

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**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 the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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)**

**(1) PROPOSED RE-ELECTION OF DIRECTORS;  
(2) PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND TO REPURCHASE SHARES; AND  
(3) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual 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, 30 May 2014 at 10:30 a.m. is set out on pages 13 to 17 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same at the offices of the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

\* For identification purpose only

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## DEFINITIONS

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

“AGM”	an annual general meeting of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 30 May 2014 at 10:30 a.m., a notice of which is set out on pages 13 to 17 of this circular or, where the context so admits, any adjournment thereof
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company, and “Bye-Law” shall mean a bye-law of the Bye-Laws
“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”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted, issued and dealt with under the Issue Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate proposed to be granted to the Directors at the AGM to allot and issue further new Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of such resolution
“Latest Practicable Date”	10 April 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

## DEFINITIONS

“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company at the date of the passing of such resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company as at the Latest Practicable Date
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	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  
Mr. Choy Kai Sing  
Mr. Ho Hon Chung, Ivan  
Mr. Tang Tsz Man, Philip

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Director:*

Mr. Fung Wa Ko

*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

*Independent Non-executive Directors:*

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

17 April 2014

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED RE-ELECTION OF DIRECTORS;  
(2) PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND TO REPURCHASE SHARES; AND  
(3) NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 30 May 2014 at 10:30 a.m., resolutions will be proposed, among other matters: (i) the re-election of Directors; and (ii) the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

\* For identification purpose only

## LETTER FROM THE BOARD

### RE-ELECTION OF DIRECTORS

At the AGM, ordinary resolutions will be proposed to re-elect Mr. Ho Hon Chung, Ivan (“Mr. Ho”) as executive director; Mr. Leung Chi Hung (“Mr. Leung”) and Mr. Tse Yuen Ming (“Mr. Tse”) as Independent Non-executive Directors.

Pursuant to Bye-Law 87, at each annual general meeting one-third of the Directors for the time being (save and except those Directors in respect of whom the provision of Bye-Law 86(2) applies) or, if their number is not a multiple of three (3), then the number nearest to, but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall retire from office by rotation at least once in every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Ho, Mr. Leung and Mr. Tse will retire by rotation and, being eligible, offer themselves for re-election at the AGM.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders’ approval at that relevant general meeting. Details of the above Directors that are required to be disclosed under the Listing Rules are set out in Appendix I to this circular.

### ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

At the annual general meeting of the Company held on 30 May 2013, ordinary resolutions were passed granting general mandates to the Directors, inter alia, (i) to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at 30 May 2013 and Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at 30 May 2013 repurchased by the Company pursuant to the Repurchase Mandate; and (ii) to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at 30 May 2013. No Shares have been issued nor repurchased pursuant to such mandates.

In accordance with the provisions of the Listing Rules and the terms of the general mandates granted to the Directors at the annual general meeting of the Company held on 30 May 2013, the mandate to issue Shares and the mandate to repurchase Shares granted at the annual general meeting held on 30 May 2013 shall expire at the conclusion of the forthcoming AGM to be held on 30 May 2014.

The Directors propose to seek the approval of the Shareholders of the resolutions to be proposed and set out in resolutions numbers 4 and 5 respectively in the notice of the AGM to grant to the Directors new general mandates (i) to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM; and (ii) to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM.

## **LETTER FROM THE BOARD**

In addition, subject to the resolutions numbers 4 and 5 are granted, a resolution number 6 as set out in the notice of the AGM will also be proposed a separate ordinary resolution at the AGM to grant to the Directors the extension of the Issue Mandate, which provides that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate.

At Latest Practicable Date, the Company had in issue 2,432,304,000 Shares. Subject to the passing of the proposed resolution granting the Issue Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to issue a maximum of 486,460,800 Shares pursuant to the Issue Mandate.

An explanatory statement required by the Listing Rules in connection with the Repurchase Mandate containing all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the AGM is set out in the Appendix II to this circular.

### **ACTION TO BE TAKEN**

The resolutions referred to above are set out in full in the notice of the AGM as contained in this circular on pages 13 to 17. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same at the offices of Company's branch share registrars in Hong Kong, Union Registrars Limited, at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

### **VOTING AT THE AGM**

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The Chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM pursuant to Bye-Law 66.

After the closure of the AGM, the poll results will be published on HKExnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.irasia.com/listco/hk/daido/index.htm](http://www.irasia.com/listco/hk/daido/index.htm).

### **RECOMMENDATION**

The Directors consider that the proposals for the re-election of Directors and the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

## LETTER FROM THE BOARD

### RESPONSIBILITY STATEMENT

This circular, for which the Director 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 enquiries, 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.

### GENERAL

Your attention is also drawn to the additional information set out in Appendices I and II to this circular.

Yours faithfully  
For and on behalf of the Board  
**Daido Group Limited**  
**Au Tat Wai**  
*Executive Director*



The details of the Directors proposed to be re-elected at the AGM are set out as follows:

### **HO HON CHUNG, IVAN**

Mr. Ho Hon Chung, Ivan (“Mr. Ho”), aged 59, was appointed as an executive Director of the Company in November 2009 and has also served as a director of certain subsidiaries of the Company. Mr. Ho has been in the travel industry and consultancy services for over 20 years, principally in the senior managerial position. Save as disclosed above, Mr. Ho did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Ho has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

Mr. Ho is a younger brother of Ms. Wulglar Wai Wan, whom is the sole ultimate beneficial owner of Elite Plan Investments Limited (“Elite”) and Bingo Chance Limited, a wholly-owned subsidiary of Elite, which in turn interested in 140,000,000 shares of the Company as at the Latest Practicable Date. Save as disclosed above, Mr. Ho did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

The Company has formal letter of appointment for Mr. Ho under which he has agreed to act as an executive Director until the conclusion of the AGM. The Company intends to extend his term of appointment until the conclusion of the 2017 annual general meeting (subject to retirement by rotation and re-election pursuant to the Bye-Laws). Mr. Ho received total emoluments of approximately HK\$1 million per annum from the Group. The emoluments of Mr. Ho are determined by reference to his experience, duties, responsibilities and time commitment with the Company, the Company’s remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

Save for the information set out above, there is no other information to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in relation to the re-election of Mr. Ho as an executive Director.

### **LEUNG CHI HUNG**

Mr. Leung Chi Hung (“Mr. Leung”), aged 58, joined the Group as an independent non-executive Director of the Company in September 2003. He is also the chairman of audit committee and the member of nomination committee and remuneration committee of the Company respectively. Mr. Leung has commenced his accountancy professional training since 1976 and is now members of international accountancy bodies. He is a certified public accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited. Mr. Leung is also an independent non-executive director of eForce Holdings Limited and Finet Group Limited, both companies listed on The Stock Exchange of Hong Kong Limited. Save as disclosed above, Mr. Leung did not hold any positions with the Company and other members of the Group. Apart from the above, Mr. Leung has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Leung did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO. Mr. Leung has met the independence guideline as set out in Rule 3.13 of the Listing Rules.

The Company has formal letter of appointment for Mr. Leung under which he has agreed to act as an independent non-executive Director until the conclusion of the AGM. The Company intends to extend his term of appointment until the conclusion of the 2017 annual general meeting (subject to retirement by rotation and re-election pursuant to the Bye-Laws). Mr. Leung received a fixed remuneration of HK\$90,000 per annum from the Company as director's fee. The remuneration of Mr. Leung is determined by reference to his experience, duties, responsibilities and time commitment with the Company, the Company's remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

The Board is satisfied that Mr. Leung is a person of integrity and independent in character and judgement. He is independent of management and free from any business or other relationships or circumstances which could materially interfere with the exercise of his independent judgement. Therefore, the Board recommends to the Shareholders to re-elect Mr. Leung as an independent non-executive Director at the AGM.

Save for the information set out above, there is no other information to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in relation to the re-election of Mr. Leung as an independent non-executive Director.

#### **TSE YUEN MING**

Mr. Tse Yuen Ming ("Mr. Tse"), aged 46, joined the Group as an independent non-executive Director of the Company in August 2003. He is also the chairman of nomination committee and the member of audit committee and remuneration committee of the Company respectively. Mr. Tse is a partner of Messrs. Tung, Ng, Tse & Heung. He holds a bachelor of laws degree with honour from the University of Hong Kong and admitted to The Supreme Court of Hong Kong as a solicitor in 1993. Mr. Tse is also the Chairman of Professional Service Committee of The Hong Kong Chamber of Small and Medium Business and the Legal Adviser of Life Underwriters & Sales Executives Board (HK) Ltd.. Save as disclosed above, Mr. Tse did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Tse has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Tse did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO. Mr. Tse has met the independence guideline as set out in Rule 3.13 of the Listing Rules.

The Company has formal letter of appointment for Mr. Tse under which he has agreed to act as an independent non-executive Director until the conclusion of the AGM. The Company intends to extend his term of appointment until the conclusion of the 2017 annual general meeting (subject to retirement by rotation and re-election pursuant to the Bye-Laws). Mr. Tse received a fixed remuneration of HK\$90,000 per annum from the Company as director's fee. The remuneration of Mr. Tse is determined by reference to his experience, duties, responsibilities and time commitment with the Company, the Company's remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

The Board is satisfied that Mr. Tse is a person of integrity and independent in character and judgement. He is independent of management and free from any business or other relationships or circumstances which could materially interfere with the exercise of his independent judgement. Therefore, the Board recommends to the Shareholders to re-elect Mr. Tse as an independent non-executive Director at the AGM.

Save for the information set out above, there is no other information to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in relation to the re-election of Mr. Tse as an independent non-executive Director.

This appendix provides an explanatory statement containing all the information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision as to whether to vote for or against the ordinary resolution to be proposed at the AGM to approve the Repurchase Mandate.

### **LISTING RULES RELATING TO REPURCHASE OF SHARES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

### **SHARE CAPITAL**

As at the Latest Practicable Date, the Company had in issue 2,432,304,000 Shares. Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 243,230,400 Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date.

### **REASONS FOR THE REPURCHASE OF SHARES**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

### **FUNDING OF REPURCHASE OF SHARES**

Repurchase made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Bye-Laws, the Companies Act 1981 (as amended) and other applicable laws of Bermuda.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might not have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2013, being the date of its latest published audited financial statements.

However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

## SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve months immediately preceding (and including) the Latest Practicable Date are as follows:

	Price per Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2013</b>		
April	0.139	0.110
May	0.152	0.125
June	0.128	0.108
July	0.140	0.115
August	0.136	0.096
September	0.101	0.093
October	0.112	0.092
November	0.102	0.090
December	0.097	0.085
<b>2014</b>		
January	0.099	0.085
February	0.105	0.076
March	0.095	0.084
April (up to the Latest Practicable Date)	0.095	0.089

## THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

At the Latest Practicable Date, there is no Shareholder interested in more than 10% of the Shares then in issue.

On the basis of the current shareholdings structure of the Company, an exercise of the New Repurchase Mandate in full will not result in any Shareholders becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Directors have no present intention to exercise the New Repurchase Mandate to such an extent that would result in a requirement of any Shareholder, or any other persons to make a general offer under the Takeovers Code or the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

**SHARE REPURCHASED BY THE COMPANY**

No Shares have been repurchased by the Company, whether on the Stock Exchange or otherwise, in the last six months preceding the Latest Practicable Date.

**GENERAL INFORMATION**

To the best of the information, knowledge and belief of the Directors, having made all reasonable enquiries, none of the Directors nor any of their respective associates has any Shares in the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the New Repurchase Mandate in accordance with the Listing Rules, the Bye-Laws and the applicable laws of Bermuda.

No connected person has notified the Company that he has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted by the Shareholders to the Board.

## NOTICE OF AGM

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The logo for DAIDO, featuring the word "DAIDO" in white, bold, uppercase letters centered within a solid black square.

### DAIDO GROUP LIMITED

大同集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00544)**

### NOTICE OF 2014 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2014 Annual 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, 30 May 2014 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

1. To receive and approve the audited consolidated financial statements together with the report of the directors (the “**Directors**”) and the independent auditor’s report for the year ended 31 December 2013.
2. To re-elect the following retiring Directors and to authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration:
  - (i) Mr. Ho Hon Chung, Ivan as an executive Director;
  - (ii) Mr. Leung Chi Hung as an independent non-executive Director; and
  - (iii) Mr. Tse Yuen Ming as an independent non-executive Director.
3. To re-appoint the Company’s auditors and to authorise the Board to fix their remuneration.

\* *For identification purpose only*

## NOTICE OF AGM

To consider, as special business and, if thought fit, pass the following resolutions with or without amendments as ordinary resolutions:

4. **“THAT:**

- (a) subject to paragraph 4(c) below, pursuant to the Rules (the **“Listing Rules”**) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**), the exercise by the Directors during the Relevant Period (as defined in paragraph 4(d) below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the **“Shares”**) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph 4(a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph 4(a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph 4(d) below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws (the **“Bye-Laws”**) of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
  - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
  - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company of resolution no. 6) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of resolution no. 5),

and the authority pursuant to paragraph 4(a) of this resolution shall be limited accordingly; and



## NOTICE OF AGM

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws, the Companies Act 1981 of Bermuda (as amended) (the “**Companies Act**”) or any other applicable laws of Bermuda to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. “**THAT:**

- (a) subject to paragraph 5(b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph 5(c) below) of all powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Act and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph 5(a) during the Relevant Period (as defined in paragraph 5(c) below) shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph 5(a) of this resolution shall be limited accordingly; and

## NOTICE OF AGM

(c) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws, the Companies Act or any other applicable laws of Bermuda to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

6. “**THAT** subject to the ordinary resolutions nos. 4 and 5 above being duly passed, the unconditional general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options which might require to exercise of such powers pursuant to resolution no. 4 above be and is hereby extended by the addition thereon of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 5, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued Shares on the date of the passing of resolution no. 5.”

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

Hong Kong, 17 April 2014

*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 of the Company entitled to attend and vote at the Meeting convened by the above notice 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 meeting 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.

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2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the offices of the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above Meeting or any adjournment thereof, should he/she so wishes.
3. In the case of joint holders of shares, any one of such holders may vote at the Meeting, 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 Meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
4. Pursuant to the Listing Rules, the voting on all resolutions at the Meeting will be conducted by way of poll.
5. As at the date hereof, the Board comprises executive Directors, namely, Mr. Au Tat Wai, Mr. Choy Kai Sing, 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.