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DAIDO GROUP LIMITED

大同集團有限公司*
(incorporated in Bermuda with limited liability)
(Stock code: 544)

ANNOUNCEMENT

The impairment loss on available-for-sale investments of HK\$11,600,000 made in the Interim Results Announcement is related to the investment of the Group in Richbo Enterprises Limited which has an investment in an investment property and a hotel resort complex in Macau. Such impairment loss was measured as the difference between the carrying amount of the available-for-sale investments and the present value of the estimated future cash flows of investment property, hotel operation and spa operation discounted at 14%, 16% and 18% respectively.

Reference is made to the announcement (the “**Interim Results Announcement**”) of unaudited interim results for the six months ended 30 June 2007 released by the Company dated 19 September 2007. Unless otherwise stated herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Interim Results Announcement.

The Board would like to provide further information regarding the impairment loss on available-for-sale investments of HK\$11,600,000 made in the Interim Results Announcement as follows:

The Group has, through an acquisition of subsidiaries, acquired certain assets including the available-for-sale investments in 2006. These investments represent the Group's effective interest of 30% of the issued ordinary shares of a private entity incorporated in the British Virgin Islands. The private entity is Richbo Enterprises Limited, a company principally engaged in investment holding. Richbo Enterprises Limited holds 44.45% (31.12.2006: 50%) interest in Hoover International Limited, which in turn holds 90% (31.12.2006: 80%) interest in a group that operates an investment property and a hotel resort complex in the Macau Special Administrative Region of the People's Republic of China (“Macau”). As at 31st December, 2006, the Group, through its subsidiary and Richbo Enterprises Limited, held 12% effective interest in an investment property and held 12% effective interest in a hotel resort complex operation. In February 2007, as a result of a partial disposal of equity interest of an investee that holds the investment property, the effective interest of the Group in the

investment property has been reduced from 12% to 6%. The investment was measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so varied that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

The Group has recognised the impairment loss on available-for-sale investments amounting to HK\$11,600,000 in the condensed consolidated income statement of the Group for the six months ended 30 June 2007. The amount of the impairment loss was measured as the difference between the carrying amount of the available-for-sale investments and the present value of the estimated future cash flows of investment property, hotel operation and spa operation discounted at 14%, 16% and 18% respectively. Due to the keen competition for hotel operation and spa operation in Macau, and the effect of partial disposal of equity interest of an investee holding the investment property, the Group has revised its cash flow forecasts and the carrying amount of available-for-sale investments has therefore been reduced to its recoverable amount through the recognition of the impairment loss.

The above information will be contained in the interim report to be published and released to the shareholders by the Company on or about 28 September 2007.

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

Hong Kong, 20 September 2007

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.

** For identification purpose only*