

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 stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Daido Group Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

PROPOSED CAPITAL REORGANISATION AND NOTICE OF SGM

A notice convening a special general meeting of the Company to be held at Conference Room, 1st Floor, No. 8 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong on Tuesday, 22 March 2022 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the special general meeting is enclosed.

Whether or not you intend to attend and vote at the special general meeting, you are requested to complete and return the enclosed form of proxy to the branch share registrar of the Company in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general 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 special general meeting or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the special general meeting of the Company (“SGM”):

- (1) Compulsory temperature screening/checks
- (2) Submission of Health Declaration Form
- (3) Wearing of surgical face mask (no mask will be provided)
- (4) No provision of refreshments or drinks

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the SGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the SGM in person.

CONTENTS

	<i>Page</i>
PRECAUTIONARY MEASURES AT THE SGM	1
DEFINITIONS	3
EXPECTED TIMETABLE	5
LETTER FROM THE BOARD	7
NOTICE OF SGM	SGM-1

PRECAUTIONARY MEASURES AT THE SGM

With the outbreak and spreading of the COVID-19 pandemic and the heightened requirements for the prevention and control of its spreading, to safeguard the health and safety of Shareholders who might be attending the special general meeting (“SGM”) in person, the Company will implement the following precautionary measures at the SGM.

Voting by proxy in advance of the SGM: The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy instead of attending the SGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders’ rights. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof should they subsequently so wish.

The deadline to submit completed forms of proxy is not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completed forms of proxy must be returned to the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.

Shareholders are strongly encouraged to cast their votes by submitting a form of proxy and appointing the Chairman of the SGM as their proxy.

To safeguard the health and safety of Shareholders who might be attending the SGM in person, the Company will also implement the following precautionary measures at the SGM:

- (1) Compulsory temperature screening/checks will be carried out on every attendee at the entrance of the SGM venue. Any person with a body temperature exceeds 37.5°C, or is exhibiting flu-like symptoms may be denied entry into the SGM venue and be requested to leave the SGM venue.
- (2) Every attendee will be required to complete and submit a Health Declaration Form prior to entry into the SGM venue.
- (3) Every attendee will be required to wear a surgical face mask throughout the SGM and sit at a safe distance from other attendees. Please note that no masks will be provided at the SGM venue and attendees should bring and wear their own masks.
- (4) No refreshments or drinks will be provided to attendees at the SGM.

Attendees are requested to observe and practise good personal hygiene at all times at the SGM venue. To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue so as to ensure the health and safety of the attendees at the SGM.

PRECAUTIONARY MEASURES AT THE SGM

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements at short notice. Shareholders should check the Company's website at www.irasia.com/listco/hk/daido/index.htm and the HKExnews website of the Stock Exchange at www.hkexnews.hk for further announcements and updates on the SGM arrangements.

If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If Shareholders have any questions relating to the SGM, please contact the Hong Kong Branch Share Registrar as follows:

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong.
Telephone: +852 2849 3399
Facsimile: +852 2849 3319

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the meaning defined below:

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“Bye-laws”	the bye-laws for the time being adopted by the Company and as amended from time to time;
“Capital Reduction”	the issued share capital of the Company will be reduced by (a) rounding down the total number of Consolidated Shares to the nearest whole number (if necessary); and (b) cancelling the paid up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01;
“Capital Reorganisation”	the Share Consolidation and the Capital Reduction;
“CCASS”	Central Clearing and Settlement System established and operated by the HKSCC;
“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 (stock code: 544);
“Consolidated Share(s)”	consolidated ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation becoming effective;
“Director(s)”	director(s) of the Company;
“Existing Share(s)”	issued and unissued existing ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	22 February 2022, 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;
“Main Board”	the Main Board of the Stock Exchange;
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective;
“Options”	the outstanding share options granted by the Company under the share option scheme adopted by the Company;
“SGM”	the special general meeting of the Company to be convened and held to consider and, if appropriate, to approve the Capital Reorganisation;
“Share(s)”	collectively, the Existing Shares, the Consolidated Share or the New Shares, as the case may be;
“Share Consolidation”	the proposed consolidation of every ten (10) issued Existing Shares into one (1) Consolidated Share;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

2022

Despatch date of circular with notice of the SGM Friday, 25 February

Latest time for lodging transfers of the Shares
in order to qualify for attendance and
voting at the SGM 4:00 p.m. on Wednesday, 16 March

Register of members closes Thursday, 17 March to
Tuesday, 22 March
(both days inclusive)

Latest time for lodging forms of proxy for
the SGM 11:00 a.m. on Sunday, 20 March

Record date for attendance and voting at
the SGM Tuesday, 22 March

Date and time of the SGM 11:00 a.m. on Tuesday, 22 March

Publication of the announcement of the
results of the SGM Tuesday, 22 March

The following events are conditional on the fulfillment of the conditions for the implementation of the Capital Reorganisation as set out in this circular.

Effective date of the Capital
Reorganisation Thursday, 24 March

First day of free exchange of existing share
certificates for new share certificates for
New Shares Thursday, 24 March

Dealing in the New Shares commences 9:00 a.m. on Thursday, 24 March

Original counter for trading in the
Existing Shares in board lots of 20,000
Existing Shares (in the form of existing
share certificates) temporarily closes 9:00 a.m. on Thursday, 24 March

EXPECTED TIMETABLE

2022

Temporary counter for trading in the New Shares in board lots of 2,000 New Shares (in the form of existing share certificates) opens 9:00 a.m. on Thursday, 24 March

Original counter for trading in the New Shares in board lots of 20,000 New Shares (in the form of new share certificates for the New Shares) re-opens 9:00 a.m. on Friday, 8 April

Parallel trading in the New Shares (in the form of new share certificates for the New Shares and existing share certificates) commences 9:00 a.m. on Friday, 8 April

Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares 9:00 a.m. on Friday, 8 April

Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares 4:00 p.m. on Tuesday, 3 May

Temporary counter for trading in the New Shares in board lots of 2,000 New Shares (in the form of existing share certificates) closes 4:10 p.m. on Tuesday, 3 May

Parallel trading in the New Shares (in the form of new share certificates for the New Shares and existing share certificates) ends 4:10 p.m. on Tuesday, 3 May

Last day for free exchange of existing share certificates for new share certificates for the New Shares Thursday, 5 May



DAIDO GROUP LIMITED

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(Stock Code: 00544)

Executive Directors:

Mr. Ho Hon Chung, Ivan

Mr. Fung Pak Kei

Non-executive Directors:

Mr. Au Tat Wai

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. 1301, Level 13

Tower 1, Kowloon Commerce Centre

No. 51 Kwai Cheong Road

Kwai Chung

New Territories

Hong Kong

25 February 2022

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION
AND
NOTICE OF SGM**

INTRODUCTION

Reference is made to the announcements of the Company dated 31 January 2022 and 10 February 2022 in relation to the proposed Capital Reorganisation. The purpose of this circular is to provide you with details of the proposed Capital Reorganisation and to give you the notice of SGM to be convened.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation involving:

- (i) the Share Consolidation whereby every ten (10) issued Existing Shares will be consolidated into one (1) Consolidated Share;
- (ii) the Capital Reduction whereby the issued share capital of the Company will be reduced by (a) rounding down the total number of Consolidated Shares to the nearest whole number (if necessary); and (b) cancelling the paid up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01; and
- (iii) the transfer of all the credits arising from the Capital Reduction to the contributed surplus account of the Company.

As at the Latest Practicable Date, the total authorised share capital of the Company is HK\$600,000,000, which is divided into 60,000,000,000 Shares, of which 2,901,104,000 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

On the assumption that there is no change in the issued share capital prior to the Capital Reorganisation becoming effective, the Company will have 290,110,400 New Shares in issue and a credit of approximately HK\$26,109,936 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company.

Status of the New Shares

The issued New Shares will rank *pari passu* in all respects with each other in the same class in accordance with the Bye-laws. The Capital Reorganisation will not result in any change in the relative rights or proportionate interests of the holders of shares of the same class.

Other than the expenses incurred in relation to the Capital Reorganisation, its implementation will not in itself, alter the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders.

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company.

LETTER FROM THE BOARD

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation;
- (b) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation; and
- (c) compliance with the relevant procedures and requirements under Bermuda law and the Listing Rules to effect the Capital Reorganisation.

Subject to the satisfaction of the above conditions, it is expected that the Capital Reorganisation will become effective on the second Business Day immediately after the date of the SGM. As at the Latest Practicable Date, none of the conditions have been fulfilled and the conditions of the Capital Reorganisation are not waivable. The Company has no intention to waive any of the conditions.

Listing Application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

LETTER FROM THE BOARD

Adjustment to the Options

The Company had a share option scheme which was adopted on 9 January 2006 (the “2006 Scheme”). At the annual general meeting of the Company held on 29 May 2015, the shareholders of the Company approved the termination of the 2006 Scheme and the adoption of a new share option scheme (the “2015 Scheme”). The 2015 Scheme is subsequently adopted on 2 June 2015 (the “Adoption Date”). There is no material difference between the terms of the 2006 Scheme and the 2015 Scheme. The 2006 Scheme had been terminated in 2015 and no further Options may be granted under the 2006 Scheme.

As at the Latest Practicable Date, there are outstanding 116,044,160 Options, entitling the holder(s) thereof to convert into an aggregate of 116,044,160 Existing Shares upon exercise of the Options. All the 116,044,160 Options are granted under the 2015 Scheme and there are no other Options granted under the 2015 Scheme. There are no outstanding Options under the 2006 Scheme. Save for the 116,044,160 Options, the Company has no outstanding options, warrants or other securities convertible into Existing Shares and/or Consolidated Shares and/or New Shares.

Pursuant to the terms of the share option scheme of the Company, the adjustments in relation to the outstanding Options to be made upon the Capital Reorganisation becoming effective would be as follows:

Name or categories	Date of grant	Exercisable period	Before adjustment		After adjustment	
			Number of Existing Shares to be issued upon full exercise of the outstanding share options	Exercise price per Existing Share (HK\$)	Number of New Shares to be issued upon full exercise of the outstanding share options	Adjusted exercise price per New Share (HK\$)
Fung Pak Kei – Executive Director	30 April 2021	1 January 2022 to 29 April 2031	29,011,040	0.039	2,901,104	0.39
Ho Hon Chung, Ivan – Executive Director	30 April 2021	1 January 2022 to 29 April 2031	29,011,040	0.039	2,901,104	0.39
Employees of the Company	30 April 2021	1 January 2022 to 29 April 2031	58,022,080	0.039	5,802,208	0.39
		Total	116,044,160	Total	11,604,416	

LETTER FROM THE BOARD

Under the existing scheme mandate limit of the 2015 Scheme (as refreshed at the annual general meeting of the Company held on 27 May 2021), the Company will be able to grant a further of 290,110,400 Options under the 2015 Scheme, entitling the holder(s) thereof to subscribe for up to 290,110,400 Existing Shares. Upon the Capital Reorganisation having become effective, the Company will be able to grant a further of 29,011,040 Options, entitling the holder(s) thereof to subscribe for up to 29,011,040 New Shares. No further Options may be granted under the 2006 Scheme.

BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares are traded on the Stock Exchange in board lot size of 20,000 Existing Shares. As set out in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, the expected value of each board lot shall be no less than HK\$2,000. Accordingly, it is proposed that, subject to and conditional upon the Capital Reorganisation becoming effective, the board lot size for trading on the Stock Exchange be change from 20,000 Existing Shares to 20,000 New Shares.

Based on the closing price of HK\$0.023 per Existing Shares as quoted on the Stock Exchange as at the Latest Practicable Date, (i) the value of each board lot of 20,000 Existing Shares would be HK\$460; and (ii) the value of each board lot of 20,000 New Shares, assuming Capital Reorganisation had already been effective would be HK\$4,600.

REASONS FOR THE CAPITAL REORGANISATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

The closing prices of the Existing Shares were below HK\$0.1 in a number of trading days. Accordingly, the Company proposes to effect the Capital Reorganisation which would provide greater flexibility to the Company to carry out fund raising exercises in the future. The Company is considering to carry out equity fund raising exercise by way of placing and/or subscription of new shares under general mandate in the coming 12 months. However, as at the Latest Practicable Date, the Company has not yet entered into any particular agreement, arrangement or understanding in respect of such potential fundraising exercise and no terms have been agreed or fixed. Further announcement(s) will be made by the Company in compliance with the Listing Rules upon such potential fundraising exercise materializes. It is contemplated that such potential fundraising exercise will be made under general mandate of the Company but as at the Latest Practicable Date, no agreement has been entered into and no terms have been agreed or

LETTER FROM THE BOARD

fixed. The Company will comply with the relevant requirements when such potential fundraising exercise materializes.

Based on the closing price of HK\$0.023 per Existing Shares as quoted on the Stock Exchange as at the Latest Practicable Date, (i) the value of each board lot of 20,000 Existing Shares would be HK\$460; (ii) the value of each board lot of 20,000 New Shares, assuming Capital Reorganisation had already been effective would be HK\$4,600; and (iii) the theoretical price per New Share would be HK\$0.23. As such, the proposed Share Consolidation ratio would enable the Company to comply with the trading requirements under the Listing Rules and the Board considers that would maintain the trading amount for each board lot at a reasonable level in order to attract more investors.

Based on the reasons above and having taken into above factors, the Board considers that the Capital Reorganisation (including the Share Consolidation ratio) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company hereby confirms that it will not carry out any corporate actions or arrangements that may affect the trading in the Shares, including share consolidation, share subdivision and change in board lot size, in the next 12 months which would have a contradictory effect to the Capital Reorganisation.

OTHER ARRANGEMENTS

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares, the Company will appoint a securities firm to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares.

The Company has agreed to procure Central Wealth Securities Investment Limited to arrange for matching services regarding the sale and purchase of odd lots of the New Shares from Friday, 8 April 2022 to Tuesday, 3 May 2022 (both days inclusive). Shareholders of odd lots of the New Shares may contact Ms. Chan (telephone number: +852 3958 4625) of Central Wealth Securities Investment Limited during normal business hours in the aforesaid period.

Shareholders with odd lot holdings of New Shares should note that matching of the sale and purchase of odd lots of the New Shares is on a best effort basis. Successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed.

Exchange of certificates for New Shares

Subject to the Capital Reorganisation becoming effective, which is currently expected to be on Thursday, 24 March 2022, Shareholders may during the period from Thursday, 24 March 2022 to Thursday, 5 May 2022 (both days inclusive), submit their existing share certificates in pink colour for the Existing Shares to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two

LETTER FROM THE BOARD

Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong to exchange for share certificates in blue colour for the New Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Hong Kong branch share registrar for each share certificate issued for the New Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of share certificates issued or cancelled is higher.

After 4:10 p.m. on Tuesday, 3 May 2022, existing share certificates in pink colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title and may be exchanged for share certificates for the New Shares at any time.

SGM

A notice convening the SGM at which a special resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the proposed Capital Reorganisation is set out on pages SGM-1 to SGM-3 of this circular.

To the best knowledge of the Directors, no Shareholders have a material interest in the Capital Reorganisation and accordingly, no Shareholders will have to abstain from voting at the SGM.

Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy accompanying with this circular in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof in person if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolution(s) at the SGM shall be taken by way of poll and an announcement will be made by the Company on the results of the SGM.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 17 March 2022 to Tuesday, 22 March 2022, both days inclusive, during which period no transfer of Existing Shares will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of Existing Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration no later than 4:00 p.m. on Wednesday, 16 March 2022.

LETTER FROM THE BOARD

WARNING

Shareholders should be aware of and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Capital Reorganisation” in this circular, and therefore may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution at the SGM.

By order of the Board
Daido Group Limited
Ho Hon Chung, Ivan
Executive Director

NOTICE OF SGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

NOTICE OF SGM

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Daido Group Limited (the “Company”) will be held at Conference Room, 1st Floor, No. 8 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong on Tuesday, 22 March 2022 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** subject to and conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the New Shares (as defined below) and compliance with the relevant procedures and requirements under Bermuda law and the Rules Governing the Listing of Securities on the Stock Exchange to effect the Capital Reorganisation (as defined below) arising from the Capital Reorganisation (as defined below) and with effect from 24 March 2022:

- (a) every ten (10) issued ordinary shares of par value of HK\$0.01 each in the share capital of the Company (the “**Existing Shares**”) be consolidated into one (1) ordinary share of par value of HK\$0.10 (the “**Consolidated Shares**”) (the “**Share Consolidation**”);
- (b) subject to and forthwith upon the Share Consolidation becoming effective, the issued and paid-up share capital of the Company be reduced by (i) rounding down the total number of Consolidated Shares to the nearest whole number; and (ii) cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Shares so that the par value of each Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 (each such reduced ordinary share, a “**New Share**”) (the “**Capital Reduction**”);

* For identification purpose only

NOTICE OF SGM

- (c) all the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company;
- (d) the directors of the Company (the “**Directors**”) be authorised to apply the amount standing to the credit of the contributed surplus account of the Company, if any, in such manner as they consider appropriate;
- (e) all fractional entitlements to the New Shares resulting from the Share Consolidation be disregarded and will not be issued to holders of the same but all such fractional New Shares shall be aggregated and, if possible, sold and the net proceeds shall be retained for the benefit of the Company in such manner and on such terms as the Directors may think fit; and
- (f) the Directors and each of them be and are fully authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which they in their absolute discretion consider necessary, desirable, expedient or appropriate to effect and implement this resolution and to exercise such discretion in connection, relating to or arising from the Share Consolidation and the Capital Reduction (collectively, the “**Capital Reorganisation**”) and/or the matters contemplated herein, with such modifications thereto (if any) as they or he may from time to time consider necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Capital Reorganisation.”

By order of the Board
Daido Group Limited
Cheung Hoi Kin
Company Secretary

Hong Kong, 25 February 2022

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

*Head office and principal place of
business in Hong Kong:*
Unit No. 1301, Level 13
Tower 1, Kowloon Commerce Centre
No. 51 Kwai Cheong Road
Kwai Chung
New Territories
Hong Kong

NOTICE OF SGM

Notes:

1. For the purposes of determining members' eligibility to attend and vote at the SGM to be held on Tuesday, 22 March 2022, the register of members of the Company will be closed. Details of such closure are set out below:

For determining eligibility to attend and vote at the SGM:

Latest time to lodge transfer documents for registration 4: 00 p.m. on Wednesday, 16 March 2022

Closure of register of members Thursday, 17 March 2022 to
Tuesday, 22 March 2022
(both days inclusive)

Record date Tuesday, 22 March 2022

During the above closure period, no transfer of Shares will be registered. To be eligible to attend and vote at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than the aforementioned latest time.

2. Any member entitled to attend and vote at the SGM is entitled to appoint one, or if such member is a holder of more than one Share, more proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, the instrument of proxy shall state which proxy is entitled to vote on a poll. A proxy need not be a member of the Company.
3. A proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise
4. In order to be valid, the form of proxy must be duly lodged at the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for the SGM or any adjournment thereof.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same.
6. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at any meeting, the vote of the such holder so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall be deemed joint holders thereof.
7. 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, and in such event, the form of proxy shall be deemed to be revoked.
8. If Typhoon Signal No.8 or above, or a "black" rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong any time after 8:00 a.m. on the date of the SGM, the SGM will be rescheduled. The Company will post an announcement on the website of the Company at www.irasia.com/listco/hk/daido/index.htm and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled SGM.
9. Pursuant to the Listing Rules, the voting on all resolutions at the SGM will be conducted by way of poll.

As at the date of this notice, the Board comprises executive directors, namely, Mr. Ho Hon Chung, Ivan and Mr. Fung Pak Kei; non-executive directors, namely, Mr. Au Tat Wai and Mr. Fung Wa Ko; and independent non-executive directors, namely, Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming.