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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)**

**PROPOSED CHANGE IN SHAREHOLDING;  
RESIGNATION OF MR. TO SHU FAI; AND  
RESUMPTION OF TRADING**

Mr. To Shu Fai has notified to the Board that the First S&P Agreement and the Second S&P Agreement were entered into on 3 August 2006 for the disposal of his attributable equity interest in the Company.

Mr. To Shu Fai resigned as Chairman, executive Director and authorised representative of the Company with effect from 9 August 2006. Mr. Fung Wa Ko, an executive Director, will assume the roles of Chairman and authorised representative of the Company with effect from 9 August 2006.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 4 August 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 10 August 2006.

This announcement is issued pursuant to Rule 13.09 of the Listing Rules.

The Board has been notified by Mr. To Shu Fai, that the First S&P Agreement and the Second S&P Agreement were entered into on 3 August 2006 for the disposal of his attributable equity interest in the Company. Mr. To Shu Fai was the Chairman and an executive Director before his resignation on 9 August 2006.

**FIRST S&P AGREEMENT**

On 3 August 2006, Vision Harvest and Mr. To Shu Fai entered into the First S&P Agreement with Classical Statue for the disposal of 700,000,000 Shares, representing approximately 20.11% of the entire issued share capital of the Company as at the date of this announcement at a consideration of HK\$52,500,000 (equivalent to HK\$0.075 per Share). Completion of the First S&P Agreement is subject to the fulfillment of conditions including, among other matters, the Reorganisation having been completed, Classical Statue not being required to make a general offer under the Takeovers Code, Classical Statue not being treated as a new applicant for listing under the Listing Rules, and all necessary consents having been obtained.

Completion of the First S&P Agreement shall take place on or before 31 August 2006 (or such other date as may be agreed in writing between the parties). If the conditions set out in the First S&P Agreement is not fulfilled by 5:00 p.m. on or before 30 August 2006, the First S&P Agreement shall lapse.

## SECOND S&P AGREEMENT

On 3 August 2006, Vision Harvest and Mr. To Shu Fai entered into the Second S&P Agreement with Equity Capital for the disposal of 311,615,664 Shares, representing approximately 8.96% of the entire issued share capital of the Company as at the date of this announcement at a consideration of HK\$23,371,175 (equivalent to HK\$0.075 per Share). Completion of the Second S&P Agreement is subject to the fulfillment of conditions including, among other matters, the Reorganisation having been completed, Equity Capital not being required to make a general offer under the Takeovers Code, and all necessary consents having been obtained.

Completion of the Second S&P Agreement shall take place on or before 31 August 2006 (or such other date as may be agreed in writing between the parties). If the conditions set out in the Second S&P Agreement is not fulfilled by 5:00 p.m. on or before 30 August 2006, the Second S&P Agreement shall lapse.

The First S&P Agreement and the Second S&P Agreement are not inter-conditional and, as far as the Board is aware of, are independent of the Proposed Acquisition.

As at the date of this announcement, Classical Statue is interested in 23,140,000 Shares representing approximately 0.66% of the entire issued share capital of the Company. To the best knowledge, information and belief of the Directors, each of Classical Statue (and its beneficial owner) and Equity Capital (and its beneficial owner) is not related to nor acting in concert with each other, and is a third party independent of the Company and its connected persons, and not acting in concert with any other Shareholders. Save and except Mr. Fung Ho Sum is an independent non-executive director of China Star Entertainment Limited and is the beneficial owner of the vendor in respect of the Proposed Acquisition, Classical Statue and Equity Capital and their respective associates have no past business relationship with the Group (including the two very substantial acquisitions as announced by the Company in October 2005 and June 2006). To the best knowledge, information and belief of the Directors, no representative will be nominated by either Classical Statue or Equity Capital to the Board after Completion.

## CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the date of this announcement, immediately after Reorganisation, immediately after Completion and immediately after conversion of the Convertible Bond in full:

	As at the date of this announcement		Immediately after Reorganisation		Immediately after Completion		Immediately after Completion and after conversion of the Convertible Bond in full	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Top Synergy (Note 1)	2,023,231,329	58.14	—	—	—	—	—	—
Ever Achieve (Note 3)	—	—	1,011,615,665	29.07	1,011,615,665	29.07	1,011,615,665	23.10
Vision Harvest (Note 2)	—	—	1,011,615,664	29.07	—	—	—	—
Classical Statue	23,140,000	0.66	23,140,000	0.66	723,140,000	20.78	723,140,000	16.51
Ever Apollo Limited (Note 4)	—	—	—	—	—	—	900,000,000	20.55
Public:								
— Equity Capital	—	—	—	—	311,615,664	8.95	311,615,664	7.11
— Others	1,433,628,671	41.20	1,433,628,671	41.20	1,433,628,671	41.20	1,433,628,671	32.73
Total:	<u>3,480,000,000</u>	<u>100.00</u>	<u>3,480,000,000</u>	<u>100.00</u>	<u>3,480,000,000</u>	<u>100.00</u>	<u>4,380,000,000</u>	<u>100.00</u>

Notes:

1. Top Synergy is owned as to 50% by Ever Achieve and as to 50% by Vision Harvest.
2. The entire issued share capital of Vision Harvest is owned by Mr. To Shu Fai.

3. The entire issued share capital of Ever Achieve is owned by Mr. Chung Chiu Pui (who is also a director of Top Synergy), Ms. Foo Hang Luen, Monita, Ms. Lee Yun and Mr. Yuen Kin Wing in equal shares. To the best knowledge, information and belief of the Directors, Ever Achieve is an investment holding company, and save for their holding in the Shares through Ever Achieve and Top Synergy, the four beneficial owners of Ever Achieve have no relationship to each other, and have no relationship or hold any position in the Group. The directors of Ever Achieve are Mr. Tang Tsz Man, Philip (who is also an executive Director and a director of Top Synergy) and Mr. Kwok Yuk Hei (who is also a director of Top Synergy).
4. Ever Apollo Limited is the vendor in respect of the Proposed Acquisition. The entire issued share capital of Ever Apollo Limited is owned by Mr. Fung Ho Sum who is an independent non-executive director of China Star Entertainment Limited. The 900,000,000 Shares represent the Shares to be issued to Ever Apollo Limited upon exercise of the conversion rights attaching to the Convertible Bond.

## RESIGNATION OF DIRECTOR

The Board also announces that due to the disposal of all his attributable equity interest in the Company, Mr. To Shu Fai resigned as Chairman, executive Director and authorised representative of the Company with effect from 9 August 2006. As Mr. To Shu Fai is also director of some of the subsidiaries of the Company, he has indicated to the Board that he will resign all his position in the Group in the immediate future. There is no disagreement between Mr. To Shu Fai and the Board and there is no matter which is required to draw the attention of the Shareholders in relation to the resignation of Mr. To Shu Fai. The Board would like to take this opportunity to express its appreciation to him for his invaluable contributions to the Group during his period of service.

Mr. Fung Wa Ko, an executive Director, will assume the roles of Chairman and authorised representative of the Company with effect from 9 August 2006.

## GENERAL

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. The Company also announced on 7 June 2006 that it has entered into an agreement for the Proposed Acquisition which constitutes a very substantial acquisition of the Company under the Listing Rules and is subject to the approval by the Shareholders at the special general meeting to be held. The relevant circular is being finalised and further announcement will be made to inform the Shareholders when the relevant circular is despatched.

It is the present intention of the Board to continue the existing principal activities of the Group.

**Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares.**

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 4 August 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 10 August 2006.

## DEFINITIONS

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

- |              |  |
|--------------|--|
| “associates” | has the meaning as ascribed in the Listing Rules |
| “Board”      | the board of Directors                           |

“Classical Statue”	Classical Statue Limited, being the purchaser under the First S&P Agreement, is a company incorporated in the British Virgin Islands with limited liability. To the best information, knowledge and belief of the Directors, Classical Statue is a wholly owned subsidiary of China Star Entertainment Limited (which is a company listed on the main board of the Stock Exchange), and it (including its ultimate beneficial owners) is a third party independent of the Company and its connected persons
“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 First S&P Agreement and the Second S&P Agreement
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Convertible Bond”	the convertible bond in the principal amount of HK\$104.4 million to be issued by the Company in connection with the Proposed Acquisition
“Director(s)”	director(s) of the Company
“Equity Capital”	Equity Capital Group Limited, being the purchaser under the Second S&P Agreement, is a company incorporated in the British Virgin Islands with limited liability. To the best information, knowledge and belief of the Directors, it (including its ultimate beneficial owner, Mr. So Yiu Ming Sunny) is a third party independent of the Company and its connected persons
“Ever Achieve”	Ever Achieve Enterprises Limited, being one of the shareholders of Top Synergy, is an investment holding company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Mr. Chung Chiu Pui, Ms. Foo Hang Luen, Monita, Ms. Lee Yun and Mr. Yuen Kin Wing in equal shares
“First S&P Agreement”	the conditional sale and purchase agreement dated 3 August 2006 entered into among Vision Harvest as vendor, Classical Statue as purchaser, and Mr. To Shu Fai as warrantor relating to the sale and purchase of the 700,000,000 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Acquisition”	the proposed acquisition of the entire issued shares in and the debt due by Jumbonet International Profits Limited as announced by the Company dated 7 June 2006
“Reorganisation”	the reorganisation to be undertaken by Top Synergy pursuant to which Top Synergy shall transfer the 2,023,231,329 Shares owned by it to its holding companies, as to 1,011,615,664 to Vision Harvest and as to 1,011,615,665 to Ever Achieve upon fulfilling certain conditions such as Vision Harvest and/or Ever Achieve not being required to make a general offer under the Takeovers Code, and all necessary consents having been obtained

“Second S&P Agreement”	the conditional sale and purchase agreement dated 3 August 2006 entered into among Vision Harvest as vendor, Equity Capital as purchaser, and Mr. To Shu Fai as warrantor relating to the sale and purchase of the 311,615,664 Shares
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Top Synergy”	Top Synergy Associates Limited, being the controlling Shareholder interested in 2,023,231,329 Shares, representing approximately 58.14% of the entire issued share capital of the Company
“Vision Harvest”	Vision Harvest Limited, being one of the shareholders of Top Synergy, is an investment holding company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Mr. To Shu Fai
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 9 August 2006

*As at the date of this announcement, the Board comprises executive Directors, namely, 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

\* For identification purpose only