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If you have sold or transferred all your Shares in Daido Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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DAIDO

DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

**MAJOR TRANSACTION:
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL
AND SHAREHOLDER'S LOANS OF
(I) BELVA INVESTMENTS LIMITED;
(II) RICH VANTAGE LIMITED; AND
(III) HOSANNA INVESTMENTS LIMITED**

Financial Adviser



**大有融資有限公司
MESSIS CAPITAL LIMITED**

All terms used herein have the meanings set out in the section headed "Definitions" of this circular.

A notice convening a special general meeting of Daido Group Limited to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 26 July 2013 at 10:30 a.m. is set out on pages 26 to 28 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

* For identification purpose only

11 July 2013

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DEFINITIONS

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

“1st Disposal”	the disposal of the Belva Sale Share, the Belva Sale Loan, the Rich Vantage Sale Share and the Rich Vantage Sale Loan subject to and upon the terms and conditions of the 1st Disposal Agreement
“1st Disposal Agreement”	a conditional sale and purchase agreement dated 21 June 2013 entered into between the 1st Vendor and the Purchaser in respect of the 1st Disposal
“1st Disposal Agreement Completion Date”	the date falling the third Business Days after the date of fulfillment (or waiver, as the case may be) of the conditions set out in the 1st Disposal Agreement or such other date as the 1st Vendor and the Purchaser may agree
“1st Vendor”	Lubrano Properties Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“2nd Disposal”	the disposal of the Hosanna Sale Share and the Hosanna Sale Loan subject to and upon the terms and conditions of the 2nd Disposal Agreement
“2nd Disposal Agreement”	a conditional sale and purchase agreement dated 21 June 2013 entered into between the 2nd Vendor and the Purchaser in respect of the 2nd Disposal
“2nd Disposal Agreement Completion Date”	the date falling the third Business Days after the date of fulfillment (or waiver, as the case may be) of the conditions set out in the 2nd Disposal Agreement or such other date as the 2nd Vendor and the Purchaser may agree
“2nd Vendor”	Topgain Investments Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“Aggregate NAV”	the sum of the Belva NAV, the Hosanna NAV and the Rich Vantage NAV (excluding the contingent liability arising from or in connection with the potential claims from relevant landlord(s), employee(s) and/or creditor(s) as a result of or in connection with the ceased operation of certain karaoke and food and beverage outlet(s) that may occur after the date of the 1st/2nd Disposal Agreement but prior to the Completion Date, if any)
“associates”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Belva”	Belva Investments Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“Belva Completion Accounts”	the unaudited consolidated balance sheet of the Belva Group prepared in accordance with HKFRS as at the 1st Disposal Agreement Completion Date and the unaudited consolidated profit and loss account of the Belva Group prepared in accordance with HKFRS for the period from 1 April 2013 to the 1st Disposal Agreement Completion Date
“Belva Group”	Belva and its subsidiaries
“Belva NAV”	the unaudited net asset value of the Belva Group as shown in the Belva Completion Accounts after taking out the Belva Sale Loan
“Belva Sale Loan”	all obligations, liabilities and indebtedness owing or incurred by Belva Group to the Remaining Group on or at any time prior to the completion of the 1st Disposal Agreement whether actual, contingent or deferred and irrespective of whether or not the same is due or payable on completion of the 1st Disposal Agreement and amounted to approximately HK\$12,603,000 as at 31 March 2013
“Belva Sale Share”	1 ordinary share of US\$1.00 in the capital of Belva
“Board”	the board of Directors
“Business Day(s)”	any day(s) (not being a Saturday, a Sunday or a public holiday) 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
“Completion”	completion of the 1st Disposal or 2nd Disposal, as the case may be
“Completion Accounts”	together, the Belva Completion Accounts, the Hosanna Completion Accounts and the Rich Vantage Completion Accounts
“Completion Date”	1st Disposal Agreement Completion Date or 2nd Disposal Agreement Completion Date, as the case may be

DEFINITIONS

“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	director(s) of the Company
“Disposal Agreements”	collectively, the 1st Disposal Agreement and the 2nd Disposal Agreement
“Disposal Group”	together, the Belva Group, the Hosanna Group and the Rich Vantage Group
“Disposals”	collectively, the 1st Disposal and the 2nd Disposal
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hosanna”	Hosanna Investments Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“Hosanna Completion Accounts”	the unaudited consolidated balance sheet of the Hosanna Group prepared in accordance with HKFRS as at the 2nd Disposal Agreement Completion Date and the unaudited consolidated profit and loss account of the Hosanna Group prepared in accordance with HKFRS for the period from 1 April 2013 to the 2nd Disposal Agreement Completion Date
“Hosanna Group”	Hosanna and its subsidiaries
“Hosanna NAV”	the unaudited net asset value of the Hosanna Group as shown in the Hosanna Completion Accounts after taking out the Hosanna Sale Loan
“Hosanna Sale Loan”	all obligations, liabilities and indebtedness owing or incurred by Hosanna Group to the Remaining Group on or at any time prior to the completion of the 2nd Disposal Agreement whether actual, contingent or deferred and irrespective of whether or not the same is due or payable on completion of the 2nd Disposal Agreement and amounted to approximately HK\$227,454,000 as at 31 March 2013
“Hosanna Sale Share”	1 ordinary share of US\$1.00 in the capital of Hosanna

DEFINITIONS

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Latest Practicable Date”	9 July 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Golden Channel Limited, which is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding
“Remaining Group”	the Group other than the Disposal Group
“Rich Vantage”	Rich Vantage Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Rich Vantage Completion Accounts”	the unaudited consolidated balance sheet of the Rich Vantage Group prepared in accordance with HKFRS as at the 1st Disposal Agreement Completion Date and the unaudited consolidated profit and loss account of the Rich Vantage Group prepared in accordance with HKFRS for the period from 1 April 2013 to the 1st Disposal Agreement Completion Date
“Rich Vantage Group”	Rich Vantage and its subsidiaries
“Rich Vantage NAV”	the unaudited net asset value of the Rich Vantage Group as shown in the Rich Vantage Completion Accounts after taking out the Rich Vantage Sale Loan

DEFINITIONS

“Rich Vantage Sale Loan”	all obligations, liabilities and indebtedness owing or incurred by Rich Vantage Group to the Remaining Group on or at any time prior to the completion of the 1st Disposal Agreement whether actual, contingent or deferred and irrespective of whether or not the same is due or payable on completion of the 1st Disposal Agreement and amounted to approximately HK\$30,490,000 as at 31 March 2013
“Rich Vantage Sale Share”	1 ordinary share of HK\$1.00 in the capital of Rich Vantage
“Sale Loan”	collectively the Belva Sale Loan, the Hosanna Sale Loan and the Rich Vantage Sale Loan
“Sale Shares”	collectively the Belva Sale Share, the Hosanna Sale Share and the Rich Vantage Sale Share
“SGM”	special general meeting to be convened and held by the Company to consider, and if thought fit, approve the Disposals and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	collectively, the 1st Vendor and the 2nd Vendor
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

LETTER FROM THE BOARD

DAIDO

DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

Executive Directors:

Mr. Au Tat Wai (*Chief Executive Officer*)
Mr. Choy Kai Sing
Mr. Chung Siu Wah
Mr. Ho Hon Chung, Ivan
Mr. Tang Tsz Man, Philip

Non-executive Director:

Mr. Fung Wa Ko

Independent non-executive Directors:

Mr. Fung Siu Kit, Ronny
Mr. Leung Chi Hung
Mr. Tse Yuen Ming

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*

Unit No. 1906, 19th Floor
West Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

11 July 2013

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION:
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL
AND SHAREHOLDER'S LOANS OF
(I) BELVA INVESTMENTS LIMITED;
(II) RICH VANTAGE LIMITED; AND
(III) HOSANNA INVESTMENTS LIMITED**

INTRODUCTION

The Board announces that on 21 June 2013 (after the trading hours of the Stock Exchange), the 1st Vendor entered into the 1st Disposal Agreement with the Purchaser for the sale of the Belva Sale Share, the Belva Sale Loan, the Rich Vantage Sale Share and the Rich Vantage Sale Loan by the 1st Vendor to the Purchaser for an aggregate cash consideration of HK\$20,412,000 (subject to adjustment, if any).

* *For identification purpose only*

LETTER FROM THE BOARD

The Board further announces that on 21 June 2013 (after the trading hours of the Stock Exchange), the 2nd Vendor entered into the 2nd Disposal Agreement with the Purchaser for the sale of the Hosanna Sale Share and the Hosanna Sale Loan by the 2nd Vendor to the Purchaser for an aggregate cash consideration of HK\$29,588,000 (subject to adjustment, if any). Pursuant to Rule 14.22 of the Listing Rules, the 1st Disposal and the 2nd Disposal should be aggregated.

The purpose of this circular is to provide you with, among other things, (i) details of the Disposals; (ii) financial information of the Group; and (iii) a notice of the SGM.

As the applicable ratio of the Disposals under Rule 14.07 of the Listing Rules exceeds 25% but is less than 75%, the Disposals, constitute major transactions on the part of the Company for the purpose of the Listing Rules and is subject to, among others, the approval of the Shareholders. A SGM will be convened to consider and, if thought fit, approve the Disposals and the transactions contemplated thereunder. As no Shareholder has a material interest in the Disposals, none of the Shareholders is required to abstain from voting at the SGM.

THE 1ST DISPOSAL AGREEMENT

On 21 June 2013, the 1st Vendor entered into the 1st Disposal Agreement with the Purchaser for the sale of the Belva Sale Share, the Belva Sale Loan, the Rich Vantage Sale Share and the Rich Vantage Sale Loan by the 1st Vendor to the Purchaser for an aggregate cash consideration of HK\$20,412,000 (subject to adjustment, if any), details of which are set out below:

Date: 21 June 2013

Parties: (i) the 1st Vendor (as vendor); and
(ii) the Purchaser (as purchaser)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

- (1) the Belva Sale Share, being 1 ordinary share of US\$1.00 in the capital of Belva, representing the entire issued share capital of Belva;
- (2) the Belva Sale Loan, being all obligations, liabilities and debts owing or incurred by Belva Group to the Remaining Group on or at any time prior to the completion of the 1st Disposal Agreement whether actual, contingent or deferred and irrespective of whether or not the same is due or payable on completion of the 1st Disposal Agreement;
- (3) the Rich Vantage Sale Share, being 1 ordinary share of HK\$1.00 in the capital of Rich Vantage, representing the entire issued share capital of Rich Vantage; and

LETTER FROM THE BOARD

- (4) the Rich Vantage Sale Loan, being all obligations, liabilities and debts owing or incurred by Rich Vantage Group to the Remaining Group on or at any time prior to the completion of the 1st Disposal Agreement whether actual, contingent or deferred and irrespective of whether or not the same is due or payable on completion of the 1st Disposal Agreement.

Consideration

The total consideration for the 1st Disposal payable by the Purchaser to the 1st Vendor for the Belva Sale Share, the Belva Sale Loan, the Rich Vantage Sale Share and the Rich Vantage Sale Loan is HK\$20,412,000 (subject to adjustment, if any) and shall be satisfied in cash by the Purchaser in the following manner:

- (a) HK\$5,000,000 has been paid by the Purchaser to the 1st Vendor or its nominee in cash as deposit (the “**1st Deposit**”) and part of the consideration for the 1st Disposal upon signing and delivery of the 1st Disposal Agreement; and
- (b) HK\$15,412,000, being the balance of the consideration for the 1st Disposal (the “**1st Remaining Consideration**”) shall be payable in cash by the Purchaser to the 1st Vendor or its nominee on the 1st Disposal Agreement Completion Date.

Basis of determining the consideration in respect of the 1st Disposal

The consideration for the 1st Disposal was arrived at after arm’s length negotiations between the parties to the 1st Disposal Agreement after taking into account (i) the unaudited net liabilities values of the Belva Group and the Rich Vantage Group as at 31 March 2013; (ii) the unaudited adjusted net assets values of the Belva Group and the Rich Vantage Group after taking out the amount of the Belva Sale Loan and the Rich Vantage Sale Loan as at 31 March 2013 respectively; and (iii) the historical financial performance of the Belva Group and the Rich Vantage Group.

The unaudited consolidated net liabilities value of the Belva Group was approximately HK\$1,292,000 as at 31 March 2013. The unaudited amount of the Belva Sale Loan was approximately HK\$12,603,000 as at 31 March 2013. The unaudited adjusted net asset value of the Belva Group after taking out the Belva Sale Loan was approximately HK\$11,311,000 as at 31 March 2013.

The unaudited consolidated net liabilities value of the Rich Vantage Group was approximately HK\$13,673,000 as at 31 March 2013. The unaudited amount of the Rich Vantage Sale Loan was approximately HK\$30,490,000 as at 31 March 2013. The unaudited adjusted net asset value of the Rich Vantage Group after taking out the Rich Vantage Sale Loan was approximately HK\$16,817,000 as at 31 March 2013.

The total consideration for the 1st Disposal of HK\$20,412,000 therefore represents approximately 27% discount to the sum of the unaudited adjusted net asset value of the Belva Group and the Rich Vantage Group after taking out the Belva Sale Loan and the Rich Vantage

LETTER FROM THE BOARD

Sale Loan. The Directors consider that the discount of approximately 27% is fair and reasonable having taken into account the unsatisfactory loss-making results of the Disposal Group for the two years ended 31 December 2012.

The Directors consider that the consideration and the terms of the 1st Disposal Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Conditions precedent

Completion of the 1st Disposal Agreement is conditional upon the satisfaction of the following conditions:

- (1) the passing by the Shareholders at the SGM to be convened and held of an ordinary resolution to approve the 1st Disposal Agreement and the transactions contemplated thereunder in accordance with the Listing Rules and the applicable laws and regulations;
- (2) all necessary consents, authorizations, licences and approvals required to be obtained on the part of the 1st Vendor and/or the Company in respect of the 1st Disposal Agreement and the transactions contemplated thereunder having been obtained;
- (3) the warranties given by the Purchaser under the 1st Disposal Agreement remain true and accurate in all respects;
- (4) the warranties given by the 1st Vendor under the 1st Disposal Agreement remain true and accurate in all respects;
- (5) (where required) all necessary consents and approval from third parties for or in connection with the completion of the 1st Disposal Agreement and the transactions contemplated under the 1st Disposal Agreement having been obtained by the 1st Vendor or other relevant members of the Belva Group and the Rich Vantage Group; and
- (6) the 2nd Disposal Agreement having become unconditional (save for the condition for the 1st Disposal Agreement having become unconditional).

The Purchaser may at any time before Completion by writing to the 1st Vendor waive the condition set out in paragraph (4) above, whereas the 1st Vendor may at any time before Completion by writing to the Purchaser waive the condition set out in paragraph (3) above.

If the above conditions are not fulfilled (or waived, as the case may be) at or before 4:00 p.m. on 31 August 2013 or such later date as the 1st Vendor and the Purchaser may agree in writing, the 1st Disposal Agreement shall cease and determine (save as otherwise provided therein) and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

LETTER FROM THE BOARD

Completion

Completion of the 1st Disposal Agreement will take place on the third Business Days following the satisfaction of the above conditions.

If Completion does not take place as a result of the sole default of the Purchaser, the 1st Vendor shall be entitled to forfeit the 1st Deposit absolutely and may forthwith determine the 1st Disposal Agreement by giving notice of termination in writing to the Purchaser to such effect, in which event neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

If Completion does not take place as a result of the sole default of the 1st Vendor, the Purchaser may forthwith determine the 1st Disposal Agreement by giving notice of termination in writing to the 1st Vendor to such effect, in which event the 1st Vendor shall (i) refund the 1st Deposit (without interest) to the Purchaser; and (ii) pay an additional amount equal to the 1st Deposit to the Purchaser within 10 Business Days upon termination of the 1st Disposal Agreement, and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

Without prejudice to the aforesaid, if Completion does not take place by virtue of the conditions precedent to Completion not having been fulfilled (or as the case may be, waived) or otherwise than due to the sole default of the Purchaser or the 1st Vendor, the 1st Disposal Agreement shall cease and determine and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof and the 1st Vendor shall return the 1st Deposit to the Purchaser within 10 Business Days upon termination of the 1st Disposal Agreement.

THE 2ND DISPOSAL AGREEMENT

On 21 June 2013, the 2nd Vendor entered into the 2nd Disposal Agreement with the Purchaser for the sale of the Hosanna Sale Share and the Hosanna Sale Loan by the 2nd Vendor to the Purchaser for cash consideration of HK\$29,588,000 (subject to adjustment, if any), details of which are set out below:

Date: 21 June 2013

Parties: (i) the 2nd Vendor (as vendor); and
(ii) the Purchaser (as purchaser)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

LETTER FROM THE BOARD

Assets to be disposed of

- (1) the Hosanna Sale Share, being 1 ordinary share of US\$1.00 in the capital of Hosanna, representing the entire issued share capital of Hosanna; and
- (2) the Hosanna Sale Loan, being all obligations, liabilities and debts owing or incurred by Hosanna Group to the Remaining Group on or at any time prior to the completion of the 2nd Disposal Agreement whether actual, contingent or deferred and irrespective of whether or not the same is due or payable on completion of the 2nd Disposal Agreement.

Consideration

The total consideration for the 2nd Disposal payable by the Purchaser to the 2nd Vendor for the Hosanna Sale Share and the Hosanna Sale Loan is HK\$29,588,000 (subject to adjustment, if any) and shall be satisfied in cash by the Purchaser in the following manner:

- (a) HK\$5,000,000 has been paid by the Purchaser to the 2nd Vendor or its nominee in cash as deposit (the “**2nd Deposit**”) and part of the consideration for the 2nd Disposal upon signing and delivery of the 2nd Disposal Agreement; and
- (b) HK\$24,588,000, being the balance of the consideration for the 2nd Disposal (the “**2nd Remaining Consideration**”) shall be payable in cash by the Purchaser to the 2nd Vendor or its nominee on the 2nd Disposal Agreement Completion Date.

Basis of determining the consideration in respect of the 2nd Disposal

The consideration for the 2nd Disposal was arrived at after arm’s length negotiations between the parties to the 2nd Disposal Agreement after taking into account (i) the unaudited net liabilities value of the Hosanna Group as at 31 March 2013; (ii) the unaudited adjusted net assets values of the Hosanna Group after taking out the amount of the Hosanna Sale Loan as at 31 March 2013; and (iii) the historical financial performance of the Hosanna Group.

The unaudited consolidated net liabilities value of the Hosanna Group was approximately HK\$187,260,000 as at 31 March 2013. The unaudited amount of the Hosanna Sale Loan was approximately HK\$227,454,000 as at 31 March 2013. The non-controlling interest in respect of the Hosanna Group was approximately HK\$579,000 as at 31 March 2013. The unaudited adjusted net asset value of the Hosanna Group after taking out the Hosanna Sale Loan and the non-controlling interest was approximately HK\$40,773,000 as at 31 March 2013. The consideration for the 2nd Disposal of HK\$29,588,000 represents approximately 27% discount to the unaudited adjusted net asset value of the Hosanna Group after taking out the Hosanna Sale Loan and the non-controlling interest.

The Directors consider that the discount of approximately 27% is fair and reasonable having taken into account the unsatisfactory loss-making results of the Disposal Group for the two years ended 31 December 2012.

LETTER FROM THE BOARD

The Directors consider that the consideration and the terms of the 2nd Disposal Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Conditions precedent

Completion of the 2nd Disposal Agreement is conditional upon the satisfaction of the following conditions:

- (1) the passing by the Shareholders at the SGM to be convened and held of an ordinary resolution to approve the 2nd Disposal Agreement and the transactions contemplated thereunder in accordance with the Listing Rules and the applicable laws and regulations;
- (2) all necessary consents, authorizations, licences and approvals required to be obtained on the part of the 2nd Vendor and/or the Company in respect of the 2nd Disposal Agreement and the transactions contemplated thereunder having been obtained;
- (3) the warranties given by the Purchaser under the 2nd Disposal Agreement remain true and accurate in all respects;
- (4) the warranties given by the 2nd Vendor under the 2nd Disposal Agreement remain true and accurate in all respects;
- (5) (where required) all necessary consents and approval from third parties for or in connection with the completion the 2nd Disposal Agreement and the transactions contemplated under the 2nd Disposal Agreement having been obtained by the 2nd Vendor or other relevant members of the Hosanna Group; and
- (6) the 1st Disposal Agreement having become unconditional (save for the condition for the 2nd Disposal Agreement having become unconditional).

The Purchaser may at any time before Completion by writing to the 2nd Vendor waive the condition set out in paragraph (4) above, whereas the 2nd Vendor may at any time before Completion by writing to the Purchaser waive the condition set out in paragraph (3) above.

If the above conditions are not fulfilled (or waived, as the case may be) at or before 4:00 p.m. on 31 August 2013 or such later date as the 2nd Vendor and the Purchaser may agree in writing, the 2nd Disposal Agreement shall cease and determine (save as otherwise provided therein) and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion of the 2nd Disposal Agreement will take place on the third Business Days following the satisfaction of the above conditions.

LETTER FROM THE BOARD

If Completion does not take place as a result of the sole default of the Purchaser, the 2nd Vendor shall be entitled to forfeit the 2nd Deposit absolutely and may forthwith determine the 2nd Disposal Agreement by giving notice of termination in writing to the Purchaser to such effect, in which event neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

If Completion does not take place as a result of the sole default of the 2nd Vendor, the Purchaser may forthwith determine the 2nd Disposal Agreement by giving notice of termination in writing to the 2nd Vendor to such effect, in which event the 2nd Vendor shall (i) refund the 2nd Deposit (without interest) to the Purchaser; and (ii) pay an additional amount equal to the 2nd Deposit to the Purchaser within 10 Business Days upon termination of the 2nd Disposal Agreement, and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

Without prejudice to the aforesaid, if Completion does not take place by virtue of the conditions precedent to Completion not having been fulfilled (or as the case may be, waived) or otherwise than due to the sole default of the Purchaser or the 2nd Vendor, the 2nd Disposal Agreement shall cease and determine and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof and the 2nd Vendor shall return the 2nd Deposit to the Purchaser within 10 Business Days upon termination of the 2nd Disposal Agreement.

ADJUSTMENT UNDER THE DISPOSAL AGREEMENTS

The 1st Vendor and the 2nd Vendor jointly and separately warrant to the Purchaser that they shall provide or procure the other vendor to provide an additional fund (the “**Additional Fund**”) in an aggregate sum of HK\$20,000,000 by way of shareholder’s loan to the Disposal Group prior to Completion in order to satisfy the working capital requirements of the Disposal Group. In the event that the 1st Vendor or the 2nd Vendor fails to provide the Additional Fund to the Disposal Group prior to Completion, such payment obligations shall be borne by the Purchaser, of which the Purchaser will be entitled to deduct a sum equivalent to the amount of the Additional Fund from the 1st Remaining Consideration and/or 2nd Remaining Consideration at Completion. For the avoidance of doubt, in the event that the 1st Vendor has provided the Additional Fund to the Disposal Group prior to Completion, the 2nd Vendor shall not be obliged to provide any additional fund to the Disposal Group and vice versa.

The reason for providing the Additional Fund of HK\$20,000,000 to the Purchaser is that the Disposal Group currently incurs an aggregate monthly loss of approximately HK\$6 million and that it is expected that the period from the date of entering into of the Disposal Agreements to Completion will be approximately 3 months. The Vendors and the Purchaser have agreed that the losses incurred by the Disposal Group during such period shall be borne by the Vendors collectively. As such, after arm’s length negotiation between the Purchaser and the Vendors, the parties have determined the amount of the Additional Fund to be HK\$20,000,000 accordingly.

LETTER FROM THE BOARD

The 1st Vendor and the 2nd Vendor jointly and separately warrant to the Purchaser that the Aggregate NAV shall be in an amount of not less than HK\$25,000,000 (“**Guaranteed NAV**”). In the event that the Aggregate NAV as at the Completion Date is less than the Guaranteed NAV, the 1st Vendor or the 2nd Vendor shall pay to the Purchaser within 14 Business Days after the date of issue of the Completion Accounts a sum in cash equivalent to the shortfall between the Aggregate NAV and the Guaranteed NAV (the “**Shortfall**”) on a dollar-for-dollar basis, provided that if the Shortfall exceeds the Guaranteed NAV, the Purchaser shall only be entitled to a compensation of an amount up to the Guaranteed NAV. For the avoidance of doubt, in the event that the 1st Vendor has paid the Shortfall to the Purchaser, the 2nd Vendor shall not be obliged to pay any compensation to the Purchaser due to the Shortfall and vice versa.

The Guaranteed NAV of no less than HK\$25,000,000 was determined based on the fact that (i) the aggregate consideration for the 1st Disposal and the 2nd Disposal is HK\$50,000,000 (subject to adjustment, if any); (ii) as the 1st Vendor and the 2nd Vendor will provide the Additional Fund of HK\$20,000,000 to the Purchaser, the net amount of consideration shall be HK\$30,000,000; and (iii) the 1st Vendor, the 2nd Vendor and the Purchaser agreed that the Aggregate NAV shall be in an amount of not less than HK\$25,000,000 in view of the net amount of consideration of HK\$30,000,000.

The Directors confirm that the Company’s obligation to pay the Shortfall (if any) is capped at HK\$25 million. The Board considers that the arrangement in relation to the Guaranteed NAV is in the interest of the Company and the Shareholders as a whole because (a) such arrangement enables the Group to secure the Purchaser to enter into the Disposal Agreements; (b) the Guaranteed NAV is lower than the net consideration (i.e. the aggregate consideration of HK\$50 million for the Disposals minus the Additional Fund); and (c) the Aggregate NAV as at 31 March 2013 (being approximately HK\$68.9 million) is substantially higher than the Guaranteed NAV.

INFORMATION OF THE BELVA GROUP

Belva is an investment holding company and the Belva Group is principally engaged in the wine and beverage trading business in the PRC.

Set out below are the unaudited turnover, net profit/(loss) before tax and net profit/(loss) after tax of the Belva Group for each of the two years ended 31 December 2012:

	For the year ended 31 December 2012 HK\$'000	For the year ended 31 December 2011 HK\$'000
Turnover	—	—
Net profit/(loss) before tax	117	(1,574)
Net profit/(loss) after tax	117	(1,574)

LETTER FROM THE BOARD

The unaudited consolidated net liabilities value of the Belva Group was approximately HK\$1,292,000 as at 31 March 2013. The unaudited amount of the Belva Sale Loan was approximately HK\$12,603,000 as at 31 March 2013.

INFORMATION OF THE RICH VANTAGE GROUP

Rich Vantage is an investment holding company and the Rich Vantage Group is principally engaged in the operation of food and beverage outlets in the PRC.

Set out below are the unaudited turnover, net profit/(loss) before tax and net profit/(loss) after tax of the Rich Vantage Group for each of the two years ended 31 December 2012:

	For the year ended 31 December 2012 <i>HK\$'000</i>	For the year ended 31 December 2011 <i>HK\$'000</i>
Turnover	20,466	—
Net profit/(loss) before tax	(7,954)	(3,322)
Net profit/(loss) after tax	(7,954)	(3,322)

The unaudited consolidated net liabilities value of the Rich Vantage Group was approximately HK\$13,673,000 as at 31 March 2013. The unaudited amount of the Rich Vantage Sale Loan was approximately HK\$30,490,000 as at 31 March 2013.

INFORMATION OF THE HOSANNA GROUP

Hosanna is an investment holding company and the Hosanna Group is principally engaged in the operation of karaoke outlets in the PRC.

Set out below are the unaudited turnover, net profit/(loss) before tax and net profit/(loss) after tax of the Hosanna Group for each of the two years ended 31 December 2012:

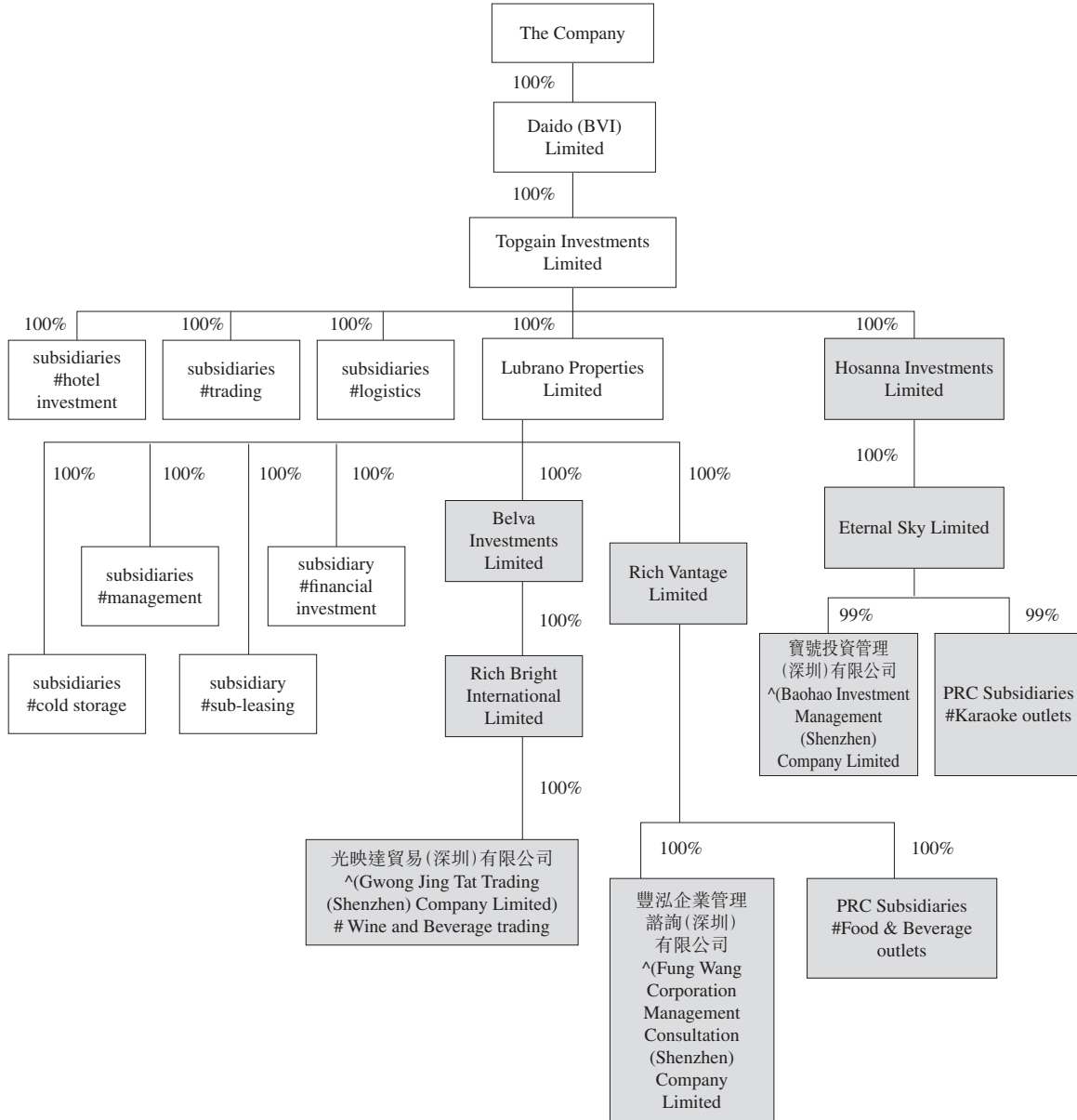
	For the year ended 31 December 2012 <i>HK\$'000</i>	For the year ended 31 December 2011 <i>HK\$'000</i>
Turnover	7,926	—
Net profit/(loss) before tax	(144,112)	(25,484)
Net profit/(loss) after tax	(144,112)	(25,484)

The unaudited consolidated net liabilities value of the Hosanna Group was approximately HK\$187,260,000 as at 31 March 2013. The unaudited amount of the Hosanna Sale Loan was approximately HK\$227,454,000 as at 31 March 2013.

LETTER FROM THE BOARD

GROUP STRUCTURE

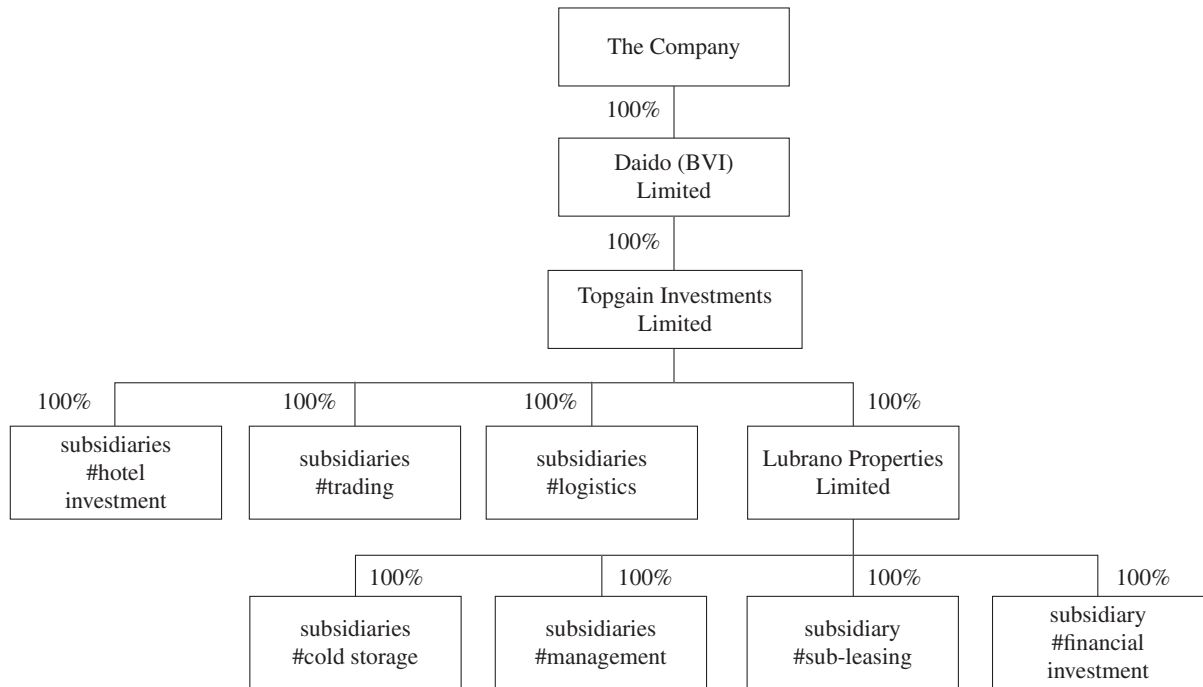
The diagram below shows the structure of the Group and the ultimate shareholdings immediately before completion of the Disposals:



- Keys: # denoting the principal activities of the subsidiaries
 ^ The English transliteration of the Chinese names which for information only, and should not be regarded as the official English names of such Chinese names
 ■ the Disposal Group

LETTER FROM THE BOARD

The diagram below shows the structure of the Group and the ultimate shareholdings immediately after completion of the Disposals:



Key: # denoting the principal activities of the subsidiaries

REASONS FOR THE DISPOSAL 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 the karaoke outlets and related services in the PRC.

The Disposal Group is principally engaged in the operation of karaoke outlets, food and beverage outlets in the PRC as well as wine and beverage trading business in the PRC. Upon Completion, the Disposal Group will cease to be subsidiaries of the Company. As a result, the financial information of the Disposal Group will not be consolidated in the financial statements of the Group upon Completion.

In view of (i) the unsatisfactory loss-making results of the Disposal Group for the two years ended 31 December 2012; (ii) the Disposals not only allows the Group to exit from subsidizing the loss-making Disposal Group but also allows the Company, following the Completion, to free up its capital commitment and resources of the Group which would otherwise be required in the operation of the loss-making Disposal Group; and (iii) there may have difficulties for the Company to find other potential buyers for the Disposal Group given its unsatisfactory financial performance, the Directors consider that the Disposals allows the Company to dispose of its non-profitable business and better allocate its resources to the Group's cold storage and related services.

LETTER FROM THE BOARD

The Board considers that winding up the business of the Disposal Group is not in the best interest of the Company and the Shareholders as a whole because (i) the estimated net proceeds from the Disposals amount to approximately HK\$29.4 million (net of expenses and Additional Fund); and (ii) winding up the business of the Disposal Group will be, as considered by the Board, a long process and will result in net proceeds, if any, which will be much lower than the net consideration of HK\$30 million to the Group.

The Directors consider that the terms of the 1st Disposal Agreement and the 2nd Disposal Agreement are fair and reasonable and the Disposals are in the interest of the Company and the Shareholders as a whole.

The net proceeds from the Disposals (net of expenses and the Additional Fund) are approximately HK\$29.4 million and will be used as general working capital of the Group.

EFFECTS OF THE DISPOSAL ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company and its financial results will cease to be consolidated into the consolidated accounts of the Group.

Earnings

Subject to confirmation of the auditors of the Company, it is expected that the Group will realize a loss of approximately HK\$38.9 million from the Disposals, which is calculated with reference to the difference between the net consideration of HK\$30 million (being the total consideration under the Disposals of HK\$50 million minus the Additional Fund of HK\$20 million which will be provided by the Purchaser or Vendor to the Disposal Group) and the sum of the aggregate unaudited adjusted net assets value of the Disposal Group as at 31 March 2013 of approximately HK\$68.9 million (being the Aggregate NAV of approximately negative HK\$202,225,000 after taking out the aggregate amount of the Sale Loan of approximately HK\$270,547,000 as at 31 March 2013 and after further taking out the non-controlling interest in respect of the Hosanna Group of approximately negative HK\$579,000). The amount of the actual loss arising from the Disposals will be determined upon Completion depending on any adjustment of the consideration, if necessary, and therefore may be different from the amount mentioned above.

Assets and liabilities

Based on the unaudited financial information of the Group and subject to confirmation of the auditors of the Company, the total assets and total liabilities of the Group are expected to decrease immediately upon completion of the Disposal. The expected decrease in total assets is mainly due to the deconsolidation of the property, plant and equipment held by the Disposal Group and the expected decrease in total liabilities is mainly due to the deconsolidation of the Sale Loan owed by the Disposed Company.

LETTER FROM THE BOARD

IMPLICATION UNDER THE LISTING RULES

Pursuant to Rule 14.22 of the Listing Rules, the 1st Disposal and the 2nd Disposal should be aggregated.

As the applicable ratio of the Disposals under Rule 14.07 of the Listing Rules exceeds 25% but is less than 75%, the Disposals, constitute major transactions on the part of the Company for the purpose of the Listing Rules and is subject to, among others, the approval of the Shareholders. A SGM will be convened to consider and, if thought fit, approve the Disposals and the transactions contemplated thereunder. As no Shareholder has a material interest in the Disposals, none of the Shareholders is required to abstain from voting at the SGM.

SGM

The SGM will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 26 July 2013 at 10:30 a.m. The notice of the SGM is set out on pages 26 to 28 of this circular. The purpose of the SGM is to consider and, if thought fit, to approve the Disposal Agreements and the transactions contemplated thereunder. The resolution will be voted by way of poll at the SGM. As no Shareholder has material interest in the Disposal, no Shareholder will be required to abstain from voting.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors consider that the terms of the Disposal Agreements are fair and reasonable and the Disposals are in the interests of the Company and the Shareholders as a whole, and accordingly recommend Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Disposal Agreements and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL SUMMARY OF THE GROUP

The financial information of the Group for (i) the year ended 31 December 2012 is disclosed in the annual report of the Company for the year ended 31 December 2012 from pages 32 to 84; and (ii) the year ended 31 December 2011 is disclosed in the annual report of the Company for the year ended 31 December 2011 from pages 29 to 78, all of which have been published on the HKExnews website at www.hkexnews.hk.

2. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The Group is principally engaged in the operation of cold storage and related services, investment holdings, as well as the operation of the karaoke outlets and related services in the PRC. After the Disposals, the Group will focus on its operation of cold storage and related services and other investment activities.

The business performance of the Group's cold storage and related services is expected to remain stable in the coming year as demand for cold storage services remains steady and is likely to grow further when consumer confidence rebounds amid a persistently low unemployment rate. The unemployment in Hong Kong remained at a record low of 3.4% in the three-month period ending January 2013, versus an estimated 3.3% for 2012, according to statistics of the Census and Statistics Department. The outlook for industrial ice bars also remains positive as construction works on several large-scale public infrastructure projects are in progress, and are likely to last several years. In his 2013–14 budget speech delivered in February 2013, Hong Kong's Financial Secretary John Tsang Chun Wah said the Hong Kong government had earmarked HK\$70 billion for capital works expenditure for the next fiscal year ending March 2014. Construction of residential and commercial projects are also expected to accelerate in Hong Kong after the Hong Kong government sped up land sales in the past few years in response to soaring property prices in the city amid strong demand from home buyers and investors. Challenges ahead, the Group is faced with the problem of insufficient cold storage capacity, due to the increase of clients' trade volume. The Group will strive to maximize the use of its cold storage to provide more storage capacity by improving the warehouse management system and be more selective in choosing customers. The Company will focus on customers with high stock turnover rates. Besides, the Company will continue to add value to the Group's services to its cold storage business customers in terms of technological innovation, and will shift its operational direction in response to new developments and changes in the market, for example, converting more chillers to bonded warehouse when appropriate.

Regarding to the mentioned challenges as above, the Company will continue its efforts to solve various problems encountered of the businesses as above to meet the challenges at the future. Furthermore, the Directors will strive to enhance the operational efficiency of the Group's operations to minimize the increase in operating costs in order to improve its profit margins. In its pursuit of sustainable business growth, the Company will continue to providently explore potential investment opportunities while prudently operates the Group's existing businesses.

3. STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 31 May 2013, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding (i) amount due to non-controlling interest of a subsidiary with carrying amount of approximately HK\$24.6 million and principal amount of approximately HK\$28 million and (ii) promissory notes with carrying amount of approximately HK\$22.7 million and principal amount of approximately HK\$25 million. In addition, the Group had outstanding at that date secured obligations under hire purchase contracts and finance leases of approximately HK\$0.6 million.

Contingent liabilities

At the close of business on 31 May 2013, the Group had no significant contingent liabilities.

Commitments

At the close of business on 31 May 2013, the Group has authorised capital expenditure contracted for but not provided in these financial statements amounting to approximately HK\$7 million.

Disclaimers

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 May 2013 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

4. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the financial resources available to the Remaining Group, its internal generated funds, cash flow from operation and cash proceeds from the Disposal, the Remaining Group, after completion of the Disposal, has sufficient working capital to satisfy its requirements for at least 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, none of the Directors or chief executives of the Company nor their respective associates had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders' and other person's interests and short positions in shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors and the chief executives of the Company, no person (other than a Director or a chief executive of the Company) has an interest or short position in the Shares or underlying Shares of the Company which will fall to be disclosed to the Company under the provisions of Part XV of the SFO and no person (other than the Directors or chief executives of the Company), has an interest or short position in the Shares or underlying Shares, who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or has any options in respect of such capital.

Long positions

Name of shareholder	Capacity	Number of Shares or underlying Shares held	Approximate percentage of issued share capital of the Company
Ever Achieve Enterprises Limited <i>(Note 1)</i>	Beneficial owner	202,323,133	8.32%
Yuen Kin Wing <i>(Note 1)</i>	Interest of controlled corporation	202,323,133	8.32%
Bingo Chance Limited <i>(Note 2)</i>	Beneficial owner	140,000,000	5.76%
Elite Plan Investments Limited <i>(Note 2)</i>	Interest of controlled corporation	140,000,000	5.76%
Wulglar Wai Wan <i>(Note 2)</i>	Interest of controlled corporation	140,000,000	5.76%

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.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. INTEREST OF DIRECTORS IN ASSETS OR CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular, the following agreements, being contracts not entered into in the ordinary course of business, have been entered into by members of the Company and are or may be material:

- (a) the placing agreement dated 12 July 2011 entered into between the Company and China Rise Securities Co. Limited for the placing of up to 239,900,000 placing shares at the placing price of HK\$0.199 per placing share;
- (b) the placing agreement dated 19 April 2012 entered into between the Company and China Rise Securities Co. Limited for the placing of up to 287,884,000 placing shares at the placing price of HK\$0.108 per placing share;
- (c) the placing agreement dated 21 September 2012 and the supplemental agreement dated 24 September 2012 both entered into between the Company and China Rise Securities Co. Limited for the placing of up to 345,000,000 placing shares at the placing price of HK\$0.135 per placing share;
- (d) the placing agreement dated 17 January 2013 entered into between the Company and China Rise Securities Co. Limited for the placing of up to 360,000,000 placing shares at the placing price of HK\$0.128 per placing share;
- (e) the 1st Disposal Agreement; and
- (f) the 2nd Disposal Agreement.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited financial statements of the Company were made up.

9. MISCELLANEOUS

- (a) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited, the address of which is 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (b) The company secretary of the Company is Mr. Choy Kai Sing, who is a fellow member of Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants and a member of Institute of Chartered Accountants in England and Wales.
- (c) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is situated at Unit No. 1906, 19th Floor, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:30 p.m. (except Saturdays and public holidays) at the head office and principal place of business of the Company in Hong Kong at Unit No. 1906, 19th Floor, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong, from the date of this circular up to the date of the SGM:

- (a) the memorandum and association of the Company;
- (b) the bye-laws of the Company;
- (c) the annual reports of the Company for each of the financial years ended 31 December 2011 and 2012;
- (d) the material contracts referred to under the paragraph headed “Material contracts” in this appendix; and
- (e) this circular.

DAIDO

DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Daido Group Limited (the “**Company**”) will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 26 July 2013 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) subject to the fulfillment of the conditions therein, the conditional sale and purchase agreement dated 21 June 2013 (the “1st Disposal Agreement”) and entered into between Lubrano Properties Limited and Golden Channel Limited (the “Purchaser”) in relation to the disposal of (i) 1 ordinary share of US\$1.00 in the capital of Belva Investments Limited (“Belva”, together with its subsidiaries, the “Belva Group”), which represents the entire issued share capital of Belva; (ii) all the liabilities, obligations and indebtedness due by the Belva Group to the Company and/or its subsidiaries (collectively, the “Group”) (other than the Disposal Group (as defined below)) or at any time prior to the completion of the 1st Disposal Agreement; (iii) 1 ordinary share of HK\$1.00 in the capital of Rich Vantage Limited (“Rich Vantage”, together with its subsidiaries, “Rich Vantage Group”), which represents the entire issued share capital of Rich Vantage; and (iv) all the liabilities, obligations and indebtedness due by the Rich Vantage Group to the Group (other than the Disposal Group (as defined below)) or at any time prior to the completion of the 1st Disposal Agreement for a total consideration of HK\$20,412,000 (subject to adjustment, if any) (a copy of which has been produced to the Meeting marked “A” and initialed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfillment of the conditions therein, the conditional sale and purchase agreement dated 21 June 2013 (the “2nd Disposal Agreement”, together with the 1st Disposal Agreement, the “Disposal Agreements”) and entered into between Topgain Investments Limited and the Purchaser in relation to the disposal of (i) 1 ordinary share of US\$1.00 in the capital of Hosanna Investments Limited (“Hosanna”,

* *For identification purpose only*

NOTICE OF SGM

together with its subsidiaries, the “Hosanna Group”, which together with the Belva Group and the Rich Vantage Group, collectively known as the “Disposal Group”), which represents the entire issued share capital of Hosanna; and (ii) all the liabilities, obligations and indebtedness due by the Hosanna Group to the Group (other than the Disposal Group) or at any time prior to the completion of the 2nd Disposal Agreement for a total consideration of HK\$29,588,000 (subject to adjustment, if any) (a copy of which has been produced to the Meeting marked “B” and initialed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

- (c) any one or more directors (the “Directors”) of the Company be and is/are hereby authorised on behalf of the Company to do all such acts and things and execute all such documents which are ancillary to the Disposal Agreements and which he/they consider necessary, desirable or expedient for the purpose of or in connection with the implementation and/or give effect to any matters relating to each of the Disposal Agreements (including but not limited to entering into any supplemental or variation agreement thereto) and the transactions contemplated respectively thereunder.”

By Order of the Board
Daido Group Limited
Choy Kai Sing
Company Secretary

Hong Kong, 11 July 2013

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Unit No. 1906, 19th Floor
West Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Bye-Laws, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed herewith. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is duly signed, or a notarially certified copy of such power of attorney or authority must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

NOTICE OF SGM

4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. Pursuant to the Listing Rules, the voting on all resolutions at the SGM will be conducted by way of poll.
6. As at the date hereof, 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 and, 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.