



DAIDO

DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 544)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2006 Annual General Meeting of Daido Group Limited (the “Company”) will be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 25th May, 2006 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31st December, 2005.
2. To re-elect directors and to authorize the Board of Directors to fix their remuneration.
3. To re-appoint auditors and to authorize the Board of Directors to fix their remuneration.

As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

4. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) or of any other stock exchange, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company to be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable law to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

5. **“THAT:**

- (a) subject to paragraph (b) below, a general mandate be and is hereby unconditionally given to the directors of the Company to exercise all the powers of the Company during the Relevant Period (as hereinafter defined) to allot, issue and deal with the shares in the capital of the Company (including making and granting offers, agreements and options which would or might require the exercise of such power, whether during the continuance of the Relevant Period or thereafter);

- (b) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted or dealt with pursuant to the approval in paragraph (a) above during the Relevant Period, otherwise than pursuant to the following, shall not exceed 20% of the nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly:
- (i) a rights issue where shares are offered for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard, as appropriate, to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or stock exchange in, any territory applicable to the Company);
 - (ii) any issue of shares in the Company under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company and approved by The Stock Exchange of Hong Kong Limited;
 - (iii) any issue of shares in the Company upon the exercise of subscription rights or conversion rights attaching to any warrants or any convertible notes of the Company;
 - (iv) any scrip dividend scheme or any similar arrangement implemented in accordance with the Bye-Laws of the Company; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable law to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

6. “**THAT** conditionally upon Resolutions Numbers 4 and 5 being passed, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with shares in the capital of the Company pursuant to Resolution Number 5 be and is hereby extended by the addition to the nominal value of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution Number 4, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution.”

As special business to consider and, if thought fit, pass the following resolutions as Special Resolutions:

7. “**THAT** the bye-laws of the Company be and are hereby amended in the following manner:

1. Bye-law 1

By adding the following new definitions and references to Bye-law 1 in appropriate alphabetical sequence:

“electronic” in relating to technology, means having electrical, digital, magnetic, wireless, optical, electromagnetic or similar capabilities and such other meanings as given to it under the Electronic Transactions Act 1999 of Bermuda as may be amended from time to time;

2. Bye-law 2

- (i) By inserting in the third line of the existing Bye-laws 2(e) immediately after the words “in a visible form” the following words:

”, including in the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member’s election (where applicable) comply with all applicable Statutes, rules and regulations”;

- (ii) By deleting the “.” in Bye-law 2(j) and substituting therefor “; and”;

- (iii) By adding the following new Bye-law 2(k) immediately after the existing Bye-law 2(j):

“(k) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other legally acceptable method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.”;

3. Bye-law 39

By deleting the word “register” in the 10th line of the existing Bye-law 39 and substituting therefor the word “Register”;

4. Bye-law 44

By inserting in the 8th line of the existing Bye-law 44 immediately before the words “Designated Stock Exchange” the following words:

“Designated Stock Exchange or by any means in such manner as may be accepted by the”;

5. Bye-law 46

By inserting in the 2nd line in the existing Bye-law 46 immediately after the words “common form or in” in the following words:

“a form prescribed by the Designated Stock Exchange or in”;

6. Bye-law 51

By inserting in the 3rd line of the existing Bye-law 51 immediately after the words “Designated Stock Exchange” the following words:

“or by any means in such manner as may be accepted by the Designated Stock Exchange”;

7. Bye-law 64

By deleting the word “notice” in the 7th and 9th lines of the existing Bye-law 64 and substituting therefor in all cases the word “Notice”;

8. Bye-law 66

- (i) by inserting the following words immediately after the words “on a show of hands unless” in the 11th line of the existing Bye-law 66:

“voting by way of a poll is required by the rules of the Designated Stock Exchange or”;

- (ii) by deleting the full-stop at the end of the existing Bye-law 66(d) and substituting a semicolon therefor and thereafter the word “or”;

- (iii) by inserting the following new Bye-law 66(e) after the existing Bye-law 66(d):

“(e) if required by the rules of the Designated Stock Exchange, by the chairman of such meeting and/or the Directors who, individually or collectively, hold proxies in respect of shares representing five per cent (5%) or more of the total voting rights of all Members having right to vote at such meeting.”; and

(iv) by inserting before the last paragraph of the existing Bye-law 66 the following words:

“Each proxy shall only have one vote on a show of hands and shall be deemed to represent one Member only when making a demand for a poll in accordance with this Bye-law 66 notwithstanding that he has been appointed as proxy by and actually represents more than one Member.”;

9. Bye-law 67

by deleting the existing Bye-law 67 in its entirety and substituting the following therefor as new Bye-law 67:

“67. Unless a poll is required or duly demanded and, in the latter case, not withdrawn, the chairman of the meeting should indicate to the meeting of the Company the level of proxies lodged on each resolution and the balance for and against the resolution, after it has been dealt with on a show of hands.”;

10. Bye-law 68

by replacing the sentence ‘There shall be no requirement for the chairman to disclose the voting figures on a poll.’ with the following sentence:

“The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”;

11. Bye-law 83

by re-numbering the existing Bye-law 83 as 83(1) and inserting the new Bye-law 83(2) as follows:

“83(2) Where the Company has actual knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”;

12. Bye-law 86

(i) by deleting the sentence “Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.” in the existing Bye-law 86(2) and substituting the following sentence therefor:

“Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of the filling of casual vacancy on the Board), or until the next following annual general meeting of the Company (in the case of an addition to the existing Board), and shall then be eligible for re-election at that meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.”; and

(ii) by deleting the existing Bye-law 86(4) the words “Subject to any provision to the contrary in these Bye-laws” and replacing the word “the” in the 1st line by the word “The” and replacing the word “special” in the 2nd line by the word “ordinary”;

13. Bye-law 87

- (i) by deleting the existing Bye-law 87(1) in its entirety and substituting the following therefor as new Bye-law 87(1):

“(1) Notwithstanding any other provisions in the Bye-laws or any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to, but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once in every three years.”; and
- (ii) by inserting the words “and shall continue to act as a Director throughout the meeting at which he retires” after the word “re-election” at the end of the first sentence of Bye-law 87(2).

14. Bye-law 103

- (i) by deleting the existing Bye-law 103(3) in its entirety and substituting the following therefor:

“Where a company (other than a company which is a wholly owned subsidiary of the Company or a subsidiary or associated company of the Company in the voting equity capital of which neither the Director nor any of his associates has any interest(s)) in which a Director together with any of his associates hold five (5) per cent. or more of any class of the voting equity share capital of such company or of the voting rights of any class of shares available to shareholders of the company is materially interested in a transaction, then that Director or his associate(s) shall also be deemed materially interested in such transaction.”; and
- (ii) by inserting the following new Bye-law 103(5) immediately after the existing Bye-laws 103(4):

“(5) Where a substantial shareholder (within the meaning of the rules of the Designated Stock Exchange) or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should not be dealt with by way of circulation of board resolutions pursuant to this Bye-law or by a committee (except an appropriate board committee set up for that purpose pursuant to a resolution passed in a board meeting) but a board meeting should be held with the presence of the independent non-executive Directors who, and whose associates, have no material interest in the transaction.”;

15. Bye-law 115

by deleting the existing Bye-law 115 in its entirety and substituting the following therefor:

- “115. A Director may, and on request of a Director the Secretary shall, at any time summon a meeting of the Board. At least 14 days’ notice thereof shall be given to each Director, unless all Directors unanimously waive such notice. The notice may either be given in writing or by telephone or by facsimile, telex or telegram at the address or telephone, facsimile or telex number from time to time notified to the Company by such Director or in such other manner as the Board may from time to time determine, as may be accepted by the Designated Stock Exchange and permitted under the Listing Rules, provided that notice need not be given to any Director or alternate Director for the time being absent from Hong Kong and irrespective of the length of notice being given, a Director’s attendance at the meeting shall be deemed to be a waiver of the requisite length of notice of the meeting by the Director.”;

16. Bye-law 132

- (i) by deleting in the 1st line of the existing Bye-law 132(1) thereof the word “Register” immediately after the words “Office a” and substituting therefor the word “register”;
- (ii) by deleting the word “Register” in Bye-law 132(2)(b) and immediately after the words “contained in the” and substituting therefor the word “register”.
- (iii) by deleting the word “Register” in the fourth line of Bye-law 132(2) immediately after the words “to be entered on the” and substituting therefor the word “register”.
- (iv) by deleting the word “Register” in the first sentence in Bye-law 132(3) and substituting therefor the word “register”.

17. Bye-law 153

- (i) by inserting the word “clear” immediately after the words “twenty-one (21)” in the 6th line of the existing Bye-law 153 thereof; and
- (ii) by inserting the words “and at the same time as the notice of the annual general meeting” immediately after the words “before the date of the general meeting” in the 6th line of the existing Bye-law 153 thereof.

18. Bye-law 154(2)

by inserting the following words immediately before the full-stop at the end of the existing Bye-law 154(2) thereof:

“and shall give notice thereof to the Members not less than seven (7) days before the annual general meeting provided that the above requirement for sending a copy of such notice to the incumbent Auditor may be waived by notice in writing by the retiring Auditors to the Secretary”;

19. Bye-law 157

by re-numbering the existing Bye-law 157 as 157(1) and inserting the new Bye-law 157(2) as follows:

“157(2) Subject to the provisions of the Act, all acts done by any person acting as Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defects in their appointment or that they were at the time of their appointment not qualified for appointment or subsequently became disqualified.”;

20. Bye-law 160

by deleting the existing Bye-law 160 in its entirety and substituting therefor the following new Bye-law 160:

“Any Notice or document (including any corporate communication within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued under these Bye-laws from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the Notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appointed newspaper (as defined in the Act) or in newspapers published daily and circulating generally in the territory of and in accordance

with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website and giving to the Member a notice stating that the Notice or other document is available there (a notice of availability). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share all Notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.”;

21. Bye-law 161

(i) by deleting the word “and” at the end of the Bye-law 161(a) and inserting a new Bye law 161(b) as follows:

“(b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member.”;

(ii) by renumbering existing Bye-law 161(b) as a new Bye-law 161(c);

(iii) by inserting the words “other than by advertisement in newspapers in accordance with this Bye-law,” immediately after the words “these Bye-laws” in the 1st line of the new Bye-law 161(c); and

(iv) by inserting new Bye-law 161(d) and 161(e) as follows:

“(d) if served by advertisements in newspapers in accordance with this Bye-law, shall be deemed to have been served on the day on which the advertisement is first published; and”;

“(e) may be given to a Member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.”;

22. Bye-law 162(1)

by inserting the words “or served by any means permitted by and” immediately after the words “of any Member” in the 2nd line of the Bye-law 162(1); and

23. Bye-law 163

by inserting in the 1st line of the Bye-law 163 immediately after the words “or facsimile” the words “or electronic”.

8. “**THAT**, conditional upon the passing of the special resolutions set out above, the Bye-laws of the Company be and are hereby replaced in their entirety with the form produced at the meeting, consolidating the amendments referred to above and those amendments made by special resolutions on 25 May 2004 but with no other changes.”

By Order of the Board
Choy Kai Sing
Company Secretary

Hong Kong, 29th April, 2006

Notes:

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
- (3) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrars in Hong Kong, Union Registrars Limited, at 311-312 Two Exchange Square, Central, Hong Kong, as soon as possible but in any event by not later than 48 hours before the time appointed for holding the meeting.

As at the date of this announcement, the members of the board of directors 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. Tse Yuen Ming, Mr. Leung Chi Hung and Mr. Leung, Tsz Fung David Ferreira.