DAIDO GROUP LIMITED
大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

ANNUAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER, 2013

The board of directors (the ''Board'') of Daido Group Limited (the ''Company'') is pleased to announce the audited consolidated results of the Company and its subsidiaries (the ''Group'') for the year ended 31st December, 2013, together with the comparative figures for the corresponding period in 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2013

	NOTES	**2013** **HK$'000**	2012 HK$'000 (restated)
Continuing operations			
Revenue	2	**193,499**	186,298
Direct costs		**(171,192)**	(163,966)
Gross profit		**22,307**	22,332
Other income	3	**4,364**	6,441
Selling and distribution expenses		**(6,181)**	(5,283)
Administrative expenses		**(31,423)**	(29,633)
Other operating expenses		**–**	(4,703)
Other gains and losses	4	**38,950**	(3,484)
Impairment loss on available-for-sale investments	5	**(5,118)**	(10,000)
Share of loss of a joint venture		**(329)**	–
Finance costs	6	**(3,468)**	(4,895)
Profit (loss) before tax		**19,102**	(29,225)
Tax expense	7	**–**	–
Profit (loss) for the year from continuing operations		**19,102**	(29,225)

	NOTES	2013 HK$'000	2012 HK$'000 (restated)
Discontinued operations			
Loss for the year from discontinued operations	8	**(60,996)**	(151,949)
Loss for the year	9	**(41,894)**	(181,174)
Other comprehensive income (expense) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of the foreign operations		**(1,079)**	246
Total comprehensive expense for the year		**(42,973)**	(180,928)
Profit (loss) for the year attributable to owners of the Company			
— from continuing operations		**19,102**	(29,225)
— from discontinued operations		**(60,370)**	(150,674)
Loss for the year attributable to owners of the Company		**(41,268)**	(179,899)
Loss for the year attributable to non-controlling interests from discontinued operations		**(626)**	(1,275)
		(41,894)	(181,174)
Total comprehensive expense attributable to:			
Owners of the Company		**(42,347)**	(179,653)
Non-controlling interests		**(626)**	(1,275)
		(42,973)	(180,928)
Earnings (loss) per share — basic	11		
— from continuing and discontinued operations		**(HK1.71 cents)**	(HK10.47 cents)
— from continuing operations		**HK0.79 cents**	(HK1.70 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2013

	NOTES	**2013 HK$'000**	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,661**	77,798
Goodwill		**8,513**	8,513
Interest in a joint venture		**3,449**	–
Available-for-sale investments		**38,502**	43,620
Loans to an investee		–	69,107
Financial assets at fair value through profit or loss		–	8,207
Deposits for acquisition of property, plant and equipment		–	2,880
Rental deposits paid		**18,813**	24,592
Pledged bank deposits		**78,718**	78,718
		157,656	313,435
CURRENT ASSETS			
Inventories		**2,558**	2,075
Trade and other receivables, deposits and prepayments	12	**43,490**	51,117
Amount due from non-controlling interests of a subsidiary		**2,000**	-
Held for trading investments		**949**	877
Bank balances and cash		**143,980**	54,916
		192,977	108,985
CURRENT LIABILITIES			
Trade and other payables	13	**15,580**	53,698
Amount due to an investee		**8,000**	-
Obligations under finance leases		**347**	375
Promissory notes		**4,762**	9,762
		28,689	63,835
NET CURRENT ASSETS		**164,288**	45,150
TOTAL ASSETS LESS CURRENT LIABILITIES		**321,944**	358,585

	NOTES	2013 HK$'000	2012 HK$'000
CAPITAL AND RESERVES			
Share capital		**24,323**	20,723
Share premium and reserves		**274,143**	274,074
Equity attributable to owners of the Company		**298,466**	294,797
Non-controlling interests		**14,923**	14,237
		313,389	309,034
NON-CURRENT LIABILITIES			
Obligations under finance leases		–	347
Amount due to non-controlling interests of a subsidiary		–	24,594
Promissory notes		**8,555**	12,392
Other liabilities		–	12,218
		8,555	49,551
		321,944	358,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2013

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised in 2011)	Employee Benefits
HKAS 27 (Revised in 2011)	Separate Financial Statements
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) - Int13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investment in 上海皆騰國際物流有限公司 should be classified as a joint venture under HKFRS 11 and accounted for using the equity method.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. The Group has extended the disclosures on held for trading investments. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as the statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 9	Financial Instruments[3]
HK(IFRIC) - Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1st January, 2014.
[2] Effective for annual periods beginning on or after 1st July, 2014.
[3] Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
[4] Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

HKFRS 9 is effective for the Group for annual period beginning on 1st January, 2015, with earlier application permitted. The directors anticipate that the adoption of HKFRS 9 may have an impact on amounts reported in the consolidated financial statements in relation to the investments classified under available-for-sale. It is not practicable to estimate the effect until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact to the consolidated financial statements.

2. REVENUE AND 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 and operating 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 and related services in the People's Republic of China (the "PRC") ("Trading and related services")

During the year, the Group started the trading and related services in the PRC. An operating segment regarding the karaoke outlets and related services in the PRC was discontinued in the current year. The segment information reported as below does not include any amounts for these discontinued operations, which are described in more detail in note 8.

Segments revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment:

For the year ended 31st December, 2013

	Cold storage and related services HK$'000	Trading and related services HK$'000	Total HK$'000
Revenue	**189,767**	**3,732**	**193,499**
Segment profit (loss)	**3,438**	**(3,202)**	**236**
Unallocated income			**4,367**
Unallocated expenses			**(15,488)**
Change in fair value of financial instruments			**81**
Adjustment on loans to an investee			**39,956**
Adjustment on amount due to non-controlling interests of a subsidiary			**(1,135)**
Impairment loss on available-for-sale investments			**(5,118)**
Share of loss of a joint venture			**(329)**
Finance costs			**(3,468)**
Profit before tax			**19,102**

For the year ended 31st December, 2012 (restated)

	Cold storage and related services HK$'000	Trading and related services HK$'000	Total HK$'000
Revenue	186,298	–	186,298
Segment loss	(387)	–	(387)
Unallocated income			6,441
Unallocated expenses			(16,640)
Change in fair value of financial instruments			1,365
Adjustment on loans to an investee			(5,109)
Impairment loss on available-for-sale investments			(10,000)
Finance costs			(4,895)
Loss before tax			(29,225)

The accounting policies of the operating segments are the same as the Group's accounting policies . Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of interest income, sundry income, central administration costs including part of auditor's remuneration and directors' remuneration, adjustment on amount due to non-controlling interests of a subsidiary, change in fair value of financial instruments, adjustment on loans to an investee, impairment loss on available-for-sale investments, share of loss of a joint venture and finance costs. This is the measure reported to the chief operating decision makers, the executive directors, for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2013 HK$'000	2012 HK$'000
ASSETS		
Continuing operations		
Cold storage and related services	**74,419**	82,563
Trading and related services	**7,043**	–
Total segment assets	**81,462**	82,563
Unallocated assets	**269,171**	257,169
Assets relating to discontinued operations	–	82,688
Consolidated assets	**350,633**	422,420

	2013	2012
	HK$'000	HK$'000
LIABILITIES		
Continuing operations		
Cold storage and related services	**13,698**	16,354
Trading and related services	**734**	–
Total segment liabilities	**14,432**	16,354
Unallocated liabilities	**22,812**	47,959
Liabilities relating to discontinued operations	**–**	49,073
Consolidated liabilities	**37,244**	113,386

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than available-for-sale investments, loans to an investee, financial assets at fair value through profit or loss, interest in a joint venture, amount due from non-controlling interests of a subsidiary, held for trading investments, pledged bank deposits, bank balances and cash, certain property, plant and equipment, and certain other receivables. Goodwill is allocated to cold storage and related services; and

- all liabilities are allocated to operating segments other than amount due to an investee, promissory notes, amount due to non-controlling interests of a subsidiary and certain other payables.

Other segment information - from continuing operations

2013

	Cold storage and related services HK$'000	**Trading and related services HK$'000**	**Segments total HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	**1,150**	**194**	**1,344**	**8**	**1,352**
Depreciation	**4,674**	**17**	**4,691**	**101**	**4,792**
Gain on disposal of property, plant and equipment	**45**	**–**	**45**	**3**	**48**

2012 (restated)

	Cold storage and related services HK$'000	Trading and related services HK$'000	Segments total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	1,648	–	1,648	40	1,688
Depreciation	5,290	–	5,290	141	5,431
Gain on disposal of property, plant and equipment	260	–	260	–	260

Note: Additions to non-current assets, excluded those relating to discontinued operations, represented additions to property, plant and equipment, goodwill, deposits for acquisition of property, plant and equipment and rental deposits paid.

Amount regularly provided to the chief operating decision makers but not included in the measure of segment profit (loss) or segment assets:

	Unallocated	
	2013 **HK$'000**	2012 HK$'000
Interest in a joint venture	**3,449**	-
Share of loss of a joint venture	**(329)**	-
Interest income	**4,191**	6,251
Interest expense	**(3,468)**	(4,895)
Change in fair value of financial instruments	**81**	1,365
Adjustment on loans to an investee	**39,956**	(5,109)
Impairment loss on available-for-sale investments	**(5,118)**	(10,000)
Adjustment on amount due to non-controlling interests of a subsidiary	**(1,135)**	–

Geographical information

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

Information about of the Group's non-current assets by geographical location of the assets (excluding available-for-sale investments, loans to an investee, interest in a joint venture, financial assets at fair value through profit or loss and pledged bank deposits) are set out below:

	2013	2012
	HK$'000	HK$'000
Hong Kong	**36,802**	40,419
PRC	**185**	73,364
	36,987	113,783

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	2013	2012
	HK$'000	HK$'000
		(restated)
Trading and related services	**3,732**	–
Cold storage and logistic services	**185,904**	183,800
Manufacturing and trading of ice	**3,863**	2,498
	193,499	186,298

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group from cold storage and related services are as follows:

	2013	2012
	HK$'000	HK$'000
Customer A	**29,458**	33,336
Customer B (Note)	**N/A**	21,715

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

3. OTHER INCOME

	2013	2012
	HK$'000	HK$'000
		(restated)
Continuing operations		
Bank interest income	**1,254**	837
Imputed interest income from loans to an investee	**2,937**	5,414
Sundry income	**173**	190
	4,364	6,441

4. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	HK$'000
Continuing operations		
Gain on disposal of property, plant and equipment	**48**	260
Fair value gain on financial assets at fair value through profit or loss	**50**	1,130
Fair value gain on held for trading investments	**31**	235
Adjustment on loans to an investee	**39,956**	(5,109)
Adjustment on amount due to non-controlling interests of a subsidiary	**(1,135)**	–
	38,950	(3,484)

5. IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS

On 4th May, 2013, the indirectly owned investee of Richbo Enterprises Limited, which holds the hotel resort complex operation in Macau, and its major shareholder entered into an assets purchase agreement with some subsidiaries of Galaxy Entertainment Group Limited, an independent third party and a listed company on the Main Board of the Hong Kong Stock Exchange, to dispose of the underlying properties of hotel resort complex and other assets in some subsidiaries of its major shareholder at a cash consideration of HK$3,250,000,000. The disposal of these assets was completed on 17th July, 2013. The Group re-assessed the recoverable amount of the available-for-sale investments taking into account the expected future cash flows of the investments including the cashflows generated from the aforesaid disposal. Based on the revised cash flow projections and assumptions, an impairment loss of HK$5,118,000 is recognised (2012: HK$10,000,000).

6. FINANCE COSTS

	2013 **HK$'000**	2012 HK$'000
Continuing operations		
Interest on obligations under finance leases	**36**	61
Imputed interest expense on amount due to non-controlling interests of a subsidiary	**2,269**	3,402
Imputed interest expense on promissory notes	**1,163**	1,432
	3,468	4,895

7. TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit of the year.

PRC Enterprise Income Tax ("EIT") is calculated at the applicable tax rate of 25%.

No provision for Hong Kong Profits Tax and EIT are required as the individual companies comprising the Group either incurred a loss or had tax losses to offset the assessable profit.

The tax expense for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013 **HK$'000**	2012 HK$'000 (restated)
Profit (loss) before tax (from continuing operations)	**19,102**	(29,225)
Tax at the Hong Kong Profits Tax rate of 16.5%	**3,152**	(4,822)
Tax effect of expenses not deductible for tax purpose	**2,414**	3,299
Tax effect of income not taxable for tax purpose	**(7,306)**	(1,262)
Tax effect of tax losses not recognised	**2,241**	2,564
Utilisation of tax losses previously not recognised	**(644)**	–
Tax effect of other temporary differences not recognised	**316**	221
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(173)**	–
Tax expense for the year (relating to continuing operations)	–	–

8. DISCONTINUED OPERATIONS

On 21st June, 2013, the Group entered into the disposal agreements with an independent third party, for the disposal of the entire issued share capital of certain subsidiaries including Belva Investments Limited, Hosanna Investments Limited, Rich Vantage Limited and their subsidiaries (collectively the "Disposal Group"), which carried the Group's entire karaoke outlets and related services operations at the total consideration of HK$50 million, in which $10 million was injected by the Group to the Disposal Group, and other $10 million was deducted from the total consideration in accordance with the disposal agreements. The disposal was completed on 1st August, 2013, on which date control of the Disposal Group passed to the acquirer.

The loss for the year from the discontinued karaoke outlets and related services operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the karaoke outlets and related services operation as a discontinued operation.

	Year ended 31st December, 2013 HK$'000	Year ended 31st December, 2012 HK$'000
Loss of karaoke outlets and related services operation for the year	**(64,864)**	(151,949)
Gain on disposal of karaoke outlets and related services operation	**3,868**	–
	(60,996)	(151,949)

The results of the karaoke outlets and related services operation for the period from 1st January, 2013 to 1st August, 2013, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period ended 1st August, 2013 HK$'000	Year ended 31st December, 2012 HK$'000
Revenue	**29,613**	28,393
Direct costs	**(48,593)**	(76,820)
Gross loss	**(18,980)**	(48,427)
Other income	**178**	1,073
Selling and distribution expenses	**(5,508)**	(12,271)
Administrative expenses	**(9,106)**	(28,896)
Other operating expenses	**–**	(6,692)
Impairment loss on property, plant and equipment	**(31,448)**	(56,413)
Impairment loss on goodwill	**–**	(323)
Loss before tax	**(64,864)**	(151,949)
Tax expense	**–**	–
Loss for the year	**(64,864)**	(151,949)

Loss for the year from discontinued operations include the following:

	2013	2012
	HK$'000	HK$'000
Depreciation and amortisation	**5,609**	11,209
Auditor's remuneration	–	560
Employee benefit expenses	**2,483**	4,681

Cash flows from discontinued operations:

	2013	2012
	HK$'000	HK$'000
Net cash used in operating activities	**(31,969)**	(47,835)
Net cash from (used in) investing activities	**5,346**	(65,034)
Net cash from financing activities	**26,201**	84,008
Net cash outflows	**(422)**	(28,861)

9. LOSS FOR THE YEAR

	2013	2012
	HK$'000	HK$'000
Loss for the year from continuing operations has been arrived at after charging:		
Auditor's remuneration	**1,400**	840
Depreciation for property, plant and equipment	**4,792**	5,431
Exchange loss, net	**213**	19
Other operating expenses	–	4,703
Minimum lease payments for operating leases in respect of rented premises	**76,861**	76,583
Total staff costs (including directors' emoluments)	**52,170**	53,712

10. DIVIDEND

No interim dividend is paid during the year (2012: Nil), nor has any dividend been proposed since the end of the reporting period (2012: Nil).

11. EARNINGS (LOSS) PER SHARE

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

	2013	2012
	HK$'000	HK$'000
Profit (loss) for the purpose of basic earnings (loss) per share, attributable to owners of the Company		
— from continuing and discontinued operations	**(41,268)**	(179,899)
— from continuing operations	**19,102**	(29,225)
— from discontinued operations	**(60,370)**	(150,674)

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**2,408,633**	1,718,514

From discontinued operations

Basic loss per share for the discontinued operations is HK 2.51 cents per share (2012: HK 8.77 cents per share), based on the loss for the year from discontinued operations of HK$60,370,000 (2012: HK$150,674,000) and the denominators detailed above for basic loss per share.

The weighted average number of ordinary shares for 2013 and 2012 has been adjusted for issue of new shares.

No dilutive effect to the loss per share as there were no potential ordinary shares in issue for years ended 31st December, 2013 and 2012.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2013 HK$'000	2012 HK$'000
Trade receivables	**38,342**	40,378
Less: allowance for doubtful debts	**(1)**	(14)
	38,341	40,364
Deposits and prepayments (Note a)	**4,159**	8,574
Other receivables (Note b)	**990**	2,179
	43,490	51,117

Note a: Included in the amount as at 31st December, 2012 was HK$2,137,000 relating to the prepayment of rental expenses for karaoke outlets and related services which was disposed of during the year ended 31st December, 2013.

Note b: Included in other receivables are trade receivables received by directors on behalf of the Group of HK$220,000 (2012: Nil). The amount is unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates. The analysis for 2012 includes those of the Disposal Group.

	2013 HK$'000	2012 HK$'000
0–30 days	**16,696**	15,370
31–60 days	**11,125**	11,785
61–90 days	**6,162**	9,086
91–120 days	**4,358**	4,067
More than 120 days	–	56
	38,341	40,364

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.

Included in the Group's trade receivable balance are debtors with a carrying amount of HK$20,881,000 (2012: HK$24,349,000) which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality. The Group does not hold any collateral over these balances.

13. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	HK$'000
Trade payables	**4,524**	9,547
Payable for acquisition of property, plant and equipment	–	21,301
Accrual for rental expense	–	4,163
Accrued for staff costs	**2,996**	9,263
Other payables	**8,060**	9,424
	15,580	53,698

The following is an aged analysis of trade payables presented based on the invoice dates. The analysis for 2012 includes those of the Disposal Group.

	2013	2012
	HK$'000	HK$'000
0–30 days	**2,597**	4,353
31–60 days	**682**	2,797
61–90 days	**127**	209
91–120 days	**1,118**	2,188
	4,524	9,547

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

Non-current other liabilities in prior year represented the lease incentive and progressive yearly rental over the lease term of 8 to 10 years. They were arised from karaoke outlets and related services which were disposed of during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL RESULTS

For the financial year ended 31st December, 2013, total revenue from the continuing operations of the Group amounted to approximately HK$193 million, up approximately 3.76% when compared to approximately HK$186 million in the previous financial year. During 2013, revenue derived from the Group's cold storage and related business remained stable and the overall turnover of the Group's operations maintained at around the similar levels of the previous year.

Net loss for the year attributable to owners of the Company was approximately HK$41 million, compared with a net loss of approximately HK$180 million in the previous year. The decrease in net loss was mainly attributable to (i) the continuous operating loss of the karaoke outlets and related services business in the PRC has been disposed on 1st August, 2013 and (ii) adjustment on loans to an investee upon the repayment of the loan by the investee. Loss per share was HK1.71 cents.

The Group is principally engaged in cold storage and related business, and trading and related business in the PRC.

BUSINESS REVIEW

Cold storage and related services

During the financial year of 2013, this segment remained as the core business of the Group and showed stable performance despite a high operating cost environment. The satisfactory performance was due to two increments in rental rates by the Group in January and July, 2013. Being fully aware of the inflationary environment in Hong Kong, in general, the clients have accepted the rental adjustments.

Hong Kong's overall economic performance improved in 2013, with real GDP expanded moderately by 2.9%, compared with 1.5% the year before. The general operating cost for the Group also increased during the year in all areas including rents, salaries, electricity bills and maintenance. These have continued to put pressure on the Group's cost controlling measures.

Over all, the Group was able to maintain a stable occupancy rate for its cold storage facility and capture a stable market share. Our effective temperature & humidity controls, efficient computerised data processing system, strong logistics support and customer services are reasons for our customers' loyalty.

The Management will strive to maintain effective cost control and ensure high quality services are delivered to keep existing customers and attract new ones. It will also consider re-visiting the mix of clientele in both warehouses in order to improve the turnover and maximise revenue.

Logistics services

The Group's logistics services business also maintained stable performance during the year. This value-added service offers a good retention factor for our cold storage customers, which account for 80-90% of the overall clientele of the logistic service arm.

This segment also helps generate extra revenue to the Group by assisting our clients to transport their goods to secure outdoor container yards when our storage capacity has reached its maximum.

Industrial ice bars (for construction use)

The Group produces industrial ice bars for construction use. The Group has sustained a healthy share in the local industrial ice bar market. This line of business has achieved steady growth in the year under review. It is expected to be a stable income source for the Group as many major infrastructural projects are underway which support continuous demand of industrial ice bars:

1. The Hong Kong-Zhuhai-Macao Bridge ("HZMB"): consisting of a series of bridges and tunnels connecting the 3 places, the HZMB is expected to complete in 2016.

2. The Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link is targeted to finish in 2015.

3. Kai Tak Development project spanning a total of over 320 hectares: target of completion in 2022.

4. The Kwun Tong Line Extension, expected to complete in 2015.

Karaoke outlets and related services
With shareholders' approval, the Group completed the disposal of this business on 1st August, 2013, as reported in the Interim Report 2013.

This line of operation was introduced in 2010 and had joint ventures set up in the PRC with a view to capture the growing leisure and cultural consumption in the country. The cultural and regulatory differences between the PRC and Hong Kong, however, have made this a difficult endeavour. After the comprehensive strategic evaluation, on 21st June, 2013, the Group entered into two disposal agreements with Golden Channel Limited for the sale of the Company's certain subsidiaries engaged mainly in karaoke, food and beverage outlets, as well as wine and beverage trading business in the PRC.

The disposal has brought a net proceeds of approximately HK$30 million to the Group. It also allows the Group to exit a loss-making business, free up capital commitment and reinvest to strengthen the Group's core businesses.

For further details, please refer to the announcements and/or circular of the Company dated 26th July, 2013, 11th July, 2013, 21st June, 2013 and 24th May, 2013.

Investment (Hotel and resort operation in Macau)
The Group's indirect investment vehicle Great China Company Limited has disposed its entire interests in Grand Waldo Hotel resort complex to wholly owned subsidiary of Galaxy Entertainment Group Limited. The first payment for the disposal was received by Great China Company Limited on 17th July, 2013 and the second payment to be received after 18 months thereof. The Group has received repayment of the loans to investee on 24th July, 2013. The above were included in the Interim Report 2013.

This decision was initiated by Get Nice Holdings Limited ("Get Nice"), the Group's business partner, which majority-owned and controlled the Grand Waldo Hotel resort complex in Macau, to which the Group has a small share. The disposal decision was due to the Resort's unsatisfactory operating results. The disposal has generated considerable cash for the Group, providing extra capital resources for exploring more promising opportunities.

For further details, please refer to the announcements and/or circular of Get Nice dated 17th July, 2013, 24th May, 2013 and 5th May, 2013.

Trading and related business in the PRC
In the second half of 2013, the Group has started this new line of business. It is a 100% owned operation, importing food from other overseas countries into China, in a hope to capture the growing middle income group in China that is demanding more overseas food when the country becomes affluent. This business is still at the early stage, so the scale is kept relatively small at the moment. Preliminary trading result is less than satisfactory due to low profit margins, high wastage and new head office expenses. The Management is closely monitoring its development and will make necessary adjustments as required.

Despite being a wholly-owned business, the Group partners with a PRC company to provide related logistics services as a joint venture. This is an opportunity the Group has seized to expand its existing logistic business into Mainland China.

PLEDGE OF ASSETS

As at 31st December, 2013, banking facilities to the extent of HK$3.5 million (2012: HK$3.5 million) of the Group were secured by the pledge of bank deposits amounting to HK$3.5 million (2012: HK$3.5 million). The amount utilised at 31st December, 2013 was approximately HK$3.5 million (2012: approximately HK$3.5 million).

As at 31st December, 2013, bank deposits of approximately HK$75 million (2012: approximately HK$75 million) were pledged to a bank which provides bank guarantees in favour of two landlords for a sum equivalent to 12 months rent payable by the Group under tenancy agreements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2013, the Group had cash and bank balances of approximately HK$144 million (2012: approximately HK$55 million). The increase was mainly due to (i) the proceeds from the disposal of karaoke outlets and related services business, and (ii) repayment of the loan advance to the hotel and resort operation investment in Macau. The gearing ratio, measured as non-current borrowings over equity attributable to owners of the Company was approximately 3% as at 31st December, 2013 (2012: approximately 17%). The decrease was mainly due to the decrease of non-current borrowings.

Monetary assets and liabilities of the Group are principally denominated in Hong Kong dollars. 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 business to be operated in the PRC. As the Group's new trading business involves multi-exchange rates, the directors will review the exchange rate risks faced by the Group periodically. During the year under review, the Group's capital expenditure was financed by internal cash generation and new shares issues.

SHARE CAPITAL STRUCTURE

As at 31st December, 2012, the total issued share capital of the Company was HK$20,723,040 divided into 2,072,304,000 ordinary shares with a par value of HK$0.01 each.

On 17th January, 2013, the Company entered into a share placing agreement for the placement of 360,000,000 new shares at HK$0.128 each. The share placing arrangement was completed on 25th January, 2013. The net proceeds of approximately HK$45.6 million are used for general working capital of the Group.

For further details, please refer to the announcements of the Company dated 25th January, 2013 and 17th January, 2013.

As a result of the share placing arrangement, the total issued share capital of the Company was HK$24,323,040 divided into 2,432,304,000 ordinary shares with a par value of HK$0.01 each as at 31st December, 2013.

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2013, the total number of full time employees of the Group in Hong Kong and the PRC were approximately 259 and 15 respectively (31st December, 2012: approximately 270 Hong Kong employees; 570 PRC employees). Remuneration is reviewed annually and in addition to the basic salaries, the Group also provides staff benefits including discretionary bonuses, Mandatory Provident Fund, staff quarter and professional tuition/training subside for employees' benefit.

PROSPECTS

The Group is generally optimistic about the prospects for all the operations despite the challenges ahead, including higher electricity and rental cost; tightened food control measures in China and fluctuation of food costs, which would affect the storage hiring decisions of our clients.

Quoting Hong Kong Trade Development Council Research in March, it says, "The global trade environment is expected to become more favourable this year featured by a synchronised rebound of the major developed economies. Yet the short-term outlook of the emerging economies is overcast by the US tapering. On the supply side, Hong Kong exporters have to live with a challenging production environment on the Chinese mainland, especially in the Pearl River Delta, which include the rising input costs."

Being fundamental to Hong Kong economy, the China market, albeit robust, is showing signs of slowing down. This has been confirmed by China's Premier Li Keqiang who announced in early March about the target growth of 7.5% GDP in 2014, a slight decrease compared with the 7.7% in 2013 and 2012, the lowest growth rate since 1999.

This is further supported by HSBC purchasing manager index (PMI) published in February 2014, which dropped below 50, indicating a contraction of the country's manufacturing sector. This also brings concern about the future for the global economy as a whole.

On the brighter side, the State Administration of Foreign Exchange indicated in February that China's ongoing exchange-rate reforms meant that two-way fluctuations will become the norm. The first depreciation in RMB has already happened early this year from an accumulated appreciation of 36% since 2005.

Hong Kong and China's economic ties have been further strengthened with the Supplement X to Mainland-Hong Kong Closer Economic Partnership Arrangement (CEPA) signed on 29th August, 2013. This provides for a total of 73 services liberalisation and trade and investment facilitation measures which have made effective from 1st January, 2014.

All this presents a mix of challenges and opportunities to the Group.

Cold storage and related services

Following a stable business performance in 2013, the Management is expecting difficulties in the year of 2014 due to rising cost pressure and a slack economic growth in China and globally.

As has been reported in the Policy Address, Hong Kong economy grew by 2.9% during 2013 amid challenges facing the global economy. It has been forecast that Hong Kong GDP will grow 3-4% in 2014, a better yet lower than the average annual growth rate of 4.5% over the past decade.

The unemployment rate averaged at a low level of 3.3%, buoying the local consumption market. According to the Census and Statistics Department, the Nominal Wage Index increased by 4.8% in September 2013 compared to a year earlier. The year-on-year increases were recorded in all selected industry sections, ranging from 3.4% to 9.4%.

Besides wage increase, the Group also faces higher electricity bills, as China Light & Power announced a raise of average Total Tarff by 3.9% effective on 1st January, 2014.

Fortunately, the local consumption scenario stays strong. Retail sales increased in nominal terms 14.5% year-on-year in January 2014. Private consumption expenditure grew by 4.2%, thanks largely to the favourable job and income conditions. Exports of services attained solid growth of 5.8% last year. Domestic demand is expected to hold up while Hong Kong's export prospects should turn more positive.

Tourists also make a positive contribution to our cold storage business by consuming food locally. In 2013, visitors to Hong Kong exceeded 50 million, an increase of 11.7% compared to 2012. Total spending went up by 14.8%. Business visitors spent close to $10,000 per capita, 21% more than that of other overnight visitors. The government's emphasis on targeting overnight business travellers is a help to this line of business.

The Management will take heed of all possible opportunities and strive to maintain this segment's stable performance by investigating into creative ways of streamlining operations and actively seeking new investment opportunities in storage.

Challenges ahead

Increase in electricity cost & rental

Effective 1st January, 2014, China Light & Power average Total Tariff has increased by 3.9%, the average Basic Tariff increased by 4.2 cents per unit of electricity.

The increase of electricity cost will directly affect the operating cost for this segment, whose cold storage and ice bar manufacturing both rely on stable electricity. The increment on rental rates to client alone may not be adequate to cover the overall operating cost. The Management will take initiatives to explore alternatives and seek improvement opportunities along the whole chain of operations to meet this challenge.

Tightened import food control measures in the PRC

Import food safety has become a great in concern in China. In March 2013, the original regulatory body the State Food and Drug Administration was elevated to a ministerial level agency and become the China Food and Drug Administration (CFDA), showing the country's commitment in the issue.

As control measures are predicted to be tightened, more storage space demand is expected. This is because our clients, who are mostly food traders, may take longer to await clearance for their goods.

This may lead to full storage capacity, which is both an advantage and a disadvantage. As the Group's storage rental is on a monthly basis regardless of the length of storage, full storage represents a slower turnover but stable revenue. It also gives our logistic arm more business to transport goods out to secure outdoor container yards. However, a less than full capacity means higher turnover rate and is often more desirable due to higher revenue.

The fluctuation on food market price and behavior of clientele
The hiring of our cold storage service is affected by food market price worldwide. The fluctuation of food market price can become prominent after a few months of shipment by the time the goods reached Hong Kong from overseas. Our clients may choose to keep their goods in store for longer, which will use up our storage space if the food prices dropped at the time the goods arrived. When the food market price is not so predictable, some clients may become more conservative and order less, resulting in lesser storage space being used up. In either situation, the Group's revenue may be affected.

In view of this challenging operating environment, the Group will continue to implement effective cost control measures, upgrade and improve service quality to expand clientele base, and explore possibilities of expanding the market.

Industrial ice bars (for construction use)
As the Group is one of the very few industrial ice bar providers in Hong Kong, the Group foresees an optimistic operating environment for this segment. For construction purposes, ice bar is preferred for its effectiveness than crushed ice. The larger number of industrial crushed ice providers therefore do not pose a threat to the Group's business.

Despite a quieter residential property market, construction activity in Hong Kong is expected to remain relatively bright. Firm growth is predicted in public housing and infrastructure. The government has planned a housing target of 470,000 units over the next decade, with public housing accounting for 60%.

It has also been reported that the government has increased the number of residential flats supplied in the Kai Tak Development by more than 5000 units. All this ensures a profit prospect for the Group's industrial ice bar business.

Besides the ongoing large-scale infrastructure projects, the government has announced its plan in commissioning a third runway by 2023. It is conducting a study to examine the feasibility of constructing Container Terminal 10 at Southwest Tsing Yi. It is also actively looking at formulating a long-term strategy for cavern development, initially studying relocation of Shatin Sewage Treatment Works, power stations, fresh water reservoirs and trash transfer station underground. All these represent opportunities for increasing demand for our industrial ice bar business.

The government is also planning the construction of a dual two-lane highway approximately 4.2 km long connecting Tseung Kwan O (TKO) with the proposed Trunk Road T2 in Kai Tak Development in the west. About 2.6 km of the highway is in the form of tunnel. This tunnel together with the Trunk Road T2 and Central Kowloon Route, will form the Route 6 which will provide an east-west express link between West Kowloon and TKO areas. Detailed design of the project was commenced in September 2013. The Group believes this will also present an opportunity for our industrial ice-bar business.

Trading and related business in the PRC
Food safety issues in recent years and a growing middle income group in China has caused some PRC consumers to turn to imported and international branded packaged food and beverages. From 2008 to 2012, China's packaged food and beverage market grew by an average of 15.2% annually, way above the world's average at 4.1%.

The Group has newly invested into this line of business, which dedicates to import food products from various countries into the PRC market. These products will be sold in food outlets such as supermarkets and chain food stores. The Group also partners with a Shanghai company as a joint venture to provide storage and logistic services for the Group's trading business in the PRC. The Group sees this not only as an opportunity to tap the Mainland food market, but also a chance to expand its logistics core, to which the Group has amassed abundant experience and expertise from its Hong Kong operation.

This business is comparatively small in scale now. The Group is closely monitoring its development as well as the potential of this business in the upcoming months, so the Management will be able to make swift decisions as to whether to continue with or expand the operation.

CORPORATE STRATEGY AND A LONG-TERM BUSINESS MODEL

For more than a decade, the Group has been dedicated to maintaining cold storage, logistics and industrial ice bar as its core business since its restructuring in 2000.

The Group has clear corporate strategy. On one hand, we shall continue to enhance our core businesses through offering value-added services to our customers including cargo checking, customs clearance and latest technological innovation to improve overall efficiency of our cold storage operation.

On the other hand, the Management will also put more emphasis on the enormous China market. Since 2010, the Group has been trying to venture into the market, first through karaoke and related business, and currently the trading and related business. The former has been disposed after careful deliberation while the latter is still in the early stage and we are facing minor setbacks. Notwithstanding the results, the process of the investment itself has formed important parts of the learning curve in our pursuit of promising new business opportunities in China. The Management shall have more confidence in developing the Mainland market now with more experience behind us.

The Group will closely monitor market trends, explore and invest into new opportunities when feasible. We endeavor to becoming a leading storage and logistics provider in Hong Kong, and maximise shareholder's gain in the process.

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31st December, 2013 (2012: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2013.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company has applied and complied with the principles of the code provision and certain recommended best practices under the Code on Corporate Governance Practices (the "CG Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31st December, 2013, except for the deviations as stated below.

Upon the resignation of Mr. Fung Wa Ko as the Chairman on 14th October, 2011, there is no Chairman in the Company. Since there is no Chairman in the Company during the year ended 31st December, 2013, there was no meeting held between the Chairman and the non-executive directors (including independent non-executive directors) without the executive director present.

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 executive directors. 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 code provision A.2.1 and A.2.7 if necessary of the CG Code.

Internal Controls

The Group has adopted a series of internal control measures including the strengthening of reporting lines of senior management. As a routine procedure and part of the internal control system, executive directors and the senior management would meet at least once a week to review the financial and operating performance of each department.

The senior management of each department is also required to keep executive directors informed of material developments of the department's business and implementation of the strategies and policies set by the Board on a regular basis.

During the year ended 31st December, 2013, the Group has already started to setup trading and related business. In such new business division, the Group would also adopt a series of operation procedures and internal control policies to avoid any deficiency.

The Company has adopted a whistleblowing policy on 28th March, 2012, which intended to encourage and enable employees to report violations or suspected violations and to raise serious concerns about possible improprieties in matters of financial reporting or other matters. No case of whistleblowing was noted by the Audit Committee during the year under review.

To ensure compliance with the continuous disclosure obligation under the Listing Rules and the disclosure of inside information of the Securities & Futures Ordinance ("SFO"), the continuous disclosure obligation procedures was adopted by the Board on 28th March, 2013. In order to comply with the amendments to the CG code on board diversity effective on 1st September, 2013, the board diversity policy of the Company was adopted by the Board on 29th August, 2013. This policy aims to set out the approach to achieve diversity on the Board. The Nomination Committee shall give due regard to the benefits of diversity on the Board against objective criteria in reference to this policy when performing duties.

As an integral part of good corporate governance, the internal control system will continue to be reviewed, added on or updated to provide for changes in the operating environment.

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 10 to the Listing Rules (the "Securities Dealing Policy").

Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Securities Dealing Policy during the year under review.

Audit Committee

The Audit Committee currently comprises three independent non-executive directors, namely, Mr. Leung Chi Hung (Chairman), Mr. Fung Siu Kit, Ronny and Mr. Tse Yuen Ming.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year, including the accounting principles and practice adopted by the Group, and discussed matters relating to auditing, internal controls and financial reporting.

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, 2013 as set out in the preliminary 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. 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 the preliminary announcement.

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

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

The 2013 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the websites of the HKExnews and the Company in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises executive directors, namely, Mr. Au Tat Wai, Mr. Choy Kai Sing, Mr. Ho Hon Chung, Ivan and Mr. Tang Tsz Man, Philip; non-executive director, namely, 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 of
Daido Group Limited
Au Tat Wai
Chief Executive Officer

Hong Kong, 26th March, 2014