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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 NEW SHARES UNDER GENERAL MANDATE

Placing Agent



華晉證券有限公司
China Rise Securities Co. Limited

On 21 September 2012 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 345,000,000 Placing Shares to the Placees who and whose ultimate beneficial owners will be Independent Third Parties at a price of HK\$0.125 per Placing Share.

The Placing Price of HK\$0.125 per Placing Share represents (i) a discount of approximately 17.76% to the closing price of HK\$0.152 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 18.83% to the average closing price per Share of HK\$0.154 as quoted on the Stock Exchange for the last five consecutive trading days up to the trading day immediately preceding the date of the Placing Agreement.

The maximum Placing Shares of 345,000,000 Shares represent approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 21 May 2012.

The maximum gross proceeds from the Placing will be approximately HK\$43.1 million. The net proceeds, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$42.7 million, representing a net issue price of approximately HK\$0.124 per Placing Share. The Company intends to use the net proceeds as general working capital of the Group.

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

THE PLACING AGREEMENT

Date

21 September 2012

Issuer

The Company

Placing Agent

China Rise Securities Co. Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties. The Placing Agent will charge the Company a placing commission of 1% of the gross proceeds from the Placing. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares will be placed to not less than six (6) Placees which will be independent individual investors who are Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after Completion, further announcement will be made by the Company.

Number of Placing Shares

The maximum Placing Shares of 345,000,000 Shares represent approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.65% of the issued share capital of the Company as enlarged by the Placing. Assuming all the Placing Shares are placed out, the maximum nominal value of the Placing Shares under the Placing will be HK\$3,450,000.

Placing Price

The Placing Price of HK\$0.125 per Placing Share represents (i) a discount of approximately 17.76% to the closing price of HK\$0.152 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 18.83% to the average closing price per Share of HK\$0.154 as quoted on the Stock Exchange for the last five consecutive trading days up to the trading day immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares. Given the size of the Placing Shares involved (which represent approximately 20.00% of the existing Shares in issue) and the discount to the closing prices as quoted on the Stock Exchange for the last five consecutive trading days up to the trading day immediately preceding the date of the Placing Agreement, the Directors consider that the Placing Price is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares on the date of allotment and issue of the Placing Shares.

Condition of the Placing

The Placing is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Placing Shares. If the above condition is not fulfilled by 12 October 2012 (or such other date as may be agreed by the parties thereto), the Placing Agreement will be terminated forthwith and cease to have any effect.

Completion

The Placing shall complete on or before the seventh Business Day after the satisfaction of the condition set out above (or such later date as may be agreed by the parties thereto).

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The issue of the Placing Shares is not subject to Shareholders' approval.

The Placing Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 21 May 2012, subject to the limit up to 345,460,800 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date). The 345,000,000 Placing Shares to be allotted and issued utilizes approximately 99.87% of the General Mandate. As at the date of this announcement, save for the proposed issue of the Placing Shares under the Placing Agreement, the Company has not utilized the General Mandate.

Termination

- (A) The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the Completion Date to terminate the Placing Agreement if any Specified Event or force majeure event comes to the notice of the Placing Agent.
- (B) If notice is given pursuant to paragraph (A), the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

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

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

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

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Placing assuming all the Placing Shares has been placed out	
	Number of Shares	Approximate percentage of shareholding %	Number of Shares	Approximate percentage of shareholding %
Ever Achieve Enterprises Limited ^(Note 1)	202,323,133	11.71	202,323,133	9.76
Bingo Chance Limited ^(Note 2)	140,000,000	8.11	140,000,000	6.76
Public				
Places	-	-	345,000,000	16.65
Other public	<u>1,384,980,867</u>	<u>80.18</u>	<u>1,384,980,867</u>	<u>66.83</u>
Total	<u>1,727,304,000</u>	<u>100.00</u>	<u>2,072,304,000</u>	<u>100.00</u>

Notes:

1. 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.
2. Ms. Wulglar Wai Wan is an elder sister of Mr. Ho Hon Chung, Ivan, whom is an executive Director of the Company. She is the sole ultimate beneficial owner of Elite Plan Investments Limited (“Elite”) and Bingo Chance Limited, a wholly-owned subsidiary of Elite. She is deemed to be interested in 140,000,000 Shares which are held by Bingo Chance Limited under the SFO.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the operation of cold storage and related services, investment holdings, as well as the operation of karaoke outlets and related services in PRC.

The Board considers that the Placing represents an opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company. Assuming all the Placing Shares has been placed out, the maximum gross proceeds from the Placing will be approximately HK\$43.1 million. The net proceeds, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$42.7 million, representing a net issue price of approximately HK\$0.124 per Placing Share. The Company intends to use the net proceeds as general working capital of the Group.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

The following table summaries the capital raising activities of the Group for the twelve months immediately before the date of this announcement:

Date of announcement	Description	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
19 April 2012	placing of 287,884,000 new shares	HK\$30.8 million	general working capital	used as intended

Save as disclosed above, the Company had not conducted any fund raising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

DEFINITIONS

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

“associates”	has the meaning ascribed thereunder the Listing Rules
“Board”	the board of Directors
“Business Day”	means a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“Company”	Daido Group Limited (stock code: 00544), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	on or before the seventh Business Day after fulfillment of all the terms and conditions as set out in the Placing Agreement (or such later date as may be agreed by the parties thereto)
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 21 May 2012, pursuant to which a maximum of 345,460,800 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	21 September 2012, being the last trading day for the Shares on the date of the Placing Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s) or any of their respective associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best efforts basis, of up to 345,000,000 Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	China Rise Securities Co. Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 21 September 2012 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.125 per Placing Share
“Placing Share(s)”	up to 345,000,000 Shares to be placed under the Placing
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFO”	Securities and Futures Ordinance (Cap 571, the laws of Hong Kong)
“Share(s)”	ordinary issued share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

"Specified Event"	means an event occurring or matter arising on or after the date hereof and prior to the date of Completion which if it had occurred or arisen before the date hereof would have rendered any of the undertakings, warranties and representations given by the Company in the Placing Agreement untrue or incorrect and such would have an adverse impact/effect on the Placing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

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

Hong Kong, 21 September 2012

As at the date of this announcement, the Board comprises executive Directors, namely, Mr. Au Tat Wai, Mr. Choy Kai Sing, Mr. Chung Siu Wah, Mr. Ho Hon Chung, Ivan and Mr. Tang Tsz Man, Philip; 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*