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DAIDO GROUP LIMITED
大同集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 00544)

**DISCLOSEABLE TRANSACTION:
PROVISION OF FINANCIAL ASSISTANCE**

On 28 August 2018, Mayfair Pacific Finance, an indirect wholly owned subsidiary of the Company, as lender and Customer A as borrower entered into the Loan Agreement pursuant to which Mayfair Pacific Finance has agreed to grant the Loan in the amount of HK\$18,000,000 to Customer A for a term of four years from the date of making the advance.

As the relevant percentage ratios under the Listing Rules exceed 5% but are less than 25%, the entering into of the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

On 28 August 2018, Mayfair Pacific Finance, an indirect wholly owned subsidiary of the Company, as lender and Customer A as borrower entered into the Loan Agreement pursuant to which Mayfair Pacific Finance has agreed to grant the Loan in the amount of HK\$18,000,000 to Customer A for a term of four years from the date of making the advance.

A summary of the principal terms of the Loan Agreement is set out below:

THE LOAN AGREEMENT

Date: 28 August 2018

Parties: (1) Mayfair Pacific Finance as lender
(2) Customer A as borrower

Mayfair Pacific Finance is a company incorporated in Hong Kong and is an indirect wholly owned subsidiary of the Company.

Customer A is an individual. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Customer A is an Independent Third Party and not connected with the Group.

Pursuant to the Loan Agreement, Mayfair Pacific Finance has agreed to grant the Loan in the amount of HK\$18,000,000 to Customer A subject to and conditional upon the terms and conditions set out in the Loan Agreement.

Save for the Loan Agreement entered into between Mayfair Pacific Finance and Customer A, there is no other business relationship between the Group and Customer A. To the best of the Directors' knowledge and information, the Directors are not aware of any default by Customer A in the past.

Principal: HK\$18,000,000

Interest rate: 11% per annum

Term: four years commencing from the date of making the Loan

Security for the Loan: As a condition precedent to Mayfair Pacific Finance agreeing to grant the Loan pursuant to the terms of the Loan Agreement, Customer A shall execute the Share Mortgage in favour of Mayfair Pacific Finance in respect of the Mortgaged Shares, i.e. 10,000 shares, representing 50% of issued shares, of Company A.

Company A is a company incorporated in Hong Kong with limited liability. The principal business activity of Company A is immigration consultation.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Company A and its ultimate beneficial owner(s) are Independent Third Parties and not connected with the Group.

Pursuant to the terms of the Share Mortgage, Customer A as the registered and beneficial owner hereby mortgages, charges and assigns all the Mortgaged Shares to Mayfair Pacific Finance as a continuing security for the due and punctual payment of the loan and interest and the due and punctual performance of all the obligations of Customer A contained in the Loan Agreement.

Mayfair Pacific Finance shall have rights, among other things, to sell or transfer all or any part of the Mortgaged Shares to a third party, or may itself purchase all or any part of the Mortgaged Shares upon the occurrence of an event of default or upon the occurrence of any event which may lead to a default by Customer A.

Date of making the Loan: 28 August 2018

Repayment: 8 instalments of loan interest paid semi-annually plus full loan principal at loan period end

FUNDING OF THE LOAN

The Group will finance the Loan with its internal resources and/or the proceeds from the placing of the bonds as announced in the announcement of the Company dated 13 November 2014.

INFORMATION ON THE GROUP AND MAYFAIR PACIFIC FINANCE

The Group is principally engaged in cold storage and related business in Hong Kong; trading and related business in the PRC and investment holding. The Group is also engaged in money lending services through Mayfair Pacific Finance.

Mayfair Pacific Finance is a company incorporated in Hong Kong with limited liability and is principally engaged in money lending services in Hong Kong. Mayfair Pacific Finance holds a valid money lenders licence under the provisions of the Money Lenders Ordinance (Cap. 163, the laws of Hong Kong) to carry out its business.

REASONS FOR THE LOAN AGREEMENT

The grant of the Loan to Customer A is in the ordinary and usual course of business of the Group on normal commercial terms within the meaning of the Listing Rules.

The terms of the Loan Agreement are negotiated on an arm's length basis between Mayfair Pacific Finance and Customer A with regarding to, among others, the financial background and repayment record of Customer A and the undertaking security. The terms of the Loan Agreement are entered into on a normal commercial terms based on the credit policy of Mayfair Pacific Finance. The terms of the Loan including the interest rate charged on Customer A are determined with reference to the range of market interest rates.

The Directors consider that the granting of the Loan constitutes provision of financial assistance by the Group under the Listing Rules. Taking into account of the cashflow stream from the expected interest income, the Directors consider that the entering into of the Loan Agreement and the terms and conditions of the Loan Agreement (including the interest rate and principal amounts of the Loan) are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios under the Listing Rules exceed 5% but are less than 25%, the entering into of the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Daido Group Limited, a company incorporated in Bermuda with limited liability the issued Shares of which are listed on the Stock Exchange
“Company A”	a company incorporated in Hong Kong with limited liability and 50% of its entire issued shares is beneficially owned by Customer A
“connected person”	has the meaning ascribed to it in the Listing Rules
“Customer A”	the borrower under the Loan Agreement and an Independent Third Party; and also is the shareholder of the Company A
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 28 August 2018 and entered into between Mayfair Pacific Finance as lender and Customer A as borrower in relation to the grant of Loan
“Loan”	the loan with principal amount of HK\$18,000,000 under the Loan Agreement
“Mayfair Pacific Finance”	Mayfair Pacific Finance (HK) Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company

“Mortgaged Shares”	10,000 shares, representing of 50% issued shares, of Company A
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Mortgage”	the mortgage created by Customer A as mortgagor in favour of Mayfair Pacific Finance (HK) Limited as mortgagee over the Mortgaged Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Daido Group Limited
Au Tat Wai
Executive Director

Hong Kong, 28 August 2018

As at the date of this announcement, the Board comprises executive Directors, namely, Mr. Au Tat Wai, Mr. Choy Kai Sing and Mr. Ho Hon Chung, Ivan; 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.

** For identification purpose only*