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**DAIDO**

**DAIDO GROUP LIMITED**

**大同集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock code: 544)**

**VERY SUBSTANTIAL ACQUISITION  
AND  
RESUMPTION OF TRADING**

On 29 May 2006, the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement to acquire from the Vendor, the Sale Shares, for a total consideration of HK\$336 million.

The consideration for the sale and purchase of the Sale Shares shall be satisfied by the Purchaser in the following manner: (i) HK\$181.6 million in cash of which, HK\$50 million has been paid by the Company on the date of signing of the LOI as initial deposit, HK\$50 million has been paid by the Purchaser on the date of signing of the Agreement as second deposit, HK\$50 million will be payable by the Purchaser on the date of despatch of the Circular to the Shareholders as third deposit and the remaining HK\$31.6 million will be payable on the Completion Date; (ii) HK\$104.4 million by procuring the Company to issue the Convertible Bond; and (iii) HK\$50 million by procuring the Company to issue the Promissory Notes.

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is subject to the approval of the Shareholders at the SGM. To the best of the Directors' knowledge, no Shareholder has any material interests in the Acquisition as at the date of this announcement and no Shareholder will be required to abstain from voting for the relevant resolution to approve the Acquisition at the SGM. A circular containing details of, among other things, the Acquisition and a notice to convene the SGM will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 30 May 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 8 June 2006.

Reference is made to the announcement of the Company dated 3 May 2006 in respect of the possible acquisition of the entire issued share capital of the Target.

On 3 May 2006, the Board announced that the Company entered into the LOI with the Vendor to acquire the entire issued share capital of the Target. The parties were to enter into a formal agreement on or before 29 May 2006.

## **THE AGREEMENT**

Date: 29 May 2006

Parties:

Purchaser: the Purchaser, a wholly owned subsidiary of the Company

Vendor: the Vendor

Guarantor: the Guarantor, who guarantees in favour of the Purchaser the due and punctual performance of the Vendor under the Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor, its ultimate beneficial owner and their associates do not have any interests in the Shares, are not connected person of the Company and are independent third parties not connected with the Company and its connected persons.

### **Assets to be acquired**

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, being 100 shares of US\$1.00 each in the share capital of the Target, representing 100% of the entire issued share capital of the Target.

### **Consideration**

The total consideration for the Sale Shares is HK\$336 million and shall be settled by the Purchaser in the following manner:

- (i) HK\$181.6 million in cash of which, HK\$50 million has been paid by the Company on the date of signing of the LOI as initial deposit, HK\$50 million has been paid by the Purchaser on the date of signing of the Agreement as second deposit, HK\$50 million will be payable on the date of despatch of the Circular to the Shareholders as third deposit and the remaining HK\$31.6 million will be payable on the Completion Date;
- (ii) HK\$104.4 million by procuring the Company to issue the Convertible Bond; and
- (iii) HK\$50 million by procuring the Company to issue the Promissory Notes.

The consideration was determined with reference to the 12% indirect attributable interests of the Target in the Hotel and the valuation of the Hotel conducted by the Valuer, an independent qualified valuer. The Hotel was valued at HK\$3.029 billion as at 29 May 2006. As such, the value of the Target is valued at approximately HK\$363 million. The Hotel has been valued on the basis of market value which the Valuer would define as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The Valuer has valued the Hotel by reference to sales evidence as available on the market and where appropriate on the basis of capitalisation of net income of the Hotel based on the future trading potential and level of turnover likely to be achieved by the Hotel. The Valuer has allowed for outgoings of the Hotel and made provisions for reversionary income potential of the Hotel. The hotel portion of the Hotel is valued as ongoing hotel operations by capitalisation of net operating profits.

As at the date of this announcement, the Group has paid the Initial Deposit and the Second Deposit to the Vendor. As security for the performance of the Vendor to repay the Deposits, if necessary, a share charge on the Sale Shares and an assignment of all the obligations, liabilities and other debts owing or incurred by the Target to the Vendor have been executed by the Vendor in favour of the Company.

The cash consideration of HK\$181.6 million will be funded as to i) HK\$50 million by the Subscription; and ii) the balance of HK\$131.6 million by internal resources of the Group.

The consideration was agreed between the Purchaser and the Vendor after arm's length negotiation and in line with the valuation report prepared by the Valuer. The Directors (including the independent non-executive Directors), consider the payment terms of the consideration under the Agreement to be fair and reasonable.

## **Conditions precedent**

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target, its subsidiary and associated companies;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor and the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (c) the passing by the Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder, including but not limited to i) the issue of the Convertible Bond to the Vendor; and ii) the execution of the Promissory Notes;
- (d) the obtaining of a Macau legal opinion (in form and substance satisfactory to the Purchaser) in relation to the transaction contemplated under the Agreement;
- (e) the warranties given by the Vendor under the Agreement remaining true and accurate in all respects;
- (f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares; and
- (g) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Conversion Shares.

Conditions (a), (d) and (e) are waivable by the Purchaser under the Agreement. The Purchaser has no current intention to waive any of the conditions above.

## **Completion**

Completion shall take place at 4:00 p.m. on the second Business Day after all the conditions of the Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser.

The Company will issue the Convertible Bond and the Promissory Notes on the Completion Date.

The Vendor has no current intention to appoint any representatives to the Board upon Completion.

## **Long-stop date**

If all of the conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 4:00 p.m. on 31 August 2006 (or such later date as the parties may agree), the Deposits paid by the Purchaser shall be refunded on the same date without interest by the Vendor and the Agreement shall cease and determine.

## **TERMS OF CONVERTIBLE BOND**

The terms of the Convertible Bond have been negotiated on an arm's length basis and the principal terms of which are summarised below:

### **Issuer**

The Company

### **Principal amount**

HK\$104.4 million

### **Interest**

The Convertible Bond will not bear any interest.

### **Maturity**

A fixed term of five years from the date of issue of the Convertible Bond. Unless previously redeemed, converted or cancelled as provided in the agreement pursuant to which the Convertible Bond was issued, the Company shall redeem the outstanding principal amount of the Convertible Bond on the maturity date.

### **Conversion**

Provided that the conversion does not trigger off a mandatory offer under rule 26 of The Codes on Takeovers and Mergers in Hong Kong on the part of the Bondholder(s), the Bondholder(s) may convert the whole or part (in multiples of HK\$1 million) of the principal amount of the Convertible Bond into new Shares at the Conversion Price from the issue date up to the maturity date.

### **Conversion Price**

The Conversion Price is HK\$0.116 per Conversion Share subject to adjustments.

The adjustments for Conversion Price include the following:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the market price on the date of announcement of the terms of the issue of such securities;
- (vi) an issue of Shares wholly for cash at a price per Share which is less than 80% of the market price on the date of announcement of the terms of such issue; and

(vii) an issue of Shares for the acquisition of assets at a total effective consideration per Share which is less than 80% of the market price of the date of the announcement of the terms of such issue.

The Conversion Price represents (i) a discount of approximately 3.33% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on 29 May 2006, being the date of the Agreement; (ii) a discount of approximately 1.69% to the average of the closing prices of approximately HK\$0.118 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 29 May 2006, being the date of the Agreement; (iii) a discount of approximately 3.33% to the average of the closing prices of HK\$0.120 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 29 May 2006, being the date of the Agreement; and (iv) a premium of approximately 10.48% over the net asset value per Share of approximately HK\$0.105 with reference to the audited net asset value of the Company based on the audited net asset value of the Company as at 31 December 2005 as shown in the annual report of the Company for year ended 31 December 2005.

The Conversion Price was determined by the Purchaser and the Vendor on an arm's length basis with reference to the current market price of the Shares and the duration of the Convertible Bond.

### **Conversion Shares**

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Bond in the aggregate principal amount of HK\$104.4 million at the Conversion Price by the Bondholder(s), the Company will issue an aggregate of 900 million new Shares, representing (i) approximately 25.86% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 20.55% of the issued share capital of the Company as enlarged by the exercise of the conversion rights in full of the conversion rights attaching to the Convertible Bond. The Conversion Shares will be issued pursuant to the specific mandate to be sought at the SGM.

### **Early redemption**

The Company could, at its option, redeem the Convertible Bond in whole or in part at a redemption premium of 5% of the amount to be redeemed by giving a prior ten Business Days' written notice to the Bondholder(s), at any time commencing from the Completion Date and prior to the maturity date, subject to the prior full repayment of the sum due from the Promissory Notes.

### **Ranking**

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all existing Shares in issue at the date of the conversion notice.

### **Status of the Convertible Bond**

The Convertible Bond constitutes a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

### **Transferability**

With the prior notification to the Company, the Convertible Bond may be transferred or assigned by the Bondholder(s). The Convertible Bond is not transferable to any connected persons of the Company. The Company will notify the Stock Exchange upon becoming aware of any dealings in the Convertible Bond by any connected persons of the Company.

## **Voting rights**

The Convertible Bond does not confer any voting rights at any meetings of the Company.

## **Application for listing**

No application will be made by the Company for the listing of the Convertible Bond. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

## **TERMS OF PROMISSORY NOTES**

The terms of the Promissory Notes have been negotiated on an arm's length basis and the principal terms of which are summarised below:

### **Issuer**

The Company

### **Principal amount**

Ten promissory notes with a principal amount of HK\$5 million each.

### **Interest**

The Promissory Notes will not carry any interest.

### **Maturity**

Of the ten Promissory Notes, one Promissory Note is repayable on the first anniversary of the date of issue of the Promissory Notes, one Promissory Note is repayable on the second anniversary of the date of issue of the Promissory Notes, one Promissory Note is repayable on the third anniversary of the date of issue of the Promissory Notes, one Promissory Note is repayable on the fourth anniversary of the date of issue of the Promissory Notes, one Promissory Note is repayable on the fifth anniversary of the date of issue of the Promissory Notes, one Promissory Note is repayable on the sixth anniversary of the date of issue of the Promissory Notes, one Promissory Note is repayable on the seventh anniversary of the date of issue of the Promissory Notes, one Promissory Note is repayable on the eighth anniversary of the date of issue of the Promissory Notes, one Promissory Note is repayable on the ninth anniversary of the date of issue of the Promissory Notes and one Promissory Note is repayable on the tenth anniversary of the date of issue of the Promissory Notes.

### **Early repayment**

The Company could, at its option, repay the Promissory Notes in whole or in part in multiples of HK\$1 million by giving a prior ten Business Days' written notice to the Vendor, commencing on the date three months after the Completion Date and up to the date immediately prior to the maturity date. There will not be any premium or discount to the payment obligations under the Promissory Notes for any early repayment.

### **Assignment**

With the prior notification to the Company, the Promissory Notes may be transferred or assigned by the holder(s) of the Promissory Notes. The Promissory Notes are not transferable to any connected persons of the Company.

## CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company before and immediately after Completion and immediately after allotment and issue of the Conversion Shares (assuming full conversion of the Convertible Bond):

	As at the date of this announcement and before Completion		Immediately after allotment and issue of Conversion Shares (assuming full conversion of the Convertible Bond)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Top Synergy (Note 1)	2,023,231,329	58.14	2,023,231,329	46.19
The Vendor	—	—	900,000,000	20.55
Public	<u>1,456,768,671</u>	<u>41.86</u>	<u>1,456,768,671</u>	<u>33.26</u>
Total:	<u>3,480,000,000</u>	<u>100.00</u>	<u>4,380,000,000</u>	<u>100.00</u>

Note:

1 The 2,023,231,329 shares are held by Top Synergy, the ultimate holding company of the Company which is owned as to 50% by Vision Harvest Limited (“VHL”) and as to 50% by Ever Achieve Enterprises Limited (“EAEL”). The entire issued share capital of VHL is owned by Mr. To Shu Fai. The entire issued share capital of EAEL is owned by Mr. Chung Chiu Pui, Ms. Foo Hang Luen, Monita, Ms. Lee Yun and Mr. Yuen Kin Wing in equal shares. Mr. To Shu Fai and Mr. Tang Tsz Man, Philip, the executive Directors, are also the directors of Top Synergy.

Ms. Hui Yin Man is the spouse of Mr. To Shu Fai, being the sole shareholder of VHL and the executive Director. Accordingly, Ms. Hui Yin Man has a family interest in 2,023,231,329 Shares.

Ms. Chan Yee Wan is the spouse of Mr. Chung Chiu Pui, being one of the shareholders of EAEL. Accordingly, Ms. Chan Yee Wan has a family interest in 2,023,231,329 Shares.

Mr. Kwok Yuk Hei is the spouse of Ms. Foo Hang Luen, Monita, being one of the shareholders of EAEL. Accordingly, Mr. Kwok Yuk Hei has a family interest in 2,023,231,329 Shares.

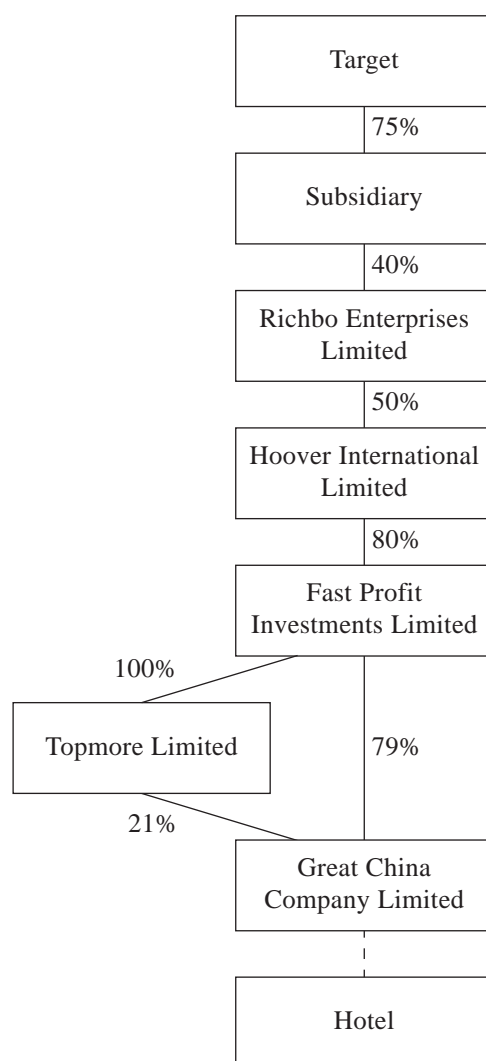
Mr. Jiu Ziang Hwa is the spouse of Ms. Lee Yun, being one of the shareholders of EAEL. Accordingly, Mr. Jiu Ziang Hwa has a family interest in 2,023,231,329 Shares.

Ms. Tsang Yun Kiu is the spouse of Mr. Yuen Kin Wing, being one of the shareholders of EAEL. Accordingly, Ms. Tsang Yun Kiu has a family interest in 2,023,231,329 Shares

## INFORMATION OF THE TARGET GROUP

Each of the Target and the Subsidiary is an investment holding company incorporated in the British Virgin Islands. Based on the representation of the Vendor, the principal asset of the Target is its 12% indirect attributable interests in the Hotel. The Hotel is owned by Great China Company Limited.

The shareholding structure of the Target Group is as follows:



As the Target Group does not have any control in the board of directors of the Hotel Holding Companies which holds direct or indirect interests in the Hotel, the Hotel Holding Companies are not considered to be associated companies of the Target. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the other shareholders of the Subsidiary and other shareholders of the Hotel Holding Companies are not connected person of the Company and are independent third parties not connected with the Company and its connected persons.

Target is an investment company holding 12% indirect attributable interests in the Hotel. As the Hotel has not commenced its operations until 22 May 2006, based on the management accounts of the Target Group from its incorporation to 30 April 2006, no turnover and no profit have been recorded. As at 30 April 2006, the total assets of the Target Group is approximately HK\$192.0 million and the total liabilities of the Target Group is approximately HK\$192.0 million.

## INFORMATION OF THE HOTEL

Based on the representation of the Vendor, the principal asset of the Target is its 12% holding in the Hotel. The Hotel is a five star hotel complex located at site A1, Avendia Marginal Flor de Lotus close to Ratunda do Dique Oeste Cotai, Macau.

The hotel complex of the Hotel is divided into 3 portions, namely, the casino block, the hotel block and the entertainment block of approximately 44,000 square metres, approximately 23,000 square metres and approximately 22,000 square metres respectively. The casino block comprises of four storeys and has an opening gaming hall and 20 VIP gaming rooms. The hotel block is a five-star standard 12 storey building



with around 318 rooms (including junior suites) of international standard. The entertainment block is another 4 storey building with sauna and massage centre, sleeping booths for economy short stays, nightclub, spa and beauty salon, restaurants and food court, indoor and outdoor swimming pools, bar and karaoke rooms, children's play area, games room and gymnasium.

The Hotel has officially commenced its operation on 22 May 2006. The Hotel does not carry out the casino operations at the casino block. The main sources of income of the Hotel are income from the operation of the hotel business at the hotel block and rental income from tenants which occupy and operate the casino business and the entertainment businesses at the casino block and the entertainment block. Based on the representation of the Vendor, the Hotel is not required to obtain any licence under Macau law to lease the casino block to the operator of the casino business.

## **REASONS FOR THE ACQUISITION**

The Purchaser is an investment holding company. The Group is principally engaged in the provision of cold storage services, the manufacturing and trading of ice in Hong Kong and the provision of logistics services and properties investment. It is the intention of the Board to continue with the existing principal activities of the Group.

With the changes in the laws and regulation in the People's Republic of China, the restrictions on mainland tourists to visit Macau has been lifted. The tourist industry in Macau has been growing rapidly. The increase in the business travel and mainland individuals visit to Macau have created a large demand on hotel rooms and other tourist-related services in Macau, in particular restaurants, bars, casino, etc.

The value of the properties in Macau has increased significantly in the past few years. It is expected that the property value in Macau would continue to increase given the rapid growth in the economy of Macau in recent years.

With the recent conversion of a number of casinos from the traditional gaming area to Las Vegas style gaming area and the construction and opening of a number of Las Vegas style gaming area in Macau, it is expected that the demand and the property value of the international standard hotels, equipped with auxiliary facilities, will increase.

The Directors believe that the Acquisition will provide the Group with an opportunity to benefit from i) the rapid growth in the tourist industry in Macau; ii) the rising property market in Macau; and iii) the increase in the demand of international standard hotels in Macau. The Directors also believe that the Macau tourist industry, property market and the demand for international standard hotel will continue to grow in the coming years.

Taking into account the benefits of the Acquisition as described above, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. The Acquisition provides a good opportunity for the Group to commence investing in the booming Macau economy.

Moreover, the Board also considers that the payment terms of the Acquisition provide flexibility to the Group in fulfillment of its payment obligation. The Directors consider that by a combination of issue of Convertible Bond and Promissory Notes for the payment of the consideration, the Company could acquire the Sale Shares with flexibility in making future payment in form of the early repayment of the Convertible Bond and Promissory Notes at the option of the Company.

The Group has no current intention to acquire any further interests in the Hotel.

## **LISTING RULES IMPLICATIONS**

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is subject to the approval by the Shareholders at the SGM. To the best of the Directors' knowledge, no Shareholder has any material interests in the Acquisition as at the date of this announcement and no Shareholders will be required to abstain from voting for the relevant resolution to approve the Acquisition at the SGM. A circular containing details of, among other things, the Acquisition and a notice to convene the SGM will be despatched to the Shareholders as soon as practicable.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 30 May 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 8 June 2006.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed acquisition of the Sale Shares on the terms contained in the Agreement
“Agreement”	the conditional sale and purchase agreement dated 29 May 2006 entered into among the Purchaser, the Vendor and the Guarantor relating to the sale and purchase of the Sale Shares
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of the Directors
“Bondholder(s)”	holder(s) of the Convertible Bond
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Circular”	the Circular containing, among other things, details of the Acquisition and a notice to convene the SGM
“Company”	Daido Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Completion Date”	the date of Completion
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.116 per Conversion Share, subject to adjustments, pursuant to the terms of the Convertible Bond
“Conversion Shares”	the Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bond

“Convertible Bond”	the convertible bond in the principal amount of HK\$104.4 million, to be issued by the Company in favour of the Vendor
“Deposits”	the Initial Deposit, the Second Deposit and the HK\$50 million to be paid by the Purchaser to the Vendor on the date of despatch of the Circular to the Shareholders as third deposit
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Fung Ho Sum, the guarantor under the Agreement and is the legal and beneficial owner of the entire issued share capital of the Vendor
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel”	Grand Waldo Complex, a five star hotel resort complex located at Site A1, Avendia Marginal Flor de Lotus close to Ratunda do Dique Oeste Cotai, Macau
“Hotel Holding Companies”	Richbo Enterprises Limited, Hoover International Limited, Fast Profit Investments Limited, Topmore Limited and Great China Company Limited, save for Great China Company Limited which owns the Hotel, all of which are investment holding companies
“Initial Deposit”	the initial deposit in the amount of HK\$50 million paid by the Company to the Vendor on the date of signing of the LOI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LOI”	the non-legally binding letter of intent dated 2 May 2006 entered into between the Company and the Vendor setting out the preliminary understanding in relation to the possible acquisition of the Sales Shares
“Macau”	Macau Special Administrative Region of the People’s Republic of China
“Promissory Notes”	ten promissory notes to be executed by the Company in the favour of the Vendor for the purpose of settling partially the consideration for the Sale Shares under the Agreement
“Purchaser”	Grand Decade Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company and the purchaser of the Sale Shares
“Sale Shares”	100 shares of US\$1.00 each in the share capital of the Target, representing the entire issued share capital of the Target, which is legally and beneficially owned by the Vendor
“Second Deposit”	the second deposit in the amount of HK\$50 million paid by the Purchaser to the Vendor on the date of signing of the Agreement
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Subsidiary”	Brilliant Gold International Limited, a company incorporated in the British Virgin Islands with limited liability, and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is an investment holding company for holding its 16% indirect beneficial interests in the Hotel and 75% of its entire issued share capital is owned by the Target
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the 480,000,000 Shares by Top Synergy Associates Limited pursuant to the placing and subscription agreement dated 22 May 2006 entered into among Top Synergy Associates Limited, the Company and Pacific Foundation Securities Limited
“Target”	Jumbonet International Profits Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target and the Subsidiary
“Top Synergy”	Top Synergy Associates Limited, the controlling shareholder of the Company
“Valuer”	Grant Sherman Appraisal Limited, an independent qualified valuer
“Vendor”	Ever Apollo Limited, a company incorporated in the British Virgin Islands with limited liability, the vendor of the Sale Shares and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is an investment holding company for holding its indirect beneficial interests in the Hotel and is not a connected person of the Company and is an independent third party not connected with the Company and its connected persons
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

By Order of the Board  
**Daido Group Limited**  
**Choy Kai Sing**  
*Company Secretary*

Hong Kong, 7 June 2006

*As at the date of this announcement, the Board comprises executive Directors, namely, Mr. To Shu Fai, Mr. Fung Wa Ko and Mr. Tang Tsz Man, Philip and independent non-executive Directors, namely, Mr. Leung Chi Hung, Mr. Leung, Tsz Fung David Ferreira and Mr. Tse Yuen Ming.*

\* *For identification purpose only*