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DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

**PLACING OF EXISTING SHARES
AND
SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

Financial Adviser



Placing Agent



Placing and Subscription of Shares

On 14 August 2009, Ever Achieve entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed with Ever Achieve to place 830,000,000 existing Shares at the Placing Price of HK\$0.068 per Placing Share on behalf of Ever Achieve to not less than six Placees who will be third parties independent of the Group and its connected persons on a fully underwritten basis.

On the same date, Ever Achieve entered into the Subscription Agreement with the Company pursuant to which Ever Achieve has agreed to subscribe for 830,000,000 Subscription Shares, which is equal to the number of Placing Shares under the Placing at the Subscription Price of HK\$0.068. The Subscription is

conditional upon (i) the granting of approval for the listing of, and permission to deal in, the Subscription Shares by the Listing Committee of the Stock Exchange; and (ii) the completion of the Placing. An application will be made by the Company to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

Each of the Placing Price and the Subscription Price represents (i) a discount of approximately 9.33 % to the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on 14 August 2009, being the date of the Placing Agreement and Subscription Agreement; (ii) a discount of approximately 2.02% to the average of the closing prices of approximately HK\$0.0694 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 14 August 2009; and (iii) a premium of approximately 2.26% to the average of the closing prices of approximately HK\$0.0665 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to 14 August 2009.

The Placing Price and the Subscription Price were arrived at after arm's length negotiations among the Company, Ever Achieve and the Placing Agent with reference to the closing price as shown above. The Directors consider that the Placing Price and the Subscription Price and the terms of the Placing Agreement and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Shares (or the Subscription Shares) represent about 19.91% of the existing issued share capital of the Company as at the date hereof and approximately 16.61% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares are to be allotted and issued under the General Mandate.

The gross proceeds from the Subscription will be approximately HK\$56.44 million and the net proceeds from the Subscription will be approximately HK\$55.19 million, which will be applied for general working capital of the Group.

PLACING AND SUBSCRIPTION

Pursuant to the Placing Agreement, the Placing Agent has agreed with Ever Achieve to place 830,000,000 existing Shares on behalf of Ever Achieve at the Placing Price of HK\$0.068 on a fully underwritten basis. On the same date, Ever Achieve entered into the Subscription Agreement with the Company pursuant to which Ever Achieve has agreed to subscribe for 830,000,000 Subscription Shares, which is equal to the number of Placing Shares under the Placing at the Subscription Price of HK\$0.068. Details of the Placing Agreement and the Subscription Agreement are set out below.

I. Placing Agreement dated 14 August 2009

The vendor

Ever Achieve currently holds 1,011,615,665 Shares or approximately 24.27% of the existing issued share capital of the Company as at the date hereof.

The Placing Agent

Get Nice Securities Limited has been appointed to place the Placing Shares on a fully underwritten basis and will receive a placing commission of 2% on the gross proceeds from the Placing. The placing commission was arrived at after arm's length negotiations between Ever Achieve and the Placing Agent having regard to the prevailing market practice. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are not connected persons of the Company and are independent from and not connected with the Company and its connected persons.

The Placees

The Placing Agent will place the Placing Shares to not less than six Placees, being individuals, institutional or other professional investors, and who and whose ultimate beneficial owners will not be connected persons of the Company and will be independent from and not connected with the Company and its connected persons. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after the Placing.

Number of Placing Shares

The Placing Shares of 830,000,000 Shares represent approximately 19.91% of the existing issued share capital of the Company as of the date hereof and approximately 16.61% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Placing Price

The Placing Price of HK\$0.068 per Placing Share represents:

- (i) a discount of approximately 9.33 % to the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on 14 August 2009, being the date of the Placing Agreement and the Subscription Agreement;
- (ii) a discount of approximately 2.02 % to the average of the closing prices of approximately HK\$0.0694 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 14 August 2009; and
- (iii) a premium of approximately 2.26 % to the average of the closing prices of approximately HK\$0.0665 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to 14 August 2009.

The net placing price is approximately HK\$0.0665 per Placing Share.

The Placing Price was arrived at after arm's length negotiations among the Company, Ever Achieve and the Placing Agent with reference to the closing prices as shown above. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Rights

The Placing Shares are fully paid or credited as fully paid and rank pari passu in all respects with other Shares presently in issue as at the date of completion of the Placing. The Placing Shares will be sold free of any liens, charges, encumbrances and other third party rights, together with all rights attaching thereto as at the date of the Placing Agreement including the right to all dividends or other distributions which may be declared, paid or made by the Company on or after the date thereof.

Condition of the Placing

The Placing is conditional upon the Subscription Agreement having been entered into by the parties thereto. Such condition has already been fulfilled as at the date hereof.

Completion of the Placing

Completion of the Placing is expected to take place on or before 20 August 2009.

II. Subscription Agreement dated 14 August 2009

The Issuer

The Company

The Subscriber

Ever Achieve, which, as at the date of this announcement, is interested in approximately 24.27% of the existing issued share capital of the Company. Immediately after completion of the Placing, the total shareholding of Ever Achieve will be reduced to approximately 4.36% of the existing issued share capital of the Company as at the date hereof. The Subscription will then increase the total shareholding of Ever Achieve to approximately 20.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Number of Subscription Shares

The number of Subscription Shares shall be equivalent to the number of Shares placed pursuant to the Placing. The Subscription Shares represent approximately 19.91% of the existing issued share capital of the Company as of the date hereof and approximately 16.61% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price is HK\$0.068 per Subscription Share, which is equivalent to the Placing Price. The Subscription Price was arrived at after arm's length negotiations among the Company, Ever Achieve and the Placing Agent with reference to the closing prices as shown above. The Directors consider that the

Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. In line with the market practice, the Company will bear all costs and expenses of the Subscription and the Placing, and will reimburse Ever Achieve all costs and expenses incurred by Ever Achieve in respect of the Placing because it is the fund raising conducted by the Company. Based on the estimated aggregate expenses of approximately HK\$1.25 million for the Placing and the Subscription, the net subscription price is approximately HK\$0.0665 per Subscription Share.

Rights

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 are to be issued under the General Mandate, pursuant to which up to 833,600,000 Shares, representing 20% of the issued Shares as at the date of the annual general meeting of the Company held on 17 June 2009, may be issued by the Company. As at the date of this announcement, no Share has been issued under the General Mandate.

Conditions of the Subscription

The Subscription is conditional upon the following conditions having been fulfilled on or before 28 August 2009 (or such other date as may be agreed between the Company and Ever Achieve, in which case the Company will comply with the requirements for connected transaction under the Listing Rules):

- (i) the completion of the Placing pursuant to the Placing Agreement; and
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant approval for the listing of, and permission to deal in the Subscription Shares.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company nor Ever Achieve shall have any obligations and liabilities under the Subscription. As the Subscription Shares are issued under the General Mandate, no separate Shareholders' approval is required for the Placing and the Subscription.

Completion of the Subscription

Completion of the Subscription will take place on the second business day immediately after the conditions of the Subscription are fulfilled. Under the Listing Rules, the Subscription must be completed and the Subscription Shares must be issued on or before 28 August 2009, being 14 days from the date of the Placing Agreement and the Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate circular and approval of the independent Shareholders.

Application for listing

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

CHANGES OF SHAREHOLDING STRUCTURE

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

Shareholder	Shareholding as at the date of		Shareholding immediately after		Shareholding immediately after	
	this announcement and		completion of the Placing but		completion of the Placing	
	immediately before completion	of the Placing and the	before completion of the	Subscription	and the Subscription	
	No. of	% of	No. of	% of	No. of	% of
	Shares held	shareholding	Shares held	shareholding	Shares held	shareholding
Ever Achieve ^(Note 1)	1,011,615,665	24.27%	181,615,665	4.36%	1,011,615,665	20.24%
Bingo Chance Limited ^(Note 2)	700,000,000	16.79%	700,000,000	16.79%	700,000,000	14.01%
Ever Apollo Limited ^(Note 3)	160,000,000	3.84%	160,000,000	3.84%	160,000,000	3.20%
Equity Capital Group Limited ^(Note 4)	311,615,664	7.48%	311,615,664	7.48%	311,615,664	6.23%
The placees	-	-	830,000,000	19.91%	830,000,000	16.61%
Public Shareholders (other than the placees)	1,984,768,671	47.62%	1,984,768,671	47.62%	1,984,768,671	39.71%
Total	<u>4,168,000,000</u>	<u>100%</u>	<u>4,168,000,000</u>	<u>100%</u>	<u>4,998,000,000</u>	<u>100%</u>

Notes:

1. The entire issued share capital of Ever Achieve is beneficially owned by Mr. Chung Chiu Pui, Ms. Foo Hang Luen, Monita, Ms. Lee Yun and Mr. Yuen Kin Wing in equal shares.
2. Wulglar Wai Wan is the sole beneficial owner of Bingo Chance Limited. She is deemed to be interested in the 700,000,000 Shares which are held by Bingo Chance Limited under the SFO.
3. Other than the interest in 160,000,000 Shares, Ever Apollo Limited is also deemed to have interest in the share capital of the Company in respect of 210,344,828 Shares which may fall to be allotted and issued to it upon exercise of the conversion right attaching to the convertible bonds under the SFO. Mr. Fung Ho Sum is the sole beneficial owner of Ever Apollo Limited. Each of him and his spouse, Ms. Wong Ka May is deemed to be interested in 160,000,000 Shares which are held by Ever Apollo Limited under the SFO.
4. Mr. So Yiu Ming, Sunny is the sole beneficial owner of Equity Capital Group Limited. Each of him and his spouse, Ms. Lam Fung Yee is deemed to be interested in 311,615,664 Shares which are held by Equity Capital Group Limited under the SFO.

REASONS FOR THE PLACING AND SUBSCRIPTION

The Group is principally engaged in the provision of cold storage services, the manufacturing and trading of ice in Hong Kong, the provision of logistics services and properties investment.

The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital for working capital by way of the Placing and the Subscription as it will broaden the capital and shareholder base of the Company and thereby increasing the liquidity of the Shares. A gross proceeds of HK\$56.44 million will be raised from the Subscription. After deducting the expenses incurred for the Placing and the Subscription, the net proceeds of the Subscription will be approximately HK\$55.19 million, which will be applied by the Group as its general working capital.

The Directors consider that the Placing Agreement and Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations among the Company, Ever Achieve and the Placing Agent and that the terms of the Placing Agreement and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Group has not conducted any fund raising activities during the 12 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:

“Board”	the board of Directors
“Company”	Daido Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Directors”	directors of the Company
“Ever Achieve”	Ever Achieve Enterprises Limited, a company incorporated in the British Virgin Islands and a substantial Shareholder of the Company
“Group”	the Company and its subsidiaries

“General Mandate”	the general mandate to allot, issue and deal with not more than 20% new Shares (calculated based on the issued share capital as at the date of the grant) granted to the Directors by the Shareholders by a resolution passed at the annual general meeting of the Company held on 17 June 2009
“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
“Placees”	Any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the conditional placing of the Placing Shares by the Placing Agent on behalf of Ever Achieve pursuant to the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a deemed licensed corporation within the meaning of SFO
“Placing Agreement”	the conditional placing agreement dated 14 August 2009 and entered into between Ever Achieve and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.068 per Placing Share
“Placing Shares”	830,000,000 Shares beneficially owned by Ever Achieve and which will be placed by the Placing Agent on behalf of Ever Achieve pursuant to the Placing Agreement
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

“Subscription”	the subscription for the Subscription Shares by Ever Achieve pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 14 August 2009 and entered into between Ever Achieve and the Company in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.068 per Subscription Share
“Subscription Shares”	830,000,000 Shares for which Ever Achieve has conditionally agreed to subscribe pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By order of the Board
Daido Group Limited
Choy Kai Sing
Executive Director

Hong Kong, 14 August 2009

As at the date of this statement, the Board comprises executive directors, namely, Mr. Fung Wa Ko and Mr. Tang Tsz Man, Philip, Mr. Choy Kai Sing and independent non-executive directors, namely, Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming.

** For identification purpose only*