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DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 00544)

SUPPLEMENTAL PLACING AGREEMENT

Placing Agent



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

Reference is made to the Announcement in respect of the Placing.

On 24 September 2012 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Supplemental Placing Agreement to amend the Placing Agreement, under which the Placing Price has been amended from HK\$0.125 per Placing Share to HK\$0.135 per Placing Share, being the Revised Placing Price. Save as amended by the Supplemental Placing Agreement, all terms and conditions of the Placing Agreement remain unchanged and in full force and effect.

The maximum gross proceeds from the Placing will be increased to approximately HK\$46.6 million. The net proceeds, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$46.1 million, representing a net issue price of approximately HK\$0.134 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 amended by the Supplemental Agreement). As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement issued by Daido Group Limited (the “Company”) dated 21 September 2012 (the “Announcement”) in relation to, inter alia, the placing of new shares of the Company under general mandate. Unless otherwise defined, words and expressions used herein shall have the same meanings as those used in the Announcement.

THE SUPPLEMENTAL PLACING AGREEMENT

Pursuant to the Placing Agreement dated 21 September 2012, the Placing Agent agreed to place, on a best efforts basis, up to 345,000,000 Placing Shares at the Placing Price of HK\$0.125 per Placing Share. The Placing Shares are to be issued under the General Mandate granted to the Directors by a resolution of the then Shareholders passed at the annual general meeting of the Company held on 21 May 2012. The Placing Period, unless terminated earlier in writing pursuant to the terms of the Placing Agreement, commences upon the execution of the Placing Agreement and terminates on 12 October 2012.

On 24 September 2012 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into a supplemental placing agreement (the “Supplemental Placing Agreement”) pursuant to which the Placing Agent agreed to place, on a best efforts basis, up to 345,000,000 Placing Shares at a revised placing price of HK\$0.135 per Placing Share (the “Revised Placing Price”) to the Placees who and whose ultimate beneficial owners will be Independent Third Parties.

The Revised Placing Price of HK\$0.135 per Placing Share represents:

- (i) a discount of approximately 11.18% to the closing price of HK\$0.152 per Share as quoted on the Stock Exchange on the Last Trading Day (i.e. 21 September 2012);
- (ii) a discount of approximately 12.34% 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 (i.e. 21 September 2012);
- (iii) a discount of approximately 10.00% to the closing price of HK\$0.150 per Share as quoted on the Stock Exchange on the date of this announcement (i.e. 24 September 2012); and
- (iv) a discount of approximately 12.34% 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 Supplemental Placing Agreement (i.e. 24 September 2012).

The Revised 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 and the date of the Supplemental Placing Agreement respectively, the Directors consider that the Revised Placing Price is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Save for the revision of the Placing Price from HK\$0.125 per Placing Share to HK\$0.135 per Placing Share, all other terms and conditions of the Placing Agreement remain unchanged.

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

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. Furthermore, the Revised Placing Price should enable the Company to raise extra additional funds for the Company. Assuming all the Placing Shares has been placed out, the maximum gross proceeds from the Placing will be increased to approximately HK\$46.6 million. The net proceeds, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$46.1 million, representing a net issue price of approximately HK\$0.134 per Placing Share. The Company intends to use the net proceeds as general working capital of the Group.

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

Hong Kong, 24 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*