

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities in the Company.



DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

SUBSCRIPTION OF NEW SHARES

On 23 October 2020, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 468,800,000 new Shares at the Subscription Price of HK\$0.0248 per Subscription Share.

The Subscription Price represents (i) a premium of approximately 12.73% over the closing price of HK\$0.022 per Share as quoted on the Stock Exchange on 23 October 2020, being the date of the Subscription Agreement; and (ii) same as the average of the closing prices of HK\$0.0248 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the date of the Subscription Agreement. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

** For identification purpose only*

The Subscription Shares represent approximately 19.27% of the existing issued share capital of the Company and approximately 16.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The net proceeds of the Subscription of approximately HK\$11.5 million are intended to be applied towards the general working capital of the Group.

SUBSCRIPTION AGREEMENT

On 23 October 2020, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 468,800,000 new Shares at the Subscription Price of HK\$0.0248 per Subscription Share.

Date: 23 October 2020 (after trading hours)

Parties:

- (i) The Company as issuer
- (ii) The Subscriber as subscriber

The Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding business. The ultimate beneficial owner of the Subscriber is Mr. William Waileung Kong, who is a Hong Kong citizen and is a sophisticated investor with extensive investment experiences in the Private Equity/Venture Capital and Hedged Fund industry. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

Number of Subscription Shares

The 468,800,000 Subscription Shares represent approximately 19.27% of the existing issued share capital of the Company and approximately 16.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.0248 per Subscription Share represents:

- (i) a premium of approximately 12.73% over the closing price of HK\$0.022 per Share as quoted on the Stock Exchange on 23 October 2020, being the date of the Subscription Agreement; and
- (ii) same as the average of the closing prices of HK\$0.0248 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the date of the Subscription Agreement.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$0.0245 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account, among others, the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price for all 468,800,000 Subscription Shares shall be settled by the Subscriber in cash upon completion of the Subscription Agreement.

Rights of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate. As at the date of this announcement, the General Mandate has not been utilized prior to the entering into of the Subscription Agreement. The issue and allotment of the Subscription Shares will utilise approximately 96.37% of the General Mandate.

Conditions of the Subscription

The Subscription is conditional upon:

- i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares; and
- ii) all the necessary consents and approvals required to be obtained by the Subscriber in respect of the Subscription having been obtained.

In the event that the condition of the Subscription is not fulfilled on or before 6 November 2020 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and terminate and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

Completion of the Subscription

Completion of the Subscription will take place within seven Business Days after the conditions of the Subscription are fulfilled (or such other date as may be agreed between the parties).

Completion is subject to the satisfaction of the conditions precedent in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in cold storage and related business in Hong Kong; trading of food and beverage business in the Mainland China; and provision of money lending services in Hong Kong.

The Directors consider raise funds by issuing the Subscription is justifiable considering the recent market conditions and consider that the Subscription represents an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position. The Subscription not only represent an opportunity to raise capital for the Company, it also enlarge and broaden the Shareholder base and capital base of the Company.

The gross proceeds and net proceeds of the Subscription are approximately HK\$11,626,240 and HK\$11.5 million respectively. It is intended the net proceeds of the Subscription of approximately HK\$11.5 million will be applied towards the general working capital of the Group.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. The Directors also consider that the Subscription will strengthen the financial position of the Group.

CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Subscription are as follows:

Shareholders	At the date of this announcement and immediately before completion of the Subscription		Immediately after completion of the Subscription	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Ever Achieve Enterprises Limited (Note)	202,323,133	8.32%	202,323,133	6.97%
The Subscriber	-	-	468,800,000	16.16%
Other Shareholders	<u>2,229,980,867</u>	<u>91.68%</u>	<u>2,229,980,867</u>	<u>76.87%</u>
Total	<u>2,432,304,000</u>	<u>100%</u>	<u>2,901,104,000</u>	<u>100%</u>

Note:

The entire issued share capital of Ever Achieve Enterprises Limited is beneficially owned as to 50% by Mr. Yuen Kin Wing, as to 25% by Mr. Chung Chiu Pui and as to 25% by Ms. Foo Hang Luen, Monita.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“AGM”	the annual general meeting of the Company convened and held on 4 June 2020 to approve, among other things, the grant of the General Mandate
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Daido Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue and deal with Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is/are not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“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
“Subscriber”	Great Virtue Holding Limited, a company incorporated in the British Virgin Islands with limited liability and the subscriber to the Subscription Agreement
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 23 October 2020 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.0248 per Subscription Share
“Subscription Shares”	an aggregate of 468,800,000 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By order of the Board
Daido Group Limited
Ho Hon Chung, Ivan
Executive Director

Hong Kong, 23 October 2020

As at the date of this announcement, the Board comprises executive directors, namely, Mr. Ho Hon Chung, Ivan and Mr. Fung Pak Kei; non-executive directors, namely, Mr. Au Tat Wai and Mr. Fung Wa Ko; and independent non-executive directors, namely, Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming.