DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

The board of directors (the ''Board'') of Daido Group Limited (the ''Company'') is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the ''Group'') for the six months ended 30th June, 2010, together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

	NOTES	**Six months ended 30.6.2010 *HK$'000* (unaudited)**	Six months ended 30.6.2009 *HK$'000* (unaudited)
Revenue		**82,719**	73,324
Direct costs		**(72,214)**	(65,345)
Gross profit		**10,505**	7,979
Other income	*4*	**3,223**	3,123
Selling and distribution expenses		**(2,063)**	(1,766)
Administrative expenses		**(10,095)**	(11,837)
Change in fair value of investment properties		**1,800**	300
Finance costs	*5*	**(3,534)**	(2,987)
Loss before tax	*6*	**(164)**	(5,188)
Tax credit	*7*	**53**	484
Loss for the period and total comprehensive loss for the period attributable to owners of the Company		**(111)**	(4,704)
Loss per share - basic and diluted	*9*	**HK(0.01) cent**	HK(0.56) cent

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2010

	NOTES	**30.6.2010** *HK$'000* **(unaudited)**	31.12.2009 *HK$'000* (audited)
NON-CURRENT ASSETS			
Investment properties		**-**	16,400
Property, plant and equipment		**21,851**	22,553
Goodwill		**8,513**	8,513
Available-for-sale investments		**88,920**	88,920
Loans to an investee		**60,733**	58,444
Prepayment for acquisition of property, plant and equipment		**-**	256
Rental deposits paid		**16,352**	16,352
Pledged bank deposits		**68,906**	68,906
		265,275	280,344
CURRENT ASSETS			
Trade and other receivables	*10*	**36,396**	32,585
Bank balances and cash		**158,583**	160,687
		194,979	193,272
Assets classified as held for sale	*11*	**18,391**	-
		213,370	193,272
CURRENT LIABILITIES			
Trade and other payables	*12*	**14,283**	12,595
Tax payable		**59**	84
Obligations under a finance lease		**60**	58
Promissory notes		**4,934**	4,762
		19,336	17,499
Liabilities associated with assets classified as held for sale	*11*	**6**	-
		19,342	17,499
NET CURRENT ASSETS		**194,028**	175,773
TOTAL ASSETS LESS CURRENT LIABILITIES		**459,303**	456,117
CAPITAL AND RESERVES			
Share capital		**9,996**	9,996
Reserves		**372,612**	372,723
Equity attributable to owners of the Company		**382,608**	382,719
Non-controlling interest		**6,419**	4,691
		389,027	387,410

	NOTES	30.6.2010	31.12.2009
		HK$'000	*HK$'000*
		(unaudited)	(audited)
NON-CURRENT LIABILITIES			
Obligations under a finance lease		**195**	225
Amount due to a non-controlling shareholder of a subsidiary		**24,596**	24,650
Convertible bonds		**22,164**	21,293
Promissory notes		**23,185**	22,375
Deferred tax liabilities		**136**	164
		70,276	68,707
		459,303	456,117

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2009, except as described below.

In the current interim period, the Group has applied, for the first time, the following revised standards, amendments and interpretation ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1st January, 2010. The requirements in HKAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st January, 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretation that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate
[2] Effective for annual periods beginning on or after 1st February, 2010
[3] Effective for annual periods beginning on or after 1st July, 2010
[4] Effective for annual periods beginning on or after 1st January, 2011
[5] Effective for annual periods beginning on or after 1st January, 2013

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

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

	Six months ended 30.6.2010	Six months ended 30.6.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue for cold storage and related services	**82,719**	73,324
Segment result for cold storage and related services	**3,335**	(950)
Unallocated other income	**2,903**	3,062
Change in fair value of investment properties	**1,800**	300
Central administration expenses	**(4,668)**	(4,613)
Finance costs	**(3,534)**	(2,987)
Loss before tax	**(164)**	(5,188)

Segment result represents the profit earned or loss incurred by cold storage and related services without allocation of interest income, certain sundry income, change in fair value of investment properties, central administration expenses and finance costs. This is the measure reported to the board of directors of the Company for the purposes of resource allocation and assessment of segment performance.

4. OTHER INCOME

	Six months ended 30.6.2010	Six months ended 30.6.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank interest income	**450**	773
Imputed interest income from loans to an investee	**2,289**	2,289
Gain on disposal of property, plant and equipment	**236**	-
Sundry income	**248**	61
	3,223	3,123

5. FINANCE COSTS

	Six months ended 30.6.2010 ***HK$'000*** **(unaudited)**	Six months ended 30.6.2009 *HK$'000* (unaudited)
Interest on obligations under a finance lease	**7**	2
Imputed interest expense on amount due to a non-controlling shareholder of a subsidiary	**1,674**	1,097
Imputed interest expense on convertible bonds	**871**	802
Imputed interest expense on promissory notes	**982**	1,086
	3,534	2,987

6. LOSS BEFORE TAX

	Six months ended 30.6.2010 ***HK$'000*** **(unaudited)**	Six months ended 30.6.2009 *HK$'000* (unaudited)
Loss before tax for the period has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	**3,118**	3,782
Loss on disposal of property, plant and equipment	**-**	5

7. TAX CREDIT

	Six months ended 30.6.2010 ***HK$'000*** **(unaudited)**	Six months ended 30.6.2009 *HK$'000* (unaudited)
The tax credit comprises:		
Hong Kong Profits Tax		
Overprovision in prior period	**25**	-
Deferred tax		
Current period	**28**	484
	53	484

No Hong Kong Profits Tax has been made as the Group incurred tax losses for the six months ended 30th June, 2010.

8. DIVIDEND

No dividend was paid, declared or proposed during the period.

The directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2010 and 30th June, 2009.

9. LOSS PER SHARE

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

	Six months ended 30.6.2010	Six months ended 30.6.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the purposes of basic and diluted loss per share	**(111)**	(4,704)
	'000	'000 (restated)
Number of ordinary shares for the purposes of basic and diluted loss per share	**999,600**	833,600

The number of ordinary shares for the six months ended 30th June 2009 has been adjusted for share consolidation on 24th November, 2009.

The computation of diluted loss per share for both periods do not assume the conversion of convertible bonds since it will result in a decrease in loss per share.

10. TRADE AND OTHER RECEIVABLES

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 related services.

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, with an aged analysis by invoice dates as follows:

	30.6.2010	31.12.2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 - 30 days	**14,347**	13,873
31 - 60 days	**10,856**	10,012
61 - 90 days	**6,263**	5,135
91 - 120 days	**1,656**	-
	33,122	29,020

11. ASSETS CLASSIFIED AS HELD FOR SALE

In February 2010, the Group entered into a sale and purchase agreement to dispose of its entire interest in a subsidiary and assign the loan from the Group to an independent third party. The major assets and liabilities of the subsidiary include investment properties with carrying amount of HK$18,200,000, bank balances of approximately HK$78,000 and loan from the Group of HK$19,392,000 as at 30th June, 2010. Total consideration for the transaction amounted to HK$20,000,000, plus total amount of all assets (excluding carrying amount of investment properties) less total amount of all liabilities (excluding the loan from the Group) of the subsidiary at the completion date. Upon signing the sale and purchase agreement, the investment properties are leased to the buyer until the date of disposal which is expected to be completed in February 2011. In the opinion of the directors, the transaction is considered as disposal of assets through the disposal of a subsidiary.

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with an aged analysis by invoice dates as follows:

	30.6.2010	31.12.2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 - 30 days	**3,855**	2,724
31 - 60 days	**1,600**	836
61 - 90 days	**-**	95
91 - 120 days	**46**	-
	5,501	3,655

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL RESULTS

For the six months ended 30th June, 2010, total revenue of the Group amounted to approximately HK$83 million, up 13% when compared to approximately HK$73 million in the first half of the previous financial year.

Loss attributable to owners of the Company was approximately HK$111,000. The decrease in loss was mainly attributable to the increase of cold storage and related services revenue and gross profit. Loss per share was HK0.01cent.

The overall results are in line with Management’s expectations as envisaged last year.

The Group is principally engaged in the operation of cold storage and related services, property investment and investment holding.

BUSINESS REVIEW

Cold storage and related services

The Group’s core business, cold storage and related services operation, had an encouraging performance during the first half of 2010 due to several favorable external factors.

The Management's strategic policy of converting some non-freezer compartments to freezer compartments achieved high profit margins due to increasing overall occupancy rate. The conversion work was completed in August 2009, and the profit contribution is reflected in this year's results.

Strong recovery in the global economy boosted consumer confidence, stimulated consumption demand for frozen food and was hence conducive to the cold storage business in HK.

The gross domestic product ("GDP") resumed a positive year-on-year growth of 2.5% in the fourth quarter of 2009, and maintained a strong growth of 2.4% in the first quarter of 2010 based on the latest data from the Census and Statistics Department ("C&SD") in May 2010.

Meanwhile, the Hong Kong's consumer confidence index ("CCI") remained strong at 101 in the second quarter of 2010, slightly raised 2 points, comparing with the previous quarter. Meanwhile, the global consumer confidence increased 5 points to 92, reaching the highest level since the third quarter of 2007, showing a positive sign of global economic recovery, according to a recent Nielsen confidence report released in May 2010.

According to the latest report released by C&SD, the year-on-year rate of increase in the consumer price index ("CPI") rose to 1.7% in June 2010, 0.3% higher than that in May, mainly due to the costs for meals bought away from home, enlarged increases in private housing rentals, and the charges for package tours.

Due to the Chinese government's import policy. The demand for cold storage from HK importers picked up with a sustainable growth. The uptrend is expected to stay as long as the policy is sustained.

The logistics services operation, which serves most of our cold storage customer, also reported a positive growth.

The Group produces edible ice cubes and industrial ice bars for consumption purpose and construction use respectively.

The Ice cubes business will contribute positively to the Group's performance, since both the quantity supplied and unit price increased as compared to the same period last year.

The sales of industrial ice bars remained stagnant this year, as the benefits from the preliminary stage of new construction activities are yet to surface. However, the outlook remains positive when the construction works are in progress. Large construction works such as the Hong Kong-Zhuhai-Macau Bridge, the New Cruise Terminal and the Guangzhou-Shenzhen-Hong Kong Express Rail Link have been commenced.

Investments
The operating loss of investments was narrowed down as a result of the growth in tourism in Macau.

Recent data from the Statistics and Census Service of Government of Macao Special Administrative Region revealed visitor arrivals increased by 30.6% year-on-year to approximately 1.9 million in June 2010. In the first half of year 2010, visitor arrivals rose by 17.9% year-on-year to approximately 12 million.

Visitors from Mainland China, who are one of our major hotel clients, rose by 44.7% year-on-year to approximately 1 million in June 2010, with around 0.4 million traveling to Macao under the Individual Visit scheme, increased by 62.6%, compared with the previous year.

The renovation and construction works on the hotel resort complex, a Group's investment with the aim to enhance its competitive advantage in the hospitality industry, is still in progress.

PLEDGE OF ASSETS

As at 30th June, 2010, banking facilities to the extent of approximately HK$3.5 million (31st December, 2009: approximately HK$3.5 million) of the Group were secured by the pledge of bank deposits amounting to HK$3.5 million (31st December, 2009: approximately HK$3.5 million).

As at 30th June, 2010, bank deposits of approximately HK$65 million (31st December, 2009: approximately HK$65 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 30th June, 2010, the Group had cash and bank balances of approximately HK$159 million. (31st December, 2009: approximately HK$161 million). The decrease was mainly due to the cash used in operating activities and additions of property, plant and equipment. The gearing ratio, measured as non-current borrowings over equity attributable to owners of the Company was 18% as at 30th June, 2010 (31st December, 2009: 18%).

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. During the period under review, the Group's capital expenditure was financed by internal cash generation.

SHARE CAPITAL STRUCTURE

As at 30th June, 2010, there was no change in the total issued share capital of the Company, HK$9,996,000 divided into 999,600,000 ordinary shares with a par value of HK$0.01each, which is the same as those as at 31st December, 2009.

EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2010, the total number of employees of the Group in Hong Kong was 279 (31st December, 2009: 279 employees). Remuneration is reviewed annually and in addition to the basic salaries, the Group also provides staff benefits including discretionary bonuses, Mandatory Provident Fund and professional tuition/training subsides for employees' benefit.

PROSPECTS

Given the continuing recovery of the global economy, the Management holds an optimistic view of the business performance in the coming financial year, in anticipation of growth of the core cold storage business.

The improving economic conditions with growing GDP and strong CCI should continue to increase demand for frozen foods and hence demand for cold storage.

However, the Management remains cautious about the profit margin of business in the course of business operation expansion. The pressure from increasing operating cost as a result of continuous upsurge in rental and labour cost is high. The increasing cost of human resource will also affect the profit margin of the Macau hotel operation.

The Management remains positive in the investment in the hotel and resort operation in Macau. The strategic move of changing part of the amenity building space to guest rooms so as to compliment gambling customers will be progressing as planned.

Moreover, the Management is confident that hotel business can be improved following the opening of the casino industry and implementation of the individual Visit scheme, together with the continuing growth of China economy.

Furthermore, the Management believes that the opening of Galaxy Mega Resort in early 2011 is conducive to the businesses nearby and could benefit Grand Waldo Hotel.

The outlook for industrial ice bar product sales is positive, since large-scale construction works have already commenced.

The Management will continue to look for new investment opportunities to expedite the business growth and remains positive and confident about the Group's achievement and performance in the coming year.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30th June, 2010 (2009 : 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 six months ended 30th June, 2010.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices
For the first half of 2010, the Board of the Directors is of the view that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for code provision A.4.1 of the CG Code.

Pursuant to code provision A.4.1, non-executive director should be appointed for a specific term of service. While there is no service contract was entered into between the Non-executive Director of the Company, Mr. Fung Wa Ko, and the Company for a specific term of service but his appointment is subject to retirement by rotation and offers himself for re-election in accordance with the Bye-Laws of the Company.

Model Code for Securities Transactions by Directors
The Company has adopted a set of code of conduct for securities transactions by directors, the terms of which are not 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 "Company's Model Code"). 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 Company's Model Code during the period under review.

To enhance the corporate governance of the Group as a whole, all relevant employees who are likely to be in possession of unpublished price sensitive information in relation to the Group or securities of the Company are subject to full compliance with the Company's Model Code. No incident of non-compliance was noted by the Company during the period under review.

Audit Committee
The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial information for the six months ended 30th June, 2010 with the Directors. At the request of Audit Committee, the Group's external auditors have carried out a review of the unaudited interim financial information in accordance with Hong Kong Standard on Review Engagements 2410

"Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee comprises all of the three Independent Non-executive Directors, namely Mr. Leung Chi Hung, Mr. Fung Siu Kit, Ronny and Mr. Tse Yuen Ming. Mr. Leung Chi Hung is the chairman of the Audit Committee.

Internal Controls

During the six months ended 30th June, 2010, the Company has already started the process of reviewing on the procedures of fixed assets management, bookkeeping and management account reporting in order to ensure effectiveness of the accounting system and accuracy of accounting information. In addition, the Company has also carried out the review of warehousing procedure of cold storage department and client ordering procedure of logistics services department with the aim to identify areas for improvement.

Through the review, a number of findings were identified such as insufficient control of temporary storage goods and inadequate policies for logistics services' client ordering system. The recommendations of the improvement have been brought to the attentions of the relevant departments to improve further the internal controls of the above areas and the implementation of all agreed recommendations is being followed up subsequently.

Based on the result of the review, the Board considered that the internal control system and procedures of the Group were effective and adequate.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

The 2010 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the websites of each of the Stock Exchange and the Company in due course.

By order of the Board of
Daido Group Limited
Fung Wa Ko
Chairman

Hong Kong, 23rd August, 2010

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.