076</u>	<u>299,643</u>
Geographical markets						
Mainland China	-	95,044	95,044	-	75,076	75,076
Hong Kong	191,983	-	191,983	224,567	-	224,567
Total	<u>191,983</u>	<u>95,044</u>	<u>287,027</u>	<u>224,567</u>	<u>75,076</u>	<u>299,643</u>
Timing of revenue recognition						
A point in time	-	95,044	95,044	196	75,076	75,272
Over time	191,983	-	191,983	224,371	-	224,371
Total	<u>191,983</u>	<u>95,044</u>	<u>287,027</u>	<u>224,567</u>	<u>75,076</u>	<u>299,643</u>

Performance obligations for contracts with customers

Cold storage, loading and handling, logistic and packing services, and management income

Cold storage, loading and handling, logistic and packing services, and management income are considered to be a distinct service as they are regularly supplied by the Group to customers and the associate on a stand-alone basis and is available for customers and the associate from other providers in the market. Revenue relating to these services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

With the provision these services are at a period of one year or less, as permitted under HKFRS 15, the transaction price allocation to the unsatisfied contracts is not disclosed.

Manufacturing and trade of ice and trading of food and beverage

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

Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under HKFRS 8 *Operating Segments* are as follows:

1. Cold storage and related services in Hong Kong ("Cold storage and related services")
2. Trading of food and beverage in the PRC ("Trading of food and beverage")
3. Money lending services in Hong Kong ("Money lending services")

Segments revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

2019

	Cold storage and related <u>services</u> HK\$'000	Trading of food and <u>beverage</u> HK\$'000	Money lending <u>services</u> HK\$'000	<u>Total</u> HK\$'000
Revenue	191,983	95,044	2,588	289,615
Segment (loss) profit	(38,176)	(11,796)	475	(49,497)
Unallocated income				1,015
Unallocated expenses				(13,824)
Change in fair value of financial assets at FVTPL				(45)
Finance costs				(4,787)
Loss before tax				(67,138)

2018

	Cold storage and related <u>services</u> HK\$'000	Trading of food and <u>beverage</u> HK\$'000	Money lending <u>services</u> HK\$'000	<u>Total</u> HK\$'000
Revenue	224,567	75,076	9,603	309,246
Segment (loss) profit	(12,029)	(13,053)	2,626	(22,456)
Unallocated income				1,039
Unallocated expenses				(15,072)
Change in fair value of financial assets at FVTPL				(171)
Finance costs				(1,274)
Loss before tax				(37,934)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss incurred) profit earned by each segment without allocation of certain other income, central administration costs that mainly include partly auditor's remuneration, rental expenses and directors' remuneration, change in fair value of financial assets at FVTPL and certain finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

3. OTHER INCOME

	2019 HK\$'000	2018 HK\$'000
Government subsidy	3	338
Imputed interest income on loan to an associate	3,833	281
Imputed interest income on rental deposits paid	758	-
Interest income from bank deposits	1,008	972
Sundry income	378	195
	<hr/>	<hr/>
	5,980	1,786
	<hr/>	<hr/>

4. OTHER GAINS AND LOSSES

	2019 HK\$'000	2018 HK\$'000
Change in fair value of derivative financial instruments	(247)	(6,478)
Change in fair value of financial assets at FVTPL	(45)	(171)
(Loss) gain on disposal of property, plant and equipment	(177)	191
	<hr/>	<hr/>
	(469)	(6,458)
	<hr/>	<hr/>

5. FINANCE COSTS

	2019 HK\$'000	2018 HK\$'000
Interest expense on bank borrowing	4,591	748
Interest expense on bonds	6,000	6,000
Interest expense on lease liabilities	12,764	-
Interest expense on obligations under finance leases	-	17
	<hr/>	<hr/>
	23,355	6,765
	<hr/>	<hr/>

6. TAXATION

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No provision for Hong Kong Profits Tax and EIT has been made as the individual companies comprising the Group either incurred a loss or had tax losses to offset the assessable profit for both years presented.

7. DIVIDEND

No interim dividend was paid during the year (2018: nil), nor has any dividend been proposed since the end of the reporting period (2018: nil).

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2019	2018
	HK\$'000	HK\$'000
<i>Loss</i>		
Loss for the purpose of basic loss per share, attributable to owners of the Company	67,138	37,934
	'000	'000
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic loss per share	2,432,304	2,432,304

No diluted loss per share is presented as there were no potential ordinary shares in issue for years ended 31st December, 2019 and 31st December, 2018.

9. LOAN RECEIVABLES

	2019	2018
	HK\$'000	HK\$'000
Loan receivables	2,840	69,313
Less: Allowance for credit loss	(865)	(849)
	1,975	68,464
Secured loans (Note)	-	65,973
Unsecured loans	1,975	2,491
	1,975	68,464
Less: Amount due within one year and classified under current assets	(1,975)	(40,464)
Amount due after one year	-	28,000

Note: At 31st December, 2018,

- (i) the Group hold collateral of some property interests located in Hong Kong over secured loan receivables of HK\$46,461,000. The directors of the Company considered the exposure of credit risk of the secured receivables, after taking into account the value of the collateral, was insignificant, as the fair value of the collateral (property interests) was higher than the outstanding amount of these receivables. Such loan is fully repaid in the current year; and
- (ii) the Group hold collateral of some equity interests in unlisted companies for secured loan receivables of HK\$19,512,000 which is fully repaid in the current year.

As at 31st December, 2019 and 2018, unsecured loan receivables carry fixed-rate interests ranged from 11% to 12% per annum and with maturity ranged from 6 months to 2.5 years. At 31st December, 2018, secured loan receivables carried fixed-rate interests ranged from 11% to 24% per annum and with maturity ranging from 5 months to 4 years. All amounts of principal will be receivable on respective maturity dates.

The maturity dates of the Group's fixed-rate loan receivables before net of allowance of credit loss are as follows:

	2019	2018
	HK\$'000	HK\$'000
Within one year	2,840	41,313
In more than one year but not more than two years	-	10,000
In more than two years but not more than five years	-	18,000
	2,840	69,313

Before accepting any new borrower, the Group carries out research on the creditability of the new borrower and assesses the potential customer's credit quality and defines loan terms with borrower. The credit of the borrowers granted with loans are reviewed once a year.

At 31st December, 2019, included in the Group's loan receivables balance are debtors with aggregate carrying amount of HK\$340,000 (2018: nil) which are past due as at the reporting date, of which HK\$340,000 (2018: nil) has been past due more than 30 days but less than 90 days. The Group reviewed the recoverable amount of each individual loan receivable at the end of the reporting period to ensure that adequate impairment losses were made for irrecoverable amount.

As at 31st December, 2019, included in the carrying amount of loan receivables is accumulated impairment losses of HK\$865,000 (2018: HK\$849,000).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK\$'000	2018 HK\$'000
Trade receivables	51,200	67,929
Less: Allowance for credit loss	(863)	(506)
	50,337	67,423
Other receivables	1,004	1,090
Deposits and prepayments	3,612	5,817
Rental deposits	521	543
	55,474	74,873

As at 1st January, 2018, trade receivables from contracts with customers amounted to HK\$53,018,000.

The following is an aged analysis of trade receivables (net of allowance for credit loss) presented based on the invoice dates at the end of the reporting period, which approximate the respective revenue recognition dates.

	2019 HK\$'000	2018 HK\$'000
0 to 30 days	20,897	24,926
31 to 60 days	17,413	20,010
61 to 90 days	6,468	10,446
91 to 120 days	2,477	6,168
More than 120 days	3,082	5,873
	50,337	67,423

Except for certain customers who are allowed 30 to 60 days credit period, no credit period is allowed by the Group in respect of provision of cold storage and logistics services. No interest is charged on any outstanding trade receivables.

Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed once a year.

As at 31st December, 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$31,215,000 (2018: HK\$45,655,000) which are past due at the reporting date. Out of the past due balances, HK\$3,294,000 (2018: HK\$3,290,000) has been past due 90 days or more and is not considered as in default as the default risk of these debtors is low after considering the credit worthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. The Group does not hold any collateral over these balances.

The Group's other receivables balance mainly includes interest income receivables of HK\$756,000 (2018: HK\$775,000) from deposits in banks and advances to employees for daily operations in which the directors of the Company consider that the allowance for credit losses for other receivables is insignificant to the Group.

11. AMOUNT DUE FROM AN ASSOCIATE

At 31st December, 2019, amount due from an associate of HK\$8,077,000 (2018: nil) is unsecured, interest-free and repayable on demand. Included in the balances was amount with a carrying amount of HK\$7,406,000 (2018: nil) which is trade nature.

There is no credit term on the trade amount due from an associate. The following was an aged analysis of trade amount due from an associate presented based on invoice date at the end of each reporting period, which was past due but not impaired:

	2019	2018
	HK\$'000	HK\$'000
1 to 30 days	913	-
31 to 60 days	883	-
61 to 90 days	852	-
Over 90 days	4,758	-
	<hr/>	<hr/>
	7,406	-
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE AND OTHER PAYABLES

	2019 HK\$'000	2018 HK\$'000
Trade payables	10,911	13,484
Accrued staff costs	4,920	5,012
Bond interest payable	2,992	2,992
Other payables, deposits received and accrued charges	4,386	7,877
	<u>23,209</u>	<u>29,365</u>

The following is an aged analysis of trade payables presented based on the invoice dates.

	2019 HK\$'000	2018 HK\$'000
0 to 30 days	2,271	7,626
31 to 60 days	889	2,479
61 to 90 days	6,953	629
91 to 120 days	470	2,103
More than 120 days	328	647
	<u>10,911</u>	<u>13,484</u>

No credit period is generally allowed by creditors and no interest is charged on trade creditors.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the Unaudited Annual Results Announcement was neither audited nor agreed with Messrs. Deloitte Touche Tohmatsu as at the date of their publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

Item for the year ended 31st December, 2019	Disclosure in this further announcement HK\$'000	Disclosure in the Unaudited Annual Results Announcement HK\$'000	Difference HK\$'000	Note
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Impairment loss recognised on interest in an associate	7,500	-	7,500	1
Loss before tax	67,138	59,638	7,500	1
Loss for the year	67,138	59,638	7,500	1
Total comprehensive expense for the year	67,592	60,092	7,500	1
Loss for the year attributable to: Owners of the Company	67,138	59,638	7,500	1
Total comprehensive expense for the year attributable to: Owners of the Company	67,592	60,092	7,500	1
Loss per share – basic	(HK2.76 cents)	(HK2.45 cents)	(HK0.31 cents)	1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Interest in an associate	4,072	11,572	(7,500)	1
Non-current Assets	399,253	406,753	(7,500)	1
Total Assets Less Current Liabilities	428,882	436,382	(7,500)	1
Share premium and reserves	89,236	96,736	(7,500)	1
Equity attributable to owners of the Company	113,559	121,059	(7,500)	1
Capital and Reserves	116,722	124,222	(7,500)	1

Note:

1. The difference is due to the impairment loss recognised on the interest in an associate.

Save as disclosed in this further announcement and the corresponding adjustments in totals, percentages, ratios and comparative figures related to the above material differences, all other information contained in the Unaudited Annual Results Announcement remain unchanged.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 31st December, 2019 as set out in this further announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of the Directors on 21st April, 2020. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this further announcement.

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

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

The 2019 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 no later than 30th April, 2020.

BOARD OF DIRECTORS

As at the date of this further announcement, the Board comprises executive directors, namely, Mr. Ho Hon Chung, Ivan and Mr. Fung Pak Kei; non-executive directors, namely, Mr. Au Tat Wai and Mr. Fung Wa Ko; and independent non-executive directors, namely, Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming.

By Order of the Board
Daido Group Limited
Ho Hon Chung, Ivan
Executive Director

Hong Kong, 21st April, 2020